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# Annual Review and Financial Statements

2019/20





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# A year of tenacity and resilience

As a university, every year we celebrate momentous occasions and achievements. We also come up against new challenges that we must address. Challenges often produce positive outcomes though, as we learn from them and we adapt, which in turn allows us to build on our position as a leading higher education provider.

In the last 12 months we have had to deal with circumstances like nothing we have faced before, but we have adapted.

Both of our campuses were effectively shut down and many of our activities had to be postponed or delivered in a different way. However, during the most difficult of times, our community has been at its best, and university life in many ways continued to go on as near normal as possible.

Teaching moved online; assessments were carried out remotely; and working from home and virtual meetings became the new normal. We've also celebrated some incredible achievements and milestones.

It has been a year of tenacity and resilience; but also, a year where the Loughborough community has continued to shine.

# Our university

Loughborough University is renowned for its excellence in research, teaching and enterprise; the unique contribution it makes to the world of sport; and the links it holds with business, industry and policymakers, ensures that the University and its activities have a tangible positive impact on issues worldwide.

Since its inception in 1909, the University has grown significantly and now operates across two sites – the main campus in the East Midlands and Loughborough University London, a postgraduate campus located on the Queen Elizabeth Olympic Park.

The University offers undergraduate, postgraduate taught and postgraduate research programmes, across a wide range of disciplines. Both sites also offer access to a range of student support services and amenities, as well as one of the best students' unions in the country, Loughborough Students' Union.

The University's diverse student community, across both the Loughborough and London campuses, is made up of over 18,800 students from over 145 countries.

Supporting this community is a workforce of over 3,900 employees, covering teaching, research and a range of support, professional and technical services.

Loughborough is a research-intensive institution that contributes at the very highest levels to new knowledge and understanding, helping business and industry to compete more effectively, shaping public policy and, ultimately, helping to improve the quality of people's lives.

Loughborough University also owns and manages Loughborough University Science and Enterprise Park (LUSEP), an established, dynamic innovation community of organisations and business start-ups.

## Our mission

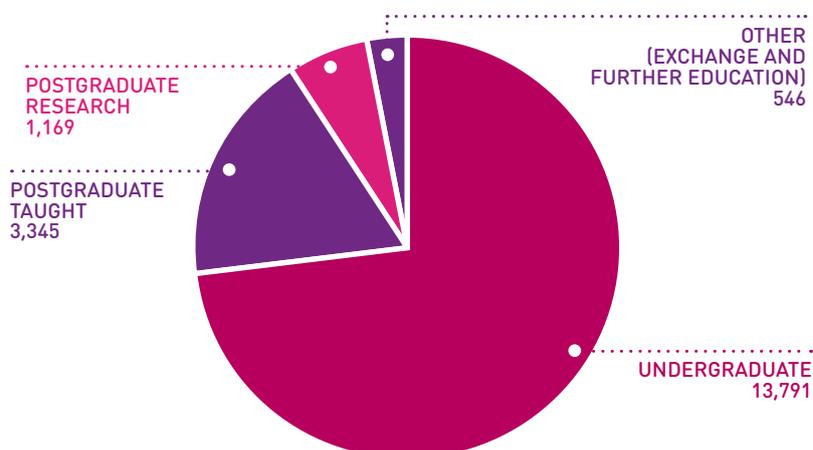
- To further knowledge and understanding through internationally-recognised research.
- To provide a high quality, comprehensive educational experience that prepares our graduates for their future lives and the global workplace.
- To influence the economic and social development of individuals, businesses, professions and communities.
- To shape national and international policy and practice.

## Our values

- Respect each other and celebrate our diversity.
- Recognise and reward excellence in our staff for their contribution and commitment.
- Be inclusive and value the views of our staff, students, alumni and partners.
- Respect the communities and environments in which we operate.
- Work together as a team with professionalism and integrity.
- Take pride in being the very best we can be.

## Student numbers 2019/20

Total 18,851



# Our strategy

The success Loughborough enjoys is built on the hard work and high standards achieved by our staff and students. These high standards stem from our ambitious outlook, which is reflected in our Building Excellence strategy.

## Our ambitions

The Building Excellence strategy outlines that we aim to achieve the following as an institution:

- A distinctive international reputation for excellence.
- A life-shaping student experience.
- Outstanding partnerships to deliver social, economic and cultural prosperity.
- A culture of delivering excellence in all that we do.
- One outstanding university: two vibrant campuses.

Monitoring the University's performance in delivering Building Excellence is a primary responsibility of Council. Council considers a suite of over 30 key performance indicators (KPIs) aligned to the five ambitions set out above, together with an overarching measure of financial sustainability and an overall assessment of institutional performance. These KPIs are kept under constant review, as is our benchmark for success which continues to rise in line with our performance expectations.

Key performance indicators are reflected in the graphics and statistics that appear throughout this strategic report.

## Our drivers

The strategy is built upon four central themes which act as drivers to support us in achieving our ambitions – with research, teaching, enterprise and sport embedded in each.

- **Investing in our staff:** We will be an outstanding employer; supporting our staff to achieve their full potential and recognising excellence and achievement. We will maintain a strong staffing profile to enhance our centres of research excellence and provide a dynamic learning environment for our students.
- **Educating for success:** We will develop our students as creative, confident and adaptable individuals who will make a significant contribution to global society.
- **Growing capacity and influence:** We will grow capacity in key areas of teaching, research and enterprise by investing strategically and developing international partnerships and collaborations, with policymakers, business, industry and the community.
- **Raising standards and aspirations:** We will build on our strengths and focus on developing the activities we do well, such as internationally excellent research and a high-quality student experience.

## Sector changes and challenges

The higher education environment is continuously evolving; presenting us with new challenges to overcome and opportunities to embrace. Our strategy was designed to support us in anticipating and responding to change, to enable us to remain in a strong position.

The changes we have had to respond to in 2020 have been significant, and the challenges we are likely to face in the year ahead as a result, will be just as tough.

We will continue to identify and adjust to change, whilst delivering our core principles of an outstanding student experience and research excellence.

- **Coronavirus:** The pandemic has already presented us with many difficult challenges to overcome. That will not change for the year ahead as we try to resume teaching and life on campus in a safe manner; deal with the financial impact; and prepare for further change and impact that the pandemic could still bring.
- **Overseas recruitment:** Several challenges over the last few years, including changes to the student immigration policy and visas, and the impact of the EU Referendum result, have made it difficult to set realistic recruitment targets for international students. The pandemic has the potential to bring further disruption to the market with uncertainty over global mobility.
- **Student expectations:** The rise in tuition fees has generated greater expectations from students regarding the experience they receive.
- **Frozen fees:** Other than a small increase (of £250) in 2017/18, tuition fees have barely changed since 2012 and are currently frozen. Operational costs continue to rise, which makes the sustainability equation increasingly difficult to balance.
- **Rising pension costs:** Increases in pension contributions put pressure on employment costs.
- **Apprenticeship Levy:** In 2017, the Government introduced a levy on employers with pay bills in excess of £3m, that would boost the UK's productivity and competitiveness by investing in skills development. The levy is calculated as a percentage of an organisation's pay bill, so increasing staff costs will increase the amount owed for the levy.
- **Increased competition:** The removal of the student numbers cap and an increasing number of alternative and private providers has contributed towards growing competition in the sector.
- **Higher Education and Research Act 2017:** Adding to the above, the most significant sector legislation in 25 years has been passed. Although legislation was delayed until 2020, under the Act, new rules and regulations will make teaching quality transparent and ensure that the level of investment made by students is matched by the value of their course/programme. It will also increase competition further by making it simpler and quicker for innovative and specialist providers to set up and award degrees.
- **Research:** Under the same Act the seven existing Research Councils have been brought together into a single body. There are some concerns that this could lead to the loss of the close relationships between specialist funding bodies and research groups that have created a system of effective funding that nurtures world-class research.
- **Reduction in teaching grant to universities:** During the Autumn Statement in 2015 it was announced that the teaching grant to universities would be reduced by £120m by 2019/20. Reductions are still being made for 2020/21.
- **Augar Review:** The recommendations from the review of Post-18 Education and Funding were published in 2019. Although the full impact of the review on the higher education sector is not yet known, the recommendations made could have significant implications.

# Reputation



WHATUNI STUDENT  
CHOICE AWARDS 2020  
UNIVERSITY OF  
THE YEAR



TIMES AND SUNDAY  
TIMES GOOD UNIVERSITY  
GUIDE 2020  
RANKED 5TH

## Current position

Loughborough University is one of the leading higher education institutions in the country. Our commitment to continuously improve all aspects of our offering has paid off, and we have established ourselves as a top ten ranked institution in the UK, with areas of world-class excellence. We regularly place higher than many Russell Group institutions – who are deemed to be the UK's leading universities – in the national league tables, and we are one of the top-performing institutions in the Midlands. Our distinctive achievements in research, teaching, enterprise and sport place us in an outstanding position, and we continue to develop our international standing and profile.

## Progress in 2019/20

The coronavirus pandemic and associated lockdown resulted in a challenging end to 2019/20. However, we have also had many reasons to celebrate, with our dedication to delivering an outstanding experience to our students, being recognised through several national and international awards and rankings.

### University of the Year

In July, the University was crowned 'University of the Year' at the 2020 Whatuni Student Choice Awards (WUSCAs), after receiving an overall rating of 4.58/5, a record-breaking score for the WUSCAs in the seven years that it has taken place. The University was also announced as the winner of both the 'University Facilities' and 'Sports and Societies' categories, having been shortlisted for ten categories in total.

### Top ten in every national league table

In September 2019, the University maintained its top five ranking for a second successive year in the Times and Sunday Times Good University Guide 2020 and remained the top university in the Midlands.

The following month, the University also retained its 5th place ranking in the Times Higher Education (THE) 'Table of Tables', which ranks the UK's top 30 universities based on the combined results of the three main domestic university league tables.

The Guardian University Guide results, which are normally released in June, were delayed to later in the year due to the pandemic. However, during June, we were able to celebrate the announcement of the Complete University Guide 2021 results, in which we climbed two places to sixth and remained the only university in the Midlands to feature in the top ten.

### International profile

The University's run of success continued into July, when it was confirmed that we had maintained our Five Stars Plus rating from QS Stars – one of only 13 universities worldwide to receive the accolade during the year.

### Sector recognition

At the end of November, the University also received significant recognition within the higher education sector, after being named the winner of three categories at the 2019 Times Higher Education Awards – for Excellence in Registry Services, Outstanding Entrepreneurial University and Outstanding Marketing/Communications Team.

## Raising our profile

From TV to radio, news items to interviews, the University receives wide ranging coverage on its work and contribution to society, all of which raise the profile of the work the University does. From August 2019 to July 2020, the University appeared in over 24,000 articles.

During November and December last year, the PR team ran a campaign to promote the University's research in media analysis relating to the General Election. The campaign generated over 800,000 impressions and engagements via our in-house social media pages, meaning content in relation to the research was displayed over 400,000 times in social media feeds, and was engaged with (read, liked, shared etc) over 400,000 times also. The dedicated microsite that was created specifically for the research, attracted over 36,500 pageviews from over 90 countries. The campaign also delivered 235 media appearances including mentions on BBC Radio 4, CNN, NBC, Yahoo, The Independent, MSN, Huffington Post, Sky News and ITV.

In July of this year, Loughborough climate scientist Dr Tom Matthews featured in a documentary on UK National Geographic, that documented an expedition he was part of the year previous, when he and a team of renowned researchers successfully installed the two highest weather stations in the world on Mount Everest, for research that is critical to understanding changes facing the mountain and its glaciers.

### High-profile visits

The University has always welcomed visits from people in positions of influence, to both our Loughborough and London campuses, to showcase what we do to those who can support our endeavour and speak positively about Loughborough.

In late summer 2020, The Prime Minister visited our Loughborough campus to learn more about its world-leading research and hear of some of the issues impacting on higher education. Mr Johnson was introduced to some prospective students, ambassadors and members of the Loughborough Students' Union Executive team, and also met with academics from the University's National Centre for Sport and Exercise Medicine (NCSEM), who showcased the centre's research into cricket bowling – work that is in partnership with the England and Wales Cricket Board (ECB) – and discussed how the University has supported the national COVID-19 response.

### Showcasing online

In September, the University relaunched its digital magazine VOLUME. Switching from an app to a web-based platform, the magazine is now open for all to read, through any device. It is showcasing the extraordinary work that is taking place here at Loughborough and providing insight into the people and projects that are key to our success.

## Moving forwards

We will continue to grow our media profile and social sharing opportunities through a combination of media, influencer, public affairs and stakeholder activity.

# Teaching and Learning

## Current position

Teaching and learning directly impact the lives of all our students. We continue to provide inspiring taught programmes which prepare students for future success. We are also focused on ensuring the delivery of these programmes is enhanced by the provision of the latest and most appropriate technologies necessary for students completing their degrees in a digital world.

Loughborough remains a popular choice amongst prospective students at all levels. Recruitment for the 2019/20 academic year was excellent, with over 55,000 applications received for our undergraduate and postgraduate courses.

## Progress in 2019/20

### Courses with impact

The quality of our courses is regularly reflected in the major league tables, where we enjoy top ten positions in many subject areas. This year, in the Complete University Guide for 2021 we were placed in the top ten institutions for 14 subject areas. In the Times and Sunday Times Good University Guide for 2020 we had 19 subject areas feature in the top ten.

In early 2020, Loughborough was also named the best university in the world for sports-related subjects, for the fourth year in a row, in the QS World University Rankings by Subject table. Loughborough was also ranked in the global top 50 for other subjects, including top ten in the world for Library and Information Management and 24th for Art and Design.

### Student satisfaction

The results of the National Student Survey 2020 confirmed that we are delivering a high level of satisfaction through our courses. Loughborough was ranked 6th in England for overall satisfaction\*, with a score of 88.7%, higher than the sector average of 83%. This includes being in the top five institutions for learning resources and the top ten for student voice. The University also scored highly in areas such as opportunities to provide feedback, opportunities to work with other students, access to and quality of IT, library and course-specific resources, and contact with staff.

At subject level we placed in the top ten for 10 subject areas, including finance, which received 100% satisfaction, and materials technology with 98% satisfaction.

### Coursework support

On Learn, the University's virtual learning environment, an online guide has been created to support students when submitting coursework and accessing their feedback.

The guide also shows students how they can benefit from using the new Learn Timetable feature, which has been added to show students the due dates for coursework activities within the specific modules they are studying each semester. The feature can be personalised with filters to show deadlines within a certain timeframe, in chronological order or categorised by module.

### Supporting development

After a successful pilot in 2018/19, Personal Best, an exclusive development programme for students was launched in the curriculum across all schools, as part of a core skills module. Students were able to access tailored talks for their programme, as well as a unique app to develop and audit their skills, set goals, record activities and personal development, articulate their skills, and enhance their applications for placements and graduate roles. 99% of students engaged with the app by signing in and 95% of students completed their skills profile.

Another successful pilot of the skills programme was completed with postgraduate taught students on our London campus in 2019/20. An existing employability award was relaunched as Personal Best and aligned to the initiative's framework.

## Providing the highest level of teaching

Our Teaching Innovation Awards are one way the University recognises, celebrates and promotes excellence in learning and teaching. The awards provide funding for projects that aim to develop and enhance our students' learning experience whilst here at Loughborough. This year, 11 projects were successful in accessing funding and will look to progress their work in areas such as: training students in assessment processes; using learning analytics to support students' learning; extended inductions for engagement and inclusivity; sustainable automated assessment of quantitative modules across the University; enhancing employability through digital fluency; developing new approaches and a model for enhanced programme delivery and management; integrating VR into teaching green issues; and evaluating the effective use of an e-portfolio builder for apprenticeship programmes.

This year, a pioneering recruitment campaign was also launched to attract the best academic talent to Loughborough. The University will coordinate the advertising of roles to reach a more diverse group of candidates, at two set points in the year.

## New, innovative courses

In April, the University received confirmation of funding from the Office for Students (OfS), that will allow the University to launch conversion courses specialising in artificial intelligence (AI) and data science. The new courses will boost the number of graduates over the next three years and address the shortage of AI and data specialists in the workforce.

## Adapting quickly

Perhaps the biggest progress we have made this year is the speed at which we have adapted all our teaching and learning processes, so as to continue meeting the educational needs of our students during lockdown and beyond. In March, as a country-wide lockdown looked imminent, our teaching moved online almost overnight, with lectures and learning resources made available through Learn for students. Further resources were also developed to support students to make the most of the materials that they were being provided with. Tutorials and seminars were delivered remotely, and all assessments were moved online, after being adjusted to suit the new format of delivery.

A new staff web resource for Flexible Module Delivery was also launched, to provide as much support and training for staff as possible in preparation for the new academic year in 2020/21.

## Moving forwards

A key focus for this year will be on delivering our usual high standard and quality of teaching, whilst adhering to the current guidelines and adjusting as appropriate, when needed, whilst keeping staff and students safe.



COMPLETE UNIVERSITY  
GUIDE 2021  
ONE MEMBER OF ACADEMIC  
STAFF FOR EVERY 13.4 STUDENTS



INTERNATIONAL QS STARS  
SCHEME 2020  
AWARDED 5\*  
FOR TEACHING

\*Based on English HEIs including specialists but excluding FECs and alternate providers.

# Student experience

## Current position

Loughborough's student experience is renowned. Our community spirit and vast range of societies and sports clubs are unrivalled. The key to our success is a longstanding collaboration with Loughborough Students' Union (LSU) which allows us to understand the needs of our students and deliver an all-round experience that enriches lives.

## Progress in 2019/20

### Supporting our students during the pandemic

When the pandemic hit, the University was quick to put support in place for the students most affected. The University and LSU launched an emergency hardship fund for those struggling to cope with the impact of the virus, including those who had lost their jobs. Over £85,000 was raised.

### Improving our services to students

Prior to the pandemic, several new initiatives and services were launched to support students whilst they are here at Loughborough. In February, Student Services launched an online tool for reporting incidents, including reports of sexual violence, safeguarding, and mental health concerns, to make it easier for people to report to us and get the advice and support they need.

The University has also partnered with external organisations, Lisa Vine, Living Without Abuse (The Amber Project), and First Steps, to provide specialist support to students around eating disorders and domestic violence.

### Taking our support services online

With both our East Midlands and London campuses closed during the pandemic, the University had to adapt the way in which we work so that our students could still access the support services and staff they needed, whilst learning remotely. This included our library staff, who transitioned their support to help students access online resources in replacement of the materials they would normally use within our libraries.

IT Services created remote access to PCs on campus, so that students who needed access to specific software were still able to complete their work.

### Employer connections

Connecting our students to employers is a key part of our student experience. This is done in multiple ways, including live projects, careers fairs and guest lectures. In September last year, Loughborough was ranked first in the UK and in the top 20 globally for employer-student connections in the QS 2020 Graduate Employability rankings. More than 750 universities worldwide are included in this ranking.

### Best social experience

In August 2019, six of Loughborough's halls were voted in the Top 50 for the best social experience in the UK by StudentCrowd.

### Exciting opportunities

Although a large part of our student experience activity this year has been affected by the pandemic, the first half of the academic year was full of opportunities for our students to get involved and enhance their time here at the University. This included a once in a lifetime experience for our aeronautical engineering students, when several Loughborough alumni from the Commando Helicopter Force returned to campus to deliver a talk on careers. The group also welcomed students on board their helicopter for a breath-taking view of the campus from above.

## Overcoming challenges

The annual Art and Design degree shows could not go ahead in person due to the pandemic, so instead, they were moved online, giving students a unique opportunity to exhibit their imaginative and thought-provoking final year projects to a wider audience. Some of these projects were used as case studies by the University, giving students the chance to discuss their creations with local and national media outlets.

## Graduation celebrations

Due to coronavirus, the summer graduation ceremonies for 2020 were postponed until April 2021.

The University was keen to ensure that graduates still had the chance to celebrate the end of their studies, on what should have been their graduation day, so put on an online show.

Hosted by the Vice-Chancellor and Loughborough alumnus and Sky Sports news presenter, Mike Wedderburn, the event celebrated the recent graduates, sharing their stories and congratulating them on their success. Printable artwork was created that could be used as props in photos, and backdrops were created to be used for online group chats.

## Preparing for the year ahead

Much work has been completed this year to help students prepare for starting at Loughborough in 2020/21. This includes the launch of 'Ready, Set, Loughborough', a suite of online materials to support first-year students in the weeks between A-level results and the start of term. The material covers academic and study skills, mental and physical wellbeing, anti-racism, anti-discriminatory practice, cultural sensitivity and being part of the Loughborough community. The 'Welcome to Loughborough' communications have also been streamlined, to make it easier for students to get the information they need to support their arrival. With many students having been away from formal education for over six months, these resources will be crucial in enabling them to prepare and settle in.

## Moving forwards

Over the next year we will be focusing on revamping the way we support students' transition to Loughborough, run inductions and provide support around student wellbeing on a larger scale.

Last year, we piloted a peer-support initiative, #me. The scheme trains students to facilitate sessions that are aimed at ensuring positive mental wellbeing. The pilot was a success, engaging over 400 students, and will now be rolled out across the University in the coming year.



WHATUNI STUDENT  
CHOICE AWARDS 2020  
1ST FOR SOCIETIES  
AND SPORT



INTERNATIONAL QS  
STARS SCHEME 2020  
AWARDED 5\* FOR  
INCLUSIVENESS

# Research



AWARDED  
SEVEN QUEEN'S  
ANNIVERSARY PRIZES



INTERNATIONAL QS STARS  
SCHEME 2020  
AWARDED 5\* FOR RESEARCH

## Current position

The University delivers research excellence through the quality and impact of our research. We shape public policy, make business and industry more competitive and improve lives around the world.

We have five Research Beacons, which are the broad strengths of the University: Built Environment, Communication and Culture, High Value Manufacturing, Sport and Exercise, and Transport Technologies. The Beacons are complemented by our Global Challenges: Changing Environments and Infrastructure, Energy, Health and Wellbeing, and Secure and Resilient Societies, which bring together research capabilities to develop multi-disciplinary solutions to society's biggest problems.

## Progress in 2019/20

### Strong performance

Despite the influence of the pandemic on the second half of the year, new research awards in 2019/20 still reached almost £40m. Our community has thrived, with 250 new doctoral students joining the University and over 270 PhD awards conferred.

### Recognising influential work

The CALIBRE Awards were introduced in the summer of 2019, to recognise the excellence and diversity of research across campus. This year, three rounds of awards have celebrated our research and impact achievements in equality, diversity and inclusion (EDI), open research, and international research partnerships. Examples of the work can be found at [www.lboro.ac.uk/research/calibre-awards](http://www.lboro.ac.uk/research/calibre-awards).

### Significant fellowships

In April, two Loughborough University researchers were awarded prestigious Future Leaders Fellowships from UK Research and Innovation (UKRI), receiving total funding of £2.5m to support their projects as well as their career development.

Dr Kate Mathers, from Geography and Environment, will develop her research on freshwater ecosystems, one of the world's most endangered habitats. Dr Ignacio Martin-Fabiani – School of Aeronautical, Automotive, Chemical and Materials Engineering (AACME) – will use his fellowship to develop advanced coatings for applications from renewable energy to healthcare, where more effective antibacterial coatings can tackle pathogenic bacteria, which are a leading cause of infections, killing thousands of patients and costing the NHS millions.

### New centre of excellence

In February, the University's Centre for Mathematical Cognition (CMC) was launched. The new research centre aims to boost the UK's poor understanding and skills in the subject area, which is currently estimated to cost the UK economy up to £33bn every year. The centre is based in the University's Mathematics Education Centre (MEC) and its work is part of a £6.5m investment from the Government through its modern Industrial Strategy.

### Creating opportunities

Towards the end of 2019, the Engineering and Physical Sciences Research Council (EPSRC) granted the University £1.6m to create a new fellowship to explore the future of automation.

The five-year fellowship was awarded to Professor Wen-Hua Chen, of AACME, and will create opportunities for a new lecturer, two post-doctoral research associates and three PhD students.

Earlier in 2019, the University was named as the lead partner, alongside the World Bank, on the £38.4m Modern Energy Cooking Services (MECS) initiative, to find innovative and clean alternatives to charcoal and wood suitable for the developing world. By the end of the year, funding had been awarded to 22 projects across five continents for a range of urban and rural locations.

### Collaborations across the world in automation

In September last year, the University received confirmation that it would lead on a new £1.5m international initiative to investigate the safety issues faced by pedestrians, cyclists, motorcyclists and children in relation to driverless vehicles – working in partnership with Queensland University of Technology, Australia, and Tongji University, in China.

The following month, the world-leading Direct Vision Standard scheme was introduced in London, to remove the most dangerous Heavy Goods Vehicles (HGVs) – and it was defined and developed by Loughborough researchers. In partnership with Transport For London, a team of academics from the School of Design and Creative Arts have been hugely instrumental in bringing the Standard to fruition, devising a scheme that minimises HGV blind spots.

During the same month, academics from the School of Aeronautical, Automotive, Chemical and Materials Engineering and the School of Mechanical, Electrical and Manufacturing Engineering were awarded £3.1m to help develop the next generation of electrified vehicle technologies, by optimizing vehicles in a virtual environment – removing the need for physical testing and improving cost-efficiency and the quality of the final product.

### World-leading facilities

Work has continued this year to commission world-leading test facilities in the National Centre for Combustion and Aerothermal Technology (NCCAT). In May, the Centre was announced as a partner in a £5.8m collaborative EPSRC project on laser imaging of turbine engine combustion species (LITECS). The project will reduce the environmental impact of aviation and power-generating gas turbine engines.

### Adapting how we work

Lockdown caused the immediate closure of many laboratory and studio facilities in March. Our quick response to reopening facilities safely has been praised across the sector, enabling our vital research to play a full part in the national recovery.

### Taking things online

The Institute of Advanced Studies (IAS) adapted quickly to the unexpected circumstances of the pandemic and delivered two virtual events for their Sound Theme Summit series, which sold-out after overwhelming interest. A seemingly negative situation has created possibilities for the IAS team to support international research collaborations and dialogue in new ways in the future.

This year's Doctoral College Summer Showcase was also run entirely online. This enabled 50 doctoral researchers to still come together to share their research, and almost another 300 individuals to view and enjoy their work through the website.

### Moving forwards

Major new projects, showing the diversity and vitality of our research, will begin in 2020/21, such as the C-DICE (Centre for Post-doctoral Development in Infrastructure, Cities and Energy), the POPBACK project – investigating challenges to democratic governance and politics in Europe, and the National Interdisciplinary Centre for Circular Chemical Economy. The University's submission to Research Excellence Framework will be made in March 2021.



TIMES HIGHER EDUCATION  
AWARDS 2019  
**OUTSTANDING  
ENTREPRENEURIAL  
UNIVERSITY OF THE YEAR**



**LU INC.**  
**THE UNIVERSITY'S NEW  
INCUBATOR, SUPPORTS  
52 STARTUPS EMPLOYING  
75 PEOPLE**

# Enterprise

## Current position

Enterprise is widely integrated into the University's activities. Loughborough is one of very few universities to embed enterprise into the roles and development of academic staff, which stimulates innovative research partnerships and commercialisation opportunities, external partner involvement in course content development, placements, extracurricular activities and ultimately employability. We support students to develop enterprising skills, nurture graduate businesses and provide a dynamic innovation community and business base at Loughborough University Science and Enterprise Park (LUSEP).

## Progress in 2019/20

### Celebrating success

In November, Loughborough was named Outstanding Entrepreneurial University of the Year at the 2019 Times Higher Education Awards in recognition of its "truly holistic approach" to embedding an enterprise culture.

The impact potential of academic spinouts and graduate startups has been a prevalent feature throughout the year. In February 2020, one third of the Leicestershire Live Innovation Awards were awarded to new University businesses including Previsico, which was named overall champion for its real-time, street-level surface water flood forecasts. The spinout has raised £1.5m, created 17 jobs and is scaling the technology with global partners. In June, Previsico's underpinning research enabled the Cabinet Office's new ResilienceDirect platform to integrate surface water flood nowcasting – a world first for an emergency planning system.

Previsico is just one example of how the University applies world-class research and forms commercial partnerships to accelerate the positive impacts of academic enterprise.

### Building a startup ecosystem

Previsico's success is aided by a supportive ecosystem for early-stage ventures which encompasses new University-led initiatives and regional partnerships. The University's incubator (LU Inc.) unites its academic spinouts and graduate startups with local entrepreneurs to create a diverse and vibrant community. The Midlands Innovation Commercialisation of Research Accelerator brings together eight universities including Loughborough to maximise opportunities for growth and investment.

Further impetus for the startup ecosystem will come from the University's partnership in the Regional Entrepreneurship Accelerator Programme (REAP), announced in March. The initiative is led by the Leicester and Leicestershire Enterprise Partnership and draws on the globally respected model from Massachusetts Institute of Technology.

### Supporting the SME community

Knowledge Transfer Partnerships have increased substantially since 2017, with SMEs in the Midlands respectively accounting for 60% of businesses we have partnered, in projects worth over £4.4m. In this timeframe, our European Regional Development Fund (ERDF) supported programme has also worked with almost 300 SMEs across Leicestershire, Derbyshire and Nottinghamshire to launch 71 new products and create 88 jobs through collaborative projects worth almost £7.2m. This support is vital to the local economy which is largely SME-based.

## LUSEP expansion

The number of companies at LUSEP has risen by almost 40% since 2017, with many examples of business growth including:

- January 2020: Land acquisition by the University increases the possibility of LUSEP increasing its size to potentially accommodate businesses employing up to 6,000 people
- £6m turnover, two acquisitions and doubled workforce, have all been achieved by a leading software developer, since relocating to LUSEP in 2016
- August 2020: Announcement of £6m Government Getting Building funding to expand SportPark
- October 2020: The £14m National Centre in Combustion and Aerothermal Technology (NCCAT) will open, underpinned by the University's 30-year partnership with Rolls-Royce
- November 2020: New HQ building for software leader The Access Group (valuation \$1bn+), is due to be completed

With the introduction of LU Inc. the University is accelerating the emergence of clusters in energy and low carbon, design, sport, and health and wellbeing.

## Driving enterprise through partnerships

The University's expertise in intelligent transport systems is being applied to revolutionise how network operators, vehicle manufacturers and drivers use, and interact with, the country's road networks. A partnership with Highways England and AECOM has enabled map-matching algorithms, with over 99% accuracy, to reduce congestion and improve safety. The technology has been adopted by industry including vehicle manufacturers.

Leicestershire County Council's innovative partnership with the University to develop The Access Group HQ at LUSEP is Leicestershire's largest single-occupier office new-build deal this century – creating 500 jobs at LUSEP and generating £1.6m each year for County Council frontline services.

In February 2020, the University pledged its support for a new project, developed by local business and community leaders, that is aiming to transform Loughborough's economic growth by securing up to £25m government funding.

## Enterprise in the Capital

On the Queen Elizabeth Olympic Park, the University continues to lead initiatives that are central to the missions of East London Enterprise Zones. These include the Digital Skills programme, launched in 2019 with Mayor's Office support, which has supported 44 start-ups and SMEs, with 21 students working on dedicated insights projects. The University hosts The SportTech Hub accelerator which has supported 31 start-ups to broker 37 pilots and raise £4.2m.

Most recently, in partnership with the ECHO skill share initiative, the University has connected circa 40 furloughed professionals with the same number of SMEs.

## Moving forwards

Our future activities which align with economic strategies for the sub-region include:

- Realising Loughborough's £25m Town Investment Plan blueprint
- Nurturing new businesses through LU Inc. and restocking the business base with the support of local partners
- Building start-up resilience through digital upskilling and engagement with the local HE knowledge base, through the MIT REAP initiative
- Developing the concept of a global sports hub, supported by the SportPark expansion and the University's leading reputation for sport research and performance

# Sport

## Current position

Loughborough's global reputation is built on a long and successful sporting heritage. Over 100 years ago our Principal, Herbert Schofield, made educating the mind and the body central to his student welfare philosophy and saw sport as crucial to this.

Today, Loughborough Sport plays host to many of the highest performing student athletes and teams in the country and our campus-wide opportunities allow all our students the chance to enjoy life-shaping experiences through sport regardless of ability or level of interest.

## Progress in 2019/20

As with many aspects of the University's work, sport has been significantly impacted by the COVID-19 pandemic. In what was due to be a big year, not just for sport at Loughborough, but for sport around the world, a large amount of sporting activity has been postponed or cancelled.

As sporting activity begins to return to our campus in a safe manner, we can still look back on a year that has been filled with success, progress and celebration.

## Parasport strategy launch

Parasport has always been a key priority for the University – across our research, our facilities and the opportunities we offer to staff and students. In early December, the University cemented our commitment to the development of Parasport, when a new vision and strategy was officially launched. The event itself saw some of the biggest names in UK sport come together, with representatives from Sport England, the British Paralympic Association, and British Athletics in attendance.

## New sport at Loughborough

Implementation of the new strategy was evidenced in April when the University's Athletic Union (AU) announced Wheelchair Basketball as its 60th official sport. Launching in the new academic year (2020/21), the growing sport will provide students with the opportunity to compete in an inclusive environment.

## Training at home

The University currently has 500 student athletes on our performance programmes, that train here on campus and are provided with a strong support network, that help them to achieve their goals.

When the country was put into lockdown, our athletes had to take their training home. Throughout this period though, they were constantly supported by the team here at Loughborough, with sessions and catch ups held via Zoom and Skype, and ideas sent to athletes for them to trial new ways of training.

## 100 years of Loughborough Rugby

Although the celebrations were cut short due to coronavirus, 2019/20 marked 100 years since the formation of Loughborough Students' Rugby. Several celebratory events were held before Christmas, providing former players and staff the opportunity to reconnect and reminisce about their rugby days at the University, as well as a showpiece match in London.

## National Tennis Academy opens

In September 2019, the University's National Tennis Academy officially opened its doors to the next generation of talented British players. The first cohort of eight students arrived on campus to start a bespoke training programme delivered by a team of world-class coaches and practitioners. Devised by the Lawn Tennis Association (LTA), the National Tennis Academy will play a crucial role in the implementation of a new seamless player pathway, with the aim of making Britain one of the most respected nations in the world for tennis player development.

## Certified Training Centre status

In May, Loughborough Badminton was named as a Certified Training Centre by Badminton Europe, after meeting their criteria for providing a quality environment that enables athletes to have the best possible chance of reaching their potential internationally.

## Holywell Fitness Centre refurbishment

Following an extensive £1m redevelopment over the summer, Loughborough University's Holywell Fitness Centre reopened its doors to students and staff in September 2019. The refurbishment has made our facility industry leading in its design and function, with work including the world's first installation of Technogym Artis equipment; the erection of the UK's largest Outrace training rig covering circa 70 sq. metres; and the addition of innovative Myzone technology, that allows new heart rate-based training sessions with live results projected on the gym floor.

## New partnerships for creating positive influences in sport

In June, the University was selected as a partner for a new programme set up by the England and Wales Cricket Board (ECB), that aims to make cricket a gender-balanced sport. Loughborough was named as the East Midlands Regional Host of its new elite women's cricket domestic structure, and will work alongside partner counties Leicestershire County Cricket Club, Derbyshire County Cricket Club, Nottinghamshire County Cricket Club and Lincolnshire County Cricket Club, whilst also developing a new Lightning Cricket academy and senior squad.

Another key partnership for our Lightning franchise was announced in June, this time within rugby, as Loughborough University and Lightning Rugby joined forces with Loughborough Town RFC. The collaborative agreement will see both parties sharing best practice, both on and off the field, and will ensure that Loughborough Town are best prepared to be competitive in the Championship, whilst aspiring Lightning players are provided with additional playing opportunities. The partnership will also provide a support mechanism for Championship players who aspire to play in the Premiership.

## Moving forwards

The Tokyo Olympics were set to be a key focus for the University in 2020, with many of our athletes looking to secure a place at the Games. As a result of the pandemic, the competition was postponed to the summer of 2021. We have continued to support our athletes' training, working towards the same goal, and this will continue to be a key focus for the coming 12 months.

Another key area of work will be returning our programmes and facilities in a safe and controlled manner to allow our students, athletes and partners to return to sports and fitness.



QS WORLD UNIVERSITY  
SUBJECT RANKINGS 2020  
BEST IN THE WORLD FOR  
SPORTS-RELATED SUBJECTS



WHATUNI STUDENT  
CHOICE AWARDS 2020  
WINNER OF SOCIETIES  
AND SPORTS

# Staff



## Current position

Our people are fundamental to the University's ongoing success. Their energy, enthusiasm, hard work and dedication have underpinned Loughborough's top ten position in the UK's league tables. We invest in the professional growth and wellbeing of our employees and have created a vibrant and inclusive community culture across both campuses, in which people enjoy working and can perform at their best.

## Progress in 2019/20

### Senior Pro-Chancellor appointment

Following unprecedented success under the Chairmanship of Sir Peter Bonfield CBE FREng, the University Council approved that Christine Hodgson CBE, Chair of Severn Trent, will take up the role as Chair of Council and Senior Pro-Chancellor. Christine, a Loughborough alumna, who graduated from the University with a First Class Honours in BSc Accounting and Financial Management, has extensive experience in business, finance and technology leadership.

### Making mental health a priority

Throughout 2019/20, mental health and wellbeing has been a key focus for the Human Resources and Organisational Development (HROD) team. A new campaign launched at the start of the academic year to coincide with World Mental Health Day in October. This work included the introduction of new initiatives and guidance, a redeveloped website, and a staff survey to garner feedback on what services individuals would find most valuable.

During October, the University also became the first higher education institution in the UK to host a Mental Health Mates walk.

The focus on mental health intensified in the latter half of the year, as the country went into lockdown and most of our people started to work remotely or were put into the furlough scheme. In April, the University partnered with a new Employee Assistance Programme provider to provide staff with guidance, advice, proactive and preventative support, to deliver the best possible outcomes.

In May, the University launched the LU Wellbeing App for both staff and students. The app provides access to techniques, such as mindfulness and cognitive behavioural therapy (CBT), as well as guidance through podcasts and articles that can help individuals to make positive changes to their lifestyle.

Over the last year the University's Occupational Health provision has been transformed, with a significantly greater number of staff being referred and supported. Waiting times for appointments have dropped to less than five days.

### Inclusion

Another key focus for the last 12 months has been on creating a more inclusive culture at the University, in which all colleagues feel that they can be successful. Initiatives that have contributed to this so far have included the launch of several new staff support groups, and the relaunch of some existing groups. In October, the Disability Staff Support Group was re-launched as the Inclusivity Group, to support those who have or are affected by physical or neurodivergent differences, such as ADHD, dyslexia, Crohn's disease or colitis. At the beginning of 2020, the Age Matters Staff Group, who champion age diversity within the University, relaunched. During lockdown, Loughborough's Women's Network – Maia – launched and its success to date can be evidenced by the high number of members and the diversity and popularity of its events.

## Becoming a Stonewall Diversity Champion

At the end of October, the University affirmed its commitment to providing a supportive and inclusive environment for the LGBT+ community by becoming a Stonewall Diversity Champion. Loughborough works closely with the organisation – which is one of the most historic and influential LGBT+ charities in the UK – and benefit from access to educational events, training and conferences held by Stonewall.

## Gender equality

Loughborough was one of the founding members of the Athena SWAN Charter and continues to attract, support and promote women in STEM. Having maintained our Bronze Institutional Award since 2009, in May two departments also received awards: The School of Sport, Exercise and Health Sciences (SSEHS) was awarded Silver, and the Wolfson School of Mechanical, Electrical and Manufacturing Engineering a Bronze award. Earlier in the financial year, the School of Science was awarded a Bronze award.

The Provost is leading an important initiative around equity of opportunity for female academics at Loughborough with ambitions to increase the number of female academics, particularly in more senior positions, and to decrease the gender pay gap.

## Creating equality of opportunity for BAME colleagues

Diversity is critical to sound and innovative decision-making and for this reason, the University is committed to improving the diversity of its decision-making forums. As positions become available on Council, Senate and their sub-committees, the University are working hard to ensure our applicant shortlists are diverse. In the interim, exercising positive action, co-opted positions have been created for a Black, Asian or other minority ethnic (BAME) colleague on several University committees. The three-year appointments commenced this academic year. This is just one of many initiatives that support our Race Equality Charter work.

## Organisational development

The professional development and growth of our colleagues, both academic and professional services, is fundamental to our success, and this year has seen a significant investment that enables colleagues to thrive professionally and perform at their best.

## Largest ever investment into HE technicians

Earlier in 2020, Loughborough was named in a consortium of eight Midlands-based universities and industry partners that will deliver a £4.9m programme from Midlands Innovation, to support the career advancement and development of technicians working within higher education, who play a crucial role in the success of universities and the growth of the UK economy.

## Moving forwards

HROD's leadership team will continue to add value to the University's strategic direction. Our key areas of focus will be:

- Inclusion – becoming a beacon within higher education for equality, diversity and inclusion
- Employer of choice – building on our excellent reputation for both existing colleagues and new applicants
- Wellbeing – enhancing the range of initiatives designed to support colleagues in the workplace and beyond
- Professional growth – enabling colleagues to thrive and perform at their very best

# Campus development and facilities

## Current position

Loughborough University has two campuses. In the East Midlands, our stunning 440-acre green campus offers great facilities for every aspect of student life, with plenty of open space, gardens and sports areas, interspersed with academic buildings and student accommodation.

Loughborough University London, our dedicated postgraduate campus, is situated at the heart of the Queen Elizabeth Olympic Park, which was the home of the London 2012 Olympic and Paralympic Games.

## Progress in 2019/20

### Top quality facilities

The upkeep of buildings and facilities is essential to our students' experience. In the last 12 months work has been completed on the £42m refurbishment of 20,000 sq.m of academic space on West Park, including work on the S building and Sir David Davies building.

A new 600-seat lecture theatre, that can be divided into two smaller theatres as required, has also been created in the Edward Herbert Building.

### Recognition for our efforts

In July, the quality of the University's facilities was recognised when Loughborough was named Winner of the University Facilities category at the 2020 Whatuni Student Choice Awards. During the same month, the University was also awarded a Five Star rating for its facilities in the QS Stars University Ratings.

### Land acquisition

In the last 12 months, the University has purchased additional land to the west of the East Midlands campus to secure the long-term future of the University.

### Industry leading facilities

Work has continued in the NCCAT building to develop and construct the test rigs. The official launch event has been delayed by COVID-19.

### Claudia Parsons officially opens to students

The University's newest halls of residence, Claudia Parsons, opened its doors to students in September 2019. The self-catered hall has 480 bedrooms which accommodate both undergraduate students and sports performance athletes. The hall also incorporates the UK's first Active Campus, providing outstanding recreation and fitness opportunities.

### New world-class sports pitches

Ahead of the start of the 2019/20 academic year, the University installed two state-of-the-art sport pitches. The elite level water-based hockey surface is the first of its kind in the UK and has been designed specifically to encourage speed of play. The new pitch at Loughborough University Stadium was the first pitch in the UK to be installed using a new-to-market, 100% electric machine, which can stitch a full-size football pitch in just seven days, a huge step forward in reducing the environmental footprint of each pitch installation.

## Award-winning event venues

In late November, the University's events and conference facilities were recognised, after Imago Venues won three awards at the 2019 Academic Venue Awards. These included Best Conference Venue (Under 250 delegates) for Burleigh Court Conference Centre and Hotel; Best Training Venue for Holywell Park Conference Centre; and Best Residential Conference Venue for Imago Venues.

A month earlier, the team received confirmation that Burleigh Court Conference Centre and Hotel had retained its four-star hotel rating from VisitEngland.

## University in bloom

The University was proudly part of the Loughborough in Bloom initiative this year which won a gold award in the Small City category. Judges from Britain in Bloom visited Loughborough in the summer, which also included a tour of the University campus.

## New estates strategy

At the end of 2019, the University's new Estates Strategy was formally approved. The ambitious plan, which covers a 20-year period up to 2040, provides vision for the future development of our East Midlands and London campuses, including our academic and support services buildings, sport spaces, student accommodation and the campus landscape.

## Moving forwards

The impact of COVID has resulted in the spend on capital projects and long term maintenance being restricted to essential 'must do' projects prioritised by the Health and Safety Executive (HSE), legislative and compliance. Changes to the ways of working and an increase in digital learning presents an opportunity to refresh the estate strategy against a new University strategy.



INTERNATIONAL QS STARS  
SCHEME 2020  
AWARDED 5\* FOR  
FACILITIES



WHATUNI STUDENT  
CHOICE AWARDS 2020  
1ST FOR UNIVERSITY  
FACILITIES

# 2020: The year of success and growth during testing times

Many of the challenges we have faced during 2019/20 were unanticipated. Yet, as can be seen from the progress sections of this report, there have still been many reasons to celebrate.

Our attitude, approach and adjustment to the pandemic, has also given us reason to reflect positively on what has been delivered in 2019/20. Staff, students and members of the University community have been showing their support by providing vital resources and research expertise during the COVID-19 crisis.

## Supporting the frontline fight

Society will always be thankful for the work of frontline workers during the coronavirus pandemic. The Loughborough University community supported their efforts by putting their expertise and skills to good use, to protect those that have been fighting the pandemic head-on for us.

At the beginning of lockdown, much-needed PPE supplies were collected from across the main Loughborough campus and donated to support NHS workers at Loughborough Hospital, including spare gloves, face masks and disposable aprons.

The University's expertise in 3D printing and access to equipment also enabled academics and colleagues on campus to provide more essential supplies. Several staff members from across the Wolfson School of Mechanical, Electrical and Manufacturing Engineering, the School of Design and Creative Arts, and the Research and Enterprise Office came together to supply Derbyshire Healthcare NHS Foundation Trust with 2,000 face visors. Working in partnership with engineers at Toyota Manufacturing UK, Loughborough staff produced the frames for the visors and helped improve the speed and quality of production.

Other colleagues within the Wolfson School also supplied 200 laser-cut visors to Monarch Care Homes.

On our London campus, colleagues responded to a request from Camden and Islington NHS Foundation Trust who urgently needed visors to protect workers in their Mental Health isolation wards. Working alongside Hobs 3D, the masks were created and delivered by Loughborough University London staff directly to the ward.

Dr Paul Roach, Senior Lecturer in Biomaterials and Interface Science within the School of Science, used his own 3D printer to create attachments for face masks to make them more comfortable than elastic around the ears. He modified a design he found online and produced the attachments for Derby, Burton and Royal Stoke hospitals, as well as local GP surgeries and care homes.

Teams and individuals across the University also supported the national effort to increase testing for the virus and the analysis of swab samples. Professor Mark Lewis, Dean of the School of Sport, Exercise and Health Sciences (SSEHS), worked closely with the Government to identify resources, equipment and skilled personnel at Loughborough, to support the implementation of COVID-19 testing centres across the UK. This includes the loaning of equipment to organisations such as Randox Biosciences, who set up testing facilities to ramp up the country's fight against the virus. SSEHS also provided the National Biosample Centre with protective gear and equipment supplies to support their work in analysing swab samples, to determine whether COVID-19 is present.

## Further support and protection for the nation's frontline workers

As the impact of coronavirus began to escalate, the country was in desperate need of lifesaving ventilator machines to treat people that were seriously ill with the virus. Some of the UK's largest businesses, including BAE Systems, Airbus, Ford, Renishaw, Rolls-Royce and McLaren, offered to create over 10,000 new devices to aid healthcare professionals. However, concerns were raised that the rapid manufacture of ventilators, by companies with no prior medical technology experience, could be harmful to patients, through radical new designs potentially leading to unwanted confusion for medical staff.

In order to create the machines that were needed safely, the Chartered Institute of Ergonomics and Human Factors published national guidance on usability and testing of rapidly manufactured ventilators, to which human factors colleagues within the School of Design and Creative Arts contributed. The dedicated panel, which was led by Loughborough's Professor Sue Hignett, also directly advised on how best to design machines.

Academics from the same school – Dr Patrick Waterson and Dr Thomas Jun – also advised on data collection/analysis for improving organisational learning at the NHS Nightingale Hospital in London, and Professor Malcolm Cook, Associate Dean of Research in the School of Architecture, Building and Civil Engineering, was involved in advising the Government on the ventilation design of the new facility.

Dr Ruth Parry and a team of academics from the School of Social Sciences and Humanities provided guidance to clinicians who were likely to be having – and training people who will have – difficult conversations with patients suffering from COVID-19 or those closest to them. Their recommendations were also shared with NHS Health Education England and used to develop a series of open access resources that aim to support healthcare staff. The principles were added to the International Association for Hospice and Palliative Care's COVID-19 resources list.

## Delivering research and innovation that matters

Loughborough academics have also used their expertise to provide insight, answers, and guidance in what is undoubtedly one of the biggest societal challenges of our time.

Researchers in the School of Science have been involved in early-stage testing to see if it is possible to detect COVID-19 infection in breath. This work is taking place with our partners at Edinburgh Royal Infirmary.

Dr Sourav Ghosh, an expert in Healthcare Sensors in the School of Mechanical, Electrical and Manufacturing Engineering, has been exploring if COVID-19 can be detected early in the infection phase through saliva samples. Dr Ghosh and his research team are currently generating data to support their proposed technology and methodology and hope to eventually secure funding to undertake clinical trials.

A team of researchers within the School of Sport, Exercise and Health Sciences coordinated the UK stage of a worldwide survey to provide ongoing information about how people are responding to government messages and strategies, and what impact social distancing has had on the progress of the pandemic, to allow countries to adapt, develop new strategies and find ways to reduce the rate of infection.

Academics within the School were also involved in launching a survey designed to better understand the impact of coronavirus on daily life and learn more about health and wellbeing in exceptional circumstances, such as prolonged periods of isolation and changes in exercise routines. The results will be used to identify groups that are most at risk after the pandemic has passed and highlight what intervention, development and support may be needed going forward, so that services can potentially prepare.

Professor Jo Aldridge, Director of Research for Social and Policy Studies in the School of Social Sciences and Humanities, has been involved in a new international study exploring the experience of family carers during the COVID-19 pandemic, to understand how they coped and whether changes in policy, legislation, and health and social care provision have had an impact on their wellbeing and caring responsibilities.

Academics from the same School, in partnership with the University's School of Business and Economics, were also awarded funding from the Economic and Social Research Council (ESRC), to research how ResilienceDirect is used by Local Resilience Forums (LRFs) to facilitate collaborations in the context of the UK's COVID-19 response. There are 42 LRFs across England and Wales, comprised of key emergency responders, who are responsible for deciding how to respond to localised COVID outbreaks. These multi-agency forums use ResilienceDirect – an online private 'network' overseen by the Cabinet Office – to work together across geographical and organisational boundaries in the preparation, response, and recovery phases of an emergency. This work will have an immediate impact and improve the UK's response to COVID, with the findings rapidly circulated as 'best practice' documents to LRF practitioners, national policymakers, and scholars.

Researchers from the University's Centre for Research in Communication and Culture were investigating how citizens in four European countries use the media to keep up to date with the evolving COVID-19 pandemic, to provide in-depth insights into the role of the media in shaping citizens' responses to a public health emergency, while also showing how such an emergency can be

manipulated to force citizens into accepting severe and long-lasting restrictions on their democratic rights.

Several experts from across the University also contributed to a Parliamentary survey to understand their concerns about the impacts of the COVID-19 outbreak both now and in the future. As a result of their findings, POST (Parliamentary Office of Science and Technology) is publishing a series of reports on a wide range of areas including the economy, public health, and research and innovation.

Campus partner, telecare company Alcuris, who are based on the University's Science and Enterprise Park and was founded by Loughborough graduate Alex Nash, was selected for Techforce 19 – an NHS and government-led initiative to find digital solutions to support the vulnerable, elderly or self-isolating during the pandemic.

Alcuris' Memohub® was one of 18 innovations chosen from 1,600 applications for fast-track testing in the hope of national rollout to tackle the effects of social isolation. The telecare system detects an individual's daily living patterns using wireless sensors across the home to learn what is normal, which enables it to accurately highlight when something is out of the ordinary before a situation escalates to a crisis. It is the only system that combines a certified social alarm system, activity monitoring, health device integration and carer logging in a single product.

## Support in the community

Staff, students and alumni of the University, took action during lockdown to make a positive contribution to the communities around them.

Craig Brown, an International Business student within the School of Business and Economics, co-founded Students Against Corona, a student-led initiative that was set up to support vulnerable people such as those in isolation or high-risk groups. With hundreds of volunteers signed up in the first 24 hours, the initiative is now established in nine countries, so has had a great impact on local communities across the globe since the early days of lockdown. The group was initially set up to act as an intermediary between those who required assistance and volunteers. However, the movement grew in a very short space of time with local businesses and charities joining to ensure resources were available. In Loughborough, the group partnered with the NHS, Charnwood Borough Council, John Storer House and the Royal College of GPs.

In April, students from the Loughborough Marrow Society took part in an emergency fundraising appeal, raising almost £1,000 to support blood cancer charity the Anthony Nolan Trust in protecting those living with the disease during the pandemic. Over a period of two weeks, the students walked, ran, and cycled over 175 miles to raise vital funds.

In May, Alumni President Oliver Sidwell and a group of other University alumni and staff completed their own cycling challenge to raise funds for students facing hardship. Cycling more than 1,000 miles between them, the team raised over £2,500 for the University's COVID-19 Emergency Hardship Fund.

Further support was also provided to students who didn't have the option to return home during lockdown. Working closely with Loughborough Students' Union (LSU), the University provided free hot meals to students facing financial hardship due to COVID-19 and the University's Campus Services also launched an online click and collect store for staff and students to purchase essential groceries.

# Risks and uncertainties

The University seeks to manage risk in a very uncertain world while preserving the ability to invest strategically in more normal times.

## Overview

The University is operating in an environment that was unimaginable just 12 months ago. The significant risks of Brexit and potential changes to policy resulting from the Augar review have been superseded, at least in the short term, by the material and immediate challenges posed by the coronavirus pandemic. However, the inflationary squeeze caused by flat or falling income and growing costs has not gone away and the University continues to review costs and operational efficiency to optimise net operating cash and preserve liquidity.

The University has aligned discussion of risks and uncertainties in this year's Financial Statements to its strategic risk register.

Risk	Overview
1. Student experience	Students do not consistently receive the best experience at the University
2. Reputational damage	Through student recruitment, staff appointment, collaboration, or business relationships
3. IT and data security	The University suffers a major data loss, breach of security or loss of systems availability
4. Government policy	Spending reviews or government policy changes result in an adverse impact on financial sustainability
5. International student recruitment	The University becomes vulnerable to political or macroeconomic factors outside of its control
6. Staff wellbeing and retention	The University is unable to protect staff wellbeing or recruit staff of a calibre to support delivery of the strategy
7. Anti-bribery and corruption	A breach leads to financial loss or criminal penalty with resulting reputational damage
8. UK visa and immigration	Staff and/or students fail to comply with UKV&I requirements, restricting the University's ability to recruit from overseas
9. Health, safety and environment	A failure to comply with relevant legislation leads to reputation damage and/or financial penalty
10. Pensions	The rising cost of sector pension schemes deters staff from saving for retirement and poses a threat to financial sustainability

Council regularly reviews the strategic risk register, assesses risk appetite, and receives input from operational risk owners. While all risks are monitored, we draw specific attention to the following areas where we perceive enhanced levels of risk in the short to medium term.

### Risk 1 – Student experience

The University derives a significant element of its success from its reputation for delivering an excellent student experience. The substantial disruption to our operations resulting from the coronavirus pandemic challenges our ability to maintain these very high standards, both in terms of academic delivery and the extracurricular experience.

We note recent announcements from the Department for Education regarding bureaucracy reduction across the sector, notably a “radical, root and branch review” of the National Student Survey. Government appears keen to rebalance measures of student satisfaction with more quantitative measures of student retention and progression to graduate level employment.

It is important that the University works to maintain student satisfaction in these extraordinary times but also considers how Government’s changing perception of student satisfaction measures might impact our reputation and standing over time. We will monitor closely the review which the Government has asked the Office for Students to complete before the end of this year.

We have modelled the potential for students to defer entry to higher education if they believe they will not receive a wider university experience that represents value for their investment of both time and money. To date we have not seen a material shift to deferral and indeed have a larger than expected population of new undergraduates following the late changes to A-level grade assessment.

### Risk 3 – IT and data security

The sector continues to be targeted and the University is focused on protecting our data and ensuring business continuity. Cyber threats are increasingly directed not only to our own systems but to those hosted by third parties as seen in the recent data breach at Blackbaud. As a result, we continue to prioritise IT systems for both capital and maintenance expenditure notwithstanding the environment of cost control we have had to introduce.

### Risk 4 – Government policy

Threats of change to the University funding model posed by the Augar report have reduced in terms of likely implementation in the near term. Much of the focus in government is around the response to the coronavirus pandemic and there is a danger that the underlying challenge to higher education funding in England, the inflationary gap caused by static fees and rising costs, goes unaddressed for some time.

It remains the case that there is little evidence of substantial government support to higher education in response to the pandemic, other than changes to the timing of existing cash flows, the announcement of a restructuring/intervention regime for institutions in financial crisis and the likelihood of loans to support research activity (for which we are still awaiting details). However, in an uncertain world some element of stability to the fees and funding regime is perceived to be neutral in terms of impact on risk.

### Risk 5 – International student recruitment

The University’s increased dependence on international students, notably from China, has very swiftly changed from a key tool to tackle the strategic deficit resulting from regulated undergraduates to be a major driver of risk. This is as a result both of mobility restrictions linked to the coronavirus pandemic and geo-political unrest including US/China trade disputes and most recently tensions around Hong Kong. We are closely monitoring the appetite and ability of international students to pursue higher education in the UK.

### Risk 6 – Staff wellbeing and retention

A very rapid change to the nature of work impacted our staff with increased levels of remote working, furlough, severance and the financial challenges faced by higher education undoubtedly causing staff some anxiety in terms of pay and job security.

With the furlough scheme coming to an end the concerns of staff in relevant job families will continue, particularly if there is a threat to normal campus operations for domestic undergraduates. Academic staff have other concerns regarding the resumption of face-to-face teaching and a return to the campus more generally. We are conscious of the potential for tensions between various staff groups regarding the balance of physical vs online activity we offer to our students this year.

### Risk 9 – Health, safety and environment

The University acted swiftly to protect staff and students at the beginning of the pandemic, to deliver an orderly wind-down of activity and to effectively close our campuses to all but essential operations. There have been significant additional steps taken as we resumed campus operations and we continue to observe government guidance in all aspects of our operation. However, with rapidly changing restrictions and a large population of students we will see continuing pressures for our staff and students in the coming year.

### Risk 10 – Pensions

Macroeconomic factors continue to drive pension scheme deficits and there is notable regulatory pressure to address deficits more quickly by shortening deficit recovery periods. In tackling these deficits, the University faces further increases to contribution rates which are already at the limits of affordability. We are concerned that institutions may be required to compromise institutional autonomy as scheme trustees seek more tangible support including contingent contribution agreements, pledging of assets, or granting of parri-passu security.

We are mindful of employee dissatisfaction with pension provision and the resulting potential for further industrial action in parts of the higher education sector. We note also that opt-out rates from pension schemes are growing as affordability becomes a concern for staff.

# Financial review

Following actions taken to mitigate the significant impacts of the coronavirus pandemic the University achieved a net cash inflow from operating activities of £36.8m, 11.2% of income in 2019/20. The University entered 2020/21 with strong liquidity, a balance sheet cash total of £68.8m and an undrawn revolving credit facility.

## Cash flow

Net cash inflow from operating activities totalled £36.8m (2018/19: £31.9m).

Payments to acquire tangible fixed assets totalled £38.0m (2018/19: £51.6m), including a strategic land purchase, prior to the coronavirus pandemic. This reflects the University's intention to more closely align levels of capital expenditure to net operating cashflow.

These and other movements combine to deliver a net decrease in cash and short-term deposits of £1.4m and a consolidated balance sheet total of cash and short-term deposits of £68.8m (2018/19: £70.2m).

At the start of the coronavirus pandemic in March 2020, the University moved quickly to release students from accommodation contracts and took reasonable steps to assist other campus partners facing financial difficulty. In response, the University took prompt action to protect cash reserves including delaying major capital projects, minimising non-essential spending and optimising receipts from government support schemes including the Coronavirus Job Retention Scheme (CJRS).

The University continues to pursue a low-risk approach to managing investments and liquidity. In balancing risk against return, the University is more concerned to avoid risk than to maximise return. The Treasury Management Policy determines the limits in terms of the credit ratings of institutions used for investments and on the sums placed with any one provider. The counter-party list is regularly reviewed and approved by Finance Committee.

## Balance sheet

Consolidated net assets increased by £21.9m (8.6%) to £276.9m.

Total pension provisions increased by £3.0m to £163.2m as significant movements in the provisions for the USS and LGPS pension schemes largely offset each other.

The USS provision decreased by £36.6m, to £43.0m, substantially unwinding a large increase reported last year, driven by changes to the deficit recovery plan following the conclusion of the 2018 valuation. We anticipate continued volatility in this provision and await the outcome of the 2020 valuation which is expected to be concluded in the summer of 2021. The 2018 deficit reduction plan requires contributions of 2% of salary until September 2021, followed by 6% of salaries until March 2028 (previously 5% of salary until 2034).

The LGPS provision increased by £39.8m, to £118.3m, driven by further increases in the cost of providing pension benefits for employee service in the current year as well as changes in actuarial assumptions during the year, and the impact of poor asset performance during the coronavirus pandemic. During the year, the 2019 triennial valuation was completed, leading to an increase in the University's contributions to the equivalent of 25.6% of pay from April 2020, increasing to 27.6% from April 2022.

Fixed assets increased by £10.4m (2.1%) to £494.3m. Excluding the impact of a strategic land purchase, capital spending has been significantly lower than in previous years. Capital investment was focused on a number of smaller projects with major projects being deferred in response to the coronavirus pandemic.

Investments over the last year include the continued refurbishment of our science and engineering estate, the completion and commissioning of the National Centre for Combustion and Aerothermal Technology (NCCAT), refurbishment of student lecture theatres and investments in network infrastructure capability.

Long term loans decreased to £108.7m (2018/19: £114.2m) as a result of capital repayments on existing loans of £5.5m during the year. The University maintains significant headroom on its bank covenants and almost all long-term debt continues to be subject to fixed rate agreements. Prior to the coronavirus pandemic the University also completed the negotiation of a £50.0m revolving credit facility. This remains undrawn at year end but provides welcome additional liquidity during the current unprecedented operating conditions.

## Income and expenditure

In 2019/20 total income increased £15.5m (5.0%) to £327.3m.

This increase was driven principally by increased tuition fee income, which due to the timing of annual intakes was not significantly affected by the coronavirus pandemic and grew by 6.7% to £174.8m (2018/19: £163.8m). Tuition fees now represent 53.4% of total income (2018/19: 52.5%).

Fees from UK/EU students of £107.1m (2018/19: £104.8m), accounted for 32.7% of the total income of the University and 61.3% of total tuition fees (2018/19: 33.6% and 64.0% respectively). Fees from international students totalled £60.4m (2018/19 £52.6m). This represents a 14.8% increase underpinned by continued growth at Loughborough University London.

Grants from funding bodies increased £3.4m (9.3%) to £39.4m, partly as a result of UKRI bringing forward £1.1m of quality-related research funding into 2019/20 to assist with sector cashflow issues during the pandemic.

Research grants and contracts income decreased by £0.9m (2.3%) to £38.0m though we emphasise that any year-on-year comparison is made difficult by the uneven cycle of grant awards and activity. We continue to have a strong application pipeline through the University.

Other income increased £3.0m (4.2%) to £73.4m as recognition of capital grants related to the construction and commissioning of the NCCAT facility (£13.5m) offset a fall of £9.9m (20.0%) to income from residences, catering and conferences a result of the coronavirus pandemic. It also reflects losses from the effective closure of the group's catering and hotel operations during the lockdown period. The substantial loss of income was partially offset by £2.5m of grant income from the CJRS. The University was able to place on furlough non-publicly funded staff where a direct loss of income could be demonstrated and where staff were unable to undertake their normal duties.

Total expenditure fell by 23.5% to £272.6m.

As in previous years, the majority of expenditure (51.6%) relates to staff costs. Staff costs are impacted by the movement in the USS pension provision to reflect the new deficit recovery plan discussed above.

Removing the impact of this and other non-cash pension adjustments, underlying staff costs have increased 3.5% as a result of general staff inflation and increased employer contributions to both the USS and LGPS pension schemes. This demonstrates the continuing and widening inflationary gap faced by many higher education providers as staff and other costs continue to grow compared to static income streams from regulated, domestic undergraduate fees.

Other operating expenditure has decreased £6.0m (6.0%) to £94.8m as a result of strong budgetary control during the coronavirus pandemic and the continued realisation of efficiencies to secure funds for innovation and investment.

Depreciation increased £2.5m (8.8%) to £30.7m, resulting from sustained investment in campus infrastructure, including buildings and equipment with a number of major projects being concluded.

A one-off gain of £1.4m was recognised on the exercise of an option requiring a leaseholder to purchase the freehold for some non-core off campus student accommodation.

### Future financial outlook

At the time of preparation of these Financial Statements, the outlook remains challenging, both for Loughborough University and the wider sector.

The coronavirus pandemic represents a material, but we hope time limited, shock to income. We have planned prudently, modelling numerous scenarios for income particularly with respect to international postgraduate students. As noted above, the University enters 2020/21 with strong liquidity; robust expenditure controls remain in place and we anticipate maintaining substantial strategic cash reserves throughout the coming year.

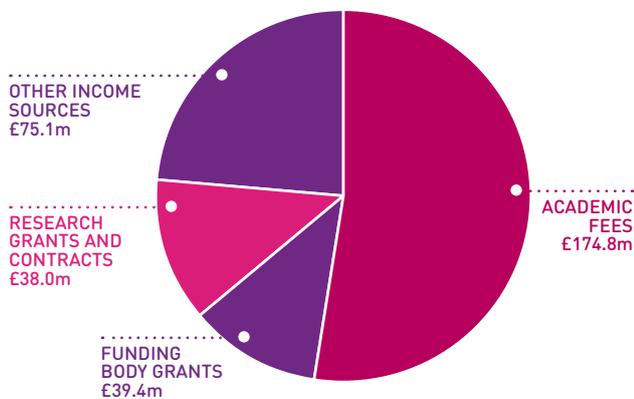
Short term difficulties should not, however, distract from the underlying financial challenge faced by the sector. The inflationary gap between domestic student fees and rising staff costs is not sustainable and government policy remains uncertain as does the status of recommendations made in the Augar review. During 2020/21 the University has implemented a severance programme to reduce staff costs and continues to seek efficiency savings in all of its operations. Acting decisively now will allow us to contain the inflationary pressures in the medium term but a long-term solution to higher education funding is required.

Future income streams face new uncertainty and we wait to see how patterns of student demand are impacted by changes to global mobility following the pandemic. We remain confident that students will be attracted by the excellent student experience offered by Loughborough University and will continue to seek out an immersive campus experience. The University remains in a top ten position in all domestic league tables and the 2020 admissions cycle demonstrated strong demand from high calibre students across both campuses.

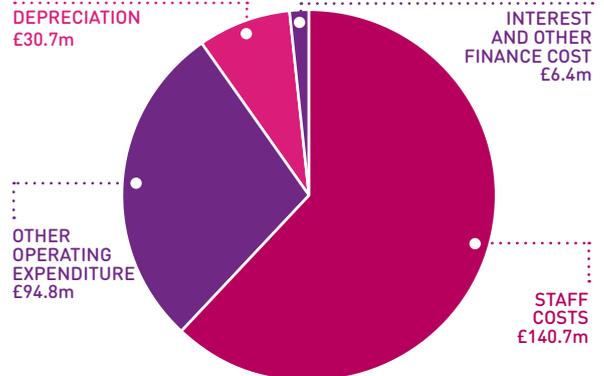
Meanwhile, the upward pressure on staff costs is likely to be exacerbated by the response to rising pension deficits. A valuation of the USS pension scheme is scheduled to be completed in the summer of 2021 and it is widely anticipated that the deficit will rise substantially due to macroeconomic factors and that the cost of providing current benefits will increase for both employers and employees. The University will engage with ongoing consultations both with the USS trustee and our campus trade unions to seek an affordable and sustainable solution to pension benefits for our staff.

The University continues to plan for the longer term, with challenging but sensible assumptions and with stress testing applied.

**Total income 2019/20**  
£327.3m



**Total expenditure 2019/20**  
£272.6m



# Delivery of public benefit

Loughborough University is an independent corporation established by Royal Charter and has exempt charity status.

This information describes how the University has delivered activity for the benefit of the public, taking into consideration the guidance on public benefit, as set out in the Charities Act 2011. Due regard has also been given to the University's responsibilities as a charitable body, which is regulated by the Office for Students (OfS).

## What we seek to achieve

The University – its staff, students, campus partners and alumni – deliver public benefit in several ways, including by contributing to:

- knowledge and understanding across all sectors at the highest level
- the drive to make education accessible to everyone by removing all barriers
- industry and economic growth at both a local and national level
- the level of talent and excellence in industry
- Loughborough's economy, community and social environment.

## Our strategy

Public benefit is embedded across our strategic aims, ambitions and drivers. This section presents our delivery of public benefit in two main areas:

- **Academic** – our core charitable objects of providing higher education (teaching, research and enterprise)
- **Corporate** – our approach to social responsibility: how we run our business; the way we work with external organisations, including suppliers; and the impact our actions have on the local community and economy.

## Academic benefit

### Research

All research carried out by colleagues and students at Loughborough, aims to improve the quality of people's lives – whether it be through helping business and industry to compete effectively; shaping public policy; or addressing contemporary social challenges. Not only does our research strive to achieve this though, it delivers results.

Examples of our research and its benefits for local, national and international communities can be found in the Research and Enterprise sections of this report. Here, we provide some further examples, that are directly benefitting the communities we live in.

In August 2019, academics from Loughborough University joined forces with the Twinning Project, an initiative that uses sport to help prisoners prepare for release and provides a route to paid employment. The team will conduct research into the implementation of the project, measuring its short and long-term impact on participating prisoners and other key stakeholders. Ultimately, this work will aim to help bring about positive change to their lives and enhance their chances of being able to contribute to society on their release from prison – changes that will then be felt across other individuals, families, and the wider community.

In April, researchers from the University partnered with charity Sporting Communities, to help inspire the next generation of coaches from BAMER (Black, Asian, Minority Ethnic and Refugee) backgrounds to be able to secure paid coaching roles. Currently, 14% of volunteer coaches are BAMER, but only 3% of the paid coaching workforce are BAMER. This important project aims to reduce inequality within the coaching workforce by facilitating learning around how individuals can be supported to take up active and paid coaching roles in communities with high rates of socio-economic disadvantage. The coaches themselves will receive regular training and support over the coming year provided by Sporting Communities and other partners including UK Coaching.

During the same month, it was also announced that the University would collaborate with StreetGames, a national charity that helps bring sport to disadvantaged communities, to help tackle serious youth violence. The project will create a comprehensive 'Theory of Change' document for use by Locally Trusted Organisations, such as community groups, sports clubs, and local authorities, working with those most at risk. Funded by the Youth Endowment Fund, the project will ultimately outline how and why community sport has a significant role to play as part of a multi-agency approach.

## Teaching and learning

### Access to education

We are committed to supporting students throughout their educational career, helping them to reach their full potential. We strive for teaching excellence and work to ensure that all learning opportunities are accessible to all.

### Recruitment

As part of our Admissions Policy, we welcome applications from students irrespective of race, nationality, ethnic origin, gender, marital status, disability, religious or political beliefs, age, sexual orientation and socioeconomic background.

The University normally offers weekly campus tours and twice-yearly University-wide open days, for prospective students to gain insight into student life and the development opportunities available to them.

Our open days attract large numbers of prospective students. In 2019, our open days welcomed over 33,800 people (prospective students and their guests) to our East Midlands campus. This was a 9% increase on attendance at open days compared to the 2018 events. The Saturday event in September 2019, that attracted more than 11,500 people, was our biggest event on record.

Our open days for 2020 were initially put on hold due to the COVID-19 pandemic. A virtual open day was created instead to capture our open day experience online for those considering joining the University in autumn 2021. Due

to significant interest in the event, it was split by subject disciplines and run across four days. The events attracted over 5,600 prospective students and engagement was high, with a total 4,361 questions answered by staff.

Following careful planning, in consultation with Health and Safety, campus tours resumed on our Loughborough campus from early July. The events were designed to follow social distancing rules, with no more than five visitors per group and a maximum of five tours per day. Over 1,000 prospective students and their guests were able to benefit from this service over the summer of 2020.

#### Widening participation to higher education

We want to inspire individuals with little family history of progression to higher education to study with us. Part of this drive is our programme of targeted activities to prospective applicants from areas of low HE participation or non-traditional backgrounds.

This is coordinated by our School and College Liaison (SCL) team who work in conjunction with colleagues across the institution to deliver a variety of engaging initiatives.

The team normally deliver hundreds of events every year, that benefit thousands of individuals from disadvantaged backgrounds.

The vast majority of planned SCL activity was unable to take place due to lockdown and COVID-19 restrictions, so the team worked instead to offer a range of virtual options to ensure that staff, students and their families still felt supported.

This activity included:

- You Can Ask US: A dedicated scheme offering pre bookable phone appointments for students who wanted to talk to an advisor about any aspect of UCAS and/or studying at Loughborough.
- Information, advice and guidance sessions for school groups, delivered via Microsoft Teams and Zoom sessions.
- Attending virtual Higher Education and Options fairs to help students determine the best post-19 options for them.
- Study Boost: A home school help service, that enabled students to submit questions and receive support from an appropriate University Ambassador to help them work through it.
- Why it Matters: A resource for sixth form students that helped them to understand the link between curriculum learning and future careers. The activity offered students access to over 60 case study cards, each focusing on a different Loughborough student, alumni or industry partner, discussing their particular area of interest and its real-world application. The activity was well received with over 50 schools requesting the complete set of case studies to share with their students.
- A range of virtual taster sessions that had previously been offered as on-campus events. Running the events online allowed more students to engage, resulting in a dramatic increase in attendance figures. These included:
  - Inspiring Minds STEM: +44% increase in attendance
  - Inspiring Minds Social Sciences and Humanities: +82% increase in attendance
  - Girls into STEM: +91% increase in attendance (*residential event so attendance is normally capped*)

#### HE Unboxed and at Home

Building on the success of our award-winning HE Unboxed initiative, the team also created HE at Home, in order to tackle the disruption that was being faced in education, and remain committed to supporting attainment and progression, particularly in students from disadvantaged groups.

The free to access, downloadable resource, which was made available to teachers, students and their families, was designed to support all with the home-schooling challenges faced during lockdown. Each of the 20 sessions gave students access to a balanced academic and careers-focused curriculum. The simple and flexible format was designed to empower parents/older siblings to deliver them without the need for school staff input. Each activity utilises household items and the instructions are formatted (simple to complex) in support of families with one or more child at home, to allow students aged 10-18 to partake in the session.

Promotion of the initiative focused on schools with large percentages of disadvantaged students. Teaching staff strongly agreed that the resources helped inform students of the qualifications needed to progress to higher education and that their students would be motivated to undertake further research into the courses/careers as a direct result of the activity.

The evaluation of this activity is on-going, but the early responses are extremely positive with over 200 bookings (from schools and individuals), and 93 schools requesting the entire set of activities.

Following an announcement earlier in the academic year, the HE Unboxed initiative, that inspired the 'HE at Home' work, is now being recommended to schools nationwide by the Careers and Enterprise Company. The resources now feature on the government-funded organisation's website, meaning they will now reach new schools and new areas of the country.

#### Financial support

In addition to raising the aspirations of individuals, the University also works to widen access to higher education by ensuring that finance is not a barrier.

During 2019/20, the Loughborough Scholarship Programme awarded over £4.5m in bursaries and tuition fee waivers – providing support to a total of 2,271 undergraduate students.

Of these students, 2,084 received a bursary. The total amount awarded through the programme in bursaries was almost £3.7m, with an average award per student of £1,795. A further £0.7m was awarded in tuition fee waivers, providing support to 379 students.

At postgraduate level, 846 students based on our Loughborough campus received scholarships totalling more than £2.3m. These figures only include the amount funded by the University.

A total of 342 scholarships were offered to students on our London campus – including UK, EU, and international, full-time and part-time students – through a range of scholarships with a combined value of over £1.5m.

Continuing our support at postgraduate level, 190 new postgraduate research students received a full or partial scholarship funded by the Doctoral College in 2019/20. The annual investment is £2.25m, distributed across UK/EU and international researchers. The April and July intake dates for postgraduate research students were cancelled due to the COVID-19 pandemic, meaning a high number of offers and studentships were deferred to the 2020/21 academic year.

## Development opportunities

Central to the Loughborough experience are the wide range of curricular and extracurricular opportunities we offer, helping our students to achieve their full potential; professionally, personally and academically. Encouraging them to get involved in development activities also benefits many other people.

### Employable graduates

The development opportunities we offer our students, build on their skills and knowledge to improve their employability, ultimately influencing the businesses and organisations they work for as well as their contribution to society.

Loughborough is ranked number one in the UK for employer-student connections (QS Graduate Employability Rankings 2020) and – according to leading national press league tables – we are regularly amongst the top ten in the UK for graduate prospects.

During 2019/20 the University was also awarded 5\* for employability under the International QS Stars Scheme 2020; we placed 2nd for Job Prospects in the Whatuni Student Choice Awards 2020; and received a five-star rating for our Careers Service in the Best UK Universities 2020 for StudentCrowd.

### Work placements

The University offers all undergraduate students, as part of their studies, the chance to complete a year's work placement in industry. During the 2019/20 academic year, over 1,800 undergraduate students took part in year-long placements with more than 1,280 companies.

All students undertaking a master's programme at our London campus receive hands-on consultancy experience through the Collaborative Project module.

A variety of other work-related opportunities are available to undergraduate and postgraduate students not able to complete a full year's placement.

Our central Employer Engagement team continues to extend the range of services for businesses designed to deliver positive outcomes and proactive relationships across the University.

## Enterprise

Enterprise enhances the impact and delivery of public benefit within both our research and teaching, by connecting the work we do with the outside world across industry, public bodies and charities. The impact can be localised but significant, linking to global issues such as reducing pollution and improving human health.

It is at the heart of the University's activities, enhancing the student experience, creating impact from research, and driving regional prosperity through Loughborough University Science and Enterprise Park (LUSEP) and economic development partnerships. The establishment of our enterprise ecosystem means that enterprise is embedded at all levels.

## Corporate benefit

### Corporate social responsibility

The University is committed to acting in a socially responsible way that maximises its positive impacts. Our strategy confirms this commitment with a promise to embed sustainability and social responsibility in all our processes, operations and developments whilst working closely with local partners to enhance the social, cultural and economic wellbeing of the communities around us.

### Sustainability

In providing high-quality educational, research and workplace facilities, we recognise that many of our activities have environmental impacts. We take our responsibility for the environment seriously and understand the need to respond to the challenges faced globally including climate change; human wellbeing; and food, water and energy security. We seek to respond to these opportunities by building on our research and enterprise activities and aspire to make our campuses living laboratories that demonstrate, operationally, our mission to provide sustainable working and learning environments.

### Our commitment

Inline with this, the University are now proud to be a signatory of the United Nation's Sustainable Development Goals (SDGs). The SDGs comprise 17 goals that aim to address the global challenges society faces and provide a solution that offers a better and sustainable future for the world. The goals include ending poverty, promoting the importance of health and wellbeing, achieving cleaner energy and reducing inequality.

After making our pledge in February 2020, the University will now play a leading role in the initiative, alongside over 100 institutions from across 85 countries.

### Biodiversity

Our 440-acre Loughborough campus has always been one of our greatest assets. The green spaces we enjoy contribute to this just as much as the incredible facilities we have created, and the campus currently holds a Green Flag award.

Biodiversity is a key element in maintaining this and is an area that staff, students and members of the community are actively encouraged to be involved in. Many of our green spaces are open for everyone to enjoy, and the Sustainability team run a variety of innovative schemes and creative events for the public – including the seasonal Fruit Routes programme – which contribute towards the sustainability of our campus.

Work also continues to promote the campus as a 'living laboratory' with several examples of using the campus for students to learn/ research. Examples include the Holywell Research Forest, Fruit Routes programme, water course and pond surveying work, and the Forest School.

During 2019, the campus apiary has gone from strength to strength, with the bees producing 312lbs of Loughborough Gold Honey.

The University has also reduced the number of bedding display plants on campus from 18 individual displays to 8, which as a result, has seen the number of plants we buy annually drop from over 42,000 to just over 8,000. The old displays have been replaced with more sustainable permanent planting with a year-round pollinator theme, mechanical bulb planting, or have been grassed over. In addition to the huge financial impact, this work also helps

boost our local biodiversity, supports pollinators, and saves an enormous amount of water and resources. The team have also started chipping all the University's hard wood waste, and re-using it on the shrub beds, as well as using more fallen trees to create benches and habitat piles.

### Energy

As part of the new estates strategy that was approved this year, a new energy strategy has also been developed. The plan sets out the road map for providing a sustainable energy future for the University that aligns with the Government's strategy of achieving "net zero" carbon green-house gas emissions by 2050.

### Climate change

A new task group has been set up to gather and synthesise information and data, and plan and articulate the University's response to global climate and ecological change. Chaired by the Pro Vice-Chancellor for Enterprise, the group will report back to Senate.

### Recycling and waste

During 2020, the University also launched a new waste strategy, that focuses on producing less, recycling more and saving money. The strategy sets out the University's ambition, vision and strategic objectives for the next five years, which are based on our legal obligation to adhere to the waste hierarchy. Managing waste on a site that has nearly 25,000 users is very challenging, and this new strategy seeks to raise awareness of the ongoing improvements required and the role staff, students and other key stakeholders can play in delivering this.

### Community

The University is committed to delivering projects, opportunities, and support for those beyond our campus boundaries.

Each year, the University sets aside a budget for its Community Donations Fund to provide financial support to community groups and organisations. During 2019/20, over £14,500 was donated to 29 projects in Charnwood. This amount was expected to be higher for the year, but grants had to be stopped due to the pandemic and associated expenditure freeze.

During December 2019, the University was approached by local charity Falcon Support Services, who assist vulnerable people through the Falcon Centre, a 30-bed supported housing scheme with single ensuite rooms, and 'The Drop-In', an open access day centre for those who are homeless or vulnerable in the community. Due to staff shortages, the team based at Falcon were struggling to provide hot meals to residents staying in their hostel over the Christmas period. As a result, the University's Catering team began preparing food on campus and transporting it over to the Centre for free, in early December. This work continued throughout December and January, including Christmas Day.

In July, it was announced that the University, in partnership with the Royal Air Forces Association, will lead on a new project offering military veterans, who have issues with their mental wellbeing, specialist courses that are aimed at enhancing their social resilience and overall welfare. Starting in 2021, the project is running four courses at the Loughborough campus, with a mix of residential stays and one-day sessions, that enable individuals to take part in workshops, practical healthy cooking lessons, sessions on improving sleep quality and team-based physical activity such as wheelchair basketball, walking football and yoga.

### LSU Rag and Action

LSU's fundraising activity for 2019/20 was significantly affected by the COVID-19 pandemic, with the majority of activity being suspended from March onwards. However, during the first six months of the academic year, LSU raised a significant amount for several good causes, including: £70,000 for the Poppy Appeal (raised in just 3 days); £8,000 in collections for Breast Cancer Now, and a further £13,000 as part of a breast cancer raid; over £20,000 at the annual fireworks event; and £19,000 from the Movember Challenge.

Several overseas trips for various challenges had to be deferred until 2021.

### Economic impact

Based on external evaluation, the University's impact on the economy is around £1.0bn and supports approximately 14,400 full-time equivalent (FTE) jobs.

### Procurement

During 2019/20 the University's other operating expenditure was £94.8m, further highlighting the impact the University has on both the regional and national economy.

We ensure that our procurement processes do not create unnecessary barriers for small and medium-sized enterprises which may deter or inhibit them when our contract opportunities are advertised. In addition, we regularly deliver presentations at local and regional supplier events, explaining how we do business and where to find contract opportunities.

We also work towards sustainable procurement where wider social, economic and environmental benefits can be gained through our procurement contracts. We are committed to ensuring our practices do not support organisations or individuals who engage in slavery and human trafficking.

# Statement of Corporate Governance

The following statement is given to assist readers of the financial statements to obtain an understanding of the governance procedures applied by the University Council (Council).

The Royal Charter sets out the objectives which form the University's charitable purpose:

*"to advance knowledge, wisdom, understanding and professional competence through teaching, research and collaboration with industrial and other bodies and to develop the character of its students by virtue of its corporate life".*

The University is committed to observing good practice in all aspects of Corporate Governance. Council last undertook a review of its own effectiveness in 2016/17 and during 2017/18 made a number of changes to its operations, in particular to enhance the quality of information available to Council members. The next Council effectiveness review is planned for 2020/21. Council initiated an effectiveness review of the Senate in 2017/18 which enabled it to satisfy itself that arrangements for academic governance were generally in good health. A number of specific recommendations for further enhancement of Senate's operations arising from the review were implemented in 2018/19.

The University has continued to keep its compliance with the Higher Education Code of Governance published by the Committee of University Chairs (CUC) in December 2014 (revised 2018) under review, along with CUC's guidance in relation to senior staff remuneration (published June 2018) and HE Audit Committees Code of Practice (May 2020). Loughborough contributed to the consultation in March 2020 on the content of the main CUC Code and awaits further developments.

Following approval in 2017/18, of a phased reduction in the size of Council from 30 to 23 members, in line with the CUC Code, the new reduced composition was achieved in 2019/20 and related amendments to modernise, simplify and update the Statutes and Ordinances relating to both Council and Senate were approved by the Privy Council in 2019/20.

## The University's Structure of Corporate Governance

The operation of the University is governed by its Charter, Statutes, Ordinances and Regulations.

The Council, the governing body of the University, comprises independent (lay), academic staff, non-academic staff and student members appointed or elected under the Statutes and Ordinances of the University, the majority of whom are non-executive. The role of Chair of the Council is separated from the role of the University's chief executive, the Vice-Chancellor. In March 2020, following a thorough selection process, chaired by the Deputy Chair of Council and advised by its Secretary, Council appointed a new Chair of Council, Christine Hodgson, who will take over from Sir Peter Bonfield on 1 January 2021, when the latter steps down after nine years of service.

In accordance with the CUC Code (2014, revised 2018), Council has published a list of its primary responsibilities and these include the ongoing strategic direction of the University and approval of major developments. With the implementation of the Higher Education Act (2017), the University has undertaken the process for full registration as a higher education provider with the Office for Students. Along with its own governing instruments, this means that final decision-making on certain key matters

is specifically reserved for Council. Council meets at least four times a year and is advised by the Senate on academic issues.

The University also has the status of an exempt charity. This means that members of Council have the responsibilities of charity trustees in relation to ensuring the institution's work is for the public benefit and that it complies with Charity Commission expectations, overseen in the HE sector by the OFS.

Both Council and Senate conduct their routine business through a committee structure; some of the committees are jointly composed and many include lay representation. This structure is kept under review and the sub-committees reflect regularly on their own effectiveness.

The financial management of the University rests with the Operations and Finance committees. The Operations Committee, comprising executive officers, has responsibility for the integration of academic, financial and physical planning and the allocation of resources to academic schools and Professional Services. The Operations Committee monitors the budget holders on a regular basis. Finance Committee is responsible for advising Council on both the University's financial strategy and treasury management; the Committee is chaired by the Vice-Chancellor and comprises executive officers and lay members of Council.

The external auditors address their report on the financial statements to Council through the Audit Committee which comprises lay (independent) members of Council, who are not otherwise involved in the management of the University, and other independent persons appointed by Council. Both internal and external auditors report to the Audit Committee on a regular basis. The Committee considers their detailed reports together with any recommendations on the systems and controls in operation. The Secretary of Council leads a working group of relevant staff which oversees compliance with the Office for Students conditions of registration. The Audit Committee also pays due regard to the terms of the University's registration with the Office for Students. The Committee appoints the internal auditors whilst Council appoints the external auditors.

Both internal and external auditors have direct access to the Chair of Council, the Chair of Audit Committee and the Vice-Chancellor at any time.

The Nominations Committee of Council is chaired by the Chair of Council and includes lay members, academic members and the Vice-Chancellor with lay members in the majority. Its role is to make recommendations to Council on the appointment of senior lay officers (excluding the Chair of Council) and on the appointment of other lay members of Council as well as advise on other matters related to lay contributions to the governance of the University.

The Remuneration Committee of Council which is composed of lay members and is chaired by the Chair of Council determines the remuneration of professorial and senior administrative staff. The Deputy Chair of Council takes the chair for consideration of the Vice-Chancellor's remuneration. The Committee's operations were reviewed carefully in light of the additional CUC guidance on senior staff remuneration issued in June 2018.

The University ensures the transparency of its corporate governance, risk management, statutory and other regulatory

responsibilities via the active involvement of experienced and independent lay members, together with the work outlined above of University committees and the internal and external auditors. Council agendas and minutes are available to the public on the University website.

## Internal control and management of risk

The Council, as the governing body of Loughborough University, has responsibility for maintaining a sound system of internal control that supports the achievement of strategic objectives, whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the governing body in the Charter, Statute XIII and the terms of registration with the Office for Students.

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 review process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2020 and up to the date of approval of the financial statements, and accords with the Office for Students guidance.

The University maintains a strategic risk register which is aligned with the University strategy Building Excellence.

Risk management processes and procedures continue to evolve with input from our internal auditors with all work being overseen by the Audit Committee.

Council, both directly and through its committees, is responsible for ensuring the delivery of value for money, defined as economical, effective and efficient use of resources.

Council is responsible for the safeguarding of assets and oversight of systems to prevent and detect fraud.

The system of internal control provides for a comprehensive financial planning process, assessment of income, expenditure, capital and cash flow budgets during the year and periodic review of management information including the reporting of material variances and the projection of out-turn for the year.

On behalf of Council, the Audit Committee monitors the effectiveness of control, governance, the management of risk and gains assurance on the University's arrangements to secure value for money and data quality. It receives regular reports from the internal auditors, and where relevant, the external auditors. Periodic reports concerning internal control are received by Council from the Audit Committee.

Reports on the progress on key projects and regular reports from senior management on the steps they are taking to manage risks in their area of responsibility are received by the Council and its principal committees.

## Going concern

The financial statements of the Group and the parent University have been prepared on a going concern basis which the Council believes to be appropriate for the following reasons.

The Council has prepared cash flow forecasts for a period of at least 12 months from the date of approval of the financial statements. After reviewing these forecasts, including analysis of

severe but plausible downsides, including the anticipated impact of COVID-19, and stress testing key assumptions such as student intake and the level of campus operation, the Group and the parent University are expected to have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The Group entered 2020/21 with strong liquidity and access to significant undrawn borrowing facilities. This, together with robust expenditure controls, means that we anticipate maintaining substantial strategic cash reserves throughout the going concern assessment period.

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

## Officers of the University

The University's formal principal officer is its Chancellor, who has responsibility for conferring Loughborough's academic awards at congregations and plays an important role in the advancement of the University. The Lord Coe CH KBE (Sebastian Coe), formerly a Pro-Chancellor, was installed as Chancellor in July 2017.

The Senior Pro-Chancellor, Sir Peter Bonfield, serves as the Chair of Council and also chairs the Nominations and Remuneration Committees.

The day-to-day running of the University is the responsibility of the Vice-Chancellor and President, who is the academic and executive head and the accountable officer to the Office for Students.

<b>Visitor</b>	Paul Michell
<b>The Chancellor</b>	Lord Sebastian Coe
<b>The Senior Pro Chancellor (Chair)</b>	Sir Peter Bonfield
<b>The Pro Chancellors</b>	Alan Hughes Ann Greenwood
<b>Honorary Treasurer</b>	Alan Hughes
<b>The Vice-Chancellor</b>	Professor Robert Allison
<b>Deputy Vice-Chancellor</b>	Professor Chris Linton
<b>Pro Vice-Chancellor (Teaching)</b>	Professor Rachel Thomson
<b>Pro Vice-Chancellor (Research)</b>	Professor Steve Rothberg
<b>Pro Vice-Chancellor (Enterprise)</b>	Professor Tracy Bhamra
<b>Chief Operating Officer</b>	Richard Taylor
<b>Director of Finance</b>	Andy Stephens

## Chairs of key committees

<b>Council</b>	Sir Peter Bonfield
<b>Senate</b>	Professor Robert Allison
<b>Remuneration Committee</b>	Sir Peter Bonfield <i>For matters relating to the Vice-Chancellor's remuneration the committee is chaired by Alan Hughes</i>
<b>Finance Committee</b>	Professor Robert Allison
<b>Audit Committee</b>	Ann Greenwood

## Members of the University Council

*who served during 2019/20 and up to 26 November 2020*

<b>The Chancellor</b>	Lord Sebastian Coe
<b>The Senior Pro Chancellor (Chair)</b>	Sir Peter Bonfield
<b>The Pro Chancellors</b>	Alan Hughes <i>(Deputy Chair)</i> Ann Greenwood
<b>Honorary Treasurer</b>	Alan Hughes
<b>The Vice-Chancellor</b>	Professor Robert Allison
<b>Deputy Vice-Chancellor</b>	Professor Chris Linton
<b>Appointed by the Alumni Association</b>	Oliver Sidwell
<b>Appointed by the Students' Union</b>	Salomé Doré <i>(until 31 July 2020)</i> Darcey Dunne <i>(until 31 July 2020)</i> Matt Youngs <i>(from 1 August 2020)</i> Fejiro Amam <i>(from 1 August 2020)</i>
<b>Elected by the Senate</b>	Dr Alexandre Zagoskin <i>(until 31 July 2020)</i> Professor Malcolm Cook <i>(from 1 August 2020)</i> Professor Claudia Eberlein

<b>Elected by the General Assembly</b>	Professor Eleonora Belfiore <i>(until 31 July 2020)</i> Professor Marsha Meskimmon <i>(until 31 July 2020)</i> Dr Marcus Collins <i>(from 1 August 2020)</i> Professor Andy Dainty <i>(from 1 August 2020)</i>
<b>Other elected members</b>	Pauline Matturi
<b>Co-opted members</b>	John Sinnott Peter Saraga Tony Williams Sally-Ann Hibberd Jane Tabor Steve Varley Paul Hodgkinson Jennifer Maxwell-Harris Andrew Fisher

## Key advisers

<b>External auditor</b>	KPMG LLP
<b>Internal auditor</b>	PwC LLP

# Statement of the Responsibilities of Council

The University Charter establishes Council as the Governing Body of the University, subject to other terms of the Charter and the Statutes, and its responsibility for:

1. General control over the University and all its affairs, purposes and functions.
2. The management and administration of the revenue and property of the University.
3. The custody and use of the Common Seal of the University.

The Council has identified a number of primary responsibilities arising from these general duties under the Charter, which are consistent with the functions of Council noted in Section 6 of Statute XIII:

1. To approve the mission and strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To approve the annual budget and financial statements, to ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
3. To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
4. To appoint the Vice-Chancellor as chief executive and principal Academic and Administrative Officer of the University, in accordance with paragraph 7 of the Charter, and to put in place suitable arrangements for monitoring his/her performance.
5. To delegate authority to the Vice-Chancellor for the appointment of University nominees to the boards of public bodies, limited companies and other institutions.
6. To establish processes to monitor and evaluate the performance and effectiveness of Council itself.
7. To conduct its business in accordance with best practice in higher education, corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
8. To safeguard the good name and values of the University.
9. To appoint the Secretary to Council, and to ensure that, if he/she has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.
10. To be the employing authority for all staff in the University and to be responsible for establishing a human resources strategy.
11. To be the principal financial and business authority of the University, to ensure that proper books of account are kept, and to have overall responsibility for the University's assets, property and estate.
12. To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
13. To make such provision as it thinks fit for the general welfare of students, in consultation with Senate.
14. To ensure that the University's Charter, Statutes and Ordinances are followed at all times and that appropriate advice is available to enable this to happen.

It follows from the above that Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and its subsidiary companies and enable it to ensure that the financial statements are prepared in accordance with the relevant parts of the Royal Charter, company law, the Statement of Recommended Practice on Accounting for Further and Higher Education and other Accounting Standards.

In addition, within the terms and conditions of funding for higher education institutions between the Office for Students and the terms and conditions of Research England Grant the University, through its accountable officer, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and its subsidiary companies and of the surplus or deficit and cash flows of the University and its subsidiary companies for that year.

In preparing the financial statements, Council has to ensure that:

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable Accounting Standards have been followed
- the going concern basis is used unless it is inappropriate to presume that the University will continue in operation.

Council has taken reasonable steps to:

- ensure that funds from the Office for Students (OfS) and Research England are used only for the purposes for which they have been given and in accordance with the terms of conditions of funding for higher education institutions and the terms and conditions of Research England Grant respectively, and any other conditions which OfS/Research England may from time to time prescribe
- ensure that income from the Department for Education is applied for the purpose for which it has been received and in accordance with the funding agreement with the Department
- ensure that income from the Education & Skills Funding Agency and research councils is applied for the purpose for which it has been received and in accordance with the funding agreement with the relevant body
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguard the assets of the University and its subsidiary companies and prevent and detect fraud, and
- secure the economical, efficient and effective management of the resources and expenditure of the University and its subsidiary companies.

**26 November 2020**

**Sir Peter Bonfield**  
Chair of Council

# Independent auditor's report to the Members of the Council of Loughborough University

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Loughborough University ("the University") for the year ended 31 July 2020<sup>1</sup> which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheet, the Consolidated Cash Flow Statement and related notes, including the Statement of Principal Accounting Policies.

In our opinion the financial statements:

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

### Basis for opinion

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

### Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Council's conclusions, we considered the inherent risks to

the Group's business model, and analysed how those risks might affect the Group and the University's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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

### Other information

The Council is responsible for the other information in the Annual Review, incorporating, review of the year 2019/20, our strategy, financial review, delivery of public benefit and the statement of corporate governance. 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 27, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent university or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities

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

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

## Report on other legal and regulatory requirements

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

In our opinion, in all material respects:

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

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

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

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 4 to the financial statements has been materially misstated.

We have nothing to report in these respects.

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

This report is made solely to the Council, in accordance with the Articles, Charters, Statutes or Ordinances of the University. 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.

**Mark Dawson**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
 One Snow Hill  
 Snowhill Queensway  
 Birmingham B4 6GH



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# Financial Statements 2019/20

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# Statement of Principal Accounting Policies

## 1. General information

Loughborough University is an independent corporation established by Royal Charter and has the status of an exempt charity which is regulated by the Office for Students (OfS).

## 2. Statement of compliance

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017, 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 University is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

## 3. Basis of preparation

The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of certain fixed assets and derivative financial instruments).

The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £'000.

## 4. Going concern

The financial statements of the Group and the parent University have been prepared on a going concern basis which the Council believes to be appropriate for the following reasons.

The Council has prepared cash flow forecasts for a period of at least 12 months from the date of approval of the financial statements. After reviewing these forecasts, including analysis of severe but plausible downsides, including the anticipated impact of COVID-19, and stress testing key assumptions such as student intake and the level of campus operation, the Group and the parent University are expected to have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The Group entered 2020/21 with strong liquidity and access to significant undrawn borrowing facilities. This, together with robust expenditure controls, means that we anticipate maintaining substantial strategic cash reserves throughout the going concern assessment period.

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

## 5. Exemptions under FRS102

The University meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemption has been taken in these separate company financial statements in respect of presentation of a cash flow statement.

## 6. Basis of consolidation

The consolidated financial statements combine the financial statements of the University and all its subsidiary undertakings for the financial year to 31 July 2020. 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.

The consolidated financial statements do not include the accounts of Loughborough Students' Union, as it is a separate body over which the University does not exert control and nor does it have dominant influence over policy and operational decisions.

## 7. Recognition of income

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

### Tuition fees

Tuition fee income is recognised over the period of study to which the fee relates. Where the amount of the tuition fee is reduced by a discount, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

### Grant funding

Grant funding including funding council/OfS block grants, research grants from government sources and grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and any 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.

Capital grants are recognised in income when the University is entitled to the funds and any performance related conditions have been met.

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.

### Other income

Income, from trading activities, is recognised when the goods or services are supplied to the customers or the terms of the contract have been satisfied. Investment income is recognised on a receivable basis.

## Donations and endowments

Resources received from non-government bodies as part of a non-exchange transaction will either be treated as a donation, or as an endowment in the event the donor either wishes an endowment fund to be established, or places sufficiently large restrictions on expenditure such that the funds will need to be retained over an extended period.

Donations are recognised as income when the University is entitled to the funds and any performance related conditions have been met. Where income is received in advance of performance related conditions being met, it is recognised as deferred income within creditors on the Balance Sheet and released to income as the conditions are met.

Where a donor imposes restriction on the use of the donated resources, income is retained within a restricted reserve until such time as expenditure is incurred in accordance with the restrictions. Donations with no restrictions are recognised in income when the University is entitled to the funds.

Endowment income is recognised on entitlement to the income. The income is retained within an endowment reserve until such time as expenditure is incurred in accordance with the restrictions of the endowment. Endowments are classified as either a permanent endowment, when the donor specifies that the capital is to be retained for the benefit of the institution, or as an expendable endowment where no such requirement exists.

Investment income received on endowments and restricted funds is recorded as income in the year in which it arises, and is held in the restricted or endowment reserve to the extent it has not been spent in line with restrictions of the donation or endowment. Investment gains and losses on endowment funds invested for the longer term are recognised in surplus or deficit and are credited/debited to the capital portion of the endowment reserve.

## 8. Pension schemes

The University participates in the Universities Superannuation Scheme (USS), the Local Government Pension Scheme (LGPS) and the Teachers' Pensions Scheme (TPS).

The USS scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss 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 TPS is a multi-employer defined benefit scheme for which it is not possible to identify the assets and liabilities attributable to University members and therefore is accounted for as a defined contribution retirement benefit scheme. Contributions made are recognised as an expense in surplus or deficit in the periods during which services are rendered by employees. TPS is valued every five years by the Government Actuary. It is an unfunded scheme and contributions are made at the rate set by the Government Actuary.

The LGPS is a defined benefit scheme which is externally funded.

### 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 Institution 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 Institution has entered into an agreement with such a multi-employer scheme that determines how the Institution will contribute to a deficit recovery plan, the Institution 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 schemes

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under defined benefit plans the Institution'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 Institution.

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 Institution is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Annually the Institution 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 Institution'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.

## 9. 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.

## 10. Finance leases

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

## 11. Service concession arrangements

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are brought into use with a corresponding financial liability. The assets are depreciated over the life of the arrangement.

Payments under the service concession arrangements are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

## 12. 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 term of the lease.

## 13. Land and buildings

Land held at 31 July 2014 is stated at deemed cost which is equivalent to the market value on this date. Land additions since 31 July 2014 are stated at cost.

Buildings are capitalised at cost on initial recognition or, in the case of buildings acquired as a result of the merger with Loughborough College of Art and Design, at valuation: the basis of valuation is depreciated replacement cost and the valuation on 31 July 1998 was performed by GVA Grimley, International

Property Advisors. Improvements to buildings and long-term maintenance projects with a value in excess of £50,000 are capitalised, to the extent that they increase the expected future benefits to the Institution.

After initial recognition land and buildings are subsequently measured at cost/deemed cost less accumulated depreciation and accumulated impairment losses.

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 as follows:

- Freehold buildings between 10 and 60 years depending on the method of construction used.
- Leasehold land and buildings – lifetime of the lease up to a maximum of 60 years.

No depreciation is charged on assets in the course of construction. Depreciation is charged from the year of completion and is calculated based on the remaining life of the improved building or building related plant. 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.

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

## 14. Fixtures, fittings, plant and equipment

All such items, where the cost is less than £20,000 per individual item or group of related items, are recognised as an expense in the year of acquisition. All other items are capitalised.

Items are stated at cost and depreciated over their expected useful life, as follows:

- Computer equipment – between 4 and 7 years
- Equipment acquired for specific research projects – project life [generally 3 years] unless a research grant is received for a specific facility, in which case, item would be depreciated over the life of the facility
- Motor vehicles and other equipment – 4 years
- Plant, furniture and fixtures – between 5 and 25 years

## 15. Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

## 16. Heritage assets

Heritage assets are individual objects, collections, specimens or structures of historic, scientific or artistic value that are held and maintained principally for their contribution to knowledge and culture.

Works of art and other valuable artefacts valued at over £10,000 have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material. The assets are subject to an annual impairment review in accordance with applicable accounting standards.

## 17. Investment properties

Investment property is land or a building, or part of a building, or both held for rental income and/or capital appreciation rather than for use in delivering services. Mixed use property is separated between investment property and property, plant and equipment

Investment properties are initially measured at cost and then subsequently at fair value at the end of each reporting date, with changes in fair value recognised immediately in the Surplus or Deficit for the year.

## 18. Stocks

Stocks of goods are stated at the lower of cost and net realisable value.

## 19. Cash and cash equivalents

Cash includes cash in hand and deposits repayable on demand. 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. Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates.

The resulting exchange differences are recorded in surplus or deficit for the financial year.

## 21. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

### (i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through surplus or deficit, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that:
  - i. the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or
  - ii. the new rate is a market rate of interest and satisfies condition (a).

- d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through surplus or deficit.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires.

### (ii) Investments

Investments in non-convertible preference shares and nonputtable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through surplus or deficit. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the University Balance Sheet, investments in subsidiaries and associates are measured at cost less impairment.

### (iii) Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in surplus or deficit.

### (iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

## 22. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

A contingent liability arises from a past event that gives the Institution 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 Institution. 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 Institution 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 Institution. Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

## 23. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each Balance Sheet date.

If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

### Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

### Financial assets

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

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

## 24. Taxation status

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

The institution receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the cost of such inputs. Any irrecoverable VAT allocated to tangible 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.

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 which result in an obligation at the Balance Sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

## 25. Reserves

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

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

## 26. Critical accounting judgements and key sources of estimation uncertainty

In the application of the University's accounting policies, which are described in points 1 to 24 above, it is necessary to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### Critical judgements in applying the University's accounting policies

The following are the judgements, apart from those involving estimations (which are dealt with separately below), that have been taken in the process of applying the University's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

### Revenue recognition

In the operating of performance model for government grants and non-exchange transactions, agreements with funders are evaluated for performance conditions, and revenue is recognised when these conditions are judged to have been met.

### Investment property

The University has reviewed all rental generating properties in line with the accounting policy for investment properties. As part of this process management has evaluated whether an asset is held for the furtherance of the University's enterprise objectives (which form part of the University's core operations), or whether it is held primarily for the generation of rental income (and so represents an investment property).

### Service concession arrangements

In determining which operations involving third party operators should be accounted for as service concession arrangements, the agreements with the third party operators are reviewed to identify those that meet the relevant conditions outlined in section 34 of FRS102.

### Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

#### 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 Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The University is satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements. This required estimates in respect of future headcount, salary changes and the discount rate to apply.

USS is valued every three years by professionally qualified independent actuaries, and a liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme. During the year the 2018 valuation was completed and details of the outcome of this are included in notes 21 and 25 to the Financial Statements. As part of the 2018 valuation outcome the deficit recovery plan enacted as part of the 2017 actuarial valuation was amended with the employers now required to contribute 2.0% of salaries towards repairing the deficit over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6% to 31 March 2028 (2017: 5% of salaries over the period 1 April 2020 to 30 June 2034). Details of this provision, which has been discounted at a rate of 0.73% (2019: 1.62%) as at 31 July 2020, are included in note 25 to the Financial Statements.

The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below:

#### Change to current position at 31 July 2020

0.5% pa decrease in discount rate	£1.1m
0.5% pa increase in salary inflation over duration	£1.0m
0.5% pa increase in salary inflation year 1 only	£0.3m
0.5% increase in staff changes over duration	£1.1m
0.5% increase in staff changes year 1 only	£0.2m
1% increase in deficit contributions from October 2021	£6.8m
1 year increase in term	£7.0m

In addition to the conclusion of the 2018 valuation, a valuation as at 31 March 2020 is underway but not yet complete.

#### Pensions – LGPS

The LGPS deficit is sensitive to the actuarial assumptions used. The assumptions are set following advice received from a qualified actuary. The following table highlights the sensitivities regarding the principal assumptions used to measure the scheme liabilities. The carrying value of the net defined benefit obligation in respect of the scheme at 31 July 2020 is £118.2m (2019: £78.5m).

#### Approximate increase in scheme liabilities

Change in assumptions at 31 July 2020	%	£'000
0.5% decrease in real discount rate	11	29,162
0.5% increase in salary increase rate	1	2,128
0.5% increase in pension increase rate	9	26,487

#### Market value of investment properties

In determining the market value of the University's investment properties, valuations have been performed by professionally qualified valuers using assumptions determined using market standard methodology. However should any of these assumptions be incorrect this could have a significant impact on the valuation of these properties.

#### Useful lives of tangible fixed assets

Tangible fixed assets represent a significant proportion of the University's total assets (31 July 2020: 80%, 2019: 80%). Therefore the estimates of the useful lives over which these assets are depreciated could have a significant impact on the University's financial performance. The useful lives and residual values of the University's assets are determined at the time the asset is acquired or construction is completed, and these are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as expiry of leases. Historically, disposal of assets at the end of their lives has not resulted in material loss on disposal charges.

# Consolidated and University Statement of Comprehensive Income and Expenditure

Year ended 31 July 2020

	Notes	Year ended 31 July 2020		Year ended 31 July 2019	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Income</b>					
Tuition fees and education contracts	1	174,821	174,821	163,832	163,832
Funding body grants	2	39,446	39,446	36,076	36,076
Research grants and contracts	3	38,027	38,027	38,927	38,927
Other income	5	73,447	67,761	70,473	63,757
Investment income	6	420	417	621	606
Donations and endowments	7	1,170	1,164	1,887	1,801
<b>Total income</b>		<b>327,331</b>	<b>321,636</b>	<b>311,816</b>	<b>304,999</b>
<b>Expenditure</b>					
Staff costs	8	140,673	136,304	221,281	217,005
Other operating expenses		94,847	92,929	100,868	98,064
Depreciation	13	30,663	29,613	28,174	27,220
Interest and other finance costs	9	6,452	6,443	5,830	5,830
<b>Total expenditure</b>	10	<b>272,635</b>	<b>265,289</b>	<b>356,153</b>	<b>348,119</b>
<b>Surplus/(deficit) before other gains and losses</b>		<b>54,696</b>	<b>56,347</b>	<b>(44,337)</b>	<b>(43,120)</b>
Gain on disposal of fixed assets		1,256	1,256	837	837
(Loss)/gain on investments		(1,549)	(6,489)	521	225
<b>Surplus/(deficit) before tax</b>		<b>54,403</b>	<b>51,114</b>	<b>(42,979)</b>	<b>(42,058)</b>
Taxation	12	158	-	(261)	-
<b>Surplus/(deficit) for the year</b>		<b>54,561</b>	<b>51,114</b>	<b>(43,240)</b>	<b>(42,058)</b>
Actuarial (loss) in respect of pension schemes	25	(32,705)	(32,705)	(12,937)	(12,937)
Transfer of reserves from subsidiary		-	-	-	86
<b>Total comprehensive income for the year</b>		<b>21,856</b>	<b>18,409</b>	<b>(56,177)</b>	<b>(54,909)</b>
Represented by:					
Endowment comprehensive (expenditure)/income for the year		(95)	(95)	70	70
Restricted comprehensive income for the year		13,162	13,162	1,276	1,276
Unrestricted comprehensive income/(expenditure) for the year		8,789	5,342	(57,523)	(56,255)
		<b>21,856</b>	<b>18,409</b>	<b>(56,177)</b>	<b>(54,909)</b>

All items of income and expenditure relate to continuing activities.

## Consolidated and University Balance Sheet

as at 31 July 2020

	Notes	as at 31 July 2020		as at 31 July 2019	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Non-current assets</b>					
Fixed assets	13	494,310	481,116	483,942	469,949
Heritage assets	14	1,165	1,165	1,165	1,165
Investments	16	19,303	34,259	22,103	41,514
		<u>514,778</u>	<u>516,540</u>	<u>507,210</u>	<u>512,628</u>
<b>Current assets</b>					
Stock		535	495	610	562
Trade and other receivables	17	30,322	32,638	30,267	31,675
Investments	18	-	-	2,500	2,500
Cash and cash equivalents		68,772	67,042	67,741	66,079
		<u>99,629</u>	<u>100,175</u>	<u>101,118</u>	<u>100,816</u>
Less:					
Creditors: amounts falling due within one year	19	(61,480)	(60,357)	(74,887)	(73,284)
		<u>38,149</u>	<u>39,818</u>	<u>26,231</u>	<u>27,532</u>
<b>Net current assets</b>					
		<u>38,149</u>	<u>39,818</u>	<u>26,231</u>	<u>27,532</u>
<b>Total assets less current liabilities</b>		<u>552,927</u>	<u>556,358</u>	<u>533,441</u>	<u>540,160</u>
Creditors: amounts falling due after more than one year	20	(112,713)	(112,713)	(117,941)	(117,941)
<b>Provisions</b>					
Pension provisions	21	(163,164)	(163,164)	(160,147)	(160,147)
Other provisions	21	(165)	-	(324)	-
		<u>276,885</u>	<u>280,481</u>	<u>255,029</u>	<u>262,072</u>
<b>Total net assets</b>		<u>276,885</u>	<u>280,481</u>	<u>255,029</u>	<u>262,072</u>
<b>Restricted reserves</b>					
Income and expenditure reserve - endowment reserve	23	2,030	2,030	2,125	2,125
Income and expenditure reserve - restricted reserve	24	59,871	59,871	46,709	46,709
<b>Unrestricted reserves</b>					
Income and expenditure reserve - unrestricted		214,984	218,580	206,195	213,238
<b>Total reserves</b>		<u>276,885</u>	<u>280,481</u>	<u>255,029</u>	<u>262,072</u>

These Financial Statements were approved by Council and were signed on its behalf by:

Professor Robert Allison, Vice-Chancellor and Accountable Officer  
Sir Peter Bonfield, Chair of Council

26 November 2020

## Consolidated and University Statement of Changes in Reserves

Year ended 31 July 2020

Consolidated	Income and expenditure reserve			Total
	Endowment	Restricted	Unrestricted	
	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2018</b>	<b>2,055</b>	<b>45,433</b>	<b>263,718</b>	<b>311,206</b>
Surplus from the income and expenditure statement	70	1,676	(44,986)	(43,240)
Other comprehensive income	-	-	(12,937)	(12,937)
Release of capital grants with expired asset use restrictions	-	(400)	400	-
<b>Total comprehensive income for the year</b>	<b>70</b>	<b>1,276</b>	<b>(57,523)</b>	<b>(56,177)</b>
<b>Balance at 31 July 2019</b>	<b>2,125</b>	<b>46,709</b>	<b>206,195</b>	<b>255,029</b>
Surplus from the income and expenditure statement	(95)	13,386	41,270	54,561
Other comprehensive income	-	-	(32,705)	(32,705)
Release of capital grants with expired asset use restrictions	-	(224)	224	-
<b>Total comprehensive income/(deficit) for the year</b>	<b>(95)</b>	<b>13,162</b>	<b>8,789</b>	<b>21,856</b>
<b>Balance at 31 July 2020</b>	<b>2,030</b>	<b>59,871</b>	<b>214,984</b>	<b>276,885</b>

University	Income and expenditure reserve			Total
	Endowment	Restricted	Unrestricted	
	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2018</b>	<b>2,055</b>	<b>45,433</b>	<b>269,493</b>	<b>316,981</b>
Surplus from the income and expenditure statement	(16)	1,676	(45,293)	(43,633)
Other comprehensive income	86	-	(11,362)	(11,276)
Release of capital grants with expired asset use restrictions	-	(400)	400	-
<b>Total comprehensive income for the year</b>	<b>70</b>	<b>1,276</b>	<b>(56,255)</b>	<b>(54,909)</b>
<b>Balance at 31 July 2019</b>	<b>2,125</b>	<b>46,709</b>	<b>213,238</b>	<b>262,072</b>
Surplus from the income and expenditure statement	(95)	13,386	37,823	51,114
Other comprehensive income	-	-	(32,705)	(32,705)
Release of capital grants with expired asset use restrictions	-	(224)	224	-
<b>Total comprehensive income/(deficit) for the year</b>	<b>(95)</b>	<b>13,162</b>	<b>5,342</b>	<b>18,409</b>
<b>Balance at 31 July 2020</b>	<b>2,030</b>	<b>59,871</b>	<b>218,580</b>	<b>280,481</b>

# Consolidated Statement of Cash Flows

Year ended 31 July 2020

	Notes	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
<b>Cash flow from operating activities</b>			
Surplus for the year		54,561	(43,240)
<b>Adjustment for non-cash items</b>			
Taxation	12	(158)	261
Depreciation	13	30,663	28,174
Decrease/(increase) in stock		75	(44)
(Increase)/Decrease in debtors		(715)	148
(Decrease) in creditors		(1,103)	(5,097)
LGPS service costs less contributions paid	25	5,353	5,831
USS deficit provision expense less contributions paid		(37,900)	48,969
(Decrease)/increase in other provisions	21	(302)	62
Service concession agreement nominal rent	15	(667)	(651)
<b>Adjustment for investing or financing activities</b>			
Investment income	6	(420)	(621)
Interest payable	9	6,452	5,830
Endowment income	7	-	-
Loss/(Gain) on investments		1,549	(521)
(Gain) on the sale of fixed assets		(1,256)	(837)
Capital grant income		(19,324)	(6,406)
<b>Net cash inflow from operating activities</b>		<b>36,808</b>	<b>31,858</b>
<b>Cash flows from investing activities</b>			
Capital grants receipts		6,954	10,133
Investment income received		531	558
Proceeds from sales of fixed assets		-	2,169
Net proceeds from sale of subsidiary		-	100
Payments made to acquire fixed assets		(37,964)	(51,556)
Proceeds from sale of investments		779	-
Repayment of long term loans receivable	16	12	12
Redemption of deposits with maturity of more than 3 months	18	2,500	17,500
		<b>(27,188)</b>	<b>(21,084)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(3,023)	(3,351)
Arrangement fee paid on new borrowings		(100)	-
New borrowings		-	-
Repayments of amounts borrowed	20	(5,466)	(5,517)
		<b>(8,589)</b>	<b>(8,868)</b>
<b>Increase in cash and cash equivalents in the year</b>		<b>1,031</b>	<b>1,906</b>
Cash and cash equivalents at the beginning of the year		67,741	65,835
<b>Cash and cash equivalents at the end of the year</b>		<b>68,772</b>	<b>67,741</b>

# Notes to the Financial Statements

for the year ended 31 July 2020

1 Tuition fees and education contracts	2019/20		2018/19	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Full-time UK and EU students	107,117	107,117	104,773	104,773
Full-time international students	60,395	60,395	52,595	52,595
Part-time students	7,309	7,309	6,464	6,464
	<u>174,821</u>	<u>174,821</u>	<u>163,832</u>	<u>163,832</u>

2 Funding body grants	2019/20		2018/19	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Recurrent grant</b>				
Office for Students	8,816	8,816	8,726	8,726
Research England	20,921	20,921	18,763	18,763
Education and Skills Funding Agency	588	588	697	697
Capital grant	2,820	2,820	2,900	2,900
<b>Specific grants</b>				
Higher Education Innovation Fund	3,654	3,654	4,151	4,151
Other	2,126	2,126	839	839
Capital grants	521	521	-	-
	<u>39,446</u>	<u>39,446</u>	<u>36,076</u>	<u>36,076</u>

3 Research grants and contracts	2019/20		2018/19	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Research councils	18,078	18,078	16,317	16,317
Research charities	3,325	3,325	4,032	4,032
Government (UK and overseas)	11,374	11,374	13,472	13,472
Industry and commerce	5,250	5,250	5,106	5,106
	<u>38,027</u>	<u>38,027</u>	<u>38,927</u>	<u>38,927</u>

Research grants and contracts income contains £2,437,000 (2019: £2,506,000), in respect of capital grants on equipment.

4 Grant and fee income	2019/20		2018/19	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
The source of grant and fee income, included in notes 1 to 3 is as follows:				
Grant income from the OfS	9,684	9,684	9,557	9,557
Grant income from other bodies	67,789	67,789	65,446	65,446
Fee income for research awards	3,072	3,072	3,327	3,327
Fee income from non-qualifying courses	3,796	3,796	2,735	2,735
Fee income for taught awards	167,953	167,953	157,770	157,770
	<u>252,294</u>	<u>252,294</u>	<u>238,835</u>	<u>238,835</u>

5 Other income	2019/20		2018/19	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Residences, catering and conferences	39,664	32,269	49,599	39,997
Other revenue grants	4,197	4,197	3,671	3,671
Other capital grants with restrictions	13,545	13,545	1,000	1,000
Gift aid received from subsidiaries	-	388	-	1,575
Other income	16,041	17,362	16,203	17,514
	<u>73,447</u>	<u>67,761</u>	<u>70,473</u>	<u>63,757</u>

# Notes to the Financial Statements (continued)

for the year ended 31 July 2020

6 Investment income	2019/20		2018/19	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Investment income on endowments	62	62	62	62
Investment income on restricted funds	2	2	2	2
Other investment income	356	353	557	542
	<u>420</u>	<u>417</u>	<u>621</u>	<u>606</u>

7 Donations and endowments	2019/20		2018/19	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
New endowments	-	-	-	-
Donations with restrictions	1,043	1,038	1,781	1,695
Gift aid donations from subsidiary companies	-	-	-	-
Unrestricted donations	127	126	106	106
	<u>1,170</u>	<u>1,164</u>	<u>1,887</u>	<u>1,801</u>

8 Staff costs	2019/20		2018/19	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Salaries	134,382	130,439	131,478	127,616
Social security costs	12,421	12,163	12,296	12,039
Change in expected contribution to USS deficit recovery plan	(36,311)	(36,311)	50,249	50,249
Other pension costs	30,181	30,013	27,258	27,101
	<u>140,673</u>	<u>136,304</u>	<u>221,281</u>	<u>217,005</u>

Emoluments of the Vice-Chancellor:	2019/20	2018/19
	£	£
Basic salary	297,570	283,400
Pension contributions to USS	17,090	15,414
Payment in lieu of pension contributions to USS	30,427	28,780
Other taxable and non-taxable benefits	-	-
	<u>345,087</u>	<u>327,594</u>

**Background:** The University is one of the UK's leading universities and uses remuneration as one of the tools to attract and retain top academic and professional services staff. The University's People Strategy sets out five priorities as follows:

- A high engagement with professional growth, talent management and leadership excellence
- A diverse, respectful and inclusive culture
- An engaging and sustainable reward and recognition programme
- Sustainable workloads, wellbeing and resilience
- An outstanding candidate and new employee experience

Remuneration for senior staff at the University is governed by the Remuneration Committee, which reports to Council, and is chaired by the Senior Pro Chancellor and Chair of Council. An alternative lay Pro Chancellor chairs the meeting while the Vice-Chancellor's pay is being considered. The Vice-Chancellor will never be asked to attend for any discussion or decision of their own remuneration. The committee determines any change to remuneration outcome based upon an assessment of the Vice-Chancellor's performance, benchmarking to sector norms as well as the following factors:

- The institution's performance against the University strategy and its strategic ambitions
- The size and complexity of the organisation
- The external market and the University's performance against its competitors
- The University's success in attracting and retaining the most talented people at the highest level
- The institution's equality and diversity strategy
- University and Colleges Employer Association's Senior Staff Remuneration Survey
- Committee of University Chairs' Vice-Chancellor Salary Survey

**Performance assessment:** The University's Performance and Development Review (PDR) system provides a robust basis for managing performance, developing staff and informing remuneration decisions. The Vice-Chancellor participates in the same Performance and Development Review (PDR) process as all other staff with the review being performed by the Chair of Council and a performance rating given.

**University performance:** In considering the performance of the Vice-Chancellor the achievements of the University are also considered and the University has had another very successful year. Achievements include:

- University of the Year - Whatuni Student Choice Awards 2020, 7th in the Guardian league table 2020
- 5th in the Times Higher Education 'Table of Tables'
- 6th in the Complete University Guide 2021
- 5th (out of 134 UK universities) in the Times and Sunday Times Good University Guide 2020
- Introduced alternative teaching methods in response to the COVID-19 pandemic, maintaining student experience and learning outcomes

**Salary benchmarking:** The performance of the Vice-Chancellor was reviewed. The following points were agreed:

- The Vice-Chancellor's performance over the past 12 months had exceeded expectations
- The current financial climate was extremely challenging and it was important that the Vice-Chancellor's pay reflected the current situation.
- It was noted that the Vice-Chancellor makes a substantial contribution to the University (and other charities) each year.

Note, the Vice-Chancellor receives no additional taxable benefits nor any non-taxable benefits such as living accommodation or transport funded by the University.

# Notes to the Financial Statements (continued)

for the year ended 31 July 2020

## 8 Staff costs (continued)

**Pay multiple:** Loughborough University is a campus university, operating retail and catering outlets and maintaining significant university-owned student accommodation. The University retains in-house many support services that have been outsourced at other institutions, for example cleaning, catering, security or facilities management functions. The University has also included in its calculations a significant number of staff who will have received remuneration during the year on the basis of atypical claims contracts. These factors may adjust downwards the median salary of staff compared to other institutions and pay multiples should be considered carefully in that context. The Vice-Chancellor's basic salary is 9.1 times (2019: 10.8) the median pay of staff, where the median is calculated on a full-time equivalent basis for the salaries paid by the University to its staff. The Vice-Chancellor's total remuneration is 11.2 times (2019: 10.7) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the University to its staff.

The following number of staff received remuneration of £100,000 or more (excluding employer's pension contributions):

	2019/20	2018/19
£100,000 to £104,999	6	4
£105,000 to £109,999	9	11
£110,000 to £114,999	10	9
£115,000 to £119,999	5	6
£120,000 to £124,999	3	5
£125,000 to £129,999	5	4
£130,000 to £134,999	2	3
£135,000 to £139,999	2	-
£140,000 to £144,999	1	1
£145,000 to £149,999	-	1
£150,000 to £154,999	-	1
£155,000 to £159,999	2	-
£160,000 to £164,999	-	1
£165,000 to £169,999	1	-
£170,000 to £174,999	-	-
£175,000 to £179,999	-	-
£180,000 to £184,999	-	1
£185,000 to £189,999	-	1
£190,000 to £194,999	1	-
£195,000 to £199,999	-	-
£200,000 to £204,999	1	-
£205,000 to £209,999	-	1
£210,000 to £214,999	-	-
£215,000 to £219,999	1	-
	<u>49</u>	<u>49</u>

Staff numbers by major category :

Academic	848	839
Teaching and scholarship	156	133
Research	271	286
Management & specialist	625	598
Technical	197	204
Other	1,054	1,015
	<u>3,151</u>	<u>3,075</u>

The staff numbers by major category disclosed above, are expressed as full-time equivalents and are disclosed as at 1 April each year.

During 2019/20 the Group paid a total of £494,000 to 65 employees for compensation for loss of office (2018/19: £693,000 to 90 employees).

### 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 includes compensation paid to key management personnel.

The University considers its key management personnel to be the following seven members of staff: the Vice-Chancellor; Provost and Deputy Vice-Chancellor; Pro Vice-Chancellor (Teaching); Pro Vice-Chancellor (Research); Pro Vice-Chancellor (Enterprise); Chief Operating Officer; Director of Finance. Key management personnel compensation excludes amounts paid to the Vice-Chancellor whose remuneration is disclosed above.

2018/19 figures have been restated to include employer's pension contributions.

	2019/20	2018/19
	£'000	£'000
<b>Key management personnel compensation</b>	<u>1,207</u>	<u>1,122</u>

	2019/20		2018/19	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>9 Interest and other finance costs</b>				
Loan interest	3,104	3,095	3,407	3,407
Finance lease interest (including service concession finance charge)	345	345	352	352
Finance charge on USS pension provision	1,290	1,290	663	663
Movement in fair value of derivatives (note 22)	-	-	(296)	(296)
Net charge on LGPS pension scheme (note 25)	1,713	1,713	1,704	1,704
	<u>6,452</u>	<u>6,443</u>	<u>5,830</u>	<u>5,830</u>

## Notes to the Financial Statements (continued)

for the year ended 31 July 2020

10 Analysis of total expenditure by activity	2019/20		2018/19	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Academic and related expenditure	107,567	107,967	107,676	108,219
Academic services	30,039	29,143	30,785	29,722
Administration and central services	58,259	58,479	53,277	53,492
Premises (including service concession costs)	44,535	44,540	40,555	40,562
Residences, catering and conferences	32,355	25,616	34,454	27,054
Research grants and contracts	26,304	26,304	29,116	29,116
Other expenses including pension provision movements	(26,424)	(26,760)	60,290	59,954
	<u>272,635</u>	<u>265,289</u>	<u>356,153</u>	<u>348,119</u>
<b>Other operating expenses include:</b>				
External auditor's remuneration in respect of audit services	107	88	98	84
External auditor's remuneration in respect of non-audit services	26	26	122	122
Operating lease rentals:				
Land and Buildings	921	921	959	959

11 Access and Participation	2019/20	
	Consolidated £'000	University £'000
Access Investment (i)	2,340	2,340
Financial Support	5,153	5,153
Disability Support (i)	1,173	1,173
Research and Evaluation (i)	162	162
	<u>8,828</u>	<u>8,828</u>

(i) £1,973,000 (Access Investment), £1,069,000 (Disability Support) and £147,000 (Research and Evaluation) of these costs are already included in the overall staff costs figures included in the Financial Statements, see note 8

Investment in Access and Participation for 2019/20 is not significantly different to the original APP plan, with reportable spend being within 3% overall. It should be noted that Research and Evaluation did not exist as a separate category in the original APP plan, spend would previously have been reported under Access Investment

The University's published access and participation plan can be accessed at: [www.lboro.ac.uk/study/inclusive-community/about/](http://www.lboro.ac.uk/study/inclusive-community/about/)

12 Taxation	2019/20		2018/19	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Recognised in the Statement of Comprehensive Income and Expenditure</b>				
<b>Current tax</b>				
Current tax expense	-	-	-	-
Adjustment in respect of previous years	-	-	-	-
<b>Current tax expense</b>	-	-	-	-
<b>Deferred tax</b>				
Origination and reversal of timing differences	(158)	-	261	-
<b>Deferred tax income</b>	(158)	-	261	-
<b>Total tax expense</b>	<u>(158)</u>	<u>-</u>	<u>261</u>	<u>-</u>

## Notes to the Financial Statements (continued)

for the year ended 31 July 2020

### 13 Fixed assets

Consolidated	Freehold Land and Buildings £'000	Leasehold Improvements £'000	Service concession Land and Buildings (note 15) £'000	Fixtures, Fittings, Plant and Machinery £'000	Assets in the Course of Construction £'000	Total £'000
<b>Cost</b>						
At 1 August 2019	468,220	7,563	10,691	232,398	19,241	738,113
Additions	22,713	-	-	12,800	5,700	41,213
Transfers	7,135	-	-	10,973	(18,108)	-
Disposals	(368)	-	-	(3,367)	(166)	(3,901)
<b>At 31 July 2020</b>	<b>497,700</b>	<b>7,563</b>	<b>10,691</b>	<b>252,804</b>	<b>6,667</b>	<b>775,425</b>
<b>Depreciation</b>						
At 1 August 2019	140,321	1,099	2,590	110,161	-	254,171
Charge for the year	11,712	304	518	18,129	-	30,663
Disposals	(368)	-	-	(3,351)	-	(3,719)
<b>At 31 July 2019</b>	<b>151,665</b>	<b>1,403</b>	<b>3,108</b>	<b>124,939</b>	<b>-</b>	<b>281,115</b>
<b>Net book value</b>						
<b>At 31 July 2020</b>	<b>346,035</b>	<b>6,160</b>	<b>7,583</b>	<b>127,865</b>	<b>6,667</b>	<b>494,310</b>
At 31 July 2019	327,899	6,464	8,101	122,237	19,241	483,942
<b>University</b>						
	Freehold Land and Buildings £'000	Leasehold Improvements £'000	Service concession Land and Buildings (note 15) £'000	Fixtures, Fittings, Plant and Machinery £'000	Assets in the Course of Construction £'000	Total £'000
<b>Cost</b>						
At 1 August 2019	453,026	7,563	10,691	224,425	19,241	714,946
Additions	22,713	-	-	12,549	5,700	40,962
Transfers	7,135	-	-	10,973	(18,108)	-
Disposals	(368)	-	-	(3,367)	(166)	(3,901)
<b>At 31 July 2020</b>	<b>482,506</b>	<b>7,563</b>	<b>10,691</b>	<b>244,580</b>	<b>6,667</b>	<b>752,007</b>
<b>Depreciation</b>						
At 1 August 2019	134,954	1,099	2,590	106,354	-	244,997
Charge for the year	11,295	304	518	17,496	-	29,613
Disposals	(368)	-	-	(3,351)	-	(3,719)
<b>At 31 July 2020</b>	<b>145,881</b>	<b>1,403</b>	<b>3,108</b>	<b>120,499</b>	<b>-</b>	<b>270,891</b>
<b>Net book value</b>						
<b>At 31 July 2020</b>	<b>336,625</b>	<b>6,160</b>	<b>7,583</b>	<b>124,081</b>	<b>6,667</b>	<b>481,116</b>
At 31 July 2019	318,072	6,464	8,101	118,071	19,241	469,949

At 31 July 2020, freehold land and buildings included £87,792,000 (2019: £67,610,000) in respect of freehold land which is not depreciated.

In accordance with HEFCE and the terms and conditions of funding with OfS, HEFCE/OfS has the right but not the obligation to demand repayment of Exchequer interest in the event of the University ceasing to be designated to be eligible for HEFCE/OfS funding or becoming insolvent.

The Exchequer interest at 31 July 2020 was £29,968,000 (31 July 2019 was £34,265,000).

### 14 Heritage assets

The University's heritage assets, which were all acquired more than four years ago, consist of seven works of art such as paintings, vases, trophies, medals and sculptures.

	Consolidated £'000	University £'000
<b>Cost and net book value</b>		
At 1 August 2019	1,165	1,165
<b>At 31 July 2020</b>	<b>1,165</b>	<b>1,165</b>

# Notes to the Financial Statements (continued)

for the year ended 31 July 2020

## 15 Service concession arrangements

The University has two arrangements where service delivery has commenced which have been recognised on the Balance Sheet.

### Movement in service concession arrangement assets and liabilities

The total asset values included in the Balance Sheet as at 31 July 2020 were £7,583,000 (31 July 2019: £8,101,000). The reduction of £518,000 was as a result of depreciation.

The total liabilities relating to the service concessions included in the Balance Sheet as at 31 July 2020 were £9,041,000. (31 July 2019: £9,380,000). The reduction of £339,000 was the result of the £667,000 treated as repaid during the year being offset by a finance charge of £328,000.

### Future commitments

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

	Payable in <1 year £'000	Payable in 2-5 years £'000	Payable in >5 years £'000	Total £'000
Liability repayments	683	2,670	8,951	12,304
Less: future finance charges	(316)	(1,131)	(1,816)	(3,263)
<b>Present value of service concession agreement obligations</b>	<b>367</b>	<b>1,539</b>	<b>7,135</b>	<b>9,041</b>

The notes below give more information on the University's current service concession arrangements:

#### a) On Balance Sheet service concession arrangements

In March 2002, the University entered into a 35 year contract with a third party provider for the provision and maintenance of student accommodation. The assets and liabilities relating to this scheme are recognised on the University's Balance Sheet. Service commenced on 1 August 2002 and the contract will finish on 31 July 2037. The University has the right to renew the nominations agreement for the life of the 99 year head lease. The University has an annual occupancy guarantee amounting to committed annual payments for the year ended 31 July 2020 of £559,000 (31 July 2019 of £546,000) recorded within other operating expenses.

In August 2003, the University entered into a 20 year contract with a third party provider for the provision and maintenance of student accommodation. The assets and liabilities relating to this scheme are recognised on the University's Balance Sheet. Service commenced on 1 August 2003 and the contract will finish on 31 July 2023. The University has the right to renew the nominations agreement for the life of the 99 year head lease. The University has an annual occupancy guarantee amounting to annual payments for the year ended 31 July 2020 of £107,000 (31 July 2019: £105,000) recorded within other operating expenses.

#### b) Other service concession arrangements not recognised on the Balance Sheet

In June 2007, the University entered into an agreement with a third party for the provision and maintenance of student accommodation. The agreement expires in 2044 and includes an option to receive the reversionary interest at nil consideration at the expiry date. The University has no minimum guaranteed payment and therefore no asset and liability to recognise on the Balance Sheet.

## 16 Non-current investments

	Investment in subsidiary companies £'000	Subsidiary investment in spinouts £'000	Investment properties £'000	Long term loans receivable £'000	Other non-current asset investments £'000	Total £'000
<b>Consolidated</b>						
<b>At 1 August 2019</b>	-	33	19,384	313	2,373	<b>22,103</b>
Additions	-	-	-	70	-	<b>70</b>
Disposals	-	-	-	(12)	(729)	<b>(741)</b>
Transfers	-	-	-	-	-	-
Movement in fair value	-	-	(2,172)	-	43	<b>(2,129)</b>
<b>At 31 July 2020</b>	<b>-</b>	<b>33</b>	<b>17,212</b>	<b>371</b>	<b>1,687</b>	<b>19,303</b>
	Investment in subsidiary companies £'000	Subsidiary investment in spinouts £'000	Investment properties £'000	Long term loans receivable £'000	Other non-current asset investments £'000	Total £'000
<b>University</b>						
<b>At 1 August 2019</b>	8,167	-	30,784	189	2,374	<b>41,514</b>
Additions	-	-	-	-	-	-
Disposals	(25)	-	-	(12)	(729)	<b>(766)</b>
Transfers	-	-	-	-	-	-
Movement in fair value	-	-	(6,532)	-	43	<b>(6,489)</b>
<b>At 31 July 2020</b>	<b>8,142</b>	<b>-</b>	<b>24,252</b>	<b>177</b>	<b>1,688</b>	<b>34,259</b>

Investment properties, which are all freehold land and buildings, were revalued to fair value at 31 July 2020, based on a valuation undertaken by Avison Young, an independent valuer with recent experience in the location and class of the investment property being valued. A market based valuation for the assets, using available comparable information was adopted in determining the fair value. Investment valuations assume the continuing benefit of subsisting tenancies. There are no restrictions on the realisability of investment property. Due to the Coronavirus pandemic, as per RICS guidance, the valuation includes a Material Valuation Uncertainty Clause. It advises bodies that "less certainty and a higher degree of caution should be attached to valuation than would normally be the case". However, for the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration does not mean that the valuation cannot be relied upon. As such the valuation can still be relied upon to provide the fair value of the land and buildings, based on the best information available at the present time. If freehold land and buildings had not been revalued they would have been included with a carrying value of:

	2019/20		2018/19	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Carrying value of freehold land and buildings	15,368	20,182	15,946	21,097

## Notes to the Financial Statements (continued)

for the year ended 31 July 2020

	2019/20		2018/19	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>17 Trade and other receivables</b>				
<b>Amounts falling due within one year:</b>				
Research grants receivables	6,418	6,418	6,567	6,567
Other trade receivables	15,946	15,070	17,631	16,500
Derivatives	1,439	1,439	-	-
Prepayments and accrued income	6,519	6,367	6,069	5,882
Amounts due from subsidiary companies	-	3,344	-	2,726
	<u>30,322</u>	<u>32,638</u>	<u>30,267</u>	<u>31,675</u>

Amounts due from subsidiary companies are repayable on demand.

	2019/20		2018/19	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>18 Current investments</b>				
Short term deposits	-	-	2,500	2,500
	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>

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

At 31 July 2020 the weighted average interest rate of these fixed rate deposits was 0% per annum (31 July 2019: 0.87%) and the remaining weighted average period for which the interest rate is fixed on these deposits was 0 days. The fair value of these deposits was not materially different from the book value.

	2019/20		2018/19	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>19 Creditors : Amounts falling due within one year</b>				
Unsecured loans	5,103	5,103	5,466	5,466
Service concession arrangements (Note 15)	367	367	339	339
Trade payables	16,437	15,296	12,978	11,859
Social security and other taxation payable	3,629	3,629	4,377	3,969
Accruals and deferred income	35,944	35,821	51,727	51,520
Amounts due to subsidiary companies	-	141	-	131
	<u>61,480</u>	<u>60,357</u>	<u>74,887</u>	<u>73,284</u>

Amounts due to subsidiary companies are non-interest bearing and are repayable on demand.

### 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.

	2019/20		2018/19	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Donations	263	263	38	38
Research grants received on account	18,591	18,591	17,810	17,810
Grant income	424	424	15,624	15,624
Other income	5,468	5,468	6,287	6,287
	<u>24,746</u>	<u>24,746</u>	<u>39,759</u>	<u>39,759</u>

## Notes to the Financial Statements (continued)

for the year ended 31 July 2020

	2019/20		2018/19	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>20 Creditors : Amounts falling due after more than one year</b>				
Service concession liabilities due after one year (Note 15)	8,674	8,674	9,041	9,041
Unsecured loans	103,600	103,600	108,703	108,703
Other creditors	439	439	197	197
	<u>112,713</u>	<u>112,713</u>	<u>117,941</u>	<u>117,941</u>
Analysis of unsecured loans:				
Due between one and two years	5,196	5,196	5,103	5,103
Due between two and five years	16,183	16,183	15,878	15,878
Due in five years or more	82,221	82,221	87,722	87,722
<b>Due after more than one year</b>	<b>103,600</b>	<b>103,600</b>	<b>108,703</b>	<b>108,703</b>
<b>Due within one year or on demand (Note 19)</b>	<b>5,103</b>	<b>5,103</b>	<b>5,466</b>	<b>5,466</b>
<b>Total unsecured loans</b>	<b><u>108,703</u></b>	<b><u>108,703</u></b>	<b><u>114,169</u></b>	<b><u>114,169</u></b>
Unsecured loan repayable by 2035	24,453	24,453	25,457	25,457
Unsecured fixed rate (4%) loan repayable by 2039	7,670	7,670	7,929	7,929
Unsecured fixed rate (5%) loan repayable by 2020	-	-	459	459
Unsecured fixed rate (3%) loan repayable by 2041	8,047	8,047	8,304	8,304
Unsecured fixed rate (3%) loan repayable by 2043	16,783	16,783	17,270	17,270
Unsecured fixed rate (2.466%) loan repayable by 2037	51,750	51,750	54,750	54,750
<b>Total unsecured loans</b>	<b><u>108,703</u></b>	<b><u>108,703</u></b>	<b><u>114,169</u></b>	<b><u>114,169</u></b>

All unsecured loans are repayable to Lloyds Bank PLC.

Note on loan repayable by 2035: £10.0m of the loan is charged at 0.20% above base rate and the remaining balance is charged at a fixed rate of 3.48% (3.28% cost of funds plus 0.20% margin). This loan is repayable by instalments over the period to 10 December 2035.

Note on loan repayable by 2020: On 30 March 2020 the University made the final repayment on a £5.0m unsecured loan which had been repayable on an amortising basis over 10 years at a net effective interest rate fixed at 4.665%.

### 21 Provisions for liabilities

Consolidated	Obligation to fund deficit on USS pension	Pension enhancements on retirement	Defined benefit obligations (Note 25)	Total pension provisions	Deferred tax	Total other provisions
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2019	79,646	2,025	78,476	160,147	324	324
Utilised	(1,589)	(73)	5,827	4,165	(159)	(159)
Additions and remeasurements	(35,021)	(71)	33,944	(1,148)	-	-
<b>At 31 July 2020</b>	<b><u>43,036</u></b>	<b><u>1,881</u></b>	<b><u>118,247</u></b>	<b><u>163,164</u></b>	<b><u>165</u></b>	<b><u>165</u></b>
University	Obligation to fund deficit on USS pension	Pension enhancements on retirement	Defined benefit obligations (Note 25)	Total pension provisions	Deferred tax	Total other provisions
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2019	79,646	2,025	78,476	160,147	-	-
Utilised	(1,589)	(73)	5,827	4,165	-	-
Additions and remeasurements	(35,021)	(71)	33,944	(1,148)	-	-
<b>At 31 July 2020</b>	<b><u>43,036</u></b>	<b><u>1,881</u></b>	<b><u>118,247</u></b>	<b><u>163,164</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating the provision, future staff numbers within the USS scheme and salary inflation (average of 3.69% over the recovery period, 2019: 3.2%) have been estimated for the duration of the contractual period. The provision is discounted at 0.73% (2019: 1.62%).

The adoption of the new deficit recovery plan following the 2018 actuarial valuation has given rise to a substantial decrease in the deficit provision which has fallen from £79,646,000 to £42,682,000. £34,700,000 of this decrease is attributable to the change in the deficit contributions contractual commitment. More details on the 2018 actuarial valuation are set out in note 25. Sensitivity of the obligation to the principle assumptions are outlined under critical accounting judgements above.

#### Pension enhancement on retirement

The University has an obligation to make payments to a small number of pensioners in relation to a legacy pension enhancement agreement. The provision is calculated based on the University's best estimate of the future cash flows required to settle the obligation. The provision is not discounted as the time value of money is not material to the valuation. The assumptions in respect of life expectancy for calculating this provision are the same as those shown in Note 25, however given the shorter duration of the expected cash flows inflation has been estimated at 1.98% (2019: 2.06%).

## Notes to the Financial Statements (continued)

for the year ended 31 July 2020

### 22 Financial instruments

The carrying values of the Group and University's financial assets and liabilities are summarised by category below:

Financial assets	Note	2019/20		2018/19	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Measured at fair value through income and expenditure					
Investments in listed ordinary shares		-	-	536	528
Investments in common investment funds		1,645	1,645	1,804	1,804
Debt instruments measured at amortised cost					
Long-term loans receivable	16	371	177	554	189
Measured at undiscounted amount receivable					
Trade and other receivables	17	22,364	24,832	24,198	25,793
Equity instruments measured at cost less impairment					
Non-current asset investments in unlisted equity instruments		75	42	67	42
		<u>24,455</u>	<u>26,696</u>	<u>27,159</u>	<u>28,356</u>

Financial liabilities		2019/20		2018/19	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Measured at amortised cost					
Loans payable	20	108,703	108,703	114,169	114,169
Obligations under service concession agreements	15	9,041	9,041	9,380	9,380
Measured at undiscounted amount payable					
Trade and other creditors	19	20,066	19,066	17,355	15,959
		<u>137,810</u>	<u>136,810</u>	<u>140,904</u>	<u>139,508</u>

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

Interest income and (expense)		2019/20		2018/19	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Total interest income for financial assets at amortised cost	6	420	417	621	606
Total interest expense for financial liabilities at amortised cost	9	(3,449)	(3,440)	(3,759)	(3,759)
		<u>(3,029)</u>	<u>(3,023)</u>	<u>(3,138)</u>	<u>(3,153)</u>

Fair value gains and (losses)		2019/20		2018/19	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
On financial assets measured at fair value through income and expenditure	16	(2,129)	(6,489)	225	225
On derivative financial liabilities	9	-	-	(296)	(296)
		<u>(2,129)</u>	<u>(6,489)</u>	<u>(71)</u>	<u>(71)</u>

## Notes to the Financial Statements (continued)

for the year ended 31 July 2020

### 23 Endowment reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	Restricted expendable endowments £'000	2019/20 Total £'000	2018/19 Total £'000
<b>Consolidated</b>				
At 1 August 2019				
Capital	1,241	500	1,741	1,710
Accumulated income	244	140	384	345
	<u>1,485</u>	<u>640</u>	<u>2,125</u>	<u>2,055</u>
New endowments	-	-	-	1
Investment income	44	18	62	49
Expenditure	(1)	(3)	(4)	(40)
Increase/(decrease) in market value of investments	(109)	(44)	(153)	33
Transfer from restricted reserves	-	-	-	306
<b>Total endowment comprehensive income for the year</b>	<u>(66)</u>	<u>(29)</u>	<u>(95)</u>	<u>349</u>
<b>At 31 July 2020</b>	<u><b>1,419</b></u>	<u><b>611</b></u>	<u><b>2,030</b></u>	<u><b>2,404</b></u>
<b>Represented by:</b>				
Capital	1,133	456	1,589	1,710
Accumulated income	287	154	441	345
	<u>1,420</u>	<u>610</u>	<u>2,030</u>	<u>2,055</u>
	Restricted permanent endowments £'000	Restricted expendable endowments £'000	2019/20 Total £'000	2018/19 Total £'000
<b>University</b>				
At 1 August 2019				
Capital	1,241	500	1,741	1,710
Accumulated income	244	140	384	345
	<u>1,485</u>	<u>640</u>	<u>2,125</u>	<u>2,055</u>
Investment income	44	18	62	62
Expenditure	(1)	(3)	(4)	(22)
Increase/(decrease) in market value of investments	(109)	(44)	(153)	30
Transfer from restricted reserves	-	-	-	-
<b>Total endowment comprehensive income for the year</b>	<u>(66)</u>	<u>(29)</u>	<u>(95)</u>	<u>70</u>
<b>At 31 July 2020</b>	<u><b>1,419</b></u>	<u><b>611</b></u>	<u><b>2,030</b></u>	<u><b>2,125</b></u>
<b>Represented by:</b>				
Capital	1,133	456	1,589	1,741
Accumulated income	287	154	441	384
	<u>1,420</u>	<u>610</u>	<u>2,030</u>	<u>2,125</u>
<b>Analysis of consolidated funds by type of purpose:</b>				
Prizes and scholarships	743	242	985	1,032
Hardship funds	103	121	224	232
Travel awards and other	103	-	103	110
Lectures	-	247	247	256
Post and departmental support	471	-	471	495
	<u>1,420</u>	<u>610</u>	<u>2,030</u>	<u>2,125</u>
			2019/20 £'000	2018/19 £'000
<b>Analysis of consolidated funds by asset:</b>				
Current and non-current asset investments			1,589	1,741
Cash & cash equivalents			441	384
			<u>2,030</u>	<u>2,125</u>

## Notes to the Financial Statements (continued)

for the year ended 31 July 2020

### 24 Restricted reserves

Reserves with restrictions are as follows:

Consolidated	Capital grants for restricted use assets	Other capital grants with restrictions	Restricted donations	Revenue grants with restrictions	2019/20 Total	2018/19 Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2019	44,310	-	2,399	-	46,709	45,433
Grant income	13,545	2,858	-	36,242	52,645	39,040
Donation income	-	-	862	-	862	1,780
Investment income	-	-	2	-	2	2
Capital grants with expired use restrictions	(224)	-	-	-	(224)	(400)
Expenditure	-	(2,858)	(1,018)	(36,242)	(40,118)	(39,147)
Increase/(decrease) in market value of investments	-	-	(5)	-	(5)	1
Transfer to endowment reserves	-	-	-	-	-	-
<b>Total restricted comprehensive income for the year</b>	<b>13,321</b>	<b>-</b>	<b>(159)</b>	<b>-</b>	<b>13,162</b>	<b>1,276</b>
<b>At 31 July 2020</b>	<b>57,631</b>	<b>-</b>	<b>2,240</b>	<b>-</b>	<b>59,871</b>	<b>46,709</b>

Analysis of consolidated donations with restrictions by type of purpose:	2019/20 Total	2018/19 Total
	£'000	£'000
Post and departmental support	1,266	1,266
Prize funds	14	14
Other	1,119	1,119
	<b>2,399</b>	<b>2,399</b>

University	Capital grants for restricted use assets	Other capital grants with restrictions	Restricted donations	Revenue grants with restrictions	2019/20 Total	2018/19 Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2019	44,310	-	2,399	-	46,709	45,433
Grant income	13,545	2,858	-	36,242	52,645	39,040
Donation income	-	-	856	-	856	1,694
Investment income	-	-	2	-	2	2
Capital grants with expired use restrictions	(224)	-	-	-	(224)	(400)
Expenditure	-	(2,858)	(1,018)	(36,242)	(40,118)	(39,147)
Increase/(decrease) in market value of investments	-	-	(5)	-	(5)	1
Reserves transferred from subsidiary	-	-	6	-	6	86
Transfer to endowment reserves	-	-	-	-	-	-
<b>Total restricted comprehensive income for the year</b>	<b>13,321</b>	<b>-</b>	<b>(159)</b>	<b>-</b>	<b>13,162</b>	<b>1,276</b>
<b>At 31 July 2020</b>	<b>57,631</b>	<b>-</b>	<b>2,240</b>	<b>-</b>	<b>59,871</b>	<b>46,709</b>

# Notes to the Financial Statements (continued)

for the year ended 31 July 2020

## 25 Pension schemes

Different categories of staff were eligible to join one of three different schemes:

- Universities Superannuation Scheme (USS)
- The Local Government Pension Scheme (LGPS) which is administered by Leicestershire County Council
- The Teachers' Pension Scheme (TPS)

The total charge to the consolidated income and expenditure account (excluding finance expense) is noted below.

	2019/20 £'000	2018/19 £'000
Contributions paid to USS (excluding amounts paid under the USS deficit recovery plan)	18,251	15,632
Movement on USS provision	<u>(36,311)</u>	<u>50,249</u>
	(18,060)	65,881
LGPS	11,724	11,479
Other pension schemes	<u>206</u>	<u>148</u>
	<u>(6,130)</u>	<u>77,508</u>

### (i) The Universities Superannuation Scheme

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

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

The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%. The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

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

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

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

The current life expectancies on retirement at age 65 are:

	2019/20	2018/19
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. 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. This change in the deficit recovery plan contributions has given rise to a substantial decrease in the deficit provision which has fallen from £79,646,000 to £42,682,000 as set out in note 21. £34,700,000 of this decrease is attributable to the change in the deficit contributions contractual commitment.

# Notes to the Financial Statements (continued)

for the year ended 31 July 2020

## 25 Pension schemes (continued)

### (ii) Local Government Pension Scheme (LGPS)

LGPS is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustee on the advice of the actuaries. In the intervening years, the LGPS actuary reviews the progress of the LGPS scheme.

For LGPS, the actuary has indicated in the 2019 valuation that the resources of the scheme are likely, in the normal course of events, to meet the liabilities as they fall due at the level specified by the LGPS Regulations.

Under the definitions set out in FRS102, the LGPS is a multi-employer defined benefit pension scheme. In the case of the LGPS, the actuary of the scheme has identified the University's share of its assets and liabilities as at 31 July 2020.

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 interests 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.

#### Assumptions

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

	2019/20	2018/19
	%pa	%pa
Pension increase rate (CPI)	2.2	2.4
Salary increase rate (RPI)	2.7	3.4
Discount rate	1.4	2.1

The pension increase assumption is set in line with the Consumer Prices Index (CPI) assumption. As a market in CPI linked bonds does not exist, an estimate is used to calculate the long-term gap between RPI and CPI to derive a CPI assumption for accounting purposes. The RPI-CPI gap used this year is 0.9% (2019: 1.0%). A 0.1% change in assumption results in a change of £5.2m to the Defined Benefit Obligation, sensitivity of the obligation to the principle assumptions are outlined under critical accounting judgements.

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.

	Males	Females
Current pensioners	21.5 years	23.8 years
Future pensioners	22.2 years	25.2 years

#### Scheme assets and expected rate of return for LGPS

The assets in the scheme, measured at fair value, were:

	31 July 2020	31 July 2019
	£'000	£'000
Equities	87,506	95,089
Bonds	47,591	48,350
Property	12,282	12,893
Cash	6,141	4,835
Total	<u>153,520</u>	<u>161,167</u>

	2019/20	2018/19
	£'000	£'000
<b>Analysis of the amount shown in the Balance Sheet</b>		
Scheme assets	153,519	161,167
Scheme liabilities	<u>(271,766)</u>	<u>(239,643)</u>
<b>Deficit in the scheme – net pension liability</b>	<u>(118,247)</u>	<u>(78,476)</u>

#### Analysis of the amount charged to staff costs within operating surplus

	2019/20	2018/19
	£'000	£'000
Current service cost	12,142	9,438
Past service costs (including curtailments)	<u>(418)</u>	<u>2,041</u>
Total operating charge	<u>11,724</u>	<u>11,479</u>

#### Analysis of the amount charged to interest payable

	2019/20	2018/19
	£'000	£'000
Interest cost on defined benefit obligation	5,127	5,851
Interest income on plan assets	<u>(3,414)</u>	<u>(4,147)</u>
<b>Net charge to interest and other finance costs</b>	<u>1,713</u>	<u>1,704</u>

#### Analysis of other comprehensive income for LGPS

	2019/20	2018/19
	£'000	£'000
Return on assets excluding amounts included in net interest	(13,235)	7,827
Changes in financial assumptions	(24,097)	(33,236)
Changes in demographic assumptions	(4,494)	12,472
Other experience	<u>9,121</u>	<u>-</u>
<b>Total other comprehensive income before deduction for tax</b>	<u>(32,705)</u>	<u>(12,937)</u>

# Notes to the Financial Statements (continued)

for the year ended 31 July 2020

## 25 Pension schemes (continued)

	2019/20	2018/19
	£'000	£'000
<b>Analysis of movement in the present value of scheme liabilities</b>		
<b>Present value at the start of the year</b>	<b>239,643</b>	205,267
Current service cost	12,142	9,438
Past service cost including curtailment	(418)	2,041
Interest cost	5,127	5,851
Actual member contributions	1,629	1,537
Actuarial loss	19,470	20,764
Actual benefit payments	(5,827)	(5,255)
<b>Present value at the end of the year</b>	<b>271,766</b>	239,643
<b>Analysis of movement in the fair value of scheme assets</b>		
<b>Fair value of assets at the start of the year</b>	<b>161,167</b>	147,263
Interest income on plan assets	3,414	4,147
Actuarial gain on assets	(13,235)	7,827
Actual contributions paid by University	6,371	5,648
Actual member contributions (including notional contributions)	1,629	1,537
Actual benefit payments	(5,827)	(5,255)
<b>Fair value of scheme assets at the end of the year</b>	<b>153,519</b>	161,167
Actual gain on scheme assets in the year	(9,821)	11,974

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

The estimated employer's contribution payable to LGPS in the financial year 2020/21 is £6,951,000.

In determining the valuation of the Leicestershire County Council Pension Fund, a number of key assumptions have been made. The key assumptions, which are given below, are largely dependent on factors outside the control of the University:

- Discount rate;
- Inflation rate; and
- Life expectancy

The asset values are reported using estimated asset allocations prepared by the scheme Actuary. This asset value is calculated at each triennial valuation. Thereafter it is rolled forward to accounting dates using investment returns, contributions received, and benefits paid out. During each annual reporting period between triennial valuations, asset returns are estimated using 11 months of market experience and one month of extrapolation being assumed. However, for the year ended 31 July 2020 the pension valuation was calculated using asset returns covering the period 1 July 2019 to 30 June 2020 and estimated the difference in the return for 1 August 2019 to 31 July 2020. As such actual investment returns over a full year might deviate from those reported by the Actuary in the FRS 102 valuation.

### iii) Teachers' Pension Scheme

This scheme is valued every five years by the Government Actuary. Contributions are paid by the University at the rate specified. The scheme is unfunded and contributions are made to the Exchequer. The payments from the scheme are made from funds voted by Parliament. The contribution rate payable by the employers during the year was 16.48% of pensionable salaries from 1 August 2019 to 31 August 2019 and 23.68% from 1 September 2019 to 31 July 2020.

Under the definitions set out in Section 28 of FRS 102, this scheme is a multi-employer defined benefit pension scheme as the University is unable to identify its share of the underlying assets and liabilities.

## 26 Subsidiary undertakings

The University wholly owns or effectively controls the following subsidiary companies (all of which are registered in England and Wales with their registered office at Finance Office, Loughborough University, Loughborough, LE11 3TU):

Company name	Shareholding	Principal activity
Imago @ Loughborough Limited	100%	Management of conference and related commercial facilities
Loughborough University Enterprises Limited	100%	Marketing of the expertise and facilities of the University in applicable specialist areas
Loughborough University Development Trust (non-trading)	Limited by guarantee	Promotion of the charitable purposes of the University

## 27 Associated undertakings

The Group has the following interests in associated undertakings:

Company name (registered office)	Shareholding	Principal activity
Previsico Limited (LUSEP, Holywell Building, Holywell Way, Loughborough, Leicestershire, LE11 3UZ)	30%	Exploitation of 'FloodMap Live: Real-Time Nowcasting/Flood Analytics' technology
Zayndu Limited (LUSEP, Holywell Building, Holywell Way, Loughborough, Leicestershire, LE11 3UZ)	49%	Exploitation of 'Plasma Drum Reactor: Seed Disinfection' technology

The Group's share of the profit or loss for the year and the net assets of the associated undertaking is not material to these Financial Statements in either the current or prior year and has therefore been excluded from the consolidation.

# Notes to the Financial Statements (continued)

for the year ended 31 July 2020

## 28 Connected charitable institutions

One charitable institution (Loughborough University Development Trust) is administered by or on behalf of the University and has been established for its general or special purposes. As a result, under paragraph 28 of Schedule 3 to the Charities Act 2011, this connected institution is exempt from registration with the Charity Commission. This charity is included as a subsidiary undertaking in these consolidated financial statements and the movements in the year on the total funds of the connected institution, as reported in its own accounts, were as follows:

	Loughborough University Development Trust £'000
<b>At 1 August 2019</b>	-
Income	6
Transfers to Loughborough University	(6)
<b>At 31 July 2020</b>	-

On 31 July 2018 the assets and operations of Loughborough University Development Trust were transferred to Loughborough University and the Trust ceased to operate on the same date. Transactions shown above represent income received in relation to agreements entered into by the Trust prior to ceasing to trade and the subsequent transfer of these assets to Loughborough University

## 29 Related party transactions

The University's 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, including those identified below, are conducted at arms length and in accordance with the University's Financial Regulations and usual procurement procedures. All balances outstanding at the year-end are held on normal credit terms and do not carry any interest.

	2019/20 Income £'000	2019/20 Expenditure £'000	Balance due to the University at 31 July 2020 £'000	Balance due from the University at 31 July 2020 £'000
<b>Members of Council</b>				
Leicestershire County Council	88	(4)	6	-
Loughborough Students' Union	231	(116)	132	(3)
Rolls Royce	1,187	(979)	94	(916)
Heriot-Watt University	-	(103)	-	-
<b>Senior members of the University</b>				
British Council	220	(220)	9	(125)
English Institute of Sport	274	(60)	56	(3)
EPSRC	13,386	(9,864)	1,279	(6,749)
Loughborough College	173	(94)	2	-
Manufacturing Technology Centre	74	-	16	-
University of Birmingham	692	(194)	177	(75)
Loughborough Schools Foundation	-	(126)	-	-
<b>Associated undertakings</b>				
Zayndu Limited	-	-	100	-
Previsico Limited	-	-	95	-
Micro-pore Technologies	-	-	30	-

The total expenses paid to or on behalf of 11 council members were £8,096 (2019: £9,295 to 11 council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and any other events in their official capacity. The University Officers and Members of Council have also had access to the catering, sporting and other facilities of the University on terms which are available to all members of University staff.

The University has taken advantage of the exemption allowed by FRS102 not to disclose transactions between wholly owned group companies. No information has been listed above for organisations where income or expenditure is less than £50,000 in the current year.

	2018/19 Income £'000	2018/19 Expenditure £'000	Balance due to/(from) the University at 31 July 2019 £'000
<b>Members of Council</b>			
Leicestershire County Council	2,187	(3)	-
Loughborough Students' Union	208	(1,321)	2
<b>Senior members of the University</b>			
British Council	328	(390)	(199)
<b>English Institute of Sport</b>	285	(57)	(43)
EPSRC	12,672	(10,601)	(6,259)
Loughborough College	185	(96)	-
Loughborough Students' Union	208	(1,321)	2
Manufacturing Technology Centre	76	-	-
Rolls Royce	2,918	1,115	(790)
UK Sport	97	-	19
University of Birmingham	481	(408)	-
<b>Associated undertakings</b>			
Zanydu Limited	-	-	60
Previsico Limited	-	-	95

## Notes to the Financial Statements (continued)

for the year ended 31 July 2020

30 Consolidated reconciliation of net debt	at 1 August 2019	Cash flows	Non-cash changes	at 31 July 2020
	£'000	£'000	£'000	£'000
Cash in hand	67,741	1,031	-	68,772
Current investments	2,500	(2,500)	-	-
Debt due within one year	(5,805)	5,466	(5,131)	(5,470)
Debt due after one year	(117,744)	-	5,471	(112,273)
	(53,308)	3,997	340	(48,971)
Fixed investments	2,719	791	(1,419)	2,091
<b>Total</b>	<b>(50,589)</b>	<b>4,788</b>	<b>(1,079)</b>	<b>(46,880)</b>

31 Financial commitments	2019/20		2018/19	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted	9,357	9,337	21,786	21,723

Total future minimum lease payments under non-cancellable operating leases are as follows:

Consolidated	2019/20			Total	2018/19 Total
	Land and buildings £'000	Plant and machinery £'000	Other leases £'000		
Payable during the year	921	-	-	921	2,746
<b>Future minimum lease payments due:</b>					
Not later than one year	1,053	281	1,518	2,852	1,049
Later than one year and not later than five years	4,212	258	137	4,607	5,096
Later than five years	4,000	-	-	4,000	5,053
<b>Total lease payments due</b>	<b>9,265</b>	<b>539</b>	<b>1,655</b>	<b>11,459</b>	<b>11,198</b>

University	2019/20			Total	2018/19 Total
	Land and buildings £'000	Plant and machinery £'000	Other leases £'000		
Payable during the year	921	399	1,825	3,145	2,704
<b>Future minimum lease payments due:</b>					
Not later than one year	1,053	253	1,518	2,824	1,016
Later than one year and not later than five years	4,212	233	137	4,582	5,071
Later than five years	4,000	-	-	4,000	5,053
<b>Total lease payments due</b>	<b>9,265</b>	<b>486</b>	<b>1,655</b>	<b>11,406</b>	<b>11,140</b>

Significant leases include the lease of the London campus (included in land and buildings), sports equipment (plant and machinery) and software licences (other).

### 32 Leases receivable

At the Balance Sheet date, the following future minimum lease payments were receivable from tenants under operating leases for land and buildings:

	2019/20		2018/19	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Future minimum lease payments receivable:</b>				
Not later than one year	2,029	2,774	2,795	3,540
Later than one year and not later than five years	5,822	8,802	6,056	9,036
Later than five years	3,956	21,491	5,069	23,349
<b>Total lease payments receivable</b>	<b>11,807</b>	<b>33,067</b>	<b>13,920</b>	<b>35,925</b>

Significant leases include the lease of hotel and conferencing facilities to a subsidiary company and leases to tenants of the University's Science and Enterprise Park.

### 33 Events after the reporting period

In September 2020, the Trustee of the USS Pension Scheme (USS) launched a consultation with Universities UK on key aspects of the scheme's 2020 valuation. Based on the proposals put forward, the Trustees have indicated that the fund's deficit at 31 March 2020 could range from £9.8bn to £17.9bn. This would represent a significant deterioration from the £3.6bn deficit established under the 2018 valuation. At this stage, an outcome has not yet been agreed and the USS Trustee has until 30 June 2021 to conclude the valuation. Thus, for the 2019-20 financial year, this is considered a non-adjusting event

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