INTEGRATED REPORT 2019

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

University of Salford MANCHESTER

Welcome to our third Integrated Annual Report. This report summarises the activity of the University of Salford for the year ended 31 July 2019. It provides an overview of our business model and strategic objectives as well as our performance against our core indicators. There is detail on our leadership and governance structures and an insight in to the decisions that are made in order to meet our commercial and wider responsibilities.

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#BECOMEUNSTOPPABLE

OUR VISION AND MISSION

By pioneering exceptional industry partnerships we will lead the way in real world experiences preparing students for life.

Collaboration with external partners is in our DNA. Since our beginnings in 1896 as Salford Royal Technical Institute we have served industry and advanced the skills of working people. We have a clear mission as a civic institution to:

- Educate the next generation of modern industrialists, innovators, creators, entrepreneurs and leaders
- Develop the skills and knowledge needed to capitalise on the next industrial revolution
- Work in collaboration with public and private sector partners to address local and global economic and societal challenges.

We are a proud anchor institution in our city and our ambitious plans for the future reflect our desire to drive change and progress at a local, national and international level.

OUR PURPOSE

We are proud to be the fastest growing university in the North West and the 5th fastest growing in the UK.

We have over 20,000 students and over 2000 staff from across the world and an ever-increasing number of alumni in all corners of the globe. We offer undergraduate degrees and postgraduate taught and research degrees in 40 subject areas. We have a main campus in Salford, on the border with Manchester City Centre, and a significant presence in the heart of Media City UK.

Whilst our students come from a variety of backgrounds, we have a range of schemes to encourage participation in our academic courses by students from underrepresented socioeconomic groups and those from low income households, particularly those here in Salford.

Collaboration and co-creation between industry partners, students and staff come to life across campus, to give our students a range of experiences outside of the lecture theatre. Work placements, live briefs, community and practice-based projects provide real-life experience that puts academic theory into practice.

We've always played a major role in improving the lives of our local communities, and today we take this challenge more seriously than ever. Our research is focused on meeting the four grand challenges of the Industrial Strategy: Data and AI; Clean Growth; Future of Mobility; and Ageing Society.

REVIEW OF THE YEAR

AUGUST

Dr Paul Comfort awarded the Strength and Conditioning Coach of the Year for Education and Research by the United Kingdom Strength and Conditioning Association (UKSCA)

SEPTEMBER

The **£6m GM Cyber Foundry** is part of the city-region's blueprint to be the European leader in digital which also sees GCHQ moving operations to Manchester.

The initiative will apply research in cyber security to create new products and services for small and medium sized businesses. Computer scientists and other experts will be involved from Lancaster, Manchester Metropolitan, Salford and Manchester universities.

OCTOBER

UNDERGRADUATE Anna Borun's outstanding scholarship earned her the 2018 Microbiology Society Prize.

> **"Over-the-moon is an understatement I am absolutely excited and thrilled!"**

NOVEMBER

SALFORD's £1m Translational Medicine Laboratories were opened by one of the UK's most successful bio-entrepreneurs.

Dr Darrin Disley, OBE, the former Horizon Discovery chief, angel investor, honorary fellow and chemistry graduate of the University of Salford, cut the ribbon to declare the Cockcroft Building's second-floor facility open for business.

DECEMBER

SIEMENS declared its new engineering degree with the University of Salford a **"fantastic success"** after seeing its first personnel graduate.

The BEng Control & Automation degree tops up skills for a wide range of Siemens engineers, from Advanced Apprentices to experienced personnel.

The first graduates collected their degree certificates at December's Winter Graduation.

JANUARY

Our archaeologists made the most significant Roman discovery in Lancashire for 50 years.

Salford Archaeology, which specialises in providing site reports for government, was called in by Lancashire County Council as part of planning permission for a 65-hectare mixed-use development. They discovered a main arterial road - among the widest discovered Roman Britain –near the village of Cuerden with evidence of trading settlements along the road from the Middle Ages onwards.

FEBRUARY

Launch of Salford Untold impact report

Salford Untold: Our City, Our Region, Your University – our impact report was launched. It showed that across Greater Manchester the University contributes **£319 million in economic impact and over 5,700 jobs in the city region are dependent on the University and its students.** And with recent UCAS figures showing us to be the **fastest growing university in the North West and the fifth fastest in the UK**, this impact is only set to get bigger and bigger.

MARCH

25th Nations and Regions Media Conference takes place at MediaCityUK

Nations and Regions: Media Futures brings together the media industry and both young consumers and creators of content to find out just what it is that makes the next generation tick and to discuss the driving forces for commissioners now and in the future.

APRIL

STUDENTS representing Salford Law **finished runners up in a commonwealth mooting competition**.

Law students **Emma Clarke and Ja'Far Imam** represented the UK at the Commonwealth Legal Association moot in Zambia.

A moot is a simulated appeal court experience where the students argue against an opposing team in front of a panel of judges, who then decide the winner.

MAY

Fan Fit, a fitness app aimed at getting sports fans off the couch and doing exercise won funding from the Scottish Government and Nesta and the **backing of one of the country's biggest football teams - Rangers**.

Developed by experts at the University of Salford, Fan Fit allows sports fans to compete with each other to see who has done the most walking and running over a period of time, as well as keep in touch with all the latest news from their favourite team.

JUNE

Nurse lecturer Noel Fagan became the first recipient of the **chief nursing officer gold award given for learning disability nursing.**

Silver awards were also awarded to two other University of Salford academics, **Shirley Chappell and Jenny Jones, for the contributions they have made to the NHS** and to the learning disability nursing profession.

JULY

Work begins on the delivery of the Energy House 2.0.

The new £16m facility will investigate the future of housing, looking at issues such as off-site construction, smart homes, and energy use.

It builds on the work Salford has already done with Salford Energy House, a project which has enabled key changes to UK housing stock to save energy.

GREATER MANCHESTER

Our City Region

We have always been proud to be a university located in Greater Manchester, and with the advent of an exciting agenda of devolution to the city region since 2014, it is more important than ever for our impact to extend beyond Salford and into the wider region.

From helping to create a green city region, to harnessing digital and creative industries, and supporting Greater Manchester as it becomes a test bed for the integration of health and social care services, there are many ways in which we are having an impact.

We are at the centre of the emerging Greater Manchester Local Industrial Strategy and our pioneering degree programmes, research initiatives and industry collaborations are driving forward productivity, growth and societal change in our city region.

Our success stories are Greater Manchester's success stories

GREEN CITY REGION:

We are helping Greater Manchester contribute to its ambition to become carbon neutral at least a decade before 2050 in a number of ways:

- Member of the Low Carbon Hub Board
- Partner for the inaugural Green Summit in March 2018 and second annual event in 2019
- £16 million Energy House 2.0 project

DIGITAL CITY REGION:

We already have an internationally renowned campus at MediaCityUK, which is at the heart of Greater Manchester's digital and creative economy. We are also supporting Greater Manchester to harness the potential of digitalisation with various initiatives:

- MSc Industry 4.0 in development for 2019
- GM Cyber Foundry – the city region's cyber security hub
- Robotics, automation and artificial intelligence research centre

HEALTH AND SOCIAL CARE:

We are helping to revolutionise the delivery of health and social care in Greater Manchester, providing skills, workforce development and research to support the devolution agenda in the city region:

- One of the largest trainers of NHS staff in the North West
- Salford Institute for Dementia, which is led by those living with dementia for those living with dementia
- Number one in the UK for diagnostic radiography
- New £11 million global centre of excellence in orthotics and prosthetics

OUR IMPACT

21,316
students
(undergraduate and postgraduate)

FASTEST GROWING UNIVERSITY IN THE NORTH WEST AND FIFTH FASTEST GROWING UNIVERSITY IN THE UK

50% OF OUR STUDENTS ORIGINATE FROM GREATER MANCHESTER

Almost **2/3**
of our graduates in employment stay in Greater Manchester for work

Over
170,000
alumni, in every corner of the globe, across every sector and at all levels

We have an economic output of
£316 MILLION
in Salford

ECONOMIC VALUE

£591 million economic output in Greater Manchester

We contribute **£319 million in Gross Value Added (GVA) to Greater Manchester's economy**

We employ 2,660 people and **a total of 5,766 jobs in Greater Manchester are dependent on the University and our students**

Our **total economic output is £798 million**

1 OPERATING CONTEXT AND OUTLOOK

In setting our strategy, we pay attention to changes in the sector and the wider policy landscape that have a bearing on our success and ability to continue to create value. As well as keeping a close watch on developments, each year we undertake a comprehensive environmental scanning exercise to understand what is changing, what might happen and, critically, what that means for us and how we should respond. Given the current high level of change and uncertainty this is a crucial undertaking for us. Our key current areas of focus are:

1.1 Demographic change and the impact upon demand

According to ONS principal projections, the English 18-20 year old age group (also reflected locally in Greater Manchester) is in decline until 2021 which means that, at current participation rates, there will be a drop in total full time undergraduate students. Whilst the decline in the school leaver age group has increased the competitive pressures on the sector we must also be prepared for a return to growth from 2022/23 and be in a position to deal with the increased demand for HE from this demographic cohort.

1.2 The international student market

The international market continues to be challenging owing to economic difficulties in key markets for Salford (such as the Middle East and parts of Africa). At the same time we are seeing increasing competition from foreign markets, in particular Canada and Australia which continue to grow their overseas students reflecting migrant friendly policies when compared to the UK's more restrictive approach to overseas students. As overseas higher education provision matures, notably in China and India, students from these countries are increasingly electing to study in their home country, although recent trade tensions between the US and China are believed to be behind the 30% increase in overseas applications to UK universities for 19/20.

The government has this year launched a new International Education Strategy which seeks to increase the number of international students studying in the UK by 600,000 by 2030. Along with the recently announced return of the 2 year post study work visa and the softening in the rhetoric around the net migration target (into which international student are counted) the UK's position may well be further promoted.

In terms of size, UN projections see the global population continuing to grow and reaching over 8.6bn by 2030, up from 7.6bn in 2017, meaning the size of the market is not diminishing. A continued weak pound post Brexit may also mitigate some of the downward pressures on international student recruitment.

1.3 Pay pressures in the sector

The sector showed an overall drop in surplus for 2017/18 from 1.12bn to 1.02bn. This has been impacted by increasing costs, specifically in pensions and pay.

As a consequence of the recently agreed March 2018 valuation for the Universities Superannuation Scheme (USS) pension, member universities are required to increase contributions (from the employer and member) to reduce the pension deficit and maintain benefits at the current level. The rises will take place as follows:

	FROM 1 APR 19	FROM 1 OCT 19	FROM 1 OCT 21
Member rate	8.8%	9.6%	11.0%
Employer rate	19.5%	21.1%	23.7%

For Salford, this will add a substantial additional recurrent £2.0m to payroll costs from 2020/21 rising to £3.7m by 2022/23 unless further changes are agreed as part of the 2020 valuation. The higher employer contribution rates, combined with increasing pay costs from annual pay awards and annual increments, will have a significantly adverse impact on our pay to income ratio.

1.4 Brexit

At the time of writing, the revised Withdrawal Agreement negotiated by the Prime Minister, Boris Johnson, with the EU has yet to be approved by the UK Parliament. Following MPs' rejection of the government's timetable to pass the necessary legislation that would have enabled the UK to leave the EU on 31 October, attention has shifted to a general election scheduled for 12 December to break the political impasse on Brexit.

We, and the rest of the UK HE sector, continue to operate in a largely uncertain environment on aspects of the business that would be most impacted by Brexit. While we have clarity that EU/ EEA students entering the English HE system in the academic year 2020- 21 will remain subject to Home fees status and have continued access to student finance for the duration of their studies, the fee levels of these students beyond next year is unclear.

Research grant capture and international collaboration opportunities will be materially adversely affected if UK universities are excluded from the large, stable and long-term EU research funds (such as the European Research Council (ERC), European Regional Development Fund and Horizon Europe). The Government has previously intimated that it wants to remain part of these by making the necessary "appropriate financial contribution" to Horizon Europe (for the period 2021-27) and to underwrite any EU awards agreed before the end of 2020 in the case of a 'no deal' Brexit although there is still no firm commitment about this.

The future of staff and student mobility opportunities, once the current Erasmus+ programme ends, is unclear. The Government already has the option to associate with the Erasmus+ successor programme and is also understood to be considering the creation of a national replacement scheme.

Currently EU staff represent 23% of all academics at UK universities (7% at Salford) and whilst this figure showed a drop in the wake of Brexit (2,300 EU staff left UK universities in 2017, a 19% jump on pre referendum rates), it has since stabilised since rules around qualifying for settled status were declared. There is however ongoing concern and uncertainty regarding the implementation of the proposed new points-based immigration system.

1.5 Office for Students

The regulator for Higher Education in England, the Office for Students has now assumed full regulatory powers and is putting the interests and rights of all students first and promoting access, quality, wellbeing, attainment, choice, competition and value for money in the sector. The OfS has the power to impose additional conditions on registration and substantial financial penalties if it is deemed that any of these interests are not being served.

1.6 Funding of Higher Education (HE)

The review of post-18 (higher and further) education and funding (commonly referred to as the Augar Review) published its recommendations in May 2019. The flagship recommendation was a headline cut in tuition fees to £7,500 with funding to universities being 'topped up' by the Government. Variable fees, which had been a concern of the sector, did not appear in the recommendations. The review also recommended measures to support lifelong learning, including a more modular and flexible post tertiary education system. It was further recommended that Level 6 apprenticeships and above should be available only to apprentices who have not previously undertaken a publicly-funded degree and the withdrawal of financial support for foundation years attached to degree courses.

For students, the review recommended the reintroduction of maintenance grants, the extension of the student loan write off period from 30 to 40 years and a reduction in interest rates during the period of study.

The recommendations around foundation years and degree apprenticeships would be particularly impactful on the University of Salford. Foundation years are a vital tool for driving social mobility and widening access to Higher Education. Degree apprenticeships are an alternative route to Higher Education for people from a wide range of diverse backgrounds, including those who have previously studied to degree level, and should be open to people of any age, any level of education and in businesses of any size.

However, the suggested move to a more flexible financing and delivery system for Higher Education is welcome. Traditional three-year degrees that set an individual up for a career for life are not a true reflection of the requirements for the modern world of work. A move towards more flexible pathways from Level 4/5 to Level 6/7 education could be a useful opportunity for universities to innovate their thinking around how they best serve their students and local, regional and national economies.

With a change of Prime Minister, the future of the review's recommendations are unclear and will not be decided until after the December 2019 general election

Even without the recommendations being adopted it is unlikely that the current fee rate will be increased with inflation, meaning a reduction, in real terms, of student fee income to universities.

1.7 Teaching Excellence and Student Outcomes Framework (TEF)

TEF, one of the key components of the Higher Education & Research Act (2017), is a way of assessing the quality of teaching in higher education. It has now completed four cycles of institutional assessment and Salford currently holds a Bronze award.

In parallel to institutional assessment, for the last two years the Department for Education (DfE) has been piloting subject-level assessment with a view to it being rolled out sector-wide across the academic years 2019-20 and 2020-21.

Further information about the future operation of TEF is expected in Autumn 2019 when Dame Shirley Pearce's independent review of the scheme is submitted to DfE. The review is a requirement of the Higher Education Research Act (2017) and will consider factors such as the process by which TEF ratings are determined, including the statistical information and the names of ratings, and whether the scheme is in the public interest.

1.8 Research and the Research Excellence Framework (REF)

With the unknown decisions and outcomes of Brexit still hanging over the UK, the consequences for research in the UK remain highly uncertain. Specifically because European funding has been at the heart of British research activity (notably Horizon 2020, which the UK was the biggest recipient securing £1.16Bn in 2016) and collaboration. Although the Government has underwritten funding in 2020, there is no agreement on the UK's involvement in its successor programme, Horizon Europe.

The establishment of UK Research & Innovation (UKRI) followed directly after the government published the Industrial Strategy white paper in November 2017; UKRI is positioned to help deliver against these ambitions for 'UK plc'. In particular, UKRI is moving beyond the funding remit of the previous research councils and is seeking to fundamentally change the perspective on research. This includes using 'challenge funds' (to address particular needs) rather than 'open funds' (where the researchers express the need) and industry investment (to reduce the reliance on the public purse). Government's long-term goal is to increase investment in research and development from 1.7% of GDP in 2016 to 2.4% by 2027 (meaning overall investment will reach £75 billion per year). This level of investment is intended to drive up competition as the funding will be open to private research centres. This is in the context of the majority of research funding already being directed to the 24 institutions that comprise the Russell Group which provides a challenging environment in which to try and grow research.

This government's policy of focusing research where it has the greatest impact on economic growth means that Salford should be well placed to apply its strengths to the likely opportunities.

The next REF will take place in 2021 with all staff that have significant responsibility for research being submitted for assessment alongside those that have been previously employed at an institution where an eligible output was first made publicly available.

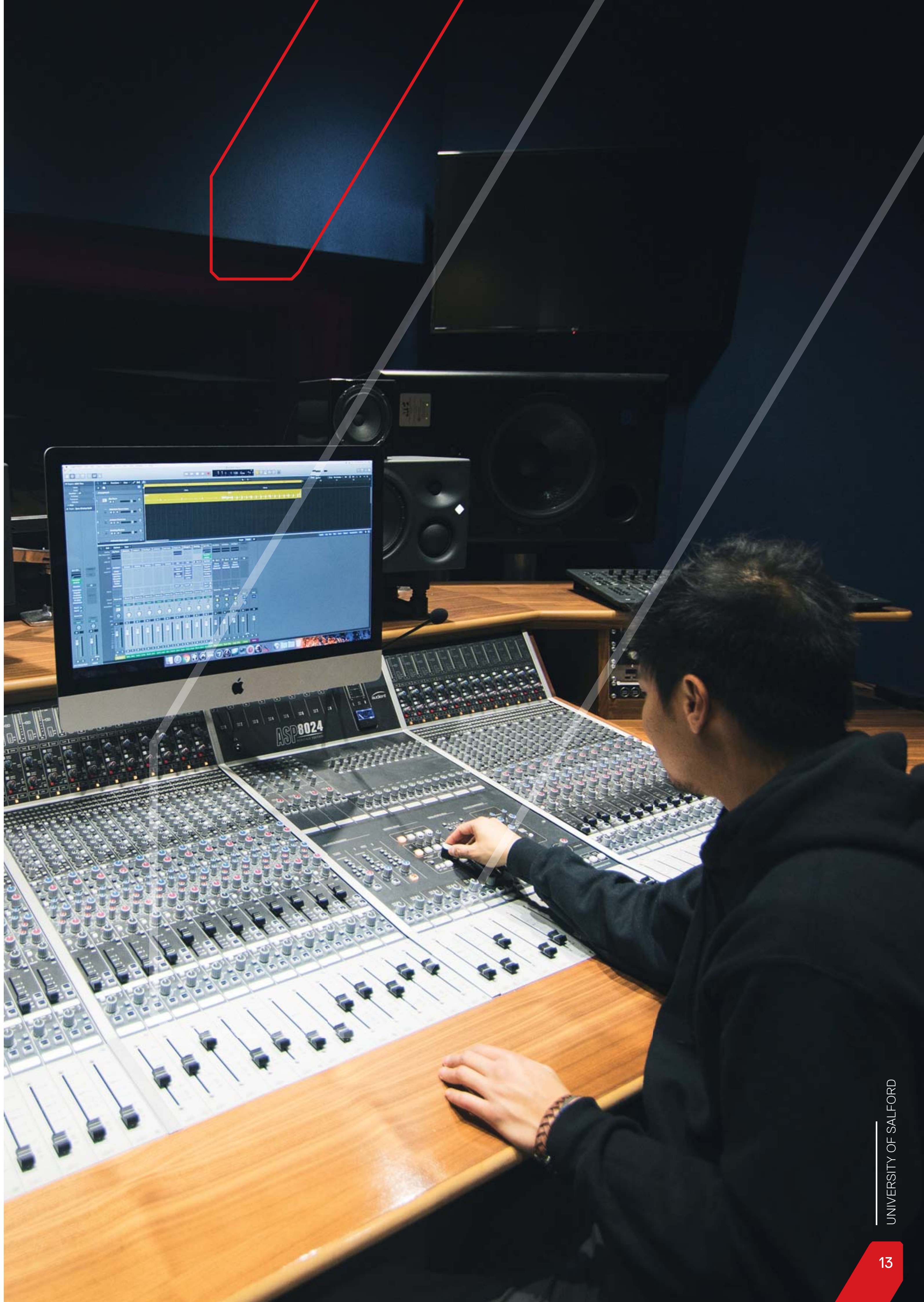
1.9 DevoManc and importance to the region

Since 2014, significant powers and responsibilities have been devolved to the Greater Manchester Combined Authority (GMCA), including on housing, transport and health. This, alongside the creation of a directly elected mayor for Greater Manchester with significant soft and convening power, has opened up new opportunities for engagement at the regional level for the University.

The University is committed to playing its part in helping our city region to reach its goals. The Greater Manchester Strategy, which outlines 10 priorities for the city region from children starting school well, to providing high quality jobs and housing, and ageing well, is aligned to a number of the areas of research strength across the University. This includes housing and homelessness, ageing and dementia, green growth and digitalisation of industry and jobs. Furthermore, the University has the potential to be a catalyst in delivering the city region's ambitions for skills development, apprenticeships and getting young people into good jobs in businesses across Greater Manchester.

In 2019, the GMCA published its Local Industrial Strategy – a blueprint for growth that has been co-developed with the Government to identify the unique assets and strengths within the industrial base in Greater Manchester and outline opportunities for innovation. The University provided significant input into this Strategy and will now be a key delivery partner in its implementation. We are represented on the Greater Manchester Innovation Board and senior leaders at the University continue to engage regularly with senior regional politicians and policy makers.

The Northern Powerhouse remains an investable brand, particularly internationally. While perhaps not at the heart of the economic agenda of the current Government owing to the issue of Brexit dominating Westminster and Whitehall's capacity, the Government remains committed to its delivery. The Prime Minister has reaffirmed this with recent announcements around funding for major transport infrastructure projects. The University is a partner in the Government's official Northern Powerhouse partnership programme.



Getting to university is not always a straightforward path and foundation years provide a vital route into Higher Education for students who might not otherwise have been able to go to university.

> **“I’VE GONE FROM BEING A PUB LANDLADY TO BEING A POSTDOCTORAL RESEARCHER IN CHILDREN’S CANCER – I COULDN’T HAVE DONE THAT WITHOUT MY FOUNDATION YEAR.”**

Jess Taylor studied a Foundation Year in Biology in 2010/2011 when she was 23 years old. After leaving school, Jess dropped out of college before finishing her AS Levels in Classics, Drama and English. “I couldn’t see where those A Levels were taking me. Maybe to university to study English Literature, but that’s not what I wanted to do”, she says.

Instead, Jess went on to work in a bar and by the time she was 21 she was running her own pub. After a few years of late nights, Jess decided she wanted to go back into education. Enjoying the cellar management aspect of her role, Jess looked into studying environmental health or food science and thought about taking A Levels. However, as a mature student, the cost of taking up A Levels at college was more than she could afford.

Then Jess found out about foundation years. She applied to several universities and decided on Salford after an open day made her feel that here, she would “learn to be a real scientist”.

After her foundation year, Jess stayed on to study Environmental Science, but she soon changed courses to Biochemistry. She says, “At school I never enjoyed chemistry, we had teachers that didn’t engage the class and so we’d mess about, but at university it was different and I really got into it”. During her undergraduate degree, Jess undertook a summer placement with Kidscan, the children’s cancer research charity based here on campus, spent a summer in India working in a laboratory followed by a year in industry working at AstraZeneca.

Graduating from Salford in 2015 with a First Class degree as well as earning the highest mark in her year, she went on to the University of Manchester to study for a PhD. Now a Postdoctoral Research Associate at the University of Cambridge, she works to develop non-toxic therapeutics for children’s brain cancer and ultimately hopes to run her own laboratory.

2 OUR STRATEGY

Given that Brexit is still unresolved and that any implementation of the recommendations of the Augar report are yet to be seen, the uncertainty around universities' future environment remains large.

Within a climate of change and uncertainty our strategic approach is based upon our distinctive merits. With our work to promote industry connectedness, we have chosen to focus on the education and research that is directly relevant to industry because, in practice, we know there will always be demand for these skills, talents and capabilities. This gives us a distinctiveness, in the face of significant competition for students and funding, that plays to our traditional strengths and opens opportunities through both the national Industrial Strategy and regional needs to drive productivity.

In support of this, our university-wide plans for our Schools and Professional Services will drive the skills, behaviours, spaces, processes, systems and partnerships that are designed with our students and stakeholders in mind. They contain ambitious goals to take advantage of the opportunities afforded by industry to create a University known for the positive impact it delivers for both its students and the industries with which we collaborate.

2.1 Academic Growth & Diversification

We have been pursuing growth in student numbers and, given the changing UK demographics and the fall in the school leaver population, we have been developing a larger UK-wide student base utilising market intelligence to target key areas in terms of geography and type of learner. We are achieving this without reducing entry tariff requirements. Given that Manchester is considered a destination city for students we are confident that we will be well placed to benefit from the forecast upturn in the school leaver population from 2021/22.

Portfolio Review: We continually review our academic portfolio to ensure that it remains relevant and compelling. We also identify new courses and subject areas that can be developed as well as new delivery models (e.g. expansion of distance learning and technology enhanced learning). New courses for 2019/20 include BSc Music Production and Sound Science; BA Leadership & Management; BSc Psychology & English Language; BA Post Production, VFX and VR.

Degree Apprenticeships: We have had success in this area with 450 apprentices so far and we have plans for further growth to make this a key strand of activity for us as it fits with our strengths in addressing regional skills gaps and social mobility. Their growth is now supported by the introduction of the Employment Levy (from April 2017) for larger businesses. Key industry demand so far is in Construction, Engineering, Business and Health – areas we are well positioned to capitalise on. We are directly involved in a number of Trailblazer groups that will establish national standards for awards in these subjects.

Foundation Years: All Schools have been recruiting for Foundation Years from at least 2017/18 to support access to the University. Some of these are existing courses and many new ones have been developed to promote access to our degree courses after successful completion of a Foundation Year. Provision in this area is however vulnerable to the recommendations from Augar to withdraw financial support for these programmes should they be implemented.

International Recruitment: Given the increasing difficulties experienced with recruiting international students into the UK, we are continuing to develop international partners for Trans National Education (TNE). We are proceeding in this through an assessment of our current territorial presence to define regions of primary and secondary importance determined by linking our capabilities and specialisms to overseas market need. Of particular note this has resulted in being a partner with Luxun Academy of Fine Arts in China and with the new British University of Bahrain which consists solely of UoS franchise courses and started recruiting from September 2018.

2.2 Student Experience and Outcomes

Offering a high-quality student experience is at the core of our academic strategy. Considerable progress has been made in recent years to enhance student satisfaction and progression into employment. This has been reflected in improvements in our TEF metrics although not yet in a change in our TEF category. Although the most recent NSS outcomes saw a fall across a number of the key question areas, we are confident that the core student facing policies and procedures are robust and appropriate and detailed plans have been developed to ensure the consistent use of best practice to maintain our upward trend. Graduate progress into employment has shown a steady improvement as result of our Industry Collaboration Zone strategy. Curriculum design changes are starting to feed through complementing initiatives to enhance co- and extra-curricular support for employability and graduate skills. We have invested significant effort in understanding the challenges to improving the timely progression of students including an awareness of how we can further support student mental health. Steps have been taken to enhance our use of learner analytics to target support and intervention where it is most needed.

Our frameworks for student retention and employability provide a clear conceptual underpinning for the activities and initiatives to enhance student experience. To optimise delivery and ensure a co-ordinated approach, we have established the Student Success Project (SSP) to oversee these activities. The SSP has input from academic and professional services staff as well as from the students' union to facilitate co-creation. Activities to enhance student experience are designed around the five key constructs of: sense of belonging; sense of purpose; self-efficacy; resilience; and engagement. Measurements of these constructs serve as lead indicators of success and will help us fine tune activity to achieve maximum impact.

2.3 Research and Industry Connectedness

Our ambition is to have high quality research and innovation that will deliver world leading, industry-relevant research and outstanding impact.

The University has a history of research strength in areas which map to the Grand Challenges identified in the Industrial Strategy, and the associated Challenge Fund will present greater opportunities to bid for research funds with industry partners. Alignment of our research priorities with the Greater Manchester Local Industrial Strategy will further enhance the University's influence and impact. With regard to this, and to ensure that we have advantage in the near-term, we have committed to accelerating the development of three of our inter-disciplinary and industry-facing research capabilities.

- Robotics and Autonomous Systems, especially platform technologies which can be deployed into multiple sectors, primarily autonomous systems (including vehicles) and 'soft' robotics, that can perform delicate and sensitive work, such as handling fruit or assisting patients within a healthcare setting and.
- Smart Living, particularly smart and urban futures, resilience, building design and energy consumption, based around our Energy Houses 1 & 2 facilities, and our recent success in securing an EPSRC Centre for Doctoral Training in Prosthetics and Orthotics
- Digital, particularly cybersecurity, artificial intelligence, data science, digital infrastructure and construction and applications in health and creative industries.

These research capabilities will comprise vibrant communities of researchers from across the University, coming together with industry, other HE institutions and community partners to build critical mass and a strong culture of research excellence and knowledge transfer through enterprise, to provide innovative solutions to the key societal, industrial and global challenges.

We will continue to identify and progress new or supporting research capabilities to ensure that our research portfolio maximises its benefits within the cost-envelope afforded by our institutional sustainability. A key aspect to this sustainability and return on our investment in research will be the development of new teaching and learning programmes and opportunities, co-created with industry where possible.

Doing well in the forthcoming Research Excellence Framework will support our plans for future research growth as well as contributing to teaching related rankings tables.

Building on our strategic research priorities, we are identifying and developing a series of exceptional industry partnerships, the characteristics of which include the ability to enrich the student experience and their employability prospects through integrated work-based learning, a flexible, industry informed and research informed curriculum, underpinned by a commitment to a creative pedagogy and aligned to contemporary business models. These partnerships also offer staff development opportunities through experience of industry best practice and enterprise and research opportunities.

2.4 Campus Infrastructure

To deliver our ambition we need committed staff who have the appropriate skills and capabilities to deliver their work effectively, enabled by the right technology in the right place and space. Our collective approach to delivering the right infrastructure (person, place and space, and technology) is termed being 'Fit for the Future'. This encompasses the developments we intend to make to the estate through our Campus Masterplan, our digital capability through One Digital Campus, and the development of our People and Culture. The net result of these programmes will be to provide a significantly enhanced basis on which to deliver quality industry collaboration, research and education.

For our physical and digital estate, we have launched a 10 year programme to create a sustainable campus in terms of: providing for the needs of our students (with plans underway for a new science and engineering building); being responsive to developing trends in educational delivery (and utilising learner analytics and attendance monitoring to better support student outcomes); better space utilisation and more efficient energy use. Work here will also improve the campus as an amenity through investment in sport, social, cultural, recreational and commercial facilities. In more than just an upgrade to our physical estate, we are working with the City Council with a view to the regeneration of this area of Salford and enhancing a sense of identifiable place that our community of staff, students and residents can enjoy and feel part of.

2.5 A Sustainable Organisation

Pressures on costs need to be addressed along with growth in, and retention of, student numbers if we are to remain sustainable and generate sufficient cash to provide the investment that will help realise the ambitions of our strategy. Whilst growth in student numbers has meant an increase in academic staff to ensure standards of quality and student experience are supported, we have been able to hold professional services levels of resource despite the increase in activity. This is made possible through the introduction of our University Services Improvement Project to create clearly defined roles and deployment of staff that ensures optimum support is given within the School operational environment along with re-engineering (using LEAN methodology) of all administrative processes to ensure they are adding value and are cost effective. We are also improving efficiency and effectiveness through improvements in systems such as a new Customer Relationship Management (CRM) system that will enable us to better manage and analyse our interaction with customers and stakeholders and a Business Intelligence & Analytics platform to enable more agile and effective business decisions.

2.6 Our Plan

This summary table details the key priority areas for 2019/20, along with progress made against priorities that were declared for 2018/19:

Key:

- ✓✓ Priority achieved
- ✓ Substantial progress made
- ✗ Priority not fully achieved

INDUSTRY COLLABORATION

PRIORITIES DECLARED FOR 2018/19	ACHIEVED?	PROGRESS
Exceptional partnerships are working for the whole University with key account management in place.	✓	A new post of 'Associate Dean - Enterprise is now in place in each of the Schools This role, in conjunction with the Industry Collaboration Zone (ICZ) Directors, will drive the number of connections made and seek to optimise benefit
Raise the profile of our industry collaborations among targeted industry and influencers in key strategic areas.	✓✓	ICZ Directors continue to seek opportunities in education and research that is directly relevant and beneficial to industry
Delivery of a series of high profile public lectures and commercial conferences orientated around the key industry collaboration focus areas.	✓	A refresh of the entire events programme, including an increase in academic conferences, to better align with corporate objectives will be undertaken

OPERATING PRIORITIES FOR THE YEAR 2019/20

We have now embedded the priorities of our Industry Collaboration Zones and we will continue to focus on the education and research that is directly relevant to industry

ACADEMIC GROWTH & DIVERSIFICATION

PRIORITIES DECLARED FOR 2018/19	ACHIEVED?	PROGRESS
Continuous portfolio review that takes account of demand, quality and financial factors and is also responsive to the growing and emerging demands for skills.	✓✓	Review of portfolio undertaken to ensure that it is ICZ ready i.e. industry relevant
Increasing flexibility of entry through multiple entry points and expansion of trimester system.	✓	We are progressing more cautiously to take account of the way funding is currently allocated
Expanded numbers of Degree Apprenticeships (growth of 50%).	✓✓	Growth achieved was 74%
Increase in the choice of Foundation Year courses with clear progression routes onto main degrees.	✓✓	There were 38 new Foundation Year courses available in 2018/19
Develop strategic and sustainable partnerships that delivers both trans-national education (TNE) provision and direct inward student recruitment.	✓	This is still an active area for us and it is important that we form sustainable partnerships which will unlock growth

OPERATING PRIORITIES FOR THE YEAR 2019/20

New programme development across internal priority subject areas.

Introduction of a personalised recruitment experience (supported by a personalised digital experience), building emotional connection with UoS to maintain engagement of prospective students throughout the recruitment cycle.

Continued growth in Degree Apprenticeships

The British University of Bahrain growth plans are being developed to build on the initial success with the addition of PG provision

STUDENT EXPERIENCE AND OUTCOMES

PRIORITIES DECLARED FOR 2018/19	ACHIEVED?	PROGRESS
NSS improvements made in Teaching, Assessment and Feedback and Academic Support.	✗	Despite very strong performance in a number of programmes, there was an overall drop reported across TEF related NSS questions. These declines can be attributed to some significant singular issues in a small number of large programmes along with some variability in the embedding of recent enhancement actions. A focus upon the consistent adoption of best practice across all programme areas will support a return to trend of steady improvement and above sector satisfaction
Achieving benchmark for student non-continuation.	✓	Latest results show that we are still above our benchmark although progress is being made.
DLHE results at or above target.	✓✓	We exceeded our target by over 4 percentage points

OPERATING PRIORITIES FOR THE YEAR 2019/20

Reforming the organisation of modules and learning activities to promote interdisciplinary learning and immersive learning which is demand-led, problem-based and industry facing.

Developing authentic and employability conscious assessment practices and timing to enable student success.

As part of the Student Success Project, implementation of Learner Analytics and Attendance Monitoring, linked to revision of personal tutoring and personalised student support, that will promote student engagement and support successful outcomes.

Review the shape and flow of the academic year including semester dates, timing of assessment and reassessment and the possible introduction of a period of immersive learning.

Development of a framework for the certification of co- and extra-curricular activity to promote an enhanced graduate skillset.

2.6 Our Plan continued:

RESEARCH & KNOWLEDGE EXCHANGE

PRIORITIES DECLARED FOR 2018/19	ACHIEVED?	PROGRESS
Develop training and implement a University-wide mentoring scheme to widen bid submissions and increase number of 3 and 4 star papers for REF submission.	✓✓	Identification of staff with significant responsibility for research through the production of output plans as well as identification of development needs has taken place
The establishment of interdisciplinary and cross-sector Research and Knowledge Exchange Beacons, built around our world leading and internationally excellent research strengths and aligned to the Industry Collaboration Zones (ICZs)	✓✓	Research Beacons now identified and described in the Research Strategy
Establish a Doctoral School to create a single identity, which offers a clear profile and status for doctoral candidates, improving recruitment and student experience along with better cross-disciplinary integration and networking opportunities	✓✓	Doctoral School now established which is supporting the status of doctoral candidates, PGR growth, timely completions and wellbeing

OPERATING PRIORITIES FOR THE YEAR 2019/20
Tracking of researcher 3 year REF output plans to allow monitoring of progress and support in the delivery of the identified outputs.
Targeted support through training and mentoring, for the current top 50 researcher bidders (investing in success) and the most promising rising research stars (investing in the future).
In partnership with MMU, Lancaster and Manchester universities, develop a European Regional Development Fund funded Greater Manchester Cyber Security Hub to provide business and technical support for 150 small to medium enterprises

CAMPUS INFRASTRUCTURE

Key:
- ✓✓ Priority achieved
- ✓ Substantial progress made
- ✗ Priority not fully achieved

PRIORITIES DECLARED FOR 2018/19	ACHIEVED?	PROGRESS
Agree 10 year investment plan (including external) for the transformation of the estate.	✓✓	Our 10 year programme has been launched and investment plans are either underway or ready for phase 1
Deliver a digital experience for students with technology that replicates the very best in industry.	✓	New website and Office 365 implemented
All Schools submitting applications for Athena Swan silver award.	✓	Submissions are still in preparation
Development of the Academic Career Pathways programme.	✓✓	Successful pilot delivered in the School of Arts & Media
Operational process re-engineering to remove waste and drive efficiencies.	✓	University Services Improvement Project set up to deliver benefits and quick wins achieved
BI & Analytics platform to enable more agile and effective business decisions.	✓	Initial piloting and deployment has taken place – fully optimised solution yet to be achieved

OPERATING PRIORITIES FOR THE YEAR 2019/20
Creation of a new Customer Relationship Management (CRM) system that will enable us to better manage and analyse our interaction with customers and stakeholders.
Deployment of technology and systems to support the Learner Analytics and Attendance Monitoring strands of the Student Success Project.
Remaining Schools to submit applications for Athena Swan silver award.
Roll-out of the Academic Career Pathways programme.
Through the University Services Improvement Project, to create clearly defined roles and deployment of staff that ensures optimum support is given within the School operational environment.
Staff development in digital skills that will, in particular, support online and distance learning.

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FASHION GOES INTERNATIONAL

A one-day project between the University of Salford's prestigious fashion department and Zhejiang Fashion Institute of Technology succinctly demonstrates the value of years of cross-cultural exchange and training.

Back in 2011, the British Council established a campaign to pair up specialist technical colleges in China with British higher education institutions. Initially focusing on fashion design, the aim was to have both exchanged staff and shared student projects. Out of this, a partnership between the Zhejiang Fashion Institute of Technology (ZFIT) and the University of Salford was born.

Several visits have been made including one from Salford's Vice Chancellor, Professor Helen Marshall and also in return from Madam Meizhen Wang, the former President of ZFIT and Mr Wang, the Party Secretary. Other staff from ZFIT have visited Salford and worked in the prestigious fashion department sharing their expertise and studying Salford's approaches to teaching and design methodologies (Salford Fashion Design is currently ranked in the top 20 world leading fashion design programmes by the Business of Fashion).

Initially, joint academic projects were hampered because of the challenges of working internationally with different systems and cultures but through the commitment and expertise of the staff teams and particularly that of Salford's programme leader, Visiting Professor Bashir Aswat, a transformation has taken plane and the Sino-UK partnership has become a model of design excellence and internationalism.

At the same time, the formal academic relationship has evolved, meaning that there is now a joint programme with three pathways in Fashion Design, Communication and Management that has been approved by China's Ministry of Education.

With this growth in the course's stature, it has gained support from the local fashion and textile manufacturing industry. By 2016 this had led to placements for Salford students and job opportunities for Salford graduates.

Of course, the financial benefits of a guaranteed intake of Chinese students who attend their final year at Salford is clear, but the benefits are far more than the economic. The opportunity for students to experience the fashion industry in China adds another international experience for our own students, many of whom had not been abroad before University, and who now have the opportunity for visits in Europe, USA and Japan.

"Many of our students have never been outside the UK or even the north west of England and now we take them to Ningbo," explains Professor Allan Walker, Dean of the School of Arts and Media.

"All final year undergrads have the opportunity to go to Ningbo and buy materials out there for their final show. We used to go to Paris but it's more cost effective for students to go to China. The industry is incredibly welcoming and generous to our students. For many, it's one of the most amazing experiences they've ever had."

The reputational value of Salford's positive relationship with China and exposure at events such as Bejing Fashion Week has attracted the attention of students from across China. And importantly, the experiences of the hundreds of students and staff who have worked between the two countries since the project really took off in 2014 have been transformational. Many students from Salford return to China to undertake work placements, internships and full time jobs in China's fashion industry thanks to the relationships, network and confidence that they gain from their time in-country as part of their degree.

"The companies employ our students – some long term. Some have been out there two, three, four years," says Professor Walker. "Ningbo is a major centre for fashion manufacturing – a lot of designing and manufacturing for the big stores in China is undertaken there so students can establish links with some very big companies indeed."

ZFIT have benefited greatly from the partnership too. The unique selling point of having a relationship with one of the UK's best fashion departments helps bring more students, allowing for increased tuition fees and further government support. The use of Salford's materials and expertise have increased the academic quality and reputation of ZFIT, and by implication, its internationalisation.

As part of this mutually beneficial relationship, in December 2018, the University of Salford and ZFIT held their first joint one-day project in NIngbo that saw 37 students from Salford and approximately 185 ZFIT students work together on a project called Colour Technik.

Under the charismatic leadership of Bashir with colleagues from Salford's Fashion Design BA and Fashion Image Making and Styling BA, and a number of ZFIT courses (including Sino-UK Fashion Design, Sino-UK Fashion Communication, Sino-UK Fashion Management and the ZFIT Make Up department) worked with 20 Chinese and three UK staff. Over the course of 24 hours the students, split in to four groups, had to design, make and model a fashion collection based around a specific colour and texture.

"The nature of the project was that it encouraged people to collaborate – to give them confidence and to learn to work with each other," says Bashir. "It put the students under significant pressure, giving them a taste of the deadlines and rushes that they will experience in industry itself. The collaborative nature is really emphasise in that it involves all the skills – it covers designers, stylists, make-up artists, models, even choreography and even management."

Internationalism at its best, the Colour Technik programme was a success and plans are already afoot for a 2019 re-run. But the collaborations don't end there, In February of this year (2019), the University of Salford went to New York Fashion Week where students and graduates exhibited their works, whilst 25 students hosted a pop up with ZFIT students and graduates, showing that collaboration with the two nations an spread even in to third nations. With even more projects on the horizon this partnership looks like it is only going from strength to strength and it is no surprise that Salford's Fashion Design programme is ranked in the world top 20 of fashion programmes.

3 ORGANISATIONAL OVERVIEW

Our business model and value creation process is described in terms of taking a range of inputs – the resources and relationships that we rely upon – and creating value with these through the application of our business activities to secure outputs and outcomes that benefit our stakeholders. Our stakeholders are clearly our students and staff but they also extend to members of the community who can benefit from the regenerative influence of the University on the locality, and employers who have a stake in the success of our students to provide them with work ready graduates. Industry partners will also partake in collaborative research and enterprise projects with the University. The case studies included in this report illustrate in real life terms the impact of our value creation process.

All our business activities are secured by our governance procedures and directed by our strategic objectives, resource allocation and risk mitigation. Their success is measured through the University key performance indicators and ultimately through the achievement of our mission and movement towards our vision. This forms our business model as illustrated within the value creation model in figure 1. The way we transform our inputs into outcomes that will benefit our stakeholders is described in table 1.

Figure 1 Value creation model (adapted from the International <IR> Framework (2013) The International Integrated Reporting Council).

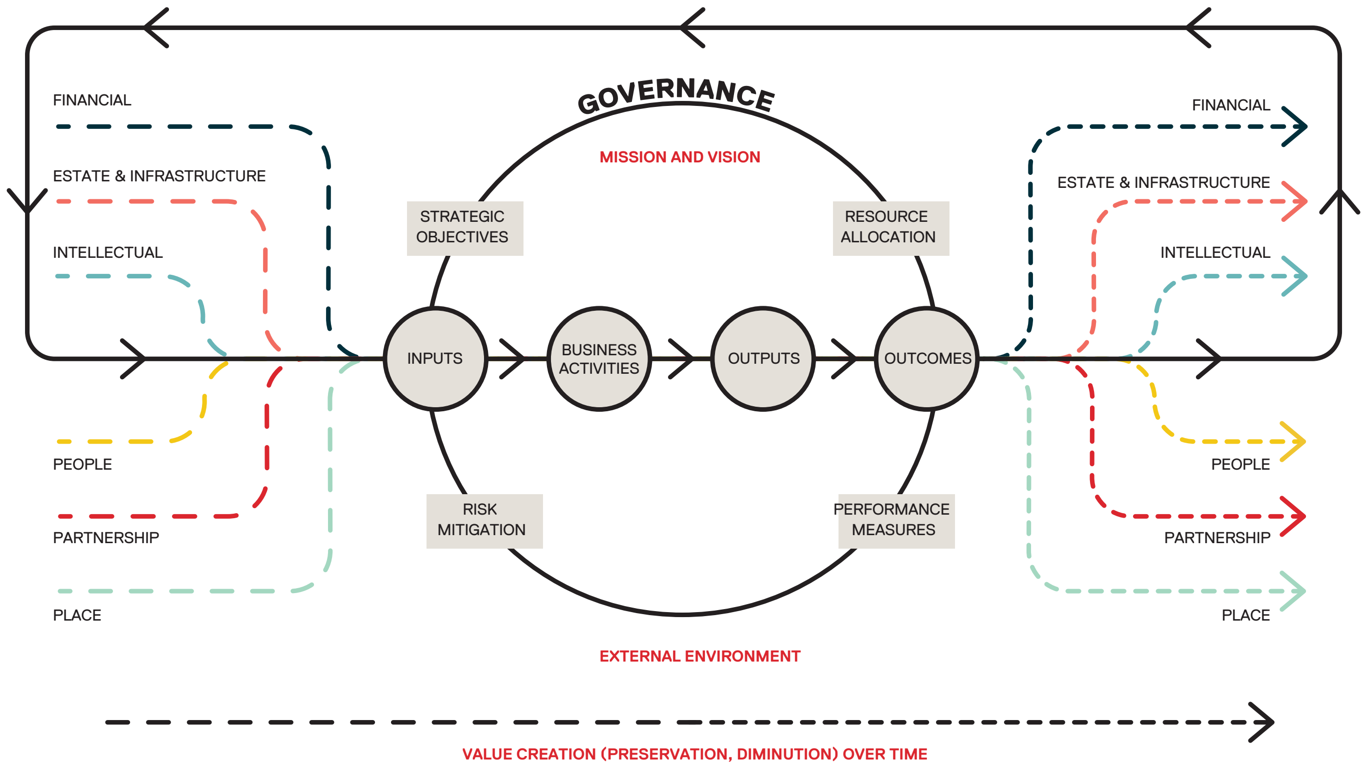


Table 1.

INPUT	HOW WE CREATE VALUE (BUSINESS ACTIVITIES AND OUTPUTS)	OUTCOMES	MEASURES OF SUCCESS
People			
Staff – their knowledge, experience, leadership qualities, motivation, loyalty and values	Adherence to a shared set of values. Promotion of diversity and inclusivity. Continuing professional development; personal development review; staff awards. Vibrant staff/student interface in class, online, in the field. Attracting the best talent.	High staff engagement. Enhanced student employability particularly in graduate level professions. Enhanced student satisfaction.	Staff engagement survey Graduates in highly skilled employment or higher level study NSS – questions relating to academic quality Non-continuation
Financial			
Cash; equity; borrowings and investments	Our budget setting process creates an annual surplus that is used for investment. Active management of assets and investments.	Maintaining a sustainable university able to reinvest for future growth.	Pay to income ratio % operating surplus
Estate & Infrastructure			
Buildings, equipment and IT services	Improvements to the fabric, quality and environmental impact of buildings keeping them fit for purpose. Progressive approach to the development and deployment of new technologies. Improve information quality and ease of access.	Optimise the student learning experience. Create vibrant social spaces. Minimum industry standard and some cutting edge learning spaces. Minimise environmental impact. Improved decision making.	Building quality NSS – Learning Resources
Intellectual			
Intellectual property; systems; procedures and policies	Delivering excellent teaching informed by real world research, industry collaboration and professional practice opportunities. Support areas of world leading, high impact research that address current and future global challenges. Encourage entrepreneurship and create start-up companies.	Enhanced global reputation for education, research and enterprise. Enhanced student satisfaction.	REF outcome Research grant awards Research Income Citations Impact Enterprise Income NSS – questions relating to academic quality Advertising value equivalent
Partnerships			
Our community of students, local residents, alumni and partners nationwide and internationally form the broad community of the University	The University is reaching out into the local community through a range of projects and research and enterprise activities that have a regenerative impact. Our alumni and industry partners are a key asset in progressing our industry connectedness as we can use their experience and industry expertise to collaborate with on research projects and for the benefit of our students through collaborative curriculum design. Industry placements; live briefs; work opportunities; internships; mentoring scheme.	Regenerative impact on locality and community Enhanced student employability particularly in graduate level professions Enhanced student satisfaction	Gross Value Added (GVA) Graduates in highly skilled employment or higher level study NSS – questions relating to learning opportunities
Place			
Our environment and location	Working with Salford City Council in the development of the Estates Masterplan bringing regeneration to this area of Salford. Providing employment opportunities in the region.	Regenerative impact on locality and community	GVA

SALFORD AND PARTNERS SET TO BECOME A GLOBAL LEADER IN PROSTHETICS & ORTHOTICS

In February 2019 we announced that a new global centre of excellence, based here at the University, would contribute to the training of many more highly skilled engineers in prosthetics and orthotics.

Worldwide demand for artificial limbs, braces, footwear and other devices which help people recover from injury is accelerating, but manufacturers and practitioners require a rare combination of clinical, medical and engineering skills.

The Centre, to be based at the University of Salford, is set to train up to 60 individuals to doctoral level over the next eight years to address the skills gap at home and abroad. Our key collaborators are the UK's principal prosthetics and orthotics research centres: Imperial College London, the University of Strathclyde and the University of Southampton.

The £11million project, with £5.3M coming from the Engineering & Physical Sciences Research Council (EPSRC), partners the Centre with 27 industry and clinical collaborators, including two of the largest manufacturers of prosthetic and orthotic devices, Blatchford and Össur,and the global leader in research in the field, Northwestern University in the US.

This unique doctoral four-year research training programme will be complemented by a new Masters' programme operating across all four partner Universities. Students will be supported by national and global industry, and clinical, patient and service partnerships who will ensure high-quality training, and provide placement and employment opportunities. Many students are expected to be graduates in engineering with the remainder coming from industry and some from clinical backgrounds.

"Globally, 100 million people need prosthetic and orthotic devices, and this is rising rapidly. With most users now being of a working age,there is an ever-increasing need to develop more sophisticated devices suited to a range of diverse needs." explained Centre director Malcolm Granat, Professor of Health & Rehabilitation Sciences at the University of Salford.

“There is a woeful shortage of research engineers who have a deep understanding of these challenges. Our expectation is that this new centre will create a talented workforce, who will be equipped to produce local and global solutions to transform lives.”

The majority of students will come from the UK, but the centre will also work to support training for students from low and middle-income countries, including Cambodia, Uganda and Jordan.

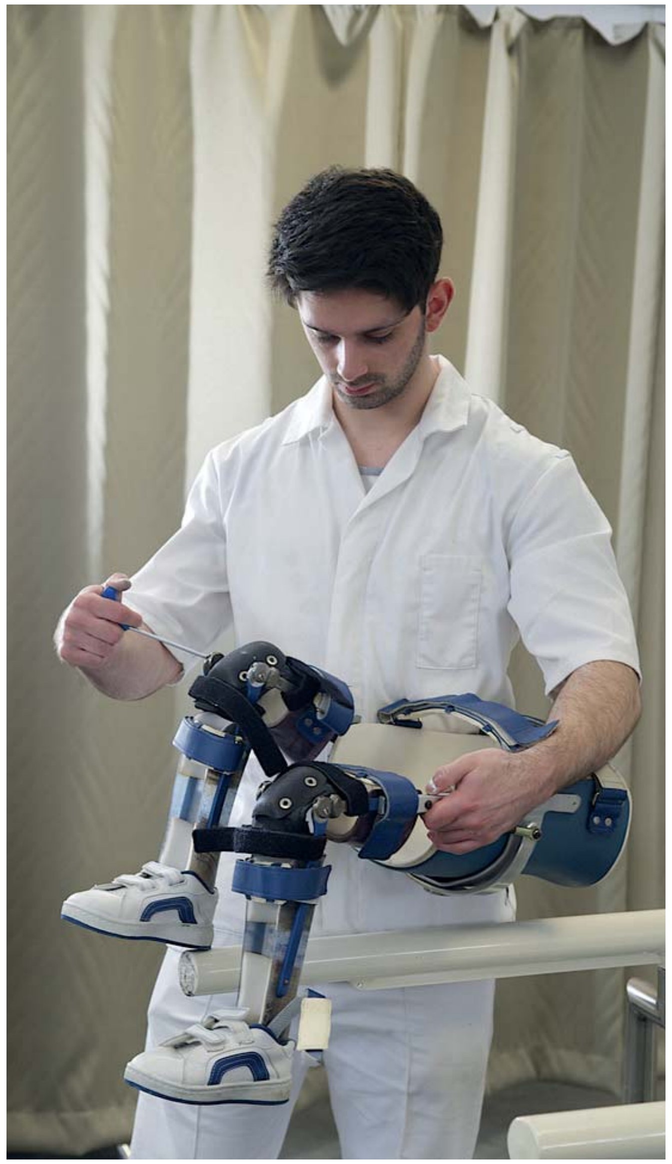
UK AND GLOBAL DEMAND

The World Health Organisation estimates that more than two billion people are expected to require health-related assistive devices by 2030.

In the UK, the Disabled Living Foundation estimates that 6.5million people live with mobility disablement, while in parts of the developing world, and often in the aftermath of conflict, there is a growing and desperate need for prosthetics and orthotics support.

Vice Chancellor, Professor Helen Marshall said: “To become the first centre for doctoral training of prosthetists and orthotists in the UK is hugely prestigious and a fantastic result for the team.

“The University of Salford prides itself on establishing mutually beneficial partnerships with industry and this particular initiative will not only strengthen the prosthetics and orthotics industry but have a significant impact on people living with serious injury both in the UK and globally.”



4 OUR PERFORMANCE

Along with keeping a close watch on external changes we also set ourselves performance targets that help define our ambition within our strategic priority areas and allow us to track the value we are creating in these areas.

Our performance can be demonstrated across a series of measures of which those relating to teaching quality from the National Student Survey (NSS), employability from the Destination of Leavers from Higher Education survey (DLHE) and non-continuation form a particular focus for us.

The University KPIs are categorised according to the corresponding strategic priority area from section 2 and are chosen to demonstrate progress in these areas. Industry Collaboration does not have a separate set of KPIs as the impact of activity in this area is designed to apply across all measures of success in the University.

Key:
✓ Met or exceeded target
— Within 5% of target
✗ Missed target

4.1 University Key Performance Indicators (KPIs)

ACADEMIC GROWTH & DIVERSIFICATION

Core Indicator	ACTUALS 16/17	ACTUALS 17/18	ACTUALS 18/19	HIT TARGET	TREND	TARGET 19/20	PROGRESS
Overall Recruitment (heads)	22,019	22,869	24,222	✓		25,482	Our plans anticipate delivering continued growth based on diversification of the portfolio and national marketing initiatives.
Inward international (heads)	1,654	1,506	1,474	✓		1,533	An increasingly competitive market has meant that recent registrations have been declining. Work underway in this area however means that our projection shows a return to growth.
Trans National Education (TNE) recruitment (heads)	1,162	1,633	2,887	✓		3,311	Our TNE recruitment has been positive which reflects the changing nature of the opportunity in the overseas market.

RESEARCH & INDUSTRY CONNECTEDNESS

Core Indicator	ACTUALS 16/17	ACTUALS 17/18	ACTUALS 18/19	HIT TARGET	TREND	TARGET 19/20	PROGRESS
Grant Awards (£ '000)	7,108	9,153	18,299	✓		10,250	18/19 includes grant figure for Energy House 2. Target has increased to reflect the re-invigorated research activity taking place and the opportunities presented by the Industrial Strategy.
Citations Impact (Field Weighted)	1.21	1.19	1.28	✓		1.28	This measure is indicative of the quality of our research outputs; higher quality outputs are (mostly) cited more. This is reported as a 5 year average and does not yet fully represent improvements delivered over the last 18 months.
Research Income (£ '000)	5,503	6,739	8,010	✓		8,525	Improving performance reflecting consolidation of research priorities.
Enterprise Income (£ '000)	13,399	9,152	6,939	✗		9,569	Mainly due to underperformance of University subsidiary company Salford Professional Development. Recovery plan being put in place and future years targets under review.

STUDENT EXPERIENCE & OUTCOMES

Core Indicator	ACTUALS 16/17	ACTUALS 17/18	ACTUALS 18/19	HIT TARGET	TREND	TARGET 19/20	PROGRESS
Teaching on my course (%)	85	85	81	✗		86	Despite the drop in satisfaction reported in year, our target for 2019-20 is unchanged. Clear actions are in place to support the consistent adoption of best practice across all programme areas and a return to trend of steady improvement and above sector satisfaction.
Assessment & Feedback (%)	75	77	75	✗		79	Despite the drop in satisfaction reported in year, our performance with respect to Assessment and Feedback remains above sector average. target for 2019-20 is unchanged. A focus upon the consistent adoption of best practice across all programme areas will support a return to trend of steady improvement and above sector satisfaction.
Academic Support (%)	81	80	77	✗		82	As with the other NSS outcomes, academic support showed a deviation from trend this year, but the target remains unchanged. New approaches to engaging with Student Voice, the introduction of Learner Analytics and personalised student support will impact in year to support the projected improvement.
Highly Skilled Graduates (%)	70.7	73.1	Due 2020			74	This metric is derived from the Destinations of Leavers from Higher Education (DLHE) survey of graduates and will be replaced with the Graduate outcomes survey (next results published in 2020 for 2017/18 graduates) which takes a longer-term view between graduation and employment. The target is set to build on the strong improvement we have experienced in this area although it is unknown how results may shift under the new survey.
Non-Continuation (%)	11.8	11.4	11.4	✗		10.0	Retention remains a primary focus for us as the proportion of first-year first-degree students leaving us and not transferring to another institution remains above our benchmark. The introduction of attendance monitoring and Learner Analytics will help target support and intervention where it can have greatest impact on supporting continuation.

SUSTAINABILITY & CAMPUS INFRASTRUCTURE

Core Indicator	ACTUALS 16/17	ACTUALS 17/18	ACTUALS 18/19	HIT TARGET	TREND	TARGET 19/20	PROGRESS
Operating Surplus/ (Deficit) % of Income	3.4	3.6	(13.8)	✗		2.2	The deficit is due to a number of pension factors that are outside our ability to control in the short term including a £32.3m charge following the agreement of the March 2017 USS deficit recovery plan; £1.6m charge following the McCloud and Lloyds pension scheme ruling and £1.4m charge in respect of pension enhancements agreed in earlier years due to falling discount rates. If these factors had been excluded the target of 2.3% would have been exceeded.
Pay to income ratio % (excluding exceptional costs)	53.8	55.7	56.8	—		58.5	This is slightly above the target of 56.5%. The year on year increase, which is typical of the sector, reflects the impact of increasing pension costs.
Operating cash flow as a % of income	12.4	13.3	8.8	✗		11	This is below the target of 9.7% largely due to adverse working capital movements.
Building Quality – A+B (%)	89	89	90	✓		89	The increase here is a result of increased investment into our estate which supports our strategic ambitions.

Environmental Sustainability Team

ENVIRONMENTAL PERFORMANCE 2018/19

Environmental sustainability is a core element of the ambitious University Campus Masterplan, launched in the last year.

Central to the plans is an energy strategy that takes a major step towards a zero carbon future, while providing high quality spaces for residential, teaching, research and commercial uses that are cost-effective to run. University of Salford buildings will undergo refurbishment to make them highly energy efficient, with maximum potential for renewable energy generation.

Our goal is to achieve an Ecocampus Platinum award; this would recognise us a higher education establishment which focuses on addressing key issues of environmental sustainability. In December 2018 we received a Gold EcoCampus award demonstrating our progress in this area. We are working towards ISO 14001 and ISO 50001 certification in 2019.

We have built on our Environmental Sustainability Policy, adopted in 2015, to ensure that our commitments around environmental sustainability remain current, challenging and reflect our Campus Masterplan. Most notably through the adoption of significant objectives to support the Mayor of Manchester's Green Summit. Our new Energy, Water and Carbon Management Plan builds on our significant progress in carbon reduction (65% reduction since 2005/6) to ensure we can achieve our objective of an 81% reduction by 2030 and work towards net zero carbon by 2038. We have also committed to eliminate avoidable single use plastics from our campus by 2023.

We recognise the importance of our green space on campus and have committed to maintaining these to a high standard. In recognition of this we received a prestigious Green Flag Award for our Peel Park and Frederick Road Campuses, well ahead of our target. The Masterplan will also look for opportunities for new green spaces in our urban environment to help promote learning, wellbeing and healthy lifestyles.

KEY ENVIROMENTAL HIGHLIGHTS

Key:
- Met/Exceeded Target
- On Track
- Missed Target/Not On Track

IMPACT AREA	INDICATOR	PROGRESS	TRACKER
	Absolute Scope 1 and 2 carbon emissions	65% reduction in absolute carbon emissions from 2005/6 baseline	On Track
	Electricity use, kWh	0.2% increase (target -5.5%)	Missed Target/Not On Track
	Gas use, kWh 2016/17 baseline	21% decrease (target -3%)	Met/Exceeded Target
	Waste use, m3	35% decrease (target -4%)	Met/Exceeded Target
	Total waste, kg (exc. Construction waste)	32% decrease (target -10% from 2016/17 baseline by 09/2020)	Met/Exceeded Target
	% Recycling	40% recycled (target 50% by 09/2020)	On Track
	Green Flag Status	Achieved July 2019	Met/Exceeded Target

5 RISK

The University maintains a corporate register of the key risks across the institution and their associated mitigating actions. This is reviewed and reported on in accordance with the University's Risk Management Policy.

5.1 Top five risks

As described under Operating Context and Outlook, we are conscious of the turbulence in the sector and the wider policy environment. The main mitigation to this uncertainty is in the strategic response that we make as an organisation. Alongside the external risks there are also a number of internal factors to which the University could become vulnerable if they were not closely managed. The following 5 risks are extracted from the full University Risk Register and show the most concerning risks and those upon which we are particularly focused.

5.2 Risk Appetite

In pursuit of our strategic aims and academic mission it is necessary that we accept a degree of risk commensurate with the potential reward. We do however maintain a responsible approach to risk management meaning that we recognise and manage our exposure to these risks to keep them within defined tolerances in the following areas:

- Project risk appetite: we are committed to seizing the opportunities provided by the imagination and enthusiasm of our staff and the co-operation of partners and their support for innovation. We therefore have a risk appetite which is described as 'open'. We undertake projects ensuring that they are consistent with our mission and vision and that the potential benefits (reward and value for money) and risks are fully understood before proceeding and that mitigation to risks is established.
- Strategic risk appetite: we are driven to pursue our mission and goals through seizing developed and presented opportunities whilst ensuring we protect our core business and values. Our risk appetite here therefore is described as 'cautious'.

1. Augar Review and Tuition Fee Policy

RISK DESCRIPTION	MITIGATING ACTIONS	RISK STATUS	MOVEMENT YEAR ON YEAR
Risk that the tuition fee cap is reduced; loss of Foundation Year; also risk of a differential impact across business areas.	/ Undertake a strategic sustainability plan across the University with focus on structures, estate, digital strategy and our staff. / Scenario planning taken place with options and consequences explored. / Schools to identify resourcing plans that align with anticipated income / contribution levels and SSRs.	High and likely to impact in the next 1-2 years	Increasing

2. Pay and pension costs

RISK DESCRIPTION	MITIGATING ACTIONS	RISK STATUS	MOVEMENT YEAR ON YEAR
Upward pressure on pay and pension costs as a result of: annual pay awards, annual incremental pay increases; tax changes; increased pension liabilities requiring increased employer contributions.	Mitigation has begun through factoring in anticipated increases into plans and budgets and will continue through the following: / Careful management of the staffing base. / Mutual agreement to leave scheme. / Schools to identify resourcing plans that align with anticipated income/ contribution levels and Student Staff Ratios. / Hold a central contingency. / Undertake a strategic sustainability plan across the University with focus on structures, estate, digital strategy and our staff.	High and likely to impact at any time	Static

3. Brexit

RISK DESCRIPTION	MITIGATING ACTIONS	RISK STATUS	MOVEMENT YEAR ON YEAR
Consequences arising from the terms of the UK's withdrawal from the EU, or a No-Deal Brexit, directly or indirectly impact HE, and the University's activities.	/ Regular meetings of the Brexit Task Group to assess potential impact and ways to mitigate risk. / Brexit contingency and mitigation plan which considers all scenarios	High and likely to impact in the next quarter	Separated out as a new risk

4. Government policy changes

RISK DESCRIPTION	MITIGATING ACTIONS	RISK STATUS	MOVEMENT YEAR ON YEAR
Changes in Government policy in matters related directly or indirectly to Higher Education can impact the University's activities.	/ Proactively monitor political and economic situation, actively engage with local and national policy. / Continue to build strong partnerships with overseas institutions to support exchanges and research collaborations. / Public Affairs Plan proactively scans changes in local and national policy and seeks to inform and influence regional and national policy makers. / Diversifying research income to include more contract research aligned to industry need. / The University Research Delivery Plan will focus on areas of excellence with Schools which can also align with and exploit opportunities arising from the Industrial Strategy.	High and likely to impact in the next 1-2 years	Static

5. Industrial action

RISK DESCRIPTION	MITIGATING ACTIONS	RISK STATUS	MOVEMENT YEAR ON YEAR
Industrial action can affect operational delivery and the student experience	/ Working group set up for planning in the event of strike action. / Adoption of standard notification process and communication with management teams on identified impact in the event of a strike. / Monitoring changes in the law as a result of the Trade Union Act	High and likely to impact in the next quarter	Increasing

6 FINANCIAL PERFORMANCE

KEY FINANCIAL HIGHLIGHTS

2018/19

£28.9m	£48.0m	£18.4m	£49.0m
Deficit for the Year	Comprehensive Expenditure for Year	Cash flow from operating activities	Net assets

2017/18

£7.2m	£28.0m	£26.9m	£97.0m
Surplus for the Year	Comprehensive Income for Year	Cash flow from operating activities	Net assets

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

Deficit after tax

The outturn reflects several pension related costs that are outside our ability to control in the short term including ;

- £32.3m charge following the agreement of the March 2017 USS deficit recovery plan;
- £1.6m charge following the McCloud and Lloyds pension scheme ruling;
- £1.4m charge in respect of pensions enhancements agreed in earlier years due to falling discount rates.

Excluding these costs an operational surplus of £6.4m would have been achieved which was slightly above our 2018-19 budget and is satisfactory in a challenging environment.

Once these pension costs are included we made a deficit after tax of £28.9m which represents (13.8%)[2017-18 : Surplus of 3.6%] of total income.

Total Comprehensive Income & Expenditure

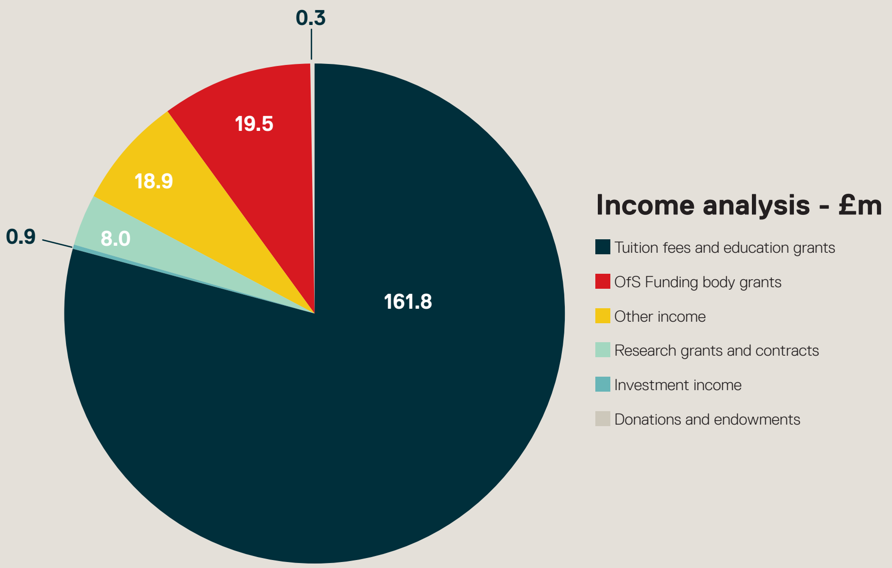
The total Comprehensive expenditure was £48.0m after adverse actuarial movements of £17.9m on the Greater Manchester Pension Fund (GMPF) and adverse hedge movements on loans of £1.2m.

Cash Flow from Operating activities

The pension factors highlighted earlier have had little impact on 2018-19 cashflow. The University continues to generate adequate cash flow from its operations with the £18.4m generated being close to the annual target of £20m, which is necessary to ensure long term sustainability.

Income

In 2018-19 total income increased by £7.2m (3.6%) to £209.4m.

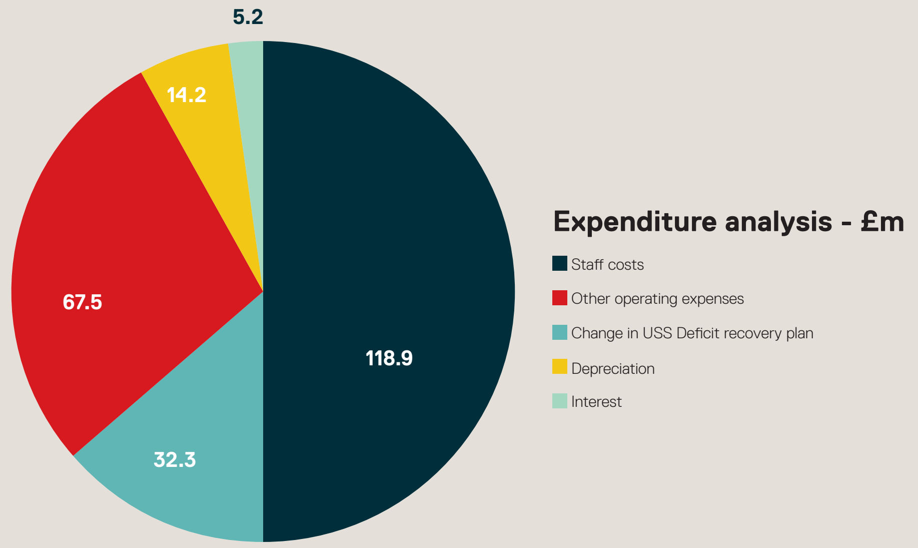


Total tuition fees and educational contracts increased by £3.8m (2.4%) to £161.8m. Home and EU students increased by £10.3m of which £5.3m was due to a switch from educational contracts to home and EU tuition fees following a change in the funding for nursing and allied health courses, with the remainder due to increased recruitment relative to earlier years. International activity fell by £0.7m (5.2%) to £13.6m due to a challenging overseas student market.

The OfS funding body grants decreased by £0.4m (2.2%) to £19.5m and research grants and contracts increased by £1.2m (19.0%) to £8.0m while Other Income increased by £2.3m (13.9%) to £18.9m. Within "Other Income" the residencies income has increased by £3.8m to £7.2m with a corresponding increase in expenditure reflecting the impact of unwinding the annual nominations agreement.

Expenditure

Total expenditure increased by £43.2m (22.1%) to £238.1m.



Staff costs increased by £6.4m (5.7%) to £118.9m. This reflects several factors including an annual pay rise of 2%, staff grade point increments, the increased current costs of local government pensions and a £1.4m increase in the pension enhancement provision following an adverse movement in discount factors used to calculate the provision. Staff costs now account for 56.8% of income compared to 55.7% in 2017-18 and this key KPI continues to be closely monitored.

In 2018-19 the University has reflected a £32.3m pension charge which is the discounted cost of the change in the USS deficit recovery plan following completion of the 2017 USS actuarial valuation.

Other operating expenses increased by £4.9m (7.8%) to £67.5m with key movements being CLV nominations expenditure increasing by £3.8m, professional and other fees increasing by £2.5m and scholarships, bursaries and other student expenses falling by £2.8m.

Depreciation remains broadly the same year on year. Depreciation on Technology House (building for small businesses) has been accelerated to write off the full cost in anticipation of demolition in 2019-20 as part of the Campus Masterplan. The remaining life of the Newton Building has been extended by a year due to the delay in the building of the New Science building following the consolidation of the 3 Science Schools.

Interest has fallen by £0.5m to £5.2m due to a fall in the notional interest charged on the Greater Manchester Pension Fund deficit and reduction in loan interest as the capital sums are paid off.

Balance Sheet

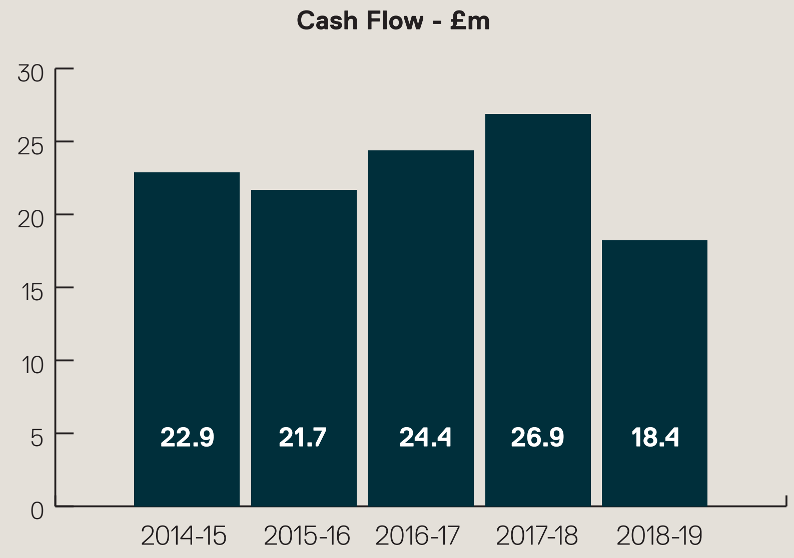
At the 31 July 2019 our net assets had decreased by £48.0m to £49.0m due to an underlying trading deficit of £28.9m, an actuarial loss on the local government scheme of £17.9m and a loss on the loan hedges of £1.2m.

We continue to have healthy net current assets of £78.4m (£65.6m at 31 July 2018), with cash and short-term net investments of £104.0m (£96.5m at 31 July 2018) which is enough to cover 170 (2018: 195) days of expenditure.

We have secured borrowing including derivatives and finance leases of £73.3m (£76.0m at 31 July 2018) which represents 35% (38.0% at 31 July 2018) of income and is in line with the sector average. We will be looking to finance future capital expenditure through our current cash holdings, internally generated resources and grants rather than additional borrowing.

We have pension provisions totalling £121.0m (£64.9m at 31 July 2018) which includes a deficit in the GMPF scheme of £61.0m (£37.7m at 31 July 2018), obligation to fund deficit on USS pension of £47.6m (£15.7m at 31 July 2018) and enhanced Teachers' Pension Scheme liabilities of £12.1m (£11.1m at 31 July 2018).

Subsequent to the year end the USS March 2018 valuation has been finalised and this would reduce the USS liability by £20m to £27.6m. As the valuation process was not completed by the 31 July 2019 this valuation adjustment will be reflected in 2019-20 with the consequent improved net asset position.



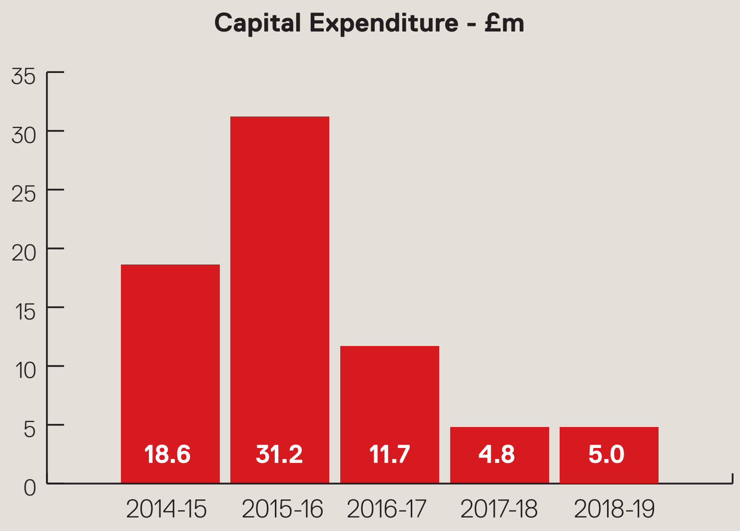
Cash Flow

Cash flow generation continues to be the key financial metric for us, particularly in a time of volatile pension movements. We recognise that we need to continue to generate above the sector average in order to service our loans and to continue to invest in our students' experience.

Cash flow from operating activities is £18.4m (2017-18 £26.9m) which is 8.8% of income and is above the 6.2% 2018-19 forecast for the sector.

Capital Expenditure

We continue to invest in our estate and equipment, spending £5.0m. Schemes in 2018-19 included the build and equipping of a new automotive and autonomous vehicle technology teaching centre, a new makerspace area, One Digital Campus projects and progression of the new Energy House 2 and new Science building.



Payment of Creditors

The Late Payment of Commercial Debts (Interest) Act 1998 and Late Payment of Commercial Debts Regulations 2002 and 2013 requires institutions, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. We endeavoured to adhere to this policy during the year except where there were genuine reasons for dispute. Subject to the terms of individual contracts, where there are disputes on invoices, we only withhold payment on the disputed element of the invoice.

During 2018-19 the University paid 98% (2017-18: 99%) of invoices received within 30 days under Public Contract Regulation 113. Under the new legislation the University is required to report the value of notional interest due on invoices that are paid late and for 2018-19 this is £10,116 (2017-18 £4,032).

Professional Advisors

Bankers	Lloyds Bank plc and Barclays Bank plc
Investment Advisors	KW Wealth
Internal Auditor	RSM Risk Assurance Services LLP and then Price Waterhouse Coopers for financial year 2019-20
External Auditor	KPMG LLP

Conclusion and Future Prospects

2018-19 is the first time in 6 years that the University has not generated at least £20m of cash from our core operating activities, but even in challenging circumstances the University generated over £18m and continued to invest in our staff and facilities.

Recruitment for 2019-20 has been strong in most areas with undergraduate continuing the upward trajectory of recent years. The University is again targeting a surplus in 2019-20 with generation of at least £20m cash from our core operating activities. The external environment is likely to continue to be challenging with the sector facing significant pay pressures whilst home student fees remain capped. Despite these pressures the University's underlying financial position remains sound and the University will continue to invest in improving the student experience with significant investment in infrastructure planned and continued investment in staff.

Professor H Marshall
Vice Chancellor

Rt Hon. Lord Bradley
Chair of Council

22 November 2019

7 GOVERNANCE - MEMBERSHIP OF COUNCIL

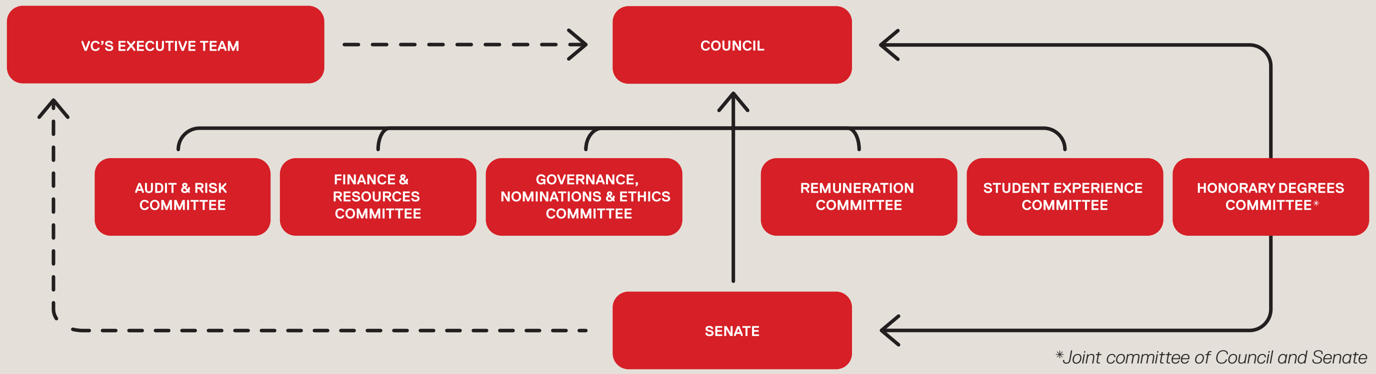
		TERM	LEAD MEMBER	ARC	FRC	GNEC	HDC	REMCO	SEC
INDEPENDENT MEMBERS	Rt Hon. Lord Bradley (Chair)	1st			Ex-officio	Ex-officio	Ex-officio	Ex-officio	
	Sean O'Hara (Deputy Chair)	2nd	Int'l		✓	✓	Ex-officio	Ex-officio	
	Professor Dame Sue Bailey	1st							✓
	Geoff Bean	2nd		✓					✓
	Dr Tony Coombs	1st		✓					
	Phil Cusack	2nd						✓	
	Garry Dowdle	2nd	IT		✓				
	Andrea Dunstan	1st	HR					✓	
	Ben Gallop	3rd							✓
	Merlyn Lowther	1st		✓					
	Councillor John Merry	1st			Co-opted				
	Ian Moston	2nd	Finance		✓				
	Dr Priscilla Nkwenti	1st							✓
	Sam Plant	3rd				✓	✓		
	Professor Susan Price	2nd	Student Experience[1]			✓	✓		✓
	Tom Russell	2nd	Estates		✓				
	Helen Taylor	1st						✓	
STAFF AND STUDENT MEMBERS	Professor Helen Marshall *(Vice-Chancellor)*	Ex-officio			Ex-officio	Ex-officio	Ex-officio	Ex-officio	
	Amina Helal	2nd							Ex-officio
	Professor Sheila Pankhurst	1st							
	Professor Margaret Rowe	1st				✓			
	Kobby Ofori *until 30 June 2019**	1st					✓		Ex-officio
	Emily Voss-Bevan *until 30 June 2019**	2nd							Ex-officio
	Temi Adebayo *from 1 July 2019**	1st							
	Evangeline Adams *from 1 July 2019**	1st							
CO-OPTED MEMBERS	Brent Wilkinson	3rd		✓					
	Alan Roff	2nd			✓				
	Professor Richard Stephenson					✓	Ex-officio		Ex-officio †
	Professor Sunil Vadera *until 1 May 2019*						Ex-officio †		
	Professor Nigel Linge						Senate		
	Prof Neil Fowler								Ex-officio †
	Dr Janice Allan								Senate
	Professor Mike Rogan								Senate

Key:

ARC	Audit and Risk Committee
FRC	Finance and Resources Committee
GNEC	Governance, Nominations and Ethics Committee
HDC	Honorary Degrees Committee
REMCO	Remuneration Committee
SEC	Student Experience Committee

[1] *appointed 3 May 2019*
* *due to alignment with the election of sabbatical officers of the Students' Union a student member term will commence on 1 July and cease on 30 June*
† *Ex-officio in their capacity as members of Senate*

UNIVERSITY GOVERNANCE AT A GLANCE



*Joint committee of Council and Senate

Corporate Governance Statement

(in respect of financial year 2018-19 and the period up to the approval of the financial statements on 22 November 2019).

The University is committed to observing the highest standards of governance. Governance is the means by which the University is formally organised and directed. Properly enacted it will ensure integrity and objectivity in the transaction of business, and wherever possible demonstrate openness and transparency.

The University is an independent corporation, whose legal status derives from a Royal Charter granted in 1967. The Charter and Statutes set out the University's objectives, powers and framework of governance. The Charter was last approved by the Privy Council in 2016. The Charter requires the University to have two separate bodies, Council and Senate both with clearly defined functions and responsibilities. Council retains supreme authority and Senate is the 'academic authority' of the University.

In developing its good practice in relation to corporate governance the University has adopted the Higher Education Code of Governance published by the Committee of University Chairs (CUC) in 2014 (revised 2018). The Code adopts and builds on the Principles of Public Life (the 'Nolan Principles') which provide an ethical framework for the personal and collective behaviours of governors (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

To give practical effect to the principles the University has implemented a number of policies which apply to all staff and students where indicated (*):

/ **Register of Interests, Gifts and Hospitality Policy (Declaration and Management Conflicts of Interest)**

Interests, pecuniary or otherwise, gifts and hospitality that could give rise to a perceived, potential or realised conflict of interest are declared and, where applicable, logged on the Register of Interests and/or the Register of Gifts and Hospitality.

/ **Whistleblowing Policy**

The process by which an employee can raise a concern which he or she believes to be in the public interest.

/ **Counter Fraud Policy & Response Plan / Anti-Bribery Policy**

The processes by which suspicion of theft, fraud, bribery, corruption or financial irregularity can be reported, and how these reports are dealt with.

/ **Dignity at Work and Study Policy***

The protection and promotion of an individual's right to respect and dignity in the work or learning environment that is free from harassment or bullying.

There are also two value frameworks which encompass wider policy sets, processes and local strategies:

/ **The Inclusive University***

The range of policies that recognises the University's commitment to equality, fairness, autonomy and safety. This includes the Modern Slavery Act Statement.

/ **The Ethics Framework***

The ethical considerations that underpin all University functions.

Public Benefit

The University was granted the status of an exempt charity by statutory instrument in 1967. Under the terms of the Charities Act 2006, the University has due regard to the Charity Commission's guidance on the reporting of public benefit and particularly its supplementary guidance on the advancement of education, in accordance with the requirements of the Office for Students (OfS) as the principal regulator of English higher education institutions under the Higher Education and Research Act 2017.

The University's Charter reflects institutional commitment to public benefit; 'The objects of the University shall be to advance education and knowledge by teaching and research, and in doing so to foster an academic environment which is enterprising and applied to business and the professions, and for the benefit of society at large'

Examples of the University's commitment to public benefit can also be found earlier in the section Strategic Review.

Council

Chair: *Rt Hon. Lord Bradley, met six times during 2018/19, plus two development sessions (Changes to governance and monitoring requirements following the formation of the Office for Students, facilitated by AdvanceHE, and Planning for Widening Access and Participation and Student Success).*

The Council is the supreme governing body of the University. It has ultimate responsibility for the affairs of the institution, overseeing effective management and administration, determining its mission and future direction, ensuring there is a robust system of risk management and internal control in place and managing activities such that it ensures the institution remains financially sustainable and viable.

The constitution and powers of the Council are laid down in, and limited by, the University's Charter and associated Statutes. These instruments of governance form the basis of the Scheme of Corporate Governance along with the Ordinances, Standing Orders for Committees, Terms of Reference for Committees, Financial Regulations, Scheme of Delegation and Code of Conduct for Council Members and Senior Officers. The Scheme facilitates effectiveness in decision-making processes and sets out the principle roles and responsibilities for governance and management. Components of the Scheme are approved by the Council but amendments to the Charter or Statutes are in the gift of the Privy Council (until the end of 2018 when these powers transferred to the Office for Students). The Privy Council approved an amendment to Statute 4.6 in December 2018 to ensure quoracy regarding decision-making.

There are a maximum of twenty four members of the Council (twenty three actual members during 2018/19), the majority of whom are independent. There are also student and staff members. The Registrar acts as Secretary to the Council.

None of the members receive payment, except for reimbursement for expenses (i.e. travel costs). The role of Chair is offered on a remunerated basis, however the current incumbent has waived this right.

Members of the Council are trustees for charitable law purposes.

The Council exercises its responsibilities in a corporate manner, that is to say decisions are taken collectively by the members acting as a single body in the best interests of the institution or, where applicable, specifically the student body (for example, the Student Protection Plan or Access and Participation Plan).

The Council publishes a Statement of Primary Responsibilities on its website. This comprises eleven key duties:

1. **Strategic development and planning**

   Shaping the development of and approving the University's vision, mission and strategic plan.

2. **Monitoring effectiveness and performance**

   Ensuring effective and proactive monitoring of the strategic plan, monitoring its own effectiveness and ensuring there are appropriate arrangements for the management of the University.

3. **Academic affairs**

   Supporting Senate's role as the academic authority and ensuring the general welfare of students.

4. **Legal and regulatory commitments and obligations**

   Ensuring the University meets its diverse legal and regulatory obligations.

5. **Finance**

   Ensuring the solvency of the University and safeguarding its assets and shaping the financial strategy and overall budget.

6. **Audit and risk**

   Ensuring an effective approach to risk management, control and governance.

7. **Estate management**

   Shaping the development and approval of the estates strategy that identifies the property, infrastructure and IT requirements needed to fulfil the Strategic Plan.

8. **Human resources management**

   Shaping the development and approval of the human resources strategy and policies, including the remuneration policy.

9. **Ethics and values**

   Conducting its business in accordance with best practice in corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.

10. **Public benefit**

    Ensuring the University's obligations to demonstrate public benefit are met.

11. **Students' Union**

    Ensuring that the it operates in a fair and democratic manner and is accountable for its finances.

There are five standing Committees of Council: Audit & Risk; Finance & Resources; Governance, Nominations & Ethics; Remuneration; and Student Experience. In addition, there is one committee established jointly with the Senate: Honorary Degrees. The Student Experience Committee is to be held in abeyance for the period 2019/20 subject to a programme of widening involvement for all members with the student voice.

Members of the Council may be appointed to serve on one or more of the Committees of Council.

Other special or ad hoc working groups may be established from time to time and will meet as appropriate.

Each standing committee has a written terms of reference and dates of meetings are fixed and published in advance. The Council considered and confirmed or approved the terms of reference for each standing committee at its last meeting of the session (July 2019), thus fulfilling its responsibilities to ensure effective governance and controls. The areas considered by each committee during 2018/19 are listed below:

Audit and Risk Committee (ARC)

Chair: *Geoff Bean, met five times during 2018/19 (four ordinary and one extraordinary meeting), plus two development sessions (Transparency Approach to Costing (TRAC) and Challenges for Universities and their Audit Committees facilitated by KPMG).*

/ Internal audit
/ External audit
/ Institutional risk
/ Health and safety
/ Regulatory compliance

Finance and Resources Committee (FRC)

Chair: *Sean O'Hara, met five times during 2018/19, plus a development session on Transparency Approach to Costing (TRAC).*

/ Financial performance and solvency
/ Estate and facilities management
/ Human resources
/ Information technology
/ International plans

Governance, Nominations and Ethics Committee (GNEC)

Chair: *Sam Plant, met four times during 2018/19.*

/ Ethical framework (non-academic)
/ Corporate governance arrangements including assurances that the University has in place the primary elements required in the adoption of the CUC HE Code of Governance
/ Council membership and succession planning, including skills assessment;
/ Council members induction and development, including mentoring
/ Council and committee effectiveness and review, including terms of reference and the Scheme of Delegation

Remuneration Committee (REMCO)

Chair: *Andrea Dunstan, met seven times during 2018/19 (four ordinary and three extraordinary meetings).*

/ Senior management remuneration and reward
/ The framework for reward and recognition (primary item for the extraordinary meetings held)
/ Compliance with the CUC Higher Education Senior Staff Remuneration Code (published 2018)

Student Experience Committee (SEC)

Chair: *Professor Susan Price, met four times during 2018/19*

/ Inclusion and diversity
/ Student satisfaction
/ Academic connectivity

Honorary Degrees Committee (HDC)

Chair: *Professor Helen Marshall, met twice during 2018/19*

- Award of honorary degrees
- Award of honorary fellowships

Council and OfS

We have been registered with the OfS since 17th September 2018 and under the Regulatory Framework for Higher Education in England, the governing body is responsible for ensuring 'the provider's compliance with all of its conditions of registration and with the OfS's accounts direction' (Condition E3). ARC fulfils these responsibilities on behalf of Council. Specific assurance mechanisms used by ARC in 2018-19 were:

- Timely and effective communication with key University officers.
- Inclusion of OfS compliance in the newly developed Business Assurance Framework.
- Completion of an internal audit of the controls the University relies upon for managing and monitoring compliance with the OfS conditions of registration. The audit resulted in a finding of 'substantial assurance'.
- Oversight of reportable event submissions to the OfS.

Vice-Chancellor's Executive Team (VCET)

Chair: *Prof Helen Marshall, meets fortnightly on a rolling basis for the purposes of appropriate debate and recording of decisions made.*

As Chief Executive Officer of the University, the Vice-Chancellor is appointed by, and accountable to, the Council. Under the terms of the Financial Memorandum between the University and the Office for Students (OfS) the Vice-Chancellor is the Accountable Officer and can in that capacity be summoned to appear before the Public Accounts Committee of the House of Commons.

In addition to the Vice- Chancellor the executive team comprises the:

- Deputy Vice-Chancellor (position vacant from 31 July 2019)
- Pro Vice-Chancellor International and Regional Partnerships
- Pro Vice-Chancellor Student Experience
- Chief Operating Officer (appointed Jan 2019)
- Executive Director of Finance *also appointed in capacity of Deputy Chief Executive from 11 October 2019*
- Director of HR and Organisational Development
- University Registrar and Secretary

The Vice-Chancellor's Executive Team supports the Vice-Chancellor in responsibility for effective management of the University's performance and the delivery of the University's strategic and operational plans. Where applicable, the VCET Meeting makes recommendation to the Council or Committee of Council.

Senate

Chair: *Professor Helen Marshall, met 3 times during 2018/19, plus a development session held jointly with the Council (Planning for Widening Access and Participation and Student Success).*

The Charter establishes the Senate as the 'academic authority' of the University, with responsibility for overseeing teaching, learning, education and research, and maintaining the academic quality and standards of the University. The Senate draws its membership from the staff and student bodies of the University.

- Assurance of the quality of learning opportunities, academic practices and the student experience, and promote their enhancement
- Development and promotion of research and innovation
- Authorisation of the University's Academic Regulations and accompanying policies and procedures.

Statement of Internal Control (Corporate Governance)

(in respect of financial year 2018-19 and the period up to the approval of the financial statements on 22nd November 2019).

As the Council of the University of Salford, we are responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible. This is in accordance with the responsibilities assigned to the Council in the Charter and its accompanying Statutes and the Financial Memorandum with the Office for Students

The key elements of the University's system of internal financial controls, which are designed to discharge the responsibilities include the following:-

a) Clear definitions of the responsibilities of, and the authority delegated to, heads of academic and professional support service departments;

b) A medium or short term planning process supplemented by annual budgets;

c) Regular reviews of academic and professional support service performance;

d) Clearly defined and formalised requirements for approval and control of expenditure, with capital expenditure being subject to formal detailed appraisal and review according to approval levels set by the University Council;

e) Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the University Council. Supplementing the Financial Regulations are policies designed to prevent and detect fraud, corruption, bribery and other irregularities as well as a Counter Fraud Response plan.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks; including business, operational, compliance and financial, to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently and economically. These procedures have been in operation throughout the year ended 31 July 2019 and up to the date of the approval of the financial report and accounts.

We have undertaken the following actions in respect of our risk management strategy:

a) In accordance with the approved Risk Management Policy, a Corporate Risk Register is maintained and reviewed. The Corporate Risk Register looks at all risks including financial, business, operational (Schools, Professional Support and subsidiaries), projects and compliance and considers the likelihood of a risk occurring, the impact and threat and also mitigating action that is being taken to manage the risk.

b) Charged the Vice Chancellor's Executive Team with overseeing the management of risk.

c) The VC's Executive Team receive quarterly risk management and internal control updates and risk management is embedded in day to day operations at both School and Professional Support levels.

We have ensured that our meeting calendar and agendas enable risk management and internal control to be considered on a regular basis during the year. Risk management is incorporated into the corporate planning and decision making processes of the institution.

We receive periodic reports from the Audit and Risk Committee concerning internal control, and we require regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.

In the academic year 2018/19, the University's internal audit service was provided by RSM Risk Assurance Services LLP which operates to standards defined in the OfS Audit Code of Practice. The internal auditors submit regular reports which include an independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. Based on the reviews undertaken during 2018/19, RSM Risk Assurances Services LLP concluded that the University had overall adequate and effective arrangements in place, to provide assurance to the Council over the effectiveness and adequacy of internal control. However there were 2 high priority recommendations from RSM Risk Assurance Services during the year which related to cybersecurity on administration rights and removable media both of which were acted upon and downgraded in the follow up review 6 months later. In addition the final internal review of the year on academic module compliance received a partial assurance on application of controls. This has been largely remedied prior to the start of the Autumn 2019 semester.

Our review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the 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.

8 STATEMENT OF COUNCIL RESPONSIBILITES

IN RESPECT OF THE INTEGRATED REPORT AND THE FINANCIAL STATEMENTS

The Council are responsible for preparing the Integrated Report and the financial statements in accordance with the requirements of the Office for Students' Terms and conditions of funding for higher education institutions and Research England's Terms and conditions of Research England grant and applicable law and regulations.

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

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

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

The Council are responsible for keeping proper accounts and proper records in relation to the accounts. They are responsible 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Council are also responsible for ensuring that:

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

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

Rt Hon. Lord Bradley
Chair of Council
22 November 2019

INDEPENDENT AUDITOR’S REPORT TO COUNCIL OF THE UNIVERSITY OF SALFORD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the University of Salford (“the University”) for the year ended 31 July 2019 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, Consolidated and University Changes in Reserves, Consolidated and University Balance Sheet, Consolidated Cash Flow Statement and related notes, including the Statement of Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group’s and the University’s affairs as at 31 July 2019, and of the Group’s and the University’s income and expenditure, gains and losses and changes in reserves, and of the Group’s cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and*
- meet the requirements of the Accounts Direction dated 19 June 2018 issued by the Office for Students, other than where the University has applied the allowance to early adopt the requirements of paragraph 12(d) of the Accounts Direction dated 25 October 2019 issued by the Office for Students;

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group’s future prospects and performance.

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

Going concern

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

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

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

Other information

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

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

Council responsibilities

As explained more fully in their statement set out on page 41, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities

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

A fuller description of our responsibilities is provided on the FRC’s website at **www.frc.org.uk/auditorsresponsibilities.**

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

In our opinion, in all material respects:

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

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

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

Timothy Cutler
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter’s Square, Manchester, M2 3AE

28 November 2019

CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE YEAR ENDED 31 JULY 2019

	Notes	YEAR ENDED 31 JULY 2019 Consolidated £'000	YEAR ENDED 31 JULY 2019 University £'000	YEAR ENDED 31 JULY 2018 Consolidated Restated (note i) £'000	YEAR ENDED 31 JULY 2018 University £'000
Income					
Tuition fees and education contracts	1	161,832	159,918	158,068	155,411
Funding body grants	2	19,454	19,454	19,885	19,885
Research grants and contracts	3	8,010	8,010	6,729	6,729
Other income	4	18,922	17,780	16,576	14,420
Investment income	5	859	854	530	530
Donations and endowments	6	284	284	395	1,387
Total income		209,361	206,300	202,183	198,362
Expenditure					
Staff costs	7	118,921	114,493	112,537	108,352
Change in USS deficit recovery plan	7a	32,343	32,343	-	-
Other operating expenses	9	67,521	68,049	62,621	62,382
Depreciation	11	14,153	14,153	14,128	14,128
Interest and other finance costs	8	5,162	5,175	5,652	5,665
Total expenditure		238,100	234,213	194,938	190,527
(Deficit)/surplus before other (losses)/gains		(28,739)	(27,913)	7,245	7,835
Loss on disposal of fixed assets		(84)	(84)	-	-
Loss on disposal of companies		(1)	-	-	-
(Deficit)/surplus before tax		(28,824)	(27,997)	7,245	7,835
Taxation	10	(98)	(9)	-	-
(Deficit)/surplus for the year		(28,922)	(28,006)	7,245	7,835
Actuarial (loss)/gain in respect of pension schemes	28	(17,871)	(17,871)	18,613	18,613
Change in fair value of hedging financial instruments	29	(1,211)	(1,211)	2,125	2,125
Total comprehensive (expenditure)/income for the year		(48,004)	(47,088)	27,983	28,573

Note i: The consolidated income has been restated with £2,108,000 income reclassified from 'Tuition fees and education contracts' to 'Other income'

CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE YEAR ENDED 31 JULY 2019 (CONTINUED)

	YEAR ENDED 31 JULY 2019 Consolidated £'000	YEAR ENDED 31 JULY 2019 University £'000	YEAR ENDED 31 JULY 2018 Consolidated £'000	YEAR ENDED 31 JULY 2018 University £'000
Represented by:				
Endowment comprehensive (expenditure)/income for the year	(9)	(9)	66	66
Restricted comprehensive (expenditure) for the year	(103)	(103)	(270)	(270)
Unrestricted comprehensive (expenditure)/income for the year	(47,892)	(46,976)	28,187	28,777
	(48,004)	(47,088)	27,983	28,573
(Deficit)/surplus for the year attributable to:				
University	(28,922)	(28,006)	7,245	7,835

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

	INCOME AND EXPENDITURE ACCOUNT					
	Endowment	Restricted	Unrestricted	Hedge reserve	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2017	572	1,158	25,824	(11,394)	52,900	69,060
Surplus/(deficit) from the income and expenditure statement	66	(270)	7,449	-	-	7,245
Other comprehensive income	-	-	18,613	2,125	-	20,738
Transfers between revaluation and income and expenditure reserve	-	-	4,584	-	(4,584)	-
Total comprehensive income for the year	66	(270)	30,646	2,125	(4,584)	27,983
Balance at 1 August 2018	638	888	56,470	(9,269)	48,316	97,043
(Deficit) from the income and expenditure statement	(9)	(103)	(28,810)	-	-	(28,922)
Other comprehensive expenditure	-	-	(17,871)	(1,211)	-	(19,082)
Transfers between revaluation and income and expenditure reserve	-	-	4,376	-	(4,376)	-
Total comprehensive expenditure for the year	(9)	(103)	(42,305)	(1,211)	(4,376)	(48,004)
Balance at 31 July 2019	629	785	14,165	(10,480)	43,940	49,039

The accompanying notes form part of the financial statements.

UNIVERSITY STATEMENT OF CHANGES IN RESERVES

	INCOME AND EXPENDITURE ACCOUNT					
	Endowment	Restricted	Unrestricted	Hedge reserve	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2017	572	1,158	23,638	(11,394)	52,900	66,874
Surplus/(deficit) from the income and expenditure statement	66	(270)	8,039	-	-	7,835
Other comprehensive income	-	-	18,613	2,125	-	20,738
Transfers between revaluation and income and expenditure reserve	-	-	4,584	-	(4,584)	-
Total comprehensive income for the year	66	(270)	31,236	2,125	(4,584)	28,573
Balance at 1 August 2018	638	888	54,874	(9,269)	48,316	95,447
(Deficit) from the income and expenditure statement	(9)	(103)	(27,894)	-	-	(28,006)
Other comprehensive expenditure	-	-	(17,871)	(1,211)	-	(19,082)
Transfers between revaluation and income and expenditure reserve	-	-	4,376	-	(4,376)	-
Total comprehensive expenditure for the year	(9)	(103)	(41,389)	(1,211)	(4,376)	(47,088)
Balance at 31 July 2019	629	785	13,485	(10,480)	43,940	48,359

The accompanying notes form part of the financial statements.

CONSOLIDATED AND UNIVERSITY BALANCE SHEET

	Notes	AS AT 31 JULY 2019 Consolidated £'000	AS AT 31 JULY 2019 University £'000	AS AT 31 JULY 2018 Consolidated £'000	AS AT 31 JULY 2018 University £'000
Non-current assets					
Fixed assets	11	174,262	174,262	183,501	183,501
Investments	13	128	5	128	5
		174, 390	174,267	183,629	183,506
Current assets					
Stock	14	100	100	91	91
Trade and other receivables	15	22,697	22,577	19,178	18,835
Investments	16	74,567	74,567	72,217	72,207
Cash and cash equivalents	23	29,470	29,184	24,277	23,814
		126,834	126,428	115,763	114,947
Less: Creditors: amounts falling due within one year	17	(48,391)	(48,633)	(50,129)	(50,786)
Net current assets		78,443	77,795	65,634	64,161
Total assets less current liabilities		252,833	252,062	249,263	247,667
Creditors: amounts falling due after more than one year	18	(81,529)	(81,529)	(85,154)	(85,154)
Provisions for liabilities					
Pension provisions	19	(120,994)	(120,994)	(64,858)	(64,858)
Other provisions	19	(1,271)	(1,180)	(2,208)	(2,208)
Total net assets		49,039	48,359	97,043	95,447
Restricted reserves					
Income and expenditure reserve - endowment reserve	21	629	629	638	638
Income and expenditure reserve - restricted reserve	22	785	785	888	888
Unrestricted reserves					
Income and expenditure reserve - unrestricted		14,165	13,485	56,470	54,874
Revaluation reserve		43,940	43,940	48,316	48,316
Hedge reserve	29	(10,480)	(10,480)	(9,269)	(9,269)
Total reserves		49,039	48,359	97,043	95,447

The accompanying notes form part of the financial statements.

The financial statements were approved by the Council on 22 November 2019 and were signed on its behalf on that date by:

Rt Hon.Lord Bradley
Chair of Council

Professor Helen Marshall
Vice - Chancellor

Mrs Julie Charge
Executive Director Finance

CONSOLIDATED CASH FLOW STATEMENT YEAR ENDED 31 JULY 2019

	Notes	YEAR ENDED 31 JULY 2019 £'000	YEAR ENDED 31 JULY 2018 £'000
Cash flow from operating activities			
(Deficit)/surplus for the year		(28,922)	7,245
Adjustment for non-cash items			
Depreciation	11	14,153	14,128
Amortisation of investments		-	66
Increase in stock		(9)	(2)
(Increase) in debtors		(3,323)	(1,364)
(Decrease)/increase in creditors		(1,510)	3,296
Increase in pension provision		36,811	2,362
(Decrease) in other provisions		(937)	(1,757)
Adjustment for investing or financing activities			
Investment income	5	(859)	(530)
Interest payable	8	5,162	5,652
Endowment Income		-	(50)
Loss on disposal of fixed assets		84	-
Loss on disposal of company		1	-
Deferred capital grant release		(2,232)	(2,125)
Net cash inflow from operating activities		18,419	26,921
Cash flows from investing activities			
Placement of deposits		(2,412)	(15,526)
Investment income		859	530
Disposal of Salsa Sound Ltd		(1)	-
Payments made to acquire fixed assets		(5,047)	(5,299)
Deferred capital grants received		1,358	2,194
		(5,243)	(18,101)
Cash flows from financing activities			
Interest paid		(3,633)	(3,833)
Endowment cash received		-	50
Repayments of amounts borrowed		(4,350)	(4,050)
		(7,983)	(7,833)
Increase in cash and cash equivalents in the year		5,193	987
Cash and cash equivalents at beginning of the year	23	24,277	23,290
Cash and cash equivalents at end of the year	23	29,470	24,277

The accompanying notes form part of the financial statements.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2019

1. General Information

The University of Salford is registered with the Office for Students. The address of the registered office is The Crescent, Salford, M5 4WT.

2. Statement of Compliance

The Consolidated and Institution financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015. They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant.

The Institution 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 Institution financial statements have been prepared under the historical cost convention (modified by the revaluation of certain financial assets and derivative financial instruments).

The University's activities, together with the factors likely to affect its future development, performance and position, are set out in the operational and financial review which forms part of the Integrated Report. The Integrated Report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities. The University Council has a reasonable expectation that the Institution 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 financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £'000.

4. Exemptions under FRS102

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

5. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2019.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation. 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 its associates 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 Institution's share is eliminated.

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

6. Income recognition

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

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

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

Grant funding

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

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

Donations and endowments

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

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

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

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

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.

2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.

3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.

4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Capital government grants in respect of buildings and equipment are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the Consolidated Statement of Comprehensive Income and Expenditure over the useful life of the asset, at the same rate as the depreciation charge on the asset for which the grant is awarded. Government research grants are also treated as deferred capital grants with the grants credited to deferred capital grants with an annual transfer made to the Consolidated Statement of Comprehensive Income and Expenditure over the life of the grant, at the same rate as the depreciation charge on the asset for which the grant is awarded. Where part of a capital grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Capital government grants in respect of land and other capital grants and donations from non-government sources are recorded in income when the University is entitled to income subject to any performance related conditions being met.

7. Accounting for retirement benefits

The four principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the Greater Manchester Pension Fund (GMPF), University of Salford Pension Plan (USPP) and the Teachers' Pension Scheme (TPS).

USS, GMPF and TPS schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension (S2P). Each of these funds is valued every three years by professionally qualified independent actuaries. USPP is a defined contribution scheme which is contracted out of S2P.

The USS and TPS are multi-employer schemes for which it is not possible to identify the assets and liabilities to the University due to the mutual nature of the scheme and therefore these schemes are accounted for as a defined contribution retirement benefit scheme.

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

Defined contribution plan

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

Multi-employer schemes

Where the University is unable to identify its share of the underlying assets and liabilities in a multi-employer scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme.

Where the University has entered into an agreement with such a multi-employer scheme that determines how the Institution will contribute to a deficit recovery plan, the University recognises a liability for the contributions payable that arise from the agreement, to the extent that they relate to the deficit, and the resulting expense is recognised in expenditure.

Defined benefit plan

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

Annually the University engages independent actuaries to calculate the obligation for each scheme. The present value is determined by discounting the estimated future payments at a discount rate based on market yields on high quality corporate bonds denominated in sterling with terms approximating to the estimated period of the future payments. The fair value of a scheme's assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the University's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gains and losses.

The cost of the defined benefit plan, recognised in expenditure as staff costs, except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments, and settlements. The net interest cost is calculated by applying the discount rate to the net liability. This cost is recognised in expenditure as a finance cost.

Further detail is provided on the specific pension schemes in note 28 to the accounts.

8. Employment benefits

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

9. Finance leases

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

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

10. Service concession arrangements

Fixed assets held under service concession arrangements are recognised on the Balance sheet at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2019 (CONTINUED)

financial liability to nil over the life of the arrangement.

11. Operating leases

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

12. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Surplus or Deficit (except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in other comprehensive income). Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations are translated to the Group's presentational currency, (Sterling), at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant Influence or joint control, the exchange differences shall be recognised in other comprehensive income and accumulated in reserves.

13. Fixed assets

Land and buildings

Land and buildings are capitalised at cost on initial recognition.

After initial recognition land and buildings are subsequently measured at cost/ deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued at 31 July 2014, the date of transition to 2015 SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Costs incurred in relation to land and buildings after initial purchase or construction, and post the 31 July 2014 valuation, are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives of up to 60 years on the amount at which the tangible fixed asset is included in the balance sheet less their estimated residual value.

Refurbishment costs are depreciated over 10 years. Where an item of land and buildings comprise two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement of components is capitalised as incurred.

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

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

Equipment

Equipment, including computers and software, costing less than £50,000 (prior to 31 July 2013: £20,000) per individual item is written off in the year of acquisition. All other equipment including groups of related items costing more than £50,000 and equipment in respect of the fit out of new buildings is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

Computer Equipment 3 years

Equipment acquired for specific research projects 2-5 years according to the period of the grant.

Other Equipment up to 20 years

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

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. This included using external valuers to review the carrying value of properties earmarked for disposal.

Borrowing costs

Borrowing costs are recognised as an expense in the Consolidated Statement of Comprehensive Income and Expenditure in the period in which they are incurred.

14. Intangible assets

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

15. Investments

Non-current asset investments are held on the Balance Sheet at amortised cost less impairment.

Investments in associates and subsidiaries are carried at cost less impairment in the University's accounts. Investments in associates are also carried at cost in the consolidated accounts as the University group does not participate in the day to day management of such companies and the value of the holding is not material to the consolidated accounts. Current asset investments are held at fair value with movements recognised in the Surplus or Deficit.

16. Financial Instruments

The Institution 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 Institution 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. Such assets are subsequently carried at amortised cost using the effective interest rate method. 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.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the statement of comprehensive income. Where the investment in equity instruments are not publicly traded and where the fair value cannot be reliably measured the assets are measured at cost less impairment.

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. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

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.

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 initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

To the extent that the Institution 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 Institution 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.

17. Derivatives

Derivatives are held on the Balance Sheet at fair value. The University has adopted and complied with the requirements of hedge accounting and as a result movements in fair value are recorded within other comprehensive income.

18. Stock

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

19. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term (maturity being less than three months from the placement date), highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

20. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

(a) The University has a present obligation (legal or constructive) as a result of a past event;

(b) It is probable that an outflow of economic benefits will be required to settle the obligation; and

(c) 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.

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

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

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

22. Reserves

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

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

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.

Management consider the areas set out below to be those where critical accounting judgements have been applied and the resulting estimates and assumptions may lead to adjustments to the future carrying amounts of assets and liabilities:

(a) 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.

(b) Useful lives of property, plant and equipment - Property, plant and equipment represent a significant proportion of the Institution's total assets. Therefore, the estimated useful lives can have a significant impact on the depreciation charged and the Institution'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.

(c) Impairment of property plant and equipment – The assets carrying value are reviewed each year end to consider obsolescence and physical damage and also whether future business plans require the carrying value of the assets to be impaired. External valuers have been used to assist in this process where appropriate.

Details of the carrying values of property, plant and equipment are shown in note 11.

(d) Accounting for car parking at the Peel Park accommodation

In autumn 2015 the University entered into a 45 year arrangement with Standard Life Investments for the provision of car parking at the Peel Park accommodation. As the University assumes the risks and rewards of ownership this has been accounted for as a finance lease with a fixed asset net of depreciation to date of £4,324,000 (2017-18 £4,429,000) and liability of £5,075,000 (2017-18 £5,001,000) recognised on the balance sheet which is then accounted for in accordance with the finance lease accounting policies.

(e) Accounting for service concession arrangements

The University has an annual nominations arrangement with Campus Living Villages where it nominates rooms for students on the Peel Park accommodation within the University campus. As detailed in Note 12 the University accounted for this under the service concession arrangement reflecting the value of these nominations within the balance sheet with the annual nominations then unwound in the Statement of Comprehensive Income and Expenditure the following financial year.

(f) Recoverability of debtors

The University has bad debt provisions in respect of both student and commercial and research debt.

The student bad debt provision is calculated on a specific basis according to where the student or the student sponsor is in the debt collection cycle with most debt over 12 months old provided for in full.

The commercial and research debt is also calculated on a specific basis according to where the debt is in the debt collection cycle with most debt over 12 months old provided for in full except for EU funded research grants where the recovery period is longer.

(g) Accounting for retirement benefits

(i) Pensions - USS

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in the income and expenditure account in accordance with section 28 of FRS102.

The University Council are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted value of the contractual contributions under the funding plan in existence at the 31 July 2019.

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 after the 2017 actuarial valuation which required deficit recovery payments of 5% of future salaries from April 2020 to June 2034. The provision is based on management's estimate of expected future salary inflations, changes in staff numbers and the prevailing discount rate.

Subsequent to the year end the 2018 USS actuarial valuation was completed and is a non adjusting post balance sheet event. Assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a reduction in the "charge in the USS deficit recovery plan" by £20m and a raised balance sheet provision of £27.6m.

Further details in respect of USS are set out in Note 19 (A) and 28 (i).

(ii) Pensions – Enhancement on termination

The University has a provision for enhanced pensions for former employees who were members of the Teacher's Pension Scheme. Details of this liability are disclosed in Note 19 (B). This provision is based on management's estimate of the prevailing discount rate and life expectancy at the year end.

(iii) Pensions – Greater Manchester Pension Fund

The GMPF deficit is disclosed in Note 19 (D) and 28 (ii). The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. The assumptions are the responsibility of management and are set following advice received from a qualified actuary.

(h) Accounting for hedge arrangements

The University has derivatives in place on some of its loans in order to fix the interest rate for the period of the loan. The University Council is satisfied that the conditions are met to account for this under hedge accounting so that movements are separately disclosed after surplus after tax within the Consolidated Statement of Comprehensive Income and Expenditure and a separate hedge reserve is created within reserves in the balance sheet. The hedge movement is disclosed in Note 29.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2019

	YEAR ENDED 31 JULY 2019		YEAR ENDED 31 JULY 2018	
	Consolidated	University	Consolidated Restated	University
	£'000	£'000	£'000	£'000
1. Tuition fees and education contracts				
Full-time home and EU students	121,166	121,166	110,935	110,935
Full-time international students	13,584	13,584	14,329	14,329
Part-time students	8,386	8,386	6,081	6,081
Other teaching contracts	15,866	15,866	23,272	23,272
Short courses	2,398	484	3,040	383
Research Training Support Grant	432	432	411	411
	161,832	159,918	158,068	155,411

£2,108,000 of short course income in respect of the year ended 31 July 2018 has been reclassified as conference income within note 4 Other Income.

2. Funding body grants				
Office for Students and Higher Education Funding Council recurrent grant				
Teaching	11,349	11,349	11,569	11,569
Research	4,180	4,180	3,970	3,970
Specific grants				
Office for Students and Higher Education Special Initiatives	49	49	156	156
Office for Students and Higher Education Innovation Fund	1,848	1,848	2,148	2,148
Learning and Teaching Capital Investment Fund and Research Capital Investment Fund	-	-	132	132
Deferred capital grants released in year:				
Buildings	1,254	1,254	1,196	1,196
Equipment	774	774	714	714
	19,454	19,454	19,885	19,885

3. Research grants and contracts				
Research councils (UK)	1,863	1,863	1,678	1,678
Research charities (UK)	924	924	853	853
Government (UK and EU)	2,939	2,939	2,075	2,075
Industry and commerce (UK)	725	725	399	399
Knowledge Transfer Partnerships	338	338	564	564
Other	1,221	1,221	1,160	1,160
	8,010	8,010	6,729	6,729

	Notes	YEAR ENDED 31 JULY 2019 Consolidated	University	YEAR ENDED 31 JULY 2018 Consolidated Restated	University
		£'000	£'000	£'000	£'000
4. Other income					
Residences, catering and conferences		10,973	9,890	7,942	5,834
Other income		7,745	7,686	8,419	8,371
Deferred capital grants released in year:					
Buildings		130	130	141	141
Equipment		74	74	74	74
		18,922	17,780	16,576	14,420

Other income includes provision of products (including tenant and leisure facilities), consultancy, nursery services and various grants including those for funding of student placements.

	Notes	Consolidated	University	Consolidated Restated	University
5. Investment income					
Investment income on endowments	21	6	6	10	10
Other investment income		853	848	520	520
		859	854	530	530
6. Donations and endowments					
Donations with restrictions	22	111	111	110	110
Endowments with restrictions		-	-	50	50
Unrestricted donations/donations with performance criteria		173	173	235	1,227
		284	284	395	1,387
7. Staff costs					
Salaries		83,391	79,353	80,501	76,741
Social security costs		8,905	8,583	8,693	8,337
Movement on USS provision		(781)	(781)	(1,104)	(1,104)
Enhanced Pension on Termination charge	19	255	255	261	261
Other pension costs	28	24,759	24,702	22,631	22,603
Early Retirement, Voluntary Severance, Redundancy and Mutual Consent Initiative ***		2,392	2,381	1,555	1,514
		118,921	114,493	112,537	108,352

***The category Early Retirement, Voluntary Severance, Redundancy and Mutual Consent Initiative includes: £956,000 payable or paid to 71 University of Salford staff (2018; £1,119,000 to 71 Staff); £11,000 in respect of the additional future pension cost of taking early retirement for 2 University staff who were members of the Local Government Pension Scheme (2018; £227,000 to 5 staff); £1,415,000 charge for the anticipated additional cost of paying previously agreed pension enhancements on termination in respect of former staff who were members of the Teacher's Pension Scheme (2018; £190,000); a (£1,000) saving on the actual cost of previous year retirements (2018; (£22,000)); and £11,000 redundancy costs paid to 1 member of staff who was employed by the subsidiary company Salford Professional Development Limited. (2018; £41,000 redundancy costs were paid to 3 staff who were employed by the subsidiary company University of Salford Enterprises Limited).

7. Staff costs (continued)

	2018-19	2017-18
	£'000	£'000
Salary of Vice Chancellor (VC)	212	208
Performance related pay bonus	-	10
Benefits in kind	3	3
Total	215	221
Pension Contributions	-	-
Total Emoluments	215	221

The VC's Benefit in Kind is in respect of private medical care.

As Head of Provider, the Vice-Chancellor is the Chief Executive Officer of the University and is appointed by, and accountable to, the Council. The reward and recognition framework for the Vice-Chancellor is underpinned by the core values contained within The CUC Higher Education Code of Governance 2014 (revised June 2018). In applying the framework, the University's Remuneration Committee has been mindful of The CUC Higher Education Senior Staff Remuneration Code (June 2018).

The University of Salford employs over 2,100 people with a total income of £209.4m. The Council have outlined "Our Strategy" in Section 2 of the Integrated Report and in Section 4 "Performance", have reported the demonstrable progress across a series of Key Performance Indicators aligned to the strategic priority areas.

In setting the base salary for the Vice-Chancellor the Remuneration Committee has taken into consideration the depth, breadth and complexity of the role. The Remuneration Committee has undertaken benchmarking across the Higher Education sector, including comparative information relating to the relevant contribution and income groups. The Remuneration Committee also takes into consideration the challenges faced for attraction and retention in a competitive market. The University of Salford subscribes to the UCEA Senior Staff Remuneration Survey and this data is used to provide the primary benchmarking data as it represents the most comprehensive and reliable source of data within the sector, enabling cross intuitional comparisons to be made. The University also participates in the Chair of University Council Survey of Vice-Chancellors Pay and this data has been reviewed.

Other elements of the total remuneration package for the Vice-Chancellor are reviewed by the Remuneration Committee alongside the annual individual performance review.

The Remuneration Committee agreed with the Vice-Chancellor a series of performance objectives for the 2017-18 and 2018-19 academic years, covering the organisational, professional and personal areas of focus necessary to achieve the University's strategic objectives.

The Remuneration Committee has delegated authority to make decisions, under the current senior pay framework, on annual non-consolidated pay bonuses between 0% and 5%.

Further information in relation to the Total Remuneration package of the Vice-Chancellor and other senior postholders is available in the Annual Remuneration Report which can be found at:

www.salford.ac.uk/__data/assets/word_doc/0010/1998091/2018-2019AnnualRemunerationReport.docx

As reported above and confirmed by the Remuneration Committee on 20 September 2019, the Vice-Chancellor will receive no Performance Related Pay bonus payment in 2019-20 in respect of 2018-19.

The VC's basic salary is 6.6 [2017-18; 6.6] times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University and its subsidiaries to its staff.

The VC's total remuneration is 5.9 [2017-18 6.2] times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the University and its subsidiaries to its staff.

The University has adopted the OFS 2019-20 guidance in respect of calculating the median salary early so has excluded agency staff and staff paid under the IR35 legislation from the respective calculations. The calculations also do not include some one- off staff payments where staff are paid for a specific piece of work which were not paid for on an hourly basis and staff on long term sick where they are no longer on full pay. The reasons for non inclusion of these groups in the median calculation are the University had not required the recording of the number of hours taken for individuals who are paid in accordance with the delivery of a piece of work and the University considers that inclusion of staff on long term sick who receive reduced pay would distort the calculation.

7. Staff costs (continued)

Remuneration of other higher paid staff

Remuneration of other higher paid staff, excluding any bonus payments, pension contributions are all shown before any salary sacrifice arrangements. The bandings do not include staff who joined or left part way through the year but would have received salary in these bands in a full year.

	2019	2018
	No.	No.
£100,000 to £104,999	1	1
£105,000 to £109,999	4	4
£110,000 to £114,999	4	2
£115,000 to £119,999	1	1
£120,000 to £124,999	-	-
£125,000 to £129,999	-	1
£130,000 to £134,999	2	1
£135,000 to £139,999	-	-
£140,000 to £144,999	-	-
£145,000 to £149,999	-	-
£150,000 to £154,999	-	1
£155,000 to £159,999	1	
	13	11

	YEAR ENDED 31 JULY 2019	YEAR ENDED 31 JULY 2018
		Restated
Average staff numbers by major category:	No.	No.
Academic including technicians	1,006	969
Administrative, including clerical and manual	1,256	1,215
	2,262	2,184

The 2017-18 'Administrative, including clerical and manual' classification has been restated to include 63 full time equivalents who were employed by Salford Professional Development Limited to provide agency staff largely to the University of Salford. The costs in respect of the agency staff were already included in the appropriate pay classification within consolidated costs. The corresponding number of Salford Professional Development Ltd staff providing agency services in 2018-19 is 80.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel.

	£	£
	1,402,922	1,200,658

In 2017-18 the team responsible for the strategic and operational leadership of the University consisted of the Vice Chancellor, Deputy Vice Chancellor, Registrar, Pro Vice Chancellor (PVC) Student Experience, PVC International & Regional Partnerships, Executive Director of Finance and Executive Director of Human Resources. During 2018-19 the team was unchanged other than the Chief Operating Officer joining the team on 15 February 2019 and the Deputy Vice Chancellor leaving the team on the 31 July 2019.

Council Members

In 2018 -19 the Chair of Council was paid £ Nil (2018; £9,937 former Chair of Council and Interim Chair of Council) for serving as a Council member. From February 2018 the new Chair of Council has waived his remuneration in respect of this role.

No other council members have received any remuneration/waived payments from the group during the year (2018 - none). The total expenses paid to or on behalf of council members was £1,744 in respect of 6 council members (2018 – 16 council members - £5,913). This represents travel, subsistence and course costs incurred in their role as Council member.

	YEAR ENDED 31 JULY 2019		YEAR ENDED 31 JULY 2018	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
7a. Change in USS deficit recovery plan.				
Change in USS deficit recovery plan	32,343	32,343	-	-

Following the completion of the 2017 USS actuarial valuation the University is required to make deficit recovery payments of 5% of future salaries from April 2020 to June 2034. The £32,343.000 additional cost arising from this is separately disclosed in Note 19 Provisions for liabilities.

8. Interest and other finance costs

	Consolidated 2019 £'000	University 2019 £'000	Consolidated 2018 £'000	University 2018 £'000
Loan interest	3,363	3,363	3,578	3,578
Other	3	16	-	13
Finance lease interest	342	342	338	338
Net charge on pension scheme	1,454	1,454	1,736	1,736
	5,162	5,175	5,652	5,665

9. Other operating expenses

	Consolidated 2019 £'000	University 2019 £'000	Consolidated 2018 £'000	University 2018 £'000
Scholarships, bursaries and other student expenses	4,737	4,737	7,495	7,490
Catering	2,932	2,932	2,888	2,888
Student Union Grant	1,048	1,048	997	997
IT supplies and lease costs	5,761	5,680	5,541	5,487
Books and periodicals including online access	3,308	3,307	3,257	3,254
Printing, stationery and office expenses	1,283	1,243	1,352	1,304
Licences/ Insurance/ Subscriptions	2,380	2,263	1,908	1,847
Telephones	218	213	340	332
Equipment and furniture including hire and maintenance	4,527	4,509	4,709	4,699
Financial charges	358	360	552	437
Consumables	1,317	1,315	1,145	1,145
Vehicles and transport costs	724	676	647	618
Professional and other fees	11,474	10,723	8,956	8,132
Agency and contract staff	2,282	2,282	1,952	1,951
Staff travel and subsistence costs	2,701	2,639	2,663	2,554
Marketing	1,998	1,815	2,067	1,917
Staff recruitment and welfare	356	286	332	253
Premises, maintenance and repairs	5,751	5,751	6,071	6,071
Rates, rents and utilities	6,609	6,434	6,016	5,628
Security	509	509	245	245
Concession – Residents, Right to UK assets	7,248	7,248	3,488	3,488
Trading with subsidiary companies	-	2,079	-	1,645
	67,521	68,049	62,621	62,382

9. Other operating expenses (continued)

	YEAR ENDED 31 JULY 2019 Consolidated £'000	YEAR ENDED 31 JULY 2019 University £'000	YEAR ENDED 31 JULY 2018 Consolidated £'000	YEAR ENDED 31 JULY 2018 University £'000
Other operating expenses include:	£'000	£'000	£'000	£'000
External auditors remuneration in respect of statutory audit services	65	53	59	49
External auditors remuneration in respect of non statutory audit services:				
Grant and other audit related services	13	13	17	17
Taxation including advice	58	52	51	51
Commission in respect of recovery of reverse charge VAT on overseas agents	-	-	2	2
Operating lease rentals:				
Land and buildings	3,218	3,218	2,651	2,627
Other	454	454	310	310
Analysis of total expenditure by activity				
Academic and related expenditure	106,261	105,693	102,960	102,240
Administration and central services	40,340	39,064	40,902	38,181
Premises	30,236	30,236	30,114	30,124
Residences, catering and conferences (including service concession cost)	10,653	9,888	7,918	7,841
Research grants and contracts	8,154	8,154	5,662	5,662
Other expenses	42,456	41,178	7,382	6,479
	238,100	234,213	194,938	190,527

10. Taxation

	YEAR ENDED 31 JULY 2019 Consolidated £'000	YEAR ENDED 31 JULY 2019 University £'000	YEAR ENDED 31 JULY 2018 Consolidated £'000	YEAR ENDED 31 JULY 2018 University £'000
Recognised in the statement of comprehensive income				
Current tax				
Current tax expense in respect of 17-18	89	-	-	-
Foreign Tax	9	9	-	-
Current tax expense	98	9	-	-

11. Fixed assets

Consolidated and University	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Leased Assets £'000	Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost or valuation						
At 1 August 2018	196,889	20,822	4,745	51,497	1,492	275,445
Additions	323	-	-	1,632	3,043	4,998
Transfers	291	-	-	441	(732)	-
Disposals	(1,711)	-	-	(202)	(12)	(1,925)
At 31 July 2019	195,792	20,822	4,745	53,368	3,791	278,518
Consisting of valuation as at:						
Cost	195,792	20,822	4,745	53,368	3,791	278,518
Depreciation						
At 1 August 2018	44,445	5,678	316	41,505	-	91,944
Charge for the year	10,173	878	105	2,997	-	14,153
Disposals	(1,711)	-	-	(130)	-	(1,841)
At 31 July 2019	52,907	6,556	421	44,372	-	104,256
Net book value						
At 31 July 2019	142,885	14,266	4,324	8,996	3,791	174,262
At 31 July 2018	152,444	15,144	4,429	9,992	1,492	183,501

A full valuation of University estate excluding Media City, Centenary Building, Adelphi Buildings and Allerton Arts studio was carried out on 31 July 2014 by DTZ (Independent Consultant surveyors). The Centenary Building, Adelphi Building & Allerton Arts Studio were excluded from the July 2014 valuation following the decision taken to no longer use these buildings for teaching and research from August 2016 and these have been depreciated down to their market value. No further depreciation has taken place on these buildings during 2018-19 whilst the buildings have not been in use as their market value has not been impacted. The disposal of a freehold land and building is in respect of the Allerton Arts studio which was demolished.

12. Service concession arrangements

The University has one on Balance Sheet arrangement where service delivery has commenced. In November 2013 the University entered into an agreement with Salford Village Limited which (at that time) was comprised of Equitix, Graham Construction, Kier Project Investment and student accommodation operator Campus Living Villages Limited (CLV) to build and run a 1,367 student accommodation village on the Peel Park Campus with the accommodation opened to students from Autumn 2015. The finance for this £85m development was provided by Standard Life Investments [now known as Aberdeen Standard Investments (ASI) (part of Standard Life Aberdeen group)] and CLV will run the accommodation until Summer 2060 at which date the University has the option to purchase the accommodation and head lease for £1. The University has the option to terminate the agreement from Autumn 2020 subject to payment of compensation to Campus Village Limited. The University is ultimately responsible for the payments of rents under the underlease between Salford Village Limited and ASI, as, in the event of default by Salford Village Limited, ASI may demand payment from the University.

Under the terms of the agreement the University entered into an annual nominations agreement with Campus Living Village Limited. Following a review of the transaction this is to be accounted for in accordance with a service concession arrangement.

In January 2018 the University nominated 1,367 rooms in respect of academic year 2018-19 at a cost of £7,248,000. In line with concession accounting a notional current asset (right to use asset) of £7,248,000 and a notional concession liability of £7,248,000 has been created at 31 July 2018. These assets and liabilities have then been unwound in "Residencies, catering and conferences Income" and "Other operating expenses" respectively in the Statement of Comprehensive Income and Expenditure in 2018-19.

In December 2018 the University nominated 1,367 rooms in respect of academic year 2019-20 at a cost of £7,444.000. In line with concession accounting a notional current asset (right to use asset) of £7,444,000 and a notional concession liability of £7,444,000 has been created at 31 July 2019.

As it is an annual occupancy guarantee at the 31 July 2019 the University has no future commitments other than those detailed above.

13. Non-current investments

	Subsidiary companies	Investment in spin outs	Other fixed assets investments	Total
	£'000	£'000	£'000	£'000
Consolidated				
At 1 August 2018	-	128	-	128
Additions	-	-	-	-
Disposals	-	-	-	-
Impairment	-	-	-	-
At 31 July 2019	-	128	-	128
University				
At 1 August 2018	-	5	-	5
Additions	-	-	-	-
Disposals	-	-	-	-
Impairment	-	-	-	-
At 31 July 2019	-	5	-	5

Other non-current investments consist of:

	£'000	% Owned
Salsa Sounds Limited	-	37.36%
Optimum Imaging Limited	-	32.67%
Photonic Research Systems Limited	-	24.00%
Carbon Air Limited	103	20.59%
The Protocol Lab Limited	-	17.24%
Lacerta Rehabilitation Limited	-	15.00%
PIDHC Limited (formally ProofID Limited)	-	4.35%
Incanthera Limited	20	1.97%
Salford Valve Company Limited	-	1.83%
University Loan to Health & Education Co-operative Limited	5	No Shareholding
DLAB Companies	-	No Shareholding
	128	

14. Stock

	YEAR ENDED 31 JULY 2019		YEAR ENDED 31 JULY 2018	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Building and Engineering Stores	100	100	91	91

15. Trade and other receivables

	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Research grants receivables	1,717	1,717	987	987
Other trade receivables	6,176	5,986	4,314	3,828
Other receivables	228	223	3	3
Prepayments and accrued income	7,132	7,054	6,626	6,514
Right to use an Asset- concession accounting	7,444	7,444	7,248	7,248
Amounts due from subsidiary undertaking	-	153	-	255
	22,697	22,577	19,178	18,835

16. Current investments

	£'000	£'000	£'000	£'000
Short term investment in shares & Corporate bonds	514	514	496	496
Certificates of deposit and corporate bonds	63,950	63,950	49,136	49,136
Short term deposits	10,103	10,103	22,585	22,575
	74,567	74,567	72,217	72,207

The short-term investment in shares and corporate bonds are investments in a number of ethical funds administered by our advisors KW Wealth. Short term deposits are held with banks and building societies operating in the London market and regulated by Prudential Regulation authorities with three months maturity at the transaction date. Certificates of deposit and corporate bonds are in banks for a maturity of up to 24 months at maturity date. The interest rates for £63,950,000 (2018: £56,136,000) of these deposits are fixed for the duration of the deposit at time of placement. The remaining £10,103,000 (2018: £15,575,000) interest rates vary.

At 31 July 2019 the weighted average interest rate of these fixed rate deposits including certificates of deposit and corporate bonds was 1.07% (2018: 0.75%) per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 147 days (2018 188 days). The fair value of these deposits including certificates of deposit and corporate bonds was not materially different from the book value.

17. Creditors : amounts falling due within one year

	YEAR ENDED 31 JULY 2019		YEAR ENDED 31 JULY 2018	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Secured loans	4,050	4,050	4,050	4,050
Unsecured HEFCE loan	-	-	300	300
Service concession rights to use an asset (note 12)	7,444	7,444	7,248	7,248
Trade payables	7,190	7,140	6,773	6,716
Social security and other taxation payable	2,618	2,618	2,697	2,697
Other payroll creditors	1,981	1,981	1,746	1,746
Accruals and deferred income	22,871	21,776	25,001	23,519
Deferred capital grant	2,125	2,125	2,140	2,140
Student Union Deposit	112	112	174	174
Amounts due to subsidiary undertakings	-	1,387	-	2,196
	48,391	48,633	50,129	50,786

Deferred income

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

	£'000	£'000	£'000	£'000
Donations	132	132	231	231
Research grants received on account	703	703	515	515
	835	835	746	746

18. Creditors: amount falling due after more than one year

	£'000	£'000	£'000	£'000
Deferred capital grant	12,307	12,307	13,167	13,167
Obligations under finance lease	5,075	5,075	5,001	5,001
Derivatives	10,480	10,480	9,269	9,269
Secured loans banks	53,667	53,667	57,717	57,717
	81,529	81,529	85,154	85,154
Analysis of secured and unsecured loans:				
Due within one year or on demand (Note 17)	4,050	4,050	4,050	4,050
Due between one and two years	4,050	4,050	4,050	4,050
Due between two and five years	12,150	12,150	12,150	12,150
Due in five years or more	37,467	37,467	41,517	41,517
Due after more than one year	53,667	53,667	57,717	57,717
Total secured loans	57,717	57,717	61,767	61,767
Secured loans repayable	57,717	57,717	61,767	61,767
Unsecured HEFCE loans repayable	-	-	300	300
	57,717	57,717	62,067	62,067

18. Creditors: amounts falling due after more than one year (continued)

Included in loans are the following:

Lender	Amount	Term	Interest rate	Borrower
	£'000		%	
Barclays	7,650	2030	5.80	University
Barclays	3,120	2032	5.18	University
Barclays	13,000	2035	5.18	University
Lloyds	5,500	2027	4.45	University
Lloyds	28,447	2036	6.02	University
	57,717			

19. Provisions for liabilities

Consolidated	(A) Obligation to fund deficit on USS Pension	(B) Pension enhancement on termination	(C) Standardisation of Pension benefits of former University of College Salford Staff Benefit Obligations	(D) Deficit in the Scheme- Net pension liability GMPF	Total Pensions Provisions	Other	Total Other
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2018	15,717	11,105	315	37,721	64,858	2,208	2,208
Interest on funds (note 7)	340	255	-	1,115	1,710	-	-
Utilised in year	(781)	(668)	-	(4,862)	(6,311)	-	-
Additions in year	32,343	1,415	2	26,995	60,755	141	141
Unutilised amounts reversed in 18-19	-	-	(18)	-	(18)	(1,078)	(1,078)
At 31 July 2019	47,619	12,107	299	60,969	120,994	1,271	1,271

University	(A) Obligation to fund deficit on USS Pension	(B) Pension enhancement on termination	(C) Standardisation of Pension benefits of former University of College Salford Staff Benefit Obligations	(D) Deficit in the Scheme- Net pension liability GMPF	Total Pensions Provisions	Other	Total Other
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2018	15,717	11,105	315	37,721	64,858	2,208	2,208
Interest on funds (note 7)	340	255	-	1,115	1,710	-	-
Utilised in year	(781)	(668)	-	(4,862)	(6,311)	-	-
Additions in year	32,343	1,415	2	26,995	60,755	50	50
Unutilised amounts reversed in 18-19	-	-	(18)	-	(18)	(1,078)	(1,078)
At 31 July 2019	47,619	12,107	299	60,969	120,994	1,180	1,180

(A) USS deficit

The obligation to fund the past deficit on the University's' Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. In calculating this provision, management have assessed future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in Note 28 (i).

The adoption of the new deficit recovery plan following the 2017 valuation has given rise to a significant increase in the deficit provision which has increased from £15.7m to £47.6m. £32.3m of this increase is attributable to the change in the deficit contributions contractual commitment. See also note 7 in respect of the exceptional one off movement on USS pension provision.

Since the year end following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 28 (i). As at 31 July 2019 and with all other assumptions used to calculate the provision unchanged, this would have resulted in a revised provision of £27.6m, a decrease of £20m from the current year end provision.

19. Provisions for liabilities (continued)

The assumptions for calculating the past deficit of £47.6m on USS are as follows:

	Consolidated and University
USS Discount rate	1.58% (17-18 2.16%)
Pensionable payroll growth: Salary inflation of USS employees	2.8% for 19-20, before reverting to 3% (17-18: 3.0% for future years)
Staff changes of USS employees	6.2% 19-20, 0.7% 20-21, 0% after that (17-18; 2% 18-19, 2.9% 19-20, 0% after that)

Sensitivity Analysis

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

Change in assumptions at 31 July 2019	Approximate Impact
0.5% pa decrease in discount rate	£2.05m
0.5% pa increase in salary inflation over duration	£2.02m
0.5% pa increase in salary inflation year 1 only	£0.23m
0.5% increase in staff changes over duration	£2.1m
0.5% increase in staff changes year 1 only	£0.25m
1% increase in deficit contributions from April 2020	£9.34m
1 year increase in term	£3.6m

(B) Pension enhancement

The assumptions for calculating the provision for pension enhancements on termination under FRS 102, are as follows:

	Consolidated and University
Inflation Rate	2.2% (17-18 1.3%)
Interest Rate	2.0% (17-18 2.3%)
Net interest Rate	(0.2%) (17-18 1%)

The provision is for the enhanced pension benefits payable to retired staff who were members of the Teacher's pension scheme. The provision for the enhanced pension benefits payable to retired staff has been calculated using a net interest rate of (0.2%) (2017-18 1%.) The interest on funds has been calculated using an interest rate of 2.0% (2017-18 2.3%).

(C) The provision is for the standardisation of pension benefits for former University College Salford Staff so that current members of the TPS pension scheme receive the same ill health and death in service benefits as USS members.

(D) Deficit in the scheme - net pension liability Greater Manchester Pension Fund GMPF. See note 28 for further details.

20. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Examples of financial instruments include: cash, bank, debtors and creditors, investment and hedging instruments and loans.

(a) The University's activities expose it to a variety of financial risks. The main risks to the University's treasury activities are:

(i) Credit and counterparty risk (security of investments);

Credit risk arises as the University debt is primarily with the Student Loan Company as well as a large number of students and organisations across diverse sectors and geographical areas. This is managed through collecting student debt in instalments and regular communications with customers over outstanding debt.

Counterparty risk is managed through a Treasury Management Policy which has prudence as its primary goal and Finance review the long term rating of the counterparty by independent credit rating agencies before investing any monies with a bank or building society.

(ii) Liquidity risk/ refinancing risk (inadequate cash resources/ impact of debt maturing in future years)

As part of its budget process a detailed three year cash flow projection is produced to ensure that the University has adequate resources to meet future commitments. Finance then monitors actual performance against budget on a monthly basis.

(iii) Market or interest rate risk

The University is exposed to risk in terms of exposure to interest rate movements on borrowings and investments. Movements in interest rates have a complex impact on the University. For instance, a rise in interest rates would mean that for borrowing at variable rates the interest expense charged to the surplus or deficit would rise.

In order to mitigate this risk, the University "hedges" its interest risk using swaps which provide stability against interest rate fluctuations. The total balance below comprises hedging of the Lloyds Bank plc and Barclays Bank loan facilities through an interest rate swap.

20. Financial Instruments (continued)

Consolidated & University	2019 £'000	2018 £'000
Fair value of derivative at 1 August	9,269	11,394
Change in fair value	1,211	(2,125)
Fair value of derivative at 31 July	10,480	9,269

For investments at variable rates the interest income credited to the surplus or deficit will rise so the University invests cash for a variety of different periods up until 24 months.

(iv) Inflation risk (exposure to inflation)

The University is exposed to general economic inflation which then results in pay pressures. The University's ability to control this is limited but it manages this through prudent budget setting and inclusion of contingencies on capital projects.

(v) Foreign exchange risk.

The university manages this by keeping the holdings of foreign currency to a minimum with holdings just sufficient to meet known liabilities.

(b) The carrying value of the Group and University's financial assets and liabilities are summarised by category below:

	YEAR ENDED 31 JULY 2019		YEAR ENDED 31 JULY 2018	
Financial Assets	**Consolidated £'000**	**University £'000**	**Consolidated £'000**	**University £'000**
Measured at undiscounted amount receivable				
Trade and other receivables	15,253	15,133	11,930	11,587
Measured at amortised cost				
Investments	74,567	74,567	71,721	71,711
Cash and cash equivalents	29,470	29,184	24,277	23,814
Stock	100	100	91	91
Obligations under service concession arrangements	7,444	7,444	7,248	7,248
Measured fair value through income & expenditure				
Investment in investment funds	514	514	496	496
Equity investments measured at cost less impairment				
Non-current asset investments in unlisted equity instruments	128	5	128	5
	127,476	126,947	115,891	114,952

Financial Liabilities	**Consolidated £'000**	**University £'000**	**Consolidated £'000**	**University £'000**
Measured at undiscounted amount payable				
Trade and other creditors	34,771	35,014	36,691	37,348
Measured at amortised cost				
Loans and finance leases payable	57,717	57,717	62,067	62,067
Obligations under finance lease	5,075	5,075	5,001	5,001
Obligations under service concession agreements	7,444	7,444	7,248	7,248
Deferred capital grants	12,605	12,605	15,307	15,307
Measured at fair value through income and expenditure				
Derivative financial liabilities	10,480	10,480	9,269	9,269
	128,092	128,335	135,583	136,240

The derivative balance shown above relates to a "receive floating, pay fixed" interest rate swap measured at fair value through income and expenditure. The floating rate swap is three month's LIBOR, with the fixed rate 6.02% and 5.8%. The Group settles the swap's quarterly, with the difference between the fixed and floating interest rates settled on a net basis.

20. Financial instruments (continued)

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

Interest income and (expense)	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Total interest income for financial assets at amortised cost	859	854	530	530
Total interest expense for financial liabilities at amortised cost	(3,705)	(3,705)	(3,916)	(3,929)
	(2,846)	(2,851)	(3,386)	(3,399)

Fair value gains and (losses)	Consolidated £'000	University £'000	Consolidated £'000	University £'000
On investments assets measured at fair value through income and expenditure	12	12	22	22
On hedging financial instruments	(1,211)	(1,211)	2,125	2,125
	(1,199)	(1,199)	2,147	2,147

21. Endowment reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Expendable endowments	2019 Total	2018 Total
	£'000	£'000	£'000	£'000
At 1 August 2018				
Capital	3	377	380	331
Accumulated income	14	244	258	241
	17	621	638	572
New endowments	-	-	-	50
Investment income	-	6	6	10
Expenditure	-	(27)	(27)	(16)
	-	(21)	(21)	44
Increase in market value of investments	-	12	12	22
At 31 July 2019	17	612	629	638
Represented by:				
Capital	3	361	364	380
Accumulated income	14	251	265	258
	17	612	629	638

21. Endowment reserves (continued)

	Restricted permanent endowments	Expendable endowments	2019 Total	2018 Total
Analysis by type of purpose:	£'000	£'000	£'000	£'000
Scholarships and bursaries	-	369	369	383
Research support	-	8	8	9
Prize funds	14	-	14	13
General	3	235	238	233
	17	612	629	638
Analysis by asset				
Current asset investments			629	638

22. Restricted reserves

Reserves with restrictions are as follows:	2019 Total £'000	2018 Total £'000
At 1 August 2018	888	1,158
New grants/research grants	31	10
New donations	111	110
Income	-	-
Expenditure	(245)	(390)
	(103)	(270)
At 31 July 2019	785	888

Analysis of other restricted funds/ donations by type of purpose:	2019 Total £'000	2018 Total £'000
Scholarships and bursaries	221	246
Research support	39	74
General	525	568
	785	888

23. Cash and cash equivalents

	At 31 July 2018	Cash Flows	At 31 July 2019
Consolidated	£'000	£'000	**£'000**
Cash and cash equivalents	24,277	5,193	**29,470**

24. Capital and other commitments

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

	31 JULY 2019		31 JULY 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	3,082	3,082	1,043	1,043

25. Lease obligations

Total rentals payable under operating leases:

	Land and Buildings £'000	Plant and Machinery £'000	31 JULY 2019 Total £'000	31 JULY 2018 Total £'000
Payable during the year	3,218	454	3,672	2,962
Future minimum lease payments due:				
Not later than 1 year	3,413	276	3,689	3,537
Later than 1 year and not later than 5 years	13,452	39	13,491	13,085
Later than 5 years	38,653	-	38,653	39,677
Total lease payments due	55,518	315	55,833	56,299

26. Events after the reporting periods

As set out in Note 19 in respect of the USS pension scheme, a new schedule of contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £20m in the provision for the Obligation to fund the deficit in the USS pension which would instead be £27.6m. This adjustment will be reflected in the University's Financial Statements for the year ended 31 July 2020.

27. Subsidiary undertakings

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

Company	Principal Activity	Status
University of Salford Enterprises Limited	Business Development, Consultancy and Investment management	100% owned
Salford Professional Development Limited	Delivery of training	100% owned
Skyscope Limited	Dormant at 31 July 2019	100% owned
Salford University Purchasing Services Limited	Dormant at 31 July 2019	100% owned
University of Salford (Health Services Training	Dormant at 31 July 2019	100% owned
Salford Digital Futures Limited	Dormant at 31 July 2019	100% owned

28. Pension schemes

Four schemes are currently in operation:

/ Universities' Superannuation Scheme (USS)
/ Greater Manchester Pension Fund (GMPF)
/ University of Salford Pension Plan (USPP)
/ Teachers Pension Scheme (TPS)

The three main schemes are USS and GMPF, which are both defined-benefit schemes contracted out of the State Second Pension (S2P) the assets of which are held in separate trustee administered funds and USPP which is a defined contribution scheme contracted out of S2P.

The table below analyses expenditure on "Other pension costs" detailed in Note 7 by pension fund:

	YEAR ENDED		YEAR ENDED	
	31 JULY 2019 Consolidated £'000	31 JULY 2019 University £'000	31 JULY 2018 Consolidated £'000	31 JULY 2018 University £'000
USS	15,279	15,279	14,226	14,226
GMPF	9,113	9,113	8,106	8,106
TPS	243	243	271	271
USPP	67	67		
Other	57	-	28	-
	24,759	24,702	22,631	22,603

(i) Universities' Superannuation Scheme (USS)

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

Because of the mutual nature of the scheme, the scheme's assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the 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 institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2017 ("the valuation date") which was carried out using the projected unit method. As at the year end the valuation as at 31 March 2018 was underway but not yet complete. Subsequent to the year end the valuation has been completed.

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

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

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

Discount rate (forward rates)	Years 1-10: CPI – 0.53% reducing linearly to CPI – 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21 +: CPI + 1.7%
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.

28. Pension schemes (continued)

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2017	
Mortality base table	**Pre- retirement**	
	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females	
	Post retirement	
	96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females	
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females	

The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

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

	2019	2018
Scheme assets	£67.4bn	£63.6bn
Total scheme liabilities	£79.2bn	£72.0bn
FRS102 total scheme deficit	£11.8bn	£8.4bn
FRS102 total funding level	85%	88%

Key assumptions used are:

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

A new deficit recovery plan was put in place as part of the 2017 valuation and is set out in the new Schedule of Contributions dated 28 January 2019. This requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. In accordance with the requirements of FRS 102 and the SORP, the University has made a provision for this contractual commitment to fund the past deficit. In the prior year, the deficit payments were 2.1% of salaries up to March 2031.

This significant increase in deficit contributions has given rise to a substantial increase in the deficit provision which has increased from £15.7m to £47.6m as set out in note 19. £32.3m of this increase is attributable to the change in the deficit contributions contractual commitment. See also note 7 in respect of significant one-off pension costs.

The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion and a funding ratio of 95%.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £27.6m, a decrease of £20m from the current year end provision and a lower face of the Statement of Comprehensive Expenditure of £20m.

28. Pension schemes (continued)

(ii) Greater Manchester Pension Fund (GMPF)

The University participates in the GMPF, which is an externally funded defined benefit pension scheme, which is contracted out of the State Second Pension, where contributions payable are held in a trust separately from the University.

The 31 July 2019 and 31 July 2018 information is based upon a full actuarial valuation of the fund as at 31 March 2016 updated to 31 July 2018 and 31 July 2019 respectively. Under the definitions set out in FRS 17, the GMPF is a multi-employer defined benefit pension scheme. In the case of the GMPF, the actuary of the scheme has identified the University's share of its assets and liabilities as at 31 July 2019 and 31 July 2018.

The pension scheme assets are held in a separate Trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interest of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the Scheme after consultation with professional advisers.

During the accounting period, the University paid contributions to the pension scheme at the rate of 21.1% from August 2017 to date.

Assumptions

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	At 31 July 2019	At 31 July 2018
	%pa	%pa
Rate of increase in salaries	3.2%	3.2%
Rate of increase of pensions in payment for members	2.4%	2.4%
Discount rate	2.1%	2.8%

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	Pensioner (male)	Non-pensioner (male) currently aged 45	Pensioner (female)	Non-pensioner (female) currently aged 45
At 31 July 2018	21.5	23.7	24.1	26.2
At 31 July 2019	20.6	22.0	23.1	24.8

Scheme assets and expected rate of return for GMPF

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes (i.e. equities and bonds). The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.

The assets in the scheme were:

	31 July 2019	31 July 2018	Fair value as at 31 July 2017
	£'000	£'000	£'000
Equities	128,545	119,168	115,638
Government bonds	26,082	28,040	25,697
Property	14,904	12,267	9,636
Cash	16,767	15,772	9,636
Total	186,298	175,247	160,607

28. Pension schemes (continued)

The tables below include, where applicable, disclosures for GMPF and ex-gratia pension combined to enable clear presentation. The ex-gratia pensions account for £3,624,000 of the total liabilities of £247,627,000.

	Year Ended 31 July 2019	Year Ended 31 July 2018
	£'000	£'000
Analysis of the amount shown in the balance sheet for GMPF		
Scheme assets	186,298	175,247
Scheme liabilities	(247,267)	(212,968)
Deficit in the scheme – net pension liability recorded within pension provisions (Note 19)	(60,969)	(37,721)

	Year Ended 31 July 2019	Year Ended 31 July 2018
	£'000	£'000
Current service cost	7,531	8,110
Past service costs	1,593	267
Total operating charge:	9,124	8,377
Analysis of the amount charged to interest (payable)/credited to other finance income for GMPF and ex-gratia pensions		
Interest cost	(6,031)	(5,773)
Expected return on assets	4,916	4,343
Net charge to other finance income	(1,115)	(1,430)
Analysis of other comprehensive (expenditure)/income for GMPF and ex-gratia pensions:		
Return on assets excluding assets including in net interest	5,209	9,559
Experience	(101)	11
Changes in financial assumptions	(35,613)	9,043
Changes in demographic assumptions	12,634	-
Total other comprehensive (expenditure)/income before deduction for tax	(17,871)	18,613

History of experience gains and losses – GMPF

	31 July 2019	31 July 2018	31 July 2017	31 July 2016	31 July 2015
Difference between actual and expected return on scheme assets:					
Amount (£m)	5,209	9,559	15,474	10,539	3,379
% of assets at end of year	2.8	5.5	9.6	7.5	2.67
Experience gains/(losses) on scheme liabilities:					
Amount (£m)	(101)	11	17,474	2,654	1,455
% of liabilities at end of year	0.0	0.0	8.3	1.25	0.78

28. Pension schemes (continued)

	At 31 July 2019	At 31 July 2018
	£'000	£'000
Cumulative actuarial loss recognised as other comprehensive income for GMPF		
Cumulative actuarial losses recognised at the start of the year	10,747	(7,866)
Cumulative actuarial (losses)/gains recognised at the end of the year	(7,124)	10,747
Analysis of movement in (deficit)/surplus for GMPF		
Deficit at beginning of year	(37,721)	(51,117)
Contributions or benefits paid by the University	4,862	4,590
Current service cost	(7,531)	(8,110)
Past service cost	(1,593)	(267)
Other finance charge	(1,115)	(1,430)
(Loss)/Gain recognised in other comprehensive income	(17,871)	18,613
Deficit at end of year	(60,969)	(37,721)

The 18/19 past service cost includes an allowance of £1,223,000 in respect of the McCloud judgement and £359,000 in respect of guaranteed minimum pensions.

	Year to 31 July 2019	Year to 31 July 2018
	£'000	£'000
Analysis of movement in the present value of GMPF		
Present value of GMPF at the start of the year	(212,968)	(211,724)
Current service cost	(7,531)	(8,110)
Past service cost	(1,593)	(267)
Interest cost on defined benefit obligation	(6,031)	(5,773)
Actual member contributions (including notional contributions)	(1,366)	(1,293)
Actuarial (loss)/gain	(23,080)	9,054
Actual benefit payments	5,302	5,145
Present value of GMPF liabilities at the end of the year	(247,267)	(212,968)

During 2018-19 the difference between current service costs and employer contributions in respect of funded contributions was £2,930,000 (2017-18; £3,777,000).

	Year to 31 July 2019	Year to 31 July 2018
	£'000	£'000
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	175,247	160,607
Expected return on assets	4,916	4,343
Actuarial gain on assets	5,208	9,559
Actual contributions paid by University in respect of funded benefits	4,601	4,333
Actual contributions paid by University in respect of unfunded benefits	262	257
Actual member contributions (including notional contributions)	1,366	1,293
Actual benefit payments	(5,302)	(5,145)
Fair value of scheme assets at the end of the year	186,298	175,247

28. Pension schemes (continued)

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

	Year to 31 July 2019	Year to 31 July 2018
	£'000	£'000
Actual return on scheme assets		
Expected return on scheme assets	4,916	4,343
Asset gain	5,208	9,559
	10,124	13,902

The following table highlights the sensitivities regarding the assumptions used to measure the scheme liabilities.

Change in assumptions at 31 July 2019	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£'000)
0.5% decrease in Real Discount Rate	11%	28,039
0.5% increase in the Salary Increase Rate	1%	3,488
0.5% increase in the Pension Increase Rate	10%	24,050
1 year increase in member life expectancy	3%-5%	7,418-12,363

Estimated contributions for GMPF in the Financial Year 2018-19 are £4,354,000 (2017-18 £4,332,000).

Since the 1 August 2019 new staff joining the University will no longer be eligible to join GMPF scheme but will be able to join the University of Salford Pension Plan instead.

(iii) University of Salford Pension Plan (USPP)

The University of Salford Pension Plan is a defined contribution scheme that is administered by Aviva and was launched on the 1 April 2019. The University of Salford pays fixed amounts to a separate legal entity Aviva and has no legal or constructive obligation to pay further amounts. The amounts charged to the Statement of Comprehensive Income & Expenditure represent the contributions payable to Aviva.

The University contribution rate is 9% with the University also matching an individual's contributions up to 4%.

(iv) Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract.

Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation account

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

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

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles.

Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website

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

Scheme changes

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

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

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

29. Hedge reserve movements

Consolidated and University

	£'000
At 1 August 2018	9,269
Change in fair value of hedging financial instruments	1,211
At 31 July 2019	10,480

30. Related party transactions

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

The University undertook transactions with the following public sector bodies, charities and not for profit organisations to which Council members had connections.

2018/19

ORGANISATION	INDIVIDUAL BOARD MEMBER	INCOME £'000	EXPENDITURE £'000	DEBTOR £'000	CREDITOR £'000
BBC Sport	Ben Gallop	36	-	5	-
Blackpool Foundation Hospital	Alan Roff	1	-	-	-
British University of Bahrain	Helen Marshall	206	-	-	-
Chinese Arts Centre	Allan Walker	-	20	-	-
Greater Manchester Mental Health NHS Foundation Trust	Professor Margaret Rowe	-	12	-	2
Greater Manchester Chamber of Commerce	Phil Cusack Brent Wilkinson	-	21	-	-
House of Lords	Rt Hon. Lord Bradley	-	7	-	-
Manchester University Foundation Trust	Professor Dame Sue Bailey	206	9	-	-
National Council for Entrepreneurship Education	Joanne Purves	1	-	-	-
Salford City Council	Cllr John Merry Professor Margaret Rowe	211	112	7	5
Salford Royal NHS Foundation Trust	Ian Moston	157	132	67	4
The Christie	Ian Moston	1	9	-	-
The Landing	Richard Stephenson	-	27	-	-
The Lowry Centre Trust	Tom Russell Cllr John Merry	1	107	1	95
University Alliance	Sam Grogan	-	179	-	25
University of Central Lancashire	Profesor Dame Sue Bailey Alan Roff	-	93	-	13
University College London	Alison Blackburn	2	-	-	-
University of Manchester	Rt Hon. Lord Bradley	168	-	143	-
Working Class Movement Library	Allan Walker	2	-	-	-

Related party disclosures include members of Council, members of the Vice Chancellors Executive Team and Deans of Schools.

30. Related party transactions (continued)

2017/18

ORGANISATION	INDIVIDUAL BOARD MEMBER	INCOME £'000	EXPENDITURE £'000	DEBTOR £'000	CREDITOR £'000
BBC Sport	Ben Gallop	31	-	21	-
British Council	Helen Marshall	39	47	-	-
East Cheshire NHS Trust	Dr Tony Combs	-	5	-	-
Greater Manchester Chamber of Commerce	Phil Cusack	-	21	-	1
	Brent Wilkinson				
Greater Manchester Mental Health NHS Foundation Trust	Margret Rowe	-	27	-	3
Health Education England	Professor Dame Sue Bailey	-	18	-	-
House of Lords	Rt Hon. Lord Bradley	-	2	-	-
Leeds Beckett University	Carl Acton	-	2	-	-
The Lowry Centre Ltd	Julia Fawcett	-	134	-	109
The Lowry Centre Development Company Ltd	Julia Fawcett				
The Lowry Centre Trust	Tom Russell				
	John Merry				
Manchester City Council	John Merry	187	-	6	-
Manchester High School for Girls	Merlyn Lowther	1	-	1	-
Manchester University NHS	Professor Dame Sue Bailey	-	11	-	-
Pennine Acute Hospitals NHS Trust	Ian Moston	-	6	-	2
PZ Cussons PLC	Sam Plant	1	-	-	-
Quality Assurance Agency	Professor Helen Marshall	1	-	1	-
Salford City Council	Phil Cusack	89	69	3	13
	Margret Rowe				
Salford Royal Foundation Trust	Ian Moston	142	98	65	19
University of Central Lancashire	Professor Dame Sue Bailey	-	11	-	10
	Alan Roff				
University of Manchester	Rt Hon. Lord Bradley	134	-	29	-
University Alliance	Professor Helen Marshall	-	36	-	-

Other related parties have been identified however there have been no transactions with these parties in the year.

In addition to the above The Salford University Students' Union is an independent organisation largely funded by the University. The financial transactions between the two organisations can be summarised as: -

	2018-19 £'000	2017-18 £'000
Annual Grant Paid to Students' Union from University	1,029	984
Grant to student union for various student experience enhancement projects	-	9
Payments made to the Students' Union from the University for Services provided	73	59
Payments made to the University from Students' Union for Services provided	(59)	(48)

At 31 July 2019 Students' Union had £112,000 (2018: £174,000) invested with the University of Salford as detailed in Note 17. At 31 July 2019, the University had a creditor with the Students' Union of £7,915 (2018: £13,780) and a debtor with the Students' Union of £4,886 (2018: Nil).

NOTES

University of Salford MANCHESTER