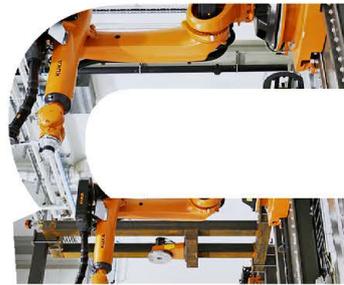
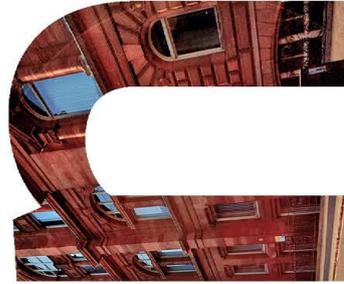




THE PLACE OF USEFUL LEARNING

Annual Report and Financial Statements

YEAR ENDED 31 JULY 2020






Strathclyde
University

*The Technology and
Innovation Centre*

99 George Street

Officers of the University

Chancellor

The Rt Hon The Lord Smith of Kelvin KT CH

Principal and Vice-Chancellor

Professor Sir Jim McDonald, Rolls-Royce Chair in Electrical Systems BSc MSc PhD DSc CEng FEng FRSE FIET FlntP FIE

Convener of Court

Dame Susan Bruce DBE DL

Vice-Principal

Professor Scott MacGregor BSc PhD SMIEEE CPhys

University Secretary and Compliance Officer

Dr Veronica O'Halloran BA (Hons) MA (Hons) PhD FRSA FSAS

Chief Financial Officer

Steven Wallace BAcc (Hons) CA

Chief Commercial Officer

Adrian Gillespie BAcc MBA

Chief People Officer

Sandra Heidinger MA FCIPD (until 31/08/20)

Associate Principals and Executive Deans

Professor David Hillier BSc (Hons) PhD, Associate Principal and Executive Dean of the Strathclyde Business School

Professor Douglas Brodie LLB PhD, Associate Principal and Executive Dean of the Faculty of Humanities and Social Sciences (until 30/09/20), Associate Principal, Social Impact and Progression (from 01/10/20)

Professor Ian Rivers BA MA PhD CPsychol FBPsS FAcSS, Associate Principal and Executive Dean of the Faculty of Humanities and Social Sciences (from 01/10/20)

Professor Iain Stewart MA PhD FRSE FIMA, Associate Principal and Executive Dean of the Faculty of Science

Professor Atilla Incecik BSc PhD CEng MRINA MSNAJ MSNAME, Associate Principal and Executive Dean of the Faculty of Engineering

Professor Tim Bedford BSc MSc PhD FRSE FSaRS FIMA, Associate Principal (Research and Innovation)

Professor Sara Carter BA (Hons) PhD OBE FRSE, Associate Principal (Learning and Teaching) (until 30/09/19)

Professor Eleanor Shaw MA PhD FRSA, Associate Principal (Education & Enterprise) (from 01/01/20)

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Principal's Report

In times of adversity, the true character and resilience of an organisation emerge. In a uniquely challenging year, I am enormously proud to have witnessed the way our staff and students have responded to overcome the difficulties brought about by the Covid-19 pandemic. Our University community has quickly adapted to the circumstances – and seized opportunities – to further our vital work, contributions, and impacts by demonstrating our agility, our professionalism, and our values.

It has been another year of significant progress. In February, we launched Vision 2025, our strategic plan, building on our collective achievements as a technological – and socially progressive – university. Anchored in world-class education, research and innovation, our strategy is delivering real value for our students, our city, and the global community we serve.

Our ambitious vision and progress have received recognition from our partners, as well as significant external endorsement. In the past year, we were: named Times Higher Education UK University of the Year – the only university to have won this award twice; announced as the Times / Sunday Times Scottish University of the Year; and received a Queen's Anniversary Prize for Higher and Further Education for our contribution in the field of energy innovation.

We also launched our People Strategy, placing staff at the heart of our plans, recognising that their collective talents, efforts and commitment will deliver our vision for the future. This 'people-first' outlook, and the health, safety and wellbeing of all our students and staff, has continued to be at the forefront of our priorities, decisions and actions throughout the pandemic.

Acknowledging that the pandemic affects home life as much as work life, we introduced a rest-day each week during the UK-wide lockdown, enabling colleagues to spend time with their families and loved ones to recuperate. In the following months, we introduced meeting-free Fridays, and accelerated the roll-out of our agile-working toolkit to support our people in managing their work-life balance, allow them to continue their important contributions, and increase efficiency.

Our commitment to our people has been returned many times over. Colleagues have rapidly reshaped our teaching and learning to the changing circumstances, both on campus, where every teaching space has been adapted to allow for physical distancing, and virtually, through online learning.



We have redoubled our efforts in student support, with colleagues working around the clock to offer practical advice and support to self-isolating students, from food packs and other essentials to technology hardware, in tandem with provision of enhanced wellbeing services and financial help, including a dedicated Covid-19 hardship fund and a Relief Scholarship for returning students.

Moreover, our academics have responded to calls to support research and consultancy services to meet the many challenges being faced due to Covid-19. This has included colleagues working with NHS Scotland and manufacturers to provide technical advice on key equipment manufacture and supply, including ventilators, oxygen systems and critical PPE; and the development of a simulation tool to model intensive care bed utilisation in three main NHS hospitals in Lanarkshire for use of Covid-19 patients.

Despite the challenging external circumstances, we have continued to accelerate our vision as a leading international technological university to make a positive difference to the world around us.

Major developments have underscored the distinctiveness that the University offers in the higher education sector by providing technological – and socially progressive – solutions to global challenges, while nurturing talent, fostering innovation, and generating inclusive economic growth.

Scotland's first Innovation District - which we launched with our partners in 2019 - continues to grow as a hub for entrepreneurship and collaboration. Glasgow City Innovation District is supporting companies who locate here to accelerate growth, improve productivity, and access Strathclyde's world-class talent and research in areas including 5G

communications, health tech, quantum, industrial informatics, fintech and space.

Construction has also begun on the National Manufacturing Institute Scotland, a centre of expertise to help position the UK as a global leader in advanced manufacturing. It will provide a national exemplar for Industry 4.0 technologies and an innovation eco-system to support large cross-sectoral companies and key SMEs within their supply chains. Strathclyde is the anchor university for the Institute, which is based next to Glasgow Airport.

More recently, work has begun on the nearby Medicines Manufacturing Innovation Centre, which developed out of CMAC, our centre of excellence in advanced pharmaceutical manufacturing research and innovation. Strathclyde is lead research partner in the new centre, which will bring together industry, academia, healthcare and regulators to test manufacturing processes. Using next-generation technology, companies will be able to produce drugs more efficiently and protect future generations by bringing new medicines to market safely and quickly.

These two manufacturing centres will be operational in 2022, and together, form the core of the new Advanced Manufacturing Innovation District in Inchinnan. A strong manufacturing sector is more vital than ever and along with our partners, we have the expertise and skills to play a crucial role in helping to strengthen the sector post-Covid.

Our mission remains to seek solutions to the most pressing global challenges of our century, accelerate industry success and produce high calibre graduates who will be the next generation of leaders, innovators and success stories in their chosen professions.

This can be seen in Health & Care Futures at Strathclyde, which will use state-of-the-art innovation and expertise in the fields of medicines, health technologies, data analytics and artificial intelligence, and support development of the workforce and leadership to transform our approach to health and care.

It is also reflected in our Centre for Sustainable Development, launched in October in support of the United Nations' Sustainable Development Goals. It brings together our research and education activity on sustainable development within a single strategic approach and provides a platform to address global challenges.

And it can further be seen in the development of our responsible investment plan to support our commitment to cut carbon emissions by 70% over the next five years as part of our efforts to address climate change. A University Climate Change and Social Responsibility Plan will be published in the coming months detailing how this reduction in emissions will be achieved.

As a socially progressive university, we remain absolutely committed to ensuring every applicant with the talent has an equal chance to benefit from the life-changing opportunities a Strathclyde degree can bring. This authentic and long-standing commitment to widening participation has been reflected in the significant growth of student numbers from the most deprived areas over multiple years. I'm proud to say that this year, we expect to report around 1,300 entrants from these areas – of which almost 700 are from the most challenged Quintile, allowing us to achieve the Commission for Widening Access' goal, that by 2030, students from the most deprived 20% of backgrounds should represent 20% of entrants.

Delivering this target 10 years ahead of schedule, while achieving the 5th highest entrance tariffs in the UK, reflects one of the strongest performances in the HE sector amongst research intensive institutions, and underlines our belief that people should be at the heart of everything we do.

Here on campus, we are reaching the final stages of construction of our flagship Learning and Teaching building, our largest investment in a building to date, designed with students for students. The building will provide leading-edge teaching facilities in the heart of the campus, as well as providing a new home for student support services and the Students' Union.

We are continuing to work hard to ensure our students have an excellent experience. It was therefore pleasing that we were shortlisted for The Sunday Times University of the Year award 2021 and rose 13 places in their league table to joint 23rd in the UK. In The Guardian league table we moved up 36 places to 15th in a further endorsement of our strategy, which highlights the effectiveness of our approach to providing the very best in education, research and innovation.

In a year that we will all remember, we have strengthened our resolve, focused on our people, emphasised the strength of our strategy, and continued to look forward. As a result, despite the considerable challenges of the last 12 months, and the potential risks in the next 12 months, we are in a good position to build upon our recent successes.

I would like to put on record my sincere thanks to our staff and students for their outstanding contributions. Their 'can-do' attitude and ongoing commitment mean that as we look forward to the coming year and beyond, we remain in a position of strength.

Professor Sir Jim McDonald
Principal and Vice-Chancellor
29 January 2021

Strategic Report

VISION AND MISSION

Our five-year Strategic Plan, Vision 2025, builds on the University's collective achievements over recent years in realising the vision of Strathclyde as a leading international technological university. Over the next five years of our Strategic Plan, covering the period 2020 – 2025, we will use our distinctive position as a leading international technological university to be innovative in delivering our ambitions – questioning, challenging and developing our approaches, operations and processes to ensure that we are effective in all that we do. Coupled with our relentless commitment to pursuing a globally socially progressive vision, these two overarching characteristics define the authentic passion we have for making definite, high value, contributions; truly 'useful learning' in the 21st century.

We have three key Strategic Goals through which our ambitions will be delivered: i) Outstanding education and student experience ii) World-leading research and iii) Transformative innovation and impact. Our Cross-cutting Goals provide critical context: iv) Global engagement and v) Operational excellence.



Within Vision 2025, our 16 key performance indicators (KPIs) build on the significant positive progress made over the period of the previous strategy. The majority of our performance indicators have been extended to 2025, with further stretch built in to the targets and some additional enhancements introduced to the set of 16 KPIs within Vision 2025. Our KPIs provide a robust and focused framework to measure and demonstrate our overall success, underpinned by delivery across the University against a wide range of supporting strategies and informed by data and additional metrics. The information on performance measures provided below should be considered in the context of Vision 2025 and successful execution of our 2015 – 2020 Strategic Plan.

Our Strategic Plan, Vision 2025 was launched in February 2020, mid-way through the 2019-20 financial statements reporting period and before the introduction of ‘lockdown’ restrictions in March in response to the Covid-19 pandemic. In March, we moved quickly to offer a dynamic online learning environment for our students and to embed agile working for our staff and since then, work and activities to navigate through and beyond the pandemic have been progressed via the University’s Covid-19 Positive Response and Planning Framework.

COVID-19 PANDEMIC

The University’s position as a Socially Progressive Leading International Technological University - on an upward performance trajectory, underpinned by a balanced portfolio of activity and robust financial status – has enabled Strathclyde to pro-actively respond to the challenges posed by the pandemic. The University Values have provided a clear framework for decision-making which has had, and continues to have, students and staff at its core. There has been a continuing focus on safety and health, the student experience and the wellbeing of colleagues.

As we navigate through the 2020-2021 academic year, the quality of our provision, the student learner journey and student experience will remain at the forefront of our planning, decision making and commitment, while prioritising the essential health and safety issues for our staff and students on campus. It will be more important than ever to remain flexible and agile as we adapt and respond to the challenges posed by the pandemic over 2020-21 and careful consideration of the external context will continue to be critical in exploring the optimal outcome for the University. We will continue with our proactive engagement with industry partners, business and the UK and Scottish Governments to propose positive responses to the pandemic and local, national and international challenges, with a focus on economic and social recovery.

While we focus on responding to the immediate and short to medium term impacts of the pandemic, we are also considering the potential longer-term impact on higher education and planning mitigating actions to ensure that we remain in a position of strength. While we have seen an immediate impact on student recruitment, both for home and international students, it is difficult to foresee the scale and longevity over the longer term. This also applies to longer term impacts of the pandemic on research, the move to large scale remote working staff and the loss of commercial income from conferencing, catering and other commercial activities.

Vision 2025 provides a robust and clear framework within which we can respond and adapt to the challenges posed by the pandemic and this is further bolstered by the University’s Corporate Risk Register which specifically recognises pandemic related risks and outlines mitigating actions.

BREXIT

We remain committed to supporting staff directly and indirectly affected by Brexit and are planning for future student arrangements to ensure that international students continue to be welcomed at Strathclyde, and to support and attract staff to Strathclyde from all parts of the world. We are working to ensure ongoing support for European Commission Horizon 2020 bids during the remainder of the Programme Period and the Strathclyde EU Exit Working and Advisory Group and Brexit Business Continuity Group have collective strategic oversight of all Brexit related issues for the University.



OUTSTANDING EDUCATION AND STUDENT EXPERIENCE

Strategic context

At Strathclyde we ensure a positive learner journey for all by focusing on successful transitions across all levels of education; as a socially progressive university we are committed to providing access to people from the widest possible range of backgrounds, to improving student retention and ensuring onward success. Our strategic ambitions focus on growing our postgraduate cohorts, further diversifying our student population and creating flexible pathways, including work-based learning, so that individuals from a variety of backgrounds can benefit from the distinctive student experience at Strathclyde. Divergence in UK higher education policy and funding, Brexit, any constraints on travel or immigration, and the growth of national and international rankings have led to a highly competitive environment for student recruitment.

The delivery of an outstanding student experience, good retention rates and positive graduate outcomes are essential characteristics for a successful and attractive university. In 2019, the University was awarded the highest possible outcome in its Enhancement Led Institutional Review (ELIR) by the Quality Assurance Agency Scotland. This confirmed that Strathclyde had effective arrangements for managing academic standards and the student learning experience, and the University also received seven commendations.

Vision 2025 KPIs

Achieve an annual intake of 1,300 Scottish domiciled undergraduates from SIMD 0-40 entrants by 2025

Maintain undergraduate retention rates from year 1 to year 2 of over 93% by 2025

Progress/activity

The University exceeded its target for the recruitment of Scottish-domiciled undergraduates from SIMD 0-40 areas three years early and we have continued to build on that success. We remain the Scottish research-intensive university with the largest number of entrants from the 40% most deprived areas in Scotland. In 2019-20, Strathclyde admitted 1,200 SIMD 0-40 entrants, which exceeded the milestone set (1,137 headcount) and exceeded the target set in the 2020 Strategy for the third consecutive year. SIMD 0-40 represents over one-third of our undergraduate entrant population, and SIMD 0-20 represents 19.7%, which progressed the University significantly towards meeting Scottish Government Commission on Widening Access targets of 20% from SIMD 0-20 by 2030.

Whilst our student population continues to change we have broadly maintained our high retention rate. For 2019-20, the undergraduate retention rate from year 1 to year 2 was 90.4%. In response to the Covid-19 pandemic, additional monitoring, above our regular retention monitoring, is continually taking place to ensure that we can identify and respond to any retention issues at each stage of the student lifecycle.

OUTSTANDING EDUCATION AND STUDENT EXPERIENCE CONTINUED

Vision 2025 KPIs	Progress/activity
<p>Achieve National Student Survey satisfaction scores in the upper quartile for Overall Satisfaction and the upper or second quartile for at least five out of eight question sections by 2025; this KPI will evolve over the period of the Strategy</p>	<p>Strathclyde's National Student Survey 2020 Overall Satisfaction score for all students is 86.36%, above our benchmark figure of 83.34%. This is an increase from 86.15% in 2019, which was above the 2019 benchmark of 84.26%. Strathclyde's 2020 score of 86.36% is within the upper quartile and higher than both the UK and Scotland scores of 82.65% and 85.04%, respectively. In 2020 we also successfully maintained our baseline position of having three out of eight question sections in the upper or second quartile.</p>
<p>Exceed our HESA benchmark for graduates securing graduate-level employment or going on to further study by 2025</p>	<p>At the point of reporting, information on the externally-calculated HESA benchmark was awaited. Strathclyde is in the upper quartile for the percentage of UK full time first degree leavers from 2017-18 in employment/further study in the UK Graduate Outcomes survey:</p> <ul style="list-style-type: none"> • 96.1% of UK full time first degree leavers from 2017-18 were in employment/further study with Strathclyde in the upper quartile, ranked 27th from 153 institutions; • 79.2% of UK full time first degree leavers from 2017-18 in highly skilled employment/further study with Strathclyde in the upper quartile, ranked 26th from 153 institutions.
<p>Increase our postgraduate taught (PGT) population to 5,000 FTE by 2025</p>	<p>The postgraduate taught population was 4,168 FTE in 2020. This represents a considerable increase on the baseline figure of 3,567 FTE and demonstrates positive progress towards achievement of the final target of 5,000 in Vision 2025.</p> <p>We are anticipating that there will be an impact on this KPI as a result of the Covid-19 pandemic, particularly on international PGT students, and as PGT students adapt and respond to the challenges posed by the pandemic.</p>

Risks

It is critical that we maintain and continue to develop a high quality and cost-effective academic portfolio and distinctive student experience that is attractive to future students, funders and key external stakeholders. To do so will attract applicants, enhance student satisfaction and increase opportunities for collaborative work with external partners. This in turn will increase revenue streams, positive student experience feedback, graduates' chances of securing graduate-level employment and the University's reputation. To fail to do so will have adverse consequences across all these areas.



WORLD-LEADING RESEARCH

Strategic context

The University's ambition to increase its research quality and intensity is integral to its reputation as a leading international technological university. With ambitious targets in this area we have made significant progress over recent years in what is an increasingly competitive and challenging funding environment.

Our distinctive mission and our focus on partnership with industry and international partners have played a significant part in our recent success. Focus on research excellence and impact has been critical during 2019 and 2020 leading up to the revised 2021 submission date for the Research Excellence Framework.

Vision 2025 KPIs	Progress/activity
<p>Increase our total competitively won research income to £125 million by 2025</p>	<p>Building on the University's success in the 2014 Research Excellence Framework exercise and ongoing high-quality research outputs with impact, research income in 2020 totals £81.2 million, representing a year-on-year increase of £7.2 million (9.7%). The 2020 Strategy target figure of £70 million was delivered during the 2019 financial year.</p>
<p>Over 20% of our published research outputs in the top 10% of their field worldwide for citations by 2025</p>	<p>The previous University KPI focused on research output quality was Field Weighted Citation Impact: individual outputs with a very high FWCI score would impact on the ability to track underlying trends. This new PP(top10%) metric better enables trend monitoring. Strathclyde produces around 2,000 outputs per annum so each output contributes around 0.05% to the University's PP(top10%) score. Our target for this measure is to have over 20% of our published research outputs in the top 10% of their field for worldwide citations and, in 2019-20, 15.6% of our published research outputs were in the top 10% of their field for worldwide citations.</p>
<p>Increase our postgraduate research (PGR) population to 2,000 FTE by 2025</p>	<p>Aligned to our growth in research income and industry-sponsored activity, we have experienced significant growth in our postgraduate research student population over the past decade, contributing to our research intensification agenda. This KPI was re-based for the 2025 Strategy, with new milestones set towards the 2,000 FTE target by 2025. Growing intakes further, to ensure continued population growth, became more challenging from 2017; through significant focus and activity our overall population in 2020 is 1,413 FTE and Strathclyde is pursuing a wide range of opportunities for further growth.</p>

Risks

Whilst the University has had considerable success and the pipeline of income from research grants already won is strong, further growth in this area will undoubtedly require continued focus, particularly in the context of the UK's exit from the EU. Continuing our historically strong performance in securing EU framework programme funds in the short to medium term will be a key focus, whilst building up income streams from other sources and further capitalising on opportunities arising through the UK Government's Industrial Strategy Challenge Funding and UK Catapult Centres.

Further development and expansion of our relationships with business and industry, and outwith the EU, will become increasingly important for the support of postgraduate research students as well as research income growth.

In light of this, we are continuing to drive towards stretch KPI targets focusing both on research income and PGR numbers which have been extended in our 2025 Strategy. REF 2014 results brought financial benefit flowing from the Scottish Funding Council (SFC) via the University's Research Excellence Grant allocations and significant preparations are underway for our REF 2021 submission.

TRANSFORMATIVE INNOVATION AND IMPACT

Strategic context

The growth of our distinctive Strathclyde innovation ecosystem, built around partnership and collaboration, is key to our overall strategy.

Knowledge exchange and innovation are central to the University's mission to create useful learning of benefit to society and which can contribute to economic, social and cultural wellbeing. In a time of increasing global competition and where multinationals are able to shift research and development budgets between countries, our focus and unique collaborative approach of bringing together competing companies and supply chain partners to address industry challenges has proven critical to our work in this area.

Vision 2025 KPIs	Progress/activity
<p>Increase our total income from conferences, training, consultancy, Knowledge Exchange Grants and other Knowledge Exchange income to £30 million by 2025</p>	<p>We are making positive progress towards our milestone of achieving income of at least £30 million per annum by 2025, however, income for this KPI was suppressed during the second half of 2019-20 due to the impact of the Covid-19 pandemic both on demand for and the University's ability to deliver the outputs affected by the lockdown restrictions. Income from conferences, training, consultancy, Knowledge Exchange Grants and other Knowledge Exchange income totaled £21.7 million in 2019-2020.</p>
<p>Increase the breadth and depth of our key strategic relationships</p>	<p>Strategic relationships form a core part of the University's Vision 2025 with a particular focus on our world leading innovation districts and relationships linked to Policy@Strathclyde and Health and Care Futures. To deliver a step change in our industry engagement and to deliver deeper social and economic benefit to our economy and society, we need to respond to the market trend where many large research-intensive companies and organisations are consolidating their investments and focusing on developing a core set of strategic, longer term partnerships with a select group of universities.</p>
<p>Increase our total industry research income to £40 million by 2025</p>	<p>We are making positive progress towards our 2025 milestone of achieving total industry research income of £40 million per annum, however, significant growth will be required and is currently at risk due to Covid-19 impacts on local and global industry partners' financial circumstances. Industry research income in 2019-20 was £17.1 million. We are in the UK top 20 for the proportion of research income from industry research and 5th in the UK for the proportion of total income from industry research.</p>

Risks

With companies continuing to face global competition and increasing options in terms of universities they partner with for research and development and CPD support, this remains a highly competitive area. Continuing to deliver and develop our innovative and highly successful industry cluster centre model – and apply this in new ways in other fields (e.g. public policy), such that we are in a position to secure longer-term contracts with multiple partners – will be critical to the development of relationships with a range of companies, supply chains, government and others.

GLOBAL ENGAGEMENT

Strategic context

The University of Strathclyde is committed to strengthening our reputation as a socially progressive, leading international technological university with our international outlook permeating everything we do.

This is reflected in the increasingly international and collaborative nature of our research, scholarship, knowledge exchange and innovation, but also in our drive to deliver a teaching and learning experience which equips our graduates with the necessary attributes to flourish in the global workplace. Through our strategic partnerships with selected global universities we are delivering an increasing number of activities in support of internationalisation, including joint PhDs and staff secondments.

Our focus on the United Nations Sustainable Development Goals as part of our vision as a socially-progressive university goes much further and deeper than Climate Action – our cross-University approach is enabling increased understanding and delivery of impact. The University is a signatory of the SDG Accord, and has established a Centre for Sustainable Development. We remain committed to delivering and contributing towards the SDGs by means of inspiring, reporting and learning from each other.

Vision 2025 KPIs	Progress/activity
Increase our international student population to 4,500 FTE by 2025	<p>We are making positive progress towards our target of having an international student population of 4,500 FTE by 2025. Whilst the market is highly competitive, our international student population has grown significantly over the period of the previous Strategic Plan 2015 - 2020. Looking ahead, recruitment of international students for entry in 2020-21 has been impacted by the Covid-19 pandemic. We anticipate further recruitment for a January 2021 start and this KPI will require further consideration as international students adapt and respond to the challenges posed by the pandemic.</p> <p>In 2020 there were 3,689 FTE non-EU students registered at Strathclyde, which is now ahead of the final 2020 target.</p>
Sustain or exceed the proportion of international staff at or above 36%	<p>Just as our student population becomes more internationally diverse, so too does our staff body with 36% being international compared to 31% in 2012. This KPI relates to all academic professional staff with a non-UK nationality.</p>
Achieve a year on year reduction in the gender pay gap	<p>As a socially progressive institution, we are committed to the principle of equal pay for equal work. We have acted over the years to reduce the gender pay gap in line with our commitment to pay equality and we are committed to pay equality regardless of race or disability.</p> <p>Steady progress is being made and 2019-20 year-end data shows a gender pay gap of 19.4% down from 19.8% a year earlier.</p>

Risks

Covid-19 impacts on mobility and the economy; the UK's exit from the EU, increasing global competition for research and development funding, the significant investments growing economies are making in their higher education sectors, the rise of teaching in English across the world and changing mobility of international students all represent significant risks to this strategic theme. The University's reputation and maintaining its relationships with leading universities will be critical in mitigating risk in this environment. In addition, ongoing changes in relation to immigration and the visa regime, against the perceived attraction of Scotland/the UK as a destination for students and staff, particularly in the context of Brexit and the UK's perceived handling of the Covid-19 pandemic, represent a significant risk. Related to this universities are experiencing or can anticipate short-term adverse impacts on staff recruitment and retention, student enrolments, student satisfaction, graduate employment and the University's reputation, with related financial consequences.

OPERATIONAL EXCELLENCE

Strategic context

Ensuring that we operate in the most effective and efficient way is vital to maximising the impact of the funding we receive. Efficiency and effectiveness represent a key area of focus for our funders with year-on-year efficiency gains specified in our teaching funding from the SFC and annual efficiency returns required by the Scottish Government. In this context, maximising the efficiency of the investments in our estate, our people and our systems is critical in order to create sufficient headroom for continued growth and investment.

Vision 2025 KPIs	Progress/activity
<p>Meet or exceed planned annual net cashflow from operating activities (this figure is recalculated annually)</p>	<p>Net cashflow from operating activities in 2019-20 was £30.1 million, exceeding the original 2019-20 £11.1 million target.</p>
<p>Achieve a year on year reduction in greenhouse gas emissions leading to 70% reduction by 2025, 80% by 2030 and net zero by 2040 at the latest.</p>	<p>We have met our 25% reduction by 2020 target of 22,442 tCO₂e (scope 1 and 2) with an 8.2% reduction in greenhouse gas emissions on the previous year. Greenhouse gas emissions for 2019-20 were 20,735 tCO₂e. This reduction is partially attributable to a decrease in emissions from grid electricity, due to: i) an increased amount of renewables and less fossil fuels in the National Grid's fuel mix, and ii) increased electricity generation from the Combined Heat and Power Plant that the University installed in 2018.</p> <p>A significant amount of the University's carbon savings this year has been due to the reduction in consumption as a result of the Covid-19 pandemic. When comparing consumption to the previous year, scope 1 and 2 carbon savings of 1,480 tCO₂e have been realised since the nation went into 'lockdown' in March 2020. The rate of change required to achieve the milestones towards a 70% reduction in greenhouse gas emissions by 2025 requires a 14% reduction per annum – a significant step-change in activity.</p>

Risks

Failure to improve effectiveness and efficiency will mean that we are not fully able to realise our strategic growth and investment plans. Failure to operate as effectively and efficiently as our competitors will lead to a relative competitive disadvantage and compromise our ability to demonstrate value for money, to generate sufficient funds for future investment and to secure third-party funding. Increased global focus on climate action and carbon reduction are driving greater scrutiny and urgency around institutional and individual actions and choices.



Disability policy

The University is committed to promoting opportunities for staff and students with disabilities. This covers recruitment, appraisal and training opportunities, support, awareness training for staff, implementation, monitoring and a complaints procedure.

The University employs a Disability Service Manager and a team of Disability Advisers who work to improve access and inclusion of students with disabilities.

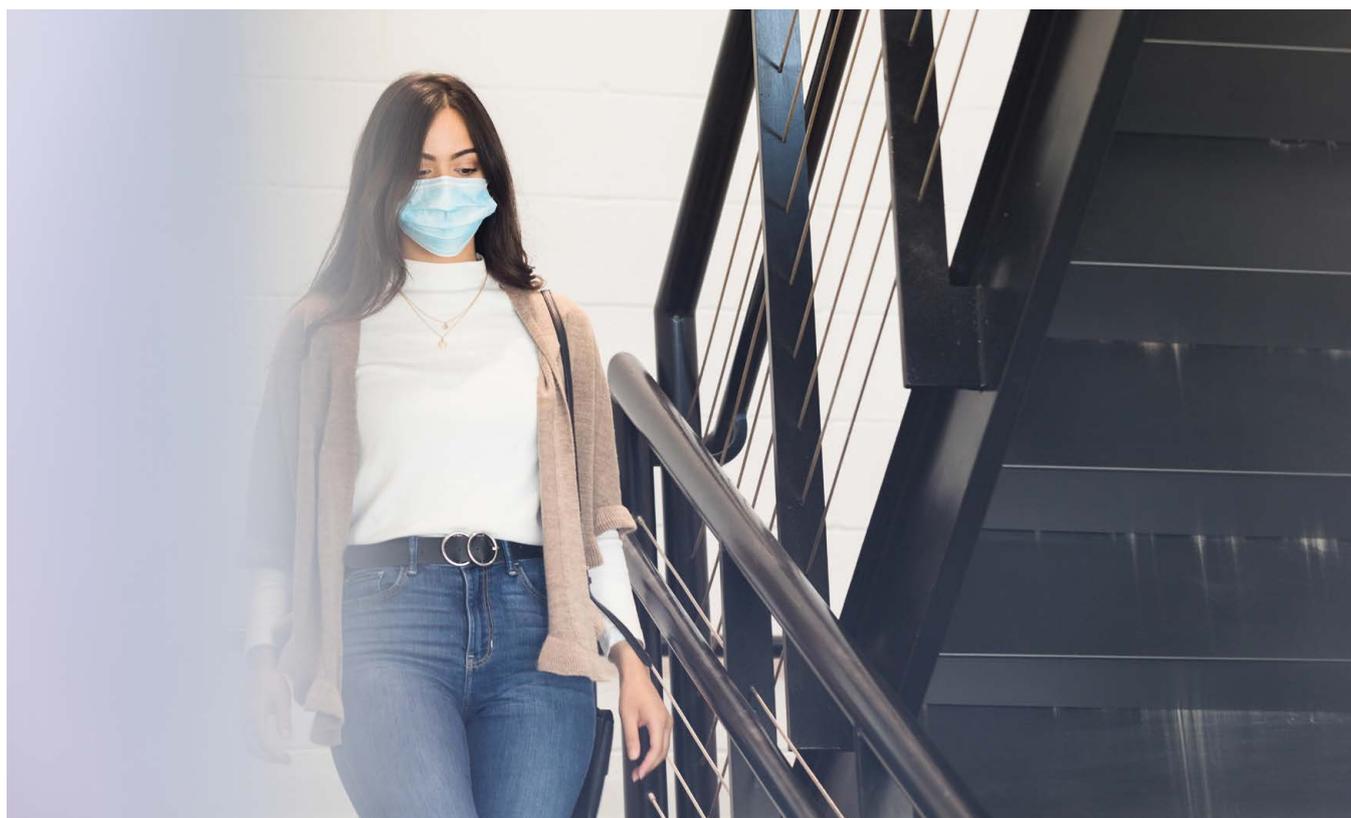
Equality and diversity policy

The equality, diversity and inclusion policy outlines the University's commitment and approach towards promoting equal opportunities for staff and students with protected characteristics, including disabled people.

The University has an ongoing programme of expenditure to ensure it meets the requirements of the Public Sector Equality Duty and the Equality Act 2010. The Access, Equality and Inclusion Service at the University leads on activities to promote the equality of opportunities for staff and students with protected characteristics as defined by the Equality Act 2010 and includes an Equality and Diversity Lead and Equality and Diversity Coordinator.

FINANCIAL REVIEW

	2020 Operating activities £M	2020 Other significant items £M	2020 Total £M	2019 Operating activities £M	2019 Other significant items £M	2019 Total £M
Summary Income and Expenditure						
Income (excluding capital grants)	319.3	0.2	319.5	315.5	0.8	316.3
Capital grant income	15.3	-	15.3	19.9	-	19.9
Total Income	334.6	0.2	334.8	335.4	0.8	336.2
Expenditure (including depreciation)	(338.0)	39.2	(298.8)	(325.0)	(79.7)	(404.7)
Surplus/(deficit) before other gains and losses	(3.4)	39.4	36.0	10.4	(78.9)	(68.5)
Gains on disposal of fixed assets	-	-	-	-	16.3	16.3
(Loss)/gain on investments	-	(2.9)	(2.9)	-	2.6	2.6
Unrealised deficit on revaluation of investment properties	-	-	-	-	(0.5)	(0.5)
Surplus/(deficit) for the year	(3.4)	36.5	33.1	10.4	(60.5)	(50.1)
Cash generated from operations			30.1			33.4
Cash and borrowings						
Cash and cash equivalents			127.6			114.7
Loans			(112.3)			(94.4)
			15.3			20.3
Total assets less current liabilities			520.4			509.9
Total reserves			319.0			304.6



Overview

Covid-19, and the University's response to Government advice and restrictions, has had a significant impact upon the University's operations in the second half of the year, with income from a number of sources being lower than previously projected. Despite the adverse impact of Covid-19, income excluding one off items and capital grants, has risen by £3.8 million to £319.3 million, a year-on-year increase of 1.2%. Capital grant income has decreased by £4.6 million to £15.3 million and £0.2 million of new endowments were received in the year (£0.8 million in 2019), resulting in total income decreasing by 0.4% from £336.2 million to £334.8 million.

The University generated a deficit, before significant items not influenced by day-to-day operations, of £3.4 million (2019: surplus of £10.4 million).

Under FRS 102 financial reporting requirements there is greater volatility in financial outturns, most notably as a result of:

- The recognition of capital grants in income when the University is entitled to the funds as performance-related conditions are met. Previously such grants were deferred and then released over the life of the underlying asset.
- The need to make provision for the estimated cost of the deficit recovery plan for the Universities Superannuation Scheme (USS) with year-on-year changes (£42.1 million decrease in the provision in 2020 compared to an increase of £75.5 million in 2019) to the University's liability arising from changes in discount rates and other actuarial assumptions.
- A number of items that would previously have been reported within the Statement of Total Recognised Gains and Losses are now recognised through the Statement of Comprehensive Income and Expenditure. These include new endowments and unrealised gains/(losses) on investments.

In addition to showing the overall financial performance for the University, the above table highlights the impact of a number of significant items included in the surplus/(deficit) for the year that are not influenced by day-to-day operations and the impact of capital grant income on the surplus/(deficit) for the year.

FINANCIAL REVIEW CONTINUED

Capital grant income

Capital grant income has decreased from £19.9 million to £15.3 million this year. Capital grants are recognised in full once performance conditions are met, resulting in variability in capital grant income year-on-year, as major projects are completed. Research and other capital grant income recognised in 2020 was adversely impacted by delays to the capital programme, following the Covid-19 outbreak.

Whilst SFC capital grants have decreased by £8.2 million and other capital grants have decreased by £3.5 million, research capital grants have increased by £7.1 million. These increases are explained further below.

Other significant items

Significant items included in the surplus for the year and the deficit for the previous year that are not influenced by day-to-day operations include:

USS pension deficit provision adjustments	The University's commitment to fund the deficit recovery contributions are reflected in the Financial Statements as a liability. This liability varies from year to year due to changes in the projected pensionable payroll but can also change significantly when there is a change in the level of recovery contributions. A new deficit recovery plan was agreed in September 2020, following the completion of the 2018 valuation. As a consequence, the deficit provision has decreased significantly from the prior year from £110.2 million to £68.1 million. The impact on salary costs in 2020 was a credit of £43.9 million (2019: charge of £74.8 million).
Pension past service costs	Salary costs have been impacted in both 2020 and 2019 due to legal rulings which have had implications for pension benefits and hence for future pension liabilities. The 2019 financial statements included £2.1 million of past service costs relating to McCloud and Guaranteed Minimum Pension (GMP) equalisation. In 2020, a further legal ruling, the Goodwin case, has resulted in additional pension equalisation liabilities, estimated by the actuaries at £0.6 million. This is reflected as a past service cost in the financial statements at 31 July 2020.
Restructuring costs	During the year, the University incurred £0.6 million (2019: £1.0 million) of one-off costs restructuring a number of its Departments and Schools. These costs are reflected within salary costs.
Impairment	An impairment charge of £2.5 million has been recognised in the 2020 financial statements in respect of two residences which are now closed and are no longer cash generating.
Project costs	In 2020 the University incurred £1.0 million of costs on the feasibility stage of a key strategic project. These costs have been expensed given uncertainty on funding availability (as a result of the Covid-19 induced market uncertainty). In 2019, the University incurred £1.7 million (depreciation and amortisation) on the development of a new Student Information Management System.
New endowments	New endowments totalling £0.2 million were received in 2020 (2019: £0.8 million).
Gains on disposal of fixed assets	The gain on disposal of fixed assets of £16.3 million in 2019 arose following the disposal of the former Jordanhill Campus.
Gains and losses on investments	Unrealised gains and losses on the University's investments are now reflected within the Statement of Comprehensive Income and Expenditure. Turbulence in the financial markets as a result of the Covid-19 pandemic has resulted in a decrease in value of the University's endowment and fixed asset investments. The total loss on investments is £2.9 million in 2020, in contrast to a gain of £2.6 million in 2019.
Unrealised deficit on revaluation of investment property	Following external valuation, there has been no change to the valuation of the investment property in 2020. In 2019, a deficit of £0.5 million arose on the revaluation of the investment property.

FINANCIAL REVIEW CONTINUED

Other factors impacting Total Comprehensive Income

Actuarial gain in respect of the pension scheme The Total Comprehensive Income and Expenditure for the year on page 42 is after reflecting an actuarial loss of £18.7 million (2019: gain of £3.3 million) in respect of the Strathclyde Pension Fund. Details of this loss are outlined in Note 22.

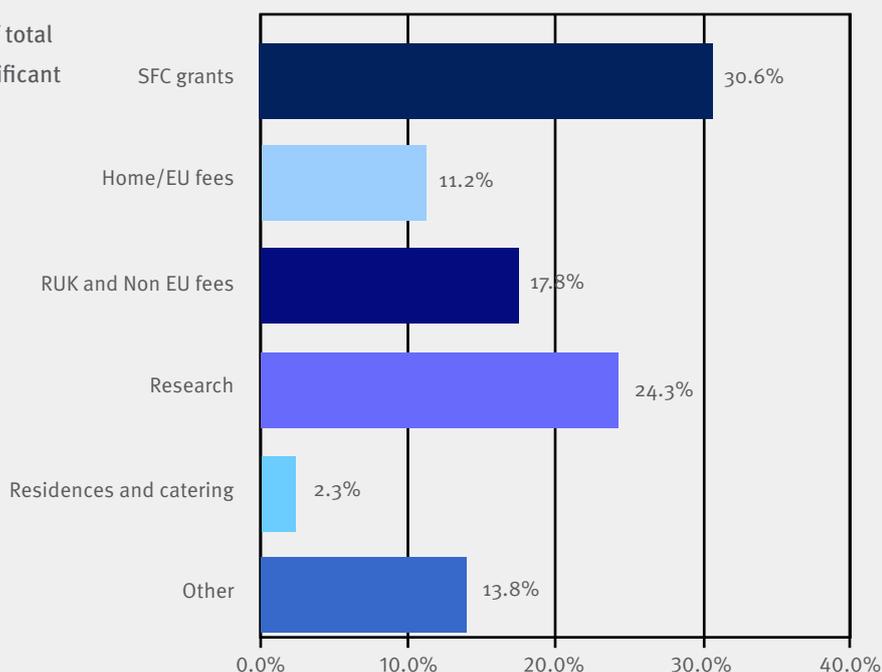
Balance Sheet overview

Investment in estate Investment in the University estate in 2020 totalled £47.6 million. Further details are provided in ‘Investments in Infrastructure’ below. Notwithstanding significant capital investment in the past decade, the University’s cash less borrowings totalled £15.3 million at the year end.

Improvement in total assets The strength of the University’s Balance Sheet can be seen from the level of its total assets less current liabilities, which rose by 2.0% to £520.4 million. Total reserves increased by £14.4 million to £319.0 million. With cash balances of £127.6 million (2019: £114.7 million), the University remains well placed in terms of financial health to continue its planned programme of investments in pursuit of its strategic goals despite the challenges of the current global pandemic.

Income

Chart showing composition of total income (excluding other significant items) of £334.6 million.



FINANCIAL REVIEW CONTINUED

Income continued

Income, excluding one off items and capital grants, has risen by £3.8 million to £319.3 million, a year-on-year increase of 1.2%. Capital grant income decreased from £19.9 million to £15.3 million this year. Key movements in income include:

SFC Grants down £10.1 million (9.0%)

Income from SFC grants decreased by £10.1 million to £102.4 million in 2020. Some £8.2 million of the decrease is attributable to lower capital grant income with a further £1.4 million reduction in grants for teaching, research and innovation.

Capital grant income in 2019 included £8.0 million of funding recognised, following the completion and commissioning of the Combined Heat and Power Energy Centre and District Energy Network.

Funding for research and innovation decreased by £1.0 million, largely due to non-recurring additional funding of £0.9 million in 2019, as a result of Barnett consequentials.

Tuition fee income up £10.1 million (10.1%)

Income from credit bearing courses has risen by £11.4 million (13.3%) due to increases in income from Scottish students (£0.8 million), non-EU students (£10.6 million) and RUK students (£1.0 million). These were offset by a reduction in income from EU students (£1.0 million) and by a decrease in non-credit bearing income, which was adversely impacted in the second half of the year due to Covid-19 restrictions.

Research income up £7.2 million (9.7%)

The University continues to benefit from its investments in strategic staffing and research infrastructure, with £89.7 million of new awards in 2020, some £23.6 million (35.8%) higher than last year.

Research income was £7.2 million (9.7%) higher than in 2019. Despite the impact of Covid-19 on research activity, particularly from March to June, underlying research income was maintained at a comparable level to 2019 and capital grant income rose from £1.9 million to £9.0 million.

Other income down £7.5 million (16.7%)

A number of categories of other income were adversely impacted by the Covid-19 restrictions. Most notably income from residences, catering, conferencing and events was £3.3 million lower than in 2019 and consultancy income was also £0.8 million lower. To mitigate reductions in income, the University applied to the Government's Coronavirus Job Retention Scheme for £0.9 million towards salary costs of furloughed research and commercial staff.

Other capital grant income decreased from £5.8 million to £2.3 million, in accordance with the timing of completion of grant funded projects.

FINANCIAL REVIEW CONTINUED

Expenditure

Expenditure before one-off items has risen by £13.0 million to £338.0 million, an increase of 4.0%.

Key movements include:

**Underlying salary costs up
£20.2 million (10.9%)**

Underlying salary costs have increased by £20.2 million to £204.9 million, representing 60.6% of total underlying expenditure. Increases in salaries are primarily attributable to nationally-negotiated pay awards, higher expenditure on staff funded by research and knowledge exchange contracts and investment in strategic staffing appointments.

Salary costs have also been impacted by further increases in pension costs, which have increased at a higher rate than underlying wages and salaries. USS employer contributions increased from £21.2 million to £25.3 million following increases in employer contributions from 18.0% to 19.5% from 1 April 2019, followed by a further increase from 19.5% to 21.1% from 1 October 2019. The current service cost in respect of the Strathclyde Pension Fund increased from £5.2 million to £7.0 million.

**Other operating expenses
down £6.4 million (6.0%)**

Other operating expenses before one-off items have decreased by 6.0% to £100.8 million. Whilst the University has continued to invest in scholarships (up £1.0 million) and student recruitment (up £0.7 million), this additional expenditure was more than offset by reductions in a number of other categories of expenditure with reduced activity as a result of Covid-19 related restrictions. Most notably, expenditure on travel (£1.9 million), research grants and contracts (£1.4 million), knowledge exchange (£1.4 million) and utilities (£1.3 million) were lower than the prior year.

FINANCIAL REVIEW CONTINUED

Investments in infrastructure

In the past decade, we have made significant investments in transforming our estate. This has included new buildings such as the Centre for Sports Health and Wellbeing, the Inovo building, the Strathclyde Institute of Pharmacy and Biomedical Sciences building, the Technology and Innovation Centre, the Advanced Forming Research Centre, including the HIVES extension, the Power Networks Demonstration Centre and the John Anderson extension, all of which have added to the estate, and provided modern fit-for-purpose teaching and research accommodation.

The investment has also included the installation of a state-of-the-art district energy system, significant refurbishment and transformation of existing buildings on campus to facilitate greater collaboration and enhance the student experience.

Ongoing projects include the learning and teaching hub, the Wolfson Biomedical project and the National Manufacturing Institute for Scotland (NMIS). Following the Covid-19 outbreak, programmes for these projects were impacted by the cessation of construction works between March and June 2020, in accordance with Scottish Government legislation. Work has now recommenced in line with revised programmes.

Our ability to deliver this ambitious programme is contingent on our continued operational performance and the achievement of improvements in cash generated from operations.

Capital investment in investment properties, land and buildings in 2020 totalled £47.6 million – major projects included:

Learning and teaching hub

Strathclyde students are set to benefit from a new £60.0 million learning and teaching hub at the heart of campus. This flagship facility will incorporate leading edge teaching accommodation, flexible learning spaces, catering facilities and a new home for student support services and the Students' Union.

The project, which represents Strathclyde's biggest single investment in an estates project to date, will become a beacon for teaching and learning excellence. The new facility brings together the former Architecture and Colville buildings, placing student-facing services at the centre of the campus, and enabling new modes of teaching for the digital age. Construction works started on site in October 2018 for completion in the first quarter of 2021. Capital additions during the year totalled £24.5 million.

FINANCIAL REVIEW CONTINUED

Investments in infrastructure continued

National Manufacturing Institute for Scotland (NMIS)

The National Manufacturing Institute for Scotland will be an industry-led international centre of manufacturing expertise where research, industry and the public sector work together to transform skills, productivity and innovation to attract investment and make Scotland a global leader in advanced manufacturing.

It will increase productivity by reducing barriers to innovation, stimulate investment and increase manufacturing competitiveness, catalyse job creation and strengthen supply chain links, inspire and attract talent and equip current and future workforces with the skills they and businesses need. NMIS will work with manufacturing businesses of all sizes and multiple sectors, providing benefits across the whole of Scotland. The services and support that NMIS will provide will be shaped by industry and will include elements such as a skills academy; Digital Factory 2050, and collaborative R&D space.

NMIS will be located on a 130-acre site on Abbotsinch Road, close to the University of Strathclyde's Advanced Forming Research Centre (AFRC) at Inchinnan and next to Glasgow International Airport. The site is owned by Renfrewshire Council and the underpinning infrastructure is being delivered through Renfrewshire's Glasgow Airport Investment Area project, funded through the Glasgow City Region City Deal.

The site will be at the heart of the Advanced Manufacturing Innovation District Scotland, encompassing existing manufacturing sites and facilities nearby to create an internationally recognised centre for innovation, research and advanced manufacturing.

NMIS is a £65 million investment in Scotland's manufacturing future, supported by the Scottish Government.

Planning permission for the development of the state-of-the-art facility was granted in March 2020. Construction works started on site in October 2020 and will be completed in April 2022. Costs incurred during the year totalled £8.3 million.

FINANCIAL REVIEW CONTINUED

Investments in infrastructure continued

AFRC HIVES Project

This project involves extending the existing AFRC building at Inchinnan to accommodate a state-of-the-art experimental, environment-controlled closed die, open die and isothermal hydraulic press with a manipulator and associated furnaces. It is designed to address the needs of a broad range of industrial sectors, in particular: aerospace, automotive, marine and energy (nuclear, oil & gas and renewables). The new equipment will enable the Centre to lead in a wider range of forging research to address industry's needs. This will support UK leading edge suppliers and flow the resulting innovation and productivity down through the UK's forging supply chains, enhancing the UK's economic standing.

The proposed extension to the north of the building will expand the workshop space to accommodate the new equipment and will allow the AFRC to establish the Future Forge capability. This will considerably enhance the AFRC and the University of Strathclyde's reputation as a world-class centre for metal forming and forging. The overall project value for this expansion, including associated equipment, is £16.3 million.

The works started on site in March 2019 and were completed in February 2020. Costs incurred on the extension during the year totalled £3.7 million.

Wolfson Biomedical Project

This project constitutes the £15.5 million redevelopment of the Wolfson Building, transforming the existing infrastructure into a state-of-the-art facility to support the activities of the department of Biomedical Engineering to meet future teaching and research needs and support the department's growth targets over the next five years. The redevelopment includes new research and teaching laboratories, increased office accommodation for staff and students and new student social and engagement spaces.

Biomedical Engineering has established an international reputation for research that translates from bench-to-bedside, with particular expertise in the areas of medical diagnostics and devices, rehabilitation engineering and cell and tissue engineering.

Research-led teaching within the Department is educating the next generation of undergraduate and postgraduate biomedical engineers to tackle the health technology challenges of the future. The provision of outstanding research and teaching facilities will help to facilitate an improved experience for students and staff. The transformation of these facilities will help the University to retain its competitive advantage in biomedical engineering across the sector, nationally and globally and enable the department to stay at the forefront of research and teaching that is geared to meet the challenges of the 21st century.

The works started on site in January 2019 with completion in December 2020. Costs incurred during the year totalled £6.3 million.



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FINANCIAL REVIEW CONTINUED

Net funds and cash flow

At 31 July 2020 net funds totalled £15.3 million (2019: £20.3 million). Whilst £30.1 million of cash was generated from operations, expenditure on tangible and intangible assets (net of capital grants received and disposal proceeds) totalled £35.2 million. Further details on cash flow movements are given in the Statement of Cash Flows.

Treasury Management

The University has a £90.0 million loan from the European Investment Bank (EIB) which has provided funding for a range of capital developments including the Technology and Innovation Centre and the new Centre for Sports, Health and Wellbeing.

In response to the significant uncertainties arising as a result of the Covid-19 pandemic, the University entered discussions with EIB to rebase certain covenant terms, and reached agreement on these on 28 January 2021. EIB has provided a waiver for the 2020/21 financial year on the Net Operating Cashflow to Debt Servicing covenant and the University has adequate headroom against the other two covenants Net Financial Indebtedness to EBITDA and Adjusted Financial Indebtedness to Revenue.

During the year the University obtained unsecured loans totalling £23.5 million (2019: £11.1 million) from the Scottish Funding Council University Financial Transactions Programme to provide additional funding for strategic estates developments.

The University actively manages its cash balances in accordance with the Treasury Management Code of Practice approved by Court. Credit ratings of approved counter-parties and deposit limits are reviewed regularly. Funds are deposited in a variety of Treasury accounts, ranging from overnight to six month deposits.



FINANCIAL REVIEW CONTINUED

Payment of Creditors

The University aims to pay all of its suppliers promptly and its financial systems and processes are configured to facilitate this. The University's current terms of payment are 30 days from the date of the invoice providing that all trading terms and conditions have been fulfilled. Specific terms and conditions can be agreed for certain suppliers if required.

At the year end, the University had trade creditors outstanding of £13.2 million. Given that the University paid a total of £136.8 million to trade creditors during the year, the amount outstanding at the year end represents 35 days (2019: 30 days). During the year no interest was paid in relation to the Late Payment of Commercial Debts (Interest) Act, 1998.

Looking to the Future

Despite the challenging circumstances over the last 12 months, the University has shown agility and resilience in managing the financial consequences of the Covid-19 pandemic. This agility and continued financial resilience will be vital as the University works on delivering Vision 2025 in the context of the uncertainties brought about by Brexit and the continued impact of the Covid-19 pandemic.

During the course of the last year, the University has continued to have two groups reviewing the potential outcomes from the UK's withdrawal from the EU. The Strathclyde EU Exit Working and Advisory Group focuses on the potential medium term impacts of government policy and the student experience. This work is augmented by the Brexit Business Continuity Group, which focuses on the short term potential issues with regard to active research, education and knowledge exchange awards, student experience, staff concerns and supply chain. The University's Executive Team closely monitors the key outputs from both groups. Following the conclusion of the Brexit negotiations, we are continuing to actively work to minimise any adverse impact on staff or students.

In relation to the potential future effects of the Covid-19 pandemic, there are still significant uncertainties around the timing of resolution of the pandemic. However, there is cause for cautious optimism following the recent announcements of successful vaccines.

Subject to affordability, we have ambitious growth plans, underpinned by continued strong financial governance, with a focus on delivering a first class experience for our growing student population and capitalising on opportunities as they arise.

G Hastings
Treasurer
29 January 2021

S Wallace
Chief Financial Officer
29 January 2021

Statement of Corporate Governance and Internal Control

INTRODUCTION

The University's corporate governance arrangements are informed by best practice and by the Scottish Code of Good Higher Education Governance. In 2019/20, the University complied with all provisions of the revised (2017) Scottish Code of Good Higher Education Governance, with one exception (detailed below) that was necessitated by the Covid-19 pandemic crisis. Where compliance was dependent on changes to the University's Statutes, the University became compliant during the year, upon receiving Privy Council approval of amendments to the University's Charter and Statutes in February 2020. This, alongside amendments to the University's Ordinances and Regulations passed by the University Court, also effected the University's implementation of the majority of the provisions of the Higher Education Governance (Scotland) Act 2016.

University governance and Court

The University of Strathclyde was established by Royal Charter in 1964. This document sets out the powers and functions of the University and makes specific provision for two major bodies within the University's governance structure: Court and Senate.

Under the terms of the University Charter and Statutes, Court is the Supreme Governing Body of the University and is responsible for overseeing the management and administration of the whole of the revenue and property of the University as well as academic-related matters, which are primarily devolved to Senate and its attendant committees and structures. Court exercises general control over the University and all its affairs, purposes and functions, taking all final decisions on matters of fundamental concern to the University.

During 2019/20, Court was composed of twenty-four members drawn from the University's external and internal communities, the majority of whom are co-opted lay members (i.e. members appointed by the Court itself who are neither staff nor students of the University). Membership also includes academic and professional services staff, two members appointed by the Students' Association, a member of Glasgow City Council, the Principal and the Vice-Principal. The composition of Court will be adjusted to comply with the requirements of the Higher

Education Governance (Scotland) Act 2016 from the beginning of the 2020/21 academic year, with the addition of two Court members nominated by trade unions and a directly elected member of academic professional staff, the number of Senate-appointed members of Court being adjusted to accommodate these new positions. An additional lay member of Court will also be appointed, strengthening the lay member majority, in line with the Code of Governance.

In addition to the members of Court and the University Secretary, members of the University Executive Team were invited to attend meetings during 2019/20, to facilitate accurate and efficient communication. The Head of Governance and Public Policy, who acts as Clerk to Court, is also in attendance at all meetings.

An induction session for new members of Court was held in August 2019 and other training and development opportunities were made available to all Court members as appropriate throughout the year. This included an opportunity for Court members to attend and complete the 'Leading Safely' training course, developed by the Institute of Occupational Safety and Health (IOSH), although training opportunities were more limited than usual in this academic year as a result of the Covid-19 pandemic.



Court and its members are committed to upholding the Nine Principles of Public Life in Scotland. Court has adopted a Code of Conduct for its members which is set out in the Handbook for Members of Court. The University maintains a Register of Interests of Court members and relevant senior officers which is publicly available for inspection on the University's website.

Court met on five occasions during 2019/20. On two of these occasions, the meetings were held online, in line with the wider national response to the Covid-19 pandemic. This did not materially affect Court's ability to fulfil its role and all important business was carried out. Between meetings, the Convener, Vice-Convener and Senior Deputy Convener received regular briefings from the University's senior management and all Court members were kept informed by electronic means of any significant issues affecting the University, including through an additional videoconference information session at the height of the pandemic response. A stakeholder meeting, of the kind required according to paragraph 43 of the Scottish Code of Good Higher Education Governance, had been planned to be held in May 2020. This was cancelled because of the pandemic.

Court consults with Senate on any decisions affecting academic matters, as required by the University Statutes. Much of Court's detailed work is initially handled by standing committees of Court. In addition, the University has a range of Strategic and Compliance Committees, which oversee strategic delivery in key areas of activity and report to Court or to the Executive Team, as required. These include an Estates Committee and a Staff Committee, both of which include Court members within their membership. See below for more details on both Court Committees and Strategic and Compliance Committees.

Court has overall responsibility for approving the University's Strategic Plan and monitoring its delivery. It was actively engaged in the development of the University's current Strategic Plan, which was adopted by Court early in 2020 and covers the period 2020-2025. There are in place a range of financial and non-financial Key Performance Indicators related to the University's strategic objectives. Performance information is provided regularly to Court. A detailed schedule is in place to ensure that the main strands of University strategy are reviewed annually and in a consistent manner. In particular, there is at least one annual strategic meeting which is used to assess organisational performance against strategy.

Statement of compliance with the Scottish Code of Good Higher Education Governance

In the opinion of Court, the University of Strathclyde complied with all the principles and provisions of the 2017 Scottish Code of Good Higher Education Governance, with the exception of one matter affected by the need to respond appropriately to the Covid-19 pandemic. As noted above, the University was unable to hold its planned stakeholder meeting, in the sense of paragraph 43 of the Code. This practice will be resumed in 2020/21, assuming that public meetings are once again considered safe and practicable.

In addition, the University became compliant during the year with one provision of the Code, with the granting of Privy Council approval of amendments to the University's Charter and Statutes in February 2020. The relevant provision is in paragraph 26 of the Code, whereby "the Institution's rules must not preclude membership of any of the governing body's standing committees on the basis of the category of governing body member (in the sense of who elected or appointed that member)." The previous version of the Statutes prevented Court from delegating certain powers to a committee containing a student, including the power to determine the remuneration of officers, members of the academic staff and other employees of the University. This restriction no longer holds, since the adoption of the revised Statutes.

In terms of paragraph 19 of the Code, the University Court has one case of exceptional time served on Court, beyond nine years. As reported in the University's annual statement of compliance for 2018/19, Mr Ronnie Cleland was re-appointed during 2018/19 to complete his terms of office as a lay member of Court, having served for five years as Vice-Convenor of Court, in line with the University Ordinances under which Mr Cleland was appointed (which were revised during 2019/20). This enabled retention of key skills that were not represented elsewhere in the Court membership.

Delegation of authority

It is not practical for Court to make every decision that is required within the University and it has therefore agreed to delegate authority for certain decisions and certain areas of responsibility to appropriate individuals and committees, which are accountable to the University Court for exercising this authority. Court retains ultimate accountability and corporate responsibility for any decisions made on its behalf.

The range of authority delegated by Court to its committees, the University Senate, and the University's management, is detailed within the Court's Schedule of Delegated Authority, which is published on the University website.



Committee Structure

The University's high-level committee structure provides clarity around the decision-making process and ensures the appropriate flow of information to Court. All of these committees are formally constituted, with terms of reference approved by Court, have lay members in their membership, and report formally to Court.

Standing Committees of Court

Court Business Group	The Court Business Group's role is to review the substantive business coming forward to Court in order to ensure that Court receives the information it needs to take clear, effective decisions. It also considers strategic and financial matters on behalf of Court.
Court Membership Group	The Court Membership Group's role is to consider and make recommendations to Court on the appointment of co-opted members of Court and its committees, as vacancies arise. It performs the role of a nominations committee, in terms of the Scottish Code of Good Higher Education Governance.
Remuneration Committee	<p>The Remuneration Committee advises Court and oversees the preparation of policies in respect of remuneration and conditions of service (including severance arrangements) for the University's senior management including the Principal and keeps these under review. It meets at least once annually.</p> <p>Appointments to the Remuneration Committee are made on the basis of particular skills and experience. The terms of reference do not preclude the appointment of non-lay members of Court. The Principal is not a member of the Remuneration Committee but attends meetings at the invitation of the Chair in order to inform discussions on the remuneration and conditions of service of other senior officers. The Principal does not attend when his or her own remuneration and/or conditions of service are considered or determined.</p>
Audit and Risk Committee	The Audit and Risk Committee's role is to review the effectiveness of the University's corporate governance arrangements, financial systems, internal control environment and risk management arrangements and provide appropriate assurance to Court on these areas.
Enterprise and Investment Committee	The Enterprise and Investment Committee's role is to review commercial investment proposals and make recommendations on investments in companies with appropriate connections to the University (for example, created by the University's staff and students), as well as license deals and other commercial joint ventures.
Statutory Advisory Committee on Safety and Occupational Health	The Statutory Advisory Committee on Safety and Occupational Health's role is to monitor and report to Court on the delivery of the University's Occupational Health, Safety and Wellbeing Strategy.

Committee Structure continued

Strategic and Compliance Committees

Estates Committee The Estates Committee is responsible for strategic oversight of the University estates strategy and ensuring that it is consistent with the overall University strategy. It provides appropriate assurance to Court and the Executive Team on these matters. Its membership includes members of Court.

Staff Committee The Staff Committee is responsible for the strategic oversight of strategy and policy in relation to staffing matters and for monitoring compliance with all relevant legislation. It provides appropriate assurance to Court and the Executive Team on these matters. Its membership includes members of Court.

Information Strategy Committee The Information Strategy Committee is responsible for all matters of corporate information strategy and for the strategic deployment of all information resources. It provides appropriate assurance to the Executive Team on these matters.

Research and Knowledge Exchange Committee The Research and Knowledge Exchange Committee is responsible for oversight of strategy and policy in the area of research, knowledge exchange, and innovation. It provides appropriate assurance to Senate and the Executive Team on these matters.

Education Strategy Committee The Education Strategy Committee is responsible for developing and monitoring the University's strategy for learning, teaching and assessment and the enhancement of the Student Experience. It provides appropriate assurance to Senate and the Executive Team on these matters.

Quality Assurance Committee The Quality Assurance Committee is responsible for the quality assurance of the University's academic provision and of the academic standards of its awards. It provides appropriate assurance to Senate, through the Education Strategy Committee.

Executive Team

The Executive Team is chaired by the Principal and acts as a forum for discussion and decision-making on major initiatives and issues for the University. Where appropriate, it makes recommendations to Senate and Court for approval. Membership includes the major budget holders within the University and key senior staff who advise the Principal on senior management decisions, particularly on the allocation of resource to Faculties and Professional Services. Its members are responsible and accountable for all components of the University's budget, both income and expenditure. As such, it plays an important part in the internal governance and academic operations of the University, and brings together the academic, financial, and human resource aspects of planning. It is responsible for managing the University's performance and for assisting the Principal in the delivery of the University's Strategy.

During the Covid-19 crisis, the Executive Team met on a regular basis (at least once a week between late March and July 2020) in its capacity as the University's Emergency Management Team, co-ordinating the University's initial response to the crisis, including all health and safety and business continuity issues, and then overseeing planning for recovery and a return to on-campus activity.

Risk management

The University views risk management as integral to the successful execution of its Strategic Plan. There is an established business process for identifying, evaluating and managing the University's significant risks which complies with the Financial Reporting Council's "Internal Control: Guidance for Directors", (formerly the Turnbull Committee Guidance) as far as it is applicable to higher education institutions. Risk registers are produced at Department and Directorate level and these are regularly reviewed and managed by the appropriate areas with regular reports being made from one level to the next in the committee structure.

At each stage the identified risks are evaluated and distilled, leading to the production of the Corporate Risk Register, incorporating the University's top risks, which is reviewed and managed by the Executive Team. The information is also used to inform the strategic planning process. A Risk Group, chaired by the University Secretary & Compliance Officer, is responsible for supporting and advising the Executive Team and, through it, the Audit and Risk Committee and Court on the implementation and monitoring of the risk framework.

The Audit and Risk Committee's role in this area is one of a high-level review of the arrangements for internal control, providing assurance to Court. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

The Corporate Risk Register was reviewed by Court at its October 2019 and May 2020 meetings. During 2020, the University introduced a dedicated Covid-19 Risk Register, through a process of University-wide consultation, which was kept under continuous review by the Executive Team and reviewed by Court alongside the regular Corporate Risk Register in May 2020. The two Risk Registers are to be merged in the near future, in recognition of the longer-term effects of the pandemic and the need to encompass management of the pandemic in business as usual.

Impact of the UK's departure from the EU

The UK's departure from the EU is prominent in the University's Risk Register and mitigations are in place. The University has had a number of working groups coordinating information-sharing and mitigation, including the Strathclyde EU Exit Working and Advisory Group (SEEWAG), which advises the Executive Team, and the Brexit Business Continuity Group, chaired by the University Secretary & Compliance Officer.

Current high-priority topics include fee-setting for EU students from 2021/22, new briefing sessions for EU staff and input to government-level discussions around potential research funding.

The Brexit Business Continuity Group has focused on addressing immediate, medium and longer term actions in relation to active research, education and knowledge exchange awards, students (including those on exchange/placement), staff uncertainties, supply chain and potential wider issues such as travel and data exchange.

Statement of internal control

As part of its primary responsibilities, Court is responsible for the University's system of internal control and 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.

Court keeps issues of control and risk under review and receives relevant reports from both the Executive Team and the Audit and Risk Committee. This includes reviewing quarterly Business Reports, which provide information on financial performance, receiving mid-year and annual progress reports on performance against the University's Key Performance Indicators, and reviewing mitigating actions and the selection of top risks within the Corporate Risk Register.

The University also issues a Key Controls Checklist to all departments on an annual basis, on the basis of which Statements of Assurance are provided, via Senior Officers, to the Principal, Audit & Risk Committee and University Treasurer to confirm compliance with key University policies and procedures.

The University recognises the importance of ensuring that robust controls continue to be in place despite altered work practices due to the Covid-19 pandemic. In recognition of this change in working environment all departments were requested to document any alterations to embedded key control practices in their Key Controls Checklist. A number of minor alterations were noted, which did not impact the overall effectiveness of controls in the University.

A supplementary risk register was developed dedicated to risks relating to the Covid-19 outbreak. This sat alongside the existing risk register for the initial part of the pandemic and will be merged with the existing risk register.

The scheduled delivery of the 2019/20 Internal Audit Plan was maintained during the Covid-19 pandemic, with work undertaken remotely. Remaining Internal Audit Reviews scheduled for completion during 2019/20 were subject to scope additions and amendments, where required, to take account of the impact of Covid-19 pandemic on operations and controls. The 2019/20 Internal Audit Plan was delivered in full, thus enabling the annual Internal Audit Opinion to be issued as standard.

Statement of internal control continued

Key compliance requirements continued to be addressed during the pandemic, through robust processes and oversight including:

- Court, Senate, Executive Team and committees of Senate and Court continuing to function and operate to reporting cycles;
- implementation on schedule of the requirements of the Higher Education Governance (Scotland) Act 2016 and of the revised Scottish Code of Good HE Governance (2017);
- compliance with the latest UK and Scottish Government Acts and guidelines and guidance from Health Protection Scotland and the University's Insurers in relation to Covid-19;
- implementation of the University's Business Continuity Framework through Executive Team Emergency Management Protocols;
- compliance with data protection legislation (GDPR) was assured through new guidelines and development of online training;
- maintenance of robust, centrally co-ordinated visa procedures, in line with UKVI guidance, protecting the University's ability to recruit international students and staff;
- Executive Team and Senate oversight to ensure assessment, examinations and Boards of Examiners could progress within University Ordinances & Regulations, assuring governance and equity for all learners, aligned to external quality assurance expectations (QAA guidance);
- fit-for-purpose physical and digital infrastructure: implementation of home working, facilitated by rollout of the Zoom online conferencing tool integrated with MyPlace virtual learning environment; online learning resources for staff, standard monitoring process and helpdesk procedures;
- detailed guidance, FAQs and communications to students and staff delivered via website and email throughout the pandemic;
- close working with industry partners, including Microsoft alerts on cyber-crime across HE.

The Audit and Risk Committee, on behalf of Court, has reviewed the adequacy and effectiveness of the University's system of internal control and risk management and is satisfied with the University's arrangements in that regard.

Going concern

The University's activities, financial performance and financial position, together with factors likely to affect its future development and performance, are described in the Strategic Report on pages 5 to 25, as are the University's Treasury Management policies. Emerging and principal risks and uncertainties facing the University are described on pages 5 to 13. At 31 July 2020, the University held gross cash of £127.6 million (2019 gross cash of £114.7 million), while net current assets were £51.3 million. At 31 December 2020 the University held £132.4 million of gross cash and had net current assets of £49.3 million.

The only external borrowings of the University at 31 July 2020 were debt with a balance of £112.3 million, comprising £76.6 million of covenanted debt with the EIB, £34.7 million with the SFC through their Financial Transactions and Carbon Reduction programmes and the balance of £1.0 million funding for various energy efficiency and renewable energy projects funded by Salix Finance Ltd. Between 1 August and 31 December 2020, £1.9 million had been repaid to EIB and £0.6 million had been repaid to SFC in accordance with loan agreements. A further £6.5 million of borrowings will be repayable during the going concern assessment period, which runs for a 12 month period from the date of approval of these financial statements to 31 January 2022.

Going concern continued

In light of the unprecedented nature of the Covid-19 pandemic and its potential impacts on funding and key income streams, there has been significantly increased focus in this area. The going concern assessment included consideration of:

- the current and developing environment in which the University operates;
- the University's liquidity through the assessment period – demonstrated through a detailed monthly cash flow forecast throughout the assessment period;
- key assumptions made by management around the future financial performance of the University, in particular:
 - assumptions around future student intake, in particular overseas students, for both 2020/21 and the following academic year;
 - assumptions around other income streams for both 2020/21 and the following academic year; and
 - assumptions around other key cashflows over the review period.
- Evidence of compliance with loan covenants at 31 July 2020 and forecast compliance with loan covenants through the going concern period, specifically at 31 July 2021, and subsequent mitigations should there be a breach.

Given the fluidity of the situation over the summer and the beginning of semester 1, the Quarter 1 Forecast formed the basis of the going concern assessment which was subject to scrutiny and approval by the Audit and Risk Committee and Court.

In addition, the University has also modelled a severe but plausible downside scenario based on extended periods of disruption resulting from Covid-19 and the related impacts on tuition fees, other income, Covid-19 related and other expenditure and bad debt experience. In this scenario, the University is still forecasting significant liquidity throughout the going concern assessment period to 31 January 2022, with minimum liquidity headroom throughout being £51.8 million at 31 December 2021.

Only the EIB borrowings are subject to covenant terms. The University was fully compliant with those covenant terms during the year to 31 July 2020. In response to the significant uncertainties arising as a result of the Covid-19 pandemic, the University entered discussions with EIB regarding amendment of covenant terms, and reached agreement on 28 January 2021. EIB has provided a waiver for the 2020/21 financial year on the Net Operating Cashflow to Debt Servicing covenant and the University has adequate headroom against the other two covenants, Net Financial Indebtedness to EBITDA and Adjusted Financial Indebtedness to Revenue, through the going concern assessment period, specifically at 31 July 2021, even under the plausible worst case scenario outlined above.

Having taken these factors into account, Court considers that the University has adequate resources to continue in operation for 12 months from the approval of these financial statements and for this reason the going concern basis continues to be adopted when preparing the financial statements.

Conclusion

Based on the above noted process, Court is of the view that there were adequate and effective internal controls in place and that there was an adequate and effective process for identifying, evaluating and managing the University's significant risks during the year ended 31 July 2020 and up to the date of signing the Annual Report and Financial Statements.

G Hastings

Treasurer

29 January 2021



Statement of Primary Responsibilities of the University Court

General

Under the terms of the University Charter, Court is the Governing Body of the University and is responsible for overseeing the management and administration of the whole of the revenue and property of the University. Court exercises general control over the University and all its affairs, purposes and functions, taking all final decisions on matters of fundamental concern to the University. Court is responsible for safeguarding the University's good name and values.

Court's Primary Responsibilities are detailed as follows:

Staff and students

- To be the employing authority for all staff within the University and to make such provision as it thinks fit for their general welfare;
- To appoint the Principal and Vice-Chancellor of the University, including the terms and conditions of such appointment, and to put in place suitable arrangements for the monitoring of his/her performance – both the appointment and monitoring of performance of the Principal shall include consultation with all members of Court;
- To appoint the University Secretary and to ensure that he or she has separate lines of accountability for the provision of services to the Court, for the administration of the University and for the fulfilment of managerial responsibilities within the institution;
- To ensure the quality of educational provision within the University;
- To make such provision as it thinks fit following consultation with the Senate, for the general welfare of its students;

Financial responsibilities

- To ensure the solvency of the University and to safeguard its assets;
- To act as trustee for any property, legacy endowment, bequest or gift in support of the work and welfare of the institution;
- To approve the University's annual financial statements;
- To ensure that proper books of accounts are kept in accordance with all relevant regulations and codes of conduct;
- To ensure the proper use of public funds awarded to the University and to ensure that the terms of the Financial Memorandum with the Funding Council are observed;
- To approve the main annual budgets within the University;
- To ensure appropriate arrangements for the economic, efficient and effective management of the University's resources and expenditure;

Strategic responsibilities

- To approve the mission statement of the University and all its strategic plans including its aims for the teaching and research of the institution and identifying the financial, physical and staff requirements required to achieve these, and for ensuring that these meet the interests of stakeholders;
- To approve a financial strategy for the University, as well as long-term business plans;
- To approve an estates strategy for the management, development and maintenance of the University land and buildings in support of institutional objectives;
- To approve a human resource strategy and to ensure that appropriate development and reward arrangements are in place for the employees and that these are appropriate to the needs of the institution;
- To provide leadership in equality and diversity across all protected characteristics, assuming responsibility for the University's strategy and policy on equality and diversity.

Controls

- To ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name;
- To ensure compliance with the University's Charter, Statutes, Ordinances and Regulations, as well as all UK and European legislation where applicable;
- To be responsible for the form, custody and use of the University's Common Seal;
- To make clear and to review regularly the executive authority and other powers delegated to the Convener of Court, the Principal and Vice-Chancellor, to other senior officers and to all bodies of the University including the Senate and committees of Court;

- To ensure that systems are in place for the assessment and management of risk, to regularly review such matters and to conduct an annual assessment;
- To establish and monitor effective systems of internal control and accountability throughout the University;
- To ensure that appropriate arrangements are in place for external and internal audit;
- To ensure that appropriate arrangements are in place for the proper management of health and safety in respect of students, staff and other persons on University premises or affected by University operations;

Monitoring performance and effectiveness

- To monitor the University's performance against its strategic plan and key performance indicators, and to benchmark the University's performance against other comparable institutions;
- To monitor and review the performance and effectiveness of the Court itself and other University committees;
- To ensure, through the appointment of lay members in accordance with the University Statutes, a balance of skills and expertise amongst the membership of Court, such as is required to meet its primary responsibilities;
- To ensure that the proceedings of Court are conducted in accordance with best practice in higher education corporate governance and with the Nine Principles of Public Life in Scotland (which incorporate the original seven "Nolan Principles" drawn up by the Committee on Standards in Public Life);
- To ensure that procedures are in place within the University for dealing with internal grievances, conflicts of interest and public interest disclosure.

Independent Auditor's Report to the Court of the University of Strathclyde

Opinion

We have audited the financial statements of the University of Strathclyde (the University) for the year ended 31 July 2020 which comprise the Statement of Principal Accounting Policies, Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows and the related notes 1 to 27. 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 University's state of affairs as at 31 July 2020 and of the income and expenditure, recognised gains and losses, and the University'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 University 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 has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the University's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Principal's report, the Strategic report, and the Statement of Governance and Internal Control, set out on pages 2 to 35, 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, based on the work undertaken in the course of the audit, in all material respects:

- the Scottish Funding Council's Accounts Direction has been met;
- funds from whatever source administered by the University 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 Report of the University Court is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the 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.

Responsibilities of the University Court

As explained more fully in the Statement of Primary Responsibilities of the University Court set out on pages 36 and 37, 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 determines 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 University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the University Court either intends to liquidate the University 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 Strathclyde, 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 Strathclyde and the University Court as a body, for our audit work, for this report, or for the opinions we have formed.

Statutory Auditor
Glasgow

29 January 2021

Ernst & Young LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

The maintenance and integrity of the University of Strathclyde web site is the responsibility of the University Court; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Statement of Comprehensive Income and Expenditure

for the year ended 31 July 2020

	Note	2020 £m	2019 £m
Income			
Funding Council grants	2	102.4	112.5
Tuition fees and education contracts	3	109.5	99.4
Research grants and contracts	4	81.2	74.0
Other income	5	37.4	44.9
Investment income	6	2.1	2.4
Donations and endowments	7	2.2	3.0
Total income		334.8	336.2
Expenditure			
Staff costs	8	206.1	187.9
Staff costs: movement on USS provision	8	(43.9)	74.8
Other operating expenses	10	101.8	107.2
Depreciation and amortisation	10	31.4	32.4
Interest and other finance costs	9	3.4	2.4
Total expenditure	10	298.8	404.7
Surplus/(deficit) before other gains and losses		36.0	(68.5)
Gain on disposal of fixed assets	11	-	16.3
(Loss)/gain on investments	11	(2.9)	2.6
Unrealised deficit on revaluation of investment properties	11	-	(0.5)
Surplus/(deficit) for the year		33.1	(50.1)
Other comprehensive income			
Actuarial (loss)/gain in respect of pension scheme	22	(18.7)	3.3
Total comprehensive income and expenditure for the year		14.4	(46.8)
Represented by:			
Endowment comprehensive income for the year		(1.5)	2.7
Unrestricted comprehensive income and expenditure for the year		15.9	(49.5)
		14.4	(46.8)

All income and expenditure of the University relates to continuing operations.
The accompanying notes and policies on pages 48 to 87 form part of these financial statements.

Statement of Changes in Reserves

for the year ended 31 July 2020

	Income and Expenditure Reserve		
	Endowment £m	Unrestricted £m	Total £m
Balance at 1 August 2018	35.1	316.3	351.4
Surplus/(deficit) from the income and expenditure statement	2.7	(52.8)	(50.1)
Other comprehensive income	-	3.3	3.3
Total comprehensive income for the year	2.7	(49.5)	(46.8)
Balance at 31 July 2019	37.8	266.8	304.6
Surplus/(deficit) from the income and expenditure statement	(1.5)	34.6	33.1
Other comprehensive income	-	(18.7)	(18.7)
Total comprehensive income for the year	(1.5)	15.9	14.4
Balance at 31 July 2020	36.3	282.7	319.0

Balance Sheet

as at 31 July 2020

	Note	2020 £m	2019 £m
Non-current assets			
Intangible assets	12	4.5	3.2
Tangible assets	13	416.6	391.6
Investments	14	48.0	49.7
		469.1	444.5
Current assets			
Surplus assets for disposal		0.4	0.4
Stock		0.3	0.3
Debtors: - amounts falling due within one year	15	40.7	28.9
- amounts falling due after more than one year	15	19.1	25.1
Cash and cash equivalents	21	127.6	114.7
		188.1	169.4
Creditors: amounts falling due within one year	16	(136.8)	(104.0)
Net current assets		51.3	65.4
Total assets less current liabilities		520.4	509.9
Creditors: amounts falling due after more than one year	17	(105.8)	(89.3)
Pension provisions	18	(95.2)	(115.6)
Other provisions	18	(0.4)	(0.4)
Total net assets		319.0	304.6

Balance Sheet

as at 31 July 2020 continued

	Note	2020 £m	2019 £m
Represented by:			
Restricted reserves			
Income and Expenditure reserve – endowments	19	36.3	37.8
Unrestricted reserves			
Income and Expenditure reserve – unrestricted		282.7	266.8
Total reserves		319.0	304.6

The accompanying notes and policies on pages 48 to 87 form part of these financial statements.

The financial statements were approved by the University Court on 29 January 2021, and signed on its behalf by:

Professor Sir J McDonald
Principal and Vice-Chancellor

G Hastings
Treasurer

S Wallace
Chief Financial Officer

Statement of Cash Flows

for the year ended 31 July 2020

	2020 £m	2019 £m
Net cash inflow from operating activities		
Surplus/(deficit) for the year	33.1	(50.1)
Adjustment for non-cash items		
Depreciation	30.7	30.2
Amortisation	0.7	2.2
Loss/(gain) on investments	2.9	(2.6)
Unrealised deficit on revaluation of investment properties	-	0.5
Decrease/(increase) in debtors	0.1	(0.6)
Increase in creditors	18.4	12.6
(Decrease)/increase in pension provision	(41.0)	77.8
Adjustment for investing or financing activities		
Investment income	(2.7)	(2.0)
Interest payable	3.4	2.4
New endowments	(0.2)	(0.8)
Gain on disposal of fixed assets	-	(16.3)
Capital grant income	(15.3)	(19.9)
Net cash inflow from operating activities	30.1	33.4
Cash flows from investing activities		
Proceeds from sale of tangible assets	6.1	1.6
Proceeds from sale of non-current asset investments	7.2	9.6
Capital grant receipts	18.6	13.4
Investment income	2.7	2.0
Payments to acquire tangible assets	(57.9)	(47.6)
Payments to acquire intangible assets	(2.0)	(2.0)
New non-current investments	(8.4)	(11.0)
	(33.7)	(34.0)

Statement of Cash Flows

for the year ended 31 July 2020 continued

	Note	2020 £m	2019 £m
Cash flows from financing activities			
Interest paid		(1.6)	(1.6)
Endowment cash received		0.2	0.8
New unsecured loans		23.5	11.1
Repayments of amounts borrowed		(5.6)	(4.9)
		16.5	5.4
Increase in cash and cash equivalents	21	12.9	4.8
Cash and cash equivalents at 1 August	21	114.7	109.9
Cash and cash equivalents at 31 July	21	127.6	114.7

Notes to the Financial Statements

1. Principal Accounting Policies

Basis of preparation (including going concern assessment)

These financial statements have been prepared in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education (2019 SORP), in accordance with applicable Accounting Standards and in accordance with the Accounts Direction issued by the Scottish Funding Council.

These financial statements are prepared under the historical cost convention modified by the revaluation of land, investment properties and certain fixed asset investments.

The University's activities, financial performance and financial position, together with factors likely to affect its future development and performance, are described in the Strategic Report as are the University's Treasury Management policies. Emerging and principal risks and uncertainties facing the University are described on pages 5 to 13. At 31 July 2020, the University held gross cash of £127.6 million (2019 gross cash of £114.7 million), while net current assets were £51.3 million. At 31 December 2020 the University held £132.4 million of gross cash and had net current assets of £49.3 million.

The only external borrowings of the University at 31 July 2020 were debt with a balance of £112.3 million, comprising £76.6 million of covenanted debt with the EIB, £34.7 million with the SFC through their Financial Transactions and Carbon Reduction programmes and the balance of £1.0 million funding for various energy efficiency and renewable energy projects funded by Salix Finance Ltd. Between 1 August and 31 December 2020, £1.9 million had been repaid to EIB and £0.6 million had been repaid to SFC in accordance with loan agreements. A further £6.5 million of borrowings will be repayable during the going concern period, which runs for a 12 month period from the date of approval of these financial statements to 31 January 2022.

In light of the unprecedented nature of the Covid-19 pandemic and its potential impacts on funding and key income streams, there has been significantly increased focus in this area. The going concern assessment included consideration of:

- the current and developing environment in which the University operates;
- the University's liquidity through the assessment period – demonstrated through a detailed monthly cash flow forecast throughout the assessment period;
- key assumptions made by management around the future financial performance of the University, in particular:
 - assumptions around future student intake, in particular overseas students, for both 2020/21 and the following academic year;
 - assumptions around other income streams for both 2020/21 and the following academic year; and
 - assumptions around other key cashflows over the review period.
- Evidence of compliance with loan covenants at 31 July 2020 and forecast compliance with loan covenants through the going concern period, specifically at 31 July 2021, and subsequent mitigations should there be a breach.

Given the fluidity of the situation over the summer and the beginning of semester 1, the Quarter 1 Forecast formed the basis of the going concern assessment which was subject to scrutiny and approval by the Audit and Risk Committee and Court.

In addition, the University has also modelled a severe but plausible downside scenario based on extended periods of disruption resulting from Covid-19 and the related impacts on tuition fees, other income, Covid-19 related and other expenditure and bad debt experience.

1. Principal Accounting Policies continued

Basis of preparation (including going concern assessment) continued

In this scenario, the University is still forecasting significant liquidity throughout the going concern assessment period to 31 January 2022, with minimum liquidity headroom throughout being £51.8 million at 31 December 2021.

Only the EIB borrowings are subject to covenant terms. The University was fully compliant with those covenant terms during the year to 31 July 2020. In response to the significant uncertainties arising as a result of the Covid-19 pandemic, the University entered discussions with EIB regarding amendment of covenant terms, and reached agreement on 28 January 2021. EIB has provided a waiver for the 2020/21 financial year on the Net Operating Cashflow to Debt Servicing covenant and the University has adequate headroom against the other two covenants, Net Financial Indebtedness to EBITDA and Adjusted Financial Indebtedness to Revenue, through the going concern assessment period, specifically at 31 July 2021, even under the plausible worst case scenario outlined above.

The University has adequate resources to continue in operation for 12 months from the approval of these financial statements and for this reason the going concern basis continues to be adopted when preparing the financial statements.

The University is a public benefit entity and has applied the relevant public benefit requirement of FRS 102.

The financial statements do not include those of the Students' Association because the University does not control its activities or hold dominant influence over policy decisions.

Income recognition

Income from the sale of goods or services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customer.

Tuition fees and education contracts

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

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

Grant funding

Grant funding including funding council block grant, research grants from government sources and grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance-related conditions have been met. Income received in advance of performance-related conditions being met is recognised as deferred income on the Balance Sheet and released to income when the conditions are met.

1. Principal Accounting Policies continued

Donations and endowments

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

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

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

There are four main types of donations and endowments identified within reserves:

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

Capital grants

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

Accounting for retirement benefits

The University participates in the Universities Superannuation Scheme (USS), the Strathclyde Pension Fund (SPF) and the Scottish Teachers' Superannuation Scheme (STSS). USS is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The SPF and STSS are defined benefit schemes.

The assets of USS and STSS are held in separate trustee administered funds. Because of the mutual nature of the schemes, the schemes' assets are not attributed to individual institutions and scheme-wide contribution rates are set. The University is, therefore, exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis. As required by Section 28 of FRS 102 'Employee benefits', the University therefore accounts for these schemes as if they were wholly defined contribution schemes. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme.

Since the University has entered into an agreement with USS (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Statement of Comprehensive Income and Expenditure.

1. Principal Accounting Policies continued

Accounting for retirement benefits continued

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

Employment benefits

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

Operating leases

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

Foreign currencies

Transactions denominated in foreign currencies are translated to sterling at the rate of exchange ruling at the date of the transactions. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year, with all the resulting exchange differences being taken to the Statement of Comprehensive Income and Expenditure in the year in which they arise.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated to sterling using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to sterling at foreign exchange rates ruling at the dates the fair value was determined.

Intangible assets

Software which is not integral to the operation of any hardware with which it has been purchased is recorded as an intangible asset and is amortised over five to ten years representing the remaining economic useful life of the assets.

Research and development costs are written off to the Statement of Comprehensive Income and Expenditure as incurred.

Tangible fixed assets

Tangible fixed assets, excluding investment properties, are stated at cost less accumulated depreciation and accumulated impairment losses. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount may not be recoverable.

1. Principal Accounting Policies continued

Tangible fixed assets continued

Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to the previous SORP in 2015 are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a tangible fixed asset have different useful lives, they are accounted for as separate components of tangible fixed assets.

Investment properties

Investment properties are land and buildings held for rental income or capital appreciation rather than for use in delivering services.

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Statement of Comprehensive Income and Expenditure. Investment properties are not depreciated but are revalued or reviewed annually according to market conditions at 31 July each year.

Land and buildings

Land which is held freehold is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated over their expected useful lives of up to 50 years. Leasehold land and buildings are depreciated over the life of the lease up to a maximum of 50 years. Alterations and additions to buildings are depreciated over the expected useful life of the work carried out.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. The buildings are not depreciated until they are brought into use.

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the University.

Equipment

Equipment, including personal computers and software, costing less than £10,000 per individual item or group of related items, is recognised as expenditure in the year of acquisition. All other equipment is capitalised. Capitalised equipment is stated at cost and depreciated over its expected useful economic life, as follows:

General equipment - 5 years

Equipment acquired for specific research projects - 2 years

Where equipment is part of a capital project, it may be depreciated over periods of between five and ten years.

Borrowing costs

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

Heritage assets

Works of art and items of historical interest are not recognised, since reliable cost information is not available for items acquired many years ago and significant costs are involved in arriving at valuations.

1. Principal Accounting Policies continued

Surplus assets for disposal

Surplus assets for disposal are land and buildings which are no longer in use by the University and which the University is committed to sell and not replace. These assets are valued at the lower of carrying amount and net realisable value.

Repairs and maintenance

Expenditure to ensure that a tangible fixed asset maintains its previously assessed standard of performance is recognised in the Statement of Comprehensive Income and Expenditure in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis.

Investments

All investments are initially recognised at cost and subsequently measured at fair value at each Balance Sheet date. Where fair value cannot be reliably measured or investments are not publicly traded (spin-out companies), they are measured at cost less impairment.

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

Stock

Stocks for maintenance, catering and central stationery are valued at the lower of cost and selling price less costs to sell. Departmental stocks are charged to the Statement of Comprehensive Income and Expenditure in the year of purchase.

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 benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

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

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

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the Notes to the Financial Statements.

Cash and cash equivalents

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

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

1. Principal Accounting Policies continued

Taxation status

The University has charitable status and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity No. SC015263). The University is an exempt 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 of Schedule 6 to the Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation tax purposes.

Accordingly, the University is exempt from taxation in respect of income or capital gains received within categories covered by Section 287 of the Corporation Tax Act 2009 and Sections 471 and 478 – 488 of the Corporation Tax Act 2010 (formerly enacted in Section 505 of the Taxes Act 1988) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

Reserves

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

Accounting estimates and judgements

In the application of accounting policies, management are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions and estimates that management have made in the process of applying the University's accounting policies and that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- Pensions liabilities – Assumptions used in the calculation of the USS deficit and the SPF pension provisions represent a source of material uncertainty. The key assumptions made in deriving these figures are explained in detail in Notes 18 and 22.
- Fixed assets lives and impairment – Management makes judgements over the most appropriate useful life of assets, over which period the value of an asset is depreciated. Management make judgements as to whether any indicators of impairment are present for any of the University's assets and the likelihood of proposed capital projects proceeding beyond the feasibility stage.
- Accrued annual leave – The liability for annual leave to which an employee is entitled but has not taken by 31 July is calculated based on annual leave and payroll records.
- Recoverability of debtors – A provision for doubtful debts is based on Management's estimate of the expected recoverability of debt. The provision takes account of the category of debt outstanding, the age of outstanding balances and likelihood of recovery based on current discussions with the customer.

Legal form

The University is a body corporate established in Scotland by Royal Charter in 1962.

2. Funding Council grants

	2020 £m	2019 £m
Recurrent grants		
General Fund – Teaching	65.7	66.1
General Fund – Research and Innovation	24.8	25.8
Capital grants	4.0	12.2
Total recurrent grants	94.5	104.1
Specific grants		
Strategic funding	5.5	6.1
Ring-fenced grants funded by Scottish Government	2.4	2.3
Total specific grants	7.9	8.4
	102.4	112.5

Income from capital grants includes £Nil in respect of capital grants released from deferred income in 2020 (2019: £8.0 million).

Included within deferred income are the following grants that have been received but which had not been recognised in income at 31 July as performance conditions had not yet been met:

	2020 £m	2019 £m
Strategic funding	2.2	2.2

3. Tuition fees and education contracts

	2020 £m	2019 £m
Scotland home domicile fees	33.0	32.2
EU domicile fees	4.5	5.5
RUK domicile fees	5.8	4.8
Non-EU domicile fees	53.8	43.2
Non-credit bearing course fees	4.4	5.9
Education contracts	1.7	2.1
Other contracts	6.3	5.7
	109.5	99.4

4. Research grants and contracts

	2020 £m	2019 £m
UK Research and Innovation	20.3	21.7
UK based charities	4.3	4.5
European Commission	5.8	6.3
Other grants and contracts	41.8	39.6
Capital grants	9.0	1.9
	81.2	74.0

Income from capital grants includes £Nil in respect of capital grants released from deferred income in 2020 (2019: £Nil).

Included within deferred income are the following grants that have been received but which had not been recognised in income at 31 July as performance conditions had not yet been met:

	2020 £m	2019 £m
Capital grants - government	4.4	0.9
Capital grants - other	0.1	-
Revenue grants - government	13.6	11.6
Other revenue grants and non-exchange transactions	7.9	10.1

5. Other income

	2020 £m	2019 £m
Residences and catering	7.7	11.0
Other services rendered	17.2	18.0
Capital grants	2.3	5.8
Other revenue grants	1.4	-
Royalty income	0.6	0.5
Accommodation charges and rental income	1.8	1.8
Other income	6.4	7.8
	37.4	44.9

Income from capital grants includes £2.1 million in respect of capital grants released from deferred income in 2020 (2019: £2.2 million).

Included within deferred income are the following grants that have not been recognised in income at 31 July as performance conditions had not yet been met:

	2020 £m	2019 £m
Capital grants - government	9.4	2.5
Capital grants - other	1.6	1.3

Other revenue grants includes £0.9 million (2019: £Nil) in respect of grants received through the Coronavirus Job Retention Scheme.

6. Investment income

	2020 £m	2019 £m
Investment income on endowments	0.7	0.8
Other investment income	1.3	0.4
Interest receivable	0.1	1.2
	2.1	2.4

7. Donations and endowments

	2020 £m	2019 £m
New endowments	0.2	0.8
Donations with restrictions	0.3	0.2
Unrestricted donations	1.7	2.0
	2.2	3.0

8. Staff costs

	Note	2020 £m	2019 £m
Wages and salaries		156.9	144.6
Social security costs		15.5	14.6
Other pension costs	22	33.7	28.7
		206.1	187.9
Movement on USS provision	18	(43.9)	74.8
		162.2	262.7
		2020 Number	2019 Number
Average staff numbers by major category			
Academic		1,235	1,117
Professional Services		1,570	1,444
Research		512	541
Operational		678	651
		3,995	3,753
		2020 £000	2019 £000
Total remuneration of the Principal and Vice-Chancellor including pension contributions was:			
Remuneration		316	310
Taxable benefits		19	17
		335	327
Other payments in lieu of employer's pension contribution		63	57
		398	384

8. Staff costs continued

The University's contributions to the Universities Superannuation Scheme in respect of the Principal's pension are paid at the same rates as for other staff. The Principal has ceased to pay pension contributions into the Universities Superannuation Scheme and the University's contributions to the pension scheme were paid to the Principal as salary on an equivalent basis.

Non-taxable benefits are not included in the above table. These related wholly to the provision of living accommodation and this is customarily provided in order to facilitate the better performance of the Principal's duties. The value of the benefit is £13,000 (2019: £13,000), which has been calculated using the HMRC methodology that would be applied if the accommodation were considered to be a taxable benefit and is based on a proportion of the original purchase price paid by the University plus the costs to the University of alterations and improvements to the property. The University does not charge rent in respect of the Principal's accommodation.

The Principal's remuneration is 8.81 times the median pay of University employees (2019: 9.08), where the median pay is based on the annualised full-time equivalent remuneration of all staff at the reporting date. This does not include agency and temporary staff employed by the University in the period, based on management's assessment that the adjustment to the disclosure would be immaterial to the overall calculation and is too onerous to create. It should be noted that, as a People Oriented organisation, all of the University's operational support staff, including catering and cleaning staff, are employees of Strathclyde. The University's deliberate and value-led decision to maintain in-house services results in the median pay ratio being higher than would be the case in other organisations where such key services are outsourced.

The number of staff, including senior post holders other than the Principal, who received emoluments in excess of £100,000, excluding employer's pension contributions, are set out in the following table. The figures shown in the ranges below include payments in lieu of pension contributions for individuals who have opted out of the Universities Superannuation Scheme.

8. Staff costs continued

	Senior	2020 Other	Total	Senior	2019 Other	Total
£100,001 - £110,000	1	17	18	2	20	22
£110,001 - £120,000	2	14	16	1	10	11
£120,001 - £130,000	2	4	6	2	5	7
£130,001 - £140,000	1	1	2	3	2	5
£140,001 - £150,000	1	2	3	-	-	-
£150,001 - £160,000	2	1	3	1	1	2
£160,001 - £170,000	1	1	2	1	2	3
£170,001 - £180,000	1	2	3	-	-	-
£200,001 - £210,000	-	1	1	-	1	1
£210,001 - £220,000	-	-	-	-	1	1
£220,001 - £230,000	-	1	1	1	-	1
£260,001 - £270,000	1	-	1	-	-	-
	12	44	56	11	42	53

Key management personnel

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

	2020 £m	2019 £m
Key management personnel compensation	2.4	2.2

	2020 Number	2019 Number
Number of posts included in key management personnel	13	13

Key management personnel compensation includes remuneration and all employee benefits including employer pension contributions.

Key management personnel are defined as members of the Executive Team. Membership comprises: the Principal and Vice-Chancellor, the Vice-Principal, the Executive Deans, the Associate Principals, the Chief Financial Officer, the Chief Commercial Officer, the University Secretary & Compliance Officer, the Chief People Officer and the Director of Strategy & Policy.

8. Staff costs continued

Payments in respect of compensation for loss of office are provided in the financial statements in the year of termination of office. The aggregate compensation for loss of office of staff whose earnings are more than £100,000 per annum or where the costs of all elements of a proposed arrangement amount to more than £100,000 was:

	2020 £000	2019 £000
Compensation paid	50	122

	2020 Number	2019 Number
Number of payments	1	1

9. Interest and other finance costs

	2020 £m	2019 £m
Loan interest	1.6	1.6
Finance charge of USS pension deficit	1.8	0.8
	3.4	2.4

10. Analysis of expenditure by activity

	Staff costs £m	Other operating expenses £m	Interest and other finance costs £m	2020 total £m	2019 total £m
Academic departments	110.1	13.4	-	123.5	114.8
Academic support services	13.1	8.8	-	21.9	20.9
Research grants and contracts	27.9	20.9	-	48.8	49.2
Administration and central services	23.8	7.8	-	31.6	29.1
General educational expenditure	0.8	19.1	-	19.9	18.4
Residences and catering	4.2	2.5	-	6.7	6.5
Premises	10.8	18.6	-	29.4	29.0
Other income generating activities	8.7	6.5	-	15.2	15.5
Movement on pension provision	(43.9)	-	-	(43.9)	74.8
Other expenses	6.7	4.2	3.4	14.3	14.1
	162.2	101.8	3.4	267.4	372.3
Depreciation				28.2	30.2
Impairment				2.5	-
Amortisation				0.7	2.2
Total per income and expenditure account				298.8	404.7
				2020 £000	2019 £000
Other operating expenses include:					
External auditor's remuneration – audit services				102	68
External auditor's remuneration – non-audit services				23	58

11. Other gains and losses

	2020 £m	2019 £m
Gain on disposal of land and buildings	-	16.3
(Loss)/gain on investments	(2.9)	2.6
Unrealised deficit on revaluation of investment properties	-	(0.5)

12. Intangible assets

	£m
Cost	
At 1 August 2019	4.4
Additions	2.0
At 31 July 2020	6.4
Amortisation	
At 1 August 2019	1.2
Amortisation charge	0.7
At 31 July 2020	1.9
Net book value at 31 July 2020	4.5
Net book value at 31 July 2019	3.2

13. Tangible assets

	Investment properties £m	Land and Buildings			Equipment £m	Total £m
		Freehold £m	Long leasehold £m	Assets under construction £m		
Cost						
At 1 August 2019	9.4	534.7	13.8	29.2	72.2	659.3
Additions	-	3.8	0.1	43.7	8.1	55.7
Transfers	-	7.7	-	(7.7)	-	-
Disposals	-	-	-	-	(14.4)	(14.4)
At 31 July 2020	9.4	546.2	13.9	65.2	65.9	700.6
Depreciation						
At 1 August 2019	-	212.9	11.2	-	43.6	267.7
Charge for year	-	17.5	0.9	-	9.8	28.2
Impairment	-	2.5	-	-	-	2.5
Disposals	-	-	-	-	(14.4)	(14.4)
At 31 July 2020	-	232.9	12.1	-	39.0	284.0
Net book value at 31 July 2020	9.4	313.3	1.8	65.2	26.9	416.6
Net book value at 31 July 2019	9.4	321.8	2.6	29.2	28.6	391.6

13. Tangible fixed assets continued

At 31 July 2020, freehold land and buildings included £30.6 million (2019: £30.6 million) in respect of freehold land which is not depreciated.

Buildings with a net book value of £357.8 million and cost of £573.2 million have been funded in part or in whole from public funds. Should these particular buildings be sold, the University would have to surrender the relevant proceeds or use them in accordance with the Financial Memorandum with the Scottish Funding Council.

The investment properties were revalued on the basis of market value at 31 July 2020 by an external valuer, Savills UK Limited, in accordance with Royal Institution of Chartered Surveyors' (RICS) professional standards. The valuer has estimated the fair value of the property on the basis of a number of assumptions regarding the condition of the property and an equivalent yield of 7.99% (2019: 7.65%).

The historic cost of investment properties held at fair value is as follows:

	2020 £m	2019 £m
At 1 August	9.6	9.6
At 31 July	9.6	9.6

Heritage assets are not recognised in the financial statements. The University's heritage assets comprise over 1,000 works of art, around 400 historical scientific instruments, some 35 special collections of rare printed and manuscript materials, historical archives (including the University's own archives and some 30 other archive collections), and silverware and other ceremonial items. The ages of the items range from the 15th century to the present day.

The artwork collection is mainly displayed in University buildings across the campus, while the historical scientific instrument collection is available for viewing by appointment. The book/manuscript collections and archives are used for consultation purposes. The ceremonial assets are used for occasions such as graduations. No material acquisitions occurred in the period, and there were no disposals.

14. Fixed asset investments

	2020 £m	2019 £m
At 1 August	49.7	45.8
Additions	9.0	9.5
Disposals	(7.5)	(9.0)
(Decrease)/increase in market value of investments	(2.7)	1.9
(Decrease)/increase in cash balances	(0.5)	1.5
At 31 July	48.0	49.7
Represented by:		
Fixed interest investments (listed)	7.9	7.4
Equities (listed)	31.9	34.8
Cash at bank	2.9	3.4
Spin-out company investments	5.3	4.1
	48.0	49.7

Investments are stated at market value apart from investments in projects emanating from the University's research activities which are considered to merit commercial development (spin out company investments). Such investments are stated at the lower of cost and net realisable value.

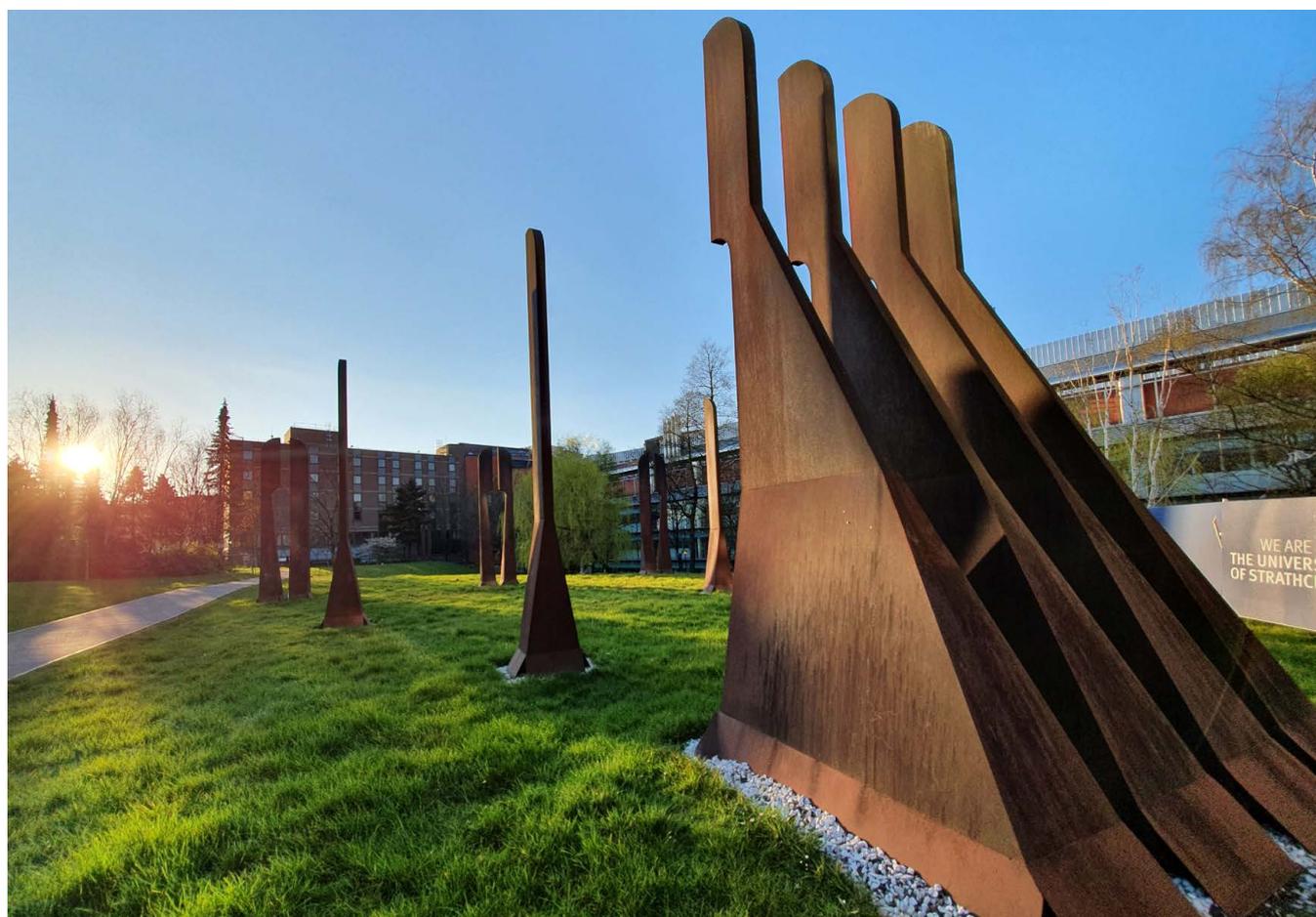
The University's subsidiary undertakings are:

	%		Main	Year
	Holding		activity	end
Strathclyde University Incubator Limited	100	Incubator for technology-based business		31/07/20
University of Strathclyde Properties Limited	100		Dormant	31/07/20
Haleno Limited	100		Dormant	31/07/20
SGBS Limited	100		Dormant	31/07/20

The financial statements of these subsidiary undertakings have not been consolidated with those of the University on the basis that the amounts involved are not material.

15. Debtors

	2020 £m	2019 £m
Amounts falling due within one year:		
Debtors	13.5	15.7
Prepayments and accrued income	27.2	13.2
	40.7	28.9
Amounts falling due after more than one year:		
Prepayments and accrued income	19.1	25.1
	59.8	54.0



16. Creditors: amounts falling due within one year

	2020 £m	2019 £m
Unsecured loans	6.5	5.1
Creditors	23.7	23.4
Social security and other taxation payable	4.3	4.0
Accruals	17.9	15.7
Deferred income	84.4	55.8
	136.8	104.0

Deferred income

Included within deferred income are the following items of income which have been deferred until specific performance conditions have been met:

	2020 £m	2019 £m
Donations	1.0	1.1
Research grants received on account	39.8	31.0
Grant income	17.7	6.8
Other income	25.9	16.9
	84.4	55.8

17. Creditors: amounts falling due after more than one year

	2020 £m	2019 £m
Analysis of unsecured loans		
Due within one year or on demand	6.5	5.1
Due between one and two years	6.7	5.2
Due between two and five years	23.3	16.8
Due in five years or more	75.8	67.3
	112.3	94.4
Due within one year or on demand	(6.5)	(5.1)
Due after more than one year	105.8	89.3

An unsecured bank loan of £76.6 million (2019: £81.5 million) from the European Investment Bank is repayable by instalments between 1 August 2020 and 5 March 2035 and interest is charged as follows:

- £20.0 million – 0.482% above the 6 month LIBOR rate
- £20.0 million – 0.52% above the 6 month LIBOR rate
- £20.0 million – 2.279% fixed rate until 5 March 2025
- £30.0 million – 2.512% fixed rate until 5 March 2035

The University has unsecured loans totalling £34.0 million (2019: £11.1 million) from the Scottish Funding Council University Financial Transactions Programme and interest is charged at 0.25% per annum. The balance of these loans are repayable by instalments as follows:

- £10.0 million repayable by instalments between March 2024 and March 2029
- £1.0 million repayable by instalments between August 2020 and March 2029
- £2.5 million repayable by instalments between August 2020 and March 2030
- £0.8 million repayable by instalments between August 2020 and March 2035
- £9.7 million repayable by instalments between August 2020 and March 2030
- £10.0 million repayable by instalments between April 2022 and March 2042

The University has an unsecured interest free loan of £0.6 million (2019: £0.8 million) from the Scottish Funding Council University Carbon Reduction Programme. The balance is repayable by instalments between August 2020 and February 2025.

The University has interest free loans totalling £1.0 million (2019: £1.0 million) from Salix Finance Ltd which are partially repayable in five years or more. The dates and quantum of repayments are wholly dependent upon the timing of expenditure and savings related to various energy efficiency and renewable energy projects funded by these loans, which require matched funding by the University.

18. Provisions for liabilities

	Obligation to fund deficit on USS pension £m	Pension enhancements £m	Defined benefit obligations (Note 22) £m	Total pension provisions £m	Other provisions £m	Total £m
At 1 August 2019	110.2	5.4	-	115.6	0.4	116.0
Utilised in year	(43.9)	(0.5)	-	(44.4)	-	(44.4)
Additions in year	1.8	0.5	21.7	24.0	-	24.0
At 31 July 2020	68.1	5.4	21.7	95.2	0.4	95.6

Obligation to fund deficit on USS pension

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to make deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in Note 22.

Following the completion of the 2018 valuation, a new deficit recovery plan has been agreed. Further information is provided in Note 22. This new plan requires deficit payments of 2.0% of salaries from 1 October 2019 to 30 September 2021 and then 6.0% of salaries from 1 October 2021 to 31 March 2028. As a consequence, the deficit provision has decreased significantly from the prior year, with the change in the deficit contributions contractual commitment resulting in a decrease of £43.9 million. A valuation as at 31 March 2020 is underway but not yet complete.

The major assumptions used to calculate the obligation are:

	2020	2019
Discount rate	0.74%	1.62%
Salary growth (average inflationary and staff changes over the remainder of the recovery plan)	3.72%	4.12%

18. Provisions for liabilities continued

Sensitivity analysis

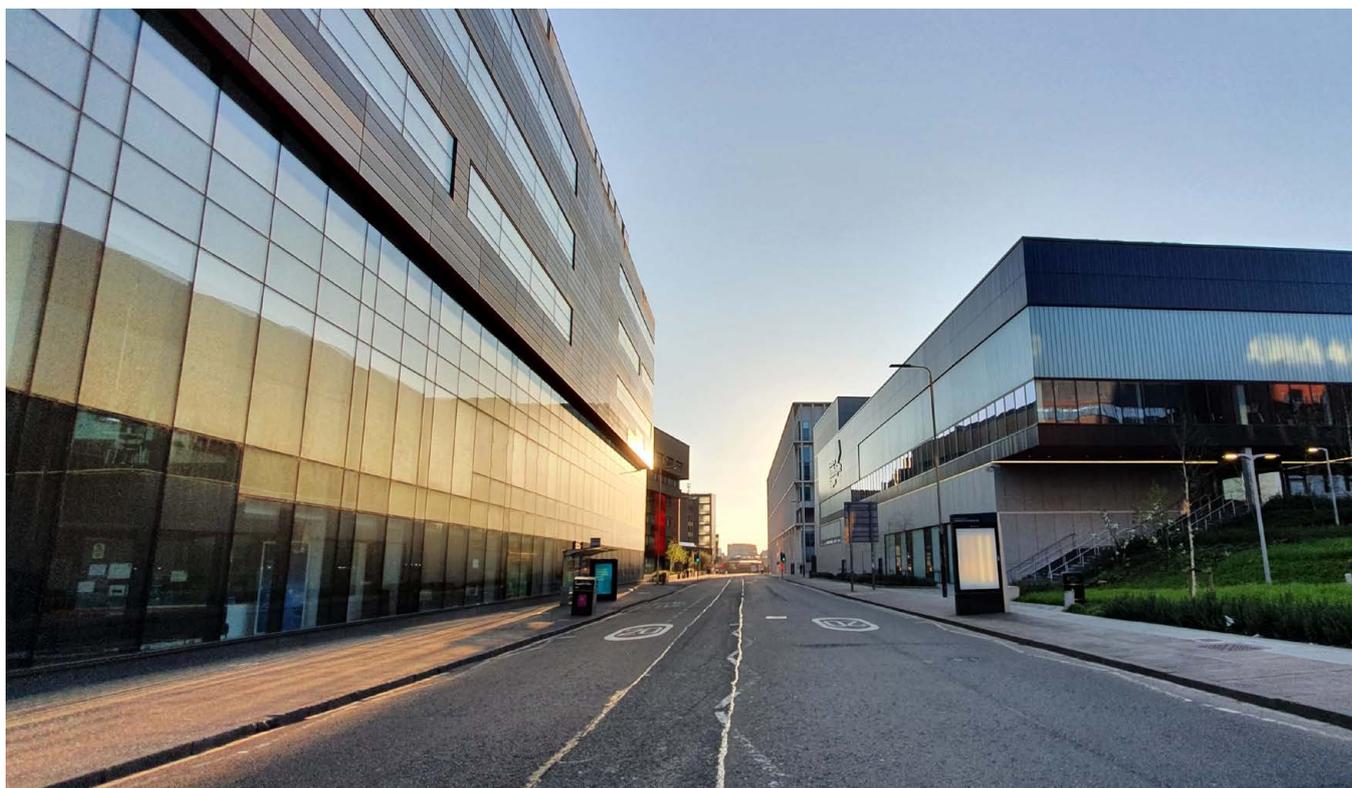
As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below:

Change in assumptions at 31 July 2020

Change in assumptions at 31 July 2020	Approximate impact
0.5% p.a. decrease in discount rate	£1.7 million increase
0.5% p.a. increase in discount rate	£1.6 million decrease
0.5% p.a. increase in salary inflation over duration	£1.6 million increase
0.5% p.a. increase in salary inflation year 1 only	£0.3 million increase
0.5% increase in staff changes over duration	£1.6 million increase
0.5% increase in staff changes year 1 only	£0.3 million increase

Pension enhancements

The University has an obligation in respect of former employees who have retired and for whom an enhanced pension has been provided. Some £5.4 million (2019: £5.4 million) of liability continues throughout the retirement period and is assessed by independent actuarial valuation. The principal assumptions are a discount rate of 1.5% (2019: 2.0%) and pension increases of 2.0% (2019: 2.2%).



19. Endowments

	Unrestricted permanent £m	Restricted permanent £m	Total permanent £m	Restricted expendable £m	2020 total £m	2019 total £m
At 1 August						
Capital	6.5	26.9	33.4	-	33.4	30.9
Accumulated income	-	3.2	3.2	1.2	4.4	4.2
	6.5	30.1	36.6	1.2	37.8	35.1
New endowments	-	0.2	0.2	-	0.2	0.8
Investment income	0.1	0.6	0.7	-	0.7	0.8
Expenditure	(0.1)	(0.4)	(0.5)	-	(0.5)	(0.6)
	-	0.2	0.2	-	0.2	0.2
(Decrease)/increase in market value of investments	(0.2)	(1.7)	(1.9)	-	(1.9)	1.7
At 31 July	6.3	28.8	35.1	1.2	36.3	37.8
Represented by:						
Capital	6.3	25.4	31.7	-	31.7	33.4
Accumulated income	-	3.4	3.4	1.2	4.6	4.4
	6.3	28.8	35.1	1.2	36.3	37.8
Analysis by type of purpose						
	Unrestricted permanent £m	Restricted permanent £m	Total permanent £m	Restricted expendable £m	2020 total £m	2019 total £m
Scholarship	2.0	9.5	11.5	0.2	11.7	12.0
Chair	-	1.7	1.7	-	1.7	1.8
Entrepreneurship	-	6.6	6.6	0.4	7.0	7.6
Lectureships	-	1.2	1.2	0.3	1.5	1.5
Prizes	-	1.5	1.5	-	1.5	1.5
Research support	-	6.8	6.8	0.2	7.0	7.1
General	4.3	1.5	5.8	0.1	5.9	6.3
	6.3	28.8	35.1	1.2	36.3	37.8

19. Endowments continued

Major Endowments

Restricted permanent endowments include four major individual funds:

- T B Hunter Charitable Trust – Endowed to support the ongoing development of entrepreneurship education.
- Sir David S Anderson Trust – Bequest to be used in the field of Science and Engineering by inviting distinguished persons from institutions in Europe or America to visit the University to take an active part in teaching and/or research or to send University staff abroad to acquire knowledge which might not be available in this country.
- Glaxo – Endowed to provide monies to establish two ‘Jack Research Fellowships’ for advanced study in any field of science related to the discovery of new drugs.
- Robertson Trust – Endowed to provide for a Chair of Bioprocessing Technology.

The movements of these funds for the year were as follows:

	T B Hunter Charitable Trust £m	Sir David S Anderson Trust £m	Glaxo £m	Robertson Trust £m
At 1 August 2019	6.9	1.8	2.4	1.8
Investment income	0.2	-	0.1	-
Expenditure	(0.2)	-	(0.1)	-
Decrease in market value of investments	(0.6)	(0.1)	(0.3)	(0.1)
At 31 July 2020	6.3	1.7	2.1	1.7

	2020 £m	2019 £m
Analysis by asset:		
Current and non-current asset investments	28.8	30.1
Cash and cash equivalents	7.5	7.7
	36.3	37.8
Cash and cash equivalents comprise:		
Cash held at Investment Manager	2.2	3.0
Cash held at University	5.3	4.7
	7.5	7.7

20. Capital commitments

	2020 £m	2019 £m
Commitments contracted at 31 July	56.5	39.2

Of the above commitments £43.0 million (2019: £3.9 million) will be funded from external sources.

21. Reconciliation of net funds

	£m
Net funds at 1 August 2019	20.3
Movement in cash and cash equivalents	12.9
New unsecured loans	(23.5)
Repayments of amounts borrowed	5.6
Net funds at 31 July 2020	15.3

	At 1 August 2019 £m	Cash flow £m	Non-cash changes £m	At 31 July 2020 £m
Cash and cash equivalents	114.7	12.9	-	127.6
Loans due within one year	(5.1)	5.1	(6.5)	(6.5)
Loans due after more than one year	(89.3)	(23.0)	6.5	(105.8)
	20.3	(5.0)	-	15.3

22. Pension schemes

The University participates in three defined benefit schemes: the Universities Superannuation Scheme (USS), the Strathclyde Pension Fund (SPF) and the Scottish Teachers' Superannuation Scheme (STSS).

	Note	2020 £m	2019 £m
USS		26.0	21.2
SPF		7.6	7.4
STSS		0.1	0.1
	8	33.7	28.7

With the exception of SPF the University has, as permitted by FRS 102, accounted for these schemes as though they were defined contribution schemes and the costs recognised within the University's Statement of Comprehensive Income and Expenditure is equal to the contributions payable to the schemes in the year.

	2020 £m	2019 £m
Outstanding contributions at 31 July were:		
USS	2.3	2.0
SPF	0.4	0.3
	2.7	2.3

22. Pension schemes continued

Universities Superannuation Scheme

The employer contributions charged to the Statement of Comprehensive Income and Expenditure were £25.3 million (2019 £21.2 million).

The latest available full 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. A valuation as at 31 March 2020 is underway but not yet complete.

Since the University is unable to identify its share of the USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

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

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

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

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

Mortality base table	Pre-retirement:
	71% of AMCoo (duration 0) for males and 112% of AFCoo (duration 0) for females.
	Post retirement:
	97.6% of SAPS S1NMA "light" for males and 102.7% of RFVoo 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.

22. Pension schemes continued

The current life expectancies on retirement at age 65 are:

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

Details of the University's contractual obligation to make deficit payments in accordance with the deficit recovery plan are set out in Note 18.

Strathclyde Pension Fund

The University participates in the Strathclyde Pension Fund (SPF), a local government pension scheme, which provides benefits based on final pensionable salary for employees of local government and some other institutions including the University. The University believes that sufficiently robust information is available to enable each institution's share of the underlying assets and liabilities of the scheme to be identified on a consistent and reasonable basis and the scheme is accounted for as if it were a defined benefit scheme.

SPF is an externally funded, multi-employer, defined benefits scheme. The last full valuation was carried out at 31 March 2017 by a qualified independent actuary. The results below are based on rolling forward the previous valuation results to 31 July 2020.

22. Pension schemes continued

The major assumptions used by the actuary at the beginning and end of the financial year were as follows:

	2020	2019
Rate of increase of salaries (see Note a)	3.3%*	3.6%**
Rate of increase in pensions in payment (see Note b)	2.2%	2.4%
Discount rate	1.4%	2.1%

(a) * The salary increase assumption is 1.2% for the year to 31 July 2021, 2.8% for the year to 31 July 2022, 2.8% for the year to 31 July 2023 and 3.3% thereafter.

** The salary increase assumption is 3.2% for the year to 31 July 2020, 2.5% for the year to 31 July 2021, 2.7% for the year to 31 July 2022 and 3.6% thereafter.

(b) The rate of increase in pensions at 31 July 2020 is based on CPI.

The current mortality assumptions include a sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are as follows:

	2020	2019
Current Pensioners		
Males	20.7 years	20.7 years
Females	22.9 years	22.9 years
Future Pensioners		
Males	22.2 years	22.2 years
Females	24.6 years	24.6 years

The fair values of the University's share of the assets and liabilities in the scheme were measured in accordance with the requirements of Section 28 of FRS 102 'Employee benefits' and the expected rates of return were as follows.

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes.

22. Pension schemes continued

	2020 £m	2019 £m	2018 £m
Equities	143.7	152.6	140.8
Bonds	57.0	56.4	48.4
Property	25.1	23.5	24.2
Cash	2.3	2.3	6.5
	228.1	234.8	219.9
Weighted average expected rate of return	1.4%	2.1%	2.8%
		2020 £m	2019 £m
Analysis of the amount shown in the Balance Sheet for SPF defined benefit obligation			
Scheme assets		228.1	234.8
Less share of assets not recognised under FRS 102		-	(9.3)
Scheme liabilities		(249.8)	(225.5)
Deficit in the scheme – defined benefit obligations		(21.7)	-
Analysis of the amount included in operating expenditure			
Current service cost		7.0	5.2
Past service cost (including curtailments)		0.6	2.2
		7.6	7.4
Analysis of the amount charged to interest payable			
Interest cost		4.7	5.7
Expected return on assets		(4.7)	(5.7)
Net charge to interest and other finance costs		-	-

22. Pension schemes continued

	2020 £m	2019 £m
Analysis of Other Comprehensive Income for SPF pensions		
Actual return less expected return on scheme assets	(10.3)	11.0
Losses on scheme liabilities	(17.7)	(15.5)
plus movement in actuarial gain not recognised under FRS 102	9.3	7.8
Total (loss)/gain recognised via Statement of Comprehensive Income and Expenditure during year	(18.7)	3.3

	2020	2019
History of experience gains and losses		
Difference between the expected and actual returns on assets (£m)	(10.3)	11.0
Percentage of scheme assets	(4.5%)	4.7%
Losses on scheme liabilities (£m)	(17.7)	(15.5)
Percentage of scheme liabilities	(7.1%)	(6.9%)
Total amount recognised in Other Comprehensive Income (£m)	(18.7)	3.3
Percentage of scheme liabilities	(7.8%)	1.4%

The contribution rate payable by the University was 29.5% of pensionable salary (2019: 29.5%).

22. Pension schemes continued

	2020 £m	2019 £m
Movements in present value of defined benefit obligations		
Present value of obligations at 1 August	225.6	202.9
Current service cost (net of member contributions)	7.0	5.2
Past service cost (including curtailments)	0.6	2.2
Interest cost	4.7	5.7
Actuarial losses	17.7	15.5
Contributions by members	0.9	0.8
Estimated unfunded benefits paid	(0.1)	(0.1)
Benefits paid	(6.6)	(6.6)
At 31 July	249.8	225.6
	2020 £m	2019 £m
Movements in fair value of plan assets		
At 1 August	234.8	219.9
Expected return on plan assets	4.7	5.7
Actuarial (losses)/gains	(10.3)	11.0
Contributions by the employer	4.6	4.0
Contributions in respect of unfunded benefits	0.1	0.1
Contributions by members	0.9	0.8
Unfunded benefits paid	(0.1)	(0.1)
Benefits paid	(6.6)	(6.6)
At 31 July	228.1	234.8

The above movements in plan assets and liabilities result in a net liability of £21.7 million at 31 July 2020 (2019: net surplus of £9.3 million). In 2019, as outlined in the accounting policies, where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The University assessed the recoverability of the asset on this basis and determined that it was appropriate that the plan surplus in 2019 was not recognised in line with the requirements of FRS 102.

22. Pension schemes continued

McCloud Judgement

When the Local Government Pension Scheme (LGPS) benefit structure was reformed in 2015, transitional protections were applied to certain older members close to normal retirement age. Following legal proceedings argued in the McCloud and Sargeant cases, the Court of Appeal found that the transitional provisions introduced in the judges and firefighters' pension schemes in 2015 gave rise to unlawful age discrimination. The UK Government requested leave to appeal this finding but this was refused by the Supreme Court on 27 June 2019. The UK Government has formally accepted the Court's decision and, recognising the implications for all public sector pension schemes, is engaging with relevant representatives to agree how the discrimination will be remedied.

At the time of preparation of the 2019 financial statements, the Government Actuary's Department (GAD) had estimated that the impact of the McCloud/Sargeant rulings for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. The Strathclyde Pension Fund actuary adjusted GAD's estimate to better reflect the University's local assumptions, particularly employer level salary increases and fund level withdrawal rates. The University included an estimated cost of the impact of the McCloud judgement in the 2019 financial statements, resulting in the recognition of a past service cost for 2019 of £1.3 million.

Since the University initially accounted for the liability arising in the Strathclyde Pension Fund from the McCloud case, a consultation has been issued, which outlines a proposed approach to addressing the additional liabilities arising. This has resulted in a reduction of £0.8 million in the valuation estimate made by the actuary, which is included within the actuarial loss for the year.

These numbers are high level estimates based on a combination of Scheme and Fund level calculations and therefore depend on various key assumptions which may or not be borne out in practice. Further uncertainties affecting the final cost relate to the number of members who will ultimately be affected and the precise way in which they will be compensated.

Goodwin Judgement

On 30 June 2020, in a case brought by Mrs Linda Goodwin (the Claimant), the Employment Tribunal ruled that a widower or surviving male civil partner of the Claimant shall be entitled to the same pension as he would if he were a widow or surviving female civil partner of the Claimant. This ruling has implications for liabilities in other schemes, including the Strathclyde Pension Fund. It impacts the survivor pensions of female members with pre-1988 service who die after 2005. To date, there are no draft regulations or consultation on how to rectify impacted members. The actuaries have assessed the estimated cost of this judgement as a past service cost of £0.6 million, and this is reflected in the financial statements at 31 July 2020.

22. Pension schemes continued

Scottish Teachers' Superannuation Scheme

The Scottish Teachers' Superannuation Scheme (STSS) provides benefits based on final pensionable salary for Scottish teachers.

The scheme is administered by the Scottish Public Pensions Agency and is financed by contributions from employers and current members of the scheme. The contributions paid into the scheme fall into general government revenues. There is no actual fund of assets but an account is maintained of a notional fund made up of contributions paid by employers and members, supplemented by a return on the notional fund at a pre-determined rate and reduced by benefits as and when they are paid to retired and former members of the scheme.

The UK Government's Public Service Pensions Act requires that a valuation of STSS must be undertaken every four years to measure the costs of benefits being provided. The latest valuation of STSS under these new arrangements was carried out by the Government Actuary's Department on behalf of the Scottish Government based on scheme data as at 31 March 2016. The results of the valuation were used to set employer contribution rates from 1 September 2019 to 31 March 2023 inclusive.

The valuation showed total scheme liabilities for service to 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 level of contribution paid by employing institutions was 17.2% of members' salaries until 31 August 2019 and 23.0% thereafter (2019: 17.2%).

23. Financial instruments

	Note	2020 £m	2019 £m
Financial assets			
Measured at fair value through income and expenditure:			
Investments (fixed investments listed)	14	7.9	7.4
Investments (equities listed)	14	31.9	34.8
Investments (cash)	14	2.9	3.4
Measured at cost less impairment:			
Spin-out company investments	14	5.3	4.1
Measured at undiscounted amount receivable:			
Trade and other debtors	15	59.8	54.0
Financial liabilities			
Measured at undiscounted amount payable:			
Loans payable falling due within one year	16	6.5	5.1
Loans payable falling due after more than one year	17	105.8	89.3
Trade and other creditors	16	130.3	98.9

24. Related party transactions

Due to the nature of the University's operations and the composition of 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 usual procurement procedures.

The University makes certain payments on behalf of and is reimbursed for certain costs by the Students' Association (USSA). The University does not exercise day to day control over the activities of USSA. In 2020, the University provided USSA with rent free accommodation and contributed £1.6 million (2019: £1.6 million) as a grant towards its activities. The balance due to the University at 31 July was £103,000 (2019: £23,000 due from the University).

24. Related party transactions continued

In line with the Committee of University Chairs' guidance, 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. A register of interests is maintained for members of Court and reviewed by management in advance of preparing the financial statements for the year.

Management identified no related party transactions that it considered necessary to disclose here through its review.

Membership of spin-out companies and other associated companies was reviewed and there is no significant University representation in these companies. No material payments have been made to these companies.

25. HE bursaries and other student support funds

	2020 HE Childcare £m	2020 HE Discretionary £m	2020 total £m	2019 total £m
Allocation received in the year	0.5	1.1	1.6	1.4
Expenditure	(0.5)	(1.0)	(1.5)	(1.4)
Balance carried forward	-	0.1	0.1	-
Repayable as clawback	-	0.1	0.1	-

These grants are available solely for students. The University acts only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income and Expenditure.

26. Facility time publication

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers, including the University, to collate and publish a range of data on the amount and cost of Trade Union facility time within their organisation on an annual basis. The University's return for the period 1 April 2019 - 31 March 2020, which contains details of numbers of employees who were relevant union officials, the percentage of their working hours spent on facility time, percentage of paybill spent on facility time and paid trade union activities, is available on the webpage <https://www.strath.ac.uk/hr/facilitytimepublication/>.

27. Events after the reporting period

Since 31 July 2020, there have been many changes in the University's operating environment as a result of its response to Covid-19 developments. Whilst the University continues to monitor the financial impact of these changes, no adjusting post balance sheet events have been identified.



Court Membership 2019/20

Convener of Court

Dame S Bruce

Ex Officio

Principal and Vice-Chancellor
Professor Sir J McDonald

Vice-Principal Professor S MacGregor

Glasgow City Council

Councillor R Kelly

Senate

Mrs A Corrigan
Dr K Hamilton
Dr Neil McGarvey
Dr Katharine Mitchell
Ms G Pallis

President of the Students Association plus another Member of the Student Executive

Mr M Crilly

Ms K Burns

Co-opted by Court (Lay Members)

Dr J Beeton
Dr A Bethel
Dame S Bruce (Convener of Court)

Mr R Cleland (Senior Deputy Convener of Court and
Deputy Convener, Staff)

Ms A Culpin
Mrs P Galloway (Vice Convener of Court)

Ms G Hastings (Treasurer)

Mr S Ingledeu
Ms S Kelly
Mr M Roughead
Ms M Venman (Deputy Convener, Estates)

Ms B Wyllie
Mr P Young

Professional Services Staff

Mrs H Stenhouse

The following individuals were appointed as members of Court on 1 August 2020. They were not members of Court during the financial year to 31 July 2020 but were members of Court on the day the financial statements were approved: Ms V Beckett, Dr B Keating, Mrs L Brownlow, Mr A Eccles, Mr W McLachlan, Ms C Hillan

Note: further information on Court members, including attendance rates and a register of interests, is available on the Court webpage, <http://www.strath.ac.uk/whystrathclyde/universitycourt/>

Membership of Principal Committees of Court

Convener of Court Membership Group and Court Business Group,
Member of Remuneration Committee

Member of Estates Committee, Staff Committee, Court Membership Group,
Court Business Group, Enterprise & Investment Committee

Convener of Staff Committee and Estates Committee, Member of Court
Membership Group and Court Business Group

Member of Court Business Group
Member of Court Membership Group

Member of Court Business Group, Estates Committee and
Court Membership Group

Member of Estates Committee, Audit & Risk Committee

See above

Member of Staff Committee, Court Business Group, Court Membership Group
and Convener of Remuneration Committee

Member of Court Membership Group, Audit & Risk Committee
Member of Court Business Group, Court Membership Group and Convener of
Audit & Risk Committee
Member of Court Business Group, Court Membership Group, Enterprise &
Investment Committee, Estates Committee and Remuneration Committee

Member of Staff Committee
Member of Enterprise & Investment Committee
Member of Enterprise & Investment Committee and Staff Committee
Member of Estates Committee, Court Business Group, Court Membership Group
and Remuneration Committee
Member of Audit & Risk Committee
Member of Statutory Advisory Committee On Safety & Occupational Health



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