



University
of Glasgow

REPORTS & FINANCIAL STATEMENTS

FOR THE YEAR TO 31 JULY 2020

**WORLD
CHANGING
GLASGOW**



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Charity number: SC004401

OPERATING AND FINANCIAL REVIEW

This Operating and Financial Review describes the main trends and factors underlying the University of Glasgow's (the University's) performance during the year to 31 July 2020 (2019-20).

History

The University is the fourth oldest University in the English-speaking world. Founded in 1451, it has earned an international reputation for research innovation, for connecting with experts in global business, and for being the home of inspiring thinkers, from the father of economics Adam Smith, to the eminent scientist Lord Kelvin. In keeping with its historic legacy of changing the world, the University is a founding member of the elite Russell Group of 24 major UK research universities.

Principal operations

Study and research are grouped into four Colleges, which are made up of broadly related Schools and Research Institutes. The Colleges are:

- Arts
- Medical, Veterinary & Life Sciences
- Science & Engineering
- Social Sciences

The majority of operations are carried out on the University's main Gilmorehill campus in the West End of Glasgow. Finding community within diversity, the University attracts students and academics from more than 150 countries around the globe. In addition, as a venue for international conferences and a hub of cultural interest, the University is also a major contributor to the cultural and commercial life of the country.

Constitution, governance and regulation

Founded by Papal Bull in 1451, much of the University's modern constitutional framework derives from the Universities (Scotland) Act 1966, which updated and expanded on the Universities (Scotland) Acts 1858 to 1932; and from the Higher Education Governance (Scotland) Act 2016. These Acts make provision for the main statutory bodies and officers of the University - the Court, the Senate, the General Council, the Chancellor, the Principal and Vice Chancellor, and the Rector - and set out the powers and duties of the statutory bodies and officers, as well as specifying the composition of the statutory bodies.

From 1858 until 1966 the University exercised its powers using Ordinances. These were drafted by the University and given legal authority by the Privy Council after approval by the General Councils of the other Scottish Universities. The Universities (Scotland) Act 1966 enabled the University to exercise its powers using Resolutions and Procedures. Resolutions are issued by the University Court of the University of Glasgow (Court) after

consultation with the University. Procedures are as determined by Court. In a few areas, mainly of constitutional import, Ordinances are still required.

Court is responsible for the management and regulation of the financial affairs of the University, ensuring compliance with the Financial Memorandum and associated guidance as published by the Scottish Funding Council (SFC). A full statement of Court's responsibilities, membership and corporate arrangements is detailed within these reports and financial statements. The University is a charity and is registered with the Office of the Scottish Charity Regulator under number SC004401. The Principal is the chief executive officer appointed by Court who is directly accountable to the chief executive officer of the Scottish Funding Council for the University's proper use of funds.

Inspiring People - Changing the World

In 2015 the University published its current five-year strategy, Inspiring People – Changing the World. The strategy sets out a vision for Glasgow as a world-class, world-changing university, articulated through three key pillars:

People: The University wants to be regarded among the very finest higher education institutions in the world. For that to happen, it needs to attract the best of the best – staff and students alike. *People* details the University's strategy to attract world-class staff and talented students from every corner of the globe and connect with the finest minds worldwide through international partnership and cooperation.

Place: The University wants to provide an internationally excellent environment which inspires its staff and students as world-class learners, researchers and professionals. *Place* details its vision for world-class supporting infrastructure realised through cutting-edge facilities, best in class systems, and outstanding professional support functions.

Purpose: The University exists to discover world-changing knowledge and then share it with students and society at large. *Purpose* articulates its vision for internationally excellent teaching, globally significant research, and local and global civic engagement that has tangible benefits and impact for communities.

Inspiring People identifies 9 primary and 13 secondary key performance indicators (KPIs) to assess the University's progress and performance over the 2015 – 2020 strategic period. The KPIs encompass research, the student experience, internationalisation, staff satisfaction, financial health and efficiency of the estate. As of 31 July 2020, the University had met 6 of its primary KPIs (international student FTE, PG researcher

to academic ratio, research output quality, research impact, research income per academic and cash generation). However, the University was behind on 3 (Staff engagement, undergraduate satisfaction and assessment & feedback). For each of these action plans have been developed and are in place. Actions include implementation of a staff health & wellbeing plan and a new student portal to ensure more consistency of experience and to help students manage their assessment schedules. There has been a widespread move of exam assessments to online platforms which has been further accelerated due to Covid-19.

The annual report on research and KPIs presented to the University Court on 23 June included the following KPIs:

	2017-18	2018-19
UG satisfaction	87.7%	86.1%
Assessment & feedback	69.3%	66.8%
International student FTE	5,542	6,477
PGR FTE / staff R&T FTE	2.13	2.14
Research income / staff R&T FTE	156.7	160.8
Cash generation	£38.1m	£44.6m
Carbon Footprint (kT)	34.8	29.9

Publication of the University's 2020-2025 strategic plan was delayed due to Covid-19. The University is currently re-testing the proposed strategy with respect to the changes brought by the pandemic, with a view to approval by University Court in December 2020.

Covid-19

On 31 January 2020, the World Health Organisation ("WHO") declared the novel coronavirus ("Covid-19") outbreak a global health emergency.

In response to the pandemic, the Scottish Government announced on 23 March a stringent set of preventative measures, collectively called "lockdown" to be applied from midnight with 3 weekly reviews to be undertaken. Full lockdown restrictions continued until 29 June in Scotland when a phased easing of restrictions began. Except for those providing essential services, all business activities were forced to suspend physical trading during lockdown.

The University has sought to engage with all its stakeholders in devising its response to this situation and has taken active and early measures to assess the risks, both financial and non-financial, that this has presented.

The University has made significant efforts to adapt to the challenge presented

OPERATING AND FINANCIAL REVIEW (continued)

by Covid-19 to the delivery of learning outcomes. The May exam diet saw the online delivery of over 1,000 exams and 40,000 assessments. While, for the new academic year all teaching materials have either been or are being moved online to allow all individual learning outcomes to be delivered and achieved remotely in semester one and potentially beyond.

The move to online delivery represents a significant programme of work with the need to create new teaching materials for all courses, to rethink learning and teaching design, to redesign many of the assessments, to develop videos and online activities, and to rethink existing approaches to interaction. For many staff, this represents a transformation of their ways of working and significant effort has been placed into creating resources, guidance, and in upskilling for staff. All of this has been ongoing since lockdown.

Further information is presented in the operating and financial review, the corporate governance statement and the notes to the accounts.

Recruitment

The University's overall undergraduate Scot/EU numbers were marginally higher in 2019 vs 2018. MD20 enrolments fell slightly from 14.5% to 14.2% whilst MD20-40 increased from 13.6% to 15.2%. Rest of UK ("RUK") undergraduate enrolment declined by 2.3% compared to 2018 whereas International increased by 12.6%. RUK recruitment remains competitive and whilst in some English regions' the 18year-old population will start to increase in 2020-21 conditions are likely to remain challenging in future years.

Postgraduate Taught enrolments increased in 2019, UK/EU +7.6% and International +10.1%. Postgraduate Research enrolments held steady in 2019 for International and increased by 9% for UK/EU.

The University has adopted a prudent approach to its projections for the 2020-21 intake. Experience year to date is that the projections for the year will be met or exceeded, with the September undergraduate intake above target for all intake categories. However, the University continues to monitor the position carefully with further intakes still to take place later in the year. As a result of Covid-19 the University has introduced November and January intakes for specific postgraduate taught programmes.

In addition, academic year 2020-21 will be the final year that EU students will be eligible for "home" fee status, at all levels; this will likely lead to more challenging circumstances for recruiting EU students, particularly for some undergraduate courses. The University is seeking to mitigate against this shortfall by a

commensurate increase in recruitment activity and available scholarships.

Outcome Agreements

During 2012-13, in return for the increased financial settlement to the HE sector, the Scottish Government indicated that it expected the Scottish Funding Council to ensure that improved outcomes are delivered by universities. In response, the SFC implemented Outcome Agreements with each university. Each agreement contains targets that will enable the SFC to detail and report improvements back to the Scottish Government.

Due to the Covid-19 pandemic, the SFC suspended the Outcome Agreement process for 2020-21 prior to universities securing final sign-off from their governing bodies. Glasgow's near-final 2020-21 draft Outcome Agreement was supplied to the SFC for reference and edited to highlight areas that were significantly impacted by COVID. The SFC and Glasgow hold regular discussions to monitor progress and share sector best practice towards maintaining progress on Outcome Agreement priorities during the pandemic.

The Student Experience

The University has a strong record of high achievement in student satisfaction as measured by the National Student Survey (NSS). Despite the challenges brought by the global Covid-19 pandemic, the University's overall satisfaction score improved by 1% to 87% in 2019-20. Assessment and feedback continue to be a key area of dissatisfaction highlighted by students; however, the University is currently working to address this through a strategic project within its World Changing Glasgow Transformation Programme. The University also continues to address the other issues raised by students through its ongoing NSS action plan.

While not a direct measurement of student satisfaction or the student experience, the University's performance in national and international league tables is an important indicator of overall quality of provision.

Glasgow maintained its position as one of the top 100 of global universities within both the THES and QS world university rankings; however, while the former saw an improved ranking to 92 (2018-19: 99), the latter saw a decline to 77 (2018-19: 67).

Our performance in the UK domestic league tables has generally improved. While the University experienced a single point decline in the Complete University Guide (now 19th), the University rose to 14th in the Times/Sunday Times University Guide (2019: 16th) and 12th in the Guardian University League Table (2019: 14th).

Student Employability

2020 marks the first data release from the new Graduate Outcomes Survey, which was created to replace the previous Destination of Leavers of Higher Education Survey (DLHE). The new survey differs significantly in its cohort and calculation, and as such direct comparisons with DLHE outcomes are not possible. The Higher Education Statistics Agency (HESA) will release its first annual performance indicators based on the new Graduate Outcomes Survey in Autumn 2020.

The DLHE itself was not run in the 2018-19 transition year; however, at the time of the last DLHE survey (the 2016-17 graduating cohort) 95.9% of the University's students who obtained a full-time first-degree undergraduate qualification were in employment or further study in the year after their graduation.

International activity

The University is a founding member of Universitas 21, an international grouping of universities dedicated to setting worldwide standards for higher education; its outstanding reputation for research, learning and teaching, and its investment in facilities is contributing to making the University an attractive choice for the best students from across the globe.

The University continues to see a steady year-on-year increase in entrants from students outside the EU, with sustained growth for the eleventh consecutive year. International student numbers grew by 10% on the previous year and growth was seen at all levels of study. The University's continued success in attracting international students reflects the efforts put into strategic country marketing campaigns and the return on investment from its in-country based International Recruitment Officers.

Glasgow International College (GIC) is the University's pathway College, providing international students with integrated academic skill and English language courses, preparing them to progress to the University's undergraduate and postgraduate programmes. GIC is a key international recruitment partner and in 2019-20 over 15% of the new international students to the University came via these pathways. Demand continues to grow from around the world with over 1,500 students joining the College in 2019-20 in preparation to progress to the University in 2020-21.

The University has established Transnational Education (TNE) partnerships with the Singapore Institute of Technology (SIT), University of Electronic Science and Technology of China (UESTC) and Nankai University to enable students to gain a University of Glasgow degree overseas whilst being taught by University of Glasgow staff. The

OPERATING AND FINANCIAL REVIEW (continued)

University comfortably hit its overall targets for 2019-20, with 2,856 students: 150 on degrees with Nankai, 1,804 on degrees with UESTC, and 902 with SIT. Further growth is anticipated in 2020-21 as full cohorts are recruited.

Strengthening existing strategic international partnerships as well as further developing relationships with regional partners around the world is a key priority of the University's international activity going in to 2020-2021 and this is underpinned by the regional strategies developed by the Deans for Global Engagement. The University also continues to actively engage with international membership networks Universitas 21 and the Guild. Post-Brexit, the development of European relationships will be of particular importance, and the University is delighted to be exploring associate partner status of two European University Alliances - Neurotech and CIVIS.

Widening Participation

Widening Participation (WP) is an important strategic area for the University. We continue to work with the Scottish Government, Scottish Funding Council and Fair Access Commissioner to fulfil the aims of the Scottish Government's Commission on Widening Access (CoWA), which cited much of our work as sector-leading best practice. The University continues to exceed its MD20 recruitment targets and is working hard to enable increased targets in the future.

In 2019-20, we expanded our schools-based WP programmes to work with targeted pupils in all 161 west of Scotland secondary schools, increasing from 115 schools in 2018-19. We engaged with over 25,000 Primary 5 – Secondary 6 pupils, up from just over 4,000 Secondary 4 - Secondary 6 pupils six years ago. We have further strengthened our engagement with FE College partners, enhancing our strong record of recruitment via Access Courses and expanding our recently created HNC Articulation Programme to increase direct entry routes to year 2 at Glasgow.

We have responded to Covid-19 by pivoting all WP programmes to fully online delivery, using our experience of delivering in online and blended modes over the past 6 years. Indeed, our 4-week WP Summer School, already the longest-running and largest in Scotland, increased from 460 students in 2019 to 910 in 2020. We are using every means to open up our provision to more students than ever to help the significantly increased pool of at-risk students and do all we can to mitigate the impact of the pandemic on the most vulnerable sectors of society.

Research

The University's focused investment in recruiting and nurturing research leadership has led to substantial grant income. The University has six research

'beacons' which are cross-disciplinary areas of research excellence which have attracted major financial and intellectual investment. They bring together inspiring researchers from across the University who are working with other institutions, funders, practitioners, policy makers and charities to address grand challenges that have impact on both a national and international scale. The 'beacons' are:

- Precision Medicine & Chronic Diseases
- Cultural & Creative Economies
- Future Life
- One Health
- Addressing Inequalities
- The Nano & Quantum World

The University is in 6th place in the Russell Group for research income per FTE, and the University has had notable successes in attracting multi-million-pound awards of an increasingly collaborative and interdisciplinary nature to tackle worldwide problems. The University has also excelled in responding positively to Covid-19 related opportunities: we are 8th in the UK for the amount of Covid-19 related research funding secured from UKRI.

The University is actively engaged in the national response to Covid-19 and operates a laboratory to process samples on behalf of the Department for Health and Social care as part of their Lighthouse Lab Covid-19 response. The centre was one of the seven initial Lighthouse Laboratories established across the UK and the first to be established in Scotland.

The University implemented this project in just six weeks, with an initial 30,000 daily tests, and has since continued to build capacity. The lab now has capacity for over 80,000 tests per day and employs in excess of 400 staff.

Research Excellence Framework

The outcomes of the Research Excellence Framework in 2014 (REF 2014) showed that the power of the University's research (overall quality multiplied by volume) placed it 12th in the UK and 2nd in Scotland. The percentage of research judged to be 'world leading' – the top category – doubled to 31% between the 2008 and 2014 assessment exercises.

Since 2014, the University has initiated an intense programme of reviews to ensure that each discipline fulfils its potential in all aspects of the research portfolio – the volume and diversity of income but importantly the quality of outputs, impact and leadership – in preparation for the next REF submission in 2021.

The completion of this submission has been temporarily placed on hold for 4 months due to Covid-19, with a revised submission date of 31 March 2021. The University had already completed extensive preparations prior to this pause

occurring and we are on track to deliver by the revised date.

OPERATING AND FINANCIAL REVIEW (continued)

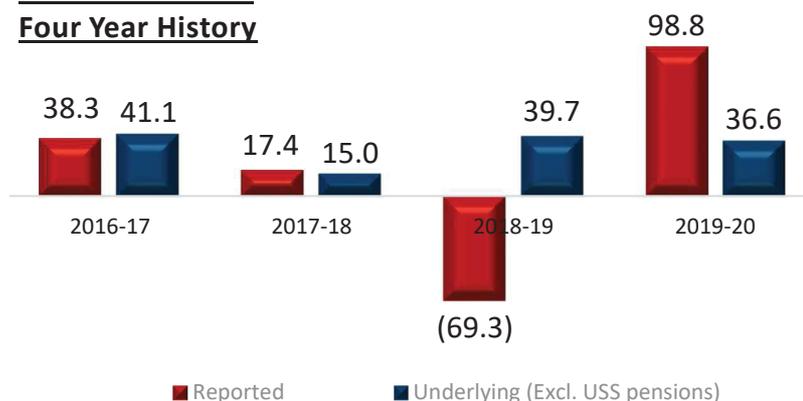
Income and expenditure

Given the challenging conditions relating to the Covid-19 pandemic the University achieved better than expected results in the 2019-20 financial year. The underlying operating surplus in 2019-20 was £36.6m.

The graph on the right shows the trend in operating surplus / (deficit) over the last four years, with the underlying position adjusted for the movement in the provision for the Universities Superannuation Scheme (USS) deficit reduction plan. Accounting for this provision can cause significant volatility in the reported surplus / (deficit).

The table below includes some of the key financial information for the year, with prior year numbers provided for comparison.

£m - Operating Surplus / (Deficit) Before Other Gains and Losses Four Year History



Key financial information

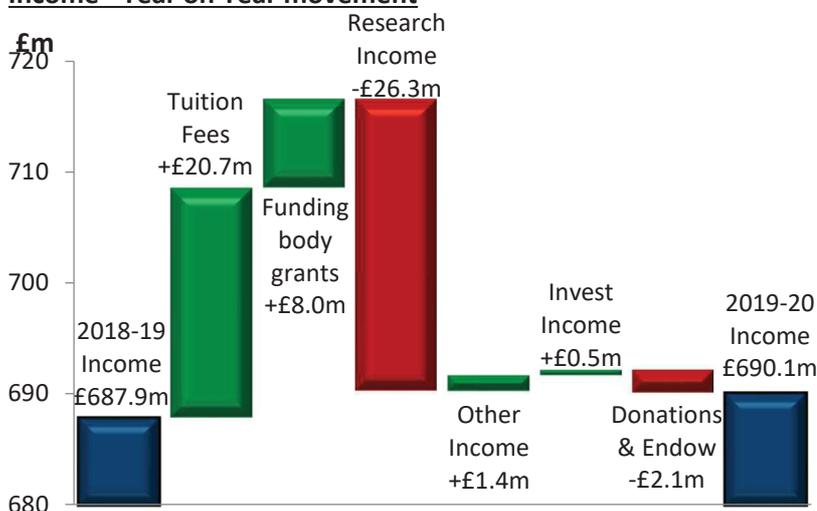
	2020 £m	2019 £m
Consolidated income	690.1	687.9
Consolidated expenditure	(591.3)	(757.2)
Surplus / (deficit) before other gains and losses	98.8	(69.3)
Adjust for decrease / (increase) in USS provision	62.2	(109.0)
Underlying surplus before other gains and losses	36.6	39.7
Income from overseas students	161.7	142.0
Cash and cash equivalents at year end	414.3	204.6
Investment funds	-	216.5
Available funds	414.3	421.1
Borrowing Levels	254.8	245.0
Net Debt	164.4	181.3
Capital Expenditure	109.3	91.2
Campus Development spend to date	229.5	133.9

Covid-19

Covid-19 has had an impact on the 2019-20 financial year, with future years expected to be adversely impacted due to uncertainties around travel restrictions, overseas student numbers and research funding.

In 2019-20, significant reductions in income were seen in research activity and in commercial services, including accommodation, catering and sport. Additional costs were incurred in relation to the campus development, in ensuring that students and staff could work remotely and in implementing government guidelines around Covid-19. The total impact of additional costs and income reductions of £22.8m were mitigated through a recruitment freeze, a hold on non-essential expenditure, and consequential savings, including travel and utilities.

Income - Year on Year movement



OPERATING AND FINANCIAL REVIEW (continued)

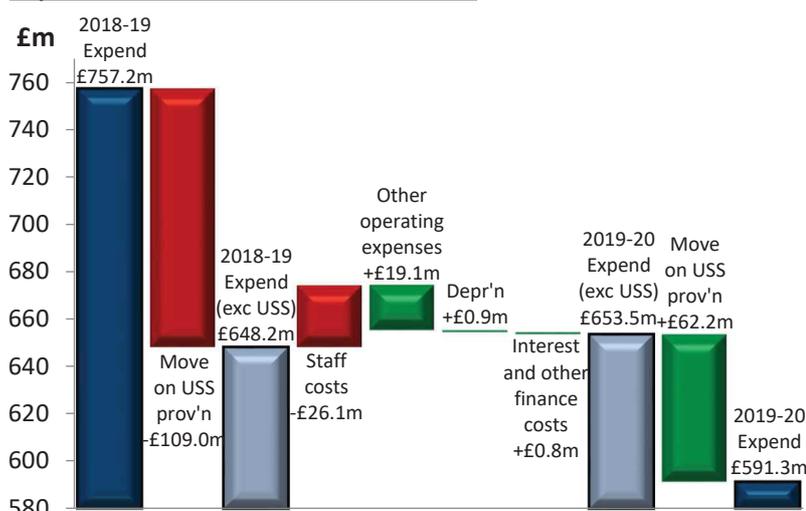
Income

Total income increased by £2.2m or 0.3% from 2018-19 to 2019-20.

The main movements are as follows:

- Income from tuition fees and education contracts grew by £20.7m or 9.1% to £248.9m. The largest movement was in overseas students, with income growing by £19.7m or 13.9% (2018-19: 18.3%);
- Income from funding body grants increased by £8.0m or 4.9% in 2019-20. £7.4m was received under the Job Retention Scheme (included in Other funding council grants) for employees who were furloughed due to the Covid-19 pandemic;
- Underlying research income (research income excluding movements in capital grants) decreased by £21.9m during the year, mainly due to the Covid-19 impact on activity, with significant reductions in income recognised from UK Charities, Research Councils and EU funders. Capital grant income also decreased by £4.4m due to fewer equipment grants. The overall decrease in income from research grants and contracts was therefore £26.3m or 13.5% (2018-19 increase of £14.3m or 7.9%);
- Other income increased by £1.4m or 1.8% in 2019-20. Covid-19 had a significant impact on accommodation and catering income, which saw a £4.2m (13.7%) reduction on prior year. Other services rendered were also impacted, with the Small Animal Hospital reduced to emergency cover. However, this was offset by income (and expenditure) relating to the operation of a laboratory to process samples on behalf of the Department of Health and Social Care as part of their Lighthouse Lab Covid-19 response, and increased income from the partnership with GIC Kaplan;

Expenditure - Year on Year movement



- Investment income increased by £0.5m; and
- Income from donations and endowments decreased by £2.1m in 2019-20, with a decrease of £3.4m against the prior year in donations.

Expenditure

Total expenditure decreased by £165.9m or 21.9% in 2019-20. This was mainly due to a £171.2m year on year movement in USS deficit reduction plan with a £62.2m credit in 2019-20 versus a £109m charge in 2018-19. Expenditure excluding this USS movement increased by £5.3m or 0.8%.

The make-up of the £5.3m increase in expenditure is as follows:

- Staff costs increased by £26.1m or 7.3% in 2019-20 (2018-19 increase of £19.9m or 5.9%). Adjusting for the year on year movement in FRS102 adjustment for unpaid holiday pay (an increase in expenditure of £5.3m), staff costs increased by £20.8m or 5.8%, due to increased staff numbers of 3.9% (mainly within academic departments and other income generating activities), annual

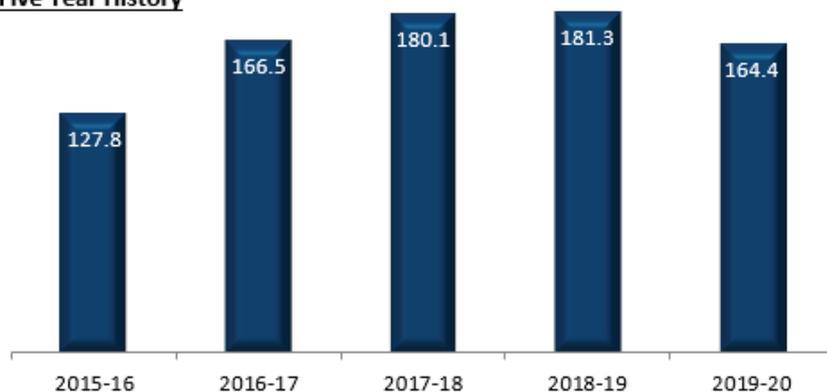
salary increases, associated social security costs and increases in employer pension contribution rates (in particular, USS, from 18% to 19.5% in April 2019, then from 19.5% to 21.1% in October 2019);

- Other operating expenses decreased by £19.1m or 7.6% (2018-19 increase of £14.9m or 6.3%). Research grants and contracts expenses decreased by £20.5m or 25.1%, which reflects the significant decrease in research activity due to Covid-19. A conservative approach to spending was taken across the University during the latter part of the year, due to the pandemic. However, additional costs have been incurred to ensure that students and staff can work remotely, and that appropriate PPE and other safety measures are in place. The campus development programme has suffered unexpected costs (£2m) in relation to site closures in lockdown and, since measures have eased, ensuring that social distancing guidelines are followed across all sites. Provisions have been increased, where appropriate (e.g. bad debt), in order to reflect the impact of the pandemic;

- The depreciation charge decreased by £0.9m, due to assets coming to the end of their useful economic life;
- Interest and other finance costs decreased by £0.8m, due to a lower interest charge associated with the University of Glasgow Pension Scheme (UGPS).

£m - Net Cash

Five Year History



Net cash and cash flow

Net cash shows a positive funding position of £164.4m as at 31 July 2020. This represents a £16.9m reduction on the 2018-19 closing position of £181.3m. Cash balances are being held to meet the significant capital commitments the University has as part of its campus

OPERATING AND FINANCIAL REVIEW (continued)

redevelopment programme. Available funds (cash and cash equivalents and investments) decreased by £7.1m, and liabilities increased by £9.8m due to borrowing from the SFC.

As well as endowments investments the University held separate investment funds with two fund managers. During the year these investment funds were liquidated to protect against capital losses and provide liquidity to manage the Covid-19 impact.

The five-year net cash history is shown in the table, with the position from 2016-17 onwards including the impact of borrowing £175m for the campus development programme. The campus development programme is ongoing and funds will be further utilized as the programme is delivered.

Cash flow from operating activities was £79.7m in 2019-20. The net inflow from operating activities represents the underlying operating surplus of £7.4m (the surplus for the year after tax allowing for the movement in USS provision), adjusted for non-cash items, primarily depreciation and an increase in creditors.

Investing activities had a net cash inflow of £131.0m, with the liquidation of investments (£217.8m inflow) and capital grant receipts being partially offset with the purchase of tangible assets (£109.3m outflow). Financing activities (£0.8m outflow) include the interest paid on the private placement bond and borrowing of £10m from the Scottish Funding Council to fund building recladding.

Capital commitments decreased slightly by £0.3m in the year, to £283.4m at the balance sheet date, mainly relating to commitments from the campus development programme.

Investment performance

The value of endowment asset investments decreased by £24.7m, from £201.9m to £177.2m, with new endowments bequests of £4m (2018-19: £2.8m) and investment income of £6m being offset by expenditure of £5.3m and a reduction in market value of £29.5m.

In tough market conditions since the advent of the Covid-19 pandemic in March, the FTSE All Share index has declined significantly and at the year-end was down by 20.6% compared to the prior year. The University's endowment assets under management have consequently seen notable falls in their marker values, but relative to the index have maintained and further widened their outperformance of the index itself over the last 12 months.

Since the start of 2020-21 there have been modest increases in funds values against a broadly unchanged position in the FTSE All Share index.

The performance of the fund managers is monitored, with targets being periodically reviewed, on a regular basis by a sub-committee of the Finance Committee, the Investment Advisory Committee. Monitoring was increased during the latter stages of the year given the volatile market conditions.

The University started the year with holdings in other investment funds of £216.5m. However, since March the University has followed a gradual phased divestment programme and this was completed shortly before the year-end. As at 31 July 2020 all holdings had been divested.

These funds continue to be available to be drawn down when required for the campus development programme.

Pension liability

The FRS102 pension liability for the University of Glasgow Pension Scheme (UGPS) and the Strathclyde Pension Fund (SPF) increased in the year from £7m to £31.7m. The liability increased by £50.3m due to lower discount rates. This has been offset by actual return on assets exceeding expectations by £29m. The net effect form part of the actuarial loss of £21.3m recorded in other comprehensive income.

Court rulings, made on 20 December 2018 and 30 June 2020, referred to as the McCloud and Goodwin judgements, that potentially impact on UK schemes' pension liabilities have been considered and deemed immaterial in calculating the liabilities of the University's pension schemes.

Under FRS102, the University records the present value of its deficit recovery commitments for the Universities Superannuation Scheme (USS). During the year, a new deficit recovery plan was put in place as part of the 2018 valuation. This requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. The reduction in the recovery period from 15 to 10 years and increased deficit contributions have given rise to a substantial decrease in the deficit provision of £62.2m to £99.1m.

The movement in the USS provision has caused large variances in the financial statements over time and is likely to do so in the future.

The Scheme has commenced the 2020 valuation, which is scheduled to complete in June 2021. In support of this a consultation exercise is currently underway with UUK on the proposals to finalise the Scheme's funding position and required contribution rate. The Scheme Trustee has indicated that there could be a significant increase in the deficit

provision and consequently of contribution levels.

Summary

The University has faced a challenging and unprecedented year due to the impact of Covid-19. The future impact is still unclear, given the constantly changing environment and regular updates to government guidelines.

The uncertainty surrounding the Universities Superannuation Scheme and post-Brexit settlement also continue to pose significant challenges.

Despite these challenges, the University achieved a surplus in the 2019-20 financial year and saw growth in student numbers, notably international students.

The University has prepared for the potential financial challenges in future years through robust scenario modelling, which considers the impact of a variety of factors, including student number decreases, pension cost movements, other income reductions and savings targets. This modelling has allowed the University to consider requirements for additional funding, either in the short-term or longer-term.

The University has the required tools and plans in place to manage the risks faced during the current year and in years to come. The University's Senior Management Group assesses the strategic risks that the University faces at each monthly management meeting and identifies and executes appropriate mitigating plans.

Court continues to emphasise that strong financial management is essential and that this should be achieved, whilst ensuring that progress is made towards realising the University's strategic goals.

CAMPUS DEVELOPMENT

During April 2016, the University officially took vacant possession of the former Western Infirmary site adjacent to the existing campus. This provides the University with an unprecedented development opportunity to expand the footprint of our Gilmorehill estate by almost a third and create a visionary and inspiring campus for future generations.

Overview

The Western site is primarily the focus of this significant development programme, focused on supporting the University's strategic ambition. The development will be managed through a carefully balanced spending profile comprising future cash generation, disposals, existing reserves, and a major donor fundraising campaign. The University has borrowed to have funds available to meet the needs of the campus development.

The masterplan for the 14 acre site, delivers an open accessible campus that will provide quality learning, teaching, research, engagement and community spaces. The capital plan was approved by Court in December 2016, and the Campus Masterplan, Planning Permission in Principle (PPiP) and Learning and Teaching Hub (now named James McCune Smith Learning Hub) were granted planning permission in February 2017. The campus redevelopment plan continues to evolve to ensure it aids in delivery of University strategic objectives.

Since December 2016, Court has approved in excess of £400m of business cases and projects in respect of the delivery of the major campus development.

The Research Hub



The Research Hub will be the second building to be constructed, and the first new permanent building to be built on the former Western Infirmary site – the Western campus.

The site will deliver new space and new types of space which will enable parts of the existing academic estate to be reconfigured, thereby improving student experience, research performance and staff satisfaction. Consultation has taken place and is on-going with a wide range of

James McCune Smith Hub



The James McCune Smith Hub will be the first major project in the University's development plan and will increase teaching capacity and student study space, while 24-hour access to the building enhances learning experience.

The new building is named after James McCune Smith - the first African American to be awarded a medical degree, receiving an MD from the University of Glasgow in 1837.

stakeholders to ensure that development on the Western site enables the University to continue to deliver against its strategic priorities. Notwithstanding, there is also significant focus and investment in the existing estate.

Multiplex, the main contractor for the site, were appointed in May 2017. Much of the demolition of the Western site is completed and the construction of the Research Hub is progressing. The first of the new buildings, the £95m Learning and Teaching Hub, called the James McCune Smith Hub has been "topped out" and is scheduled for completion during the course of the next academic year. The building is expected to be open for the start of semester 2, 2020-2021. In addition to new spaces the University has taken the opportunity to develop new service models for student and facilities services.

In February 2019, University Court approved the construction of the £50m Clarice Pears Building. This will provide accommodation for the Institute for Health and Wellbeing, a research institute focused on understanding and intervention to address major health issues for communities. The building will bring together staff who are currently located across 15 different locations. In December 2019, University Court approved the Business Case for the Adam Smith Business School and Postgraduate Teaching Hub, which has new innovative space to support our successful business school, exec ed, industry partnership and a growing PGT community. Construction on this has been paused for 12 months given the current Covid-19 crisis.

The University also has a campus at Garscube, in the north of Glasgow, Dumfries, and facilities at the Queen Elizabeth University Hospital.

Plans for 2020-21

Looking forward to 2020-21 the focus will be on the completion of the James McCune Smith Hub, progressing enabling works on the Western site, progress on the Research Hub and the commencement of construction of the Clarice Pears Building.

Innovation District

The investment the University is making into the west end of Glasgow has been recognised as delivering more than just new academic buildings. The University continues to work with the City Council and Scottish Enterprise to develop proposals for the Innovation District building on the tri-partite Memorandum of Understanding. The University has secured seed funding from Strength in Places to enable proposals for the development of a thriving ecosystem supporting innovation, enterprise and economic growth close to the Queen Elizabeth University Hospital.

Projects to date

- James McCune Smith Learning and Teaching Hub
- The Research Hub
- Clarice Pears Building for the Institute of Health and Wellbeing
- Improvements to fabric and services in the Boyd Orr
- Data Centre
- Improvements to existing teaching space
- Improvements in the research environment
- Investment in innovation space for student enterprise
- Joseph Black structural improvements
- Continued investment in the existing estate

Projects in the future

- Adam Smith Business School and new investment in PGT space
- Health Innovation Hub
- Clyde Waterfront and Innovation Zone on Church Street
- Ongoing investment in the existing estate for teaching, research and innovation

FUTURE DEVELOPMENTS AND PRINCIPAL RISKS AND UNCERTAINTIES

Covid-19 impact

The Covid-19 pandemic is a substantial risk to the economy and operations of the University. The safety of students and staff is paramount, and investment has taken place across Campus to ensure that government guidelines are being followed and risks are minimised as much as possible.

There has been a drive across the University to develop and deliver materials online. Teaching and assessments are being redesigned to ensure that the quality of the student experience is maintained whilst ensuring safety in delivery.

Staff have been working from home where possible, in line with government guidelines, and will continue to do so.

The uncertainty around student numbers has reduced considerably since the year-end date with the September undergraduate intake above target for all intake categories, although a degree of uncertainty does remain for November and January intakes.

Income relating to research and other funding streams continues to be closely monitored as Covid-19 continues to have an impact, though these are currently in line with projections. As part of its financial plan, the University has undertaken robust and extensive financial modelling around the potential impact of Covid-19 and has implemented mitigating actions.

Court has determined that even though the University has a strong balance sheet and has sufficient liquidity for more than the next twelve months from the date of the signing of this report, that it would be prudent, on a precautionary basis, for the University to secure access to additional short-term funding. This will maximise operational flexibility and allow the University to evaluate and invest appropriately for the long term success of the University.

Brexit

Brexit adds uncertainty to the University's operations with respect to the impact on our ability to recruit talented international staff, and the UK Higher Education sector's eligibility for access to European research funding and other EU funding streams. The situation is further complicated by the attendant risk of a second referendum on Scottish independence as a result of the outcome of the ongoing Brexit negotiations.

The Scottish Government has confirmed that EU students studying in Scotland from academic year 2021-22 onwards will be treated on the same basis as other international students. Any EU students currently studying at the University of Glasgow, or those starting in the 2020-21 year, will not be impacted by these

changes. The University is determined to continue to deliver world-class education and a warm, welcoming community to all students.

The University is proactively responding to the developing political landscape through dedicated information events for staff and ongoing engagement with both the Scottish and UK Governments.

Research risks

Research income in the 2019-20 financial year has decreased, notably due to reductions in activity on research grants and contracts funded by Research Councils, UK Charities and the European Union. Support for research activity has been made available by the Scottish Funding Council, BEIS and UKRI.

The BEIS support is in the form of low-interest loans and government grants.

The University has a significant amount of research funding from Charities, which are likely to see continued pressure.

Pay and pensions

Rising staffing costs continue to cause significant pressure due to cost of living and incremental pay increases outstripping income increases from the Scottish Funding Council. Deficits to the University's USS and UGPS pension schemes also remain volatile.

In accordance with the requirements of the SORP, the University currently recognises a provision for its obligation to fund past deficits arising within the Universities Superannuation Scheme (USS).

A new deficit recovery plan was put in place as part of the 2018 valuation and is set out in the new Schedule of Contributions dated 16 September 2019. This requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. In accordance with the requirements of FRS 102 and the SORP, the University has made a provision for this contractual commitment to fund the past deficit. In the prior year, the deficit payments were 2.1% of salaries up to March 2019 and 0% of salaries to 31 July 2019.

This reduction in the recovery period from 15 to 10 years and increased deficit contributions have given rise to a substantial decrease in the deficit provision which has decreased by £62.2m from £161.3m to £99.1m.

The interim 2019 actuarial valuation was finalised in November 2019 which indicated a shortfall of £5.4 billion and a funding ratio of 93%.

Based on the inputs to the model used to calculate the USS provision, the following sensitivity analysis outlines the potential impact on the existing University's liability of £98.7m (assuming the same discount rate of 0.74%):

- The impact of a 0.5% reduction in the discount rate to 0.24% would increase the University's USS liability to £101.1m, this assumes a duration of 8 years;
- The impact of an increase of 0.5% in salary inflation would increase the University's USS liability to £101.1m, this assumes a duration of 8 years;
- The impact of an increase of 0.5% in salary inflation for the first year would increase the University's USS liability to £99.2m, this assumes a duration of 8 years;
- The impact of an increase of 0.5% to staff changes over the duration of 8 years would increase the University's USS liability to £101.1m, this assumes a duration of 8 years;
- The impact of an increase of 0.5% to staff changes in the first year would increase the University's USS liability to £99.2m, this assumes a duration of 8 years;
- The impact of an increase of 1% in deficit contributions from October 2021 would increase the University's USS liability to £114.3m, this assumes a duration of 8 years; and
- The impact of an increase in duration of 1 year to 9 years for the deficit repayment would increase the University's USS liability to £116.1m.

A further full valuation as at 31 March 2020 is currently underway. As the valuation has only recently commenced work is still in progress on agreeing the technical provisions assumptions, the extent of future investment risk, the duration of the deficit period and the level of deficit contributions. Rule changes in respect of strengthening the employer covenant are also under consideration including restrictions on employer exits, debt monitoring and *pari passu* arrangements. The valuation must be completed by 30 June 2021. The Scheme Trustee has indicated that there could be a significant increase in the deficit provision as at 31 July 2021 and consequently of contribution levels.

Campus development

While the campus redevelopment offers an unprecedented opportunity to expand and develop the University estate it also requires careful management to ensure timely delivery and that costs remain within budget. As was seen with the

FUTURE DEVELOPMENTS AND PRINCIPAL RISKS AND UNCERTAINTIES (continued)

impact of Covid-19, there are risks that projects are delayed, and construction costs increase due to inflation and/or due to changes in the scope or specification of buildings. The University has an established governance structure which oversees the programme and monitors these risks.

UNIVERSITY POLICIES

Creditor policy

The University aims to pay all of its suppliers promptly. The terms of payment of the University are 30 days from the date of invoice but specific terms and conditions can be agreed for certain suppliers if required. As at 31 July 2020 the University's outstanding payments represented approximately 9 days' purchases which remains the same as 2019. The University has no matters to disclose under the Late Payment of Commercial Debts (Interest) Act 1998.

The financing and liquidity of the University and its exposure to financial risk is overseen by Court through the Finance Committee. Each year, as part of the financial budgeting process, three year rolling forecasts are prepared which consider the likely cash position of the University given the assumed operational movements and planned investment in property, plant and equipment and working capital. There are also regular reviews of long term cash flow scenario models. This enables the Finance Committee to consider any future borrowing requirements in a timely manner.

Treasury management

The University invests in funds to diversify its risk and the level of investment in these funds and fund performance is overseen by a separate investment committee. The University's remaining non-endowment cash balances are primarily held in the form of interest-bearing deposits with financial institutions.

In accordance with University policy the non-endowment cash balances of the University can be invested in temporary cash deposits with the major clearing banks, building societies and money market funds up to a pre-set maximum level of counterparty capacity

Individual institutions must be rated at a minimum of BBB+ (as per Standard and Poor's long-term rate) with money market funds at a minimum of A+ rated. The maximum term for deposits being set at 95 days.

Limits on individual institutions range from £30-80m.

The University is exposed to changing interest rates, although the exposure is viewed as low given that interest receivable from interest was 0.024% of total income in the year (2019: 0.21%).

Accounting policies

The University's financial statements have been prepared in accordance with the Statement of Principal Accounting Policies as set out on pages 20 to 23.

The format of the financial statements reflects the format as required by the 2019 SORP. The notes to the financial

statements reflect best practice guidance given by the British Universities Finance Directors' Group and also any requirements issued by the Scottish Funding Council in its annual accounts' instructions. Where a prior year restatement is required, this is disclosed within the Statement of Principal Accounting Policies.

Disability policy

The University is committed to the implementation of a policy to achieve equality of opportunity for students, members of staff, potential students, potential members of staff and lay members of Court and other governance committees, and to meeting the requirements of all relevant external legislation.

To enable the University to fulfil its mission statement the aim is to build an inclusive and supportive environment which meets the needs of all staff, students and visitors to the University. The Disability Policy provides a framework for promoting disability equality with the aim of identifying and removing any barriers which exist for disabled people using the University's facilities and enabling them to access as fully as possible all education, employment, social and leisure opportunities.

Equality and diversity policy

The University is committed to ensuring that the creativity, innovation and talents of its people are fully utilised. The University community is made up of a wide range of people with diverse backgrounds and circumstances, which is valued and regarded as a great asset.

The University has developed a policy that aims to challenge discrimination, promote and implement equality measures, progress social justice and to strive to ensure that no one is disadvantaged. The policy also looks to ensure that the University complies with all current and relevant anti-discrimination legislation. By adopting this policy the University accepts its responsibility to ensure that discrimination does not take place and that everyone in the University is treated equally and fairly.

Ethical investment policy

It is the role of Court to set out the ethical platform on which the University's asset investments are managed. The University's approach is set out in the Socially Responsible Investment Policy which was approved by Court in October 2009 and updated in 2018. Court requires its investment managers to commit to socially responsible investment within their investment policies.

In addition, it prohibits direct investment in the tobacco industry, as such investment would run counter to the University's direct interest in research. Court has

committed to a phased reduction in the University's direct investment in the fossil fuel extraction industry. The first phase of the disinvestment strategy was fully implemented by July 2019. Investments in fossil fuels are now restricted to a target percentage and are not permitted to exceed 6.2% of the University's total endowment investment.

As at 31 July the percentage holding in fossil fuel extraction was 4.7% (2019: 5.14%).

Tax strategy

The University is committed to transparent reporting and has recently published its tax strategy for 2020-21 on the University's website. The document addresses the University's approach to risk management and governance, the University's attitude towards tax planning and the University's approach towards its dealings with HM Revenue & Customs (HMRC). For further information relating to the University's tax strategy, see website www.gla.ac.uk.

Professor Anton Muscatelli
Principal

Graeme Bissett
Convener of Finance Committee

Gregor Caldow
Executive Director of Finance

CORPORATE GOVERNANCE STATEMENT

The University Court of the University of Glasgow (Court) follows best practice in all aspects of corporate governance relevant to the higher education sector. This summary describes the manner in which Court has applied the principles of the Turnbull Committee (as applicable) guidance on internal control as amended by the British Universities Finance Directors Group in its 2006 guidance, of the 2017 Scottish Code of Good HE Governance, and of the Annual Accounts direction as issued by the Scottish Funding Council. Its purpose is to help the reader of the reports and financial statements understand how the principles have been applied.

In the opinion of the Governing Body, the University complied with all the principles and provisions of the 2017 Scottish Code of Good Higher Education Governance with the exception of:

- The Institution is expected to publish rules and procedures for the election of Senior Lay members on its website, along with the membership of the committee managing this process.

Action is being taken to address this and Court expects to be compliant by 2023.

- The membership of the Nominations Committee should have a lay member majority.

The Court considers the current arrangements to be appropriate and will not be revising the committee's membership.

University governance

Much of the University's modern constitutional framework derives from the Universities (Scotland) Act 1966, which updated and expanded on the Universities (Scotland) Acts 1858 to 1932. The University also complies with the Post-16 Education (Scotland) Act 2013 and the Higher Education Governance (Scotland) Act 2016. These Acts make provision for the three main statutory bodies in the governance of the University – Court, the Senate and the General Council.

All governance matters have followed the annual schedule of business, with normal agendas and supported by regular pre-meeting briefings.

Since 23 March 2020 these meetings have been held largely virtually with papers being issued electronically.

Between formal meetings of Court and its sub-committees, the Convener of Court has kept in regular contact with the Principal and senior officers as the Covid-

19 pandemic has progressed. Key information has been shared with Court members as a whole, and officers have responded to input from Court members regarding the University's response.

Court

The University's governing body is Court. Its powers have been defined over a number of years, commencing in 1858, when Court was first established, and are set out in a series of Acts of Parliament, the Universities (Scotland) Acts 1858-1966. These Acts are supplemented by sections of other Acts and certain Ordinances, promulgated by the University and approved by the Monarch in Council. Ordinances have been enacted to extend the powers available to Court, or to clarify the powers which are not explicit in the Acts.

Court has ultimate responsibility for the deployment of resources in the University, and for the strategic plans of the institution. It does not normally generate proposals but receives them from other bodies within the University - most notably the Senate and the Senior Management Group. It also has a monitoring role in relation to the overall performance of the University, and it holds the Principal to account for the effective and efficient management of the University. Working with the Senate, Court is responsible for the well-being of students and for the reputation of the University. It is also responsible for the well-being of staff. The Court Statement of Primary Responsibilities is published at https://www.gla.ac.uk/media/media_5722_63_en.pdf.

Court has 25 members and, in the financial year 2019-20, consisted of: the Rector (who is elected by the students of the University), the Principal, the Chancellor's Assessor, a representative of Glasgow City Council, two assessors elected by the General Council, five assessors elected by Senate, one elected professional services (support) staff member, two trade union nominees, the President of the Students' Representative Council, one assessor elected by the Students' Representative Council, and nine independent members appointed by Court, one of whom is appointed Convener of Court. During 2019-20 the Convener of Court, Elizabeth Passey, who was appointed in 2016 (following public advertisement) was reappointed for a further 4 years. During 2017-18, Court made a decision to remunerate the role of Convener of Court, as permitted by the Higher Education (Scotland) Governance Act of 2016. All members of Court are entitled to claim expenses incurred in the course of their duties.

The current size of Court and its composition, as described in the Membership of Court, maintains a coherent and effectively functioning

governing body, including an appropriate range of skills and experience. With regard to statutory requirements relating to membership, the Court amended its membership by Ordinance effective 1 August 2019 to align with the requirements of The Higher Education Governance (Scotland) Act 2016. This was within the timeframes required in the Act.

Court conducts much of its business through nine committees, each having formally constituted terms of reference. Committees report to Court through their Chair, who - with two exceptions (the Health, Safety & Wellbeing Committee and Information Policy and Strategy Committee) - is an independent member of Court. The Committees have each been required by Court to appoint a Vice-Chair, and Court itself has also appointed a Vice-Convener, who is an independent member of Court (Graeme Bissett). Court meets five times per year.

The **Finance Committee** monitors the financial performance of the University and its associated legal entities. It considers financial policies and issues and makes recommendations to Court on these matters and with regard to the importance of financial sustainability. It also considers the reports and financial statements and revenue/capital budgets of the University and its associated legal entities and makes recommendations to Court thereon. During the year to 31 July 2020, the Committee was chaired by Graeme Bissett, an independent member of Court. The Vice-Chair was Elspeth Orcharton, an independent member of Court. The Committee normally meets five times a year.

The **Audit & Risk Committee** oversees the arrangements for external and internal audit of the University's financial and management systems and of activities and processes related to these systems. The Committee normally meets four times a year, with the University's external and internal auditors in attendance. Heather Cousins, an independent member of Court, chaired the Committee in the year to 31 July 2020. The Vice-Chair was Simon Bishop, an external independent member who is not a member of Court.

The **Nominations Committee** makes recommendations to Court on the appointment of independent members to Court and on the appointment of the chair and members of Court Committees, having regard to the skills and experience required. The University provides induction training for all new members of Court and its Committees. The training covers Higher Education in Scotland, University Governance, University Strategy and Financial Management.

CORPORATE GOVERNANCE STATEMENT

(continued)

The Committee was chaired by Elizabeth Passey, the Convener of Court, and the Vice-Chair was Lesley Sutherland, a General Council Assessor on Court. The committee normally meets once a year.

The **Remuneration Committee** makes recommendations to Court on the process of determining salary awards for senior staff and determines the Principal's remuneration in the absence of the Principal, who is not a member of the Committee but attends for items relating to senior management remuneration other than his own. The Committee's remit also covers the remuneration of the Convener of Court. The Convener of Court is also a member of the Remuneration Committee and also leaves the meeting while Convener remuneration is discussed. Details of the remuneration of senior post-holders for the year ended 31 July 2020 are set out in note 7 to the financial statements. During the year to 31 July 2020, the Committee was chaired by June Milligan, an independent member of Court. Ronnie Mercer, the Chancellor's Assessor, is the Vice-Chair. The Committee meets at least once a year.

As the University's Chief Executive Officer, the Principal has formal and wide-ranging responsibilities for the strategic leadership and direction of the University. The Principal is a member of Court and Convener of Senate. The Principal leads the Senior Management Group, which also includes the Senior Vice Principal & Deputy Vice Chancellor, Vice-Principals (9 in total), Chief Operating Officer & University Secretary, the Executive Director of Finance and the Executive Director of HR.

The remuneration and terms and conditions of the Principal & Vice Chancellor are determined by members of the Remuneration Committee.

The Remuneration Committee's review of the Principal's salary is informed by:

- the annual P&DR discussion conducted by the Convener of Court, reflecting feedback from staff, students, members of Court and the senior executive and informed by a 360° appraisal process;
- individual and collective SMG performance in advancing the University's strategic objectives; and
- the need to provide tangible reward for excellent performance and a competitive remuneration package that is consistent with robust benchmark data and reflective of equivalent positions within comparable Russell Group/major UK universities.

The remit of the Remuneration Committee also includes responsibility to determine the salaries of the Principal and other members of Senior Management Group, having regard to:

- their performance in advancing the University's strategic objectives;
- the need to offer salaries that are competitive with those of other major UK universities, as reflected in robust comparative data; and
- the budget approved by Court.

There is also an annual evaluation process of the performance of the Convener of Court. This is led by the Chancellor's Assessor.

The **Human Resources Committee** reviews the University's HR Strategy and, through agreed performance indicators, monitors its relevance, implementation and effectiveness; ensures that the strategy is consistent with and supports the University's mission, vision and values; monitors compliance with the legal and regulatory framework for HR and ensures the adoption of best practice; acts as a sounding board for the University's executive officers and HR function, providing advice, from a breadth of perspectives, on human resource management issues; and ensures that the University's senior management demonstrate the importance of HR to the institution by providing support and leadership to all staff. During the period of the financial statements 2019-20, the Committee was chaired by an independent member of Court, June Milligan. The Vice-Chair was Rob Goward, an external independent member who is not a member of Court. The Committee normally meets four times a year.

The **Estates Committee** develops and maintains strategic estate plans for consideration by Court taking into account academic need, resource implications and the importance of environmental sustainability. The Committee was chaired by the Chancellor's Assessor, Ronnie Mercer. The Vice-Chair was David Milloy, an independent member of Court. The Committee normally meets five times a year.

The **Information Policy and Strategy Committee** develops and maintains a strategic Information Technology (IT) strategy and associated financial and implementation plans for consideration by SMG and Court which supports the delivery of the University's Strategic Plan taking into account resource implications. The Committee was Chaired by Professor Frank Coton, Vice Principal (Academic Planning and

Technological Innovation). The Vice-Chair is Ken Sutherland, an independent member of Court. The Committee normally meets four times a year.

The **Health, Safety and Wellbeing Committee** provides a forum within which consultation and discussion may take place between representatives of University management and representatives of staff and students on health, safety and wellbeing matters. The Committee will also make representations and recommendations to Court as required. The Committee was chaired by the Chief Operating Officer and University Secretary, David Duncan. The Vice-Chair was Elise Gallagher, Deputy Director of Human Resources. The Committee normally meets four times a year.

The **Student Experience Committee** is a joint committee of Court and Senate. It was co-chaired by the Chief Operating Officer and University Secretary, and the President of the SRC. Its remit includes: agreeing and overseeing implementation of a common strategy, plans and policies for non-academic aspects of student life; ensuring that every student has the opportunity to enjoy and derive value from their university experience; ensuring that the University's provision for the student experience reflects the diversity of needs within the student population; and reviewing and monitoring the effectiveness of services and determining their priorities. The Committee meets at least five times a year.

In respect of its strategic and development responsibilities, Court receives recommendations and advice from the **Senior Management Group**. The Heads of College, Vice Principals and other senior officers are members of the Senior Management Group which is convened by the Principal. The Principal briefs each meeting of Court on significant matters and reports on issues considered by the Senior Management Group.

The Senate

The Senate is the senior academic body of the University and subject to the powers of the Court, is responsible for the academic activity of the University and the maintenance of academic standards. During the 2019-20 year, Senate had over 500 members drawn principally from the University's academic staff. Senate delegated authority to a Council of Senate to expedite business on its behalf. The Council of Senate is chaired by the Principal and normally meets five times per year. From 1 August 2019 the composition of Senate has been amended via Ordinance to align with the requirements of the Higher Education Governance (Scotland) Act 2016; the number on Senate from 1 August is c130

CORPORATE GOVERNANCE STATEMENT

(continued)

and the Council of Senate no longer exists.

The General Council

The General Council comprises the graduates of the University. It has a statutory right to comment on matters which affect the well-being and prosperity of the University. It meets twice a year and is chaired by the Chancellor.

Statement of internal control

Court is ultimately responsible for the University's system of internal control and, as chief executive officer, the Principal is responsible for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The **Senior Management Group** receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms. A key control is the Principal's Budget Briefing which takes place in May of each year. This meeting is attended by the Heads of College and the University Secretary. The Budget Briefing provides a forum for the Principal, the Heads of College and the University Secretary to discuss the key strategic issues within each College and University Services. These meetings are also attended by the Vice-Principal Academic Planning and Technological Innovation and senior staff from the Finance Office.

The **Audit & Risk Committee's** role in this area is confined to a high-level review of the arrangements for internal control.

The University's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan and report their findings to management and the Audit & Risk Committee. Management is responsible for the implementation of agreed audit recommendations and the internal auditors undertake periodic follow-up reviews to ensure that such recommendations have been implemented. The Audit & Risk Committee considers summarised reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans.

Whilst senior executives attend meetings of the Audit & Risk Committee as necessary, they are not members of the Committee and the Committee meets the internal and external auditors on their own for independent discussions. Court receives regular reports from the Audit &

Risk Committee, including reports relating to the University's risk register. On an annual basis, the Court also reviews the University's risk register.

Court is of a view that there is an ongoing process for identifying, evaluating and managing the University's significant risks, and that it has been in place throughout the year ended 31 July 2020 and up to the date of approval of the annual reports and financial statements.

General data protection regulation

The University put in place actions to ensure compliance with the General Data Protection Regulation, which was introduced in May 2018.

Modern Slavery Act statement

The University is committed to ensuring and actively monitoring that modern slavery and human trafficking is not taking place in any parts of its operation within the University and its supply chain. For further information relating to the Modern Slavery Act statement, see website www.gla.ac.uk.

Going concern

The University's principal operations, together with the factors likely to affect its future development and its financial position are noted in the Operating and Financial Review, Campus Development, Future Developments and Principal Risks and Uncertainties and University Policies sections.

At 31 July 2020 the University held cash and cash equivalents of £414.3m, while net current assets were £219.8m and the only external borrowings are private placement bonds of £245m on maturities from 2046 to 2057 and a £10m unsecured loan from the Scottish Funding Council that is fully repayable by 2030.

Court has reviewed financial forecasts, including plans for future student recruitment, and after reviewing the assumptions utilised in different forecast scenarios, it is satisfied that the University is expected to be able to meet its commitments and obligations for at least the next twelve months from the date of the signing of this report.

These scenarios, covering the years 2020-21 to 2023-24, outline how the operational activities of the University are expected to gradually return to pre-pandemic levels.

For budgetary control purposes the University set initial spending levels using a severe but plausible downside scenario, which contains a significant external shock to key revenue drivers in 2020-21, which will unwind in subsequent years.

In this scenario, the University is still forecasting significant liquidity throughout the next 12 months.

However, due to the level of uncertainty in the current global outlook and the uncertainties as to how the University's operations could be impacted by events, Court has determined that even though the University has a strong balance sheet going into the pandemic and has sufficient liquidity for more than the next twelve months from the date of the signing of this report, that it would be prudent, on a precautionary basis, for the University to secure access to additional short-term funding. This will maximise operational flexibility and allow the University to evaluate and invest appropriately for the long term success of the University.

Accordingly, Court has concluded that it is correct to retain the going concern basis in preparing the financial statements.

Elizabeth Passey
Convener of Court
Date: 25 November 2020

STATEMENT OF RESPONSIBILITIES OF COURT

The University Court of the University of Glasgow (Court) is responsible for the administration and management of the affairs of the University. Amongst its duties, which are summarised in a formal Statement of Primary Responsibilities, Court is required to present audited financial statements for each financial year.

Court is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with all relevant Acts of Parliament, with the Statement of Recommended Practice on Accounting for Further and Higher Education issued in 2019, and with other relevant accounting standards (United Kingdom Generally Accepted Accounting Practice, Financial Reporting Standard 102). In addition, within the terms and conditions of a Financial Memorandum agreed with the Scottish Funding Council for Further and Higher Education (Scottish Funding Council), Court, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, Court 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, subject to any material departures disclosed and explained in the financial statements and that the financial statements are prepared on the going concern basis unless it is inappropriate to assume that the University will continue in operation.

Court is satisfied that the University has prepared forecasts extending beyond the going concern assessment period, including a severe but plausible downside set of assumptions around the Covid-19 recovery. The University has adequate resources to continue in operation for the foreseeable future: for this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

Court has a responsibility to ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum of the Scottish Funding Council and any other conditions which the Scottish Funding Council may from time to time prescribe. Court also has a responsibility to 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; take reasonable steps to prevent and detect fraud and to ensure

that reasonable steps have been taken to secure the economic, efficient and effective management of the University's resources and expenditure.

The key elements in the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets and regular reviews of academic performance and quarterly reviews of financial results and forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by Court;
- comprehensive Financial Regulations detailing financial controls and procedures; and
- an Internal Audit service, the annual programme of which is approved by the Audit & Risk Committee.

The Audit & Risk Committee, on behalf of Court, has reviewed the effectiveness of the system of internal control. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. Court is satisfied that there is an ongoing process for identifying, evaluating and managing the University's significant risks that has been in place for the year ended 31 July 2020 and for the period to the date of the approval of the reports and financial statements. This process accords with the internal control guidance as applicable to the higher education sector.

The members of Court who hold office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the University auditor is unaware; and each member of Court has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the University's auditors are aware of that information.

**David Duncan
Chief Operating Officer and
University Secretary**

**On behalf of Court
Date: 25 November 2020**

MEMBERSHIP OF COURT

Members of Court who served during the year to 31 July 2020 are detailed below, as are members who served up to the date of approval of the reports and financial statements. Also shown is an indication of the Committees on which the members served, the expiry date of their current term of office and whether they are independent members of Court.

	Expiry date	Committee membership	Independent member	Attendance at court meetings during the financial year
The Rector				
Mr Aamer Anwar	Mar 2020			2/5
Vacant**				0/0
The Principal and Vice-Chancellor				
Professor Sir Anton Muscatelli	Sep 2024	(FC) (HRC) (EC) (NC) (RC)		5/5
The Chancellor's Assessor				
Mr Ronnie Mercer	Oct 2023	(EC) (RC) (NC) (FC)		5/5
Assessor of City of Glasgow Council				
Councillor Susan Aitken	May 2021		*	2/5
General Council Assessors				
Dr Morag Macdonald Simpson	Jul 2022	(HRC) (SEC)	*	5/5
Ms Lesley Sutherland	Jul 2022	(ARC) (NC)	*	5/5
Senate Assessors [Elected Academic Staff]				
Professor Carl Goodyear	Jul 2022	(HRC) (NC)		5/5
Professor Nick Hill	Jul 2023	(FC) (IPSC)		4/5
Dr Simon Kennedy	Jul 2021	(FC) (ARC from Aug-19)		5/5
Professor Kirsteen McCue	Jul 2021	(HRC) (EC from Aug-19)		5/5
Dr Bethan Wood	Jul 2021	(EC) (SEC from Aug-19)		4/5
Elected Professional Services (Support) Staff				
Mr Christopher Kennedy	Jul 2023	(EC)		5/5
Trade Union Nominees				
Dr Craig Daly	Jul 2023	(RC)		4/5
Ms Margaret Anne McParland	Jul 2020	(HRC) (NC)		5/5
Mr Christopher Cassells (from August 2020)	Jul 2021			0/0
Co-opted Members of Court				
Mr Graeme Bissett	Dec 2021	(FC)	*	4/5
Ms Heather Cousins	Mar 2022	(ARC) (NC)	*	5/5
Mr David Finlayson	Oct 2021	(SEC)	*	4/5
Dr June Milligan	Oct 2023	(HRC) (RC)	*	5/5
Mr David Milloy	Dec 2021	(EC)	*	5/5
Ms Elspeth Orcharton	Oct 2020	(FC)	*	5/5
Ms Elizabeth Passey***	Jul 2024**	(FC) (RC) (NC)	*	5/5
Mr Gavin Stewart	Mar 2021	(FC) (IPSC)	*	5/5
Dr Ken Sutherland	Dec 2021	(IPSC)	*	3/5

MEMBERSHIP OF COURT (continued)

	Expiry date	Committee membership	Independent member	Attendance at court meetings during the financial year
President of the Students' Representative Council				
Mr Scott Kirby	Jun 2020	(FC) (EC) (NC) (SEC) (RC)		5/5
Mr Liam Brady (from Jul 2020)	Jun 2021	(FC) (EC) (NC) (SEC) (RC)		0/0
Assessor of the Students' Representative Council				
Mr Elliot Napier	Oct 2019			0/1
Ms Teresa Baños (nominated October 2019)	Oct 2020			4/4
University Secretary				
Dr David Duncan****		(EC) (HRC) (NC) (HSWC) (SEC)		5/5

The Committees of Court, as identified in the Corporate Governance statement are: - Finance Committee (FC); Estates Committee (EC); Human Resources Committee (HRC); Audit & Risk Committee (ARC). Remuneration Committee (RC); Nominations Committee (NC); Health, Safety and Wellbeing Committee (HSWC); Student Experience Committee (SEC) and Information Policy and Strategy Committee (IPSC).

** The Rector vacancy is planned to be filled in Feb-Mar 2021 (having been previously deferred due to Covid-19 restrictions)

***Ms Elizabeth Passey is also Convener of Court, an appointment that will run until July 2024.

**** Dr David Duncan is not a member of Court but attends in his capacity as University Secretary.

INDEPENDENT AUDITOR'S REPORT TO THE UNIVERSITY COURT OF THE UNIVERSITY OF GLASGOW

Opinion

We have audited the financial statements of the University of Glasgow ('the parent institution') and its subsidiaries (the 'group') for the year ended 31 July 2020 which comprise Statement of Principal Accounting Policies, Consolidated and University Statement of Comprehensive Income and Expenditure, Consolidated and University Statement of Changes in Equity, Consolidated and University Balance Sheet, the Consolidated Cash Flow Statement and the related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent institution's affairs as at 31 July 2020, and of the group's and parent institution'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 United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, and relevant legislation; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report set out on pages 2 to 17, other than the financial statements and our auditor's report thereon. The University Court is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Scottish Funding Council's Financial Memorandum with Higher Education Institutions

In our opinion, in all material respects:

- the requirements of the Scottish Funding Council's accounts direction have been met;
- funds from whatever source administered by the institution for specific purposes have been applied properly to those purposes and, if relevant, managed in accordance with relevant legislation, and any other terms and conditions attached to them; and
- funds provided by Scottish Funding Council have been applied in accordance with the requirements of the Scottish Funding Council Financial Memorandum with Higher Education Institutions.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Operating and Financial Review is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the parent institution financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE UNIVERSITY COURT OF THE UNIVERSITY OF GLASGOW (continued)

Responsibilities of the University Court

As explained more fully in the Statement of the University Court's Responsibilities set out on page 15, the University Court is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the University Court determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

Use of our report

This report is made solely to the University Court of the University of Glasgow, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the University Court 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 of Glasgow and the University Court as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory auditor
Glasgow

Date: 26 November 2020

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

The University of Glasgow is a not-for-profit University operating in Scotland. The Registered Office is University Avenue, Glasgow G12 8QQ, Scotland, UK. The consolidated financial statements have been prepared in compliance with Financial Reporting Standard 102 (FRS 102) as it applies to the financial statements of the group for the year ended 31 July 2020.

Basis of preparation

The financial statements have been prepared under the historic cost convention, modified to include certain items at fair value in accordance with the applicable accounting standard FRS 102 and the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP): Accounting for Further and Higher Education (2019 edition).

The University is a public benefit entity and has applied the relevant public benefit requirements of FRS 102. The financial statements also conform to guidance published by the Scottish Funding Council.

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

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

Going Concern

The University's principal operations, together with the factors likely to affect its future development and its financial position are noted in the Operating and Financial Review, Campus Development, Future Developments and Principal Risks and Uncertainties and University Policies sections.

At 31 July 2020 the University held cash and cash equivalents of £414.3m, while net current assets were £219.8m and the only external borrowings are private placement bonds of £245m on maturities from 2046 to 2057 and a £10m unsecured loan from the Scottish Funding Council that is fully repayable by 2030. Subsequent to the year-end the University at 31 October 2020 held cash and cash equivalents of £457m, and had no further borrowing in place. The University complied with all covenant requirements for existing borrowing at 31 July 2020 and forecasts significant headroom in its covenant compliance at 31 July 2021.

The University Court has reviewed financial forecasts, including plans for future student recruitment, and after reviewing the assumptions utilised in different forecast scenarios, it is satisfied

that the University and Group is expected to be able to meet its commitments and obligations for at least the next twelve months from the date of the signing of this report, including under any plausible worst case scenario for future University and Group financial performance during this period.

These scenarios, covering the years 2020-21 to 2023-24, outline how the operational activities of the University are expected to gradually return to pre-pandemic levels. For budgetary control purposes the University set initial spending levels using a severe but plausible downside scenario, which contains a significant external shock to key revenue drivers in 2020-21, which will unwind in subsequent years. The main assumed reduction in income is in tuition fees, along with a similar but smaller reduction in other income. In this scenario, the University is forecasting significant liquidity throughout the next 12 months to November 2021, with headroom under its plausible worst case scenario of £274m.

However, due to the level of uncertainty in the current global outlook and the uncertainties as to how the University's operations could be impacted by events.

Court has determined that even though the University and Group has a strong balance sheet going into the pandemic and has sufficient liquidity for more than the next twelve months from the date of the signing of this report, that it would be prudent, on a precautionary basis, for the University to secure access to additional short-term funding. This will maximise operational flexibility and allow the University to evaluate and invest appropriately for the long term success of the University. Accordingly, Court has concluded that it is correct to retain the going concern basis in preparing the financial statements for both the Group and University.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the University of Glasgow, its subsidiary companies and unincorporated undertakings for the financial year to 31 July 2020. Also consolidated are the results of the University of Glasgow Trust, an independent charity, set up to collect donations and disburse them for the benefit of the University. The consolidated financial statements do not include the income and expenditure of the University of Glasgow Students' Unions as the University does not exert control or dominant influence over them.

Income recognition

Income from the sale of goods or rendering of services is credited to the Statement of Comprehensive Income when the goods or services are supplied to the external

customers or the terms of the contract have been satisfied.

Tuition fee income is stated net of any discounts and is credited to the Statement of Comprehensive Income over the period in which the students are studying. Bursaries and scholarships are accounted for gross as expenditure and are not netted from fee income.

Government grants including funding body grants and research grants from government sources; are recognised within the Statement of Comprehensive Income when the University is entitled to the income and performance related conditions have been met.

Other grants and donations from non-government sources (including research grants from non-government sources) are recognised within the Statement of Comprehensive Income when the University is entitled to the income and performance related conditions have been met.

Income received in advance of performance related conditions is deferred on the balance sheet and released to the Statement of Comprehensive Income in line with such conditions being met.

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

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

Property, plant & equipment

Property, Plant & Equipment (PPE) consists of plant and machinery and equipment (including software and vehicles) costing over £50k and capital building projects over £100k.

Costs incurred in relation to land and property after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Property, plant & equipment is stated at cost and depreciated on a straight-line basis as follows:

Buildings:	
Structural	50+ years
Roofing	20-25 years
Electrical & mechanical	15-20 years
Fit out	5-10 years
Plant & machinery	15-30 years

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

Equipment Up to 10 years

Land and assets under construction are not depreciated.

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income. Assets are considered to be impaired if their recoverable value is less than book value. The recoverable amount of a PPE 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 on assets, the prior impairment loss is reversed only to the extent that it does not lead to a revised carrying amount higher than if no impairment had been recognised.

Repairs and maintenance

Maintenance expenditure is recognised in the Statement of Comprehensive Income in the year it is incurred as it does not add value to the University estate and therefore is not appropriate to be capitalised. The University has a planned maintenance programme, which is reviewed on an annual basis.

Donated assets

The University receives benefits in kind such as gifts of equipment, works of art, and property. Items of a significant value donated to the University, which if purchased the University would treat as Property, Plant and Equipment, are capitalised at their current value and depreciated in accordance with the policy set out above. The value of the donations is included in the Statement of Comprehensive Income in the year they are received.

Heritage assets

The University holds heritage assets across several locations including The Hunterian, Special Collections within the library and Archive Services.

It has not been possible to obtain reliable information on the cost or valuation of the collections held within The Hunterian, Special Collections and Archive Services. It is not considered practicable to obtain valuations for the artefacts defined as heritage assets owing to the diverse nature of the assets held, the number of assets held, the lack of comparable market values and the prohibitive cost associated with obtaining valuations. The University does not therefore recognise these assets on the Balance Sheet. In accordance with FRS 102, recent and future acquisitions which meet the definition of a heritage asset, not held for the University's core purpose of teaching and research, are recognised at cost where the object is purchased or at an

appropriate value where the object is donated. The threshold for capitalisation is £50k. Where it is not practicable to obtain a valuation, details of such significant donations will be disclosed.

Expenditure which is required to preserve or clearly prevent further deterioration of individual collection items is recognised in the Statement of Comprehensive Income when it is incurred. The heritage assets are deemed to have indeterminate lives and therefore it is not considered appropriate to charge depreciation.

Further information on the collections and details of the University's management policy in respect of heritage assets is summarised in note 12.

Stocks

Stocks are valued at the lower of purchase cost or net realisable value and include stocks in the refectories, the halls of residence, the farm and at certain main stores. Other stocks held in academic departments are written off to the Statement of Comprehensive Income in the year in which the expenditure is incurred.

Investments

All investments will initially be recognised at cost and subsequently measured at fair value at each reporting date. Where fair value cannot be reliably measured or investments are not publicly traded, they will be measured at cost less impairment.

Investments in subsidiaries, associates and joint ventures are carried at cost less impairment in the University's accounts.

Revaluation

All gains and losses on investment assets, both realised and unrealised are recognised in the Statement of Comprehensive Income as they accrue.

Accounting for jointly controlled operations, jointly controlled assets and jointly controlled entities

The University accounts for its share of transactions from jointly controlled operations in the Statement of Comprehensive Income.

Agency arrangements

Funds the University receives and disburses as the paying agent on behalf of a funding body or other body, where the institution is exposed to minimal risk and enjoys minimal economic benefit related to the receipt and subsequent disbursement of the funds, are excluded from the Statement of Comprehensive Income of the institution. The balances and movement on these funds are disclosed in note 27 to the financial statements.

Taxation

The University is a charity within the meaning of Part 1, chapter 2, section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within the categories covered by section 287 CTA 2009 and sections 471, and 478-488 CTA 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

The charge for corporation tax is based on the profit or loss for the year before charging the cost of any Gift Aid payment payable to the University. The charge for corporation tax also takes into account deferred tax due to timing differences between the treatment of certain items for taxation and accounting purposes.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet include cash at bank and on hand and short-term investments with an original maturity date of 95 days or less.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents contains sums relating to endowment reserves which have yet to be passed to the investment fund managers. The University is restricted as to how they disburse these funds. Note 20 summarises the assets restricted in their use.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange on the transaction date. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates prevailing at the balance sheet date. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance cost in the Statement of Comprehensive Income.

Provisions, contingent liabilities and contingent assets

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

Contingent liabilities are disclosed by way of a note when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.

Contingent assets are disclosed by way of a note, where there is a possible, rather than a present asset arising from a past event.

Employee benefits

Short-term employee benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year employees render service to the University. A liability is recognised at each balance sheet date to the extent that employee holiday allowances have been accrued but not taken, the expense being recognised as staff costs in the Statement of Comprehensive Income.

Post-employment benefits (pensions)

The University participates in a number of defined benefit pension schemes. For the University of Glasgow Pension Scheme and the Strathclyde Pension Fund, the expected cost of providing pensions is recognised in the Statement of Comprehensive Income on a systematic basis over the period that relevant employees provide services to the

University. Under FRS 102 past service costs are recognised immediately. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent terms and currency to the liability.

The net interest cost on the net defined benefit liability is charged to the Statement of Comprehensive Income and included within finance costs. Actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in Other Comprehensive Income.

For the other multi-employer schemes that the University participates in, it is not possible to identify each participating institution's share of the underlying assets and liabilities.

The amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period, excluding any extra costs incurred related to reducing scheme deficits already provided for. A liability is recorded within provisions for any contractual commitment to fund past deficits within the multi-employer schemes as determined by the scheme management. The associated expense is recognised in the Statement of Comprehensive Income.

Intra group transactions

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.

Reserves

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

Leases

Finance leases, which substantially transfer all the risks and rewards incidental to ownership of an asset to the University, are treated as if the asset had been purchased outright. The assets are included in fixed assets (in so far as the costs exceed the University's capitalisation threshold) and the capital element of the leasing commitments is shown as obligations under finance leases.

The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the Statement of Comprehensive Income in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Rental costs incurred under operating leases are charged to expenditure on a straight-line basis over the period of the leases. Any lease premiums or incentives are spread over the minimum lease term.

Short-term debtors and creditors

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

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities, income and expenses. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

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

Operating lease commitments

The University has entered into commercial property leases and as a lessee it obtains use of land and buildings. The classification of such leases as operating or finance lease requires the University to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Tangible fixed assets

Property, plant and equipment represent a significant proportion of the University's total assets. Therefore, the estimated useful lives can have a significant impact on the depreciation charged and the University's reported performance. Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

The lives are based on historical experience with similar assets as well as anticipation of future events.

immediately in surplus or deficit in the period it arises.

Retirement benefit obligations

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency that are AA rated. Certain categories of bonds are removed from this universe e.g. where the bonds are considered to be sovereign backed. Based on the remaining dataset, a yield curve is constructed and applied to a set of sample cashflows which correspond to the expected duration of the defined benefit obligations to produce a single, cash-flow weighted discount rate assumption.

For the University of Glasgow Pension Scheme, the mortality rate is based on scheme-specific mortality tables constructed using analysis of the membership. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 29.

Impairment of Assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss as a result of any indications. If there is an indication of impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit in the period it arises.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. If it is not possible to estimate the recoverable amount of the individual asset, management estimate the recoverable amount of a cash-generating unit (CGU).

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised

CONSOLIDATED AND INSTITUTION STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 July 2020

	Notes	Consolidated		University	
		2020 £000	2019 £000	2020 £000	2019 £000
Income					
Tuition fees and education contracts	1	248,926	228,234	244,133	223,611
Funding body grants	2	170,838	162,824	170,703	162,824
Research grants and contracts	3	168,772	195,064	168,772	195,064
Other income	4	81,678	80,236	81,767	80,614
Investment income	5	7,686	7,195	7,664	7,187
Donations and endowments	6	12,206	14,343	12,226	14,341
Total income		690,106	687,896	685,265	683,641
Expenditure					
Staff costs	7	382,338	356,252	379,275	353,301
Movement on USS provision	29	(62,217)	108,976	(62,000)	108,602
Other operating expenses	9	232,157	251,211	232,450	251,175
Depreciation	11	32,515	33,464	31,965	32,914
Interest and other finance costs	8	6,550	7,304	6,550	7,304
Total expenditure		591,343	757,207	588,240	753,296
Surplus/(deficit) before other gains		98,763	(69,311)	97,025	(69,655)
(Loss) on disposal of tangible assets		(78)	(1,457)	(78)	(1,940)
Gain/(loss) on disposal of other investments		689	-	(461)	-
(Loss)/gain on investments	13	(29,523)	2,752	(29,521)	2,999
Surplus/(Deficit) before tax		69,851	(68,016)	66,965	(68,596)
Taxation	10	(265)	(140)	-	-
Surplus/(Deficit) after tax		69,586	(68,156)	66,965	(68,596)
Other comprehensive income					
Unrealised exchange (loss)/gain		(276)	230	-	-
Actuarial (loss)/gain in respect of defined benefit pension schemes	29	(21,264)	32,661	(21,264)	32,661
Total comprehensive income/(expenditure) for the year		48,046	(35,265)	45,701	(35,935)
Represented by					
Endowment comprehensive (expenditure)/income for the year		(24,737)	1,332	(24,737)	1,332
Restricted comprehensive income for the year		5,847	9,079	5,847	9,079
Unrestricted comprehensive income/(expenditure) for the year		66,936	(45,676)	64,591	(46,346)
		48,046	(35,265)	45,701	(35,935)

All items of income and expenditure relate to continuing activities.

The accompanying notes and policies on pages 20 to 51 form part of these financial statements.

CONSOLIDATED AND INSTITUTION STATEMENT OF CHANGES IN RESERVES

for the year ended 31 July 2020

Consolidated	Income and expenditure reserve			Total
	Endowment	Restricted	Unrestricted	
	£000	£000	£000	
Balance at 1 August 2018	200,597	5,978	654,250	860,825
Surplus for the year	1,332	9,079	(78,567)	(68,156)
Other comprehensive income	-	-	32,891	32,891
Total comprehensive income for the year	1,332	9,079	(45,676)	(35,265)
Balance at 1 August 2019	201,929	15,057	608,574	825,560
(Deficit)/surplus for the year	(24,737)	5,847	88,476	69,586
Other comprehensive loss	-	-	(21,540)	(21,540)
Total comprehensive income for the year	(24,737)	5,847	66,936	48,046
Balance at 31 July 2020	177,192	20,904	675,510	873,606

Institution	Income and expenditure reserve			Total
	Endowment	Restricted	Unrestricted	
	£000	£000	£000	
Balance at 1 August 2018	200,597	5,978	648,240	854,815
Surplus for the year	1,332	9,079	(79,007)	(68,596)
Other comprehensive income	-	-	32,661	32,661
Total comprehensive income for the year	1,332	9,079	(46,346)	(35,935)
Balance at 1 August 2019	201,929	15,057	601,894	818,880
(Deficit)/surplus for the year	(24,737)	5,847	85,855	66,965
Other comprehensive loss	-	-	(21,264)	(21,264)
Total comprehensive income for the year	(24,737)	5,847	64,591	45,701
Balance at 31 July 2020	177,192	20,904	666,485	864,581

The University's reserves comprise the following:

The endowment reserve represents the value of donations by individuals in the form of a gift which is to be invested. The income earned on that gift may be spent for a specific purpose and in certain circumstances the capital may be spent for that same specific purpose.

The restricted reserve which represents the value of the retained surplus in the statement of comprehensive income and expenditure with restrictions on its distribution.

The unrestricted reserve which represents the value of the University's accumulated funds through surpluses in the statement of comprehensive income and expenditure.

CONSOLIDATED AND INSTITUTION STATEMENT OF FINANCIAL POSITION

for the year ended 31 July 2020

	Notes	Consolidated		University	
		2020 £000	2019 £000	2020 £000	2019 £000
Non-current assets					
Tangible assets	11	860,398	783,723	845,549	768,324
Investments	13	182,049	423,665	199,714	441,502
		1,042,447	1,207,388	1,045,263	1,209,826
Current assets					
Stock	14	997	870	559	529
Trade and other receivables	15	79,868	73,197	80,308	72,144
Cash and cash equivalents	21	414,267	204,595	399,871	196,016
		495,132	278,662	480,738	268,689
Creditors: amounts falling due within one year	16	(275,357)	(242,679)	(273,172)	(242,409)
Net current assets		219,775	35,983	207,566	26,280
Total assets less current liabilities		1,262,222	1,243,371	1,252,829	1,236,106
Creditors: amounts falling due after more than one year	17	(253,667)	(245,000)	(253,667)	(245,000)
Provisions					
Pension provisions	29	(130,752)	(168,252)	(130,384)	(167,667)
Other provisions	18	(4,197)	(4,559)	(4,197)	(4,559)
Total net assets		873,606	825,560	864,581	818,880
Restricted reserves					
Endowment reserve	19	177,192	201,929	177,192	201,929
Restricted reserve	20	20,904	15,057	20,904	15,057
Unrestricted reserve					
Income and expenditure reserve		675,510	608,574	666,485	601,894
Total reserves		873,606	825,560	864,581	818,880

The financial statements on pages 20 to 51 were approved by the University Court of the University of Glasgow on 25 November 2020 and were signed on its behalf by:

Professor Sir Anton Muscatelli
Principal

Graeme Bissett
Convener of Finance Committee

Gregor Caldwell
Executive Director of Finance

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 July 2020

		Consolidated	
	Notes	2020 £000	2019 £000
Cash flow from operating activities			
Surplus/(deficit) for the year before tax		69,851	(68,016)
Taxation		(265)	(140)
Surplus/(deficit) for the year		69,586	(68,156)
Adjustment for non-cash items			
Depreciation	11	32,515	33,464
(Increase) in stock		(127)	(16)
(Increase) in debtors		(6,671)	(1,286)
Increase in creditors falling due within one year		32,678	13,081
(Decrease)/increase in other provisions		(362)	65
Pension costs less contributions payable		(58,764)	114,399
Changes in values of endowment assets and other investments		29,523	(2,752)
Adjustment for investing and financing activities			
Investment income	5	(7,686)	(7,195)
(Gain)/loss on disposal of non-current assets		(611)	1,457
Gain on disposal of non-current assets - proceeds accrued		-	479
Loan finance included in creditors due within one year		(1,085)	-
Interest payable		6,480	6,472
Capital grant income		(15,799)	(19,748)
Net cash inflow from operating activities		79,677	70,264
Cash flow from investing activities			
Endowment assets acquired		(4,753)	(2,373)
Payments to acquire other investments		(254)	(224)
Receipts from the sale of other investments		217,789	5
Payments to acquire tangible assets	11	(109,268)	(91,187)
Proceeds from sale of tangible assets		-	10
New endowment income	6	4,030	2,807
Investment income	5	7,686	7,195
Capital grant receipts		15,799	19,748
Net cash inflow/(outflow) from investing activities		131,029	(64,019)
Cash flows from financing activities			
Interest paid		(6,480)	(6,472)
Loan finance included in creditors due within one year		1,085	-
Increase in creditors falling due after one year		8,667	-
New endowments	6	(4,030)	(2,807)
Net cash outflow from financing activities		(758)	(9,279)
Currency translation		(276)	230
Increase/(decrease) in cash and cash equivalents in the year		209,672	(2,804)
Cash and cash equivalents at beginning of the year		204,595	207,399
Cash and cash equivalents at end of the year		414,267	204,595
Increase/(decrease) in cash and cash equivalents in the year		209,672	(2,804)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2020

1 Tuition fees and education contracts

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Home students	33,678	33,272	33,678	33,272
EU students	10,420	9,062	10,420	9,062
Rest of the UK students	22,590	22,373	22,590	22,373
Overseas students	161,663	141,969	156,870	137,346
Short courses	7,176	6,859	7,176	6,859
Other fees	1,493	1,631	1,493	1,631
Research support grants	11,906	13,068	11,906	13,068
	248,926	228,234	244,133	223,611

2 Funding body grants

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Main teaching grant	85,298	84,457	85,298	84,457
Main quality research grant	47,595	48,478	47,595	48,478
Research postgraduate grant	7,939	7,560	7,939	7,560
Knowledge transfer grant	1,549	2,150	1,549	2,150
Infrastructure grants	10,441	9,907	10,441	9,907
Other funding council grants	10,647	10,272	10,647	10,272
Government grants	7,369	-	7,234	-
	170,838	162,824	170,703	162,824

Government grants consists of furlough income to cover staff costs from March to July 2020.

3 Research grants and contracts

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Research Councils	62,334	67,247	62,334	67,247
UK Charities	46,153	58,561	46,153	58,561
UK Government	21,751	23,366	21,751	23,366
European Union	15,573	20,448	15,573	20,448
UK industry	6,718	6,058	6,718	6,058
Overseas	9,376	8,330	9,376	8,330
Other sources	1,509	1,324	1,509	1,324
Capital grant income	5,358	9,730	5,358	9,730
	168,772	195,064	168,772	195,064

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

4 Other income

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Residences and hospitality services	26,192	30,343	26,191	30,343
Other services rendered	33,153	30,746	31,228	28,482
Health authorities	5,327	4,535	5,327	4,535
Other income	17,006	14,501	19,021	17,143
Capital grant income	-	111	-	111
	81,678	80,236	81,767	80,614

5 Investment income

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Income from expendable endowments	796	892	796	892
Income from permanent endowments	5,241	4,890	5,241	4,890
Income from short-term investments	1,649	1,413	1,627	1,405
	7,686	7,195	7,664	7,187

6 Donations and endowments

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
New endowments	4,030	2,807	4,030	2,807
Donations - restricted	8,084	11,093	8,084	11,093
Donations - unrestricted	92	443	112	441
	12,206	14,343	12,226	14,341

7 Staff costs

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Salaries	276,123	260,596	273,488	258,267
Social security costs	28,086	26,959	27,869	26,585
Other pension costs	78,129	68,697	77,918	68,449
	382,338	356,252	379,275	353,301

Breakdown of other pension costs included in note 29

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

Staff costs (continued)

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
By staff category:				
Academic departments	149,284	135,597	148,076	134,431
Academic services	18,427	16,727	18,427	16,727
Research grants and contracts	84,732	85,305	84,732	85,305
Residences and hospitality services	2,665	2,741	2,665	2,741
Premises	13,716	12,303	13,716	12,303
Administration and other central services	22,125	23,583	21,806	23,273
Other income generating	13,260	11,299	11,935	10,072
Other pension costs	78,129	68,697	77,918	68,449
	382,338	356,252	379,275	353,301

There were no payments for loss of office greater than £100k during the year.

Remuneration of the Principal:	308	298
Contributions in lieu of pension (commenced September 2018)	48	39
Contribution in respect of pension	7	11
Total remuneration	363	348

During 2018-19 there was 1 month of salary sacrifice pension contributions before movement to salary in lieu of pensions. The comparative 2020 figures reflect 1 full year of this arrangement.

The Principal received no taxable or non-taxable benefits-in-kind during the year to 31 July 2020.

Ratio of the Principal's remuneration to the median salary of a University staff member	9.64:1	9.03:1
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The median is based on the annualised, full-time equivalent remuneration of all staff at the 31 July 2020.

In October 2017, Court decided that the role of Convener of Court should be remunerated at a rate of £500 a day up to a maximum of 50 days a year. The remuneration earned up to 31 July 2020 was £16.5k (2019: £16k).

	2020	2019
	Number	Number
Average full-time equivalent staff members by major category:		
Academic departments	2,895	2,737
Academic services	458	429
Research grants and contracts	1,507	1,534
Residences and hospitality services	100	98
Premises	519	496
Administration and other central services	527	552
Other income generating	289	215
	6,295	6,061

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

Staff costs (continued)

Key management personnel: Are the members of the Senior Management Group who have authority and responsibility for planning, directing and controlling the activities of the University. Total remuneration (including pension contributions) in respect of these employees is £3,054,555 (2019: £3,117,307).

During the year the total remuneration of key management personnel decreased by £62,752 due to changes in staff part way through the year and a decrease in the total number of key management personnel from 16 to 15 employees.

Remuneration of higher paid staff, including NHS merit awards, but excluding employer's pension contributions, termination payments, consultancy fees and distributions from shares in spin out companies fell within the ranges shown below. Clinical academics' base salaries are set using NHS salary scales.

	2020			2019		
	Non-clinical staff	Clinical staff	Key management personnel	Non-clinical staff	Clinical staff	Key management personnel
	Number	Number	Number	Number	Number	Number
£100,001 - £110,000	44	14	-	37	10	-
£110,001 - £120,000	29	7	2	24	7	-
£120,001 - £130,000	17	4	2	13	8	4
£130,001 - £140,000	7	9	2	6	10	-
£140,001 - £150,000	5	12	1	4	11	1
£150,001 - £160,000	5	7	-	4	8	3
£160,001 - £170,000	3	3	-	2	3	1
£170,001 - £180,000	2	4	1	-	5	2
£180,001 - £190,000	1	5	2	2	3	-
£190,001 - £200,000	4	3	1	2	1	1
£200,001 - £210,000	-	3	1	1	3	-
£210,001 - £220,000	-	5	-	-	4	-
£220,001 - £230,000	-	-	1	-	1	1
£230,001 - £240,000	-	1	-	-	-	-
£240,001 - £250,000	-	-	-	1	-	-
£250,001 - £260,000	-	-	-	-	-	-
£260,001 - £270,000	-	-	-	-	-	-
£270,001 - £280,000	1	-	-	-	-	-
£280,001 - £290,000	-	-	-	-	-	1
£290,001 - £300,000	-	-	-	-	-	-
£300,001 - £310,000	-	-	1	-	-	-
£310,001 - £320,000	-	-	-	-	-	-
£320,001 - £330,000	-	-	-	-	-	-
£330,001 - £340,000	-	-	-	-	-	1
£340,001 - £350,000	-	-	-	-	-	-
£350,001 - £360,000	-	-	1	-	-	-

The Principal is included in the table above. Excluded from this table is one key management personnel (2019: one individual) with total remuneration of less than £100,000

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

Staff costs (continued)

Facility time publication requirements

The Trade Union (Facility Time Publication Requirements) Regulations 2017 implement Section 13 of the Trade Union Act 2016 (inserted in TULRCA 1992) which requires relevant public sector employers to report annually on paid time off provided to relevant trade union officials* for trade union duties and activities. The regulations came into force on 1 April 2017 with the first reporting requirement to contain information up to 31 March 2018.

*Relevant union official refers to trade union officials, learning representatives or safety representatives.

Table 1 - Relevant union officials

31 March 2020

Number of employees who were relevant union officials during the relevant period	44
Full-time equivalent employee number	40.61

Table 2 - Percentage of time spent on facility time

Number of employees

Percentage of time	
0%	-
1%-50%	44
51%-99%	-
100%	-
	44

Table 3 - Percentage of pay bill spent on facility time

31 March 2020

Percentage of pay bill	
Total cost of facility time	£62
Total pay bill	£355,570
Percentage of the total pay bill spent on facility time (calculated as total cost of facility time / total pay bill * 100)	0.02%

Table 4 - Paid trade union activities

31 March 2020

Time spent on paid trade union activities as a percentage of total paid facility time hours (calculated as total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours x 100)	0.00%
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Annual Trade Union conferences did not take place in 2020.

8 Interest and other finance costs

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Interest on private placement bonds	6,472	6,472	6,472	6,472
Interest on unsecured loan	8	-	8	-
Net cost on pension schemes	70	832	70	832
	6,550	7,304	6,550	7,304

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

9 Other operating expenses

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Academic departments	71,744	76,470	71,744	76,470
Academic services	14,758	12,779	14,758	12,779
Research grants and contracts	61,213	81,747	61,213	81,747
Residences and hospitality services	17,477	18,794	17,477	18,794
Premises	33,424	33,832	33,424	33,832
Administration and other central services	19,199	15,349	21,923	17,775
Agency staff	2,945	3,004	2,945	3,004
Other income generating	11,397	9,236	8,966	6,774
	232,157	251,211	232,450	251,175

	Consolidated	
	2020	2019
	£000	£000
Other operating expenses include:		
Operating lease rentals - land and buildings	15,541	15,422
External auditors' remuneration in respect of audit and assurance related services	152	103
External auditors' remuneration in respect of non-audit and assurance related services	32	28
Internal auditors' remuneration in respect of audit and assurance related services	296	298
Internal auditors' remuneration in respect of non-audit and assurance related services	51	15

10 Taxation

	Consolidated	
	2020	2019
	£000	£000
UK corporation tax at 19% (2019: 19%)	-	-
Singapore corporation tax at 17% (2019: 17%)	265	140
Total tax expense	265	140
Reconciliation of current corporation tax charge:		
Surplus/(deficit) before taxation – UK	68,227	(68,886)
Surplus before taxation – Singapore	1,624	870
	69,851	(68,016)
Surplus/(deficit) before taxation multiplied by the average standard rate of corporation tax in the UK of 19%	13,272	(12,923)
Effect of:		
Surplus/(loss) falling within charitable exemption	(12,964)	13,088
Adjustment in respect of prior year	-	-
Effect of tax rates in foreign jurisdiction	(43)	(25)
Total tax expense	265	140

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

11 Tangible Assets

	Freehold land and buildings £000	Equipment £000	Consolidated Plant and machinery £000	Assets under construction £000	Total £000
Cost:					
At 1 August 2019	794,932	133,355	11,612	120,469	1,060,368
Additions	-	8,427	-	100,841	109,268
Transfers	14,964	-	-	(14,964)	-
Disposals	(90)	-	-	-	(90)
At 31 July 2020	809,806	141,782	11,612	206,346	1,169,546
Depreciation:					
At 1 August 2019	169,605	105,612	1,428	-	276,645
Charge for the year	23,390	8,695	430	-	32,515
Disposals	(12)	-	-	-	(12)
At 31 July 2020	192,983	114,307	1,858	-	309,148
Net Book Value:					
At 31 July 2020	616,823	27,475	9,754	206,346	860,398
At 31 July 2019	625,327	27,743	10,184	120,469	783,723

	Freehold land and buildings £000	Equipment £000	University Plant and machinery £000	Assets under construction £000	Total £000
Cost:					
At 1 August 2019	789,317	133,355	-	120,469	1,043,141
Additions	-	8,427	-	100,841	109,268
Transfers	14,964	-	-	(14,964)	-
Disposals	(90)	-	-	-	(90)
At 31 July 2020	804,191	141,782	-	206,346	1,152,319
Depreciation:					
At 1 August 2019	169,205	105,612	-	-	274,817
Charge for the year	23,270	8,695	-	-	31,965
Disposals	(12)	-	-	-	(12)
At 31 July 2020	192,463	114,307	-	-	306,770
Net Book Value:					
At 31 July 2020	611,728	27,475	-	206,346	845,549
At 31 July 2019	620,112	27,743	-	120,469	768,324

Property owned by the University includes academic buildings, student residences and other associated properties including a conference centre, a sports' centre, museum and art gallery, none of which is considered to be inalienable.

Freehold land and buildings includes £94.7m of land (2019: £94.7m) which is not depreciated and £206.3m (2019: £120.5m) of assets that are under construction and have not yet received a charge for depreciation.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

12 Heritage assets

The University holds heritage assets across several locations with the main collections in the following areas:

The Hunterian

The Hunterian at the University of Glasgow is Scotland's oldest public museum and the collections are Recognised by the Scottish Government as being of national significance. The Hunterian has full Accreditation through Museums Galleries Scotland and is only the third Scottish museum and gallery to have been approved for Immunity From Seizure cover from the Scottish Government. The Hunterian is home to over 1.5m items ranging from fossils to coins and medals. The Hunterian Museum houses specific collections such as a permanent display based around the life and work of Lord Kelvin and displays dedicated to the history of medicine in Scotland, which includes the eminent Scottish physician and obstetrician, William Hunter's own medical collection from the 18th century. The Hunterian Art Gallery includes works by the Scottish colourists Peploe and Cadell and a display of works drawn from the estate of the American artist James McNeill Whistler, bequeathed to the Hunterian in 1958. The Charles Rennie Mackintosh Collection is the largest single holding of his work comprising over 800 drawings, designs and watercolours.

The Anatomy Museum and Zoology Museum are also managed by The Hunterian. The anatomy collections consist of William Hunter's medical teaching material from his career and range from wet specimens to skeletal material. The Zoology Museum houses most of the major groups of animals but has particular strength in insects, which constitutes 90% of the 600,000 specimens.

At Kelvin Hall, the University has created The Hunterian Collections Study Centre which offers a state-of-the-art environment for research, teaching and training. These unique facilities allow the University to build on its international reputation for collections and object-based pedagogies, offering much greater access to the collections while forging new academic and educational practice. To date approximately 65% of the collection has been relocated to the new facilities, the remaining collections will move over the course of the next few years.

During the financial year, from 1 August 2019 to 20 March 2020 the main Hunterian Museum was open to visitors from Tuesday to Saturday 10am to 5pm and Sundays 11am to 4pm. The Zoology museum was open Monday to Friday 9am to 5pm. The Hunterian Art Gallery and the Mackintosh House were open to visitors Tuesday to Saturday 10am to 5pm and Sunday 11am to 4pm.

Thereafter the main Hunterian Museum and Hunterian Art Gallery have re-opened to visitors from Tuesday to Saturday 10am to 4pm and Sundays 11am to 4pm. The Zoology museum, The Mackintosh House and Anatomy Museum currently remain closed due to physical distancing guidelines. Information about the Hunterians's policy for the acquisition, preservation and management and disposal of heritage assets can be found at: http://www.gla.ac.uk/media/media_287267_en.pdf. There have been no significant acquisitions or disposals during the financial year.

Special Collections

The University of Glasgow's Special Collections department is one of the foremost resources in Scotland for academic research and teaching. The collection has been built up over a period of more than 500 years and now contains more than 200,000 manuscript items and approximately 200,000 printed works, including over 1,000 incunabula (books published before 1501). The collection covers a wide range of subjects including humanities, social and economic history and the history of science and medicine. Holdings in areas such as medieval and renaissance manuscripts and emblem literature are of world importance. During the financial year, from 1 August 2019 to 20 March 2020, Special Collections was open to the public Monday to Thursday 9.30am to 5pm and Friday 10am to 5pm. Thereafter services were provided online due to restricted operations during the Covid-19 pandemic. Special Collections is closed during public holidays.

Information about Special Collections policy for the acquisition, preservation and management and disposal of heritage assets can be found at:

<https://www.gla.ac.uk/myglasgow/specialcollections/aboutus/> and http://www.gla.ac.uk/media/media_514812_en.pdf.

There have been no significant acquisitions or disposals during the financial year.

Archives & Special Collections

University of Glasgow Archives & Special Collections holds the official records of the University created and accumulated since its foundation in 1451, including University related records deposited by staff, alumni and associated organisations, and the records of predecessor institutions. It also manages the Scottish Business Archive consisting of collections of historical business records dating from the 18th century to the present day. During the financial year, from 1 August 2019 to 20 March 2020, Archives was open to the public Monday to Thursday 9.30am to 5pm and Friday 10am to 5pm. Thereafter services were provided online due to restricted operations during the Covid-19 pandemic. Archives is closed during public holidays.

Information about the Archives & Special Collections policy for the acquisition, preservation and management and disposal of heritage assets can be found at: http://www.gla.ac.uk/media/media_514812_en.pdf.

NOTES TO THE FINANCIAL STATEMENTS

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for the year ended 31 July 2020

12 Heritage assets (continued)

Annual details can be found at: <http://www.gla.ac.uk/services/archives/about/ourperformance/annualreviews/>. There have been no significant disposals or acquisitions during the financial year.

Reliable information on cost or valuation cannot be obtained for the vast majority of collections held within the Hunterian and Archives & Special Collections. This is because of the diverse nature of the assets held, the number of assets held and the lack of comparable market values. The University does not therefore recognise these assets on the balance sheet, other than recent acquisitions which are reported at cost, where the object is purchased, or at the University's best estimate of current value where the object is donated and meets the definition of a heritage asset. Acquisitions in the year to 31 July 2020 do not meet the definition of a heritage asset and therefore are not recognised on the balance sheet.

13 Investments

	Consolidated					Total £000
	Treasury stock £000	Unlisted investments £000	Listed investments £000	Endowment assets £000	Investment funds £000	
At 1 August 2019	2,087	1,602	1,585	201,929	216,462	423,665
Additions	-	254	-	4,030	-	4,284
Disposals	(558)	(80)	-	-	(216,462)	(217,100)
Transfers	-	-	-	-	-	-
Net income	-	-	-	723	-	723
Decrease in market value	(31)	-	(2)	(29,490)	-	(29,523)
At 31 July 2020	1,498	1,776	1,583	177,192	-	182,049

All investments are stated at market value, except unlisted investments which are stated at cost less impairment. Investments comprise of listed investments £177,393, property investments £2,880 and private equity £1,776.

	University					Total £000
	Treasury stock £000	Unlisted investments £000	Listed investments £000	Endowment assets £000	Investment funds £000	
At 1 August 2019	2,087	21,024	-	201,929	216,462	441,502
Additions	-	-	-	4,030	-	4,030
Disposals	(558)	-	-	-	(216,462)	(217,020)
Transfers	-	-	-	-	-	-
Net income	-	-	-	723	-	723
Decrease in market value	(31)	-	-	(29,490)	-	(29,521)
At 31 July 2020	1,498	21,024	-	177,192	-	199,714

The University has a direct interest of 100% in the ordinary share capital of G U Holdings Ltd, UOG Utilities Supply Company Ltd and UGlasgow Singapore Pte Ltd (registered in Singapore) and a >99% direct interest in the ordinary share capital of Kelvin Nanotechnology Ltd, with 2 shares held by G U Holdings Limited. G U Holdings Ltd in turn owns 100% of the ordinary share capital of GU Heritage Retail Ltd and UoG Commercial Ltd. These companies are incorporated in the consolidated financial statements, along with the University of Glasgow Trust, an independent charity set-up to collect donations and disburse them for the benefit of the University. Investments comprise of listed investments £175,810, property investments £2,880 and private equity £21,024.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

13 Investments (continued)

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Endowment assets:				
Listed investments	166,597	195,070	166,597	195,070
Other investments	10,595	6,859	10,595	6,859
	177,192	201,929	177,192	201,929

14 Stock

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Raw materials & supplies	506	496	449	426
Finished goods	491	374	110	103
	997	870	559	529

15 Trade and other receivables

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Research grants and contracts	45,226	43,524	45,226	43,524
Prepayments and other sundry debtors	22,922	20,999	22,137	18,267
Salaries recoverable externally	3,391	2,217	3,391	2,217
Courses, consultancies and contracts	8,329	6,457	8,329	6,457
Amounts due from subsidiaries	-	-	1,225	1,679
	79,868	73,197	80,308	72,144

There are no debtors due after more than one year in both the current and the prior year

16 Creditors: amounts falling due within one year

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Unsecured loan	1,085	-	1,085	-
Research grants and contracts	105,964	89,711	105,964	89,711
Sundry creditors	33,384	31,045	32,777	30,432
Accruals and sundry provisions	77,112	74,791	75,305	74,382
Courses, consultancies and contracts	30,188	26,100	30,189	26,100
Employment cost liabilities	27,624	21,032	27,624	21,032
Amounts due to subsidiaries	-	-	228	752
	275,357	242,679	273,172	242,409

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

16 Creditors: amounts falling due within one year (continued)

Included within creditors: amounts falling due within one year are the following items of income which have been deferred until specific performance related conditions have been met.

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Deferred income				
Research grants (within research grants and contracts)	82,186	67,377	82,186	67,377
Other income (within courses, consultancies and contracts)	15,407	12,726	15,407	12,726
	97,593	80,103	97,593	80,103

17 Creditors: amounts falling due after more than one year

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Unsecured loan	8,667	-	8,667	-
Private placement bonds	245,000	245,000	245,000	245,000
	253,667	245,000	253,667	245,000

Analysis of Unsecured loan

Due within one year	1,000	-	1,000	-
Due within two to five years	3,000	-	3,000	-
After more than five years	4,667	-	4,667	-
	8,667	-	8,667	-

	Amount borrowed	Coupon rate	Term	Bonds maturity
	£000	%	Years	Year
Analysis of unsecured private placement bonds				
2016 Series A	30,000	2.97%	30	2046
2016 Series B	40,000	3.01%	35	2051
2017 Series A	92,000	2.49%	25	2042
2017 Series B	40,000	2.55%	30	2047
2017 Series C	43,000	2.48%	40	2057
	245,000			

The University has an unsecured loan from the Scottish Funding Council for £10m for a 10 year term maturing on March 2030 at a rate of 0.25% per annum.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

18 Provisions for liabilities

	Consolidated and University			Total £000
	Funded pension liability £000	Unfunded pension liability £000	Ex-gratia pension liability £000	
	At 1 August 2019	2,967	1,588	
Income	46	-	-	46
Transfer from Statement of Comprehensive Income and Expenditure	(143)	75	(4)	(72)
Utilised in year	(172)	(164)	-	(336)
At 31 July 2020	2,698	1,499	-	4,197

The University has responsibility for the following arrangements: St Andrew's College funded and unfunded pensions, Local Government Pension Scheme funded and unfunded pensions and ex-gratia pensioners.

The University's appointed independent actuary, PricewaterhouseCoopers LLP, carried out a valuation of the pension liabilities at 31 July 2020 on an individual member basis.

19 Endowment reserve

	Consolidated and University				2019 Total £000
	Unrestricted Permanent £000	Restricted Permanent £000	Restricted Expendable £000	2020 Total £000	
	Balance at 1 August 2019				
Capital value	1,756	142,058	27,701	171,515	171,173
Accumulated income	427	26,681	3,306	30,414	29,424
	2,183	168,739	31,007	201,929	200,597
New endowments	-	2,081	1,949	4,030	2,807
Investment income	57	5,184	796	6,037	5,782
Expenditure	(22)	(4,365)	(927)	(5,314)	(6,216)
(Decrease)/Increase in market value of investments	(319)	(24,643)	(4,528)	(29,490)	(1,041)
At 31 July 2020	1,899	146,996	28,297	177,192	201,929
Represented by:					
Capital value	1,432	119,077	23,660	144,169	171,515
Accumulated income	467	27,919	4,637	33,023	30,414
	1,899	146,996	28,297	177,192	201,929
Analysis by type of purpose:					
Lectureships	1,899	60,288	17,341	79,528	92,657
Scholarships and bursaries	-	75,725	10,854	86,579	96,442
Prize funds	-	6,221	102	6,323	7,270
General	-	4,762	-	4,762	5,560
	1,899	146,996	28,297	177,192	201,929

NOTES TO THE FINANCIAL STATEMENTS

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for the year ended 31 July 2020

20 Restricted reserve

	Consolidated and University			Total 2019 £000
	Capital grants	Donations	Total 2020	
	£000	£000	£000	
At 1 August 2019	-	15,057	15,057	5,978
Research	-	911	911	1,115
New donations	-	8,084	8,084	11,093
Expenditure	-	(3,148)	(3,148)	(3,129)
Capital grant income	15,799	-	15,799	19,748
Capital grants utilised	(15,799)	-	(15,799)	(19,748)
At 31 July 2020	-	20,904	20,904	15,057

21 Cash and cash equivalents

	Consolidated	
	2020	2019
	£000	£000
At 1 August	204,595	207,399
Cash inflow/(outflow) for the year	209,672	(2,804)
At 31 July	414,267	204,595

22 Consolidated reconciliation of net cash

	Consolidated	
	2020	2019
	£000	£000
At 1 August	181,331	180,118
Movement in cash and cash equivalents	209,672	(2,804)
Investment in subsidiary undertakings	254	224
Disposal of investment funds	(217,789)	-
New loan finance	(9,752)	-
Other non-cash changes	689	-
Change in market value	(33)	3,793
At 31 July	164,372	181,331
Analysis of net cash:		
Non-current Investments (excluding endowment assets)	4,857	221,736
Cash and cash equivalents	414,267	204,595
Unsecured loan	(9,752)	-
Private placement bonds	(245,000)	(245,000)
	164,372	181,331

NOTES TO THE FINANCIAL STATEMENTS

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for the year ended 31 July 2020

23 Commitments

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Commitments contracted at 31 July but not accrued	174,425	189,938	174,425	189,938
Authorised but not contracted at 31 July	109,006	93,798	109,006	93,798
	283,431	283,736	283,431	283,736

Commitments all relate to the University's capital programme, with £255m being for the campus redevelopment programme.

24 Contingencies

There are no contingent liabilities.

25 Leases

The total of future minimum lease payments under non-cancellable operating leases for land and buildings for each of the following periods:

	Consolidated and University	
	2020	2019
	£000	£000
Lease commitments as a lessee:		
Within one year	15,105	15,354
In two to five years	16,727	18,105
After more than five years	1,705	4,434
	33,537	37,893

The total of future minimum lease payments receivable under non-cancellable operating leases for land and buildings for each of the following periods:

Lease payments receivable as a lessor:

Within one year	7,700	7,700
In two to five years	7,700	7,700
After more than five years	-	-
	15,400	15,400

26 Events after the reporting period

No adjusting events after the reporting period been identified.

As the balance sheet date of 31 July 2020 was subsequent to the start of the Covid-19 lockdown period, the emergence of Covid-19 is not a post balance sheet event, and the impact on the financial performance in the year and yearend balance sheet position has been accounted for in these financial statements. The potential impact from developments after the 31 July 2020 year end have been considered accordingly for disclosure in the financial statements. From our assessment of these developments we have not identified any adjusting post balance sheet events.

There have been numerous developments in relation to the pandemic subsequent to 31 July 2020, including the return of students to the University campus for teaching the 2020-21 academic year and ongoing revisions to relevant legislation and guidance which the University is following. The University continues to monitor and assess the financial impact of Covid-19 and the subsequent changes to its operating environment for 2020-21.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

26 Events after the reporting period (continued)

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. The scope of this exercise covers a wide range of potential outcomes - reflecting issues still to be resolved on employer support as well as uncertainties for the higher education sector and financial markets in general - but, based on the proposals put forward, the Trustees have indicated that the fund's deficit at 31 March 2020 could range from between £9.8bn and £17.9bn.

This would represent a significant deterioration from the £3.6bn deficit established under the 2018 valuation (and against which the current recovery plan is set) and a return to the levels of shortfall experienced under the previous 2017 valuation (£11.8bn).

At this stage, an outcome is far from agreed and the USS Trustee has until 30 June 2021 to conclude the valuation. As an early indication of the scale of impact though, it has been estimated that the cost of continuing to offer current benefits in this context could reach between 40.8% to 67.9% of payroll. However, this is range is purely an illustration and is before any other measures are considered to reduce the deficit and is still being widely debated across the sector and by the Trustee of the Pension Scheme. For the 2019-20 financial year however, this is considered a non-adjusting event.

27 Amounts disbursed as agent

	Consolidated and University			2019 Total £000
	HE Childcare	HE Discretionary	2020 Total	
	£000	£000	£000	
As 1 August	-	-	-	-
Funds received in year	502	2,239	2,741	1,422
Expenditure	(201)	(1,333)	(1,534)	(1,425)
Virements	(65)	65	-	-
Interest	1	3	4	3
As 31 July	237	974	1,211	-
Analysis of closing balance				
Advance of funds received for next academic year	237	974	1,211	-

28 Disclosure of related party transactions

Due to the nature of the University's operations and the composition of the University Court of the University of Glasgow (Court) (being drawn from local, public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of Court may have an interest. All transactions involving organisations in which a member of Court may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

In accordance with the 2017 Scottish Code of Good HE Governance, all members of Court are required to complete a register of interests to record any areas of potential conflict with the interests of the University.

No material transactions have taken place during the year and there were no material balances at the year-end.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

29 Pension schemes

The University participates in the following pension schemes:

- a) The Universities Superannuation Scheme (USS);
- b) The University of Glasgow Pension Scheme (UGPS);
- c) The Strathclyde Pension Fund (SPF);
- d) The National Employment Savings Trust (NEST);
 - i) NEST Autoenrol; and ii) NEST Contractual
- e) The Scottish Teachers' Superannuation Scheme (STSS);
- f) The NHS Superannuation Scheme (Scotland) (NHSSS);
- g) The Medical Research Council Pension Scheme (MRCPS)

Total pension costs for the year were:

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
USS - contributions paid	62,609	52,251	62,434	52,020
UGPS - charge to income statement	11,707	13,339	11,707	13,339
SPF - charge to income statement	183	198	183	198
Other schemes - contributions paid	3,630	2,909	3,594	2,892
Total pension costs at 31 July	78,129	68,697	77,918	68,449

Members of the USS and UGPS schemes give up a portion of their contractual gross pay equal to their employees' pension contribution as part of a HMRC approved salary sacrifice scheme, members may opt out of this scheme if they so wish. No changes to staff pensionable salaries or total pension scheme contributions arise from this arrangement. The figures within note 7 to the financial statements reflect the reduced gross pay earned by staff under this arrangement. The total pension costs shown above and in note 7 reflect the increased employer contributions under this arrangement. Employer contribution percentage rates quoted below represent only the employer's contribution rates specified by the scheme trustees.

For both the UGPS and SPF, pension costs are assessed in accordance with the advice of the actuaries, based on the latest actuarial valuation of the scheme. The expected cost of providing staff pensions is recognised in the income and expenditure account on a systematic basis over the expected average remaining lives of members of the pension funds, in accordance with FRS 102 and recognises retirement benefits as the benefits are earned and not when they are due to be paid.

The consolidated balances for USS, UGPS and SPF as shown in the financial statements and associated notes are as follows:

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Pension provisions at 31 July:				
USS deficit reduction plan provision	(99,060)	(161,277)	(98,692)	(160,692)
UGPS net deficit in the scheme	(30,821)	(7,063)	(30,821)	(7,063)
SPF net surplus/(deficit) in the scheme	(871)	88	(871)	88
Total pension provisions at 31 July	(130,752)	(168,252)	(130,384)	(167,667)
Amount recognised in the Statement of Comprehensive Income and Expenditure:				
UGPS	(20,053)	33,212	(20,053)	33,212
SPF	(1,211)	(551)	(1,211)	(551)
Total gain/(loss) for the year	(21,264)	32,661	(21,264)	32,661

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

29 Pension schemes (continued)

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Interest and other finance costs:				
UGPS	(77)	(849)	(77)	(849)
SPF	7	17	7	17
Total net finance cost	(70)	(832)	(70)	(832)

a) USS

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
USS deficit reduction plan provision:				
At beginning of the year	(161,277)	(52,301)	(160,692)	(52,090)
Utilised in the year	3,361	2,644	3,347	2,632
Revaluation/additions in the period	61,468	(110,464)	61,256	(110,083)
Unwinding of the discount rate	(2,612)	(1,156)	(2,603)	(1,151)
At 31 July	(99,060)	(161,277)	(98,692)	(160,692)

The Universities Superannuation Scheme (USS) is a UK-wide scheme which throughout preceding periods was a defined benefit only pension scheme. With effect from 1 October 2016, the scheme changed from defined benefit only to 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 schemes' assets are not hypothecated 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 and therefore, as is required by Section 28 of FRS 102, "Employee Benefits", accounts for the scheme as a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income in respect of the above, represents the contributions payable to the scheme in the year.

On conversion to FRS 102, the University has recognised a provision for the present value of the deficit reduction plan for the USS scheme. The discount rate used by the University to calculate the provision was 0.74% in 2020 (2019: 1.62%). The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University's employees, this percentage was 19.5% to 30 September 2019 and 21.1% from 1 October 2019 (2019: 18% to 31 March 2019 and 19.5% from 1 April 2019). The total USS pension cost for the University in the year was £62.4m (2019: £52.3m). This includes £5.4m (2019: £4.8m) of outstanding contributions at the balance sheet date. The latest available full actuarial valuation of the Scheme was at 31 March 2018 (the valuation date), which was carried out using the projected unit method. Since the institution cannot identify its share of the Scheme's assets and liabilities, the following disclosures reflect those relevant for the Scheme

The University's subsidiary Kelvin Nanotechnology Limited recognised its provision for the present value of the deficit reduction plan for the USS scheme in its individual financial statements and this provision is included in the University's consolidated position. The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme was at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method. The 31 March 2020 actuarial valuation is in progress and consultation is currently taking place. This is scheduled to be finalised by May 2021 to meet the June 2021 filing deadline.

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%.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

29 Pension schemes (continued)

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

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI + 0.14% 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:

	2020	2019
Mortality base table	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.
Mortality base table	<u>Post-retirement:</u> 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.	<u>Post-retirement:</u> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.	CMI_2016 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% for males and 1.6% for females. The current life expectancies on retirement at age 65 are:

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

Existing benefits:

Scheme assets	£66.5bn	£67.4bn
Total scheme liabilities	£79.7bn	£79.2bn
FRS 102 total scheme deficit	£13.2bn	£11.8bn
FRS 102 total funding level	83%	85%

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

	2020	2019
Discount rate	2.59%	2.44%
Pensionable salary growth	4.2%	2.11%

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

See Staff costs note 7 in respect of significant one-off pension costs / gains.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

29 Pension schemes (continued)

A further full valuation as at 31 March 2020 is currently underway. As the valuation has only recently commenced work is still in progress on agreeing the technical provisions assumptions, the extent of future investment risk, the duration of the deficit period and the level of deficit contributions. Rule changes in respect of strengthening the employer covenant are also under consideration including restrictions on employer exits, debt monitoring and pari passu arrangements. The valuation must be completed by 30 June 2021. The Scheme Trustee has indicated that there could be a significant increase in the deficit provision as at 31 July 2021 and consequently of contribution levels.

b) UGPS

This is a defined benefit scheme which is externally funded and was until 31 March 2016 contracted out of the State Second Pension [S2P]. The assets of the Scheme are held in a separate trustee-administered fund. The fund is valued every three years by professionally qualified independent actuaries, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years the actuaries review the progress of the Scheme. Pension costs are assessed in accordance with the advice of the actuaries, based on the latest actuarial valuation of the scheme. The Scheme closed to new members with effect from 1 April 2014. A full actuarial valuation was carried out as at 1 April 2019.

The major assumptions used at 31 July are shown below:

	2020	2019	2018
Discount rate	1.40%	2.10%	2.75%
Retail price inflation	3.10%	3.45%	3.40%
Rate of increase in salaries	2.65%	2.56%	3.15%
Rate of increase to pensions in payment	2.30%	2.65%	2.65%
Consumer price inflation	2.30%	2.65%	2.65%

The weighted average life expectancies used to determine benefit obligations are as follows:

	2020	2020	2019	2019
	Male	Female	Male	Female
Member age 65 (current life expectancy)	21.5	24.3	21.3	24.1
Member age 45 (life expectancy at age 65)	22.3	25.3	22.2	25.5

	Value at 31 July 2020	Value at 31 July 2019	Value at 31 July 2018
	£000	£000	£000

The assets in the scheme were:

Global equities	-	9,067	48,288
Corporate bonds	40,050	39,345	37,049
Government bonds	139,708	129,675	80,427
Diversified growth fund	142,830	140,263	116,909
Long lease property	37,037	38,410	41,628
Diversified credit	99,798	82,217	58,727
Direct lending	32,099	28,752	41,707
Cash/net current assets	13,222	6,841	1,132
Total	504,744	474,570	425,867

Assets categorised under diversified credit, diversified credit and direct lending include a mixed fund portfolio mostly consisting of listed investments, bonds, property, direct lending and other assets.

The following amounts at 31 July were measured in accordance with the requirements of FRS 102:

Total market value of assets	504,744	474,570	425,867
Present value of liabilities	(535,565)	(481,633)	(460,498)
Deficit in the scheme	(30,821)	(7,063)	(34,631)

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

29 Pension schemes (continued)

The University has contributed 22.5% of pensionable salaries over the period to 31 July 2020. The University has entered into a recovery plan for the pension scheme from 1 July 2020 to 1 April 2034. The University expects to make deficit reduction contributions of £3.951m per year increasing by 2.5% per annum from 31 March 2023 to 31 March 2034. The recovery plan will be revisited every three years.

	2020 £000	2019 £000
Amount charged to operating surplus:		
Staff costs:		
Current service cost	(10,460)	(11,751)
Past staff costs	-	(625)
Administration costs	(1,247)	(963)
Total operating charge	(11,707)	(13,339)
Interest and other finance costs:		
Expected return on scheme assets	9,873	11,631
Interest on scheme liabilities	(9,950)	(12,480)
Total net return	(77)	(849)
Total UGPS pension cost recognised in the income and expenditure account	(11,784)	(14,188)
Other Comprehensive Income (OCI):		
Actual return on assets excluding amounts included in net interest	29,175	42,916
Actuarial (loss)/gain on scheme obligations	(49,228)	(9,704)
Actuarial gain recognised in the OCI for UGPS	(20,053)	33,212
The cumulative gain recognised in the Other Comprehensive Income to date is £3.9m (2019: £24m).		
Movements in present value of scheme assets during the year:		
Assets at beginning of the year	474,570	425,867
Movement in year:		
Interest income	9,873	11,631
Actual return on assets excluding amounts included in net interest	29,175	42,916
Contributions by the employer	8,079	8,544
Benefits paid	(16,953)	(14,388)
Assets at the end of the year	504,744	474,570
Movements in present value of scheme liabilities during the year:		
Liabilities at beginning of the year	481,633	460,498
Movement in year:		
Current service cost	10,460	11,751
Past service costs	-	625
Administration costs	1,247	963
Interest cost	9,950	12,480
Actuarial (gain)/loss	49,228	9,704
Benefits paid	(16,953)	(14,388)
Liabilities at the end of the year	535,565	481,633

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

29 Pension schemes (continued)

Details of the experience gains and losses for the years to 31 July:

	2020	2019	2018	2017	2016
	£000	£000	£000	£000	£000
Fair value of scheme assets	504,744	474,570	425,867	412,704	378,598
Present value of scheme liabilities	(535,565)	(481,633)	(460,498)	(474,088)	(431,233)
Deficit in the scheme	(30,821)	(7,063)	(34,631)	(61,384)	(52,635)

c) SPF

This is an externally funded multi-employer defined benefit scheme that covers both past and present employees, that was until 31 March 2016 contracted out of the State Second Pension [S2P]. The element of the SPF that is attributable to the University covers former members of staff at St Andrew's College of Education and the Scottish Centre for Research in Education (SCRE). The SPF is a pool into which employees' and employers' contributions and income from investments are paid, and from which pensions and other related benefits are paid out in accordance with the provisions of the Local Government Pension Scheme.

A valuation of the University's benefit obligation in respect of its members has been estimated by a qualified independent actuary based on the 31 March 2017 valuation results, rolled forward onto the assumptions used below at 31 July 2020.

	2020	2019	2018
Discount rate	1.40%	2.10%	2.75%
Retail price inflation	3.10%	3.45%	3.40%
Rate of increase in salaries	2.65%	2.56%	3.15%
Rate of increase to pensions in payment	2.30%	2.65%	2.65%
Consumer price inflation	2.30%	2.65%	2.65%

The weighted average life expectancies used to determine benefit obligations are as follows:

	2020	2020	2019	2019
	Male	Female	Male	Female
Member age 65 (current life expectancy)	21.7	24.0	21.6	24.1
Member age 45 (life expectancy at age 65)	23.7	26.1	23.6	26.0

	Value at 31 July 2020	Value at 31 July 2019	Value at 31 July 2018
	£000	£000	£000
The assets in the scheme were:			
Equities	13,198	12,970	11,308
Bonds	2,582	2,506	3,198
Property	1,983	1,970	1,984
Cash	473	876	753
Total	18,236	18,322	17,243

The following amounts at 31 July were measured in accordance with the requirements of FRS 102:

Total market value of assets	18,236	18,322	17,243
Present value of liabilities	(19,107)	(18,234)	(16,825)
Surplus/(deficit) in the scheme	(871)	88	418

The University paid contributions to the fund at 36.2% of pensionable salaries to 31 July 2020. Additionally, the University has paid £250k of deficit contributions between 1 August 2019 and 31 July 2020 (2019: £250k).

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

29 Pension schemes (continued)

	2020 £000	2019 £000
Amount charged to operating surplus:		
Staff costs:		
Current service cost	(183)	(162)
Past service cost	-	(36)
Total operating charge	(183)	(198)
Interest and other finance costs:		
Expected return on scheme assets	382	471
Interest on scheme liabilities	(375)	(454)
Total net return	7	17
Total SPF pension cost recognised in the income and expenditure account	(176)	(181)
Other Comprehensive Income (OCI):		
Actual return on assets excluding amounts included in net interest	(165)	848
Actuarial gain/(loss) on scheme obligations	(1,046)	(1,399)
Actuarial gain/(loss) recognised in the OCI for SPF	(1,211)	(551)
The cumulative loss recognised in the Other Comprehensive Income to date is £1.5m (2019: £0.3m).		
Movements in present value of scheme assets during the year:		
Assets at beginning of the year	18,322	17,243
Movement in year:		
Interest income	382	471
Actual return on assets excluding amounts included in net interest	(165)	848
Contributions by the employer	428	402
Contributions by the scheme participants	28	27
Benefits paid	(759)	(669)
Assets at the end of the year	18,236	18,322
Movements in present value of scheme liabilities during the year:		
Liabilities at beginning of the year	18,234	16,825
Movement in year:		
Current service cost	183	162
Past service cost	-	36
Interest cost	375	454
Actuarial (gain)/loss	1,046	1,399
Contributions by the scheme participants	28	27
Benefits paid	(759)	(669)
Liabilities at the end of the year	19,107	18,234

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

29 Pension schemes (continued)

Details of the experience gains and losses for the years to 31 July:

	2020	2019	2018	2017	2016
	£000	£000	£000	£000	£000
Fair value of scheme assets	18,236	18,322	17,243	16,856	15,125
Present value of scheme liabilities	(19,107)	(18,234)	(16,825)	(17,619)	(15,768)
Surplus/(deficit) in the scheme	(871)	88	418	(763)	(643)

d) NEST

The National Employment Savings Trust [NEST] has been set up by the government to assist employers in fulfilling their obligations under the Auto-Enrolment regulations and is a defined contribution scheme that is not contracted out of the State Second Pension [S2P]. It covers both qualifying workers under the NEST Autoenrol section of the scheme, along with several support staff who had previously opted-out of UGPS under the NEST contractual section of the scheme. From 1 April 2014 has covered new members of staff who would previously have been eligible for UGPS.

The total pension cost for the University was £1.9m (2019: £1.5m). This includes £176k (2019: £140k) of outstanding contributions at the balance sheet date. Employees' regular contributions were £833k (2019: £671k).

e) STSS

The Scottish Teachers Superannuation Scheme [STSS] is an unfunded multi-employer defined benefit only pension scheme that was until 31 March 2016 contracted out of the State Second Pension [S2P]. It covers former members of the academic staff of St Andrew's College of Education.

Contribution rates to the Scheme for employees are tiered, in a range of 7.2% to 11.9% of pensionable salary and for employers are 22.4%.

Under the definitions set out in FRS 102 the STSS is an unfunded multi-employer defined benefit scheme and as the University is unable to identify its share of the Scheme's underlying assets and liabilities it has applied the exemption in FRS 102 to account for the Scheme as if it were a defined contribution scheme.

The latest actuarial assessment was carried out at 31 March 2016. The Scheme had total liabilities, for service to the 31 March 2016 of £22.8 billion and notional assets of £21.5 billion giving a notional past service deficit of £1.3 billion.

The total pension cost for the University was £83k (2019: £63k). This includes £7k (2019: £5k) of outstanding contributions at the balance sheet date. Employees' regular and additional voluntary contributions were £41k (2019: £40k) and £7k (2019: £8k) respectively.

f) NHSSS

The NHS Superannuation Scheme (Scotland) [NHSSS], operated by NHS Scotland, is an unfunded multi-employer defined benefit scheme that is a defined benefit only pension scheme and until 31 March 2016 was contracted out of the State Second Pension [S2P].

Contribution rates to the Scheme for employees are tiered, in a range of 5.2% to 14.7% of pensionable salary and for employers are 20.9%.

Under the definitions set out in FRS 102 the NHSSS is an unfunded multi-employer defined benefit scheme and as the University is unable to identify its share of the Scheme's underlying assets and liabilities it has applied the exemption in FRS 102 to account for the Scheme as if it were a defined contribution scheme.

An actuarial assessment was carried out at 31 March 2016. The Scheme had total liabilities, for service to the 31 March 2016 of £34.7 billion and notional assets of £32.5 billion giving a notional past service deficit of £2.2 billion.

The main financial assumptions adopted for the latest actuarial assessment were:

Discount rate

For liabilities and contribution rate	2.8% pa real; 4.86% pa nominal until 2019 and then 2.4% pa real; 4.45% nominal
For cost cap rate	2.4% pa real; 4.45% nominal

Pension increase

2% pa

Long term salary growth

4.2% pa, 2.2% pa in excess of assumed CPI

NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 July 2020

29 Pension schemes (continued)

The total pension cost for the University was £1,334k (2019: £978k). This includes £113k (2019: £105k) of outstanding contributions at the balance sheet date. Employees' regular contributions were £709k (2019: £642k) and £19k (2019: £10k) in respect of additional voluntary contributions.

g) MRCPS

The Medical Research Council Pension Scheme [MRCPS], operated by the Medical Research Council [MRC], is a funded multi-employer pension scheme that provides benefits based on service and final pensionable pay at the normal retirement age of 65. In addition to the principal section, the supplementary benefits section exists to provide additional benefits in the event of ill-health retirement or death-in-service. It is solely funded by members' contributions. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement.

Former members of staff of the MRC transferred to the University of Glasgow under TUPE regulations are covered by the MRCPS. Contribution rates to the Scheme for employees are 6.5% and for employers are 15.9% (14.9% before 1 April 2018).

Under the definitions set out in FRS 102 the MRCPS is a funded multi-employer defined benefit scheme and as the University is unable to identify its share of the Scheme's underlying assets and liabilities it has applied the exemption in FRS 102 to account for the Scheme as if it were a defined contribution scheme.

The required MRCPS contribution rate is assessed every three years in accordance with advice of the Government Actuary. The latest actuarial assessment of the University section of the MRCPS was at 31 December 2016 at which showed a surplus of £21m and the market value of the assets of the MRCPS was £66.9m, an ongoing funding level of 146% under the statutory funding objective. The actuarial value of the assets was sufficient to cover 146% of the benefits that had accrued to members after allowing for expected future increases in earnings. Triennial valuations are conducted under the Pensions Act 2004 on a scheme specific funding basis. The MRCPS Trustees seek to maintain sufficient assets in the scheme to avoid section 75 debts arising in the future and therefore use an additional funding objective. Liabilities are assessed on a buy-out basis and compared to existing assets. Under the additional funding objective at 31 December 2016 the University section showed a surplus of £1.3m, an ongoing funding level of 102%, so the objective was met at the valuation date.

The main financial assumptions adopted for latest valuation were:

	Statutory funding objective	Additional funding objective
Investment return/discount rate	2.6%	1.9%
Earnings increases (long term) + promotional scale	4.1%	5.0%
RPI	3.5%	3.5%
CPI	2.6%	3.0%
Pension increases	2.6%	3.0%
Discount rate net earnings increase	(1.5%)	(3.1%)
Discount rate net pension increases	0.0%	(1.1%)

The total pension cost for the University was £300k (2019: £315k). This includes £25k (2019: £25k) of outstanding contributions at the balance sheet date. Employees' regular contributions were £125k (2019: £131k) and £23k (2019: £21k) in respect of additional voluntary contributions.