



ANNUAL REPORT AND FINANCIAL STATEMENTS

2020/21

**AMBITION
DELIVERED
TODAY**



CONTENTS

VISION, MISSION AND VALUES	04
06 Foreword from the Chair of the Board of Governors	
08 Introduction from the Vice-Chancellor & Chief Executive	
THE UNIVERSITY	10
10 The University	
13 Teesside University in Numbers	
STRATEGIC REVIEW	14
14 Learning, Teaching and Student Experience	
18 Research and Innovation	
22 Enterprise and Business Engagement	
26 International	
30 Resources and Business Management	
38 Financial Highlights and Chief Operating Officer Overview	
44 Teesside University Statement on Sustainability	
GOVERNANCE	46
46 Public Benefit Statement	
47 Board of Governors	
48 Statement of Corporate Governance and Internal Control	
54 Responsibilities of the Board of Governors	
56 Independent Auditor's Report to the Board of Governors of Teesside University	
FINANCIAL STATEMENTS	59
59 Statement of Accounting Policies	
63 Consolidated and University Statement of Comprehensive Income and Expenditure	
64 Consolidated and University Statement of Changes in Reserves	
66 Consolidated and University Statement of Financial Position	
67 Consolidated Statement of Cash Flows	
68 Notes to the Financial Statements	

VISION, MISSION AND VALUES

VISION

Teesside will be a leading university with an international reputation for academic excellence that provides an outstanding student and learning experience underpinned by research, enterprise and the professions.

MISSION

Teesside University generates and applies knowledge that contributes to the economic, social and cultural success of students, partners and the communities we serve. Through education enriched by research, innovation, and engagement with business and the professions, we transform lives and economies.

VALUES

THE UNIVERSITY HAS SEVEN CORE VALUES



Delivering
Excellence



Empowering
Individuals



Embracing
Diversity



Communicating
Openly



Fostering
Creativity



Committing to
Sustainability



Taking
Responsibility



Chair of the Board of Governors

FOREWORD

As we look back on another 12 months of unprecedented challenge, I am extremely heartened by the way Teesside University has continued to deliver, standing out as a beacon of resilience and innovation.

As we start to return to a more normal way of life, the University community can be congratulated on their response to this crisis.

As ever, Teesside University has endeavoured to ensure that its students received an outstanding student and learning experience. The award-winning Future Facing Learning initiative underpinned the rapid shift to online teaching delivery, ensuring a quality learning experience was maintained despite the restrictions of the pandemic. The speed and agility by which the University adapted to this uncertainty was remarkable.

The University has continued to demonstrate its critical role as an anchor institution for the region; a magnet for global investment, engine of the economy and catalyst for social mobility.

From the ground-breaking research and training delivered at the National Horizons Centre, to the creative activity driven through MIMA, the University has continued to make a real impact on people's lives in this region and beyond.

On behalf of the Board of Governors, I would like to give my thanks and support to all members of Team Teesside, who have taken an uncompromising approach to delivering the aims of the corporate strategy, during a year of global recovery.

Finally, I would like to express my gratitude to the outgoing Chair of the Board of Governors, Alastair MacColl, who stepped down from his role in August 2021, having served three consecutive terms in the position. Over the past fifteen years, Alastair has been instrumental in supporting the ambitious transformation of Teesside University and I would like to thank him for his encouragement and dedication.

As we look ahead to the next year with a renewed sense of optimism, I am confident that Teesside University is well placed to build upon its continued success and adapt to the challenges of the post-Covid-19 world.



The award-winning Future Facing Learning initiative underpinned the rapid shift to online teaching delivery ...

Paul Booth CBE

Chair of the Board of Governors



Teesside University has continued to deliver impact, secure student success and level-up opportunity.

Vice-Chancellor & Chief Executive

INTRODUCTION

This academic year has been one of challenge, with the global pandemic continuing to restrict our normal way of life and requiring significant resilience and ongoing innovation.

It is incredibly rewarding to have evidence of real progress towards the aims of our corporate strategy, Ambition Delivered Today. Teesside University has continued to deliver impact, secure student success and level-up opportunity. Our ambition remains undiminished.

This success has been possible due to the determination, commitment and spirit of our university community, who continue to embody our values and behaviours and put our students at the heart of everything we do. In particular, I must thank the outgoing Chair of the Board of Governors, Alastair MacColl, who has made a significant contribution to the success of Teesside University throughout fifteen years of dedicated service.

Digital empowerment and online learning have continued to be critical to the student and learning experience, due to the ongoing impact of the global pandemic.

This year, Teesside became the first University in Europe to secure accreditation as an Adobe Creative Campus, giving our students access to professional software to support their learning and further enhancing graduate employability.

Our research community continued to play a major role in tackling Covid-19, working in collaboration to generate applied knowledge on an international scale. From understanding the reasons for vaccine hesitancy, to determining the effectiveness of policing during the pandemic, our research has informed policy development that will make a difference.

Alongside this, our National Horizons Centre (NHC) has played a pivotal role in the development of a skilled vaccine manufacturing workforce. Selected as one of just three national training centres for advanced therapies, the NHC exemplifies partnership working and innovation at the interface of industry and academia.

Now, as the world begins its recovery from Covid-19, we are similarly poised to take a leading role in tackling other global challenges. Plans have been submitted this year for our new Net Zero Industry Innovation Centre, which will place Teesside at the forefront of the green economy and support the UK's carbon reduction ambition.

Global connections remain a priority and our internationalisation agenda has never been more important, as we seek to further grow our student numbers and embed our global outlook across the student experience.

This University is a catalyst for social mobility and economic growth, and we are pleased to be working closely to support the Government's commitment to deliver on this promise for our region. The development of HM Treasury North at Darlington gives a clear focus for our work to shape and influence national policy.

We continue to strive for excellence and celebrate our position as a university that catalyses social impact, acts as a magnet for global investment and is committed to providing an outstanding student and learning experience.

Professor Paul Croney

Vice-Chancellor & Chief Executive

THE UNIVERSITY

Teesside University is a dynamic and modern institution dedicated to delivering opportunities and providing a high-quality higher education learning environment, offering excellent courses taught by committed and passionate staff.

The University has taken a leading role in widening participation, delivering excellence in the teaching and student experience, applied research, working with industry and the professions, and driving economic, cultural and community growth.

This is a seminal time of development and transformation for Teesside University, building on the higher education heritage which began with the formation of Constantine Technical College in 1930 and saw the first students graduate in 1932 – more than 85 years ago.

Today, Teesside is a leading university with an international reputation for academic excellence.

It is also a member of the University Alliance, the established UK higher education mission group of universities committed to the UK's cities and regions.

The University has reaffirmed its commitment to the Tees Valley by pledging to put the economy and quality of life in the local community top of its list of priorities.



A **GLOBAL** HOME FOR ENTERPRISING AND
CONFIDENT LEARNERS, PROVIDING A
SPRINGBOARD TO THE **WIDER WORLD**





Teesside, as an educational institution, dates back to the period following the First World War. Joseph Constantine, a local shipping magnate, made a gift to the town to stimulate the establishment of a technical college, formally opened by the Prince of Wales in 1930, to support Middlesbrough's booming engineering and shipping industries.

By 1969, the college had become Britain's 13th polytechnic and by 1970, the student population had grown to 3,000. In 1989, the Polytechnic left local authority control to become a self-governing independent higher education institution – receiving university status in 1992. Since then, the University has continued to flourish with continual expansion of student numbers and diversification of teaching programmes.

Through the University's Campus Masterplan the University will continue to transform the University campus, ensuring it is high quality, smart and sustainable. Progress on implementation has been rapid and the significant progress is clear to see with a number of strategic developments already being delivered. These developments are producing a step change in the quality of the University campus and are focused on providing the very best facilities and an outstanding student and learning experience for our students. The University will continue to work in partnership with both students and staff to ensure Teesside University has a campus to rival any in the sector.

A new Net Zero Industry Innovation Centre is also in development, positioning Teesside firmly at the heart of the UK's green industrial revolution.

This will link to Teesside University's expertise in clean energy and sustainability, which has seen the launch of two new centres – the Circular Economy and Recycling Innovation Centre and the Industrial Decarbonisation and Hydrogen Innovation Centre, both set up in partnership with TWI Ltd.

This year has also seen the completion of the development of the Innovate Tees Valley University Enterprise Zone which has involved a major refurbishment of the Launchpad incubator facility housed in the Victoria Building. This is already proving popular, with a number of new innovative start-ups taking up residence.

Teesside remains an international university with a global network of partnerships which attract high calibre students and staff from across the world.

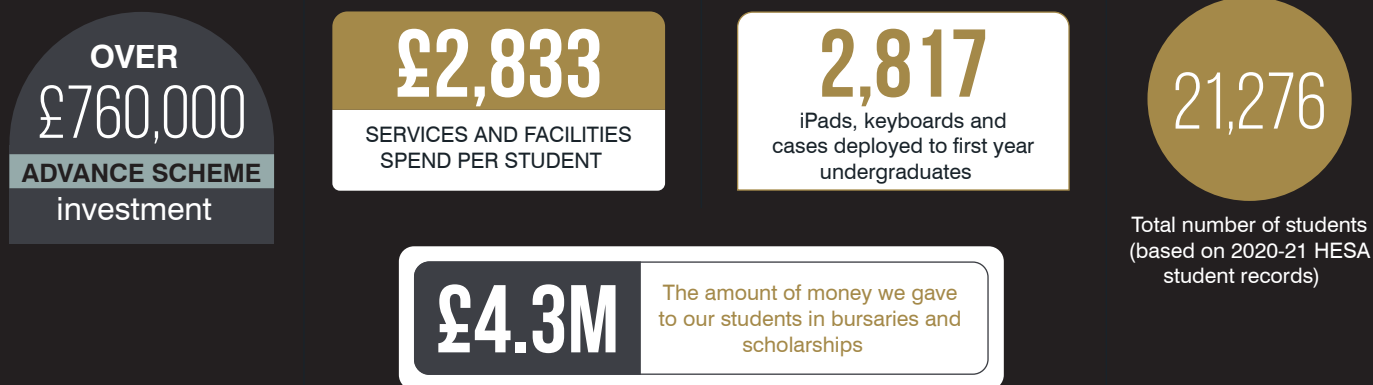
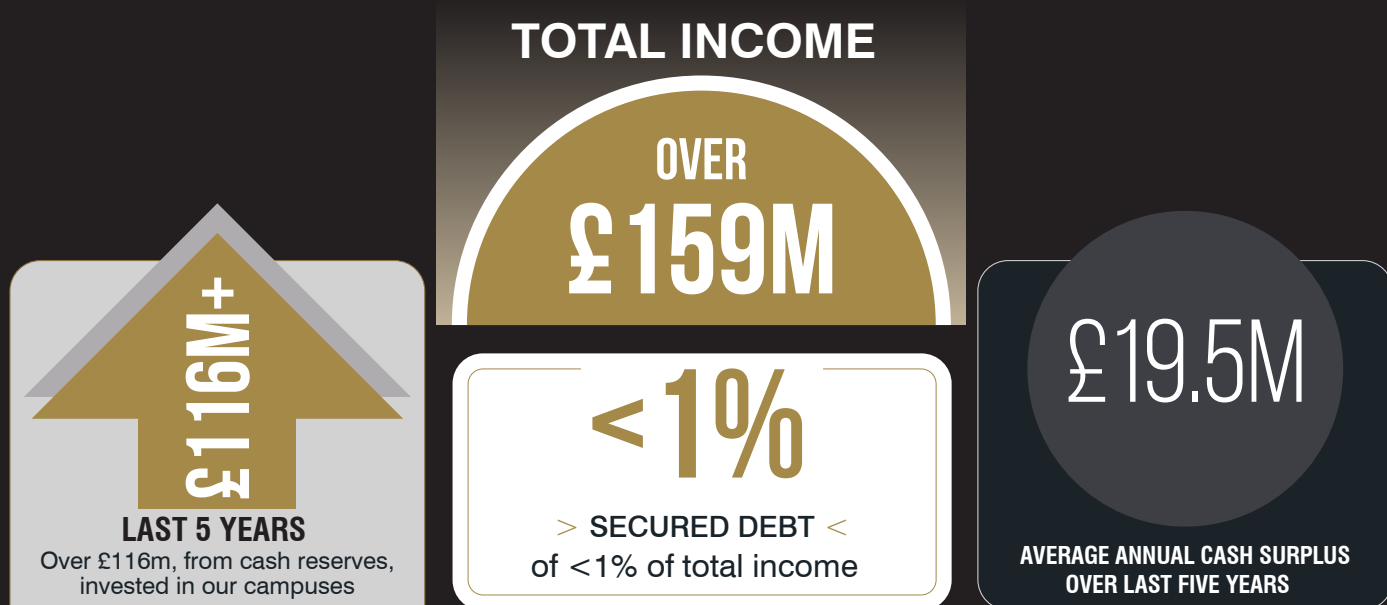
Our research, innovation and enterprise activity generates applied knowledge, helping the UK to build back better. We work closely with a range of global businesses and academic collaborators around three external societal grand challenges.

The University's ambition is global and through digitisation, international mobility and teaching excellence, Teesside University students and graduates continue to make a real difference, challenge the impossible and break through barriers.

Teesside University continues to demonstrate a commitment to transforming lives and economies and reinforces this through socially responsible actions, set out in the Teesside University Charter for Social Impact.



Teesside University in Numbers



STRATEGIC REVIEW

Learning, Teaching and Student Experience

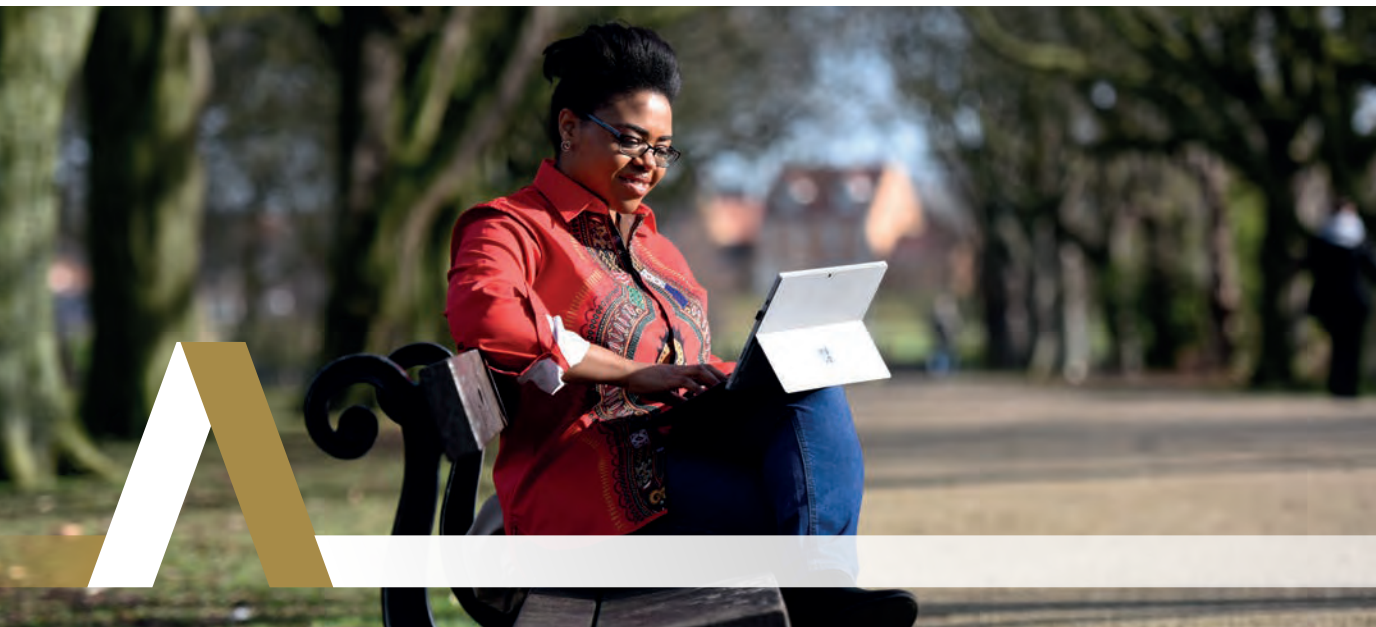
Following the release of the University's Corporate Strategy 2025: Ambition Delivered Today, the new Learning and Teaching Strategic Plan, sets out Teesside University's ambition to be the University of the Fourth Industrial Revolution, delivering innovative and impactful provision through Education 4.0.

Over the next five years, the portfolio will achieve this through:

- > **Empowering** connectivity in educational design, drawing upon the knowledge and skills of partners to drive the evolution of Future Facing Learning.
- > **Embedding** a sector leading institutional approach to student wellbeing, ensuring that every student is enabled to meet their potential.
- > **Delivering** an outstanding personalised learning experience, underpinned by a data-driven approach to enhancing student performance.
- > **Designing** a high performing curriculum portfolio aligned with the emerging trends of the Fourth Industrial Revolution.
- > **Developing** a best-in-class workforce equipped with the capabilities to deliver cutting-edge Education 4.0 learning experiences.

Putting students at the heart of everything Teesside University does has been a central tenet of the University's overarching mission to transform lives. Despite the disruption caused by the recent pandemic, the University's ambitious learning agenda has not diminished; the University will learn from the lockdown experience, taking forward innovative practices employed to develop new and interesting learning methods.

Teesside University encourages students to be the best they can be and strives to deliver an outstanding student and learning experience. Whilst the last year has been particularly challenging, the University celebrates its many achievements and continues to focus on providing students with the knowledge, skills and tools to thrive and succeed in a complex and ever-changing world.



Education 4.0

The award-winning Future-Facing Learning model remains the focal point of the learning experience and, over the last twelve months, has been further enhanced to embrace flexibility and innovation; underpinned by a range of cutting-edge digital technologies and global industry partners.

The University continues to lead the way in developing a best in class learning experience that encourages students to challenge expectations, push the boundaries and make a difference.

Teesside University has recently been announced as Europe's first Adobe Creative Campus, marking a significant step in the University's strategic aim to deliver innovative and impactful provision through Education 4.0. This new partnership will provide access to Adobe's industry-leading creative and design tools and digital learning resources.

Expansion of the TU Advance Scheme has provided funding for students to purchase mobile data and hot-spot devices enabling them to access their learning remotely. Working in partnership with a leading provider of resources to assist student study, students have been able to use their credit to purchase bespoke digital support, with Teesside the first higher education provider to use the credit allowance in this way. This inventive approach to digital learning has seen over 100 orders placed by TU students for additional digital data.

The realignment of the Student Learning & Academic Registry (SLAR) will support academics to enhance the student and learning experience through the use of new practical and digital tools; bespoke training and development and the promotion of collaborative working practices. The creation of the new Student Learning function will provide additional support for the student experience, with a particular emphasis on retention. In addition, a new Partnership Manager role will strengthen oversight of international partners for the remainder of the pandemic and beyond.

The SLAR Professional Development Framework for Teaching and Supporting Learning continues to support staff to enhance their skills and knowledge, with staff achieving Higher Education Academy fellowship status surpassing previous achievements, including 32 Fellows, four Principal Fellows, 14 Associate Fellows, and two Senior Fellows. These awards demonstrate national recognition for excellence in learning, teaching and the student experience. In addition, two staff members were recognised as National Teaching Fellows on the basis of their excellence in learning and teaching. The Sports Injury Clinic was the recipient of the University's first Collaborative Award for Teaching Excellence from Advance HE, recognising the contributions of a team of teaching and non-teaching staff in delivering an outstanding student experience.

The findings of a recently launched project will be used to evaluate the impact of alternative assessment methodologies and associated regulations introduced during the pandemic. The project, funded by the Quality Assurance Agency, and involving a number of University Alliance institutions, also seeks to identify characteristics of assessment design and regulation which contribute to improved student outcomes. Student researchers will be involved in this project which will ultimately develop a set of inclusive design attributes that can be used across the sector.





Digital Developments

Building upon our recently confirmed status as the first European higher education provider to become an Adobe Creative Campus, the University launched a series of live events for staff to enhance their digital skills. Further Creative Campus Live events will be delivered for University staff over the coming months, supported by Adobe. 119 staff and trainee teachers have secured initial certification as Adobe Creative Educators to date.

The inaugural training session for the Apple Teacher series took place at the end of June. The hands-on learning blocks complement the Apple Roundtable sessions and resources available to staff and helps to build confidence in using Apple devices to enhance learning and teaching methods.

Our new VLE, Blackboard Ultra, was implemented in September 2021. The recent launch of Ally, a new digital accessibility tool, allows students to use the same learning materials and derive the same learning benefits from them. Ally integrates with Blackboard to support the University to fulfil its responsibilities under new accessibility requirements for public sector websites; allows students to access learning materials in a variety of automatically created formats; and helps colleagues produce accessible learning materials, providing support to make improvements.

Sector Engagement

The Pro Vice-Chancellor (Learning & Teaching) has championed the University's leading position in the sector on digital learning through several external engagements over the last year, including speaking at the recent EdTech Summit on the future of learning and the importance of student wellbeing; undertaking the role of Chair of the University Alliance (UA) Teaching & Learning network to highlight the importance of the digital agenda in the enhancement of teaching provision and the development of key graduate skills; and contributing to a sector-wide review of digital teaching and learning.

Association with Adobe through the newly awarded Creative Campus accolade also saw the Pro Vice-Chancellor (Learning & Teaching) invited to speak at the prestigious invitation-only Adobe Max Conference, with a global audience of around half a million.

Staff within the Learning & Teaching portfolio also represent the University across a range of key areas; the University Academic Registrar was a featured speaker at the StREAM Conference in May this year. The event welcomed academics from across the sector to collaborate and share best practice in a bid to improve student engagement analytics to inform the discussion on enhancing the student experience; and a Teesside University academic was named among the winners of a Top 50 Women in Engineering: Engineering Heroes award by the Women's Engineering Society (WES).

The Teesside University College Partnership (TUCP) continues to deliver excellent results with the support of the University; the Education Training Collective (Etc.) Prince's Trust tutors at Stockton Riverside College and Redcar & Cleveland College received the 'FE Team of the Year' Award at the Pearson National Teaching Awards 2020, securing the gold prize in their category. These Awards are an annual celebration of exceptional teachers recognising the life changing impact they have on young people's lives. The awards attracted thousands of applications, which the judges shortlisted into 76 silver winners and ultimately resulted in just 14 gold winners.

Student Success

Students responded to the challenges of the pandemic with innovation and creativity. A student of MA Fine Art, launched a new initiative which enabled local artists to re-build their community by creating collaborative works together. There were 40 artists involved in the project from across Yorkshire and the Tees Valley, gaining support and funding from the Arts Council England Emergency Response Fund, and the University's own Microbiz Academy.

Creativity within the curriculum to enhance student success has been more important than ever during lockdown. Working with staff and partners, students discovered inventive ways of applying their skills and knowledge externally. One group of students from our BA (Hons) Comics and Graphic Novels course partnered with Streetwise Opera, an award-winning charity that works with people affected by homelessness, to create a graphic novel adaptation of their 'After Winter' production. Media and Communication students then designed and implemented a comprehensive public relations campaign to promote production.

A film by a team of graduates also won the animation category in the Royal Television Society North East & The Border Student Awards. The short, animated film entitled 'Otherwhere' was created by School of Computing, Engineering & Digital Technologies graduates and will now go on to the next stage of the national Royal Television Awards. This recognition consolidated our position as 15th in the Animation Career Review International Animation School Rankings 2021 and our excellent reputation for animation in the UK.

An Engineering graduate received this year's Tees Transporter Bridge Anniversary Award for demonstrating a high degree of innovation in their final year degree project. This is an excellent example of how our students are encouraged to apply innovative thinking to their work and the University's partnership working to promote positive student outcomes and STEM careers in the Tees Valley region.

Student and Library Services (SLS) celebrated the tenth anniversary of its Succeed@Tees workshops programme. The initiative helps students develop the skills they need to get the most from their studies and student experience. More than 1,000 students attend the workshops annually and they can also access a range of additional resources. The programme offers a blend of information, tips, and practical exercises.

Student Support and Wellbeing

The University's commitment to supporting its students to achieve the best possible outcomes remains paramount, with a number of additional measures implemented to help students adjust to returning to campus and to minimise any negative impact from the pandemic on the student experience.

The University's Mental Health & Wellbeing Strategy, launched last year, has allowed the University to be proactive in identifying and resolving student issues swiftly and efficiently. Enhanced counselling services allowed the University to offer consistent and continuous support to those in need. Work has now commenced on a review of the University's Student Charter, which recognises additional pressures from the pandemic fallout, and aligns it closer with the Wellbeing Strategy and Student Life Services.

The University's award-winning Student Life building has again been shortlisted for a RIBA North East Award. Six buildings in the region have been shortlisted, with the winner considered for a highly coveted RIBA National Award in recognition of their architectural excellence.

The University secured a total OfS hardship funding of £0.9m during Covid-19 which was used to support students in hardship as a result of the pandemic. The University was already offering support to those in University accommodation, but the additional allocation of £0.7m, announced in February 2021, provided funding to assist 1,168 students in private rental accommodation and 1,087 International students with a range of issues during the pandemic.

In addition to this financial support, the University also allocated additional resource to the University Hardship Fund, invested in an enhanced online financial and budgeting tool, and purchased food vouchers to ensure immediate support was available for students whenever they sought help.

During the 2020/21 winter break the University provided 142 essentials packs for students who remained on campus, plus 19 additional packs for those self-isolating. A newly established Wellbeing Responder Team responded to 170 separate requests; and 1,737 bookings were received for library space. A range of activities was also provided including a festive meal for 43 students and a broadcast of faith and reflection video content to an audience of 1,500 people.

Despite the extreme challenges of the last twelve months, students at Teesside have remained the priority as recognised by the achievement of two coveted second place rankings in the WhatUni Student Choice Awards for Enhanced Graduate Outcomes and Excellence in Digital Innovation.

Practical support structures for students have also been established to help them overcome the unique post-pandemic challenges they may face after graduation. Key initiatives include the Succeed@Tees series, a bespoke Covid-19 page for students, featuring the TU Lifestyle Clinic Magazine and Student Space, providing an opportunity for students to engage and support each other.

The benefits of this additional support were recognised in the International Student Barometer results, which placed the counselling service at Teesside University in first place nationally and second place globally.

Key successes in 2020/21

- > Teesside University announced as Europe's first Adobe Creative Campus.
- > Two second place rankings in WhatUni Student Choice Awards for Enhanced Graduate Outcomes and Excellence in Digital Innovation.
- > Counselling service secured first place nationally and second place globally, as recognised by the International Student Barometer. (<https://www.i-graduate.org/international-student-barometer>)
- > Ranked 15th in the Animation Career Review International Animation School Rankings 2021.
- > Civil Engineering course achieved 92.9% satisfaction rate and ranked 1st out of 60 universities. (NSS 2021)
- > The University's Health Studies course scored a 95% satisfaction rate and ranked 2nd out of 45 universities. (NSS 2021)

Research and Innovation

Following the release of the University's Corporate Strategy 2025: Ambition Delivered Today, the new Research and Innovation Strategic Plan sets out Teesside University's ambition to be an engaged university that fosters research and innovation to generate new knowledge that addresses regional, national and global challenges.

Over the next five years, the portfolio will achieve this through:

- > **Building** excellence in research and delivering innovation – generating and applying knowledge in disciplines and areas of distinction.
- > **Growing** a sustainable research base through generation and strategic investment of resources.
- > **Engaging and collaborating** with stakeholders in the creation, delivery, communication and impact of our research as a civic university.
- > **Integrating** our research and innovation with our learning, teaching, international, business engagement and knowledge exchange activities.
- > **Creating** a vibrant and diverse research culture where talent is nurtured, and success rewarded and celebrated.

The recent pandemic has highlighted the importance of the research and innovation agenda, and the University's contribution to the region in terms of impactful research and innovation activity. Key university assets, such as the National Horizons Centre (NHC), have played a significant role in the regional response to the pandemic and new facilities have been designed and launched that address regional and national priorities.

Promoting the University's culture of creativity and collaboration, we have worked with our students and partners to embrace innovation, increasing knowledge exchange and partnership activity for maximum impact, through new healthcare partnerships and research collaborations into early-stage cancer diagnosis, factors contributing to suicide, wind energy and artificial intelligence.

Covid Recovery Plan

The pandemic has had a significant impact on research activity across the sector. Over the last twelve months, several recovery actions have been implemented to mitigate the risk associated with this impact, including a blanket 3-month extension on Post Graduate Research (PGR) student stipends, use of UK Research and Innovation project extension funding to avoid disruption to research and allocation of university funding for vital live projects hosting online vivas.

The NHC continues to play a pivotal role in the regional and national recovery from the pandemic, through its partnership with FUJIFILM Diosynth Biotechnologies (FDB). Initially selected as one of only three centres to provide vital training to the future advanced therapies and vaccines workforce, the NHC is now preparing to develop the skills capacity of the region to fulfil demand for the millions of doses of the Covid vaccine that will be manufactured in the Tees Valley. The Centre has already developed bespoke biologics training for FDB and is exploring further ways in which it can support the organisation, and others, in the fight against Covid-19.

Other initiatives have been instrumental in addressing the challenges brought about by Covid-19. The University's Centre for Rehabilitation recently secured £1.6m funding to extend research into the use of virtual reality tools to manage the symptoms of Long-Covid. In conjunction with partners across Europe, the team will build on successful work to manage persistent pain and apply this to the symptoms of this emerging condition.

Mima School of Art and Design were also awarded funding to deliver a bespoke programme as part of a national drive, 'Celebrating Age' that explores the impact of Covid-19 during the 2021 winter months. The programme is delivered in partnership with Thirteen Housing, North Star Housing Group and Mima's long-term communities and groups.



REF 2021

To support the new research agenda of the University, eight research centres, including the interdisciplinary Centre for Culture and Creativity, have been established, which will facilitate the effective co-ordination of research activity. The new centres will enhance research governance, supporting the Research and Innovation Strategic Plan and contributing to future REF submissions.

The final submission for REF2021 was completed in March this year, with outcomes due for publication in April 2022. Overall, 240.1 FTE staff were returned under five units of assessment (UOAs) compared to the 87 FTE returned in the 2014 exercise representing just under 40% of the academic staff base.

In preparing the submission the University has increased staff with significant responsibility for Research by 175%, and has predicted a GPA of 2.81 based on expert external review which has, in turn, generated a research power estimate of 675.

Research Staff and Student Support

Despite the limitations on access to the campus and facilities, the University remained committed to its staff and students, applying a range of interventions to help support key research projects, such as adapting day-long viva voce examinations for PGR students to online assessments, conducting 45 remote PhD examinations throughout the pandemic and supporting PGR students through the swift approval of extension periods.

A new Academic Careers Framework and Progression Policy was implemented in January 2021, simplifying the application process for staff promotion to Senior Lecturer to support, reward and retain excellent early career staff.

The University is part of a new University Alliance Doctoral Training Alliance (DTA) for Future Societies programme aligned to the United Nation's Sustainable Development Goals (SDGs). The University has recruited a tranche of PhD students to start in October 2021 under the DTA themes of: societal challenges; citizen equality; and resource sustainability which align to its prioritisation of SDGs in Global Health and Wellbeing; Reduced Inequalities; Sustainable Cities and Communities; and Affordable and Clean Energy.

The University's commitment to the research community was demonstrated through the award of four prestigious Leverhulme Trust Fellowship awards, facilitating engagement in key projects addressing global challenges. A bid for a Visiting Professorship from the University of Wollongong in Australia was also successful, allowing the University to welcome a leading international authority in the field of advanced manufacturing.

Research Excellence

Staff at the University continue their vital work on regional, national and global challenges through the research and innovation agenda, securing impressive bids for projects that align to the University's strategic ambition. Awards over the last twelve months include over £1m from the National Institute for Health Research to help reduce falls for people with Chronic Obstructive Pulmonary Disease (COPD); £100,000 seed funding to develop a public art project highlighting issues around climate change and social injustice; and two awards worth over £0.5m through UKRI's Industrial Strategy Challenge Fund to look at decarbonisation of industrial clusters.

The pandemic has highlighted the importance of collaborative working, particularly as the country strives to recover from the economic impact of Covid-19. New government agendas identified through the Innovation Strategy and the Levelling Up agenda promote collective bids for new funding streams, so identifying opportunities for university and industry collaborations have been a priority.

The University, alongside experts from Durham University and the London School of Hygiene & Tropical Medicine, received funding from the National Institute for Health Research to conduct an independent evaluation of a pioneering heroin treatment programme. The pilot, licensed by the Home Office, has attracted interest from other local authorities, police forces and health agencies eager to find a solution to the problem of street heroin which is prevalent across the UK and a particular issue for the Tees Valley region.

The University is also part of a £28.5m programme, Driving the Electric Revolution Industrialisation Centres (DER-IC) to enable a competitive electrification supply chain to be built across a variety of sectors, including industrial, transport and energy. The project brings together a UK-wide network of more than 30 academic, research and technology organisations.

Regional collaboration has always been a fundamental part of the University's work as an anchor institution and links with the regional Health Trusts are central to this. Our commitment to the local health agenda has been further consolidated through a new partnership agreement with South Tees Hospitals NHS Foundation Trust which will enhance opportunities for research, innovation and education in healthcare.

The partnership will cover a broad range of areas, from identifying opportunities for collaborative research, to staff development and complements the work the University already carries out with the Trust on the Tees Healthcare Innovation Partnership (T-HIP), linked to the Healthcare Innovation Centre (HIC) with TWI Ltd.

Working to deliver innovative solutions to global challenges, the University completed a high profile research project to enhance social housing design in partnership with local social housing provider, Thirteen Group. This was delivered during lockdown and attracted local and national architects, energy catapult and social housing tenants as participants. The project was also used by UKRI and the Industrial Strategy to showcase the excellent work that our research team delivered. Whilst a new partnership between Teesside University and innovative environmental start-up, Stuff4life will focus on developing a circular economy and removing plastics from the environment.

Teesside University researchers have also been involved in ground-breaking projects with far-reaching impact. A team of Teesside University researchers have discovered how artificial intelligence can extend the life of batteries used in electric cars; and a separate project using artificial intelligence to predict the growth rate of living organisms, which could have major implication in the fields of medicine and pharmacology, has been published in The Proceedings of the National Academy of Sciences (PNAS), and the official journal of the National Academy of Sciences (NAS).

Shaping Policy

The University's new policy think tank, PACE was launched last year as a vehicle to help drive national policy, with the University already making a positive contribution in shaping policy at an international level, working with the UN to help eradicate forced labour, modern slavery human trafficking and child labour. The Delta 8.7 Policy Guides have now been published by the UN University Centre for Policy Research and will be used to help policy makers understand effective measures to end modern slavery.

A team of university researchers also secured funding to develop policy and practice guidelines for England in relation to self-harm and suicide and the role of external factors in this. The project was funded as part of the National Institute of Health Research (NIHR) Applied Research Collaboration (ARC) for the North East and North Cumbria (NENC)'s Open Funding Competition for 2020. 30 other research projects were also selected, including a further four University projects. The money will be used to spearhead an 18-month intensive research project, in collaboration with regional public health teams, practitioners, Children North-East and Public Health England.

Strategic Developments

The newly launched Research and Innovation Strategic Plan highlights the importance of aligning University activity to key regional and national priorities. Through a series of strategic partnerships, and key university vehicles including the Campus Masterplan and the NHC, the University continues to expand its footprint across the Tees Valley, generating a positive social and economic impact for the local community and business network.

The partnership between the University and TWI Ltd that began with the establishment of the HIC, was extended and strengthened this year following the launch of two further collaborative innovation partnerships: the Circular Economy and Recycling Centre (CERIC) and the Industrial Decarbonisation and Hydrogen Innovation Centre (IDHIC).

The University continues to support the development of the nation's first National Hydrogen Transport Centre on Teesside. The centre will lead research, development and testing of new hydrogen transport technologies and will complement the new Tees Valley Net Zero Industry Innovation Centre, creating a national hub for hydrogen research and development. A strong hydrogen economy could add up to £7bn to the region's economy from now until 2050, creating thousands of jobs. The UK's first Hydrogen Transport Centre would sit alongside plans to build the world's biggest hydrogen refuelling station in the region.

In line with the Government's aspiration to power all UK housing stock through wind energy by 2030, the University has launched a pioneering joint project with County Durham-based energy software specialist, Quorum that speaks directly to this national ambition. This innovative project demonstrates how the University's world-leading expertise in sustainable engineering and informatics can enhance local business and support the region to take a leading role in the drive towards Net Zero.

Progress on the Net Zero Industry Innovation Hub continues at pace. The announcement of the industry-led Net Zero Industry Innovation Hub, launched by the University in partnership with Tees Valley Combined Authority, was well received by the region with the Centre hailed for 'placing the Tees Valley firmly at the heart of the UK's green industrial revolution'. Around 40 specialist staff from the University will work from the new hub on research and innovation collaboration.

Aligned to the regional health agenda, the University has formed a strategic partnership with the Durham Tees Valley Research Alliance (DTVRA) to explore collaborative projects that will deliver real impact in healthcare. The DTVRA is the first of its kind in the country bringing together the research departments from regional Trusts to increase the opportunities for patients to access cutting edge treatments and procedures from participation in research.

Representatives from the NHC and Shonan Health Innovation Park are to develop their shared goals of delivering innovation in bioscience. The collaboration will focus on bespoke training and development opportunities; identification of research challenges and knowledge exchange; and academic seminars and networking between the two organisations. This builds upon the Northern Bio-accelerator Partnership between the NHC, CPI and FDB; working to create a North East bioprocessing, biomanufacturing and biopharmaceutical hub and will position the region as a centre of innovation.



Key successes in 2020/21

- > £1.6m awarded for a Covid-19 study to measure the impact of the use of Virtual Reality tools to treat Long-Covid.
- > MIMA project team secured £100,000 seed funding to develop a public art project highlighting issues around climate change and social injustice as part of Festival UK 2022.
- > 40% of academic staff confirmed as being returned to REF2021 under five units of assessment.
- > Increased staff with significant responsibility for research by 175%.
- > Launch of strategic partnership with the Durham Tees Valley Research Alliance (DTVRA) to deliver real impact in healthcare.
- > Four new Leverhulme Trust fellowship awards.
- > Launch of University Policy think-tank, PACE.

Enterprise and Business Engagement

Following the release of the University's Corporate Strategy 2025: Ambition Delivered Today, the new Enterprise and Business Engagement Strategic Plan sets out Teesside University's ambition to be an internationally recognised and engaged University delivering enterprise, innovation and impact.

Over the next five years, the portfolio will achieve this through:

- > **Acting as a catalyst** for business productivity and growth, engaging nationally and globally in sectors aligned to our academic strengths.
- > **Playing a lead role**, as a civic university, in the regeneration of the local economy, enhanced and supported by widespread public engagement.
- > **Strengthening** graduate employability through enterprise and business engagement.
- > **Driving** the development of our region's entrepreneurial ecosystem through a step-change in graduate start-up and scale-ups.
- > **Building** staff capacity and capability, ensuring a high-performing business-engaged culture.

The contribution of the University to the economic and social development of the Tees Valley has never been more critical than now, and this vital anchor role is at the core of the Enterprise and Business Engagement Strategic Plan for the next five years. Consolidating this role will support successful regeneration of the region, enhanced business performance and graduate outcomes.

The University is committed to working with stakeholders and businesses to build upon regional strengths for the benefit of the whole community. We continue to address regional and national priorities through collaborative research and enterprise activity, skills development and supporting the workforce of the next generation.



Knowledge Exchange

Over the last year, knowledge exchange activity at the University has been driven through a detailed action plan aligned to the work of the Knowledge Exchange Concordat (KE-C), to identify and measure knowledge exchange activity as part of the wider UK Knowledge Exchange Framework (KEF).

The results from the first KEF exercise were published earlier this year, placing Teesside University in the top 10% of all higher education providers in England for our work to grow skills, enterprise and entrepreneurship, evidencing the University's commitment to making a positive contribution to the regional skills agenda. The University was also ranked in the top 20% for promoting local growth and regeneration, and for working in partnership with business.

In June, the University launched the new Industrial Digitalisation Technology Centre (IDTC). The Centre showcases the power of Industry 4.0 for businesses in all sectors and helps SMEs to de-risk their investments by working with them on the innovation and technologies that are right for their business. It will play a significant role in supporting knowledge exchange and digitalisation across the region.

The University's DigitalCity programme, which supports digital growth and transformation across the Tees Valley, showcased the extent of its pandemic support for businesses in a YouTube video.

The University's Innovate Tees Valley programme, helping SMEs to exploit the opportunities of the knowledge economy, was shortlisted in the Knowledge Exchange/Transfer Initiative of the Year category for the Times Higher Education Awards in November 2020.

The integral role of the National Horizons Centre (NHC) as a key strategic vehicle to help promote knowledge exchange and research has been recognised by external partners through their endorsement of a new five-year NHC vision that will promote this work, while also providing a rich pipeline of graduate talent to the life sciences sector.

Further evidence of the impact of the NHC across the sector is the recent collaboration with CPI and FUJIFILM Diosynth Biotechnologies to establish a bioprocessing, biomanufacturing and biopharmaceutical hub that will position the North East as a centre of innovation, attracting investment, enhanced education and workforce development.

Earlier this year, the University announced the launch of a subsidiary company to drive the growth of commercial activity. TU Enterprise and Innovation Limited (TUEI) will enhance commercialisation activity, realising new income for the University from its intellectual and physical assets, showcasing our enterprise and innovation, and providing new opportunities for students and staff.



Anchor Institution Contribution

Partnership working and innovation are central to the role of the University as an anchor institution for the region. Our work with key stakeholders such as Tees Valley Combined Authority (TVCA), large regional employers and SMEs, to galvanise economic productivity across the Tees Valley, helps shape regional decision-making and contributes to national policy development.

Over the last twelve months, the University has played a significant role in the post-pandemic recovery of the Tees Valley, working with key partners to promote economic regeneration. Teesside University International Business School, in collaboration with TVCA, launched a £3m programme to help small and medium-sized businesses grow and thrive in the aftermath of the pandemic. The Skills for Growth programme supports businesses to boost productivity and ensure skills gaps are addressed through education and training.

In response to the Government's newly defined agenda to Build Back Better, the University released 'Building Back Together', outlining how businesses can be supported through innovation, skills, talent and expertise to develop the right course for their future growth.

New partnerships with Thirteen Group and Open North Foundation have helped develop innovative solutions to current challenges; and a project with BMI Healthcare has helped address skills shortages, create career progression pathways for staff and improve apprenticeships and professional development opportunities.

In support of its economic growth role, by 2020/21 the University had secured over £25m of EU Structural and Investment Funds (ESIF) through the 2014-2020 programme, with another £32m of funding leveraged in from other sources, supporting over 1,000 SMEs in the Tees Valley.

The University intensified its work to raise the aspirations of young girls, following research that confirmed this as a key challenge for the region. International Women's Day was celebrated earlier in the year on a virtual basis, featuring inspirational personal stories, discussion and ideas to kindle ambition in the next generation. Building on the success of this event, an exciting new movement was launched: the high-profile Power of Women campaign aims to transform the lives of girls and young women in the Tees Valley.

The tireless work of the late Pro Vice-Chancellor, Professor Jane Turner OBE, in improving the lives of people in the region through empowerment, positivity and collaboration, has inspired colleagues and local business leaders. Her passion and impact were recognised through a Lifelong Inspiration Award at the Tees Businesswomen Awards 2020, after which she was placed first in the Tees Region's 30 Most Inspiring Business Leaders 2021 - the first female winner of the award and the top-ranked female for a third successive year. Her legacy will live on through the work the University continues to carry out in her memory.

Student Futures

The University's 'Find Your Future' initiative continues to support the 2020 and 2021 graduate cohorts; securing over 100 internships and 25 12-month placements, and advertising over 850 job and placement opportunities through the Student Futures portal.

Despite the constraints of the pandemic, the University has continued to deliver a full programme of employability support and activities for students, including hosting major events virtually, such as Animex, International Women's Day and Apprenticeships Week. Collaborative projects have also been delivered online, including a STEM event with Fujitsu; Looking after Your Mental Health at Work with MIND; Behind the Scenes with the BBC; and an NHS/Healthcare conference.

The University's innovative employability support during the pandemic was rewarded by a second-place achievement in this year's Whatuni Student Choice awards for Enhanced Graduate Outcomes.

The positive impact of student volunteers was also recognised, by an award to Volun-tees from Middlesbrough and Stockton Mind, for its work in promoting roles with the charity during the pandemic.

Enterprise and Entrepreneurship

The extensive refurbishment of Teesside Launchpad as part of the creation of the Innovate Tees Valley University Enterprise Zone on campus is now complete, boasting exciting new facilities, features and programmes designed to kick-start new business creation and growth. Alongside start-up units, these include a games accelerator, supporting 6 teams of recent graduates, a social impact bakery and co-working space for new and established businesses. The focus on the UEZ reflects the University's ambition to be a catalyst for regional economic growth and underlines recent research showing Middlesbrough to be the 3rd best place in the UK for start-ups.

Global Enterprise Week took place virtually in November 2020, offering enterprise, employability and entrepreneurship opportunities to colleagues and students, to support their personal and professional development. There was also a mixture of live and pre-recorded content, with sessions delivered by our partners at Google.

The University was shortlisted for the Times Higher Outstanding Entrepreneurial University Award in November 2020, reflecting our mission and role in the Tees Valley, and the dynamic environment our campus provides for pre-starts, start-ups and students. Its recent enterprise work, geared to delivering positive and creative opportunities in the midst of the pandemic, has resulted in a shortlisting for the same award in 2021.

Skills

The University's ongoing work with TVCA and other partners continues to address regional skills shortages and enhance skills provision aligned to priority areas, such as Digital and STEM. Digital Skills for Growth online taster sessions and courses were rolled out across County Durham and complementary sessions were created to help companies learn more about Microsoft TEAMS, iPhone Shortcuts and Google Toolkit. Through partnership with the Digital Catapult, the University was successful in securing a contract to deliver digital skills bootcamps, providing the opportunity to build up sector-specific skills and fast-track to employment interviews.

Leveraging key university assets to enhance the profile of STEM amongst young people is a priority in addressing the national skills agenda. Researchers and academics from the NHC recently worked with local schoolchildren to showcase the cutting-edge work being carried out by the centre in the field of bioprocessing; and the School of Computing, Engineering & Design Technologies hosted a virtual event for around 200 young girls from schools in the region in a bid to encourage more females to study computing-related courses.

The NHC also secured a £1m contract as part of the national Advanced Therapies Skills Training Network (ATSTN), to develop and deliver training for Advanced Therapy Medicinal Products and vaccine manufacture as a recognised National Centre.

In recognition of the successful Foundation Degree Science Nursing Associate apprenticeship, the University received the Nursing Associate Training Programme Provider of the Year prize at this year's Student Nursing Times Awards. Judges praised the University's commitment to partnership working and the inclusion of all health care sectors. This follows our 'Outstanding' Ofsted level 5 apprenticeship provision rating, across all inspection areas – from leadership and management, to learning outcomes.

Apprenticeships now form a substantial part of the University's overall offer, with total apprenticeship numbers exceeding 1,000 across 25 courses.

Key successes in 2020/21

- > Top 10% of HE Providers (HEPs) in England for work to grow skills, enterprise and entrepreneurship (KEF).
- > Top 20% of HEPs in England for promoting local growth and working in partnership with business (KEF).
- > Opening of the refurbished Launchpad with the launch of six games, accelerator teams and hosting of the social impact bakery.
- > Grant and tender awards totalling £11.8m in 2020/21; total ESIF awards to date of £25m (2014 – 2020 programme).
- > Shortlisted for both Outstanding Entrepreneurial University Award and Knowledge Exchange Award (*Times Higher Education*).
- > Over 1,000 apprentices on University programmes.
- > Over 850 job and placement opportunities advertised to graduates.
- > Over 100 internships and 25 12-month placements secured.
- > Runner-up, Enhanced Graduate Outcomes (WhatUni Student Choice Awards 2021).



International

Following the release of the University's Corporate Strategy 2025: Ambition Delivered Today, the new International Strategic Plan, sets out Teesside University's ambition to be a global institution that provides an excellent international experience through partnerships and networks across the world.

Over the next five years, the portfolio will achieve this through:

- > **Diversifying** and enriching the University by recruiting students and staff from across the world.
- > **Developing** mutually beneficial strategic transnational education partnerships.
- > **Encouraging** our students to become global citizens by creating international opportunities throughout their University experience.
- > **Supporting** and enhancing all aspects of student life, maintaining consistently high levels of international student satisfaction and achievement.
- > **Facilitating** international research and knowledge exchange.

International development at Teesside University has been significantly impacted over the last year as a result of the Covid-19 pandemic. Restrictions on travel and events changed the shape of the on-campus experience for international students and halted global mobility opportunities. However, plans to enhance the learning experience through a blended delivery approach have been accelerated; and global partnership working has welcomed innovative solutions to shared challenges.





International Student Recruitment

Attracting students from across the world contributes to the globalisation agenda at Teesside University, enriching the student experience for all learners. For the academic year 2020/21, the University welcomed over 3,000 international students – a significant achievement given current global challenges linked to the pandemic and the UK's exit from the European Union.

Testament to the University's commitment to enhance the global brand and appeal to more students across the world, an unprecedented number of applications have already been recorded for 2021/22.

The diversification of global markets is a central theme of the International Strategic Plan in order to achieve manageable growth and avoid over-reliance on limited markets. The University saw an increase in students from several markets over the last twelve months, including India, Pakistan and the African region through exacting a range of market interventions, including the establishment of a solid presence in target areas, a student portal, that has attracted over 1,200 users to date, and a range of online activity led by the international portfolio team.

In order to support international students through a particularly challenging year, the University introduced pre-departure webinars, virtual induction programmes and Q&A sessions. International portfolio staff across the University also remained in close contact with students, agents and partners to relay key information and developments.

The University's new partnership with Study Group, a leading provider of international education, was announced in July 2021. This agreement provides university preparation programmes for international students to access degree-level courses. The partnership will focus primarily on recruitment to undergraduate level, helping to diversify the international student body at the University.

A high-profile virtual launch of the University's Pakistan Office took place earlier this year. This new office will support and accelerate direct recruitment to the UK from Pakistan, Saudi Arabia, United Arab Emirates, Oman, Iran and Bahrain. The Pro Vice-Chancellor (International) delivered a virtual address to celebrate its launch.

Scholarships

The University has been successful in expanding its Scholarships portfolio over the last twelve months, with the introduction of new routes and consolidation of the Vice-Chancellor's Scholarship Award, launched in 2019, as a means to improve global access to a UK education and increasing market reach.

A fruitful bidding process added the British Council Women in STEM scholarships to the University's offer, supporting nine scholars from Bangladesh, Pakistan, Sri Lanka, India and Afghanistan to study Electrical Power and Energy systems or Environmental Management with an overall value of just under £315,000, the highest awarded amount in the sector for this initiative.

The University also participated in a sector-wide webinar showcasing the GREAT Scholarships offered in partnership with the British Council. Six £10,000 scholarships were offered to applicants from key geographical areas in a bid to increase access for applicants from these locations. The University has had much success working with the British Council on delivery of these scholarships for underrepresented groups, with a Teesside student's story featuring on the StudyUK site.

The first evaluation of students on the Vice-Chancellor Scholarship scheme was completed last year, showing excellent results for the first graduating cohort. Four out of seven of the first intake have successfully graduated with strong degree classifications, with others yet to complete.

TU Global Mobility

Whilst physical mobility opportunities have been limited over the last twelve months, the recruitment of a new Mobility Co-ordinator to oversee activity across the University has ensured the University is well prepared to implement a new mobility strategy at the earliest opportunity.

Throughout the pandemic, staff across the University have developed creative alternatives allowing students and staff to participate in global experiences, such as virtual internships, online industry projects, and developing international networks.

In January 2021 the Teesside University International Business School and the School of Health & Life Sciences co-funded a virtual internship programme, which offered students a 12-week placement, working on projects for the Fijian government, NGOs, social enterprises and charities. This provided students with the opportunity to embrace a new culture and apply their skills globally during the pandemic. The project's success has seen it added to the post-Covid mobility offer.

This model has also been adapted by other Schools, with the development of virtual mobility programmes with partners in China and the Czech Republic. Following the UK's departure from the EU's flagship mobility programme, Erasmus+ last year, the Government confirmed the replacement Turing scheme. Whilst Erasmus participation at Teesside has previously been at a relatively low level, a new funding bid secured £35,000 to support the University's international mobility.

Partnership Working

Collaborative working has been a vital component of maximising partnership experiences throughout the pandemic and this approach will continue across all Schools. Working with partners across the globe enhances the learning experience for all our students, adding a new dimension to projects and group work.

In collaboration with students and staff from Prague College and SRM University in India, students from the Teesside University International Business School developed the International Business Challenge – a transnational challenge where students collaborate in international, multidisciplinary teams to create entrepreneurial approaches to address the needs of under-resourced communities. The School is relaunching the initiative in September, expanding the initiative to involve more partner institutions. Masters students from Prague College involved in the design and delivery of the project have now joined the organisational team as mentors for the project going forward.

Trans-national education activity unsurprisingly experienced a downturn in all areas due to the pandemic, which was reflected in the annual income generation. However, the University has continued to support its global networks, particularly those in the worst affected areas, such as Southern Asia and Sub-Saharan Africa, working collaboratively to develop innovative solutions to protect the student experience.

Despite these challenges and additional global crises, such as in Myanmar and Afghanistan, Schools continue to expand their global networks, with new partner arrangements in Japan, Germany and India.

Throughout the lockdown we continue to support our global partners in the delivery of outstanding provision. The Pro Vice-Chancellor (International) opened a virtual Forensic Imaging Symposium in April, delivered in partnership with Universiti Teknologi Mara in Malaysia, with speakers from both institutions.

Global Engagement

Last year, the University was approved as a new member of the Association for Commonwealth Universities (ACU), an international organisation that brings universities together from around the world to 'advance knowledge, promote understanding, broaden minds, and improve lives'. The group serves over 500 member universities in 50 countries across the Commonwealth, and boasts a network of 10 million students and over one million academic and professional staff.

International staff continue to represent the University, engaging in key sector discussions and events, including contributions to the Higher Education Admissions Conference 2021 and PIE (Professionals in International Education) Live events to discuss international education issues; international think tanks; delivering guest lectures at universities in Singapore and India; and membership of sector task and finish groups around TNE projects.

International Student Success and Satisfaction

Students remain at the heart of everything we do at Teesside University, and they are encouraged to become global citizens, prepared to push boundaries and make a positive impact to society. Throughout the learning experience, students are provided with opportunities to engage in problem-solving at a global level, producing impressive results, including developing educational materials to support teachers in North India; upcycling textiles to promote sustainable fashion; and addressing grain storage issues for farmers in India.

International students at Teesside University continue to achieve strong outcomes and report high levels of satisfaction as demonstrated by last year's International Student Barometer confirming that over 95% of Teesside University's international students were satisfied with the support they have received over the last year.

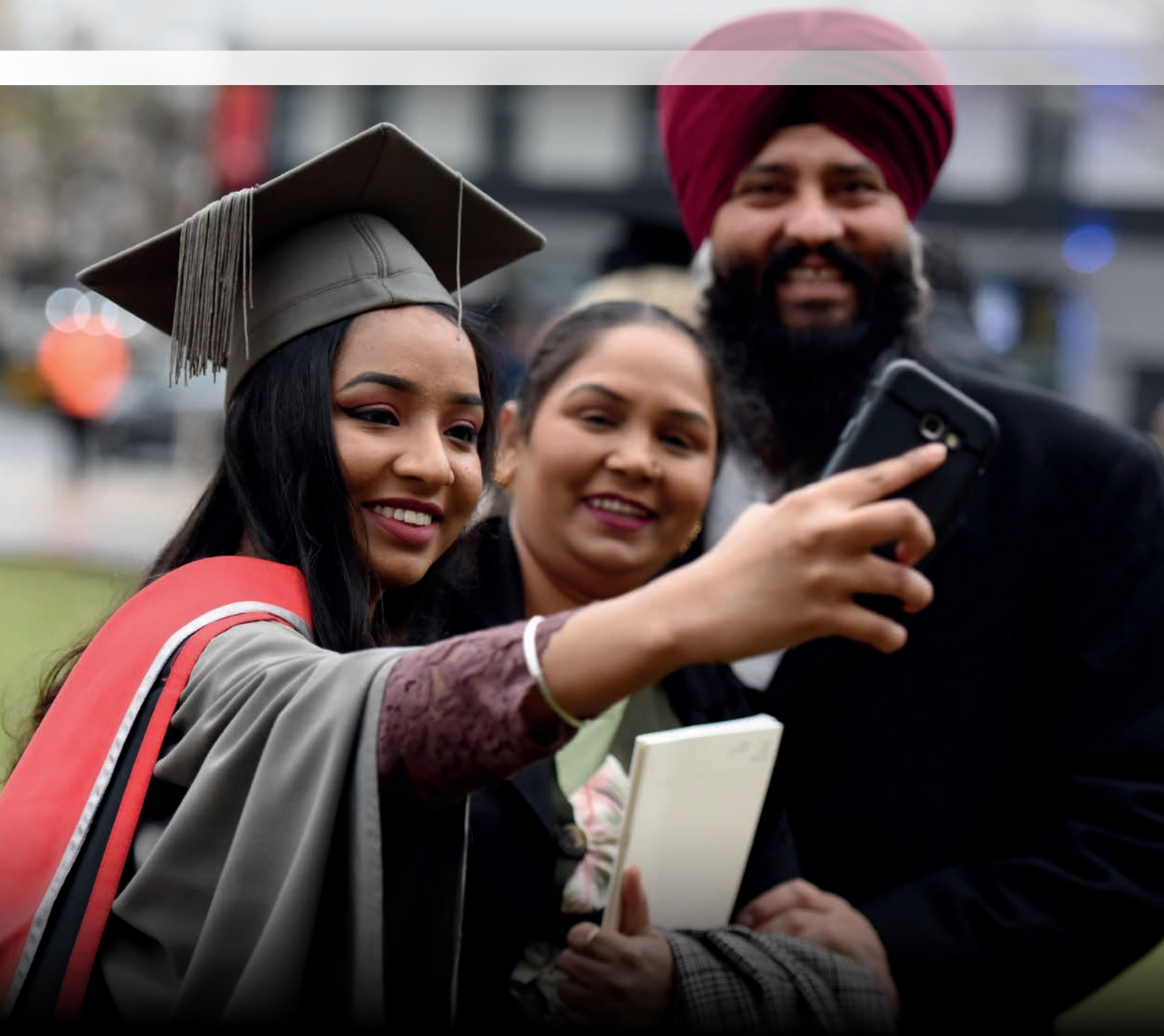
780 Teesside University students completed the survey¹ this year, which included a new section specific to the impact of Covid-19 on the student experience. The results showed a 95.8% satisfaction rate for support. The satisfaction rate for IT support specifically was 97.3% and 93.5% of those who completed the survey were satisfied with the learning technology available at Teesside University.

Despite participation rates across the world being lower than usual, this high level of student satisfaction is a significant achievement against the current pandemic backdrop.

¹ Based on the views of 780 Teesside students within a global survey response of 179,950 students. More info at www.i-graduate.org/about-us/clients. Verification data on request, email info@i-graduate.org

Key successes in 2020/21

- > Ranked number one in the UK for international student satisfaction.
- > Launch of Pakistan Office.
- > New partnership with Study Group to enhance TU global offer.
- > More than 100,000 active alumni from over 100 countries.
- > New courses launched with MDIS and Amity Singapore.





Resources and Business Management

The 2021 Resources and Business Management Plans and Activities have been effectively and efficiently delivered during the year by the Services within the Chief Operating Officer Portfolio and all Portfolio KPIs have been achieved.

The strategic aims of the Resources and Business Management (RBM) Strategy 2025 are to:

- > **ensure** the financial resilience, sustainability and investment capability of the University
- > **deliver and sustain** a future facing workforce
- > **grow** student numbers and revenue and enhance the Teesside University brand
- > **continue to transform** the University campus, ensuring it is high quality, smart and sustainable
- > **continue to drive** the University Business Change and Improvement programme (BCIP) including delivery of best in class Strategic and Professional Services
- > **deliver excellent** University and Group Governance and Compliance
- > **ensure** IT and Digital activities are at the heart of University development, innovation and change.

To ensure University resilience, investment and growth, drive strategic transformation and change, support academic excellence, and maximise the student experience.





2020/21 Resources and Business Management key performance indicators performance

The RBM Strategy is delivered by our professional services (including Business Change & Improvement Programme, Campus Services, Finance & Commercial Development, Human Resources, IT & Digital Services, Legal & Governance Services, and Student Recruitment & Marketing), who continue to keep the University safe and sustainable, secure investment and growth, drive service excellence and support academic excellence and the student and graduate experience. The professional services were instrumental in Recovery Planning in response to the Covid-19 pandemic. Working in collaboration to operationalise the delivery of our plans including the New Normal Workstream areas to enable a safe and effective return to campus and the delivery of hybrid learning and teaching and staff agile and hybrid working.

Our overall position continues to be extremely strong with 100% of the target key performance indicators (KPIs) set out in the RBM strategy achieved.

KPI	Target	Actual	RAG Rating
Total student enrolments (FTE)	13,434	16,466	●
Retain a Cash Positive Surplus	£6.87m	£24.8m	●
Cash Balance	£30m	£71.3m	●
No (Additional) Debt	0%	0%	●
Minimum Annual Surplus (as % of turnover)	-2.95%	8.01%	●
Minimum Resources Available for Investment (EBITDA/Turnover)	4.9%	15.6%	●
Pay: Income Ratio	63.1%	53.06%	●
Student: Staff Ratio	17.4	17.1	●
Services and Facilities Spend (per student)	£2,757	£2,833	●
Maintain Investors in People	Maintain Gold status	Maintained Gold status	●
Overall Staff Satisfaction	75%	80.3%	●

Business Change & Improvement Programme

- > Strategic Transformation and Change (STC) Programme Phase one review and sign-off

- > STC refocus under BCIP with broader remit and portfolio of work structured around three key pillars of work, Business Change, Business Improvement, and Projects
 - Business Change (new projects to drive and deliver change)
 - Business Improvement (enhancements – reviewing and improving ways of working, systems and processes)
 - Projects (coordinating and driving delivery of a suite of key corporate projects)

- > Design and development of Phase two Programme of Work to support delivery of Teesside 2025 ambition and aspirations

- > Coordination, management and reporting of Business Continuity and Business Recovery (including response to Covid-19 pandemic) activity, considering learning from pandemic disruption in new ways of working

- > Delivery of project to review and understand current Teesside University Students' Union offer, linking to earlier Student Journey and Student Life Blueprint projects

- > Continue to drive forward and embed the Service Excellence Model and Principles into new ways of working.

Campus Services

Our commitment to providing an outstanding student experience through an innovative learning environment and state of the art facilities prevails with the transformation of our campus. Despite unforeseen circumstances this year, we have remained dedicated to our Campus Masterplan vision and continue to enhance our campus and communities.

Developments and achievements in 2020/21 include:

- > Completion of Cornell Quarter 300 ensuite bedroom Student Residential Accommodation completed on time and budget despite the Covid-19 pandemic.

- > Commenced design and development of the University's first net zero certified building designed for net zero research – Net Zero Industry Innovation Centre.

- > Commenced the design for the development of the Buttery Building for the creation of the new Postgraduate Learning Hub.

- > Successful implementation of individual student timetables across all Schools.

- > Continued reduction in carbon emissions, whilst developing the University's Decarbonisation Road Map.

- > Procurement of new 5-year utilities contracts for gas, water and electricity.

- > Waste management – zero waste to landfill.

- > Development of the University's Business Continuity Plans across all Schools and Services.

- > Supporting over 500 students in University residential accommodation, who could not return home due to government travel restrictions.

- > Successful implementation of new digital catering stock management system and cashless catering across the University.

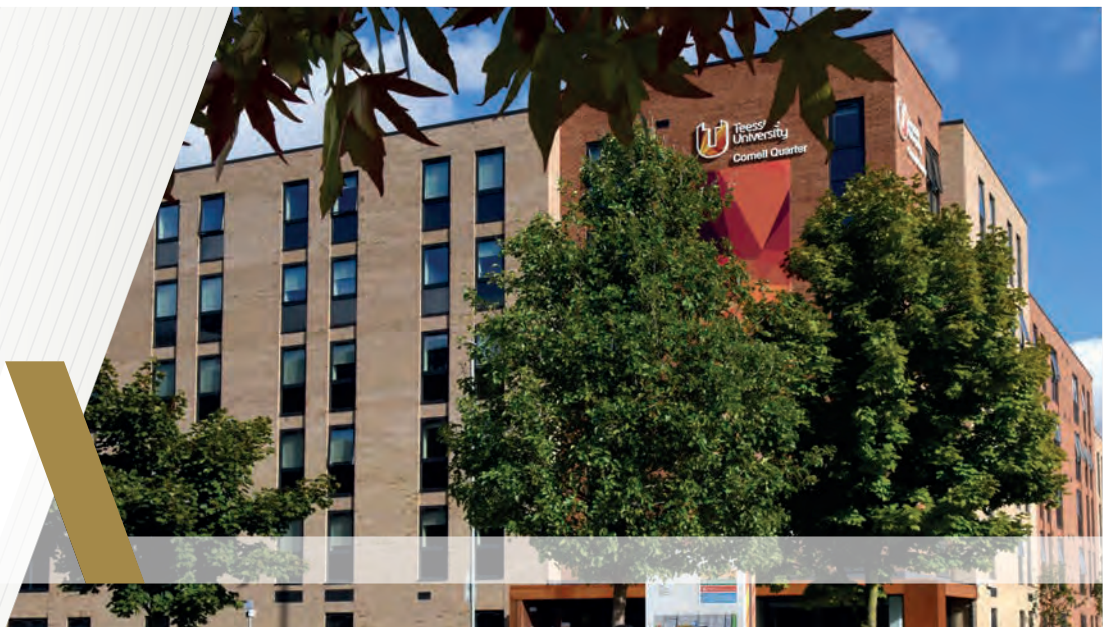
- > Continued development of Safezone – an emergency response app for university staff and student safety at home and whilst working abroad (circa 7,000 students and staff have enrolled).

- > Continued provision of campus services operations throughout the lock down period providing security, safety and wellbeing provision to students residing on campus and in local private accommodation, including the supply of circa 500 welfare and quarantine supply packs.

- > Provision of residential accommodation to NHS medical staff during lockdown to support the local NHS Trust.

- > Provision of a 24 bay Asymptomatic Testing Centre to support Students and Staff in conjunction with Government Universities Department of Health and Social Care – Test and Trace programme.

- > Provision of PPE, introduction of enhanced cleaning regime on campus and enhanced maintenance of ventilation systems to comply with government recommendations.



Finance & Commercial Development

The University has achieved all financial KPIs in the current financial year. This is despite the unprecedented challenges faced by the University due to the pandemic resulting in some additional costs and an unavoidable reduction to income, and is due to swift financial action relating to the cost base and continued financial focus and discipline across all University budgets. The University has also delivered against the objectives of its financial strategy ensuring the financial position of the University remains robust and resilient.

The University financial planning processes enable scenarios to be rapidly and robustly stress tested as they emerge. The 2021/22 Budget and three-year Forecast continue to deliver the objectives of the University Financial Strategy (financial resilience, sustainability and investment) and enables management of downside scenarios whilst maximising financial flexibility. The ability of the University to rapidly flex its finances and operations will continue to be important in being able to respond effectively to the student recruitment market, the wider impact of Covid-19 and the anticipated announcement of the Government's higher education funding policies.

During lockdown our agile service provision to customers, including our Payroll Bureau clients, has been maintained with process enhancements developed across the Finance and Commercial Development team to enable enhanced automation and the team now operate in a paperless environment.

The Finance & Commercial Development systems team have supported colleagues in Academic Registry, Communications & Development and Student Recruitment & Marketing in the development of many system initiatives during the year to maintain and enhance the continuity of service throughout the applicant journey including the development of the Applicant portal to extend to international applicants.





IT & Digital Services (ITDS)

In addition to supporting the University in transitioning its operations to an off-site working model in response to Covid-19, ITDS has been delivering a series of projects and service enhancements which have benefited both students and staff.

Application services

- > Worked with staff in Finance & Commercial Development and Student Recruitment & Marketing to implement the new Applicant Portal.
- > Further developed the in-house MyBookings application to support students in booking study spaces during the pandemic and as part of their return to campus.
- > Extended attendance monitoring solutions to the remaining Schools.
- > Worked with staff in Student Learning & Academic Registry to migrate the University's Virtual Learning Environment from Blackboard to the cloud-based Blackboard Ultra.

Client services

- > Completed all planned deployments of student PCs and teaching applications before the start of the 2020/21 academic year.
- > Prepared for the fourth full year of iPad deployment to new full-time undergraduate students, maintaining the University's fleet of managed iPads of over 11,000 devices, one of the largest deployments in the sector.
- > Deployed over 600 laptops to staff and students to facilitate Agile and Hybrid working and supporting students with access to the IT required to complete their academic work.
- > Resolved over 27,000 IT incidents and requests reported to the IT Helpdesk by staff and students.
- > Maintained and supported all University PCs, Macs, and iPads which are managed devices allowing ITDS to remotely ensure software is up-to-date and secure.

Infrastructure services

- > Continued to improve the University's campus-wide vulnerability management platform which now monitors over 5,000 devices, detecting and patching an average of 4,500 vulnerabilities per month.
- > Acquired and implemented a new Managed Detection and Response system (MDR) which provides a sophisticated and powerful replacement for conventional antivirus software.
- > Acquired and implemented SIEM – central logging point and intelligence tool to mitigate ransomware and other cyber-security threats.
- > Upgraded 1,296 existing wired network ports across campus from 10mb/s to 1Gb/s performance and replaced 360 older Wi-Fi access points to increase the capacity and simplify the management of our wireless network provision.
- > Upgraded the University's Commercial ISP link to 2Gb supporting University collaboration with businesses.
- > Implemented and supported a remote working telephony system for 200 staff during the pandemic.
- > Migrated all staff email accounts to Office 365, increasing the capacity, and security of the University's email system.
- > Upgraded 24 servers and associated storage which support the University's corporate and learning and teaching activity.
- > Continued the implementation of a new telephony solution including capability for unified communications which will be complete by Summer 2022. This implementation is key to supporting Agile and Hybrid working and will support Clearing activity in 2022.

Service excellence

- > Achieved re-accreditation for Cyber Essentials
- > Developing plans for Cyber Essentials Plus accreditation required to support HDA activity in 2022
- > Continuing to mature ITIL Change and Release management controls for all University IT activity
- > Integrating IT Hardware and Software asset management, to be completed by November 2021
- > Achieved ISO20000 re-accreditation for IT Service Provision. Teesside is one of a very small group of HE institutions that have attained this accreditation.

Human Resources

Our people

The University's aim is to deliver and sustain a future facing workforce. Examples of some of the key projects delivered during 2020/21 which supported this aim are detailed below.

> Review of University Operating Models

The University has undertaken several staffing restructures to streamline the services provided to support academic delivery and enhance the service to students. Key projects in 2020/21 included the review of the Academic Registry and the creation of a new Student Learning function, providing more focussed support for students to enable them to progress in their studies and assistance to Schools with the organisation and management of academic delivery. A restructure of Student and Library Services created a combined front of house team to deal more effectively with student enquiries. The new structure also provides additional mental health support for students.

> Agile and Hybrid Working

Following the experience of working during lockdown, a new set of Principles and Parameters within which to operate hybrid working was developed in preparation for the full return to campus in September 2021. This new approach was informed by feedback from both line managers and University staff and has provided an opportunity for some remote working, assisting staff with managing their work/life balance and has also helped to reduce short term sickness.

> Employee Health, Safety and Wellbeing

The health, safety and wellbeing of our staff and students has been of paramount importance during lockdown and on the return to campus. A new behavioural safety campaign 'Safe Return to Campus' was developed and launched in August 2021 with a focus on providing information for staff returning to campus for the 2021/22 academic year.

Continued engagement with the Mentally Healthy Universities Project resulted in the delivery of on-line mental health awareness training and the establishment of virtual mental health peer support groups as well as continued development of the University's Mental Health Champions. As a signatory to the Mental Health at Work Commitment, the University has committed to breaking down the barriers concerning talking about mental health, providing opportunities to support staff mental health, and changing the culture to enable staff to discuss mental health openly.

> Investors in People Gold Accreditation

In July 2021, the University attained Investors in People Gold accreditation for the fourth consecutive time. Investors in People (IiP) is the international standard for people management and the framework assesses performance against nine indicators which represent all aspects of people and organisational development.

The IiP assessors noted that the HR team has played an important role in supporting the University's strategy by implementing a range of successful people engagement practices. These included a colleague-led development of a Values and Behaviours Framework to aid performance and improve the employee experience. Other areas of strength included management of performance, a positive approach to change and staff's understanding of how they contribute to the delivery of the University's strategic objectives.

Building on this success, new developments planned for 2021/22 include:

- > A new Values-based approach to Staff Recruitment
- > Completion of a major HR Digitisation Project
- > Delivery of a new Staff Reward and Recognition Action Plan.

Equality and inclusion developments

The University has again demonstrated its commitment to equality and inclusion through new developments and external endorsement of our work in this area.

Delivery of the 2016-2020 Equality and Diversity Action Plan was completed. The plan delivered included: a range of mandatory training, creative and extensive awareness raising events, implementation of equality, diversity and inclusion in teaching delivery, the creation of a robust evidence base, which has informed key areas of focus, and work with the University's suppliers to ensure that they share and demonstrate similar values in this area.

The new 2020-2025 Equality and Diversity Objectives have also been developed and will focus on the following four aims:

- > To develop understanding of respect, rights and responsibilities amongst staff which will be underpinned by the Values and Behaviours Framework
- > To reduce inequalities in the experience and attainment of staff ensuring that the whole University community can understand and achieve their potential
- > To ensure we embed equality of opportunity throughout the student lifecycle
- > To embed equality and diversity into our work with key contractors and suppliers.

Trade unions

The University recognises UCU and UNISON as trade unions for collective bargaining purposes.

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017 the Facility Time report for both UCU and UNISON for 2020/21 at Teesside University was as follows:

- > trade union representatives: 22 (2019/20: 20)
- > FTE trade union representatives: 20.12 (2019/20: 18.72)
- > overall facility time (as % FTE of working time): 3.14 FTE (2019/20 2.96 FTE)
 - 0% of working hours: 1 representative (2019/20: 0)
 - 1% - 50% of working hours: 19 representatives (2019/20: 18)
 - 51% - 99% of working hours: 0 representatives (2019/20: 1)
 - 100% of working hours: 2 representatives (2019/20: 1)
- > percentage of total pay spent on facility time: 0.16% (2019/20: 0.15%)
- > percentage of total paid facility time hours spent on paid Teesside University activities: 2.97% (2019/20: 2.60%).

Legal & Governance Services

Legal & Governance Services (LGS) has supported the University's strategic vision, mission and corporate aims in a further unprecedented year by not only adapting and maintaining all of its service levels, but by the achievement of key University priorities.

In 2020/21, LGS built on the successful foundations set during 2019/20 in the remote delivery of its functions and used this opportunity to build on its resilience and business capability which saw 100% of its services delivered through a year of uncertainty.

LGS has been highly responsive to the changing legal and regulatory requirements faced by the University throughout 2020/21 which saw new UKVI rule changes being introduced that replace the Tier 4 system, the new Graduate route and the OfS issuing more and more expectations of the University in a number of regulatory spaces. In addition the effects of Covid-19 have remained with changing guidance and rules to contend with.

Key highlights include:

- > Launch of the independent governance review, supported by Advance HE and Governor Development Programme.

- > Implementation of the partnership with Study Group to form a new International Study Centre based on TU Campus including compliance, professional advice and operational support in implementation of partnership.

- > Provision of legal support for the submission of a tender for the delivery of apprenticeships with a potential value of more than £6m.

- > Professional support to the National Horizon Centre in the negotiation of the Cell and Gene Therapy Centre contract with Catapult.

- > Professional support in embedding funding, land and legal arrangements for the University's multi million-pound Net Zero Project.

- > Enhancements to the Information Asset Register to aid identification of all University information assets (not just personal data) in all formats.

- > Review and implementation of changes to adopt new UKVI Student Route visa rules and guidance replacing Tier 4 system including updating University policies and processes and also implementation of the new Graduate route. Progressing to become ACL (Alternative Collection Location) to enable international students to collect their Biometric Residence Permits (BRPs) from the University. This will enhance the student experience for international students coming to the UK and will ensure all compliance activities at enrolment can be completed in the Student Life Building.

- > Progress on production of a compliance portal pertaining to sponsorship of international students

- > Production of the OSCAR Report for academic year 2019/20 which provides data and trends on University complaints and appeals.

- > Supported the most recent review of the Student Disciplinary Regulations and Code of Conduct

- > Mapping of Office for Students statement of expectations for preventing and addressing harassment and sexual misconduct affecting students in higher education.

- > Implementation of mandatory safeguarding training and launch of revised Policy.

- > Mapping of UUK guidance on Covid-safe behaviours on campus.

- > Support with the Covid-19 effort including support development and operation of the Covid-19 Outbreak Management Plan, engagement with local Public Health Teams and external reporting of Data (OfS/DfE and local reporting support), asymptomatic testing project group and ongoing interpretation of guidance and advice.

- > Operational lead on consumer protection compliance via the Competition and Markets Authority Group, including communications and consent mechanisms for students to deal with ongoing changes in academic delivery method and updates to Student terms and conditions 2021/22.

- > Production of student placement agreements in preparation for the approval by the DfE of the new undergraduate teaching programmes.

- > Incorporation of Teesside University Enterprise and Innovation Limited.

- > Supporting the implementation of Student Dental Clinic including registration with CQC.





Student Recruitment & Marketing (SRM)

The academic year 2020/21 was exceptionally challenging, particularly in regard to the continuing impact of the Covid-19 pandemic on student recruitment.

Engagement with our core markets was limited to online delivery and as such, limited opportunities to showcase our main attributes, particularly our academic teams, facilities and our campus.

Despite this, overall student numbers remained positive, and the Directorate was able to deliver a number of other key developments including:

- > Launch of the Applicant portal to international applicants.
- > Further development and delivery of online recruitment events and open days.
- > Delivery of online Winter and Summer University programmes.
- > Strong and impactful marketing campaigns with excellent results.
- > Agile operation of all functions through home working.
- > Significant contribution to a safe and secure campus for students.
- > Planning for a return to face-to-face engagement for our markets.

The impact of the Covid-19 pandemic continues to affect the University's ability to engage at normal levels with our markets.

A significant number of students who need additional support and guidance in their decision to study at higher education missed out on the opportunity to visit the campus and interact with our university community.

Encouragingly a significant number of local Schools and Colleges have recently requested visits to campus, and the University has re-engaged with outreach activity.

The October series of University open days has seen positive attendance numbers and we are confident of a positive return to on-campus engagement during 2021/22.

Financial Highlights and Chief Operating Officer overview

During the year, Teesside University has again achieved 100% of its financial KPIs and delivered improvements on key controllable financial metrics. Despite the unprecedented challenges faced by the University due to the pandemic, the University has also delivered against the objectives of its financial strategy ensuring the financial position of the University remains robust and resilient.

2020/21 financial strategy performance

> Financial stability and resilience

- maintaining strong net cash balances – £71.3m (2019/20: £39.7m) with minimal borrowing (0.7% of turnover)
- cash at 100+ days expenditure
- levels of investment that are contingent upon student recruitment performance.

> Financial sustainability

- targeted growth in student numbers achieved ensuring a strong cash surplus position returning EBITDA of 15.6% during the year (2019/20: 14.7%)
- delivering investment in growth and continuing to enhance the student experience
- delivering cost efficiencies during the year through the Business Change & Improvement Programme.

> Investment capability

- investment to support Teesside 2025 strategic priorities across key strategies:
 - Learning, Teaching and Student Experience
 - Enterprise and Business Engagement
 - Research and Innovation
 - International
 - Resources and Business Management
- continued campus investment
- continued academic growth investment
- enhanced infrastructure and student experience and digital investment.

The 2020/21 financial results for the University are very strong across the board. This is despite the restricted operations during the year resulting in additional costs and an unavoidable reduction to residential and catering income and is due to stronger than anticipated student recruitment and continued financial focus and discipline across all University budgets. This continues the strong financial track record and trajectory of the University.

The 2020/21 programme of investment included over £6.9m (2019/20: £29m) of capital investment during the year, as well as continued targeted investment to support student recruitment, curriculum development, international growth and research. This was complemented by the continued identification and delivery of efficiencies across both the pay and non-pay cost base.

In support of the Teesside Corporate Strategy, the Board of Governors approved an Estates Strategy and Campus Masterplan (2017-26), which determines the major projects the University will develop and implement as well as associated prioritisation, timelines and financing which is reviewed annually in business planning.



2020/21 financial performance against 2019/20

The University's consolidated financial performance for 2020/21 can be summarised as follows and continues the strong trajectory of recent years:

- > total income of £159.4m (2019/20: £150.6m)
- > surplus after tax of £2.1m (2019/20: £2.9m)
- > cash generated from operating activities: £39.1m (2019/20: £25.6m)
- > investment in capital expenditure: £6.9m (2019/20: £29.8m)
- > net assets before FRS 102 pension provisions of £220.0m (2019/20: £207.7m)
- > after FRS 102 provisions of £105.9m (2019/20: £81.4m).

The table below is a summary of the key financial statistics excluding measurement adjustments for defined benefit pension schemes and holiday pay.

Five-year summary of income and expenditure

(excluding measurement adjustments for defined benefit pension schemes and holiday pay)

	2020/21 £'000	2019/20 £'000	2018/19 £'000	2017/18 £'000	2016/17 £'000
Tuition fees and education contracts	125,062	116,187	110,749	108,155	102,321
Funding grants	17,067	16,420	15,448	15,108	13,740
Research grants and contracts	3,617	3,383	3,244	2,445	2,558
Other income	13,185	14,053	15,061	14,971	15,849
Investment income	108	275	395	318	313
Donations and endowments	332	232	157	182	275
TOTAL INCOME	159,371	150,550	145,054	141,179	135,056
TOTAL EXPENDITURE	(157,402)	(147,259)	(141,762)	(132,502)	(131,125)
Add: measurement adjustments	10,800	9,201	9,272	4,337	5,507
TOTAL EXPENDITURE EXCLUDING IMPACT OF MEASUREMENT ADJUSTMENTS	(146,602)	(138,058)	(132,490)	(128,165)	(125,618)
SURPLUS BEFORE OTHER GAINS EXCLUDING IMPACT OF MEASUREMENT ADJUSTMENTS	12,769	12,492	12,564	13,014	9,438
Net Margin	8.0%	8.3%	8.7%	9.2%	7.0%

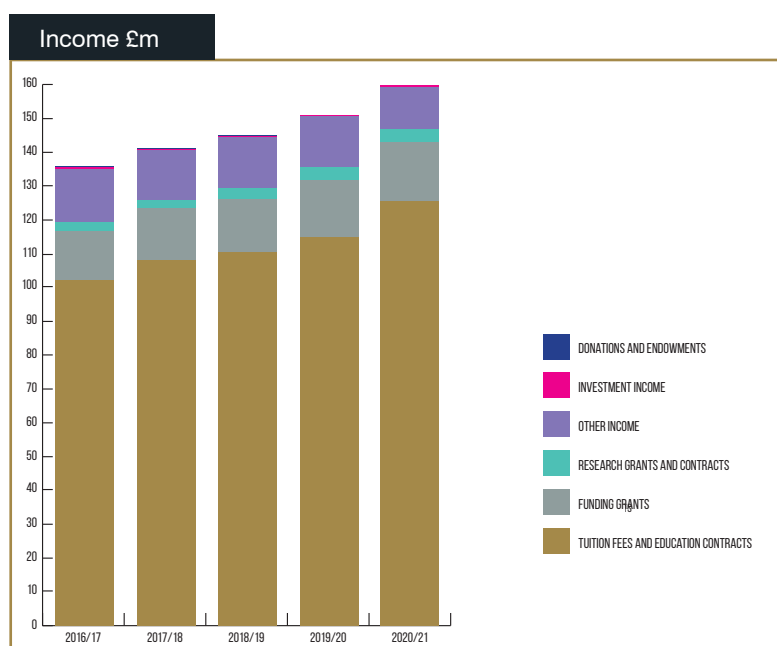
Income

Total income in the year was £159.4m representing an increase of 5.9% (£8.8m) over the previous year (2019/20: £150.6m). The main movement is:

- > tuition fee income and education contracts increased by £8.9m (2019/20: £5.4m). This was predominantly due to fee income from full-time home and EU students increasing by £1.3m and international students by £7.0m.

Income from tuition fees and education contracts accounts for 78.5% (2019/20: 77.2%) of total income and is illustrated in the chart.

The decrease in other income of £0.9m is mainly due to the impact of Covid-19 on residences, catering and conferences income (£1.2m) and other income (£0.5m) offset by an increase in revenue grants of £0.9m.



Expenditure

Total expenditure was £157.4m, an increase of £10.1m over the previous year (2019/20: £147.3m).

The main movements year-on-year are:

- > other operating expenses have increased by £8m in 2020/21 to £46.5m (2019/20: £38.5m). This is due to increased expenditure on international agents' commission, scholarships and bursaries for international students and increased expenditure on professional and consultancy fees. These increases are directly correlated to increases in international students' fee income and revenue grants.
- > depreciation was £15m (2019/20: £13.1m) an increase of £1.9m. This is due to a full year's depreciation in respect of the additions in 2019/20 including the Student Life building (increase of £0.2m), the depreciation relating to the Cornell Quarter student residences which were opened in October 2020 of £0.5m and £0.6m accelerated depreciation.

Surplus

The net margin of 8.0% (excluding measurement adjustments) represents a very strong financial performance for the year, despite restricted operation resulting in additional costs and an unavoidable reduction in income and is due to continued robust management of the cost base and continued financial focus and discipline across all University budgets. The surplus after tax of £2.1m (2019/20: £2.9m) is ahead of forecast due to stronger than anticipated student recruitment. It is important for the University to generate a surplus in order to achieve the Teesside 2025 Corporate Strategy, including delivering the Campus Masterplan.

Balance sheet

Total assets less current liabilities of the group increased this year by £11.5m to £254.4m. The main areas of change were:

- > decrease in fixed assets of £8.2m due to capital expenditure during the year being prudent and largely restricted to legal requirements, health and safety and IT security to support the University Covid-19 Mitigation Plan
- > increase in trade and other receivables of £5.3m of which £4.4m relates to an increase in prepayments and accrued income
- > increase in cash and cash held on term deposits of £31.6m
- > increase in Creditors: amounts falling due within one year of £17.5m of which £16.9m relates to the increase in payments received on account.

The group's total net assets have increased by £24.5m which is due to a decrease in the FRS 102 pension provision of £12.1m and the movements referred to above.

Capital programme

The University continues to invest in its estate:

- > completion of the construction of the Cornell Quarter (300 bedroom en-suite student residential accommodation) which opened in October 2020 (£1.4m)
- > completion of the extensive refit of the Victoria and Phoenix buildings (£1.4m) which is part of the University Enterprise Zone at the Middlesbrough Campus
- > a range of ongoing enabling projects identified in the Campus Masterplan which contribute to the enhancement of the student experience.

These developments were funded by existing cash reserves and no further borrowings were taken out during the year. To support the University Mitigation Plan, developed in response to the potential impact of Covid-19 on the University's financial position during 2020/21, capital expenditure for the year of £6.9m (2019/20: £29.8m) was prudent and restricted largely to legal requirements, health and safety and IT security.

Cash flow

During the year performance was strong with £39.1m (2019/20: £25.6m) generated from operating activities to further improve our resilience during the Covid-19 pandemic. Debtors increased by £4.7m mainly due to an increase in prepayments. Creditors increased by £20.1m mainly due to payments received on account relating to student tuition fees for the 2021/22 academic year. There was also an additional £2m excess of pension costs over contributions paid. There was an increase in short-term deposits of £16m and an increase of £15.6m in cash balances. Fixed asset expenditure during the year of £8.8m was funded through existing cash balances and the cash surplus generated in the year.

Treasury management

Treasury management is the management of the University's cash flows, its banking and money market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The University has a Treasury Management Policy in place. Surplus cash is placed with a number of highly rated counter-party banks.

Secured borrowings remain minimal and the current Campus Masterplan programme is developed on the basis that it is funded through University cash resources as supplemented by planned projected annual cash surpluses.

The University retains the option of securing debt to facilitate estates development in the future.

Teesside 2025

The University 2020/21 Recovery Plan was developed in response to disruption from the global pandemic (Covid-19) both within the context, pace, vision and aspirations of the University and guidance, regulatory advice and support available to the Higher Education sector. The Recovery Plan formed Year 1 of Teesside 2025 Ambition Delivered Today – supporting the strategic aspirations for becoming a high-performing university. This Recovery Plan provided a base from which to launch the remaining four years of Teesside 2025 (2021-25). Its aim was to successfully deliver business operations throughout the Academic Year 2020/21, including any changes that we wished to retain, as current restrictions were lifted and a new normal developed. All financial KPIs and Financial Recovery Plan Milestones were achieved in 2020/21.

This is a very positive outturn for the 2020/21 financial year, particularly considering the continued and increasing pressures faced by the University during the Covid-19 pandemic. This performance ensures the financial foundations of the University remain robust and resilient as we look ahead to what is anticipated to be a challenging financial year 2021/22.

The University remains focused on maintaining its resilience, sustainability and effectiveness which will be achieved by remaining in full control of our finances with a continued proactive approach ensuring financial flexibility and agility and remaining financially resilient with a continued drive to maximise student recruitment including flexing of the academic delivery model and intake points and the provision of significant investment and even greater focus on continuing student numbers to minimise attrition.

Through the University's Campus Masterplan the University will continue to transform the University campus, ensuring it is high quality, smart and sustainable. Progress on implementation has been rapid and the significant progress made in the implementation of our masterplan is clear to see with a number of strategic developments already being delivered. These developments are producing a step change in the quality of the University campus and are focused on providing the very best facilities and an outstanding student and learning experience for our students. The University will continue to work in partnership with both students and staff to ensure Teesside University has a campus to rival any in the sector, ensuring it is high quality smart and sustainable.

The University remains confident that it can respond to the challenges ahead, realise its ambitions and maintain its long-term financial sustainability.

Five-year summary of key statistics

	2020/21 £'000	2019/20 £'000	2018/19 £'000	2017/18 £'000	2016/17 £'000
Tuition fees and education contracts	125,062	116,187	110,749	108,155	102,321
Funding grants	17,067	16,420	15,448	15,108	13,740
Research grants and contracts	3,617	3,383	3,244	2,445	2,558
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Investment income	108	275	395	318	313
Donations and endowments	332	232	157	182	275
TOTAL INCOME	159,371	150,550	145,054	141,179	135,056
TOTAL EXPENDITURE	(157,402)	(147,259)	(141,762)	(132,502)	(131,125)
SURPLUS BEFORE OTHER GAINS	1,969	3,291	3,292	8,677	3,931
NET CASH INFLOW FROM OPERATING ACTIVITIES	39,058	25,640	17,426	19,110	14,893
INCREASE/(DECREASE) IN CASH AND BANK DEPOSITS IN THE YEAR	31,629	(3,634)	(8,402)	4,009	5,674
Non-current assets	212,603	220,586	204,214	175,978	159,834
Net current assets	41,816	22,380	28,165	35,372	32,030
Creditors due after more than one year	(30,005)	(30,546)	(31,086)	(22,306)	(15,307)
Provisions (excluding pension liability)	(4,440)	(4,750)	(4,672)	(4,602)	(4,880)
NET ASSETS BEFORE PENSION LIABILITY	219,974	207,670	196,621	184,442	171,677
PENSION LIABILITY	(114,100)	(126,286)	(70,598)	(41,791)	(40,220)
NET ASSETS AFTER PENSION LIABILITY	105,874	81,384	126,023	142,651	131,457

Teesside University Statement on Sustainability

Delivering ambition today, shaping our future

Teesside University is focussed on making a real difference to the lives of people and the success of businesses and the economy.

An agile and dynamic university we move at pace to develop solutions that shape the future.

Our values

Through our core values of delivering excellence, empowering individuals, fostering creativity, embracing diversity, communicating openly, committing to sustainability and taking responsibility we are committed to transforming lives and economies; we level up opportunity.

Team Teesside and the communities we serve are at the heart of everything we do.

Our commitment to sustainability

The Charter for Social Impact drives our commitment to civic transformation. Through applied research, high quality partnerships and delivery of outstanding learning opportunities, Teesside University is a catalyst for positive change.

The University is committed to reducing its environmental impact and the Campus Masterplan continues to deliver a smart, sustainable, and future-facing campus; identifying opportunities to develop hybrid environments and a culture of co-commitment to address sustainability challenges.

Through the institutional Sustainable Futures Strategy, we have already reported significant progress against the 2005 baseline data, including a 30% reduction in CO₂ emissions and a reduction in water usage of 142,000m³.

Testament to our commitment to this agenda, the University has achieved Ecocampus Gold; Fairtrade status; and Zero Waste to Landfill. TU also ranks 12th in the UK in the Green Metric World University Ranking on Sustainability.

Teesside University is committed to reducing its environmental impact and we are proud of our achievements to date.

However, we recognise that we must do more. We are currently working on a new sustainability strategy and action plan which will include:

- > Targets for substantially reducing of our carbon footprint
- > Further investment to deliver a step change in the sustainability of our estate
- > Engagement of our communities through the ethos of co-commitment.

At Teesside University we believe that innovation powers our steps to create a world where everyone benefits from progress. Our research and knowledge exchange activity including our leading role in the development of a Net Zero Industry Innovation Centre and our Borderlands project, which is focussed on building sustainable communities, delivers solutions to address global challenges.

Our Future Facing Learning model encourages our students to become socially and ethically engaged and our new learning model developed by Teesside University International Business School has sustainability at its core.

Through this approach we believe that we can address the societal challenges we face on a local, regional, national global scale and deliver ambition today.



GOVERNANCE

Public Benefit Statement

Teesside University has been at the heart of the region's socio-economic ecosystem for over 85 years and continues to make a positive contribution to the development of a thriving and productive community.

At Teesside, we believe that universities are a force for positive change and as the region adapts to the effects of recent events such as Brexit and the Covid-19 pandemic, the University's role in supporting the swift recovery of the local economy has never been more important. Plugged into civic society and driving positive social impact, our local footprint provides a vital network of facilities, experience, and expertise, all of which continue to play an important part in the regeneration of the Tees Valley.

Civic engagement, social mobility and social impact are authentic to our mission and inherent to the University as an anchor institution. Over the last twelve months, our work in the community and with the local business network has been vital in supporting the community through a time of significant challenge.

The University's Charter for Social Impact (CSI) enables strategic positioning of existing work streams through the alignment of complementary work across the University; and drives this activity to maximise impact through six core themes:

1. Social Mobility
2. Equality and Inclusion
3. Community and Culture
4. Sustainability and Ethical Business
5. Engaged and Impactful University
6. Economic Growth and Prosperity

The University is known for working in partnership to support people to develop creative lives. When presented with fresh challenges during the pandemic, the University developed innovative ways of maintaining those vital connections with the community. MIMA School of Art & Design developed a new digital community magazine, MIMAZINA, a collection of 500 contributions from almost 300 contributors. The publication reached nearly 180,000 people during the pandemic, bringing culture and creativity directly into the homes of local residents, with nearly 35,000 hard copies also distributed. The initiative was shortlisted for the Arts Council Award, which recognises work that inspired and had an impact during the pandemic.

We are committed to addressing regional needs and successfully recruit large numbers of students from disadvantaged groups (*circa 80%*, *Access and Participation Plan (APP 2020-2025)*). We also attract large numbers of local students: around 46% each year from the immediate Tees Valley and a further 27% from the wider North East, where levels of deprivation are higher than other parts of the UK (*APP 2020-2025*). The University seeks to broaden horizons and raise aspirations amongst all our students and the local community, by enhancing access to education, skills development, and employment opportunities.

Teesside University is a major employer in the region and supports jobs across the UK (an estimated 3,000 FTE jobs p.a. of which over 2,000 are based in the Tees Valley). The most recent data (2019/20) also shows that the University made an annual GVA contribution of £148m*, an increase of around £7m on the previous year. This is against the pandemic backdrop, making it a significant achievement. When the increased earning potential of its graduates is considered, the combined human capital impact is estimated at £1.3 billion*.

Despite an expected reduction in the economic impact of Knowledge Transfer Activity due to a reduced income from Consultancy and CPD, Research, and Regeneration income during 2020/21, the overall jobs and GVA impact of this activity increased. This is largely due to FTE employment in spin-offs and start-ups.

We have continued to galvanise the regional economy, supporting the local business network to remain resilient through the pandemic, providing digital training to support remote working and allow businesses to remain competitive. Acting as an economic engine, the University drives job creation and growth to build back better.

Our research agenda has focussed on impactful activity aligned to regional and national priorities to develop solutions that shape the future, contributing to the national Covid-19 recovery effort, the Tees Valley's Net Zero aspirations and key regional health and social care needs.

National priorities that focus on enhancing productivity through levelling-up, consolidated by key economic developments for the region, including a Freeport, an economic campus at Darlington (Treasury North), investment in Net Zero and numerous Towns Fund awards present further opportunities for the University to shape local and national policy that address regional priorities. Our robust partnerships with key regional stakeholders, including the Tees Valley Combined Authority and the Teesside University College Partnership network will continue to facilitate a cohesive approach to successfully embed this agenda.

* Teesside University economic impact study, 2021

Board of Governors

Members of the Board of Governors of the University are the Trustees of the University.

Independent members

Mr Dean Benson

Mr Paul Booth ^{CBE}
(appointed Acting Chairman 1 September 2021)

Ms Ada Burns (Treasurer)

Ms Yasmin Khan

Ms Sue Kiddle

Mr Alastair MacColl (Chairman and Pro-Chancellor)
(resigned 31 August 2021)

Ms Fiona Macleod

Mr Michael Poole ^{JP DL} (resigned 31 August 2021)

Mr Dermot Russell

Mr Steve Tonks

Ms Claire Vaughan

Mr Godfrey Worsdale ^{OBE}

Vice-Chancellor & Chief Executive

Professor Paul Croney

Staff and student representatives

Dr Safwan Akram

Mr Madhu Bethina (appointed 1 July 2021)

Mr Dann Cooley (resigned 30 April 2021)

Ms Harriet Dryden (appointed 1 July 2021)

Ms Rosie Jones

Mr Alan Lofthouse (resigned 30 June 2021)

Mr George Reeves (resigned 30 June 2021)

Co-opted members

Mr James Cross

Dr Nick Johnson

Professor Philip Jones

Mr Alfredo Ramos (appointed 4 December 2020)

Secretary to the Board of Governors

Mrs Helen Cutting

Statement of corporate governance and internal control for the year ended 31 July 2021

Corporate governance statement

Teesside University was established as a higher education corporation under the provisions of the Education Reform Act 1988 and granted University title and associated powers in the Further and Higher Education Act 1992. The University is also an exempt charity under schedule 3 of the Charities Act 2011, with the Office for Students as its principal regulator.

The University's objects, powers and framework of governance are set out in the Instrument and Articles of Government.

The University is committed to exhibiting best practice in all aspects of corporate governance. It has adopted the Committee of University Chairs (CUC) Higher Education Code of Governance, published in September 2020, and has complied with the six primary elements of that code throughout the year apart from element 2.9 relating to compliance with the Higher Education Senior Staff Remuneration Code (June 2018). The Code requires that the Remuneration Committee, when considering the remuneration of the Vice-Chancellor, must be chaired by a lay governor who is not Chair of the Board. The University's Remuneration Committee is comprised of the Chair and Deputy Chair of the Board of Governors and the Chairs of the Resources and People and Organisational Development Committees, all of whom regularly act in the capacity of leading a committee or Board and would not be unduly influenced by the Chair of the Board in reaching a decision on remuneration of the Vice-Chancellor. The Committee's decision-making is informed by key benchmarking and performance data. The Remuneration Committee considers the remuneration of all senior staff within its remit. Remuneration Committee members are therefore of the view that the Chair of the Board should continue to chair Remuneration Committee as has been existing practice without issue or cause for concern.

The Governing Body aims to conduct its business in accordance with the principles identified in the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

Summary of the University's structure of corporate governance

The following processes for governance have been in place throughout the year ended 31st July 2021 and up to the date of approval of the financial statements.

The University's Board of Governors comprises up to 18 lay persons appointed under the University's Instrument and Articles of Government, five representatives of staff and students, and the University's Chief Executive, the Vice-Chancellor. The role of Chair of the Board of Governors is separated from the role of the University's Chief Executive, the Vice-Chancellor, providing a clear division of responsibility. The constitution of the governing body ensures that no individual or group dominates the decision-making processes and that it can exercise its responsibilities free from management. Board members are Trustees of the University as an exempt charity.

The Board of Governors usually meets six times a year, and has several committees, including a Resources Committee, a Nomination and Governance Committee, a Remuneration Committee, an Audit Committee and a People and Organisational Development Committee. All of these committees are formally constituted with terms of reference and comprise mainly lay members of the Board of Governors.

The Audit Committee meets at least three times a year. The Committee provides assurances to the Board on the adequacy of the University's risk management, compliance with its Prevent Duty, compliance with the conditions of its Student and Skilled Worker Sponsor Licences, value for money, and data quality and assurance arrangements. It is responsible for meeting with the external auditors to discuss audit findings, and with the internal auditors to consider detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's response and implementation plans. The Committee also receives and considers reports from the Regulator as they affect the University's business, and

monitors adherence with the regulatory requirements. It reviews the University's annual financial statements in the context of the approved accounting policies. While senior executives attend meetings of the Audit Committee, they are not members of the Committee and the Committee meets with the external auditors and the internal auditors on its own for independent discussions at the end of every Audit Committee meeting. Annually, the Committee provides an opinion on the adequacy of the arrangements in place within its oversight which informs the Statement of Internal Control.

The People and Organisational Development Committee determines the framework within which senior executives manage the University's employees. It also provides oversight and input to wider issues of organisational development including the University's Business Change Improvement and Projects framework as appropriate to the remit of the Committee.

The Nomination and Governance Committee considers nominations for vacancies on the Board. It also provides oversight of the wider governance framework of the University.

The Remuneration Committee determines the remuneration of the three holders of senior posts.

The Resources Committee inter alia recommends to the Board of Governors the University's annual revenue and capital budgets and the five-year forecasts and monitors performance in relation to the approved budgets.

In addition, an Academic Board, constituted in accordance with the Articles of Government, provides oversight of all academic matters and reports to the Board of Governors ensuring that the Board can discharge its responsibility to have assurance on the academic quality and standards of teaching at the University.

The Board of Governors follows the principles of the CUC Higher Education Code of Governance (September 2020) in reviewing its own effectiveness.

Remuneration of the Vice-Chancellor & Chief Executive

(extracted from the annual report of Remuneration Committee to the Board of Governors for the year ended 31 July 2021)

Note: Remuneration Committee presents its report to the Board of Governors for the academic year ended 31 July 2021 and any significant issues up to and including the meeting of Remuneration Committee held 27 August 2021. In the reporting period, the Committee met on 21 October 2020 and 26 July 2021 and considers the pay and performance of the Senior Post Holders. The Vice-Chancellor is not a member of this Committee.

University Operating Context

Based in the Tees Valley and founded with a mission to transform lives and economies, the University's global ambition, teaching excellence and use of digitisation ensures students and graduates can continue to make a real difference, challenge the impossible and break through barriers. Teesside University's commitment is reinforced through socially responsible actions, set out in the Teesside University Charter for Social Impact. This was particularly evident during the year ended 31 July 2021 as a result of the ongoing impact of the Covid-19 pandemic. Teesside University supported the region's fight against Covid-19, instigating measures to support businesses, providing training and upskilling the vaccine manufacturing workforce.

Delivery of 'usual' business was replaced for most of the year with 'hybrid' operations with limited access to campus. Although initially planned as year 1 of Teesside 2025 'Ambition Delivered Today', it was agreed by the Board to operate 2020/21 as a Recovery Plan year that set out a number of key deliverables in the form of milestones/targets alongside a reviewed set of strategic KPIs designed to support the University through the pandemic and into a potential 'new normal' way of working. Significant progress was made with the Recovery Plan, with all milestones/targets completed and all KPIs either met or significantly progressed, in some cases far in excess of what was considered possible in the earlier stages of the pandemic.

In what was a very challenging academic year, the Vice-Chancellor led a University that:

- > had a turnover in excess of £159m
- > invested over £116m in its campuses in the last five years
- > has over 21,000 students
- > employs more than 2,500 staff
- > achieved 100% of financial KPIs
- > implemented a range of measures to support students, colleagues and local businesses through the pandemic
- > became the first University in Europe to secure accreditation as an Adobe Creative Campus
- > deployed a hybrid learning framework to ensure academic progress continued during pandemic lockdowns and restrictions
- > celebrated the tenth anniversary of its Succeed@Tees workshops programme, helping students develop the skills they need to get the most from their studies and student experience
- > achieved two coveted second place rankings in the WhatUni Student Choice Awards for Enhanced Graduate Outcomes and Excellence in Digital Innovation
- > launched two new centres – the Circular Economy and Recycling Innovation Centre and the Industrial Decarbonisation and Hydrogen Innovation Centre, both in partnership with TWI Ltd
- > secured £1.6m funding to extend research into the use of virtual reality tools to manage the symptoms of Long-Covid
- > increased staff with significant responsibility for Research by 175%
- > became part of a £28.5m programme, Driving the Electric Revolution Industrialisation Centres (DER-IC) to enable a competitive electrification supply chain to be built across a variety of sectors
- > launched a new policy think tank, PACE, to help drive national policy
- > in KEF, placed in the top 10% of all higher education providers in England for our work to grow skills, enterprise and entrepreneurship, and in the top 20% for promoting local growth and regeneration, and for working in partnership with business
- > launched the new Industrial Digitalisation Technology Centre (IDTC), showcasing the power of Industry 4.0 for businesses in all sectors and supporting knowledge exchange and digitalisation across the region
- > launched a £3m Skills for Growth programme to help small and medium-sized businesses grow and thrive in the aftermath of the pandemic
- > by 2020/21 had secured over £25m of EU Structural and Investment Funds through the 2014-2020 programme, with another £32m of funding levered in from other sources, supporting over 1,000 SMEs in the Tees Valley
- > launched the high-profile Power of Women campaign aiming to transform the lives of girls and young women in the Tees Valley
- > was shortlisted for both Outstanding Entrepreneurial University Award and Knowledge Exchange Award (*Times Higher Education*)
- > welcomed over 3,000 international students
- > announced a new partnership with Study Group
- > ranked number one in the UK for international student satisfaction in the International Student Barometer

(further highlighted in the University's annual report and financial statements for the year ended 31 July 2021).

Remuneration (Pay)

Principles of Remuneration (Pay) – when determining the level of remuneration for Senior Post Holders, in addition to the principles in the Higher Education Senior Staff Remuneration Code, there are three further elements that are taken into consideration:

- a) the level of National Pay Award for all staff at Grade 9 and below. The Remuneration Committee has determined that any pay award for the Senior Post Holders will be the same as the National Pay Award for all staff, unless there are exceptional circumstances to warrant otherwise
- b) comparison with sector pay to ensure retention - as a member of the University Alliance group, the University benchmarks senior management salaries against the median to upper quartile for equivalent staff base pay in the Alliance group of universities submitted to the UCEA Senior Staff Remuneration Survey, unless there is good reason to do otherwise (market forces or non-comparable portfolios, for example)
- c) maintenance of internal relativities i.e. significant permanent change to responsibilities.

Remuneration (Performance)

Approach – when undertaking a review of performance of the Senior Post Holders, the Remuneration Committee gives consideration to the Higher Education Senior Staff Remuneration Code, the University's Senior Management Annual Salary Review and Performance Payment Scheme (the 'Scheme') and receives the individual performance assessments and review of objectives for each Senior Post Holder. In accordance with the Scheme, Remuneration Committee has the option to award a one-off performance payment to recognise individual performance where the relevant thresholds of the Scheme are met.

During the annual performance review, an individual is awarded a level of assessment based on the extent to which they have achieved their agreed annual objectives and any additional exceptional contribution they may have made over the performance year. Where a performance payment is considered, this only applies to senior staff assessed in the highest two categories as follows:

- > Exceptional Contribution to the University (A) – may attract a performance payment of 10-15% of base salary
- > Exceeded Expectations (B) – may attract a performance payment of 5-10% of base salary

Vice-Chancellor & Chief Executive

Year ended 31 July 2021:

Applying the above approach and principles, and recognising that there was no National Pay Award pending for staff at Grade 9 or below as a result of the ongoing impact of the pandemic at that time, at the meeting on 21 October 2020 Remuneration Committee determined not to make any increase to the basic salary of the Vice-Chancellor for the academic year commencing 1 August 2020.

At its meeting on 27 August 2021, the Remuneration Committee acknowledged the strong performance of the University during the previous financial year towards achievement of the Recovery Plan 2020/21 and the related strategic KPIs, as well as acknowledging the unprecedented and outstanding leadership afforded to staff and students throughout an extremely challenging pandemic by the Vice-Chancellor. Under his leadership, all Recovery Plan targets/milestones were complete and all KPIs were either achieved or saw significant progress for the financial year ended 31 July 2021. Remuneration Committee recognised this exceptional contribution to the University by proposing a performance payment of 15% of basic salary for the Vice-Chancellor & Chief Executive for the year ended 31 July 2021, however the Vice-Chancellor has waived acceptance of it.

As can be seen from the table below, the Vice-Chancellor's total remuneration package has seen a circa. 8.8% decrease for each of the last two years when compared to 2018/19.

The breakdown of emoluments of the Vice-Chancellor for the year ended 31 July 2021 are as follows:

	2020/21 £	2019/20*** £	2018/19 £
Salary	233,547	233,547	229,417
Performance Related Pay	–	–	34,413
Pay in lieu of pension contributions*	48,597	40,498	–
Private Healthcare**	3,417	3,273	3,182
Subtotal	285,561	277,318	267,012
Pension Costs	–	7,759	45,833
Total	285,561	285,077	312,845

*Pay in lieu of pension contributions are at no additional cost to the University.

**Private Healthcare is a benefit available to the University Executive Team.

***These comparative figures have been restated due to an overstatement of pay in lieu of pension contributions.

Pay Multiples – year ended 31 July 2021

The median salary across all staffing groups is £33,797 per annum (2020: £31,866 per annum). The Vice-Chancellor's basic salary is 6.9 times (2020: 7.3 times) greater than the median pay of staff, where the median is calculated on a full-time equivalent basis for the salaries paid by the University to its staff. The Vice-Chancellor's total remuneration is 7.2 times (2020 restated: 7.6 times) the median total remuneration of staff.

Internal control

The Board of Governors has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the governing body in the University's Instrument and Articles of Government and the Office for Students (OfS) Conditions of Registration, the Terms and Conditions of Funding for Higher Education with the OfS and the Terms and Conditions of Research England grant with Research England (RE).

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve policies, aims and objectives through corruption, fraud, bribery and other irregularities. It can therefore only provide reasonable, but not absolute, assurance against material misstatement or loss.

The system of internal control is based on a continuous process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process, which accords with the OfS guidance, has been in place for the year ended 31 July 2021 and up to the date of approval of the financial statements.

The University's internal control system is supported by a number of policies that have been approved by the Board of Governors. These include a Risk Management Policy, an Anti-Bribery and Corruption Policy, a Counter Fraud Policy, a Criminal Finances Act Policy, a Anti-Money Laundering Policy, a Modern Slavery Policy, comprehensive Financial Regulations which detail financial controls and procedures and a Scheme of Delegation which identifies where authority rests within the University for significant decisions made in the name of or on behalf of the University.

The Board of Governors has responsibility for reviewing the effectiveness of the system of Internal Control, for updating the University's risk management framework, and for ensuring that there is a sound approach to confirm that this framework is adopted and embedded consistently and effectively across each activity within the University.

The following key processes form part of the Board's strategy to maintaining a sound system of internal control:

- a Risk Management Framework and Risk Management Policy is in place to articulate the arrangements and activities in place to ensure that the University's strategic and operational risks are identified, mitigated and where judged appropriate, tolerated taking into consideration the University's risk appetite.
- The Strategic Risk Register is aligned to the University's strategic objectives
- The Risk Management Framework and Policy underpins a number of KPIs within the corporate strategy and assists in ensuring that the University understands its key risks, the controls in place which mitigate the impact of such risks should they materialise and the planned controls to be implemented to provide further mitigation where required.
- The Risk Management Framework and Risk Management Policy is reviewed at least annually. This forms the basis of detailed risk identification and management
- There is a risk scoring process set out within the Risk Management Framework which includes likelihood and impact assessment, guidance and definitions are available to support the scoring of risks.
- The University uses the target risk score for strategic risks as a proxy for risk appetite. The University accepts that there may be instances where it temporarily needs to operate outside of the University's risk appetite and tolerance levels in times of uncertainty and monitors and reports on those risks to Audit committee and Board of Governors.
- the University Executive Team oversees risk management across the University
- responsibility for monitoring each strategic risk is assigned to a senior officer of the University with the Chief Operating Officer and the Director of Finance & Commercial Development having day-to-day responsibility for risk management within the University
- the strategic and operational risk registers are regularly updated and include mitigating and planned actions to eliminate or mitigate the impact and likelihood of all key risks identified
- major risks included in the School and Service operational risk registers are considered by the University Executive Team for escalation to the strategic risk register
- Information on risks and risk management are reported at each meeting of the Audit Committee and Board highlighting any deviations from the agreed level of risk appetite for each Strategic Risk and tracking the status of mitigating actions
- the Audit Committee approves the Internal Auditors' Annual Plan and receives regular reports from the Internal Auditors, which include recommendations for improvement
- the Audit Committee receives regular reports on the University's Assurance Framework ('3 Lines of Defence' model) and Risk and Assurance activities
- the Board of Governors receives regular reports from the Chair of the Audit Committee concerning internal control and it requires regular reports from senior managers on the steps they are taking to manage risk in their areas of responsibility, including progress reports on key projects
- the Board of Governors' review of the effectiveness of the system of internal control is informed by the Internal Auditors who operate a firm wide internal audit methodology which is aligned to the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing. The most recent Internal Audit annual opinion concluded that the University's arrangements for governance, risk management, and control, and value for money arrangements were 'generally satisfactory with some improvements required'.

Principal risks

The key strategic risks currently facing the University and the mitigation in place are summarised in the table below.

Strategic Risk	Issue	Mitigation
Inability to achieve student enrolment, progression and retention targets	<p>There are a number of factors including changing demographics, increasing competition from both traditional providers and new entrants, removal of the student number control and Brexit which make student recruitment more challenging.</p> <p>The ongoing policy changes and further market deregulation and competition will continue to present significant challenge to Home/EU and International recruitment for at least the next three years, and will be exacerbated by the long-term impact of Covid-19.</p> <p>Student retention and progression is reliant on a combination of initiatives developed by the University and the students' engagement with those initiatives and also a responsibility on the student to engage with their studies..</p>	<p>Executive oversight, monitoring and responsibility for the application cycle, the Recruitment and Marketing Strategy and operating model for home and international students.</p> <p>Monthly monitoring and reporting of student numbers and withdrawals.</p> <p>Continual review of relevant processes and bursary and scholarship offers.</p> <p>Continued development of on-line, part-time and higher degree apprenticeship courses.</p> <p>Learner Analytics used across the University to monitor students at risk of disengagement.</p> <p>Retention Support Officers operational across the Schools provide individual support to students.</p> <p>New Student Learning and Academic Registry team providing targeted intervention for students at risk of disengagement for 2021/22.</p>
Adverse funding changes as a result of possible tuition fee, teaching grant and other funding mechanism changes yet to be announced	<p>Failure to plan for the impact of UK Government policy changes and the obligations imposed on higher education institutions by the Office for Students and Research England and the continued uncertainty created by the Augar Review (Post 18 review) could result in the University facing financial loss or a missed opportunity.</p>	<p>Senior managers are active members of a wide-range of organisations representing UK universities in informing, negotiating and lobbying government.</p> <p>Effective Planning and Performance Model which sets out how each plan, from Strategic Plans to Individual PDP's, link into the overall corporate vision and objectives of the University in Teesside 2025.</p> <p>Horizon-scanning used to identify upcoming changes/developments within the HE sector and required actions implemented quickly.</p> <p>Continued robust financial management and scenario planning and stress testing where appropriate.</p>
Failure to maintain financial resilience, sustainability and investment capability in the context of the increasingly competitive student recruitment market, cost base and income diversification pressures	<p>Factors such as:</p> <ul style="list-style-type: none"> the uncertainty of the potential impact of the outcomes of the Post 18 review in the autumn. the uncertainty of international and home FTUG new entrant recruitment due to travel, mobility and a shift towards high-tariff Universities recruiting significantly more undergraduate students. the impact of Brexit and the fact that EU students are now classed as International (and therefore require a CAS and Visa) is being seen, particularly at the expense of medium and lower tariff institutions. the increase in operating costs to ensure a safe campus return in 2021/22 the current supply chain uncertainty and inflation due to a wide range of factors, including rising commodity prices, supply-chain disruptions, expansionary economic policies and the tightening of labour markets. <p>all negatively impact the financial sustainability of the University.</p>	<p>Robust financial strategy that delivers financial resilience, sustainability and investment capability.</p> <p>Effective Planning and Performance Model in place to ensure delivery of Teesside 2025 and the Resources and Business Management Strategy with costs and resources being robustly managed.</p> <p>Multi-variate stress testing is applied to budgets and financial forecasts to assess the potential impact of risk factors including the potential outcomes of the Post 18 review, employer pension contribution increases and under achievement of student recruitment targets to ensure appropriate financial delivery of sustainability and margins, metrics and targets to deliver the key objectives of the financial strategy:</p> <ul style="list-style-type: none"> Financial Stability and Resilience Financial Sustainability Investment Capability <p>Estates Strategy and Masterplan in place, operational and on track with strong governance arrangements in place.</p>
Failure to implement and operate effective controls to provide assurance of cyber and information security, including data protection compliance, resulting in the inability to avoid breaches of data and university hardware and software systems	<p>Any serious systemic failure or breach of the University's IT infrastructure or data would result in an adverse student experience and could have significant financial and reputational consequences for the University.</p>	<p>Robust processes and controls over all data (student, staff and financial) and underpinning systems with assurance provided by internal and external audit coverage.</p> <p>Implementation of Security Information and Event Management (SIEM) system and next generation antivirus software.</p> <p>Mandatory IT Security and Data Protection training for all staff with robust follow up.</p> <p>Cyber Essentials Accreditation and ISO 20000 Accreditation (International IT Service Management) awarded 2019.</p> <p>Effective Threat and Vulnerability Strategy developed in consultation with the Penetration Test Supplier</p> <p>Regular review, updating and continuous development of the range of tools, disaster recovery plans, resilience and capacity in place.</p>
Failure to implement mental health and wellbeing strategies for students and staff and failure to ensure that students, staff and visitors are able to work in a healthy and safe environment in line with employment legislation and government and sector guidelines	<p>This risk relates to three critical areas of University activities:</p> <ul style="list-style-type: none"> a major business disruption event occurring such as a significant fire, flood or an act of terrorism; the University's responsibilities in respect of its Prevent duty and safeguarding responsibilities. Failure to have appropriate support mechanisms and strategies in place to address mental health and wellbeing issues amongst students and staff 	<p>Robust Major Incident and Business Continuity plans assured during the Covid-19 pandemic.</p> <p>Compliance with Prevent responsibilities through robust and appropriate policies, processes and oversight.</p> <p>Safeguarding Policy in place with identified and appropriately trained safeguarding leads.</p> <p>Mental health policies and procedures including a Student Mental Health, Wellbeing and Resilience Strategy.</p> <p>Participation in the Building Mentally Healthy Universities joint university project with MIND.</p> <p>Learning, Teaching & Student Experience and Campus Operations Group oversee and drive forward the principles agreed in relations to the Learning and Teaching Delivery model and all student support and experience activities.</p> <p>Outbreak Management Plan setting out the framework for dealing with one or more cases of Covid-19 amongst the University community developed and agreed with Public Health England.</p>

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Responsibilities of the Board of Governors

Statement of primary responsibilities

The Board of Governors is Teesside University's governing body. The Board's responsibilities are set out in the Statement of Primary Responsibilities. This statement identifies the Board of Governors' principal responsibilities under Article 3.1 of the University's Articles of Government as including:

- the determination of the educational character and mission of the University, and for oversight of its activities
- the effective and efficient use of resources, the solvency of the University and the Corporation, and safeguarding of their assets
- the review and final approval of annual estimates of income and expenditure
- the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of all holders of senior posts, and the assignment of duties and appraisal of the Vice-Chancellor and the Clerk to the Board of Governors
- setting a framework for the pay and conditions of service of all staff (other than those specified above)
- the consideration of the amendment or revocation of these Articles of Government (in accordance with the provisions of Article 16).

It also identifies the Board of Governors' principal responsibilities in complying with the CUC Higher Education Code of Governance (2020 Revision), which during the financial year were as follows:

- 1.1 To set and agree the mission, strategic vision and values of the institution with the Executive.
- 1.2 To agree long term academic and business plans and key performance indicators and ensure that these meet the interests of stakeholders, especially staff, students and alumni.
- 1.3 To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the strategy plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
- 1.4 To delegate authority to the head of the institution, as Chief Executive, for the academic, corporate, financial, estate and human resource management of the University; and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the institution.
- 1.5 To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk assessment, value for money arrangements and procedures for handling internal grievances and for managing conflicts of interest.
- 1.6 To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
- 1.7 To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
- 1.8 To safeguard the good name and values of the institution.
- 1.9 To appoint the head of the institution as Chief Executive, and to put in place suitable arrangements for monitoring their performance.

- 1.10 To appoint a Secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
- 1.11 To be the employing authority for all staff in the institution and to be accountable for ensuring that an appropriate human resources strategy is established.
- 1.12 To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall accountability for the institution's assets, property and estate.
- 1.13 To be the institution's legal authority and, as such, to ensure systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name. This includes accountability for health, safety and security and for equality, diversity and inclusion.
- 1.14 To receive assurance that adequate provision has been made for the general welfare of students.
- 1.15 To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.
- 1.16 To ensure that the institution's constitution is always followed, and that appropriate advice is available to enable this to happen.
- 1.17 To promote a culture which supports inclusivity and diversity across the institution.
- 1.18 To maintain and protect the principles of academic freedom and freedom of speech legislation.
- 1.19 To ensure that all students and staff have opportunities to engage with the governance and management of the institution.

Governors should apply informed and independent judgement to ensure the successful development of the University. Board decisions should reflect the breadth of the experience of the Members, and must be characterised by openness, objectivity and rigour, thereby establishing confidence in the strategic direction of the University and in the effective implementation of the agreed Mission.

Statement of Board of Governors' responsibilities in respect of the Annual Report and the Financial Statements

The Board of Governors is responsible for preparing the Annual Report and the financial statements in accordance with the requirements of the Office for Students' Terms and Conditions of Funding for Higher Education Institutions and Research England's Terms and Conditions of Research England grant and applicable law and regulations.

The Board is required to prepare Group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Terms and Conditions of Funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students. The Board of Governors is required to prepare financial statements which give a true and fair view of the state of affairs of the Group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the Group and parent University financial statements, the Board of Governors is required to:

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

The Board of Governors is responsible for keeping proper accounts and proper records in relation to the accounts. The Board of Governors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board of Governors has taken reasonable steps to:

- ensure funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- ensure funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the terms and conditions attached to them;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- secure the economical, efficient and effective management of the University's resources and expenditure.

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

Paul Booth CBE
Acting Chairman

Professor Paul Croney
Vice-Chancellor & Chief Executive

Independent Auditor's report to the Board of Governors of Teesside University

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Teesside University ('the University') for the year ended 31 July 2021 which comprise the Consolidated and University statement of comprehensive income and expenditure, Consolidated and University statement of changes in reserves, Consolidated and University statement of financial position, Consolidated statement of cash flows and related notes, including the statement of accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2021, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Basis for opinion

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

Going concern

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

In our evaluation of the Board of Governors's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board of Governors's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board of Governors's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the University will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of the Board of Governors, the audit committee, internal audit and inspection of policy documentation as to the University's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the University's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board of Governors, Audit Committee and Resources Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that tuition fees and research grants and contracts are recorded in the wrong period and the risk that University's management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted to unusual accounts, those posted by infrequent users and those having unusual cash combinations.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Board of Governors and other management (as required by auditing standards), and from inspection of the University's regulatory and legal correspondence and discussion with the Board of Governors and other management the policies and procedures regarding compliance with laws and regulations.

As the University is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the University is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation, pensions legislation and specific disclosures required by higher education legislation and regulation, charities legislation and related legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the University is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: compliance with Higher Education regulatory requirements of the Office for Students, recognising the regulated nature of the University's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the governors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Board of Governors is responsible for the other information, which comprises the Strategic Review and the Report of the Governors and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Strategic Review and the Report of the Governors and Corporate Governance Statement, is consistent with the financial statements.

Board of Governors' responsibilities

As explained more fully in their statement set out on page 55, the Board of Governors is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in note 10 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 7 to the financial statements has been materially misstated.

We have nothing to report in these respects.

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

This report is made solely to the Board of Governors and in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors for our audit work, for this report, or for the opinions we have formed.

Rashpal Khangura (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Sovereign Square, Sovereign Street, Leeds

08 December 2021

FINANCIAL STATEMENTS

Statement of accounting policies

Accounting convention

The Group and parent University financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Accounts Direction issued by the Office for Students (OfS), the Terms and Conditions of Funding for Higher Education Institutions issued by the Office for Students and the Terms and Conditions of Research England Grant.

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

Basis of preparation

The consolidated and University financial statements have been prepared under the historical cost convention (modified by the revaluation of certain non-current assets).

Going concern

The Group and parent University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Review which forms part of the Annual Report. The Annual Report also describes the financial position of the University, its cash flows, liquidity position and borrowing facilities. The financial statements have been prepared on a going concern basis which the Board of Governors consider to be appropriate.

The Board of Governors were presented with the 2021/22 budget and financial forecasts 2021-2024 in July 2021 which included a three year cash flow forecast and balance sheet forecast. After reviewing and approving these forecasts the Board of Governors is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of Covid-19, the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The Board and its Committees have received regular updates on the challenges caused by the pandemic and the University's response including scenario planning and stress testing of income and expenditure and the underlying assumptions to ensure that there was sufficient governance and oversight of the University's financial position.

Scenarios were produced to stress test the University's financial resilience to ensure that it had the ability to handle pessimistic scenarios whilst delivering the Financial KPIs. These indicated that the University could absorb these downside scenarios whilst retaining an in-year cash surplus and without having to resort to any borrowings.

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

Basis of consolidation

The consolidated financial statements include the University, all its trading subsidiaries and the Friends of the University of Teesside Trust for the financial year to 31 July 2021. Intra-group transactions are eliminated on consolidation.

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

The University has taken advantage of the exemption under 1.12(b) of FRS 102 from preparing a statement of cash flows for the University, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the University's cash flows.

Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation (note 18). These reclassifications had no effect on the reported results of operations.

Income recognition

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

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

Investment income is credited to the Consolidated Statement of Comprehensive Income and Expenditure on a receivable basis.

Grant funding

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

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

Donations and endowments

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

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

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

There are two types of donations and endowments identified within reserves.

- 1 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.
- 2 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

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance-related conditions being met.

Taxation

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

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

The University's UK subsidiaries are liable to corporation tax in the same way as any other commercial organisation.

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 currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the surplus or deficit. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency, at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at the rates ruling at the balance sheet date where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income or Expenditure.

Exceptional Items

Exceptional items are defined as those items, that in management's judgement are material items which derive from events or transactions that do not fall within the ordinary activities of the Group, are not expected to recur and which individually, or, if of a similar type, in aggregate should be disclosed separately by virtue of their size and incidence.

Fixed assets

Fixed assets are stated at valuation or cost less accumulated depreciation and accumulated impairment losses.

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

Land and buildings

On adoption of the 2015 FE HE SORP the University followed the transitional provision and opted to revalue its land to fair value on the date of transition. Land is, therefore, measured on the basis of deemed cost, being the revalued amount at the date of transition to FRS 102 (1 August 2014).

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

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful lives of between 15 and 70 years.

Major components are treated as separable assets and depreciated over their expected economic lives, or the lives of the structure to which they relate if shorter.

The useful lives are as follows:

Structure	15 years - 70 years
Mechanical	25 years - 35 years
Fixed equipment and furnishings	10 years - 20 years

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

Equipment

Equipment costing greater than £1,500 each with an estimated life of more than one year is capitalised. All laptops and computers are also capitalised.

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

Computer equipment	5 years
Other equipment and software	up to 25 years
Motor vehicles	up to 10 years

Heritage assets

Works of art and other valuable artefacts, acquired since August 2007, have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable.

Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

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 surplus or deficit.

Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July each year.

Investments

Unlisted non-current asset investments are held on the Balance Sheet at amortised cost less impairment. Listed non-current asset investments are held at fair value.

Investments in subsidiaries are carried at cost less impairment in the University's accounts.

Current asset investments are held at fair value with movements recognised in the surplus or deficit.

Stock

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell.

Borrowing costs

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits with an original maturity of three months or less.

Intra-group transactions

Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.

Provisions

Provisions are recognised in the financial statements when: a) the University has a present obligation (legal or constructive) as a result of a past event; b) it is probable that a transfer of economic benefits will be required to settle the obligation; and c) a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risk of change in value.

Accounting for retirement benefits

The three principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS), the Teesside Pension Fund (TPF) and the Universities' Superannuation Scheme (USS). All schemes are defined benefit schemes, but the TPS and USS are both multi-employer schemes and it is not possible to identify the assets and liabilities of these schemes attributable to each institution. Therefore, these schemes are accounted for as defined contribution retirement benefit schemes. Contributions to these schemes are included as expenditure within the Consolidated Statement of Comprehensive Income and Expenditure in the period in which they are payable and no liability for future payments of benefits is recognised in the Balance Sheet.

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

Defined benefit retirement plan

Defined benefit retirement plans are post-employment benefit plans other than defined contribution retirement plans. Under defined benefit retirement plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University recognises the liability for its obligations under defined benefit retirement plans 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 determined by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Comprehensive Income and Expenditure in the periods during which services are rendered by employees.

Financial instruments

The University has chosen to apply the provisions of sections 11 and 12 of FRS 102 in full. Financial assets and financial liabilities are recognised in the University's balance sheet when the University becomes a party to the contractual provisions of the instrument. A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The University's financial assets and liabilities all meet the criteria for basic financial instruments prescribed within FRS 102 Section 11.8. All financial assets and liabilities are initially recognised at the transaction price plus any additional directly attributable transaction costs. They are subsequently measured as follows.

Investments

Investments within the scope of section 11 of FRS 102 (therefore excluding investments in subsidiaries, associates and joint ventures) are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through the statement of comprehensive income). Subsequently, they are measured at fair value if the investment is publicly traded or their fair value can otherwise be measured reliably with the changes in fair value recognised in the statement of comprehensive income. All other investments are measured at cost less impairment.

Short-term debtors and creditors

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

Loan notes

Loan notes which are basic financial instruments are initially recorded at the transaction price, net of transaction costs. Subsequently, they are measured at amortised cost using the effective interest method.

Reserves

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

Significant estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions in the application of these accounting policies that affect reported amounts of assets, liabilities, income and expenditure.

Estimates and judgements are periodically evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. Details of the Group's significant accounting judgements and estimates are described below.

Estimates for the accounting for employee benefits

FRS 102 requires that certain assumptions are made in order to determine the amount to be recorded for retirement benefit obligations and pension plan assets for certain of the University's defined benefit plans. These are mainly actuarial assumptions such as discount rate, mortality rates and expected inflation rates. Differences arising from actual experience or future changes in assumptions will be reflected in future years. The key assumptions made for 2021 are documented in note 27.

Valuation of investment property

The University holds one investment property. The valuation of the University's investment property is undertaken on an annual basis. Due to the nature of valuations there is an element of subjectivity and judgement involved in this valuation.

Recoverability of debtors

The provision for doubtful debts is based on our estimate of the expected recoverability of those debts in line with our provision for bad and doubtful debts procedure. A provision is made for any amounts that are not considered to be recoverable. This provision is based on knowledge of the customer, the time that this amount has been outstanding and the level of uncertainty as to whether the customer has sufficient funds to pay these amounts.

Consolidated and University statement of comprehensive income and expenditure

Year Ended 31 July 2021

	Notes	Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated £000	University £000	Consolidated £000	University £000
Income					
Tuition fees and education contracts	1	125,062	124,874	116,187	115,926
Funding grants	2	17,067	17,067	16,420	16,420
Research grants and contracts	3	3,617	3,609	3,383	3,389
Other income	4	13,185	13,439	14,053	14,187
Investment income	5	108	102	275	263
Donations and endowments	6	332	332	232	232
Total income		159,371	159,423	150,550	150,417
Expenditure					
Total staff costs	8	93,907	93,509	94,063	93,750
Other operating expenses		46,544	46,983	38,499	38,861
Depreciation	12	15,020	15,020	13,081	13,080
Interest and other finance costs	9	1,931	1,931	1,616	1,616
Total expenditure	10	157,402	157,443	147,259	147,307
Surplus before other gains		1,969	1,980	3,291	3,110
Gain/(loss) surplus on revaluation of investment properties	14	100	100	(105)	(105)
Loss on retirement of investment property		–	–	(261)	(261)
Surplus before tax		2,069	2,080	2,925	2,744
Taxation	11	2	–	–	–
Surplus for the year after tax		2,071	2,080	2,925	2,744
Appreciation/(impairment) on endowment asset investments		33	33	(10)	(10)
Actuarial gain/(loss) in respect of pension schemes	27	22,386	22,386	(47,554)	(47,554)
Total comprehensive income/ (expenditure) for the year		24,490	24,499	(44,639)	(44,820)
Represented by					
Endowment comprehensive income/(expenditure) for the year		34	34	(7)	(7)
Unrestricted comprehensive income/ (expenditure) for the year		24,456	24,465	(44,632)	(44,813)
		24,490	24,499	(44,639)	(44,820)

All items of income and expenditure relate to continuing activities.

Consolidated and University statement of changes in reserves

Year Ended 31 July 2021

Consolidated

	Income and expenditure account		Revaluation reserve	Total
	Endowment £000	Unrestricted £000	£000	£000
Balance at 1 August 2019	284	106,267	19,472	126,023
(Deficit)/surplus from the income and expenditure statement	3	2,922	–	2,925
Other comprehensive income/(expenditure)	(10)	(47,554)	–	(47,564)
Transfers between revaluation and income and expenditure reserve	–	632	(632)	–
Transfers between unrestricted income and expenditure reserve and endowment income and expenditure reserve	11	(11)	–	–
Total comprehensive income/ (expenditure) for the year	4	(44,011)	(632)	(44,639)
Balance at 31 July 2020	288	62,256	18,840	81,384
Balance at 1 August 2020	288	62,256	18,840	81,384
Surplus from the income and expenditure statement	1	2,070	–	2,071
Other comprehensive income	33	22,386	–	22,419
Transfers between revaluation and income and expenditure reserve	–	1,004	(1,004)	–
Total comprehensive income/ (expenditure) for the year	34	25,460	(1,004)	24,490
Balance at 31 July 2021	322	87,716	17,836	105,874

Consolidated and University statement of changes in reserves (continued)

Year Ended 31 July 2021

University

	Income and expenditure reserve		Revaluation reserve	Total
	Endowment £000	Unrestricted £000	£000	£000
Balance at 1 August 2019	284	105,646	19,472	125,402
Surplus from the income and expenditure statement	3	2,741	–	2,744
Other comprehensive expenditure	(10)	(47,554)	–	(47,564)
Transfers between revaluation and income and expenditure reserve	–	632	(632)	–
Transfers between unrestricted income and expenditure reserve and endowment income and expenditure reserve	11	(11)	–	–
Total comprehensive income/ (expenditure) for the year	4	(44,192)	(632)	(44,820)
Balance at 31 July 2020	288	61,454	18,840	80,582
Balance at 1 August 2020	288	61,454	18,840	80,582
Surplus from the income and expenditure statement	1	2,079	–	2,080
Other comprehensive income	33	22,386	–	22,419
Transfers between revaluation and income and expenditure reserve	–	1,004	(1,004)	–
Total comprehensive income/ (expenditure) for the year	34	25,469	(1,004)	24,499
Balance at 31 July 2021	322	86,923	17,836	105,081

Consolidated and University Statement of Financial Position

As at 31 July 2021

	Notes	As at 31 July 2021		As at 31 July 2020	
		Consolidated £000	University £000	Consolidated £000	University £000
Non-current assets					
Fixed assets	12	209,593	209,838	217,743	217,988
Heritage assets	13	653	653	614	614
Investment properties	14	2,100	2,100	2,000	2,000
Non-current investments	15	257	286	229	258
		212,603	212,877	220,586	220,860
Current assets					
Stock		66	63	64	64
Trade and other receivables	16	28,764	29,868	23,474	24,295
Current investments	17	36,027	36,027	20,000	20,000
Cash and cash equivalents		35,268	34,343	19,666	18,585
		100,125	100,301	63,204	62,944
Less: Creditors – amounts falling due within one year	18	(58,309)	(59,552)	(40,824)	(41,640)
Net current assets		41,816	40,749	22,380	21,304
Total assets less current liabilities					
		254,419	253,626	242,966	242,164
Creditors – amounts falling due after more than one year	19	(30,005)	(30,005)	(30,546)	(30,546)
Provisions for liabilities	21	(118,540)	(118,540)	(131,036)	(131,036)
Total net assets		105,874	105,081	81,384	80,582
Restricted reserves					
Income and expenditure reserve – endowment reserves	22	322	322	288	288
Unrestricted reserves					
Income and expenditure reserve – unrestricted		87,716	86,923	62,256	61,454
Revaluation reserve		17,836	17,836	18,840	18,840
Total reserves		105,874	105,081	81,384	80,582

The financial statements were approved by the Board of Governors on 26 November 2021 and were signed on its behalf on that date by:

Paul Booth CBE
Acting Chairman

Professor Paul Croney
Vice-Chancellor & Chief Executive

Consolidated statement of cash flows

Year ended 31 July 2021

	Notes	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Cash flow from operating activities			
Surplus for the year before and after taxation		2,071	2,925
Adjustment for non-cash items			
Depreciation	12	15,020	13,081
Revaluation of investment property	14	(100)	105
Loss on retirement of investment property	14	–	261
Loss on sale of fixed assets		78	9
(Increase)/decrease in stock		(2)	5
(Increase)/decrease in debtors		(4,748)	56
Increase in creditors		20,065	4,331
Decrease in pension provision		(373)	(78)
Excess of pension costs over contributions paid		10,263	8,290
Receipt of donated heritage assets		(24)	(40)
Adjustment for investing or financing activities			
Investment income	5	(104)	(270)
Interest payable	9	4	15
Endowment income	5	(4)	(5)
Capital grant income		(3,088)	(3,045)
Net cash inflow from operating activities		39,058	25,640
Cash flows from investing activities			
Capital grant receipts		1,551	2,988
Disposal of non-current asset investments		31	18
(Increase)/withdrawal of deposits		(16,027)	8,000
Investment income		102	319
Payments made to acquire fixed assets		(8,844)	(32,225)
Payments made to acquire heritage assets		(15)	(37)
New non-current asset investments		(26)	(15)
		(23,228)	(20,952)
Cash flows from financing activities			
Interest paid		(5)	(17)
Endowment cash received		4	5
Repayments of amounts borrowed		(227)	(310)
		(228)	(322)
Increase in cash and cash equivalents in the year		15,602	4,366
Cash and cash equivalents at beginning of the year		19,666	15,300
Cash and cash equivalents at end of the year		35,268	19,666

Notes to the financial statements

1 Tuition fees and education contracts

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Full-time home and EU students	87,613	87,613	86,356	86,356
International students	24,030	24,030	17,054	17,054
Part-time students	9,432	9,432	8,666	8,666
Education contracts	3,987	3,799	4,111	3,850
	125,062	124,874	116,187	115,926

2 Funding grants

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated and University £000		Consolidated and University £000	
Recurrent grant received from Regulator	11,810		12,669	
Specific grants				
Higher Education Innovation Fund	1,276		1,354	
National Collaborative Outreach Programme	340		298	
Connecting Capability Fund	549		532	
Hardship Funds	943		–	
Capital Grants	1,602		1,494	
Other	547		73	
	17,067		16,420	

3 Research grants and contracts

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated and University £000	
Research Councils	402	402	389	389
UK-based charities	160	160	286	286
UK central government	1,072	1,072	1,030	1,030
UK Health Service	588	588	329	329
European Commission	878	878	853	853
Other grants and contracts	517	509	496	502
	3,617	3,609	3,383	3,389

4 Other income

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Residences, catering and conferences	2,974	2,957	4,129	4,066
Other revenue grants	5,186	5,186	4,257	4,257
Other capital grants	1,465	1,465	1,617	1,617
Other income	3,560	3,831	4,050	4,247
	13,185	13,439	14,053	14,187

5 Investment income

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Investment income on endowments	4	4	5	5
Other investment income	104	98	270	258
	108	102	275	263

6 Donations and endowments

	Year ended 31 July 2021 Consolidated and University £000	Year ended 31 July 2020 Consolidated and University £000
Donations	332	232

7 Details of grant and fee income

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Grant income from the OfS	12,909	12,909	12,408	12,408
Grant income from other bodies	14,052	14,052	12,978	12,978
Fee income for taught awards	123,020	122,888	114,455	114,238
Fee income for research awards	1,222	1,222	1,067	1,067
Fee income from non-qualifying courses	820	764	665	620
	152,023	151,835	141,573	141,311

8 Staff costs

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Salaries	66,399	66,036	66,577	66,283
Social security costs	7,003	6,989	7,012	7,006
Movement on USS Provision	(67)	(67)	(166)	(166)
Movement on enhanced pensions provision	11	11	372	372
Other pension costs (note 27)	20,096	20,075	18,850	18,837
Restructuring costs	465	465	1,418	1,418
	93,907	93,509	94,063	93,750

Compensation for loss of office

The number of staff who received compensation for loss of office which totalled £465,000 was 41 (year ended 31 July 2020: £1,418,000 and 66 staff).

Emoluments of the Vice-Chancellor & Chief Executive

	Year ended 31 July 2021	Year ended 31 July 2020
	Consolidated and University £	Consolidated and University (restated) £
Salary	233,547	233,547
Performance related pay	–	–
Pay in lieu of pension contributions	48,597	40,498
Private healthcare	3,417	3,273
	285,561	277,318
Pension costs	–	7,759
	285,561	285,077

The Vice-Chancellor was a member of the Teachers' Pension Scheme until 30 September 2019. The University's pension contributions to the Teachers' Pension Scheme on behalf of the Vice-Chancellor were paid at the same rates as for other academic staff. The Remuneration Committee approved a monthly payment in lieu of pension contributions from 1 October 2019 at no additional cost to the University.

At its meeting on 27 August 2021, the Remuneration Committee acknowledged the strong performance of the University during the previous financial year towards achievement of the Recovery Plan 2020/21 and the related strategic KPIs, as well as acknowledging the unprecedented and outstanding leadership afforded to staff and students throughout an extremely challenging pandemic by the Vice-Chancellor. Under his leadership, all Recovery Plan targets/milestones were completed and all KPIs were either achieved or saw significant progress for the financial year ended 31 July 2021. Remuneration Committee recognised this exceptional contribution to the University by proposing a performance payment of 15% of basic salary for the Vice-Chancellor & Chief Executive for the year ended 31 July 2021, however the Vice-Chancellor has waived acceptance of it.

For the year ended 31 July 2020 the Remuneration Committee noted the exceptional contribution of the Vice Chancellor during that year, however recognising that there was no National Pay Award pending for staff at Grade 9 or below as a result of the ongoing impact of the pandemic at that time, at the meeting on 21 October 2020 Remuneration Committee determined not to make any performance payment to the Vice-Chancellor for the year ended 31 July 2020. The comparative figures have been restated due to an overstatement of pay in lieu of pension contributions.

The median salary across all staffing groups is £33,797 per annum (2020: £31,866 per annum). The Vice-Chancellor's basic salary is 6.9 times (2020: 7.3 times) greater than the median pay of staff, where the median is calculated on a full-time equivalent basis for the salaries paid by the University to its staff. The Vice-Chancellor's total remuneration is 7.2 times (2020 restated: 7.6 times) the median total remuneration of staff.

Basic annual salary of other higher-paid staff excluding employer's pension contributions

	Year ended 31 July 2021 Consolidated and University number	Year ended 31 July 2020 Consolidated and University number (restated)
£100,000 - £104,999	3	1
£105,000 - £109,999	–	1
£110,000 - £114,999	4	4
£115,000 - £119,999	1	–
£125,000 - £129,999	1	–
£135,000 - £139,999	2	4
£160,000 - £164,999	1	1
£230,000 - £234,999	1	1

Following publication by the Office for Students, of the clarification on the requirements of the accounts direction, pension allowances have been excluded from the basic annual salary of those higher-paid staff in receipt of such payments. This has resulted in the comparative numbers being restated in respect of a small number of employees. The comparatives also include the basic annual salary banding for the Vice-Chancellor.

Average staff numbers by major category (full-time equivalents)

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated number	University number	Consolidated number	University number
Academic and research	884	884	784	784
Administrative and technical	721	710	783	774
Other	216	212	224	221
	1,821	1,806	1,791	1,779

Access and Participation

Access and Participation staff costs included in overall staff costs comprise:

	Year ended 31 July 2021 Consolidated and University £000	Year ended 31 July 2020 Consolidated and University £000
Access and investment	1,858	1,093
Financial support	–	–
Disability support (excluding expenditure in the two categories above)	465	569
Research and evaluation	43	55
	2,366	1,717

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. The University defines its key management personnel as those employees who are or have been members of the University Executive Team during the year.

	Year ended 31 July 2021 Consolidated and University £000	Year ended 31 July 2020 Consolidated and University
£000		
Key management personnel compensation	1,567	1,565

9 Interest and other finance costs

	Year ended 31 July 2021 Consolidated and University £000	Year ended 31 July 2020 Consolidated and University £000
Loan interest	4	15
Net charge on pension schemes	1,927	1,601
	1,931	1,616

10 Analysis of total expenditure by activity

	Year ended 31 July 2021 Consolidated University £000 £000		Year ended 31 July 2020 Consolidated University £000 £000	
Academic departments	67,359	67,359	62,901	62,901
Academic services	31,221	31,363	30,229	30,170
Research grants and contracts	3,861	3,861	3,597	3,597
Residences, catering and conferences	3,544	3,474	3,711	3,629
Premises	16,137	16,137	14,933	14,933
Administration	19,900	19,900	17,694	17,871
Other	15,380	15,349	14,194	14,206
	157,402	157,443	147,259	147,307

Other operating expenses include

External auditor's remuneration in respect of audit services*	123	98	76	66
External auditor's remuneration in respect of non-audit services*	74	68	19	10

The External auditor's remuneration in respect of non-audit services was also considered by Audit Committee with due consideration for any relevant threats and safeguards.

* including VAT

Access and Participation

	Year ended 31 July 2021 Consolidated and University £000		Year ended 31 July 2020 Consolidated and University £000	
Access and investment	2,717		2,120	
Financial support	646		581	
Disability support	502		651	
Research and evaluation	44		55	
	3,909		3,407	

The University's Access and Participation Plan 2020/21 to 2024/25 is available at: <https://www.tees.ac.uk/docs/DocRepo/Schools%20and%20colleges/TeessideUniversity%20Access%20and%20Participation%20Plan%202020-21.pdf>

(1) £2,366,000 (2019/20 £1,717,000) of these costs are already included in the overall staff costs figure included in the financial statements, see note 8.

11 Taxation

Group and University

As an exempt charity, the University is potentially exempt from corporation tax on income and gains falling within section 287 of CTA 2009 and sections 471 and 478-488 of CTA 2010 or section 256 of TCGA 1992 to the extent that they are applied for charitable purposes.

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Current tax				
UK Corporation tax of 19% on surplus for the year	-	-	-	-
Deferred tax credit	2	-	-	-
Factors affecting the tax charge				
Surplus before taxation	2,069	2,080	2,925	2,744
Surplus multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	393	395	556	521
Tax on surplus falling within charitable exemption	(393)	(395)	(556)	(521)
Current tax charge	-	-	-	-

12 Fixed assets

	Freehold land £000	Freehold buildings £000	Assets in the course of construction £000	Vehicles £000	Equipment and furniture £000	Total £000
Consolidated						
Cost						
At 1 August 2020	14,866	239,071	21,961	203	48,054	324,155
Additions in year	-	937	3,714	-	2,297	6,948
Transfers in year	-	24,120	(24,120)	-	-	-
Written off in year	(24)	(1,756)	-	-	(382)	(2,162)
At 31 July 2021	14,842	262,372	1,555	203	49,969	328,941
Consisting of: Valuation as at:						
31 July 1997	-	43,362	-	-	-	43,362
31 July 1998	-	1,999	-	-	-	1,999
31 July 2014	13,830	-	-	-	-	13,830
31 July 2020	250	-	-	-	-	250
Cost	762	217,011	1,555	203	49,969	269,500
	14,842	262,372	1,555	203	49,969	328,941
Depreciation						
At 1 August 2020	-	77,608	-	167	28,637	106,412
Charge for the year	-	9,771	-	9	5,240	15,020
Written off in year	-	(1,756)	-	-	(328)	(2,084)
At 31 July 2021	-	85,623	-	176	33,549	119,348
Net Book Value						
At 31 July 2021	14,842	176,749	1,555	27	16,420	209,593
At 31 July 2020	14,866	161,463	21,961	36	19,417	217,743

12 Fixed assets (continued)

	Freehold land	Freehold buildings	Assets in the course of construction	Vehicles	Equipment and furniture	Total
University	£000	£000	£000	£000	£000	£000
Cost						
At 1 August 2020	14,866	239,434	21,961	203	46,699	323,163
Additions in year	–	937	3,714	–	2,297	6,948
Transfers in year	–	24,120	(24,120)	–	–	–
Written off in year	(24)	(1,756)	–	–	(382)	(2,162)
At 31 July 2021	14,842	262,735	1,555	203	48,614	327,949
Consisting of: Valuation as at:						
31 July 1997	–	43,362	–	–	–	43,362
31 July 1998	–	1,999	–	–	–	1,999
31 July 2014	13,830	–	–	–	–	13,830
31 July 2020	250	–	–	–	–	250
Cost	762	217,374	1,555	203	48,614	268,508
	14,842	262,735	1,555	203	48,614	327,949
Depreciation						
At 1 August 2020	–	77,608	–	167	27,400	105,175
Charge for the year	–	9,771	–	9	5,240	15,020
Written off in year	–	(1,756)	–	–	(328)	(2,084)
At 31 July 2021	–	85,623	–	176	32,312	118,111
Net Book Value						
At 31 July 2021	14,842	177,112	1,555	27	16,302	209,838
At 31 July 2020	14,866	161,826	21,961	36	19,299	217,988

Asset revaluations

On adoption of FRS 102 the University revalued its land to its fair value as at 1 August 2014. The valuation was undertaken by BNP Paribas Real Estate Advisory & Property Management UK Limited.

If the freehold land and buildings had not been revalued they would have been included at the following amounts:

	31 July 2021		31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Cost	247,250	247,554	222,229	222,533
Accumulated depreciation and impairment	(72,510)	(72,510)	(63,779)	(63,779)
	174,740	175,044	158,450	158,754

13 Heritage assets

Consolidated and University	£000
Cost at 1 August 2020	614
Additions in year	39
Cost at 31 July 2021	653

Heritage assets comprise works of art acquired by MIMA.

14 Investment properties

Consolidated and University	£000
Valuation as at 1 August 2020	2,000
Surplus on revaluation	100
Valuation as at 31 July 2021	2,100

In assessing the value of the property as at 31 July 2021, various factors were considered that could affect the value reported in the accounts including the purpose of the property, the level of occupancy, economic factors and the climate of the property market in general.

The method of valuation for this property was the investment method which involves the capitalisation of the rent by a suitable yield to arrive at the capital value.

15 Non-current investments

	Other Fixed Asset Investments		
	Cost £000	Valuation £000	Total £000
Consolidated			
At 1 August 2020	30	199	229
Additions in year	–	26	26
Disposals in year	–	(28)	(28)
Appreciation	–	30	30
At 31 July 2021	30	227	257

	Other Fixed Asset Investments		Subsidiary companies £000	Total £000
	Cost £000	Valuation £000		
University				
At 1 August 2020	30	199	29	258
Additions in year	–	26	–	26
Disposals in year	–	(28)	–	(28)
Appreciation	–	30	–	30
At 31 July 2021	30	227	29	286

The University's subsidiary companies and its percentage shareholding in each are as follows:

Subsidiary company	Nature of business	Shareholding
University of Teesside Enterprises Limited (Registered in England and Wales)	Commercial activities, enterprise, trading and liaison with industry and commerce.	Limited by guarantee
Teesnap Limited (Registered in England and Wales)	To provide and promote educational and training services relating to nursing, midwifery and associated professions allied to medicine, dental hygiene, dental therapy and to provide management services related to the aforementioned.	100% Ordinary Shares (Issued share capital – £100)
Teesside (Beijing) Education Consulting Co Ltd (Wholly foreign-owned enterprise of the People's Republic of China)	Provision of consultation services and foreign communication and exchange in relation to education.	100% registered capital (Registered capital RMB 300,000)
TU Online Limited (Registered in England and Wales)	Delivery of the University's online learning course content	100% Ordinary Shares (Issued share capital – £1)
TU Enterprise & Innovation Limited (Registered in England and Wales)	Commercial activities, enterprise, trading and liaison with industry and commerce.	100% Ordinary Shares (Issued share capital – £100)

15 Non-current investments (continued)

The University also consolidates The Friends of the University of Teesside Trust, an independent trust which may provide funds for the assistance and benefit for educational purposes of the University and for other charitable purposes which are connected with and acceptable to the University. The current status of this trust is dormant.

Other fixed asset investments at cost consist of:

Consolidated and University £000

At 31 July 2021 and 31 July 2020

CVCP Properties plc	30
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The University is a shareholder in CVCP Properties plc together with other university members of Universities UK. CVCP Properties plc's principal asset is Universities UK's headquarters, Woburn House. The total issued ordinary share capital of CVCP Properties plc is £4.25m.

Other fixed asset investments at valuation comprise:

	31 July 2021 Consolidated and University £000	31 July 2020 Consolidated and University £000
Equities and bonds	197	169
Cash held within investment portfolio	30	30
	227	199

All other investments are carried at their fair value. Investments in equities and bonds are all traded in quoted public markets, primarily the London Stock Exchange. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

Details of the investments in which the group and the University hold 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holding	Proportion of voting rights and shares held	Nature of business
Hot Coatings Limited	Ordinary shares	24%	Research and development of novel flexible thermally and electrically resistant coatings
Anasyst Limited	Ordinary shares	22%	Design and development of microfluidic devices for sophisticated fluid operations in miniaturised format
Dynamic Motion Detection Limited	Ordinary shares	24%	Development of exergaming technology, using a gaming system to incorporate force and resistance into game play, for health and sports training benefits

Whilst the above are considered associates, on the grounds of materiality these have been accounted for as investments.

16 Trade and other receivables

	31 July 2021		31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Amounts falling due within one year				
Trade receivables	13,233	12,496	13,402	12,596
Amounts due from subsidiary companies	–	1,887	–	1,718
Prepayments and accrued income	13,472	13,326	9,086	8,960
	26,705	27,709	22,488	23,274
Amounts falling due after more than one year				
Trade receivables	2,059	2,059	986	986
Amounts due from subsidiary companies	–	100	–	35
	2,059	2,159	986	1,021
	28,764	29,868	23,474	24,295

17 Current investments

	31 July 2021 Consolidated and University £000	31 July 2020 Consolidated and University £000
Short-term deposits	36,027	20,000

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

At 31 July 2021 the weighted average interest rate of these fixed rate deposits was 0.34% (2020: 0.63%) and the remaining weighted average period for which the interest rate is fixed on these deposits was 124 days. The fair value of these deposits was not materially different from the book value.

18 Creditors – amounts falling due within one year

	31 July 2021		31 July 2020 (reclassified)	
	Consolidated £000	University £000	Consolidated £000	University £000
Other loans	–	–	227	227
Payments received on account	35,545	35,122	18,596	17,711
Trade payables	6,414	6,390	6,549	6,444
Social security and other taxation payable	2,453	2,444	2,272	2,267
Accruals and deferred income	13,897	13,653	13,180	13,125
Amounts due to subsidiary companies	–	1,943	–	1,866
	58,309	59,552	40,824	41,640

19 Creditors – amounts falling due after more than one year

	31 July 2021 Consolidated and University £000	31 July 2020 Consolidated and University £000
Deferred income – government capital grants	30,005	30,546

20 Analysis of secured loans

The University has a formal set-off arrangement with Lloyds Bank in respect of a loan facility. At 31 July 2021 the amount of the loan outstanding was £1,083,318 (31 July 2020: £1,624,983) with the equivalent amount being held on deposit by the bank. The interest rate charged on the loan is 0.25% above Bank of England Base Rate.

21 Provisions for liabilities

	Defined benefit obligations	Enhanced pensions	Obligation to fund deficit on USS pension	Total
Consolidated and University	£000	£000	£000	£000
At 1 August 2020	125,799	4,750	487	131,036
Utilised in year	–	(391)	(21)	(412)
(Credited)/charged to the Statement of Comprehensive Income	(12,123)	81	(42)	(12,084)
At 31 July 2021	113,676	4,440	424	118,540

Defined benefit obligations

Defined benefit obligations relate to the liabilities under the University's membership of the Local Government Pension Scheme. Further details are given in note 27.

Enhanced pensions

The enhanced pension provision relates to the cost of staff who have already left the University's employment. This provision is recalculated each year end. The principal assumptions for this calculation are:

	31 July 2021	31 July 2020
Price inflation	2.6%	2.1%
Discount rate	1.7%	1.5%

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 fund deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS for the duration of the contractual obligation and salary inflation.

22 Income and expenditure reserve – endowment reserves

Restricted net assets relating to endowments are as follows:

Consolidated and University	Restricted Expendable £000	Restricted Permanent £000	2021 Total £000	2020 Total £000
At 1 August 2020				
Capital	42	124	166	165
Accumulated income	–	122	122	119
	42	246	288	284
Investment and other income	–	4	4	16
Expenditure	(1)	(2)	(3)	(2)
Increase/(decrease) in market value of investments	–	33	33	(10)
Total endowment comprehensive (expenditure)/income for the year	(1)	35	34	4
At 31 July 2021	41	281	322	288
Represented by				
Capital	41	157	198	166
Accumulated income	–	124	124	122
	41	281	322	288
Analysis by type of purpose:				
Lectureships	11	–	11	11
Prize funds	11	2	13	13
Scholarships and bursaries	19	32	51	51
Research support	–	247	247	213
	41	281	322	288
Analysis by asset:	31 July 2021 £000	31 July 2020 £000		
Non-current investments	227	199		
Cash and cash equivalents	95	89		
	322	288		

23 Capital and other commitments

	31 July 2021 Consolidated and University £000	31 July 2020 Consolidated and University £000
Provision has not been made for the following capital commitments at 31 July:		
Commitments contracted for	352	2,713

24 Lease obligations

Total rentals payable under operating leases

Consolidated and University	31 July 2021			31 July 2020		
	Land and buildings £000	Plant and machinery £000	Total £000	Land and buildings £000	Plant and machinery £000	Total £000
Payable during the year	–	137	137	–	156	156
Future minimum lease payments due:						
Not later than one year	–	101	101	–	107	107
Later than one year and not later than five years	–	86	86	–	186	186
Total lease payments due	–	187	187	–	293	293

25 Related party transactions

Due to the nature of the University's operations and the composition of the Board of Governors (being primarily drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest. Members of the Board of Governors are required to declare any outside interests. All transactions involving organisations in which a member of the Board of Governors 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 has taken advantage of the exemptions under section 33 of FRS 102 for '100%' or 'wholly owned' subsidiaries not to disclose inter-group transactions.

These financial statements reflect the following transactions with related parties, which were undertaken on an arm's length basis and under normal commercial terms:

Name	Nature of Interest	2020/21		2019/20	
		Income/ (expense) £000	Amount due (from)/to £000	Income/ (expense) £000	Amount due (from)/to £000
PD Ports	Chief Financial Officer is a Governor	52	–	28	–
South Tees Hospital NHS Foundation Trust	Non-Executive Director is a Governor	69 (49)	(7) 6	39 (280)	(27) 6
Tees Valley Inclusion	Director is a Governor	–	–	(3)	–
Teesside University Students' Union	Two Officer Trustees are Governors	317 (1,323)	– 244	339 (1,510)	(4) 10
Visualsoft Ltd	Director is a Governor	24 (3)	(37)	31	(70)

No Board member has received any remuneration or has waived payments from the Group during the year (2020 – none).

The total expenses paid to or on behalf of one Board member was £1,659 (2020 – £4,579 to five Board members).

Two Officer Trustees of Teesside University Students' Union (TUSU) are members of the Board of Governors. The financial statements of TUSU are separately audited and are not consolidated with the University.

TUSU received a block grant from the University of £1,320,000 (2020: £1,465,000).

26 Financial instruments

Overview

The University has exposure to the following risks from its use of financial instruments:

- > Credit risk
- > Liquidity risk
- > Exchange rate risk
- > Interest rate risk

This note presents information about the group's exposure to each of the above risks and its objectives, policies and processes for managing risk.

Categories of financial instruments

	31 July 2021		31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Financial assets				
Equities and investment funds	227	227	199	199
Trade and other receivables	15,292	16,542	14,385	15,335
Long-term cash deposits	36,027	36,027	20,000	20,000
Cash and cash equivalents	35,268	34,343	19,666	18,585
	86,814	87,139	54,250	54,119
Financial liabilities				
Loans	–	–	227	227
Trade and other payables	6,414	8,333	6,549	8,310
	6,414	8,333	6,776	8,537

These financial assets and liabilities are all basic financial instruments in accordance with section 11 of FRS 102. They are measured at amortised cost with the exception of equities and investment funds which are measured at fair value through the statement of comprehensive income.

Risk management

The Group operates a centralised treasury function which is responsible for managing the credit, liquidity and interest risk associated with the Group's activities. These financial risks are managed within parameters specified by the Treasury Management Policy. The Group's Treasury Management Policy governs all treasury management activities and sets out relevant policy objectives and control measures. It is reviewed and approved by the University's Resources Committee annually. The Treasury Management Policy adopts the key recommendations of the Code of Practice on Treasury Management in Public Services, as issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Group's principal financial instruments are cash, short-term deposits and investments. The core objective of these financial instruments is to meet financing needs of the Group's operations. Additionally, the Group has other financial assets and liabilities arising directly from its operations i.e. trade debtors and creditors.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's Treasury Management Policy and Financial Regulations lay out the framework for credit risk management. Credit risk is monitored on an on-going basis.

The Group's credit risk arises from bank balances, investments, student debtors and government and commercial organisations as customers. Management of credit risk is a prime objective of Treasury Management Policy. At 31 July 2021, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet. The Treasury Management Policy states maximum level of investments for each counterparty to mitigate risk concentration. Similarly, the Group's investment decisions are based on strict minimum credit worthiness criteria to ensure the safety of cash and investments. Credit worthiness of the Group's banks and money market funds is regularly monitored. Generally, the Group does not require collateral against financial assets.

Student, government and commercial debtors are reviewed on an on-going basis and bad debt provisions are made if recovery of credit becomes uncertain. A debtor deemed irrecoverable is written off in accordance with the Financial Regulations. The concentration of risk is limited due to the student base being large and diverse.

Liquidity risk

Liquidity risk refers to the risk that the Group will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities.

Formal cash flow forecasts are developed, monitored and updated to ensure that adequate working capital is available and excess funds are invested to reduce the carrying cost of funds. The Group policy is to maintain a minimum liquidity of £30m, at the year end, and invest excess funds for maturity of no more than 12 months. At 31 July 2021, the Group is holding cash and cash equivalents of £35.268m (2020: £19.666m) and deposits and investments of various maturities of £36.027m (2020: £20m), none of which is greater than 12 months. The average maturity of all deposits and investments is 289 days.

Exchange rate risk

Exchange rate risk refers to the risk that the unfavourable movements in foreign exchange rates may cause financial loss to the Group.

The Group's principal foreign currency exposures arise from research-related receipts and payments denominated in euros. There are ring-fenced euro bank accounts, set up especially for research projects funded in euros. All other receipts in foreign currencies are converted into pound sterling unless required for immediate foreign currency payments. Overall exchange rate exposure is immaterial, being an insignificant portion of total income and expenditure. At 31 July 2021, the sterling equivalent of all euro bank balances was £0.6m (2020: £0.17m).

Interest rate risk

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of Balance Sheet items (ie price risk) or changes in interest income or expenses (ie re-investment risk).

The Group's main financing relates to one loan with a total amount outstanding of £1.083m (2020: £1.625m). Interest is charged at a margin above base rate. At 31 July 2021, balance sheet values of deposits and investments are not exposed to changes in interest rates. However, the Group's interest and investment income is exposed to changes in interest rates i.e. reinvestment rate risk. The Group is prepared to accept re-investment risk to exploit opportunities where yield can be maximised without compromising capital base of the investment. The Group has no outstanding derivative instruments as at 31 July 2021 (2020: nil).

27 Pension schemes

The two principal pension schemes for the University's staff are the Teachers' Pension Scheme England and Wales (TPS) and the Local Government Pension Scheme (LGPS), established locally as the Teesside Pension Fund (TPF). At 31 July 2021 14 members (31 July 2020: 18) of staff were members of the Universities Superannuation Scheme and a small number of staff were members of a defined contribution scheme offered by two subsidiary companies.

The total pension cost:

	31 July 2021		31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
TPS	6,739	6,739	6,667	6,667
TPF including FRS 102 adjustments	13,054	13,054	11,938	11,938
Other pension schemes	303	282	245	232
Total pension cost (note 8)	20,096	20,075	18,850	18,837

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The University is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the University has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

27 Pension schemes (continued)

Teesside Pension Fund

Introduction

The disclosures below relate to the funded liabilities within the Teesside Pension Fund (TPF).

The TPF is a funded defined benefit plan, with the assets held in separate funds administered by XPS Administration on behalf of Middlesbrough Borough Council. Benefits up to 31 March 2014 are linked to final salary and benefits after that date are based on a Career Average Revalued Earnings scheme. Details of the benefits earned over the period covered by this disclosure are set out in 'The Local Government Pension Scheme Regulations 2013' and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014'.

Funding/Governance Arrangements of the TPF

The funded nature of the TPF requires participating employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The total contributions made for the year ended 31 July 2021 were £6,665,000, of which employer's contributions totalled £4,643,000 and employees' contributions totalled £2,022,000.

During the year, the University's contribution rate was 15.8%. Employees' contribution rates range from 5.5% to 12.5%, depending on salary and for full pension entitlement.

McCloud/Sargeant Judgement and Guaranteed Minimum Pension (GMP) Indexation and Equalisation

In December 2018 the Court of Appeal ruled in the 'McCloud/Sargeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. The Government applied to the Supreme Court for permission to appeal this judgement, however the Supreme Court rejected the Government's request on 27 June 2019. The next stage is for the case to be referred to the Employment Tribunal to agree the remedy, following appropriate consultation. In a Ministerial Statement dated 15 July 2019 Government committed to extending a remedy across all public sector schemes which included similar transitional protection arrangements, which includes the LGPS.

Following changes to the State Pension in April 2016, there was a risk that members of the LGPS who were 'contracted out' of the State Pension between 6 April 1978 and 6 April 1997, and who would reach their State Pension Age (SPA) after April 2016, would be worse off. This is because State Pension reforms removed the facility for the State to pay 'top up' payments to ensure their total pension was fully inflation protected. The LGPS was only required to pay limited increases on some elements of GMP (a portion of pension accrued in the LGPS when members were contracted out of the State Scheme). In March 2016 Government committed the LGPS to pay full pension increases on GMPs to individuals reaching SPA between 6 April 2016 and 5 December 2018. This has previously been accounted for. In January 2018 Government committed the LGPS to pay full pension increases on GMPs to individuals reaching SPA between 6 December 2018 and 5 April 2021. This has not been recognised in the accounts to date. Further, the Government has indicated that it is committed to continuing to compensate all members of public sector pension schemes reaching SPA after 5 April 2021. The Government's view is that this solution also meets sex equalisation requirements.

Assets

The assets allocated to the employer in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets over the accounting period. The Fund is large and holds a significant proportion of its assets in liquid investments. As a consequence there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole (based on data supplied by the Administering Authority) is shown in the disclosures.

Asset values are reported using estimated asset allocations prepared by the scheme Actuary. This asset value is calculated at each triennial valuation. Thereafter it is rolled forward for accounting valuation purposes using investment returns, contributions received, and benefits paid out. During each annual reporting period between triennial valuations asset returns are estimated using 11 months of market experience and one month of extrapolation being assumed.

The Administering Authority may invest a small proportion of the Fund's investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

27 Pension schemes (continued)

Actuarial Assumptions

The actuarial assumptions are management's assessment of those that best reflect the University's profile. The University appointed an independent pensions adviser to review the appropriateness of the assumptions which were also supported by sector benchmarking. As a result there has been a change in the estimation method of the discount rate from the University's tailored rate of 1.65% to the Treasury Method of 1.7%. This has resulted in a reduction of the defined benefit obligation of £3.9m. For the mortality assumptions the University has adopted the CMI_2020 model for future improvements with a w2020 parameter of 10% which is a change from the previous year end when the CMI_2018 model was adopted. This has resulted in a reduction of the defined benefit obligation of approximately £14m.

Risks associated with the Fund in relation to accounting

Asset Volatility

The liabilities used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield this will create a deficit in the accounts. The Fund holds a significant proportion of growth assets which while expected to outperform corporate bonds in the long term creates volatility and risk in the short term in relation to the accounting figures.

Changes in Bond Yield

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in assets as a result.

Inflation Risk

The majority of pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that an increase in inflation will increase the deficit.

Life expectancy

The majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

Exiting employers

Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Further the assets at exit in respect of 'orphan liabilities' may, in retrospect, not be sufficient to meet the liabilities. This risk may fall on other employers. 'Orphan liabilities' are currently a small proportion of overall liabilities in the Fund.

27 Pension schemes (continued)

Principal actuarial assumptions

The latest actuarial valuation of Teesside University's liabilities took place as at 31 March 2019. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes were:

	At 31 July 2021	At 31 July 2020
	%	%
Rate of increase in salaries	2.6	2.1
Future pensions increases	2.6	2.1
Discount rate for scheme liabilities	1.7	1.5
Inflation assumption (CPI)	2.6	2.1

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

The assumed life expectancies on retirement age 65 are:

	At 31 July 2021	At 31 July 2020
	years	years
Retiring today		
Males	21.2	21.4
Females	23.1	23.2
Retiring in 20 years		
Males	22.2	22.4
Females	24.6	24.7

The University's share of the assets in the plan at the balance sheet date and the actual return were:

	At 31 July 2021	At 31 July 2020
	Share of the assets	Share of the assets
	%	%
Equities	79.1	76.0
Property	7.3	8.0
Cash	8.3	11.6
Other	5.3	4.4
	100	100

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in Assumption	Impact on fund deficit
Discount rate	Decrease by 0.1%	Increase by £7.9m
Rate of salary growth	Increase by 0.1%	Increase by £1.0m
Rate of increase to pensions in payment	Increase by 0.1%	Increase by £6.8m
Members live longer than assumed	One year longer	Increase by £13.0m

27 Pension schemes (continued)

	At 31 July 2021 £000	At 31 July 2020 £000
Analysis of amounts shown in balance sheet		
Fair value of Fund assets	227,686	187,218
Present value of Fund liabilities	(341,362)	(313,017)
Deficit in the scheme recorded within provisions (note 21)	(113,676)	(125,799)
	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Amounts included in staff costs		
Current service cost	13,054	11,440
Past service cost	–	498
	13,054	11,938
Amounts included in interest and other finance costs		
Net interest cost	1,852	1,488
Amount recognised in other comprehensive income		
Asset gains/(losses) arising during the year	36,793	(21,577)
Experience losses on liabilities	(14,407)	(25,977)
	22,386	(47,554)
Deficit at 1 August	(125,799)	(69,955)
Movement in year:		
Current service cost	(13,054)	(11,440)
Employer contributions	4,643	5,136
Past service cost	–	(498)
Net interest on defined liability	(1,852)	(1,488)
Actuarial gains/(losses)	22,386	(47,554)
Deficit at 31 July	(113,676)	(125,799)
Changes in the present value of defined benefit obligations		
Defined benefit obligations at 1 August	313,017	271,350
Current service cost	13,054	11,440
Interest cost	4,668	5,947
Contributions by scheme participants	2,022	2,037
Actuarial losses	14,407	25,977
Benefits paid less individual transfers in	(5,806)	(4,232)
Past service cost	–	498
Defined benefit obligations at 31 July	341,362	313,017

27 Pension schemes (continued)

Changes in the fair value of fund assets

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Fair value of Fund assets at 1 August	187,218	201,395
Interest on Fund assets	2,816	4,459
Actuarial gains/(losses)	36,793	(21,577)
Contribution by the employer	4,643	5,136
Contributions by scheme participants	2,022	2,037
Benefits paid	(5,806)	(4,232)
Fair value of Fund assets at 31 July	227,686	187,218

History of experience gains and losses

	2021	2020	2019	2018	2017
Difference between actual and expected return on Fund assets:					
Amount (£000)	36,793	(21,577)	4,756	10,163	22,789
Percentage of scheme assets	16.2%	(11.5%)	2.4%	5.4%	13.2%
Experience (losses)/gains on Fund liabilities					
Amount (£000)	(14,407)	(25,977)	(24,694)	(7,593)	4,133
Percentage of the present value of Fund liabilities	(4.2%)	(8.3%)	(9.1%)	(3.3%)	1.9%

Actual return on Fund assets

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Interest income on Fund assets	2,816	4,459
Actuarial gains/(losses) on assets	36,793	(21,577)
	39,609	(17,118)

The Teesside Pension Fund assets do not include any of the University's own financial instruments or any property occupied by the University.

28 Post Balance Sheet Events

Since the year end, following the completion of the 2020 actuarial valuation, a new dual rate schedule of contributions has been agreed with an effective date of 1 October 2021. Recalculating the USS provision on the basis of these contributions would result in an increased obligation to fund the deficit of £1.1m, an increase of £0.7m.

A further change to deficit recovery contributions will become applicable under the 2020 valuation if the Joint Negotiating Committee recommended deed on benefit changes has not been executed by 28 February 2022. In this scenario, higher deficit recovery contributions will commence from 1 October 2022 at 3% and then increase every 6 months until they reach 20% at 1 October 2025. They remain at this level until 31 July 2032. Negotiations are continuing and an increase to this level is considered remote.

If the Schedule of Contributions remains unchanged, the University's Financial Statements for the year ending 31 July 2022 will reflect these changes to the provision, subject to any other changes in financial and operational assumptions.

This publication is available in alternative formats on request.
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