



ANNUAL REPORT AND FINANCIAL STATEMENTS

2019/20

**AMBITION
DELIVERED
TODAY**



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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



Chairman and Pro-Chancellor

FOREWORD

As we reflect on a year of unprecedented challenge for the University and the wider community, I take this opportunity, on behalf of the Board, to pay tribute to the fantastic and selfless way in which the Teesside University team has responded.

Throughout these unique circumstances, Team Teesside have remained focussed on the transformative power of the institution for the benefit of all our students and for the Tees Valley.

Whether it be through community volunteering, providing a welcome boost for regional business, stepping up to join the NHS workforce or providing the very best educational experience despite unprecedented circumstances, the University continues to impress through the tenacity, innovation and generosity of both staff and students.

There is no doubt that the year ahead requires a flexible and agile approach from the sector.

At Teesside, our students are at the heart of everything we do; our priorities will be providing a safe and secure learning environment and to continue to deliver an outstanding student experience.

Teesside is an ambitious and enterprising university, focussed on making a real difference to the lives of people and the communities we serve, whilst galvanising economic growth and prosperity.

These are complicated and uncertain times for the sector as a whole, and we will continue to adapt, maintaining our vital contribution to regional priorities, such as the development of digital skills and biosciences, to ensure the University remains in a globally competitive position.

I would like to express my thanks to our University Chancellor, Paul Drechsler CBE, for his unfailing support and dedication and in helping to drive forward the University's plans.

I am sure the collaboration and commitment across the University will help us to build on the success of previous years and continue to position Teesside as an international university with a reputation for academic excellence.

Alastair MacColl

Chairman and Pro-Chancellor

There is no doubt that the year ahead requires a flexible and agile approach from the sector.



Despite the challenges faced, there have been many developments and achievements which have enhanced our provision . . .

Vice-Chancellor and Chief Executive

INTRODUCTION

This academic year has brought unprecedented change that we had no way of predicting. Despite such extraordinary events, I am delighted to see the hard work, dedication and commitment of Teesside University recognised in so many ways.

Our response to the COVID-19 pandemic has showcased the strong spirit, determination and dedication of our university.

Whether it is our health students going into practice early, providing research expertise and equipment, or supporting businesses through difficult times, Team Teesside has pulled together and continued to adapt to the ever-changing circumstances.

Despite the challenges faced, there have been many developments and achievements which have enhanced our provision, our campus and our impact in the past year.

Our new Student Life building officially opened in the New Year – providing a re-imagined approach to student support and an example of best practice within the sector.

Cornell Quarter, our new residential student accommodation complex, was completed and opened for students in October 2020.

We were also pleased to see our Middlesbrough campus become a University Enterprise Zone, providing a dynamic environment for new entrepreneurs and established companies to grow through digital innovation.

Our commitment to inclusivity and advancing equality in higher education continues, through the Athena Swan Charter and our highest ever ranking in the Stonewall Index.

We also recently launched eight new specialist research centres within the University, changing the way our research expertise is presented and we have seen a significant uplift in the number of academic staff contributing to REF2021.

The University's digital-first approach has flourished through our award winning Future Facing Learning initiative and it has played a significant part in adapting to new ways of teaching during the COVID-19 pandemic.

Our internationalisation agenda is more important than ever following recent global challenges and our reputation continues to encourage students from across the world to study at Teesside.

This success over the last 12 months has been testament to the hard work and dedication of Team Teesside and recognised nationally by an increase of two places in *The Guardian University Guide 2021**. This represents a significant achievement in the current environment.

It is an exciting time of change and transformation for our University as we launch our new 2025 Corporate Strategy, which sets out an ambitious future for the institution, inspiring our students, staff and communities across the world.

We continue to strive for excellence and celebrate our position as an ambitious and forward-thinking university which values education and research and is committed to providing an outstanding student and learning experience.

Professor Paul Croney

Vice-Chancellor and 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.

It is committed to developing a Civic University Agreement in partnership with local government and other major institutions.







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.

To further reinforce our commitment to providing an exemplary student and learning experience Teesside University is currently pioneering the biggest programme of investment and development the institution has witnessed in recent years.

Projects include the new Business School, which is responding to economic and societal needs by building and equipping future leaders, managers and innovators, the National Horizons Centre, a UK centre of Excellence for the bioscience industry, the Student Life building and the Cornell Quarter accommodation project.

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

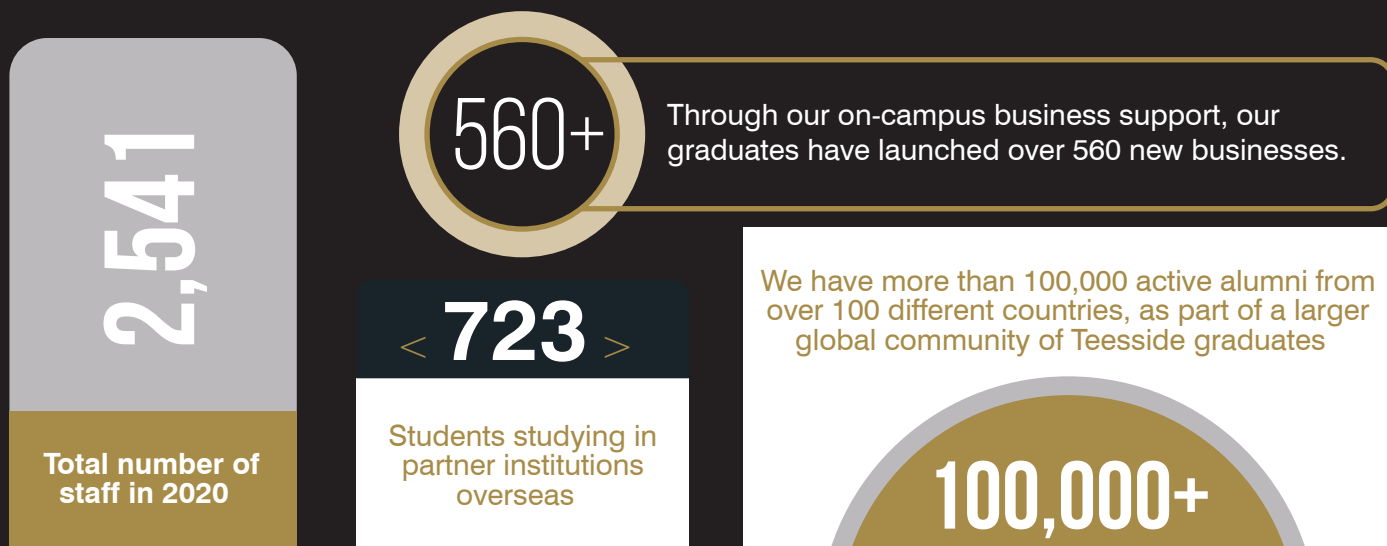
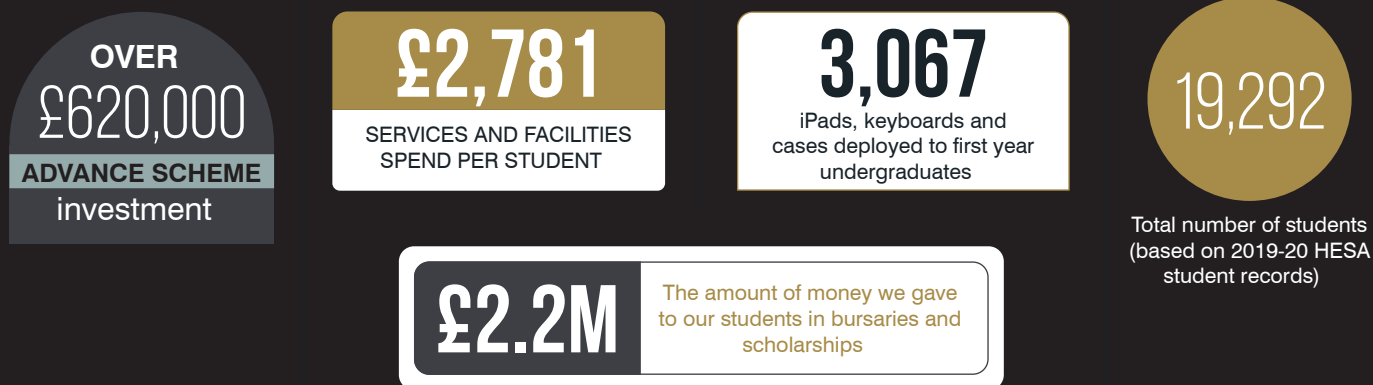
Research programmes are aligned to the UK's Industrial Strategy with a range of global businesses and academic collaborators around three external societal grand challenges.

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



Corporate Strategy

The last five years taking us to the final point of Teesside 2020, have been transformative for the University. Our Student Futures Strategy and Future Facing Learning model are now embedded across the institution; we have doubled the number of international students on campus; we have launched a biomedical centre of excellence; and our campus footprint has been tailored to the needs of our students.

The many achievements of Teesside 2020 have been incremental in our ability to respond to the COVID-19 pandemic, which has had a significant impact on education across the globe and will likely contribute to a shift in the way higher education providers will operate in future.

Our commitment to enhancing the learning experience through the future facing learning model meant we were able to develop a new learning approach tailored to the changing needs of our students.

Our financial resilience permitted us the flexibility to adapt to the changing environment, and our commitment to our role as an anchor institution allowed us to support the local community in many innovative ways.

Building on this success, our Teesside 2025 Corporate Strategy sets out an ambitious future for the institution, driving academic ambition and delivering excellence for our students, partners and society. The strategy will position Teesside as a high-performing global university anchored in the Tees Valley providing aspiration to our community and learning opportunities for all.

Year one of the Teesside 2025 Corporate Strategy has been positioned as a Recovery Plan for 2020/21 with a suite of key deliverables and KPIs aimed at delivering recovery under a new 'normal'.

The foundation of the Teesside 2025 Corporate Strategy is that we do not stand still; we challenge expectations, pushing the boundaries of what is possible; and we work with individuals and businesses to develop solutions that deliver ambition today.

**AMBITION
DELIVERED
TODAY**





The degree apprenticeship was a perfect fit for me

Chloe Okeefe

BA (Hons) Management Practice Degree Apprenticeship
Moguntia Food Ingredients Ltd



STRATEGIC REVIEW

Learning, Teaching and Student Experience

The Learning and Teaching Strategic Plan 2020, set out Teesside University's ambition to provide an outstanding student and learning experience underpinned by research, enterprise and the professions that meets the needs of a diverse range of students.

Our achievements include:

- > **creating a learning culture and an innovative curriculum** with inspirational teaching informed by research and employer engagement and the professions
- > **collaborating with employers and organisations** to develop graduate skills, work experience, and relevance to ensure real-world impact
- > **creating a stimulating learning environment** that provides the space, facilities and technology for effective learning and personal development.

Putting students at the heart of everything Teesside University does has been a central tenet of the 2020 Learning and Teaching Strategic Plan. A key focus of the plan has been recognising the diversity of starting points, identities, learning styles and experiences and providing support throughout the student journey.

Building on a strong heritage in learning and teaching, the 2020 strategic plan looked to build a future facing, quality, research-rich, and value-added curriculum that ensured all Teesside University students develop skills and understandings that enhance their lives, their communities and their society. Over the course of the plan the University has embedded a highly successful future facing learning framework that has not only transformed the way in which the University delivers its teaching and learning activity and how students engage with it, but has also greatly enhanced the learning environment and wider student experience.

These achievements have been consolidated in the final year of the plan and contributed to Teesside University gaining a significant reputation in learning and teaching, leading to the development of notable new partnerships and a considerable number of keynote presentations at sector and EdTech events.

COVID-19 support and recovery

The COVID-19 pandemic continues to have a substantial impact on the learning and teaching portfolio, with many planned activities put on hold. In unprecedented times, Teesside University worked quickly and determinedly to address the many challenges posed by the pandemic. The University's work over the last five years in implementing a future facing learning framework and wide scale programme of digital transformation positioned it well to manage the fallout of the pandemic and helped to reduce the impact on staff and students.

During the pandemic the University moved teaching online, converted assessments to alternative arrangements (where appropriate) and implemented a no-detriment policy. The health and wellbeing of students has been a priority throughout and the University deployed a range of support interventions including mental health awareness sessions, free online resources, hardship funds to support those with additional digital needs, a peer buddying scheme to foster and strengthen social connections and an Employability Action Plan to support students graduating in 2020.

The implementation of a hybrid teaching model for the 2020/21 academic year, will enable the University to continue to support its students and the wider region. Through the Teesside University College Partnership (TUCP), the University will work with Tees Valley Combined Authority to support the recovery of the region, through the provision of regionally responsive learning opportunities.

Outstanding student and learning experience

Following on from the achievements of the previous four years, the University continued to invest in areas which have facilitated the development of an outstanding student and learning experience.

Teesside University's commitment to excellence, adoption of innovative and industrially relevant curricula and inspirational teaching has reaped rewards in the strategy's final year. Not only did this ensure that the University was well placed to deal with COVID-19 but also significantly enhanced its reputation for academic excellence.

Teesside University's future facing learning approach has been the centrepiece of the 2020 plan. This innovative pedagogic approach has delivered significant gains in learning and teaching and has equipped students with the knowledge and skills needed to thrive as graduates. This has also driven continued improvements in the National Student Survey, with scores for 'teaching on my course' and 'learning opportunities' now above the national average (86.2% compared to 83.7% for teaching on my course and 84.7% compared to 82.8% for learning opportunities). It is further evidenced by the success of Teesside University students. In January 2020, a team of students from the University won a prestigious competition organised by international software company Adobe. The Teesside team won the Adobe Prototype and Pitch Challenge at the British Educational Training and Technology Show for an app they designed to minimise stress, and increase levels of resilience and academic engagement.

Building on previous pedagogic developments, the University has strengthened its portfolio offer, continuing to develop new courses (despite the pandemic) including enhancing TU online courses. As a result of COVID-19, significant work has also been undertaken, to develop a robust hybrid teaching model from September 2020.

The continued roll out of the digital transformation programme has seen the University deploy increasing numbers of iPads to staff and full-time undergraduate students through the Teesside University Advance scheme and deliver more digital training, further enhancing the digital capabilities of staff. Fifteen members of staff are now qualified as Microsoft Innovative Educator Experts (MIEEs), with the University maintaining its position as the institution with the most MIEEs in the higher education sector. A dedicated CreatorLab has also been established within the Student Life building and will act as a hub for digital innovation, bringing together staff and students to co-create cutting-edge Education 4.0 learning experiences.

In the final year of the plan significant work has been undertaken to develop an ambitious Access and Participation Plan. Approved by the OfS, the plan provides opportunities for students of all backgrounds from September 2020.



Stimulating learning environment

Putting students at the heart of everything has been a core value throughout the lifetime of the 2020 strategic plan. The final year of the strategy has seen many of the efforts to establish a stimulating learning environment come to fruition.

The award-winning Student Life building was opened in January 2020 offering a technology-enabled environment, integrating the physical and digital to support diverse learner needs, and providing a range of social and individual learning spaces. Part of a wider project reimagining the University's approach to student life, the building brings all student-facing services together under one roof so students have access to a single point of contact for advice and guidance and wellbeing support. Speaking at the launch of Student Life, the (then) Universities Minister, Chris Skidmore, commended Teesside University's approach and said the project would 'transform the support services available to students'. Complementing the Student Life building, a new 24-hour student life digital platform has been introduced and enables students to access appropriate advice and services swiftly, whenever needed.

Alongside this, a new Mental Health, Wellbeing and Resilience Strategy has been introduced to ensure that the University maintains a healthy community for students, promoting mental health, wellbeing and resilience to empower students and enable them to grow and flourish. The University has also been part of a new £1.5m partnership between Mind and Goldman Sachs to provide additional mental health support to students and staff. The first of its kind, the Mentally Healthy Universities Programme focuses particularly on students in their first and final years of study, helping to make sure that they are equipped to manage their mental health and have the skills they need to build their own resilience. This will not only enable students to gain valuable skills but also enhance their university experience.

As part of the digital transformation programme, the University has launched two new digital platforms to provide tailored support for students. My Attendance helps students to log and maintain attendance, whilst StREAM helps students to monitor and take control of their own learning. Using data already collected by the University, StREAM provides all students with a personalised engagement dashboard which helps them to map their own experience and identify areas where they may need support or be able to enhance their performance. The multiple benefits of this platform can already be evidenced; Teesside University ranked 20th (out of 129) for learning community in the National Student Survey (NSS) and also saw an improvement in its 'Good Honours' score in the *Complete University Guide* (68.0 to 71.6 which resulted in an improvement in ranking from 110th to 94th).

Staff excellence

A commitment to staff excellence has been a cornerstone of the Learning and Teaching Strategic Plan throughout the five-year period. This has been consolidated in the final year of the plan, with further roll out of the Future Facing Learning Digital Programme and Continuing Professional Development (CPD) courses that have been instrumental in transforming the University's learning and teaching approach. Due to the COVID-19 pandemic some of the planned activity for this academic year had to be replaced by essential Learning and Teaching Enhancement (LTE) activity to support the transition to a hybrid teaching model. Previous embedding of the digital transformation programme meant that the University was well placed to manage this transition.

Continued high levels of engagement with all LTE activity is borne out in the NSS where Teesside University once again performed well in relation to the 'Teaching on my course' (ranking 28th out of 129).

In the last two years, a new CPD programme has been implemented to support the teaching fellow pipeline. For the second year running a Teesside University academic has been awarded a prestigious National Teaching Fellow (NTF), taking the number of NTFs at Teesside awarded since the new programme to two, and nine in total. In 2019/20 a total of 474 Teesside University staff held a fellowship of Advance HE.

Academic excellence

Throughout the plan the University has undertaken significant work to further enhance quality standards and reduce bureaucracy as part of its ongoing commitment to academic excellence. In 2019/20, the culmination of these efforts was a complete revision of the quality framework, eliminating areas of overlap and re-focusing approval and review processes to align with the future facing learning approach.

With a greater emphasis on personalised timetabling and organisation and management, the last year of the 2020 plan focussed on streamlining and enhancing modules. Not only has this led to improvements in portfolio delivery, but in many cases to improved student outcomes. For example, changes to assessment criteria and opportunities for student discussion in two of the nursing modules has resulted in the number of students achieving a 1st or 2:1 increasing from 52.3% in 2017/18 to 64.9% in 2019/20.

Strategic collaborations and partnerships

The TUCP continues to go from strength to strength. Through a shared vision of driving regional economic growth and productivity, the partnership has developed provision to ensure the delivery of seamless pathways of employer responsive education and training across the Tees Valley. This year work was undertaken to further enhance progression routes. The partnership is currently working with Tees Valley Combined Authority to directly support the economic recovery of the Tees Valley through strengthening progression pathways from levels 1-7 across key sectors.

A successful part of the University's digital transformation programme has been the establishment of strategic partnerships with notable companies including Apple, Microsoft and Adobe. The University is currently working with Adobe to become one of the first Creative Campuses in the UK.

Key successes in 2019/20

- > Teaching on my course rated 86.2% in the National Student Survey (NSS)
- > Four subjects ranked in the NSS top ten
- > A prestigious National Teaching Fellow awarded to a Teesside University academic
- > Student Life building completed and new approach launched
- > 24th for 'student satisfaction' in the *Complete University Guide 2021* (out of 130 organisations)



Company
Law
Brenda Harrigan

Research and Innovation

The 2020 Research and Innovation Strategic Plan, set out Teesside University's ambition to significantly grow the volume and quality of the University's research in selected areas of strength that informs learning and teaching, partner activity and knowledge.

This will be achieved by:

- > **developing high-quality research** in selected disciplines and cross-disciplinary themes that has real-world impact
- > **integrating research into teaching and knowledge transfer** to develop real-world application
- > **using research to support scholarship and personal development** for every member of academic staff
- > **growing** postgraduate study and research skills.

A strong and vibrant research environment effectively integrated with our teaching, learning and business engagement activities is fundamental to the University's reputation for academic excellence and providing an outstanding student and learning experience.

The 2020 Research and Innovation Strategic Plan focussed particularly on building our research capacity. It has delivered significant success in attracting new staff, developing new partnerships and growing income, which have all contributed to a strengthening of our research environment and culture. Notwithstanding some unexpected headwinds from COVID-19 in the last year, our journey of research growth and progress has accelerated over the 2019/20 academic year, setting a number of new records for the University.

Key successes in 2019/20

- > Lead partner on the Net Zero Industry Centre project
- > Secured record £3.5m in research income despite impact of COVID-19
- > Highest ever number of PhD completions
- > Rapid growth of number of research active staff to 250 (out of 577 permanent academic staff), with the vast majority of new academic appointments being substantially research active
- > Launch of eight new research centres
- > Accelerated programme of research active staff appointments, including 4 new professors.

Research culture and environment

Investment in research excellence and the development of a vibrant research environment has been a priority throughout the period of the 2020 plan. The focus on retaining and recruiting staff and targeting the growth of selected areas of research excellence has paid dividends. As we approach the final stages in the current REF cycle we have accelerated our strategy of focussing efforts in a smaller number of areas, growing critical mass and quality.

Our research efforts are increasingly targeted towards addressing three newly agreed external societal grand challenges: Forging a smarter, greener industrial economy; Creating vibrant, cohesive and resilient societies; and Shaping the future of health, care and wellbeing.

To deliver against these challenges, we have established a strong and coherent organisational framework for our research built around our eight University research centres which will form the basis of our REF submission:

- > Sustainable Engineering
- > Digital Innovation
- > Social Innovation
- > Culture and Creativity
- > Applied Psychological Science
- > Public Health
- > Rehabilitation
- > National Horizons Centre.

The work of these centres is underpinned by investments in various formal long-term external research partnerships such as the Fuse Centre for Translational Research in Public Health (with the other four North East Universities), the Innovation Hubs established with TWI Global linked to industrial net zero and healthcare technologies; and doctoral training partnerships with our fellow University Alliance universities and the Northern Bridge university consortium.



Research income

To deliver our ambition to grow our research activity, the generation of a corresponding increase in external research income to sustain this has been a key priority of the 2020 strategic plan. Over the last five years, we have taken a proactive approach to maximising our engagement with funding opportunities and establishing infrastructure and mechanisms to practically support staff in developing proposals. This has resulted in a significant increase in research income over the period of the plan.

The closure of research labs and the suspension of many research activities for a third of the year during lockdown has inevitably had a significant impact on the delivery of current projects and the ability to commence new ones, and on our research income. However, despite these exceptional headwinds, we have still achieved year on year growth in respect of our annual research income for the University. Although lower than forecast, given the unprecedented circumstances this is a positive outcome.

Encouragingly, the trajectory of growth in research bidding activities has continued and accelerated sharply over the past year with the value of these increasing from approximately £25m in 2018/19 to almost £40m in 2019/20, with this in part made possible by the new working practices necessitated by lockdown – the positive elements from which we aim to embed in our future practice. This level of bidding activity is consistent with the income growth trajectory targeted in the new strategic plan.

Strategic projects

As we seek to play a more influential role in helping address the societal grand challenges, our research is sighted on and contributing to the global, national and regional agendas linked to them. The development of key strategic partnerships with relevant partners is becoming increasingly important to allow us to assemble the capabilities and rapidly build the scale needed to make a meaningful and substantive contribution.

An example of such a strategic, signature project for the University is in supporting the Clean Growth agenda of UK industrial and regional economic growth strategies.

The transition of existing and formation of new net zero industries with reduced carbon emissions, waste, pollution and depletion of non-renewable resources sits at the heart of the Tees Valley region's growth ambitions, in particular the attraction of such industries to the new South Tees Development area alongside the existing North and South Tees process industries. Integration with the Net Zero Teesside carbon capture utilisation and storage project and the development of a regional hydrogen infrastructure form central planks of the local industrial strategy.

In support of these agendas, over the past year we have made long term investments to establish two new innovation partnerships with TWI Global, whose role is to generate and deliver new projects, and secure new industrial partners and funding, focussed on technologies for recycling and the circular economy, and for industrial decarbonisation and the hydrogen economy. In a closely related project with the support of Tees Valley Combined Authority, the University is leading a new partnership to build a new £12m regional facility as a physical asset capable of developing and testing such technologies and transitioning them to industrial use. Together these form a flagship strategic project that will form a signature theme for the University and which is expected to establish us as a significant player in this important and rapidly growing technological area, as well as creating opportunities for new academic partnerships and the development of new courses and technical and professional development provision to serve this emerging market.

COVID-19 support and recovery

Despite the inevitable impact of the COVID-19 lockdown on our research activities, income and other expected targets we have taken steps to protect our research base, and support both staff and students through this challenging period, including offering fully-funded extensions to our research students where appropriate. Whilst the financial impact of this will continue to be felt for a number of years, this has enabled us to sustain our ambition and retain our growth targets for future years. As research activities on campus recommence we envisage recovering much of the slippage on project activities, and the majority of lost income from 2019/20 being recovered over the next two years.

Enterprise and Business Engagement

The 2020 Enterprise and Business Engagement Strategic Plan clearly aligned itself to key national and regional priorities.

It committed to the University:

- > **becoming the prominent business-engaged university**, through the development of knowledge transfer initiatives; adopting a role of a business convener; and a partnership approach to business development opportunities
- > **acting as an engine of innovation** through key collaborative initiatives to stimulate growth in key sectors and enhance regional prosperity
- > **developing world-ready graduates and employee talent** through the successful embedding of the student futures strategy across the University. Teesside University graduates are able to engage in key experiences to enhance their future employment prospects
- > **operating as a catalyst for business growth** through key strategic enablers, such as the Business School, the National Horizons Centre, Launchpad and DigitalCity.

In the final year of the 2020 strategy, the achievements of the Enterprise and Business Engagement (EBE) portfolio consolidated the success of our five year ambition, successfully delivering on the commitments outlined above. As an institution, we welcomed a number of significant accolades demonstrating this success, including the renewed Athena Swan Bronze Award, recognising our work in gender equality; and Putting the Customer First quality accreditation in January for our B2B activities, highlighting the strong progress of the EBE agenda as a core priority. The University was also shortlisted in September 2020 for two *Times Higher Education* awards: Outstanding Entrepreneurial University, and Knowledge Exchange/Transfer Initiative of the Year.

The final year of the 2020 EBE Strategic Plan also saw several new economic growth initiatives, including:

- > **Grow Tees Valley:** a three-year programme helping SMEs to develop and grow through product development, new services, or entry into new markets. During and since the months of lockdown, it has proved invaluable in supporting local businesses with diagnostic and consultancy work, graduate knowledge exchange and direct funding.
- > **Tees Valley Hydrogen Innovation Project:** supporting SMEs to develop new business networks, products and processes through the development of a hydrogen low carbon economy.
- > **Digital Skills for Growth:** extension to Tees Valley of an initiative supporting employers and individuals to acquire new digital knowledge and capability.

Anchor institution

Teesside University remains committed to the economic and social development of the Tees Valley region, working as a key partner with Tees Valley Combined Authority (TVCA) on skills, innovation and regeneration. Key strategic vehicles, such as the Teesside University Business School, the National Horizons Centre and MIMA School of Art & Design, act as catalysts for regional growth, and the priorities of our local community are deeply embedded in our corporate strategy and our approach to business.

The societal impact of the University can be captured through the spearheading of regional agendas, such as skills development, art and culture engagement, and gender inequality, through key initiatives such as Borderlands, Grow Tees Valley and DigitalCity.

International Women's Day welcomed 120 schoolgirls from across the region to engage in a number of learning experiences aimed at raising aspiration and ambition. Speakers included Judge Gillian Matthews and Amanda McMahon, manager at KHI Engineering.

As part of the event, the University also hosted the launch of the Power of Women, a campaign that aims to lift the aspirations of young females in the north. The campaign will see the release of a book which aims to reach over 300,000 young females - particularly those from disadvantaged backgrounds.

Knowledge Exchange

A report commissioned to investigate the economic impact of the University in 2018/19 (as measured by GVA) shows the activities of Teesside University to benefit the economy of the North-East and Tees Valley by more than £128.4m per annum. Knowledge exchange activity generated £40.8m per annum.

The University's nationwide GVA totalled £141.1m per annum, an increase of £15.7m on the previous year. When taking into account the long-term impact of the University's knowledge exchange activities, the cumulative GVA totals £208m.

The University is one of the largest employers in the Tees Valley, directly employing 1,614 staff and supporting 2,961 FTE roles, of which 1,943 are in the Tees Valley area.

In addition, when taking into account the increased earning potential of its graduates, the University's human capital impact – the economic value of the knowledge, skills and competencies produced – is estimated at £1.4bn.

These headline findings have all increased since 2016/17, further validating Teesside University's mission as an anchor institution with a key role in driving economic growth.

The University maintained its portfolio of prestigious Knowledge Transfer Partnerships with no impact on continuity during lockdown. A new Graduate Associate Programme for Tees Valley SMEs was launched, to provide companies with access to specialist knowledge transfer in support of strategic business change.

Participation in THYME, the collaboration with York and Hull universities to promote knowledge exchange and economic growth in the North's bioeconomy, saw the University delivering 15 collaborative research projects with industry and university partners.

COVID-19 Business support and recovery

The University's civic role has proved more important than ever following the outbreak of the COVID-19 pandemic, and our teams across the institution have worked tirelessly with local partners, playing an integral role in driving business recovery in the Tees Valley.

A practical support package to help regional businesses through the crisis, launched in March, was closely followed by a range of interventions for new and established companies in the region. This included over 100 companies receiving technical or diagnostic support, or benefiting from start-up and scale-up assistance; provision of digital skills training to better equip local businesses for post-lockdown and the recovery phase; online DigitalCity accelerator programmes; digital manufacturing of PPE; and support offers to regional sports clubs.

The National Horizons Centre in Darlington supplied local NHS trusts with state-of-the-art equipment to enable them to scale up testing, while academics have been working with clinicians on research to understand the clinical course of COVID-19 cases in the region and helping to understand risk factors.

The Pro Vice-Chancellor (EBE) initiated the TVCA Economic Recovery Group to shape and deliver the business recovery strategy for the region. This group will work collaboratively across the region to develop a strategic approach to the regional fight against the impact of COVID-19. The University and TVCA together launched a survey to understand the impact of the pandemic on business operations and plans, and to identify their support needs for recovery. This work is informing the regional response plan.

Enterprise

Last year the Middlesbrough campus was designated by Research England as a £5.6m University Enterprise Zone, and work is now under way to develop a £1.5m facility on campus where business founders will benefit from new co-working spaces, studios and micro-manufacturing, and access to expertise, providing a dynamic environment for new entrepreneurs and established companies to grow through digital innovation.

As part of Global Enterprise Week in November, the University hosted five days of events and activities across the campus. Middlesbrough Mayor Andy Preston was the keynote speaker at the launch. Over 500 students and more than 50 businesses took part in the week attending 17 events including Google Digital Garage Workshops, a Food Waste hack event and Refugee Entrepreneurship.

A Teesside University Doctoral student, Charlotte Armitage, was recently named one of Europe's Top 10 BAME Female Entrepreneurs, by Business Insider, in recognition of her work to encourage on-screen diversity and fair representation. The ranking celebrates female entrepreneurs from Black, Asian and ethnic minorities who are breaking ground in their industries for creativity and innovation.

Despite the impact of lockdown, 20 new graduate and student start-ups were supported by Launchpad during the year, creating 32 jobs; this included six businesses set up by the University's Business School students following Launchpad's online Microbiz Academy programme. Further funding was secured from an external partner to support Launchpad's pioneering FUEL programme, which generates and supports successful student and graduate businesses.

Student Futures

Following its introduction as part of the University's 2020 EBE Strategic Plan, the Student Futures Strategy is now successfully embedded across the University, supporting students in the development of their employability skills.

To address the challenges faced by the graduate jobs market, work to stimulate and respond to demand for graduates has intensified, with 94 graduate internships with employers during the year (excluding the Advanced Practice placements that form part of two-year masters courses). A major campaign to support the 2020 graduate cohort, Find your Future, has been launched to maximise work experience and employment opportunities. The plan, which lays out key initiatives and responsibilities, and links to regional recovery initiatives, is being driven by a cross-University employability group.

Teesside University graduates from previous cohorts continue to perform exceptionally, with an Institute of Engineering and Technology Award going to Alexander Bottomley, an engineering graduate now working at a local engineering firm; and several of our successful graduate companies featuring in the Teesside Business Awards and the Teesside Tech Awards, including Sock Monkey Studios and Mabo, with Dominic Lusardi, founder of Animmersion, picking up a prestigious individual award.

Apprenticeships

The University continued its apprenticeship offer of 17 programmes, delivering to over 800 apprentices across all years. All apprenticeships continued throughout lockdown, and withdrawals because of COVID-19 were minimal.

Ministry of Building and Education (MOBIE) award

Following last year's graduation of the University's first MOBIE cohort, supported by George Clarke, seven out of ten MOBIE graduates are now employed in housing design.

Work on display at MIMA's end of year show included cutting-edge designs for modular living, such as developments inspired by beehives and the interior of a seashell, as well as innovative construction methods featuring 3D printed buildings and sustainable self-build homes.

Linked to the success of these courses, the University has expanded the portfolio with a BSc (Hons) Innovative Home Design and Construction, which commenced in September 2019; an online version is also in development.

Key successes in 2019/20

- > The skills, abilities and competencies developed by Teesside University generate an estimated human capital impact of £1.4bn
- > Grant awards in-year totalled £6.57m
- > Commercial awards achieved was £1.15m
- > Putting the Customer First awarded for the fifth successive time, ensuring continuous accreditation since 2009
- > Main sponsor status of the Tees Businesswoman Awards, promoting gender equality and celebrating success across the Tees Valley, and the Pro Vice-Chancellor (EBE) was presented with a special award for her regional contribution
- > TU students have undertaken more than 19,000 hours of volunteering since September 2019 (including during the lockdown period)
- > Graduate outcomes* – ranked 38th for Graduate Prospects in the *Complete University Guide 2021* (130 were ranked) and ranked 44th for Graduate Prospects in the *Times and Sunday Times Good University Guide 2021* (131 were ranked).

*Find out more at tees.ac.uk/source

International

The 2020 International Strategic Plan, set out Teesside University's ambition to significantly grow the University's global engagement and reputation.

This committed the University to:

- > **attracting high-quality students and staff** from across the world, by developing a reputable global brand for excellence in teaching and learning
- > **creating opportunities** within the curriculum and promoting cross-cultural understanding across the University
- > **growing transnational education** opportunities to facilitate student and staff exchange and diversify income streams
- > **facilitating international research and knowledge transfer** by working collaboratively across portfolio areas to enhance global opportunities.

The global success of the University depends on the collective effort of all staff across all key functions; making Teesside a great place to be and performing well domestically increases our brand power internationally, making us a destination of choice for all students.

The 2020 International Strategic Plan, focussing on areas of strategic importance to enhance the University's global position, has experienced huge success over the last five years, contributing financially and pastorally to its current robust position. Thanks to the hard work and dedication of all portfolios in enhancing the strength of the international brand of the University, we are now able to face today's considerable challenges.

The final year of the International Strategic Plan, which would have consolidated the accumulative achievements of the portfolio, has been hampered somewhat by the COVID-19 pandemic, however, there remains much to celebrate.

Global reach and impact

The decision to take a strategic approach to international student recruitment and transnational education through diversification of markets and a focus on high quality applicants and partners, was rewarded in the final year of the strategy, with marked increases in enrolments from sub-Saharan Africa and the Indian subcontinent of 49.5% and 116.5% respectively¹.

Final enrolment figures for 2019/20 were over 2,000 students against a challenging target of 1,601, representing an increase of more than double the number of international students the University had in 2015, whilst maintaining a very low visa refusal rate. This approach continues to filter through with increases in applications for the next academic year from these areas, currently standing at over 100% for Africa and over 85% for the Indian region.

High quality partner selection remains a priority, strengthening the Teesside University brand in key markets, such as South Asia, with the official launch of the University's partnership with highly-esteemed, Vishwaniketan, taking place in November 2019. The launch celebration in India welcomed local high profile guests including, Avnish Malhotra, Head of the government's British Trade Office in Pune, India, and Professor Sudhakar Nadkarni, one of the most famous academics in India in the field of design, and founder of the Industrial Design Centre at IIT Bombay.

2019/20 also saw the graduation ceremony of the University's first cohort of students with prestigious partner, MDIS in Singapore. This partnership was the first of its kind through the 2020 strategy and now works as a multidisciplinary strategic partnership across both institutions. In total, 128 students achieved their qualifications from a wide range of courses, including computing, media and communications and cyber security.

These activities work to enhance brand awareness and prestige in key target markets, through the considered selection and development of high quality students and partners.

COVID-19 support and recovery

From the announcement of the COVID-19 outbreak, the University worked tirelessly to support students, agents and partners across the world through this unprecedented time. Without experience of a situation like this, many of our global connections faced significant challenges and we were able to provide innovative and flexible solutions to help protect this network.

The international portfolio across the University hosted a number of international webinars for current and prospective students and agents around the globe, which were very successful. The international team have also worked closely with the learning and teaching portfolio in developing online provision in an effort to avoid any disruption of study.

Some of our key global partners are based in areas badly affected by the virus, including our partner institution Wuhan Polytechnic University, at the epicentre in the Hubei Province of China. The University offered support in a number of ways to all of these institutions, including assisting in the development of suitable online provision, advising on planning scenarios and linking partners to share best practice and lessons learned.

Mobility

The Teesside University Mobility offer developed at pace in semester one of 2019/20, through centrally organised experiences including trips to Malaysia, India and China, and plans to add a European contingent to the offer with Prague.

New funding was secured to enhance student mobility in India through successful bids to the UK India Education and Research Initiative (UKIERI) to enhance mobility opportunities between the UK and India. This is a joint bid with SRM Institute of Science & Technology, a top university in India, which will allow us to enhance our student experience in the summer and to expand student participation and activities in the Asian region. In addition to this prestigious bid, the University was also successful in a joint bid with Jamia Hamdard University (JHU) in New Delhi, where physiotherapy students will have the opportunity to attend short-term blended learning courses.

Whilst all mobility activity is currently on hold, the University remains poised to revive this strand of internationalisation as soon as possible, and is currently exploring opportunities for virtual mobility experiences.

International student support

In alignment with our civic mission to transform lives, we have reassessed the International Scholarships and Bursaries package, in a bid to improving access to global education. An enhancement to the Vice-Chancellor's Scholarship, awarded to outstanding international students who can demonstrate their skills and commitment to becoming future global leaders, resulted in an overwhelming number of applications, with almost 30 scholarships awarded for 2019/20. Successful recipients spanned all schools and several countries, including Egypt, Sri Lanka, and Zambia.

In addition, the University was successful in securing seven students via the prestigious and world-renowned Commonwealth Scholarships programme. The Commonwealth Scholarships are open to students from the least developed and lower middle income commonwealth countries and are aimed at high achievers who otherwise may not be able to afford to study in the UK. The scholarships are funded by the UK Department for International Development with the aim of supporting sustainable development in commonwealth countries.

Other initiatives include the GREAT Scholarships offered in conjunction with the British Council for postgraduate students in Thailand; and with the University Alliance, fully-funded PhD opportunities for EU applicants across applied biosciences for health, energy and social policy disciplines.

Student satisfaction

The 2019 iteration of the International Student Barometer² survey confirms Teesside University retained its strong position for international student satisfaction. A new high score was recorded for 'Overall Average' satisfaction (93.0%), maintaining the UK first place ranking for this measure out of 42 UK participating institutions and now placed fifth in the global rankings².

Following an internal campaign led by the international team, and drawing expertise from services and schools across the University, the student participation rate reached a record 49%, representing 80 different nationalities, with the greatest numbers from China and India. As a direct result of actions and interventions by the group, positive responses increased for almost all areas. Questions around safety, which had been an historically low performing area, now ranks tenth in the UK at 92.5%.

This feedback from our students demonstrates that as an institution we are making significant progress across many areas and we will continue to invest and to improve our offer to ensure that Teesside University remains a positive choice for students from around the world.



- 1 DID SQL Report from SITS data, 2020.
- 2 Based on the views of 854 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
- 3 *Times Higher Education World University Rankings 2021*, September 2020 <https://www.timeshighereducation.com/world-university-rankings/2021/world-ranking>
- 4 *Animation Career Review*, May 2020 <https://www.animationcareerreview.com/articles/top-25-animation-schools-and-colleges-world-2020-international-rankings>.
- 5 Based on the views of 854 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
- 6 *Times Higher Education*, June 2020 https://www.timeshighereducation.com/world-university-rankings/2020/young-university-rankings#/1/page/0/length/25/name/Teesside/sort_by/rank/sort_order/asc/cols/stats

Key successes in 2019/20

- > Ranked in the *Times Higher Education World University Rankings 2020*³.
- > Global ranking for animation – 14th in the world (out of 185 institutions)⁴.
- > Top in the UK for value for money, careers advice, library and Students' Union⁵.
- > Recognised in the in the *Global Times Higher Education Young University Rankings 2020* – with improvements made across every indicator⁶.



Resources and Business Management

The 2020 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 2020 Resources and Business Management (RBM) Strategy are to:

- > **ensure** the financial resilience, sustainability and investment capability of the University
- > **maintain and enhance** effective leadership, recruitment, development and motivation of the workforce
- > **grow** student numbers and revenue on and off campus, and maintain and enhance the Teesside University reputation and brand
- > **deliver and maintain** a high-quality campus and associated infrastructure
- > **develop and deliver** best-in-class strategic and professional services through a model of service excellence
- > **deliver** excellent governance.





2019/20 Resources and Business Management key performance indicators performance

The Resources and Business Management (RBM) Strategy is delivered by our professional services (including Campus Services, Student Recruitment & Marketing, Legal & Governance Services, Finance & Commercial Development, Human Resources, IT & Digital Services and Strategic Transformation & Change) 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 have been instrumental in the Recovery Planning Governance Arrangements and Actions in response to the COVID-19 pandemic. Working in collaboration to operationalise (at a corporate level) the delivery of the principles agreed around the New Normal Workstream areas to enable a safe and effective return to campus and providing challenge and support in the development of principles, processes and procedures.

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)	14,861	14,954	●
Total student enrolments off-campus included in total student enrolments (FTE)	1,225	1,233	●
Minimum annual surplus* as a % of total income	5.0%	8.3%	●
Minimum resources available for investment (EBITDA)/Total income (%)	8.0%	14.7%	●
Cash balance**	£30m	£39.7m	●
Pay***:Income ratio (%)	59.3%	56.5%	●
Student:Staff ratio (number)	18.0	17.9	●
Services and facilities spend per student	£1,725	£2,781	●
Maintain Investors in People	Maintain Gold status	Gold status	●

* Excluding measurement adjustments for defined benefit pension schemes and holiday pay | ** Including amounts on deposit |

*** Adjusted for defined benefit pension schemes, restructuring costs and holiday pay

Campus Services

Campus Services have played a fundamental role in enabling the University to effectively manage the challenges of the pandemic. In addition, despite unforeseen circumstances this year, we have remained dedicated to our Campus Masterplan vision and continue to enhance our campus and the student experience.

Developments and achievements in 2019/20 include:

- > completion of the Student Life building in November 2019, and the RICS (northern region) Award for Education Facility

- > Cornell Quarter was completed and opened in October 2020 (despite the COVID-19 pandemic)

- > successful implementation of individual student timetables across all schools

- > enhancement of exams/assessments modelling process

- > continued reduction in carbon emissions

- > waste management – zero waste to landfill

- > implementation of a new Major Incident Management Plan

- > introduction of a new catering stock, procurement and management system

- > introduction of business impact analysis across all University areas

- > continued development of Safezone – an emergency response app for University staff and student safety at home and whilst working abroad (circa 5,000 students and staff have signed up)

- > further modernisation of the service provision with the introduction of a new target operating model for facilities officers

- > continued provision of campus services operations throughout the lock down period providing security, safety and wellbeing provision to students residing on campus who were unable to return home

- > robust procedures developed for the safe return of staff and students to campus in September 2020

- > strong relationships developed with the local authority/emergency response COVID-19 working groups.

Human Resources

Our people

The University's aim is to maintain and enhance effective leadership, recruitment, development and motivation of our workforce. Examples of some of the key projects delivered during 2019/20 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 2019/20 included the review of the school technician teams and their working practices to create a more standardised technician management structure and the introduction of a new generic job description which more accurately reflects the important contribution that this team make to the delivery of the academic programme. The University also created a new, streamlined facilities team able to effectively support the broad range of duties required to run a constantly developing campus and support a high-quality student experience.

> School realignment project

In 2019, the University disestablished the School of Science, Engineering & Design and created three new schools:

- School of Health & Life Sciences
- School of Computing, Engineering & Digital Technologies
- MIMA School of Art & Design

These changes created a more appropriate grouping of subject disciplines from which to develop exciting new academic programmes and research opportunities as well as eradicating duplication of programmes previously offered by different schools. The development of the new MIMA School of Art & Design provides an exciting opportunity for students studying these disciplines to benefit from a direct link with an internationally recognised gallery.

> Staff communication and engagement

There has been a specific focus over the last year on enhancing staff communications and engagement. Bespoke focus groups, new weekly updates from the Vice-Chancellor, an enhanced HR website and the introduction of new pulse surveys to gather staff views and feedback were all externally commended in the University's interim Investors in People report as examples of effective communication and engagement. All these approaches have been invaluable in helping to keep staff updated and in responding to staff enquiries through the recent lockdown period as a result of the coronavirus pandemic.

> Supporting staff through lockdown

The health and wellbeing of our staff and students has been of paramount importance during lockdown. No University employees were furloughed and every effort has been made to fully equip all staff to undertake their role remotely wherever possible. Weekly updates and dedicated webpages have kept staff informed of the latest developments during the period of the pandemic. Before anyone returns to the COVID-19 safe campus for the new academic year, they must complete a mandatory Return to Work training module which provides full details of the health and safety arrangements, which they must follow on their return to site. Where possible and appropriate, remote working for large numbers of staff remain in operation for the first semester of the new academic year. Extensive occupational health support has also been provided to vulnerable staff and those experiencing anxiety about returning to campus.

Building on this success, new developments planned for 2020/21 include:

- > a new values-based approach to staff recruitment

- > completion of a major HR digitisation project

- > development of a Flexible and Agile Working Strategy.

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.

During 2019/20, the University was ranked 40th in the Stonewall Workplace Equality Index (fifth highest in the higher education sector and highest placed university in the North East) recognising its important work in supporting its LGBTQ + community. The University's work on transgender awareness was particularly highlighted.

The University committed to the Race at Work Charter this year and has met all the requirements of the Charter. An action plan has been developed to continue to improve how the University supports ethnic minorities.

Following the success of the University in achieving the Better Health at Work (Continuing Excellence) Award, the University was one of only ten universities to be selected to take part in the Mentally Healthy Universities project in conjunction with Mind. The project delivers bespoke mental health training programmes for managers, staff and students.

The achievement of Disability Confident Leader status for the University in supporting both disabled staff and applicants has informed the development of a new action plan which will further enhance our work in this area and enable the University to advise other local employers who are seeking to attain the Disability Confident standard.

The University continues to support females to succeed in traditional STEM subject areas, measures the quality of support for women returners and the promotion and development of female staff as part of the action plan that underpins the University's Athena Swan Institutional Bronze Award.

New developments this year have included a Carer's Policy to support staff with caring responsibilities through more flexible approaches to work and a new Carer Passport Scheme, and working on a local community initiative called REDiscover Middlesbrough that provides information on faith and places of worship in the area.

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 2019/20 at Teesside University was as follows:

- > trade union representatives: 20 (2018/19: 22)

- > FTE trade union representatives: 18.72 (2018/19: 21.5)

- > overall facility time (as % FTE of working time): 2.96 FTE (2018/19 2.96 FTE)
 - 0% of working hours: 0 representative (2018/19: 1)
 - 1% - 50% of working hours: 18 representatives (2018/19: 19)
 - 51% - 99% of working hours: 1 representatives (2018/19: 2)
 - 100% of working hours: 1 representatives (2018/19: 0)

- > percentage of total pay spent on facility time: 0.15% (2018/19: 0.19%)

- > percentage of total paid facility time hours spent on paid Teesside University activities: 2.60% (2018/19: 2.58%).

IT & Digital Services (ITDS)

As well as 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.

Client services

Completed all planned deployments of student PCs and applications before the start of the 2019/20 academic year.

Prepared for the third full year of iPad deployment to new full-time undergraduate students, bringing the University's fleet of managed iPads to over 11,000.

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.

Established a new Service Desk offering in the new Student Life building with a focus on proactive iPad and student digital skills support.

Infrastructure services

Continued to embed the campus-wide vulnerability management platform which now monitors over 5,000 devices, detecting and patching an average of 4,500 vulnerabilities per month.

Upgraded the JANET connections to the Centre for Professional and Education Development and the National Horizons Centre at Darlington with high-capacity resilient links.

Deployed new edge switches across the campus network.

Completed the overhaul of the University's virtual server and storage architecture.

Completed upgrades to the network edge provision across the campus.

Begun the implementation of a new telephony solution including capability for unified communications.

Application services

Implemented a digital attendance monitoring solution following a successful pilot.

Supported the implementation of a learner analytics solution integrated with appropriate data sources.

Implemented new kiosk, chatbot, and room booking systems to support the operating model in the new Student Life building.

Service excellence

ITDS continues to focus on service excellence, building on its implementation of the industry standard ITIL framework. In the 2019/20 academic year it has:

- > achieved re-accreditation for Cyber Essentials 2020

- > implemented ITIL Change and Release controls to all University IT activity

- > implemented IT asset management software and services

- > prepared for ISO20000 re-accreditation for its service provision.



Strategic Transformation & Change

The Strategic Transformation & Change (STC) programme is positioned at the heart of University activity, driving forward and delivering success through a wide range of projects to transform our operations; student and learning experience; service delivery; campus; digital offering; and people, organisational development and communications.

As phase one draws to a close, projects within the programme have directly contributed to the key strategic aims of Teesside 2020 and lay strong foundations to support recovery and Teesside 2025 aspirations. Our ambitious programme continues to be realised through a coordinated and holistic approach resulting in a strategic step change in University activities in addition to seeking continuous improvement across the University.

Student Recruitment & Marketing (SRM)

The academic year 2019/20 has provided clear challenges which have exacerbated an already challenging and competitive market. Despite these challenges, SRM has continued to adapt and deliver a high-quality applicant experience which has positively contributed to the delivery of a number of University KPIs including the student recruitment KPI.

Throughout the year, a number of key successes have been delivered including:

- > full integration of the UK admissions function within the department
- > delivery of a new applicant communications tool; Campaign Manager,
- > further development of the University's applicant portal
- > transfer of Summer University to online delivery
- > fully online enrolment process

Responding to the COVID-19 pandemic, the department moved seamlessly to home-working for all functions, delivery of online recruitment activity and the implementation of an online telephony solution for Clearing; enabling the continuity of service throughout the applicant journey. This move also accelerated a number of developments as detailed above to ensure the University could respond to the challenging external factors. We also supported a significant amount of work in preparation of a return to campus in the autumn.

The International Admissions & Compliance team continued to support the delivery of large intakes for both semesters one and two, which was recognised by securing the Team of the Year in the Teesside University 2020 STAR Awards.

Finance & Commercial Development

The University has achieved all financial KPIs in the current financial year despite the move to restricted operations resulting in some additional costs and an unavoidable reduction to income. This is due to swift financial action relating to the cost base and continued financial focus and discipline across all University budgets.

A review of pay and non-pay to approve only absolutely business critical spend in quarter 4 resulted in a further reduction to the cost base which was harvested to supplement our cash position to further improve our resilience for 2020/21.

In response to the COVID-19 pandemic, the University financial planning processes enabled scenarios to be rapidly and robustly ran as they emerged. The 2020/21 budget and three-year forecast approved in July 2020 fully implements the Mitigation Strategy agreed by the Board to deal with the financial challenges anticipated in 2020/21 financial year.

The Finance & Commercial Development Business Continuity Plan enabled management to equip key staff with the required IT equipment to provide business continuity and remote working capability in advance of the lockdown. During lockdown our service provision to customers, including our payroll bureau clients, has been maintained with process enhancements developed across the Finance & Commercial Development team to enable enhanced automation and both TU payroll and our payroll bureau have operated in a paperless environment since lockdown.

The Finance & Commercial Development systems team have supported colleagues in Academic Registry, Corporate Communications and Student Recruitment & Marketing in the development of many system initiatives over the summer to maintain and enhance the continuity of service throughout the applicant journey.

Transactional Services awards during 2019/20 include

- > winner of Best Payment Acceptance Scorecard
- > highly Commended for Best Payment Experience
- > shortlisted for Innovation & Effectiveness in Online Payments.



Legal & Governance Services

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

LGS key objectives aligned to the following strategic aims of the Resources and Business Management 5 year Strategy:

- > **grow** student numbers and revenue on and off campus, and maintain and enhance the Teesside University reputation and brand
- > **develop and deliver** best-in-class strategic and professional services through a model of service excellence
- > **deliver** excellent governance.

Set out below are highlights of some of the achievements over the course of 2019/20 that have contributed to these strategic aims:

- > aligned the University's governance processes with the OfS Framework, including, creation of an OfS Condition Mapping and Compliance group that provides regular reporting and assurance to Audit Committee
- > embedded a process to capture and report to OfS, Reportable Events and raised staff awareness on the University's Reportable Events Policy
- > successfully transitioned Board and Committee meetings to a virtual environment during remote working phase
- > implementation of cloud based MyCompliance to ensure staff have read and understood specified University Regulations, Policies and Procedures
- > implementation and maintenance of a repository of COVID-19 related regulatory requirements and guidance documents
- > transitioned to online services by the Office for Student Complaints, Appeals and Regulations and implementation of variance policy to deal with changes in student appeals processes
- > process changes made in accordance with 5 UKVI COVID-19 Temporary Concessions guidance updates
- > implementation of 4 new KPI's to track timely UKVI reporting of certain changes in accordance with Tier 4 sponsorship duties
- > consumer protection compliance via the Competition and Markets Authority group, including communications and consent mechanisms for students to deal with changes in academic delivery method
- > development and roll out of a suite of privacy notices to comply with new data collection requirements due to COVID-19 and government guidance and requirements on Universities
- > establishment of Information Governance champions across the University and oversight of the University's information governance agenda
- > implementation of safeguarding awareness raising material and training for Designated Safeguarding Officers.

LGS has been highly responsive to the changing legal and regulatory requirements faced by the University. The LGS Business Continuity Plan has enabled management to ensure LGS was able to provide 100% business continuity and remote working capability during the current pandemic.

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.

2019/20 financial strategy performance

> Financial stability and resilience

- maintaining strong net cash balances – £39.7m (2018/19: £43.3m) with minimal borrowing
- cash at 100+ days expenditure at all times
- 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 14.7% during the year (2018/19: 14.6%)
- delivering investment in growth and continuing to enhance the student experience
- delivering significant cost efficiencies during the year through the Strategic Transformation & Change programme.

> Investment capability

- significant investment to support Teesside 2020 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
- significant continued academic growth investment
- enhanced infrastructure and student experience and digital investment.

A major feature of the year was a significant programme of investment across the University to further enhance and support the student experience. This programme included over £29m (2018/19: £38m) 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 2020 Corporate Strategy, the Board of Governors approved an Estates Strategy and Campus Masterplan (2017-26), which determine the major projects the University will develop and implement as well as associated prioritisation, timelines and financing which is reviewed annually in business planning.



2019/20 financial performance against 2018/19

The University's consolidated financial performance for 2019/20 can be summarised as follows and continues the strong trajectory of recent years:

- > total income of £150.6m (2018/19: £145.1m)

- > surplus after tax of £2.9m (2018/19: £3.3m)

- > cash generated from operating activities: £25.6m (2018/19: £17.4m)

- > investment in capital expenditure: £29.8m (2018/19: £38.7m)

- > net assets before FRS 102 pension provisions of £207.7m (2018/19: £196.6m)

- > after FRS 102 provisions of £81.4m (2018/19: £126.0m).

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)

	2019/20 £'000	2018/19 £'000	2017/18 £'000	2016/17 £'000	2015/16 £'000
Tuition fees and education contracts	116,187	110,749	108,155	102,321	95,792
Funding grants	16,420	15,448	15,108	13,740	13,983
Research grants and contracts	3,383	3,244	2,445	2,558	3,003
Other income	14,053	15,061	14,971	15,849	16,950
Investment income	275	395	318	313	377
Donations and endowments	232	157	182	275	–
TOTAL INCOME	150,550	145,054	141,179	135,056	130,105
TOTAL EXPENDITURE	(147,259)	(141,762)	(132,502)	(131,125)	(126,174)
Add: measurement adjustments	9,201	9,272	4,337	5,507	3,252
TOTAL EXPENDITURE EXCLUDING IMPACT OF MEASUREMENT ADJUSTMENTS	(138,058)	(132,490)	(128,165)	(125,618)	(122,922)
SURPLUS BEFORE OTHER GAINS EXCLUDING IMPACT OF MEASUREMENT ADJUSTMENTS	12,492	12,564	13,014	9,438	7,183
Net Margin	8.3%	8.7%	9.2%	7.0%	5.5%

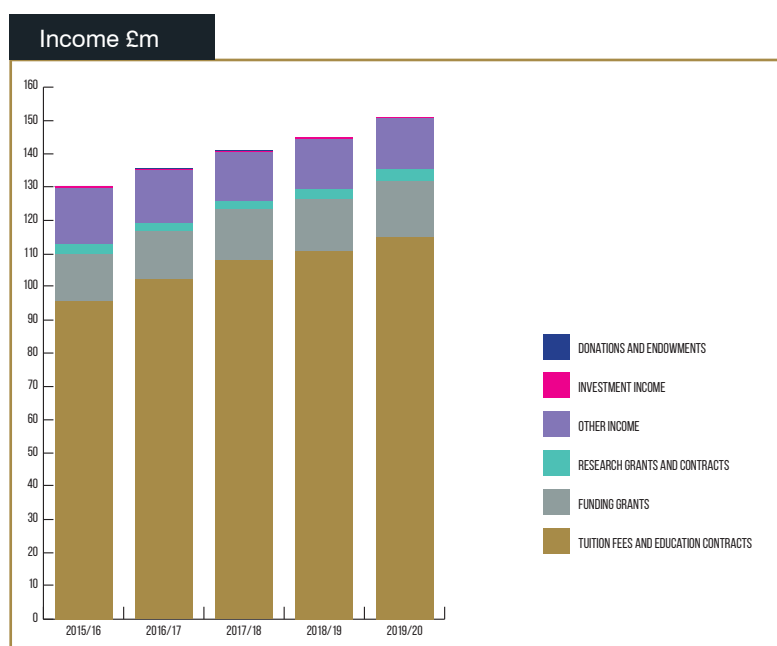
Income

Total income in the year was £150.6m representing an increase of 3.8% (£5.5m) over the previous year (2018/19: £145.1m). The main movement is:

- > tuition fee income and education contracts increased by £5.4m (2018/19: £2.6m). This was predominantly due to fee income from full-time home and EU students increasing by £6.5m and international students by £5.3m offset by a reduction of £6.7m in income from education contracts.
- > the reduction in income from education contracts reflects the shift from NHS-funded courses to tuition fee loans for students studying nursing, allied health professions and dental hygiene and therapy.

Income from tuition fees and education contracts accounts for 77.2% (2018/19: 76.4%) of total income and is illustrated in the chart.

The decrease in other income of £1m is mainly due to the impact of COVID-19 on residences, catering and conferences income (£0.8m).



Expenditure

Total expenditure was £147.3m, an increase of £5.5m over the previous year (2018/19: £141.8m).

The main movement year-on-year is:

- > staff costs (excluding exceptional pension costs) were £94.1m (2018/19: £86.5m), an increase of £7.5m or 8.9%. This increase includes an increase in FRS102 staff costs of £3.4m and £0.6m increase in the holiday accrual. Additionally there is an increase in year-on-year salary costs of £5.9m (7.3%), reflecting the pay award of 1.8% per annum, incremental costs for staff on the national pay scale and the increase in average staff FTE. Excluding FRS 102 costs and restructuring costs this represents 56.5% (2018/19: 55.4%) of total income.
- > there was a decrease of £0.6m relating to the provision for the deficit on the Universities Superannuation Scheme.

Surplus

The net margin of 8.3% represents a strong financial performance for the year. The surplus before other gains of £3.3m is in line with forecast (2018/19: £3.3m) despite the move to restricted operations resulting in additional costs and an unavoidable reduction in income. This is due to taking swift financial action relating to the cost base and continued financial focus and discipline across all University budgets to supplement our cash position and further improve our resilience for 2020/21. It is important for the University to generate a surplus in order to achieve the Teesside 2020 Corporate Strategy, including delivering the Campus Masterplan.

Balance sheet

Total assets less current liabilities of the group increased this year by £10.6m to £243m. The main areas of change were:

- > increase in fixed assets of £16.9m
- > reduction in cash and cash held on term deposits of £3.6m
- > increase in Creditors: amounts falling due within one year of £2.1m.

The group's total net assets have decreased by £44.6m which is due to an increase in the FRS 102 pension provision of £55.8m offset by the movements in fixed assets and cash and cash equivalents referred to above.

Capital programme

The University continues to invest in its estate with a number of major projects being completed or well underway. These major developments include:

- > completion of the Student Life building (£13.2m) which was recently awarded the RICS (northern region) Award for Education Facility

- > construction of the Cornell Quarter (300 bedroom en-suite student residential accommodation) completed in October 2020 (£21.6m)

- > completion of the new visitor centre on the Middlesbrough campus (£0.3m)

- > 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.

Cash flow

During the year performance was strong with £25.6m (2018/19: £17.4m) generated from operating activities to further improve our resilience during the COVID-19 pandemic. Creditors increased by over £4m mainly due to deferred income relating to student tuition fees relating to the 2020/21 academic year. There was a decrease in short-term deposits of £8m and an increase of £4.4m in cash balances. This reflects fixed asset expenditure during the year of £32.2m which 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.

Short-term deposits have decreased to ensure that the University has sufficient readily available cash to fund the extensive capital programme.

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 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 has been developed in response to disruption from the global pandemic (COVID-19) both within the context, pace, vision and aspirations of the University and the latest guidance, regulatory advice and support available to the Higher Education sector. Recovery will form Year 1 of Teesside 2025 Ambition Delivered Today – supporting the strategic aspirations for becoming a high-performing university. The plan will run for a 12 month period during the 2020/21 academic year providing a base from which to launch the remaining four years of Teesside 2025 (2021-25).

Its aim is to successfully deliver business operations throughout Academic Year 2020/21, including any changes that we look to retain, as current restrictions are lifted and a new normal is developed.

The University remains focused on maintaining its resilience, sustainability and effectiveness as it plans for the 2020/21 Recovery Year. This will be achieved by remaining in full control of our finances and remaining financially resilient with a continued drive to maximise student recruitment including flexing of the academic delivery model and intake points and with an even greater focus on continuing student numbers to minimise attrition.

To support the University Mitigation Plan, capital expenditure for 2020/21 remains an opening position of legal requirements, health and safety and IT security until the current position stabilises and campus usage and teaching delivery models are clearer as this may reshape the direction and content of the Campus Masterplan.

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

	2019/20 £'000	2018/19 £'000	2017/18 £'000	2016/17 £'000	2015/16 £'000
Tuition fees and education contracts	116,187	110,749	108,155	102,321	95,792
Funding grants	16,420	15,448	15,108	13,740	13,983
Research grants and contracts	3,383	3,244	2,445	2,558	3,003
Other income	14,053	15,061	14,971	15,849	16,950
Investment income	275	395	318	313	377
Donations and endowments	232	157	182	275	–
TOTAL INCOME	150,550	145,054	141,179	135,056	130,105
TOTAL EXPENDITURE	(147,259)	(141,762)	(132,502)	(131,125)	(126,174)
SURPLUS BEFORE OTHER GAINS	3,291	3,292	8,677	3,931	3,931
NET CASH INFLOW FROM OPERATING ACTIVITIES	25,640	17,426	19,110	14,893	13,235
(DECREASE)/INCREASE IN CASH AND BANK DEPOSITS IN THE YEAR	(3,634)	(8,402)	4,009	5,674	(9,412)
Non-current assets	220,586	204,214	175,978	159,834	156,328
Net current assets	22,380	28,165	35,372	32,030	26,437
Creditors due after more than one year	(30,546)	(31,086)	(22,306)	(15,307)	(15,147)
Provisions (excluding pension liability)	(4,750)	(4,672)	(4,602)	(4,880)	(5,301)
NET ASSETS BEFORE PENSION LIABILITY	207,670	196,621	184,442	171,677	162,317
PENSION LIABILITY	(126,286)	(70,598)	(41,791)	(40,220)	(61,735)
NET ASSETS AFTER PENSION LIABILITY	81,384	126,023	142,651	131,457	100,582

GOVERNANCE

Public Benefit Statement

Teesside University has been at the heart of higher education and skills in the Tees Valley for over 85 years and continues to have a positive impact on the North East.

As an anchor institution, the University is focussed on addressing regional priorities and has taken a leading role in widening participation, delivering teaching excellence, and working with industry and local stakeholders to drive economic, cultural and community success.

At Teesside, we believe that universities are in a unique position to make a positive difference to the people and places they interact with. We do this, not only through the significant contribution made through our research, teaching and learning, but through embedding a socially responsible approach across all our operations. Rooted in our mission to transform lives and economies, we are taking a proactive approach to ensure we maximise the delivery of positive social impact, whenever possible.

In 2019, we became a signatory of the Civic University Commission and also committed to the Social Mobility Pledge. Since then, the University has developed the Teesside University Charter for Social Impact which will guide the University's existing and developing social impact work. We deliver this work in partnership with external stakeholders, set out in a series of civic agreements and through our core business across key thematic areas to measure progress and maximise impact.

The University continues to address key challenges faced by many young people in the Tees Valley, exacerbated since the recent COVID-19 pandemic which is expected to have a significant economic impact, particularly for individuals from disadvantaged backgrounds. Young people in the region have, over many years, faced barriers to success, such as a lack of access to professional networks, limited social and cultural capital and low aspirations and confidence.

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.

We work closely with the Tees Valley Combined Authority (TVCA), our local further education colleges network (TUCP), and key regional stakeholders to ensure an aligned and cohesive approach to regional priorities, embedding these into a strategic response to enhancing the local ecosystem. More detail about work in this area can be found in the Enterprise and Business Engagement section of this report.

Highlights:

- > **Impact through partnerships** – our ability to work collaboratively with partners and networks in the Tees Valley and beyond allows us to make a difference to the communities we serve. Through our TUCP network, our partnership with the local authority and other key stakeholders, we are able to develop strategic responses to the region's priorities, demonstrating real impact. Through industry partnerships, such as Fuji Diosynth, our National Horizons Centre continues to grow, a vital resource during the recent crisis. MIMA School of Art & Design, newly established last year, has been pivotal in enhancing access to arts and culture for all and now leads on key regional projects.
- > **Teesside University Advance scheme** – the University has developed the award-winning Future-Facing Learning initiative which has provided additional support to students studying online through the COVID-19 pandemic who may otherwise be affected by digital poverty. The continued roll out of the digital transformation programme has seen the University deploy increasing numbers of iPads to staff and full-time undergraduate students through the Teesside University Advance scheme and deliver more digital training, further enhancing the digital capabilities of staff.
- > **Creative People and Places initiative** – the successful bid for the Borderlands project will see a major programme of creative growth across the region. Working with strong community hubs and creative organisations, the programme is resident-led and works at large and small scales, with local and international artists with an aim to deliver over 200,000 new opportunities for creative engagement over the next four years.
- > **Social Impact Award for the Student Life building** – the University's new £13.2m Student Life building was opened in January 2020 to provide a new focus for students on campus. Supporting our aims to deliver an excellent student experience with wellbeing at its heart, the building has enabled the restructuring of the University's services offer around the needs of a diverse student community. The facility promotes learning innovation and allows students to develop their skills for learning. The building received a RICS Social Impact Award in recognition of this student-led approach to learning and as a vehicle to support our students.
- > **Team Teesside** – the COVID-19 pandemic has demonstrated the real value of our Team Teesside ethos, with endless examples of citizenship and a core strength in the community. Our University values have been exemplified by our staff and students across the region and beyond, from nursing students volunteering on the NHS frontline, to engineering staff working to design and provide essential PPE to companies and charities from the Tees Valley to Nigeria.

Board of Governors

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

Independent members

Dr Jane Atkinson (resigned 22 November 2019)

Mr Dean Benson

Mr Paul Booth OBE

Ms Ada Burns (Treasurer)

Mr Chris Fleetwood (resigned 31 January 2020)

Ms Yasmin Khan (appointed 27 September 2019)

Ms Sue Kiddle

Mr Alastair MacColl (Chairman and Pro-Chancellor)

Ms Fiona Macleod (appointed 31 January 2020)

Ms Siobhan McArdle (resigned 22 November 2019)

Mr Michael Poole (appointed 31 January 2020)

Mr Dermot Russell

Mr Steve Tonks

Ms Claire Vaughan

Mr Godfrey Worsdale OBE

Vice-Chancellor and Chief Executive

Professor Paul Croney

Staff and student representatives

Dr Safwan Akram

Ms Sophie Bennett (resigned 30 June 2020)

Mr Dann Cooley

Mrs Marion Grieves (resigned 30 September 2019)

Ms Rosie Jones (appointed 22 November 2019)

Mr Alan Lofthouse

Mr George Reeves (appointed 1 July 2020)

Co-opted members

Mr James Cross

Mr John Hogg (resigned 22 November 2019)

Dr Nick Johnson

Professor Philip Jones

Secretary to the Board of Governors

Mrs Helen Cutting

Statement of corporate governance and internal control for the year ended 31 July 2020

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 December 2014 and revised June 2018, and has complied with the seven primary elements of that code throughout the year apart from element 3.14 relating to the Chair of the Remuneration Committee. The Code requires that the Remuneration Committee, when considering the remuneration of the Vice-Chancellor, must be chaired by a senior independent 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 & 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 2020 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 Tier 4 Sponsor Licence, 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 & 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 transformation and change.

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 (2018 Revision) 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 2020)

Note: Remuneration Committee presents its report to the Board of Governors for the academic year ended 31 July 2020 and any significant issues up to and including the meeting of Remuneration Committee held 21 October 2020. In the reporting period, the Committee met on 13 September 2019 and 21 October 2020 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 continues to demonstrate and reinforce this commitment through socially-responsible actions, set out in the Teesside University Charter for Social Impact. As an 'anchor institution', the University continues to play a leading role in widening participation both regionally and nationally. In addition, the University has an international focus with a global network of partnerships, attracting high calibre students and staff from across the world and engages in collaborative research, centred around three external societal grand challenges, that are also aligned to the UK's Industrial Strategy.

The year ended 31 July 2020 was the closing year of the University's corporate strategy, Teesside 2020. With significant progress made towards the stretching targets across the 2015-2020 period, the new corporate strategy, Teesside 2025: Ambition Delivered Today, sets out an ambitious future for the institution, driving academic ambition and delivering excellence for our students, partners and society. Year one of Teesside 2025 has been positioned as a Recovery Plan for 2020/21 with a suite of key deliverables and KPIs designed to supporting the University as it emerges from the pandemic and embarks on a 'new normal' way of operating.

In what was an unprecedented end to the academic year 2019/20 as a result of the global coronavirus pandemic, the Vice-Chancellor led a University that:

- > had a turnover in excess of £150m
- > invested over £132m in its campuses in the last five years
- > has over 19,000 students
- > employs more than 2,500 staff
- > as a result of its approach to future facing learning, saw continued improvements in the National Student Survey, with scores for 'teaching on my course' and 'learning opportunities' now above the national average
- > came 24th for 'student satisfaction' in the *Complete University Guide 2021* (out of 130 organisations) and saw an increase of two places in *The Guardian University Guide 2021*
- > ranked 38th for Graduate Prospects in the *Complete University Guide 2021* (130 were ranked) and ranked 44th for Graduate Prospects in the *Times and Sunday Times Good University Guide 2021* (131 were ranked)
- > at the start of lockdown, launched a practical support package for regional businesses to equip them for post-lockdown recovery, with over 100 companies receiving technical or diagnostic support, or benefiting from start-up and scale-up assistance
- > provided on-campus support to graduates resulting in more than 560 new businesses being launched over the past few years in particular, and despite lockdown, supporting 20 new graduate and student start-ups during the year, creating 32 jobs
- > opened the new Student Life building, a technology-enabled environment that showcases best practice in the sector for supporting students during their studies and in their career aspirations

- > renewed its Athena Swan Bronze Award for work in gender equality
- > attained 'Putting the Customer First' quality accreditation in January
- > launched eight new specialist research centres and increased the number of research active staff contributing to REF 2021
- > maintained its ranking as top in the country (out of 42 UK participating institutions) for overall average satisfaction in the International Student Barometer
- > was rated as Outstanding by Ofsted for its Higher (level 5) Apprenticeship provision
- > was rated as top in the country for overall student satisfaction in the International Student Barometer
- > exceeded its target for recruitment of international students and making Teesside a destination of choice
- > saw its highest number of PhD completions
- > achieved 100% of financial KPIs.

(further highlighted in the University's annual report and financial statements for the year ended 31 July 2020).

Remuneration (Pay) and Performance

Approach – when undertaking a review of performance and remuneration 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 latest University Key Performance Indicators for the current year (in this case, to period 11), along with individual performance assessments of each Senior Post Holder.

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

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 four 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) the option to award a one-off performance payment (as noted above) to recognise individual performance where the relevant thresholds of the Scheme are met
- c) 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)
- d) maintenance of internal relativities i.e. significant permanent change to responsibilities.

Vice-Chancellor & Chief Executive

Year ended 31 July 2020:

Applying the above approach and principles, at the meeting on 13 September 2019 Remuneration Committee determined to award a 1.8% increase to the basic salary of the Vice-Chancellor, being the figure put forward in the national negotiations for the National Pay Award for all staff with effect from 1 August 2019.

At its meeting on 21 October 2020, the Remuneration Committee recognised the continued strong performance of the University in the final year of Teesside 2020 despite the very challenging end to that year due to the ongoing global coronavirus pandemic. Under the leadership of the Vice-Chancellor, significant progress had been made towards achievement of the strategic KPIs for the financial year ended 31 July 2020. However, the Committee also noted that there was currently no National Pay Award pending for staff at Grade 9 or below for the new academic year. On that basis, the Committee determined not to make any performance payment to the Vice-Chancellor for the year ended 31 July 2020, but did still note the exceptional contribution of the Vice-Chancellor in maintaining the University's resilience in that period.

The breakdown of emoluments of the Vice-Chancellor for the year ended 31 July 2020 are as follows:

	2019-20 £	2018-19 £
Salary	233,547	229,417
Performance Related Pay	–	34,413
Pay in lieu of pension contributions*	47,788	–
Private Healthcare**	3,273	3,182
Subtotal	284,608	267,012
Pension Costs	7,759	45,833
Total	292,367	312,845

*Pay in lieu of pension contributions are at no additional cost to the University. These payments are based on the current employer's contribution rate for the Teachers' Pension Scheme of 23.68% (2018/19: 16.48%).

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

Year commencing 1 August 2020:

As there is currently no National Pay Award pending for staff at Grade 9 and below, applying the above approach and principles at its meeting on 21 October 2020, Remuneration Committee determined not to make any increase to the basic salary of the Vice-Chancellor for the new academic year commencing 1 August 2020.

Pay Multiples – year ended 31 July 2020

The median salary across all staffing groups (including atypical (generally, staff who work on a very flexible non-permanent basis, often only for a small amount of time during the year) but excluding agency staff) is £31,866 per annum (2019: £32,236 per annum). The Vice-Chancellor's basic salary is 7.3 times (2019: 7.1 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 7.8 times (2019: 8.3 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 2020 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, 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.

COVID-19 Response

The University's response to the unprecedented challenges of the worldwide spread of COVID-19 has continued to be robust, proactive and effective. The strategic risk register was updated in March to include a specific risk which related to the impact of the pandemic and allowed for mitigating controls to be clearly identified. The University invoked the Major Incident Management Plan, with the Vice-Chancellor and the Chief Operating Officer leading Gold and Silver Commands respectively coordinating our responses to this serious threat.

Schools and Services leads were asked to review their existing business continuity plans to ensure they identified the critical services to allow the University to continue to operate and meet its obligations to its internal and external stakeholders. To assure this process, the University mandated the return of an assurance proforma which required leads to confirm their business continuity plan was accurate and up-to-date to face the pandemic situation, and that their critical services had been identified in advance of the March lockdown.

Audit Committee and the Board have received regular updates on the University's response to the pandemic which included the following:

- > A number of the strategic risk descriptions were re-framed in the context of the challenges facing the University as a result of the COVID-19 pandemic and the specific COVID-19 risk was updated as controls and processes in place continued to move from the 'lockdown' to preparing for the return to Campus of a number of activities.
- > Schools and Services were requested to consider the University Assurance Map and the effectiveness of internal controls in the context of the current remote-working environment compared with the University Assurance Map during normal operations. In addition, the review captured changes that were identified to the Assurance Map which were not related to working remotely, but were as a result of the wider impact of COVID-19 or other factors. In addition, some changes were identified to the Assurance Map which were not related to working remotely, but were as a result of the wider impact of COVID-19 or other factors.

Business Assurance supported the Strategic and Transformational Change Team in reviewing Schools' and Services' COVID-19 response and business continuity plans including collating lessons learned from this period of remote working and key points from business recovery plans. Meetings were held with each School and Service to review the effectiveness of their business continuity plans in respect of COVID-19 to ensure a consistent format and to capitalise on key learnings from this period. This approach ensures business continuity plans can continue to be swiftly implemented should the University be required to rapidly move off-site into a remote working model for a sustained period of time in the future.

The three Project Groups (New Normal Work Stream Project Group, the Academic Delivery Project Group and the Student Experience Project Group – all with cross University USMT members) established by the University during the pandemic have continued to meet to ensure that the University's recovery planning preparations remain robust.

In the spirit of the learning and evaluation culture within the University, and as part of its Internal Control Framework, the internal auditors were commissioned to undertake an Internal Audit of the University's COVID-19 response.

The review focused on the University's response in the following areas:

- > the governance arrangements that were formulated as part of the pandemic response and how actions were monitored and tracked
- > business continuity plans which set out the critical activities that needed to be maintained as the University adjusted its operating model
- > communications with staff and students throughout the pandemic response, and
- > lessons that have been learned from the response and how this would inform the response should similar situations occur.

The review tested the design of the controls in place and the operating effectiveness of those controls. The review was very positive and a strong endorsement of both the approach undertaken and the underpinning actions delivered regarding the University's response to COVID-19 and provided strong assurance to the Board in this respect.

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

- the University has adopted a range of policies and procedures to reflect risk management principles
- a Risk Management Framework and Risk Management Policy is in place to define the University's risk appetite and is reviewed and updated regularly. The Risk Management Policy is reviewed at least annually. This forms the basis of detailed risk identification and management
- a key element of the University's approach to risk management is clear reporting of the Risk Management Policy, risk register, and the processes in place to manage and mitigate risk
- the University has a formal and structured Risk Management Policy to ensure that key risks are identified and managed consistently across the University
- 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 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 risk register is supported by risk management statements in the development plans of each School and Service, covering both corporate and operational risks
- 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 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 and mitigating actions are tracked
- 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 the Risk and Assurance activities since the previous meeting
- 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 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>This has been amplified by the impact of COVID-19 on both the international and home recruitment markets due to the current travel, logistical and social distancing restrictions in place.</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>Digital developments and operating model in place to support the hybrid teaching model and staff working arrangements and on-line arrangements in place for international students with travel restrictions.</p> <p>Monthly monitoring and reporting of student numbers.</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>Launch of the new Student Life building and associated 'one-stop-shop' processes.</p>
Adverse funding changes as a result of inadequate support measures for the HE sector and changes in Government policy/regulations relating to student fees and teaching, enterprise and research income	<p>Failure to plan for the impact of policy changes during the COVID-19 pandemic 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 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>Teesside 2025 and the University 2020/21 Recovery Plan are both designed to equip the University to thrive in the changing Higher Education environment in which we operate.</p> <p>Horizon-scanning used to identify upcoming changes and required actions implemented quickly.</p> <p>Continued robust financial management and scenario planning.</p>
Failure to maintain financial resilience, sustainability and investment capability in the context of cost base and margin reductions in response to COVID-19 pressures	<p>Factors such as:</p> <ul style="list-style-type: none"> the uncertainty of international and home FTUG new entrant recruitment due to travel, mobility and social distancing restrictions the increase in operating costs to ensure a safe campus return and also to support the student experience during the pandemic investment in digital developments and the operating model to support hybrid teaching and staff working arrangements for 2020/21 reduction in accommodation capacity and income to manage social bubbles effectively and a reduction in catering income due to reduced footfall <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>Modified Mitigation Strategy approved by the Board to ensure the continued financial sustainability and resilience of the University during the 2020/21 recovery period and beyond.</p> <p>The University has a robust Planning and Performance Model in place to ensure delivery of 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 impact of COVID-19 on the financial performance of the University.</p>
Failure to implement and operate effective controls to provide assurance of cyber and information security 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>Mandatory IT Security and Data Protection training for all staff with robust follow up.</p> <p>Cyber Essential 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>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>Student Experience and Campus Operations Group to oversee and drive forward all student support and experience activities for the 2020/21 recovery period.</p> <p>Campus ready with safety measures in place including a regular supply of PPE and effective implementation of campus operations and logistics during 2020/21.</p>
Failure to meet all (including COVID-19) legislative and regulatory requirements and/or recommended guidance	<p>The University is required to comply with a wide range of legislative, regulatory and recommended guidance requirements. Failure to do so could have an impact in a number of areas:</p> <ul style="list-style-type: none"> student recruitment if teaching quality standards are perceived as weak (TEF) international student recruitment if Tier 4 Sponsor status is at risk and student and staff recruitment if research is perceived as poor (REF) Reputational and financial implications 	<p>All PHE, WHO, Government and OFS guidance are being followed in respect of COVID-19.</p> <p>Publication of the University Return to Work Risk Assessment.</p> <p>Recovery Planning Governance in place to support Recovery Programme Management during 2020/21.</p> <p>Compliance with legislative and regulatory requirements through robust and appropriate policies, processes and oversight.</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 safeguarding its 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).

It also identifies the Board of Governors' principal responsibilities in complying with the CUC Higher Education Code of Governance (2018 Revision), which during the financial year were as follows:

- 1.1 To approve the mission and strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
- 1.2 To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
- 1.3 To delegate authority to the head of the University, 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 University.
- 1.4 To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
- 1.5 To establish processes to monitor and evaluate the performance and effectiveness of the Board of Governors itself.
- 1.6 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.
- 1.7 To safeguard the good name and values of the University.
- 1.8 To appoint the head of the University as Chief Executive, and to put in place suitable arrangements for monitoring their performance.

- 1.9 To appoint a Secretary to the Board of Governors and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.
- 1.10 To be the employing authority for all staff in the University and to be responsible for establishing a Human Resources Strategy.
- 1.11 To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
- 1.12 To be the University's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the University's name.
- 1.13 To receive assurance that adequate provision has been made for the general welfare of students.
- 1.14 To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
- 1.15 To ensure that the University's Instrument and Articles are followed at all times and that appropriate advice is available to enable this to happen.

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.

The CUC Higher Education Code of Governance (September 2020 Revision) has been adopted for the 2020/21 financial year.

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.



Alastair MacColl
Chairman and Pro-Chancellor



Professor Paul Croney
Vice-Chancellor and 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 2020 which comprise the consolidated and institution primary statements 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 2020, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

Basis for opinion

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

Going concern

The 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').

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

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

Other information

The 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 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.

Board of Governors' responsibilities

As explained more fully in their statement set out on page 47, 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
- income has been applied in accordance with the University's Articles of Government, and
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

Chartered Accountants
1 Sovereign Square
Leeds
LS1 4DA

10 December 2020



FINANCIAL STATEMENTS

Statement of accounting policies

Basis of preparation

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.

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 2020/21 budget and financial forecasts 2020-2023 in July 2020 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.

To meet these challenges the Board of Governors approved a Modified Mitigation Strategy which included the following:

- Assume no further Government Support
- Remain financially resilient
- Maximise 2019/20 financial position as a foundation for 2020/21
- Continued drive to maximise student recruitment
- Even greater focus on continuing student numbers to minimise attrition
- Cost reduction across all areas of expenditure.

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.

The 2020/21 budget is based on the refined mid-range scenario and strikes the right balance between cost reduction and margin reduction and enables the achievement of the three financial KPIs approved by the Board. It enables downside scenarios to be managed and also provides financial flexibility if mid-range or upside scenarios materialise.

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 2020. 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.

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 net realisable value.

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 2020 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 2020

	Notes	Year ended 31 July 2020		Year ended 31 July 2019	
		Consolidated £000	University £000	Consolidated £000	University £000
Income					
Tuition fees and education contracts	1	116,187	115,926	110,749	110,460
Funding grants	2	16,420	16,420	15,448	15,448
Research grants and contracts	3	3,383	3,389	3,244	3,244
Other income	4	14,053	14,187	15,061	15,305
Investment income	5	275	263	395	384
Donations and endowments	6	232	232	157	157
Total income		150,550	150,417	145,054	144,998
Expenditure					
Total staff costs	8	94,063	93,750	90,389	90,161
Analysed as:					
Staff costs (excluding exceptional pension costs)		94,063	93,750	86,537	86,309
Exceptional pension costs		–	–	3,852	3,852
Total staff costs		94,063	93,750	90,389	90,161
Other operating expenses		38,499	38,861	39,136	39,303
Depreciation	12	13,081	13,080	10,975	10,974
Interest and other finance costs	9	1,616	1,616	1,262	1,262
Total expenditure	10	147,259	147,307	141,762	141,700
Surplus before other gains		3,291	3,110	3,292	3,298
(Loss)/gain surplus on revaluation of investment properties	14	(105)	(105)	15	15
Loss on retirement of investment property	14	(261)	(261)	–	–
Loss on investments		–	–	(5)	(5)
Surplus before tax		2,925	2,744	3,302	3,308
Taxation	11	–	–	–	–
Surplus for the year after tax		2,925	2,744	3,302	3,308
(Impairment)/appreciation on endowment asset investments		(10)	(10)	8	8
Actuarial loss in respect of pension schemes	27	(47,554)	(47,554)	(19,938)	(19,938)
Total comprehensive expenditure for the year		(44,639)	(44,820)	(16,628)	(16,622)
Represented by					
Endowment comprehensive expenditure for the year		(7)	(7)	(5)	(5)
Unrestricted comprehensive expenditure for the year		(44,632)	(44,813)	(16,623)	(16,617)
		(44,639)	(44,820)	(16,628)	(16,622)

All items of income and expenditure relate to continuing activities.

Consolidated and University statement of changes in reserves

Year Ended 31 July 2020

Consolidated

	Income and expenditure account		Revaluation reserve	Total
	Endowment £000	Unrestricted £000	£000	£000
Balance at 1 August 2018	288	122,259	20,104	142,651
(Deficit)/surplus from the income and expenditure statement	(12)	3,314	–	3,302
Other comprehensive income/(expenditure)	8	(19,938)	–	(19,930)
Transfers between revaluation and income and expenditure reserve	–	632	(632)	–
Total comprehensive expenditure for the year	(4)	(15,992)	(632)	(16,628)
Balance at 31 July 2019	284	106,267	19,472	126,023
Balance at 1 August 2019	284	106,267	19,472	126,023
Surplus from the income and expenditure statement	3	2,922	–	2,925
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	(44,011)	(632)	(44,639)
Balance at 31 July 2020	288	62,256	18,840	81,384

Consolidated and University statement of changes in reserves (continued)

Year Ended 31 July 2020

University

	Income and expenditure reserve		Revaluation reserve	Total
	Endowment £000	Unrestricted £000	£000	£000
Balance at 1 August 2018	288	121,632	20,104	142,024
(Deficit)/surplus from the income and expenditure statement	(12)	3,320	–	3,308
Other comprehensive income/(expenditure)	8	(19,938)	–	(19,930)
Transfers between revaluation and income and expenditure reserve	–	632	(632)	–
Total comprehensive expenditure for the year	(4)	(15,986)	(632)	(16,622)
Balance at 31 July 2019	284	105,646	19,472	125,402
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

Consolidated and University Statement of Financial Position

As at 31 July 2020

	Notes	As at 31 July 2020		As at 31 July 2019	
		Consolidated £000	University £000	Consolidated £000	University £000
Non-current assets					
Fixed assets	12	217,743	217,988	200,819	201,063
Heritage assets	13	614	614	537	537
Investment properties	14	2,000	2,000	2,616	2,616
Non-current investments	15	229	258	242	271
		220,586	220,860	204,214	204,487
Current assets					
Stock		64	64	69	67
Trade and other receivables	16	23,474	24,295	23,565	24,131
Current investments	17	20,000	20,000	28,000	28,000
Cash and cash equivalents		19,666	18,585	15,300	14,455
		63,204	62,944	66,934	66,653
Less: Creditors – amounts falling due within one year	18	(40,824)	(41,640)	(38,769)	(39,382)
Net current assets		22,380	21,304	28,165	27,271
Total assets less current liabilities					
		242,966	242,164	232,379	231,758
Creditors – amounts falling due after more than one year	19	(30,546)	(30,546)	(31,086)	(31,086)
Provisions for liabilities	21	(131,036)	(131,036)	(75,270)	(75,270)
Total net assets		81,384	80,582	126,023	125,402
Restricted reserves					
Income and expenditure reserve – endowment reserves	22	288	288	284	284
Unrestricted reserves					
Income and expenditure reserve – unrestricted		62,256	61,454	106,267	105,646
Revaluation reserve		18,840	18,840	19,472	19,472
Total reserves		81,384	80,582	126,023	125,402

The financial statements were approved by the Board of Governors on 4 December 2020 and were signed on its behalf on that date by:



Alastair MacColl
Chairman and Pro-Chancellor



Professor Paul Croney
Vice-Chancellor and Chief Executive

Consolidated statement of cash flows

Year ended 31 July 2020

	Notes	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Cash flow from operating activities			
Surplus for the year before and after taxation		2,925	3,302
Adjustment for non-cash items			
Depreciation	12	13,081	10,975
Revaluation of investment property	14	105	(15)
Loss on retirement of investment property	14	261	–
Loss on sale of fixed assets		9	32
Loss on investments		–	5
Decrease/(increase) in stock		5	(1)
Decrease/(increase) in debtors		56	(7,619)
Increase in creditors		4,331	4,662
(Decrease)/increase in pension provision		(78)	556
Excess of pension costs over contributions paid		8,290	8,383
Receipt of donated heritage assets		(40)	(24)
Adjustment for investing or financing activities			
Investment income	5	(270)	(390)
Interest payable	9	15	26
Endowment income	5	(5)	(5)
Capital grant income		(3,045)	(2,461)
Net cash inflow from operating activities		25,640	17,426
Cash flows from investing activities			
Capital grant receipts		2,988	11,668
Disposal of non-current asset investments		18	63
Withdrawal of deposits		8,000	19,000
Investment income		319	458
Payments made to acquire fixed assets		(32,225)	(37,772)
Payments made to acquire heritage assets		(37)	(5)
Payments made to acquire investment property		–	(511)
New non-current asset investments		(15)	(62)
		(20,952)	(7,161)
Cash flows from financing activities			
Interest paid		(17)	(26)
Endowment cash received		5	5
New unsecured loan		–	680
Repayments of amounts borrowed		(310)	(326)
		(322)	333
Increase in cash and cash equivalents in the year		4,366	10,598
Cash and cash equivalents at beginning of the year		15,300	4,702
Cash and cash equivalents at end of the year		19,666	15,300

Notes to the financial statements

1 Tuition fees and education contracts

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £000	University £000	Consolidated £000	University £000
Full-time home and EU students	86,356	86,356	79,840	79,840
International students	17,054	17,054	11,718	11,728
Part-time students	8,666	8,666	8,410	8,410
Education contracts	4,111	3,850	10,781	10,482
	116,187	115,926	110,749	110,460

2 Funding grants

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated and University £000		Consolidated and University £000	
Recurrent grant received from Regulator	12,669		12,125	
Specific grants				
Higher Education Innovation Fund	1,354		1,290	
National Collaborative Outreach Programme	298		240	
Connecting Capability Fund	532		179	
Catalyst Fund	–		114	
Capital Grants	1,494		1,461	
Other	73		39	
	16,420		15,448	

3 Research grants and contracts

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £000	University £000	Consolidated and University £000	
Research Councils	389	389	292	
UK-based charities	286	286	314	
UK central government	1,030	1,030	1,250	
UK Health Service	329	329	319	
European Commission	853	853	694	
Other grants and contracts	496	502	375	
	3,383	3,389	3,244	

4 Other income

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £000	University £000	Consolidated £000	University £000
Residences, catering and conferences	4,129	4,066	4,947	4,947
Other revenue grants	4,257	4,257	4,743	4,743
Other capital grants	1,617	1,617	1,062	1,062
Other income	4,050	4,247	4,309	4,553
	14,053	14,187	15,061	15,305

5 Investment income

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £000	University £000	Consolidated £000	University £000
Investment income on endowments	5	5	5	5
Other investment income	270	258	390	379
	275	263	395	384

6 Donations and endowments

	Year ended 31 July 2020 Consolidated and University £000	Year ended 31 July 2019 Consolidated and University £000
Donations	232	157

7 Details of grant and fee income

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £000	University £000	Consolidated £000	University £000
Grant income from the OfS	12,408	12,408	12,110	12,110
Grant income from other bodies	12,978	12,978	12,121	12,121
Fee income for taught awards	114,455	114,238	109,119	108,903
Fee income for research awards	1,067	1,067	761	761
Fee income from non-qualifying courses	665	620	869	796
	141,573	141,311	134,980	134,691

8 Staff costs

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £000	University £000	Consolidated £000	University £000
Salaries	66,577	66,283	64,138	63,910
Social security costs	7,012	7,006	6,777	6,777
Movement on USS Provision	(166)	(166)	483	483
Movement on enhanced pensions provision	372	372	336	336
Other pension costs (note 27)	18,850	18,837	16,657	16,657
Restructuring costs	1,418	1,418	1,998	1,998
	94,063	93,750	90,389	90,161

Other pension costs, for the year ended 31 July 2019, include an exceptional charge of £3,852,000 in respect of the potential impacts of the McCloud/Sargeant judgement (£3,157,000) and the guaranteed minimum pension equalisation (£695,000) on the Teesside Pension Fund (TPF), of which the University is a member.

The McCloud/Sargeant judgement found that transitional protection arrangements put in place when the firefighters' and judges' schemes were reformed were age discriminatory. The government has committed to seeking a remedy across all public sector schemes which included similar transitional arrangements, which includes the Local Government Pension Schemes, of which the TPF is part of.

The High Court ruled that equalisation for the effects of unequal guaranteed minimum pensions (GMPs) is required. Whilst public sector schemes have a method to equalise GMPs the reforms made to the State Pension system in April 2016 removed the facility to fully index the pension.

Compensation for loss of office

The number of staff who received compensation for loss of office which totalled £1,418,000 was 66 (year ended 31 July 2019: £1,998,000 and 71 staff).

Emoluments of the Vice-Chancellor

	Year ended 31 July 2020	Year ended 31 July 2019
	Consolidated and University £	Consolidated and University £
Salary	233,547	229,417
Performance related pay	–	34,413
Pay in lieu of pension contributions	47,788	–
Private healthcare	3,273	3,182
	284,608	267,012
Pension costs	7,759	45,833
	292,367	312,845

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. Pay in lieu of pension contributions are at no additional cost to the University. These payments are based on the current employer's contribution rate for the Teachers' Pension Scheme of 23.68% (2018/19: 16.48%). Private healthcare is a benefit available to the University Executive Team. For the year ended 31 July 2020 the Vice-Chancellor received an annual cost of living award of 1.8% which was the same as all other members of staff.

The median salary across all staffing groups is £31,866 per annum (2019: £32,236 per annum). The Vice-Chancellor's basic salary is 7.3 times (2019: 7.1 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 7.8 times (2019: 8.3 times) the median total remuneration of staff.

Basic annual salary of other higher-paid staff including private healthcare and excluding employer's pension contributions

	Year ended 31 July 2020 Consolidated and University number	Year ended 31 July 2019 Consolidated and University number
£100,000 - £104,999	1	–
£105,000 - £109,999	1	4
£110,000 - £114,999	4	1
£130,000 - £134,999	–	2
£135,000 - £139,999	2	–
£140,000 - £144,999	–	2
£160,000 - £164,999	2	–
£170,000 - £174,999	–	1
£180,000 - £184,999	1	–

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

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated number	University number	Consolidated number	University number
Academic and research	784	784	749	749
Administrative and technical	783	774	782	775
Other	224	221	251	250
	1,791	1,779	1,782	1,774

Access and Participation

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

	Year ended 31 July 2020 Consolidated and University £000
Access and investment	1,093
Financial support	–
Disability support (excluding expenditure in the two categories above)	569
Research and evaluation	55
	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 2020 Consolidated and University £000	Year ended 31 July 2019 Consolidated and University £000
Key management personnel compensation	1,565	1,622

9 Interest and other finance costs

	Year ended 31 July 2020 Consolidated and University £000	Year ended 31 July 2019 Consolidated and University £000
Loan interest	15	26
Net charge on pension schemes	1,601	1,236
	1,616	1,262

10 Analysis of total expenditure by activity

	Year ended 31 July 2020 Consolidated University £000 £000		Year ended 31 July 2019 Consolidated University £000 £000	
Academic departments	62,901	62,901	58,967	58,967
Academic services	30,229	30,170	28,273	28,260
Research grants and contracts	3,597	3,597	3,427	3,427
Residences, catering and conferences	3,711	3,629	3,677	3,652
Premises	14,933	14,933	14,982	14,982
Administration	17,694	17,871	18,040	18,040
Other	14,194	14,206	14,396	14,372
	147,259	147,307	141,762	141,700

Other operating expenses include

External auditor's remuneration in respect of audit services*	76	66	57	49
External auditor's remuneration in respect of non-audit services*	19	10	91	86

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 2020 Consolidated and University £000
Access and investment	2,120
Financial support	581
Disability support	651
Research and evaluation	55
	3,407

The University's Access and Participation Plan 2019/20 is available at: <https://www.tees.ac.uk/docs/DocRepo/Schools%20and%20colleges/TeessideUniversity%20Access%20and%20Participation%20Plan%202019-20.pdf>

(1) £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 2020		Year ended 31 July 2019	
	Consolidated £000	University £000	Consolidated £000	University £000
Current tax				
UK Corporation tax of 19% on surplus for the year	–	–	–	–
Factors affecting the tax charge				
Surplus before taxation	2,925	2,744	3,302	3,308
Surplus multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	556	521	627	629
Surplus falling within charitable exemption	(556)	(521)	(627)	(629)
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 2019	14,611	223,236	14,494	203	42,306	294,850
Additions in year	5	2,020	21,488	–	6,251	29,764
Transfers in year	250	13,815	(14,021)	–	206	250
Written off in year	–	–	–	–	(709)	(709)
At 31 July 2020	14,866	239,071	21,961	203	48,054	324,155
Consisting of: Valuation as at:						
31 July 1997	–	45,082	–	–	–	45,082
31 July 1998	–	1,999	–	–	–	1,999
31 July 2014	13,830	–	–	–	–	13,830
31 July 2020	250	–	–	–	–	250
Cost	786	191,990	21,961	203	48,054	262,994
	14,866	239,071	21,961	203	48,054	324,155
Depreciation						
At 1 August 2019	–	69,324	–	157	24,550	94,031
Charge for the year	–	8,284	–	10	4,787	13,081
Written off in year	–	–	–	–	(700)	(700)
At 31 July 2020	–	77,608	–	167	28,637	106,412
Net Book Value						
At 31 July 2020	14,866	161,463	21,961	36	19,417	217,743
At 31 July 2019	14,611	153,912	14,494	46	17,756	200,819

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 2019	14,611	223,599	14,494	203	40,951	293,858
Additions in year	5	2,020	21,488	–	6,251	29,764
Transfers in year	250	13,815	(14,021)	–	206	250
Written off in year	–	–	–	–	(709)	(709)
At 31 July 2020	14,866	239,434	21,961	203	46,699	323,163
Consisting of:						
Valuation as at:						
31 July 1997	–	45,082	–	–	–	45,082
31 July 1998	–	1,999	–	–	–	1,999
31 July 2014	13,830	–	–	–	–	13,830
31 July 2020	250	–	–	–	–	250
Cost	786	192,353	21,961	203	46,699	262,002
	14,866	239,434	21,961	203	46,699	323,163
Depreciation						
At 1 August 2019	–	69,324	–	157	23,314	92,795
Charge for the year	–	8,284	–	10	4,786	13,080
Written off in year	–	–	–	–	(700)	(700)
At 31 July 2020	–	77,608	–	167	27,400	105,175
Net Book Value						
At 31 July 2020	14,866	161,826	21,961	36	19,299	217,988
At 31 July 2019	14,611	154,275	14,494	46	17,637	201,063

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 2020		31 July 2019	
	Consolidated £000	University £000	Consolidated £000	University £000
Cost	222,229	222,533	205,878	206,182
Accumulated depreciation and impairment	(63,779)	(63,779)	(56,127)	(56,127)
	158,450	158,754	149,751	150,055

13 Heritage assets

Consolidated and University	£000
Cost at 1 August 2019	537
Additions in year	77
Cost at 31 July 2020	614

Heritage assets comprise works of art acquired by MIMA.

14 Investment properties

Consolidated and University	£000
Valuation as at 1 August 2019	2,616
Loss on retirement	(261)
Transfers in year	(250)
Loss on revaluation	(105)
Valuation as at 31 July 2020	2,000

In assessing the value of the property as at 31 July 2020, 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 2019	30	212	242
Additions in year	–	15	15
Disposals in year	–	(18)	(18)
Impairment	–	(10)	(10)
At 31 July 2020	30	199	229

	Other Fixed Asset Investments		Subsidiary companies £000	Total £000
	Cost £000	Valuation £000		
University				
At 1 August 2019	30	212	29	271
Additions in year	–	15	–	15
Disposals in year	–	(18)	–	(18)
Appreciation	–	(10)	–	(10)
At 31 July 2020	30	199	29	258

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)
Teesside Sports Injury Centre Limited (Registered in England and Wales)	Treatment of sports-related injuries.	100% Ordinary Shares (Issued share capital – £100)
TU Online Limited (Registered in England and Wales)	Delivery of the University's online learning course content	100% Ordinary Shares (Issued share capital – £1)

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 2020 and 31 July 2019

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 2020 Consolidated and University	31 July 2019 Consolidated and University
	£000	£000
Equities and bonds	169	182
Cash held within investment portfolio	30	30
	199	212

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
Chemicam Limited	Ordinary shares	20%	Visible wavelength hyperspectral imaging for the positive identification of blood
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 2020		31 July 2019	
	Consolidated £000	University £000	Consolidated £000	University £000
Amounts falling due within one year				
Trade receivables	13,402	12,596	11,446	8,946
Amounts due from subsidiary companies	–	1,718	–	3,777
Prepayments and accrued income	9,086	8,960	12,119	11,408
	22,488	23,274	23,565	24,131
Amounts falling due after more than one year				
Trade receivables	986	986	–	–
Amounts due from subsidiary companies	–	35	–	–
	986	1,021	–	–
	23,474	24,295	23,565	24,131

17 Current investments

	31 July 2020 Consolidated and University £000	31 July 2019 Consolidated and University £000
Short-term deposits	20,000	28,000

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 2020 the weighted average interest rate of these fixed rate deposits was 0.63% (2019: 1.02%) and the remaining weighted average period for which the interest rate is fixed on these deposits was 95 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 2020		31 July 2019	
	Consolidated £000	University £000	Consolidated £000	University £000
Secured loans	–	–	83	83
Other loans	227	227	227	227
Payments received on account	15,224	14,339	11,628	11,105
Trade payables	9,921	9,816	8,836	8,827
Social security and other taxation payable	2,272	2,267	1,856	1,852
Accruals and deferred income	13,180	13,125	16,139	16,075
Amounts due to subsidiary companies	–	1,866	–	1,213
	40,824	41,640	38,769	39,382

19 Creditors – amounts falling due after more than one year

	31 July 2020 Consolidated and University £000	31 July 2019 Consolidated and University £000
Other loans	–	227
Deferred income – government capital grants	30,546	30,859
	30,546	31,086

20 Analysis of secured loans

	31 July 2020 Consolidated and University £000	31 July 2019 Consolidated and University £000
Due within one year	–	83

The University has a formal set-off arrangement with Lloyds Bank in respect of a loan facility. At 31 July 2020 the amount of the loan outstanding was £1,624,983 (31 July 2019: £2,166,648) 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 £000	Enhanced pensions £000	Obligation to fund deficit on USS pension £000	Total £000
Consolidated and University				
At 1 August 2019	69,955	4,672	643	75,270
Utilised in year	–	(397)	(19)	(416)
Charged to the Statement of Comprehensive Income	55,844	475	(137)	56,182
At 31 July 2020	125,799	4,750	487	131,036

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 2020	31 July 2019
Price inflation	2.1%	2.2%
Discount rate	1.5%	2.2%

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 pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS and salary payment over the period of the contracted obligation in assessing the value of the provision.

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	2020 Total £000	2019 Total £000
At 1 August 2019				
Capital	31	134	165	165
Accumulated income	–	119	119	123
	31	253	284	288
Investment and other income	11	5	16	5
Expenditure	–	(2)	(2)	(17)
(Decrease)/increase in market value of investments	–	(10)	(10)	8
Total endowment comprehensive income/(expenditure) for the year	11	(7)	4	(4)
At 31 July 2020	42	246	288	284
Represented by				
Capital	42	124	166	165
Accumulated income	–	122	122	119
	42	246	288	284
Analysis by type of purpose:				
Lectureships	11	–	11	–
Prize funds	12	1	13	14
Scholarships and bursaries	19	32	51	51
Research support	–	213	213	219
	42	246	288	284
Analysis by asset:	31 July 2020 £000	31 July 2019 £000		
Non-current investments	199	212		
Cash and cash equivalents	89	72		
	288	284		

23 Capital and other commitments

	31 July 2020 Consolidated and University £000	31 July 2019 Consolidated and University £000
Provision has not been made for the following capital commitments at 31 July:		
Commitments contracted for	2,713	26,203

24 Lease obligations

Total rentals payable under operating leases

Consolidated and University	Land and buildings £000	31 July 2020 Plant and machinery £000	Total £000	Land and buildings £000	31 July 2019 Plant and machinery £000	Total £000
Payable during the year	–	156	156	–	148	148
Future minimum lease payments due:						
Not later than one year	–	107	107	–	40	40
Later than one year and not later than five years	–	186	186	–	5	5
Total lease payments due	–	293	293	–	45	45

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	2019/20		2018/19	
		Income/ (expense) £000	Amount due (from)/to £000	Income/ (expense) £000	Amount due (from)/to £000
Academic Health Science Network	Non-Executive Directors are Governors	5	(8)	30	(2)
Middlesbrough Council	Principal Cohesion Officer and Director of Public Health are Governors	–	–	469 (566)	(21) –
PD Ports	Chief Financial Officer is a Governor	28	–	27	–
South Tees Hospital NHS Foundation Trust	Non-Executive Director is a Governor	39 (280)	(27) 6	33 (317)	(9) 29
Tees, Esk & Wear Valleys NHS Foundation Trust	Governor is a Governor	116 (65)	(1) 28	1 (57)	(5) 11
Tees Valley Combined Authority	Board member is a Governor	(6)	–	5,514	(7)
Tees Valley Inclusion	Director is a Governor	(3)	–	–	–
Teesside University Students' Union	Two Officer Trustees are Governors	339 (1,510)	(4) 10	356 (1,424)	(356) 380
UMI Limited	Director is a Governor	(12)	–	–	–
Visualsoft Ltd	Director is a Governor	31	(70)	1	(1)

No Board member has received any remuneration or has waived payments from the Group during the year (2019 – none).

The total expenses paid to or on behalf of five Board members was £4,579 (2019 – £1,160 to three 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 £1,465,000 (2019: £1,424,000).

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 2020		31 July 2019	
	Consolidated £000	University £000	Consolidated £000	University £000
Financial assets				
Equities and investment funds	199	199	212	212
Trade and other receivables	14,385	15,335	11,446	12,720
Long-term cash deposits	20,000	20,000	28,000	28,000
Cash and cash equivalents	19,666	18,585	15,300	14,455
	54,250	54,119	54,958	55,387
Financial liabilities				
Loans	227	227	537	537
Trade and other payables	9,921	11,646	8,836	10,040
	10,148	11,873	9,373	10,577

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 2020, 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 2020, the Group is holding cash deposits and investments of various maturities, none of which is greater than 12 months. The average maturity of all deposits and investments is 95 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 2020, the sterling equivalent of all euro bank balances was £0.17m (2019: £0.3m).

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 £1.625m (2019: two loans – £2.25m). Interest is charged at a margin above base rate. At 31 July 2020, 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 2020 (2019: 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 2020 18 members (2019: 16) 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 2020		31 July 2019
	Consolidated £000	University £000	Consolidated and University £000
TPS	6,667	6,667	4,827
TPF including FRS 102 adjustments	11,938	11,938	11,702
Other pension schemes	245	232	128
Total pension cost (note 8)	18,850	18,837	16,657

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 (compared to 16.48% during 2018/19).

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

Universities Superannuation Scheme (USS)

In September 2020, the Trustee of the USS Pension Scheme launched a consultation with Universities UK on key aspects of the Scheme's 2020 valuation. The scope of this exercise covers a wide range of potential outcomes – reflecting issues still to be resolved on employer support as well as uncertainties for the higher education sector and financial markets in general – but, based on the proposals put forward, the Trustees have indicated that the fund's deficit at 31 March 2020 could range from between £9.8bn and £17.9bn.

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

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

27 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 2020 were £7,173,000, of which employer's contributions totalled £5,136,000 and employees' contributions totalled £2,037,000.

During the year, the University's contribution rate was 14.4% from 1 August 2019 to 31 March 2020 together with a monthly deficit contribution of £27,083 and thereafter 15.8% with no deficit contribution. 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. Past Service costs for the year ended 31 July 2019 included £3,157,000 in respect of this constructive obligation.

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. Past Service costs for the year ended 31 July 2019 included £695,000 in respect of this constructive obligation.

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. A comparison between the estimated figure used in the Scheme Actuary's report for the month of July 2020 and the actual asset value of the Fund as at 31 July 2020 showed the actual figure was around 0.8% lower, representing a reduction in the fair value of assets at 31 July 2020 of approximately £1.5m.

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 Scheme Actuary's standard rate of 1.4% to the University's tailored rate of 1.5%. This has resulted in a reduction of the defined benefit obligation of £8.2m. For the CPI rate the Fund Actuary proposed a long term gap between RPI and CPI of 80 basis points, compared to 100 basis points at the prior year end. The impact of this change in approach is approximately a £13.5m increase in the defined benefit obligation as the CPI assumption is now 0.2% higher than it would have been under the previous methodology.

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 2020	At 31 July 2019
	%	%
Rate of increase in salaries	2.1	3.2
Future pensions increases	2.1	2.2
Discount rate for scheme liabilities	1.5	2.2
Inflation assumption (CPI)	2.1	2.2

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 2020	At 31 July 2019
	years	years
Retiring today		
Males	21.4	21.9
Females	23.2	23.8
Retiring in 20 years		
Males	22.4	23.6
Females	24.7	25.7

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

	At 31 July 2020	At 31 July 2019
	Share of the assets	Share of the assets
	%	%
Equities	76.0	75.5
Property	8.0	8.6
Cash	11.6	13.3
Other	4.4	2.6
	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 £7.2m
Rate of salary growth	Increase by 0.1%	Increase by £0.9m
Rate of increase to pensions in payment	Increase by 0.1%	Increase by £6.3m
Members live longer than assumed	One year longer	Increase by £11.6m

27 Pension schemes (continued)

	At 31 July 2020 £000	At 31 July 2019 £000
Analysis of amounts shown in balance sheet		
Fair value of Fund assets	187,218	201,395
Present value of Fund liabilities	(313,017)	(271,350)
Deficit in the scheme recorded within provisions (note 21)	(125,799)	(69,955)
	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Amounts included in staff costs		
Current service cost	11,440	7,823
Past service cost	498	3,879
	11,938	11,702
Amounts included in interest and other finance costs		
Net interest cost	1,488	1,104
Amount recognised in other comprehensive income		
Asset (losses)/gains arising during the year	(21,577)	4,756
Experience losses on liabilities	(25,977)	(24,694)
	(47,554)	(19,938)
Deficit at 1 August	(69,955)	(41,634)
Movement in year:		
Current service cost	(11,440)	(7,823)
Employer contributions	5,136	4,423
Past service cost	(498)	(3,879)
Net interest on defined liability	(1,488)	(1,104)
Actuarial losses	(47,554)	(19,938)
Deficit at 31 July	(125,799)	(69,955)
Changes in the present value of defined benefit obligations		
Defined benefit obligations at 1 August	271,350	230,875
Current service cost	11,440	7,823
Interest cost	5,947	6,433
Contributions by scheme participants	2,037	1,960
Actuarial losses	25,977	24,694
Benefits paid less individual transfers in	(4,232)	(4,314)
Past service cost	498	3,879
Defined benefit obligations at 31 July	313,017	271,350

27 Pension schemes (continued)

Changes in the fair value of fund assets

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Fair value of Fund assets at 1 August	201,395	189,241
Interest on Fund assets	4,459	5,329
Actuarial (losses)/gains	(21,577)	4,756
Contribution by the employer	5,136	4,423
Contributions by scheme participants	2,037	1,960
Benefits paid	(4,232)	(4,314)
Fair value of Fund assets at 31 July	187,218	201,395

History of experience gains and losses

	2020	2019	2018	2017	2016
Difference between actual and expected return on Fund assets:					
Amount (£000)	(21,577)	4,756	10,163	22,789	7,714
Percentage of scheme assets	(11.5%)	2.4%	5.4%	13.2%	5.3%
Experience (losses)/gains on Fund liabilities					
Amount (£000)	(25,977)	(24,694)	(7,593)	4,133	(34,683)
Percentage of the present value of Fund liabilities	(8.3%)	(9.1%)	(3.3%)	1.9%	(16.8%)

Actual return on Fund assets

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Interest income on Fund assets	4,459	5,329
Actuarial (losses)/gains on assets	(21,577)	4,756
	(17,118)	10,085

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

This publication is available in alternative formats on request.
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