

University Council Meeting Agenda (COUN21-A6)
Thursday November 25 9:00am-11:30am via Microsoft Teams

Agenda – Section A only (Items for Discussion)	Approval Request	Time (min)	Lead	Page / Paper
1 Minutes of the 14 October 2021 meeting	For approval	5	Christine Hodgson	Pg 8 / M5
2 Minutes of the 26 March 2021 Special meeting				Pg 14 / M2
3 Chair Report	For noting	5	Christine Hodgson	n/a
4 University Strategy	For discussion and approval	25		
4.1 Strategy Update			4.1 Prof Chris Linton	Pg 16 / P88
4.2 Council Effectiveness Update			4.2 Christine Hodgson	Pg 19 / P89
4.3 Committee Structure Proposal			4.3 Richard Taylor	Pg357 / P90
4.4 Pro-Vice Chancellor Roles			4.4 Prof Nick Jennings	Pg 21 / P91
4.5 KPIs			4.5 Prof Chris Linton	Pg 23 / P92
5 Office for Students	For discussion and approval	45		
5.1 Financial Statements			5.1 5.2 Andy Stephens	Pg 26 / P93
5.2 Financial Return (incl. Student Numbers)				Pg 73 / P94
5.3 Senior Staff Remuneration			5.3 Christine Hodgson	Pg 80 / P95
5.4 Annual Assurance Learning & Teaching			5.4 Prof Rachel Thomson	Pg 86 / P96
5.5 *Access and Participation Update				Pg 91 / P97
5.6 *Prevent Duty			(5.5 & 5.6 starred only)	Pg 96 / P98
5 Minute Comfort Break (10:20)				
6 Audit Committee	For noting and approval	20	Graham Corfield	
6.1 Audit Report of Meetings				Pg 99 / P99
6.2 Audit Committee Annual Report				Pg 121/ P100
7 Honorary Degrees	For approval	5	Christine Hodgson	<i>tabled</i>
8 Formal Approval of Starred Items in Section A/B	For approval	5	Christine Hodgson	See below
9 Vice-Chancellor's Report	For noting	10	Prof Nick Jennings	n/a
End of meeting (11:00 scheduled; 11:30 at the latest)				
Links to Items for Approval (Section B)				
Health and Safety local safety rule changes				Oct. report
Modern Slavery and Human Trafficking Statement				Pg 132/P102
Conflict of Interest Policy				Pg 133/P103
Next meetings:				
Thursday 31 March 2022, 9:30am, London Campus (informal dinner evening of 30 March)				
Thursday 30 June 2022, 1:30pm, Loughborough (Senate/Council dinner in the evening)				
Please note Winter Graduation ceremonies will be held 20 December 2021, Loughborough campus only.				

Further information

 Starred items for information only can be found in [Section C](#).

 A rolling schedule of committee activity and annual agenda can be viewed on [Council's webpages](#).

COUNCIL



AGENDA

COUN21-A6

Notice of meeting

The next meeting of University Council will be held on Thursday 25 November 2021 at 9:00am via Microsoft Teams.

Richard Taylor, Secretary

Business of the Agenda

Members are reminded that a starred item is approved at this stage unless notice is given of intention to speak to it. Any member wishing to speak to a starred item, to raise an item under any other business or to challenge the unconfirmed minutes is asked to give notice to the Secretary by **mid-day on Monday 22 November 2021**.

Members are asked to declare any interest they may have in an item at the start of the meeting.

1 Minutes

1.1 Ordinary Minutes

COUN21-M5

To **CONFIRM** the minutes of the ordinary meeting held on 14 October 2021

1.2 Special Minutes

COUN20-M2

To **CONFIRM** the minutes of the (Special) meeting held on 26 March 2020.

2 Matters arising from the Minutes

SECTION A – Items for Discussion

3 Chair's Report

To **RECEIVE** a verbal report from the Chair.

4 University Strategy

4.1 Strategy Update

COUN21-P88

To **NOTE** an update on the University Strategy, following Away Day discussions

4.2 Effectiveness Review

COUN21-P89

To **DISCUSS** an update on the Council Effectiveness Review, following Away Day discussions

4.3 Committee Structure Proposal

COUN21-P90 *(to follow)*

To **ENDORSE** the direction of travel for a new Committee Structure, following the Council Effectiveness Review

4.4 Pro-Vice Chancellors

COUN21-P91

Pursuant to Section 3 of Statue VI, to **CONFIRM** a proposal for Pro-Vice Chancellor roles, aligned with the new strategy

4.5 Key Performance Indicators

COUN21-P92

To **NOTE KPIs** that have been updated for this meeting

5 Office for Students

45 minutes allocated

5.1 University Financial Statements

COUN21-P93

To **RECEIVE** the University Financial Statements for the year ended 31 July 2021, and, on the recommendation of Finance Committee and Audit Committee, to **APPROVE** the adoption of the accounts.

5.2 OfS Financial Return (Including Student Numbers and Commentary)

COUN21-P94

i) To **APPROVE** the data in the financial and student number tables relating to actual financial data for the 19/20 and 20/21 financial years for submission to OfS, and to **AUTHORISE** the Vice-Chancellor to approve changes to the tables required to comply with OfS requirements or resulting from OfS queries during the data verification period.

ii) On the recommendation of Finance Committee, to **APPROVE** submission to OfS the estimated out-turn for 2021/22, and financial forecasts for the period ending 31 July 2026 as presented in the financial and student number tables. *Secretary's note: the Financial and Student Number Tables are available [here](#).*

iii) To **APPROVE** the associated commentary for submission to OfS. *Secretary's note: the full OfS Commentary is available [here](#)*

5.3 Annual Report on Senior Staff Remuneration

COUN21-P95

To **APPROVE** the annual report on Senior Staff Remuneration on the recommendation of Remuneration Committee

5.4 Annual Assurance of Learning and Teaching

COUN21-P96

On the recommendation of Senate, to **CONFIRM** the University's arrangements for the continuous improvement of the student academic experience, of student outcomes and the reliability of degree standards.

5.5* Access and Participation Plans

COUN21-P97

To **NOTE** an update on progress toward the Access and Participation Plan (APP) targets

5.6* Prevent Duty

COUN21-P98

To **APPROVE** the Prevent Annual Monitoring Report for submission to OfS.

6 Audit Committee

6.1 Report of meetings

COUN21-P99

To **RECEIVE** a report from the meetings of the Audit Committee held 23 September and 26 October 2021, with preface from the Chair

6.2 Audit Committee Annual Report

COUN21-P100

To **APPROVE** the Audit Committee Annual Report 2020-21, **NOTE** the Audit Committee's findings, and **RECEIVE** the Internal Audit Annual Report 2020-21

7 Honorary Degrees

COUN21-P101 *(to be tabled)*

Pursuant to Statute XVIII, on the recommendation of Senate, and with the advice of the Honorary Degrees and University Medals Committee to **APPROVE** the issuing of invitations to persons to receive Honorary Degrees at Graduation Ceremonies.

8 Starred Items

To **APPROVE** all started items in Section A and B of the agenda.

9 Matters for Report by the Vice-Chancellor**10 minutes**

To **RECEIVE** a verbal report from the Vice-Chancellor.

SECTION B – Starred Items for Approval**10 *Health, Safety and Environment Committee****5 minutes allocated**

To **RECEIVE** a report on meetings and **APPROVE** changes to local safety rules

Secretary's Note: Health and Safety Bulletins circulated since the last meeting are available [here](#) and include information on the local rule changes which formally require approval from Council, and which have been reviewed and endorsed by Health, Safety and the Environment Committee.

11 *Modern Slavery and Human Trafficking Statement 2021-22**COUN21-P102**

To **APPROVE** a statement on Modern Slavery and Human Trafficking.

12 *Conflict of Interests Policy**COUN21-P103**

On the recommendation of Ethics Committee, Human Resources Committee and Senate, to **APPROVE** a revised Conflict of Interests Policy.

SECTION C – Starred Items for Information**13 *Matters for Report**

13.1*Pro-Vice-Chancellor (Enterprise)**COUN21-P104****13.2 *Pro-Vice-Chancellor (Research)****COUN21-P105****13.3 *Pro-Vice-Chancellor (Teaching)****COUN21-P106****14 *Capital Framework****COUN21-P107**To **RECEIVE** a progress report.**15 Extension of Associate Pro Vice-Chancellor for Sport Appointment**

To **NOTE** an extension to the appointment of Professor Mike Caine as Associate Pro Vice-Chancellor for Sport until 31 March 2022, in view of the rescheduling of the final approval of the new University Strategy following the arrival of the new Vice-Chancellor.

16 *Graduation CeremoniesTo **NOTE** that winter Graduation Ceremonies will be held on 20 December 2021.**17 *Office for Students Reportable Incidents**To **NOTE** that no reportable incidents have taken place since the last meeting of Council.**18 *Common Seal****COUN21-P108**To **RECEIVE** a list of documents to which the University Seal has been attached.**19 * Reports from Committees To RECEIVE reports from the following Committees:**

COUN21-P109	Senate 16 June 2021
COUN21-P110	Operations Committee 1 March, 12 April, 4 May, 8 June, 12 July, 6 September, 4 October 2021
COUN21-P111	Finance Committee 20 October 2021
COUN21-P112	Ethics Committee 5 October 2021
COUN21-P113	Human Resources Committee 6 October 2021
COUN21-P114	Health Safety & Environment Committee 6 October 2021

20 Date of Next Meeting

- 31 March 2022, 09.30-13:30 (London Campus, room to be confirmed)
- 30 June 2022, 13.30-17.00

21 Any Other Business

Author – Caroline Glendenning-Platt

Date – November 2021

COUNCIL



Loughborough
University

Minutes

COUN21-M5

Minutes of the Ordinary meeting held on 14 October 2021

Attendance

Members

Christine Hodgson

Penny Briscoe
Prof. Malcolm Cook
Dr Marcus Collins
Graham Corfield
Andrea Davis
Prof. Claudia Eberlein
Andrew Fisher (ab)
Prof. Lisanne Gibson

Sally-Ann Hibberd
Paul Hodgkinson
Prof. Nick Jennings
Prof. Chris Linton
Pauline Matturi (ab)
Jennifer Maxwell-Harris (ab)
Freya Mason (ab)
Peter Saraga (ab)

Oliver Sidwell
John Sinnott
Charlotte Style
Steve Varley (ab)
Tony Williams
Mike Wedderburn

In attendance

Caroline Glendenning-Platt; Dr Jennifer Nutkins; Prof. Steve Rothberg; Andy Stephens; Richard Taylor; Prof. Rachel Thomson

Apologies received from

Andrew Fisher; Freya Mason; Pauline Matturi; Jennifer Maxwell-Harris; Peter Saraga; Steve Varley

Business of the Agenda

No items were unstarred.

21/64 Nominations Committee

21/64.1 Appointment of Honorary Treasurer

Council **APPROVED** the appointment of Andrea Davis as a successor to Alan Hughes as Honorary Treasurer for a three-year term from 1 August 2021 to 31 July 2024.

21/64.2 Council Membership

Council **APPROVED** the appointment of Penny Briscoe as a co-opted member of Council for a three-year term from 1 August 2021 to 31 July 2024.

21/65 Minutes

COUN21-M4

Council **CONFIRMED** the minutes of the ordinary meeting held on 1 July 2021.

SECTION A – Items for Discussion

21/66 Chair's Introduction and Duties & Responsibilities of Council Members

21/66.1 Duties and Responsibilities of Members of Council/Statement of Responsibilities of Council

COUN21-P72

The Chair reminded members of the duties and responsibilities of Council members and the Statement of Responsibilities of Council.

21/66.2 Good Governance Declarations

The Chair **CONFIRMED** arrangements for good governance declarations. Council members are required to sign two good governance declarations (Register of Interests and the Fit and Proper Persons Declaration). These should be completed and returned to the University as soon as possible, and no later than 31 October 2021.

21/67 Chair's Report

The Chair warmly welcomed new members to Council, both those attending for the first time and those here for their first official meeting following appointment.

Most substantive items were covered under the away day sessions, and the Chair thanked members and the executive for their time and valuable contributions. Key themes from the group discussions would be shared at the November meeting of Council.

21/68 Student Recruitment

COUN21-P73

The Pro-Vice Chancellor for Teaching provided an update on recruitment for October 2021. Teacher assessed A-level grades meant that more students met their offer, resulting in higher than predicted numbers of UK UG students (~640 students over target). Over-recruitment has been followed by the release of £3m additional investment, and Council was assured that these measures were designed to mitigate short-term negative impacts on the student experience. All UG students who wanted to live on campus were able to, although accommodation was tightly squeezed. Where UG targets were not met, there would be work to strategically review these areas and adjust targets or resource moving forward. Longer term, additional actions will be

needed to manage the larger student cohort as they progress in their studies, especially for final year projects.

Council **NOTED** that the International PGT student numbers were lower than target, but higher than planned for in the financial forecasts. A stronger recovery was seen at the East Midlands campus, compared to the London campus.

21/69 National Student Survey

COUN21-P74

Council **NOTED** the outcomes of the 2021 National Student Survey (NSS) and Postgraduate Taught Experience Survey (PTES). Loughborough came second highest in England for overall student satisfaction, despite a percentage drop (88.7% in 2020 to 85.2% in 2021).

Despite the overall strong results, performance in the 'assessment and feedback' question banks was concerning and would be addressed by both a series of short-term actions and a root and branch review.

Council **NOTED** that industrial action will have affected students surveyed in 2021 in earlier parts of their students, and qualitative data highlights that as a contributing factor to some extent.

21/70 Council Effectiveness Review

COUN21-P75

Council **CONSIDERED** the Advance HE report on Council effectiveness which was discussed at length during the away day. Council **APPROVED** the proposed initial responses and indicated it would welcome a revised plan at the November meeting which took into account views raised by Council members at the away day.

The Chair of the Effectiveness Review endorsed that the recommendations should be taken forward by Nominations Committee (under its proposed new remit to include Governance) which was **ENDORSED**.

21/71 Risk Appetite

COUN21-P76

Council **NOTED** an update regarding the documentation of strategic risks, assurance mapping and the articulation of risk appetite. Conversations will need to continue, led by Audit Committee, around the right level of visibility, and the right risks and risk appetite to align with the new University strategy.

21/72 Matters for Report by the Vice-Chancellor

Council **RECEIVED** a report from the Vice-Chancellor on the following matters:

- Covid cases remain low and are largely flat; three to five cases a day compared to 30-40 a day at this time last year.
- Campus is operating close to normal with a few restrictions on large class sizes.

- UCU is balloting for industrial action from 18 October to 4 November, which will require 50% turnout and 50% in favour to gain a mandate. A strike is likely and mitigations with students will be required. Some Schools will be more affected than others.
- The Director of Finance, Andy Stephens, is leaving the University after 10 years in January, and a successor is being recruited.
- Professors Jan Godsell and Malcom Cook started as Dean of the School of Business and Economics and Acting Dean of Architecture, Building and Civil Engineering respectively.
- A significant research grant had been received by the University.
- Loughborough was awarded the Times' Sport University of the Year title for the third time.

The Chair noted her thanks for the Director of Finance's work and that formal acknowledgement of his contribution would follow.

Under Any Other Business, Council discussed the mitigations in place around industrial action. The executive would continue to work cooperatively and cordially with the UCU and maintain a strong dialogue with student representatives.

SECTION B – Starred Items for Approval

21/73 *Amendments to Ordinances – Second Hearing

Further to Minute 21/48.1 (COUN21-M4, paper COUN21-P53 refers), Council **CONFIRMED** revisions to Ordinance XVII (Conduct and Discipline of Students).

21/74 *Financial Matters – LIBOR/SONIA Transition

COUN21-P77

Council **NOTED** an update regarding the transition of interest rates underpinning university loan agreements from LIBOR to SONIA and **DELEGATED** to Finance Committee authority to agree the final terms of the transition agreement.

21/75 *Nominations Committee

21/76.1 *Nomination Committee Minutes

COUN21-P78

Council **NOTED** minutes from the 30 June 2021 meeting of Nominations Committee.

21/76.2 *Membership of Council Committees 2021/22

COUN21-P79

Council **APPROVED** appointments to vacancies on Council Committees and Joint Committees with Senate.

SECTION C – Starred Items for Information

21/76 *Senate Minutes

COUN21-P80

Council **RECEIVED** the minutes of Senate held on 16 June 2021.

21/77 *Office for Students

21/78.1 * Statement of Expectations on Sexual Violence and Harassment

COUN21-P81

Council **NOTED** an update on compliance with the Office for Students' Statement of Expectations on Sexual Violence and Harassment.

21/78.2 *Reportable Incidents

Council **NOTED** that the appointment of Professor Chris Linton as Accountable Officer and Acting Vice-Chancellor from 1 August to 30 September has been reported to the Office for Students.

21/78 *Overview of Year's Forthcoming Business

COUN21-P82

Council **NOTED** an overview of the Year's Forthcoming Business

21/79 * University Senior Academic Appointments 2021/22

COUN21-P83

Council **NOTED** University Senior Academic Appointments for 2020/21.

21/80 *Common Seal

COUN21-P84

Council **NOTED** a list of documents to which the University Seal has been attached.

21/81 * Reports from Committees

Council **RECEIVED** reports from the following Committees:

COUN21-P85	Enterprise Committee of 8 July and 7 September 2021
COUN21-P86	Estates Management Committee of 18 June 2021
COUN21-P87	Finance Committee of 18 June 2021

21/82 Date of Next Meeting

- 25 November 2021, 09:00-11:30 (online)
- 31 March 2022, 09.30-12:30 (London Campus)

- 30 June 2022, 13.30-17.00

21/83 Any Other Business

Author – Caroline Glendenning-Platt

Date – October 2021

COUNCIL



Loughborough
University

Minutes COUN21-M2

Minutes of the Special meeting held on 16 March 2021.

Attendance

Members:

Christine Hodgson CBE

Prof. Bob Allison
Prof. Malcolm Cook
Dr Marcus Collins
Prof. Andy Dainty
Prof. Claudia Eberlein
Andrew Fisher
Ann Greenwood

Sally-Ann Hibberd
Paul Hodgkinson
Alan Hughes
Prof. Chris Linton
Pauline Matturi
Jennifer Maxwell-Harris

Peter Saraga (ab)
Oliver Sidwell
John Sinnott
Jane Tabor
Steve Varley (ab)
Tony Williams

In attendance:

Prof. Tracy Bhamra; Chris Carpenter; Andrea Davies; Dr Jennifer Nutkins; Prof. Steve Rothberg; Andy Stephens; Richard Taylor; Prof. Rachel Thomson

Apologies received from:

Peter Saraga; Steve Varley

Business of the Agenda

No items were unstarred.

21/28 Previous Minutes

COUN20-M5 - Minutes of the previous meeting.

Council **CONFIRMED** the minutes of the Special meeting held on 26 November 2020.

SECTION A – Items for Discussion

21/29 Honorary Degrees: Invitations

COUN21-P34

Pursuant to Statute XVIII, on the recommendation of Senate, and with the advice of the Honorary Degrees and University Medals Committee, Council **APPROVED** the issuing of invitations to persons to receive Honorary Degrees at Graduation Ceremonies.

Secretary's Note: Pauline Matturi declared an interest in this item.

SECTION B – Starred Items for Approval

No items.

SECTION C – Starred Items for Information

21/30 *Reports of Committees

30.1 *Senate Minutes

COUN21-P35

Council **RECEIVED** minutes of the (Special) meeting of Senate held on 11 November 2020.

30.2 *Operations Committee

COUN21-P36

Council **RECEIVED** reports from the meetings held on 9 November 2020, 7 December 2020, 11 January 2021 and 1 February 2021.

21/31 *Dates of meetings in 2020/21

1 July 2021, 13.30

Author – Chris Carpenter

Date – March 2021

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Update on University strategy development

Origin: Vice-Chancellor, Provost & Director of Planning

Executive Summary

The development of the next university strategy “Creating New Futures. Together” has advanced since the arrival of the new Vice-Chancellor. The strategy is being developed to signal 1) a greater focus on research and innovation, 2) increased international reputation and profile, 3) explicit and authentic commitment to advancing equity, diversity and inclusion. The strategy also outlines three strategic themes around which we will focus our activity – both in terms of our outward impact and influence and in the way we act and behave as an organisation.

Other Committees Consulted

Progress towards the university strategy has recently been discussed with Senate, the Academic Leadership Team and the Professional Services Leadership Team.

Equity, Diversity and Inclusion Considerations

The university strategy will foreground commitment to progressing equity, diversity and inclusion. The shift from equality to equity is purposeful. This will include our commitment to becoming an anti-racist organisation as stated in our Race Equality Charter submission. The Vice-Chancellor is discussing the strategy with the EDI Sub-Committee in December.

Action Required:

Council is asked to note the update.

Since the arrival of the Vice-Chancellor, Nick Jennings, at the start of October, work has recommenced on developing the new university strategy. Building on the strategic framework approved by Council in March, a number of areas have crystallised as described below. The Council Away Day on 14 October was a useful opportunity to socialise and seek endorsement for the new emphasis which is summarised in this paper. A summary of the discussions from

the Council Away Day are included as supplementary information to this paper. The strategy was also the focus of a joint meeting of the Academic Leadership Team and the Professional Services Leadership Team on 18 October.

Title: The working title has been amended to “Creating New Futures. Together” which is felt to be more engaging.

Step change in ambition

The strategy signals a step change in a number of key areas:

1. We will bring renewed energy/focus on research and innovation whilst maintaining a great education and experience for our students. Council has been clear that we must not jeopardise our distinctive student experience. That said, we will have to make choices about what we do differently to create the headspace and environment to support and sustain a higher level of research and innovation ambition.
2. We will increase our international reputation and profile whilst seeking to protect the short-term outcomes around student experience and domestic ranking. Council has given us a clear steer this cannot be a zero-sum game.
3. Equity, Diversity and Inclusion will be a core pillar of the next university strategy. The shift from equality to equity in our terminology and intent is deliberate and purposeful. We recognise and acknowledge that we have a long way to go. Foregrounding equity, diversity and inclusivity will require a cultural shift within the University. This will need to be a specific leadership priority and responsibility.

Strategic focus

Through the new strategy, we will focus effort and resource strategically to advance three themes that engage and benefit the whole university. The themes are:

1. Sport, Health and Well-being
2. Climate Change and Net Zero
3. Culturally Vibrant and Inclusive Societies

The themes will be delivered to align with our distinctive strengths and will be threads that will run through our research & innovation, education & student experience and sport, as well as how we operate. Through this approach, we will maximise the impact of our endeavours.

We need to live these things as an institution, as well as project them outwards to influence others. Therefore, the three institutional themes will influence how we behave and pervade

everything we do. Through our values and actions, we will demonstrate that we care about well-being, sustainability and inclusion.

Size and shape

We will not grow our home undergraduate population significantly. The inflationary squeeze on UK undergraduate fees continues to constrain us financially and growth in this area would represent a significant risk to the student experience. Consistent with our international ambitions, we will, however, plan to increase the number of international students on our campuses. Given the challenging international recruitment landscape, we will need to develop and resource plans to achieve this.

Timeline

November 2021:

- Updates to Senate and Council on direction of travel.
- Underpinning plans discussed at Academic Leadership Team

December 2021:

- Internal staff engagement/briefings
- Vice-Chancellor - discussion with EDI Sub-Committee

January 2022:

- Vice-Chancellor discussion with LSU Executive
- Student panels
- Academic Leadership Team Away Day
- Senate will have a more detailed discussion on the strategy at its Away Day.

February 2022:

- Student leader engagement/briefings

March 2022

- Council will be asked to approve the overarching strategy..

Supplementary Reading – Notes from Council Away Day held on 14 October are included as an appendix at [COUN21-P88 University Strategy \(Appendix 1\)](#).

Update on Implementation of the Recommendations of the Effectiveness Review of Council

Origin: Working Group on Effectiveness Review of Council and Council secretariat

Executive Summary

The AdvanceHE Effectiveness Review report, discussed at Council on 14 October 2021, included 31 recommendations for action and this paper reports on progress with their consideration and implementation. 10 have now been implemented or implementation is well advanced. A further 13 have been accepted and are in the process of implementation (e.g. changes to agendas and papers, board paper technology) and changes to the committee structure (5a) are the subject of a separate Council paper. 7 are generally accepted in principle but required further discussion are more complex to implement, a number of these relate to the profile and recruitment of lay members. It is proposed that further discussion of these recommendations and ongoing oversight of the implementation of the review actions is now taken forward via the renamed Nominations and Governance Committee with updates and formal approval of changes at Council itself. Given the other changes in train, it is proposed that the recommendation for further reduction in the size of Council (recommendation 1a) is not progressed at the present time. The full list of recommendations and their current status is provided in the supplementary reading.

Other Committees Consulted: N/A

Equality Diversity and Inclusion Considerations

A number of the recommendations relate to the diversity of Council membership and one to the involvement of Council members in EDI issues within the University. A number align closely with actions in the Race Equality Charter Action Plan. These will be given careful consideration by Nominations and Governance Committee in the context of the emerging University strategy.

Action Required: Council is asked:

1. TO ENDORSE the progress made so far on implementation of the review recommendations.
2. To thank the members of the Working Group for their contributions to the review process.

Supplementary Reading – A list of the Advance HE recommendations and their current status is provided at [COUN21-P89 Effectiveness Review \(Appendix 1\)](#).

COUNCIL



Pro Vice-Chancellor Portfolios

Origin: Vice-Chancellor

Executive Summary

The Vice-Chancellor has carefully considered the portfolios of the Pro Vice-Chancellors, in consultation with ALT and other groups, in the context of the evolving thinking about the new University strategy.

In light of this, revised portfolios are proposed in this paper.

Other Committees Consulted

The Academic Leadership Team, EDI sub-committee (for PVC EDI), and Senate have been consulted.

Action Required:

Council is asked to APPROVE the proposal for amendments to the Pro Vice-Chancellor portfolios, upon the advice of the Vice-Chancellor.

Under clause 9 of the University's Royal Charter and Statute VI(3), there are Pro Vice-Chancellors whose functions and duties are determined by Council after receiving the advice of the Vice-Chancellor.

The Vice-Chancellor has carefully considered the portfolios of the Pro Vice-Chancellors, in consultation with ALT and other groups, in the context of the evolving thinking about the new University strategy.

In light of this, the following portfolios are proposed:

Proposed title	Portfolio
Pro Vice-Chancellor (Research and Innovation)	Research and significant parts of the previous Enterprise agenda especially around application of knowledge and research impact.
Pro Vice-Chancellor (Education and Student Experience)	Broadly as now, with some aspects of the previous Enterprise agenda, including student Enterprise.
Pro Vice-Chancellor (Equity, Diversity and Inclusion)	Newly established role to provide senior strategic leadership to the evolving EDI agenda.

Role descriptions for each position will be produced. There are implications for the Associate Dean and University Committee structures which will need to change to reflect the new PVC portfolios.

Some aspects of the old PVC(E) portfolio not covered in the new PVC portfolios (eg LUSEP), will fall under the responsibilities of the new Chief Financial Officer (currently being recruited).

Council is asked to **APPROVE** proposals from the Vice-Chancellor for amendments to the Pro Vice-Chancellor portfolios.

Key Performance Indicators

Origin: Provost and Director of Planning

Executive Summary

The University continues to be successful, maintaining a top 10 position in national league tables. However, an increasing number of our metrics are coming under pressure both because of our high level of ambition and significant uncertainties that exist in the sector. Given that there is so much uncertainty in the sector at the moment, not least as a consequence of the pandemic, we have taken a prudent rather than optimistic view of our performance and, as a result, the University performance rating remains amber.

The financial sustainability rating also remains amber. Whilst we have successfully mitigated both the short-term impacts of the pandemic and the longer term £50M structural gap, the uncertainty around student fees and related income mean that the performance rating remains amber.

A number of KPIs have been updated for this meeting. More detail on individual metrics is available in the data tables. The cells shaded in peach indicate the data and commentary that have been updated for this meeting.

The RAG ratings for UG student satisfaction, research income and philanthropy have changed from amber to green. The RAG rating for Enterprise peer ranking has changed from green to amber. All other RAG ratings for individual metrics remain the same. Consequently, four of the five strategic ambitions remain rated as amber. “A culture that delivers success” has moved from amber to green.

Other Committees Consulted

The data and assessments have been reviewed by the University’s Senior Officers. Senate received this paper for information at its meeting in November.

Action Required:

Council is asked to RECEIVE and NOTE the updated KPIs

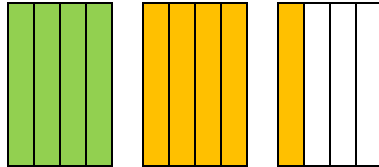
University Strategy: Building Excellence

Summary Assessment of Performance (updated quarterly)

2019-20				2020-21				2021-22			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

Basis of assessment for Q1 2021-22

Institutional Performance



The University continues to be successful, maintaining a top 10 position in national league tables. However, an increasing number of our metrics are coming under pressure both because of our high level of ambition and significant uncertainties that exist in the sector. The pandemic has further increased our risk and Council will note that a number of key individual metrics (and subsequently all the ambition rankings) remain amber in this latest update. This reflects our view of the University's position based on the current external environment which is affected by a range of factors over which we have little or no control. Given that there is so much uncertainty in the sector at the moment, not least as a consequence of the pandemic, we have taken a prudent rather than optimistic view of our performance and, as a result, **the University performance rating remains amber.**

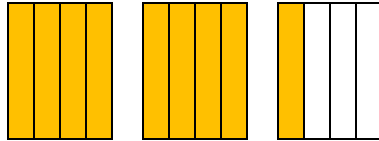
Financial Sustainability (As reported to OfS)



Based on data reported to OfS in December, we have substantially adjusted the forecasts to take account of the impacts of the pandemic and the uncertainties around international market recovery. Whilst we have successfully mitigated both the short term impacts of the pandemic and the longer term £50M structural gap, the uncertainty around student fees and related income in 2020/21 and 2021/22 mean that **the performance rating remains amber.**

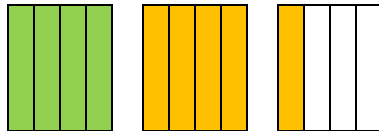
Key Ambitions

A distinctive international reputation for excellence



Data updated for this meeting are: 1) Citations 2) Number of staff with prestigious awards and 3) Research England QR grant. Overall performance rating remains amber as these data do not show material changes in performance since the last quarter. We continue to focus on improving external perceptions of the University which is intended to increase the visibility of the University (particularly with regard to academic reputation and influence) and drive up our international reputation, keeping pace with our ambitions. **The overall performance rating remains amber.**

A life-shaping student experience



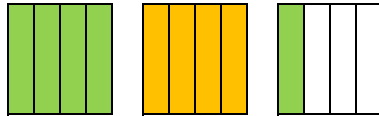
Data updated for this meeting are: 1) UG satisfaction 2) PGT satisfaction and 3) Graduate Outcomes survey. Despite a reduction in the overall UG satisfaction score compared to the previous year our ranking has improved from 6th to 3rd. The target is to be in the top 5, therefore the measure has moved from amber to green. PGT satisfaction has also decreased and our scores are in line with sector average rather than ahead so the measure remains amber. The Graduate Outcomes survey has seen a reduction in overall score, and we are awaiting details on the Times Top 20 for graduate-level employment/study, therefore the measure remains amber. **The overall performance rating remains amber.**

Outstanding partnerships to deliver social, economic and cultural prosperity



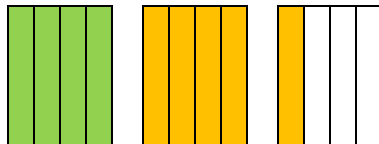
Data updated for this meeting are: 1) Business Partnerships 2) Enterprise peer ranking and 3) Enterprise (HEIF) income. Overall performance rating remains amber as these data do not show material changes in performance since the last time they were reported. **The overall performance rating remains amber.**

A culture that delivers success



Data updated for this meeting are: 1) Research income 2) Degree outcomes (UG) 3) Research student success and 4) Philanthropic income. There has been an increase in research awards for 2020/21 which has led to this measure being changed from amber to green. There has been a slight increase in the percentage of 1st and 2i degrees awarded, we anticipate this will be in line with Peer Group performance and the rating remains unchanged as green. The research student success measure also remains amber. Philanthropy income has increased and so the rating has changed from amber to green. **The overall performance rating has moved from amber to green.**

One outstanding University: two vibrant campuses



Data updated for this meeting are: 1) London 2021 intakes, 2) Average tariff points, 3) Reputation measures, 4) Estates strategy and 5) Health and safety. London intake is behind target due to the pandemic so the rating remains amber. Despite a small increase in average tariff, we believe this will be consistent with our competitors and that ranking will remain steady. Comparator data will be published in the Spring - the rating remains amber. The reputation measures show no change in ranking for the "open" question (amber rating remains) and no change on the "closed" question (green rating remains). The estate strategy measure remains amber, reflecting the substantial reduction in capital project delivery due to the Covid pandemic. Health and safety remains amber due to ongoing risk around covid-19 and Legionella. **The overall performance rating remains amber.**

Good Performance is on track this year

Problematic Performance this year reveals some concerns which could be damaging to this area if not addressed. A plan is in place to address the concerns.

Immediate Action Required Performance this year reveals some concerns which could be damaging not just to this area but potentially to the University's overall performance. There is currently no plan in place to address the concerns.

University Financial Statements 2020/21

Origin: James Henry, Deputy Director of Finance

Executive Summary

The paper presents the Annual report and audit letter of representation for the year 2020/21. OfS requires that these are signed by the accountable officer and the chair of the governing body.

These Financial Statements will be submitted to OfS as part of the financial return referenced in agenda item 5.2 [COUN21-P94](#).

Commentary on Risks and uncertainties can be found on page 22 and the financial review begins at page 24.

Other Committees Consulted

The financial statements are presented to Council following review at Finance Committee, at draft stage and at Audit Committee, in near final form.

Action Required:

On the recommendation of Finance Committee and Audit Committee, Council is asked to approve the adoption of the accounts and submission to the Office for Students (OfS).

The Annual report is to be signed by The Senior Pro Chancellor and the Vice Chancellor. The letter of representation is to be signed by The Senior Pro Chancellor on behalf of Council.

Supplementary Information

The financial statements have been designed to be read on the website. A print friendly version of the Financial Statements is available [here](#).



**ANNUAL REVIEW
& FINANCIAL
STATEMENTS 2020/21**



2020/21 AT A GLANCE

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7TH

**IN THE GUARDIAN
LEAGUE TABLE
2021**



**TOP
3**

**UK
UNIVERSITY**

Best UK Universities 2021
StudentCrowd



7

**IN THE TIMES AND
SUNDAY TIMES
GOOD UNIVERSITY
GUIDE 2021**



**HIGHEST RANKING
UNIVERSITY IN
THE MIDLANDS IN
ALL MAJOR UK
LEAGUE TABLES**



**TOP THREE
FOR OVERALL
SATISFACTION***

National Student
Survey 2021



7TH

**IN THE
COMPLETE
UNIVERSITY
GUIDE 2022**

out of 130 UK universities



**2ND – BEST
UNIVERSITIES
FOR CAMPUS AND
FACILITIES**

Best UK Universities 2021
StudentCrowd



**PANDEMIC
RESPONSE USED AS
EXEMPLARY MODEL**

by Universities UK & University
and Colleges Employers
Association



**BEST UNIVERSITY
IN THE WORLD**

for sports-related
subjects for the
fifth year running

QS World University
Rankings by Subject 2021

VICE-CHANCELLOR FOREWORD

I began my role as Vice-Chancellor of Loughborough University in October of this year, meaning the academic year for 2020/21 had already concluded. During the process of joining the University though, I was very aware of the work that was happening across both our East Midlands and London campuses.

From the outset, the year was always going to be one of challenge, the unknown, transition and fast actions.

The University reacted remarkably in managing the effects of the pandemic. The approach and measures put in place were used as an exemplar for others by both Universities UK and the Universities and Colleges Employers' Association.

The University's sense of community was greater than ever. Over 300 staff and students volunteered to help individuals that were isolating, dealing with almost 2,000 requests in total. Over 120,000 meals were also delivered to students isolating on campus. People didn't support this activity because they had to, they did it because they wanted to. As we move beyond the pandemic, I hope this kindness and greater concern for others will continue.

It was also a year of success away from pandemic-related activity.

The University performed well in all the major league tables and in several student review-related awards and rankings. Recognition like this, from the University's students, is increasingly important in the challenging climate higher education currently finds itself in.

We threw our energies into developing research that addresses the challenges society faces. We supported and encouraged business growth through our work in enterprise, delivering initiatives that boosted local and regional prosperity. And at the very end of the academic year, our athletes gave us all reason to celebrate, with their incredible performances at the 2020 Olympic and Paralympic Games in Tokyo.



We also made many positive steps in the areas of equality, diversity and inclusion, and sustainability. With social responsibility at the forefront of our new strategy, this work is providing the vital foundations for our drive for inclusivity and to protect the environment around us.

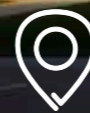
Everything detailed within this report, demonstrates the hard work, commitment and excellence of the staff here at Loughborough, as well as our wider university community; a community that I am very much looking forward to working with over the next academic year.

"I hope that the coming year will bring more positive change and that we can start to see the vibrant atmosphere on campus that Loughborough University is renowned for return."

Nick Jennings

Professor Nick Jennings CB, FREng
Vice-Chancellor and President of Loughborough University

OUR UNIVERSITY



WE HAVE TWO INSPIRING CAMPUSES
Our main East Midlands campus and our postgraduate campus, Loughborough University London



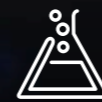
WE ARE THE LEADING UNIVERSITY FOR SPORT
with opportunities for all to participate



WE OFFER ONE OF THE BEST STUDENT EXPERIENCES IN THE COUNTRY
with Loughborough Students' Union (LSU)



WE HAVE OVER 18,500 STUDENTS ACROSS BOTH CAMPUSES



WE ARE A RESEARCH-INTENSIVE INSTITUTION
delivering new knowledge and understanding that helps to improve the quality of people's lives



WE OFFER UNDERGRADUATE, POSTGRADUATE TAUGHT AND POSTGRADUATE RESEARCH PROGRAMMES
across a wide range of disciplines



ENTERPRISE IS AT THE HEART OF OUR ACTIVITIES
enhancing the student experience, creating impact from research, and driving regional prosperity

OUR HISTORY



OUR STRATEGY

The success Loughborough University enjoys is built on the hard work and high standards achieved by our staff and students. These high standards stem from our ambitious outlook, which is reflected in our Building Excellence strategy. The 2020/21 academic year marked the final year of this successful strategy. We move into the next year with new strategic focus and vision, to continue to build on the University's position as a world-leading institution.

Building Excellence

Our current strategy, Building Excellence, emphasised the need for us to raise our aspirations and, in a highly competitive global higher education environment, compete on quality.

The strategy's key ambitions were to create and achieve: a distinctive international reputation for excellence; a life-shaping student experience; outstanding partnerships that deliver social, economic and cultural prosperity; a culture of delivering excellence in all that we do; and one outstanding university with two vibrant campuses.

Council has been responsible for monitoring the University's performance in delivering the Building Excellence strategy. Council considers a suite of over 30 key performance indicators (KPIs) aligned to the five ambitions set out above, together with an overarching measure of financial sustainability and an overall assessment of institutional performance. These KPIs are kept under constant review, as is our benchmark for success which continues to rise in line with our performance expectations. Key performance indicators are reflected in the graphics and statistics that appear throughout this strategic report.



Both our current and new strategies have been designed to support us in anticipating and responding to change, to enable us to remain in a strong position.

A new vision to take us forwards

The University's new strategy will focus on how the University contributes towards creating a sustainable future. Some of the broad strategic aims of our next strategy include:

- A commitment to play our part in tackling the causes, and mitigating the impact, of climate change.
- Using our expertise in sport and exercise science to improve mental and physical wellbeing, particularly in the aftermath of the COVID-19 pandemic.
- Working to reduce the inequality that fuels division across our communities and society.
- Equipping our students with the knowledge and skills they need to help create a sustainable future.
- Developing our estate and changing working practices with a plan to reduce the University's carbon footprint to net zero.
- Become an engine of economic growth in the region and work with civic partners to ensure that the University's presence enriches the local area.

Sector changes and challenges

The higher education environment is continuously evolving; presenting us with new challenges to overcome and opportunities to embrace. Both our current and new strategies have been designed to support us in anticipating and responding to change, to enable us to remain in a strong position.

COVID-19: The pandemic continues to present the sector with new challenges. The University's approach to these challenges will not change; we will continue to identify and adjust to change, whilst delivering our core principles.

Rising demand for university places: Competition for university places is growing and increasing the need for more available places. There are several contributory factors, including the impact of the pandemic on the graduate job market, grade inflation, and higher student aspirations. Also, a rise in the number of 18-year-olds, which is expected to continue over the next few years, is adding to potential rapid student number growth.

Increased competition: The removal of the student numbers cap and an increasing number of alternative and private providers has contributed towards growing competition in the sector.

Higher Education and Research Act 2017: Adding to the above, the most significant sector legislation in 25 years has been passed. The full potential impact of the legislation on the sector is still unclear, but new rules and regulations will make teaching quality

transparent and ensure that the level of investment made by students is matched by the value of their course/programme.

Research: Under the same Act, the seven existing Research Councils were brought together into a single body. Concerns were raised that this could lead to the loss of the close relationships between specialist funding bodies and research groups that have created a system of effective funding that nurtures world-class research.

Overseas recruitment: Several challenges over the last few years, including changes to the student immigration policy and visas, and the impact of the EU Referendum result, have made it difficult to set realistic recruitment targets for international students. The pandemic also continues to present issues around global mobility.

Student expectations: The rise of tuition fees in 2010, followed by the restrictions on in-person teaching during the pandemic has created greater expectations from students regarding the experience they receive.

Frozen fees: Other than a small increase in 2017/18, tuition fees have barely changed since 2012 and are currently frozen. Operational costs continue to rise, which makes the sustainability equation increasingly difficult to balance.

Augar Review: In early 2021, the Department for Education published an interim response to the recommendations made in the Augar Review of Post-18 Education and Funding, highlighting that the sector continues to be challenged in the funding regime. The full impact of the review and implications for the sector are likely to be set out in the Government's Comprehensive Spending Review in the autumn.

Rising pension costs: Increases in pension contributions put pressure on employment costs.

Health and Social Care Levy: In September 2021, a new levy was introduced by the Government as a long-term solution to funding health and social care. It will tax the earnings of both employers and employees, in the same way that National Insurance contributions are made.

Reduction in teaching grant to universities: During the Autumn Statement in 2015 it was announced that the teaching grant to universities would be reduced by £120m by 2019/20. Reductions were made in 2020/21 and are planned for 2021/22 in specific disciplines.



NAVIGATING THE PANDEMIC

After months of lockdown and continuing restrictions to daily life, we knew that returning to campus safely for the 2020/21 academic year, was the right thing to do for the wellbeing of our students and staff. We also knew that some would be cautious over returning and would need reassurance.

Over the summer months, teams from across the University worked together to create an environment in which staff and students would feel safe and secure. Any plans we made were flexible so that we could adapt quickly to developing situations.

Creating a safe environment

The measures we put in place during the pandemic were used as an exemplar for others by both Universities UK and the Universities and Colleges Employers' Association. The Department for Education also referenced our work as an example of good practice.

- Testing programmes were established for asymptomatic and symptomatic individuals.
- Fast-turnaround testing was introduced on campus ahead of the Christmas break, to allow students and staff to travel home safely.
- Over 300 staff and student volunteers supported individuals isolating both on and off campus, by collecting prescriptions and parcels, food shopping, and picking up books from the library.
- 1,936 isolation requests were completed through Loughborough Students' Union's COVID Community Champions initiative.



University Connect and Protect service launched to track possible and confirmed cases on campus and ensure individuals were properly supported



Around 90% of students were accessing campus testing every week – higher than any other UK university (Spring 2021)



Over 105,000 tests carried out on campus between December 2020 and May 2021 (PCR and lateral flow)



The catering team provided over 120,000 meals for students living on campus, free of charge, during the period of their isolation

PANDEMIC-RELATED RESEARCH AND ENTERPRISE

Several researchers across the University changed the direction of their work, to provide insight, answers and guidance to one of the biggest societal challenges of recent time.

Widening access to ventilators

Loughborough engineers designed and built a unique low-cost, non-electric ventilator, designed for under-resourced areas with unreliable electricity supply and limited specialist knowledge.

- The ShiVent system has undergone testing at Loughborough's National Centre for Sport and Exercise Medicine (NCSEM), Leicester Royal Infirmary Hospital and Glenfield Hospital.
- Units were also sent to Lagos, Nigeria and India for further trials.



WINNER
Royal Academy of Engineering's Africa Prize for Engineering Innovation's One to Watch Award 2021

Adapting technology in the fight against COVID-19

- Early results showed that technology developed at Loughborough to test for contaminants in the drinks industry could be used for rapid pre-screening and diagnosis of COVID-19. The technology, developed by university spin-out Figura Analytics, has the potential to provide a diagnosis in less than 20 minutes, by counting and identifying viral particles in a small saliva sample.
- Initial findings from another study led by the University showed that COVID-19 can be detected via a non-invasive breath test, providing almost instant results. The technology uses markers or 'breath signatures' to rapidly distinguish COVID-19 from other respiratory conditions at point of need, such as an emergency department, a workplace or a care setting, with no laboratory support.

Expertise in language and social interaction

Loughborough expertise has helped shape the public response to the pandemic in the UK and internationally. This includes contributions to the UK government's SAGE groups, guidance for NHS staff engaged in difficult conversations with COVID-19 patients and families, and tackling the harmful effects of misinformation.

Getting large-scale events back up and running

A new Loughborough-led study has been creating guidance on how to design and operate non-domestic buildings to minimise the risk of airborne transmission of COVID-19 and other viruses.

The government funded AIRBODS (Airborne Infection Reduction through Building Operation and Design for SARS-CoV-2) project was announced in May 2021, with trials taking place at several 'test' venues including the O2 arena, Wembley Stadium, a nightclub event in Liverpool and the Crucible in Sheffield.

"The work we are doing will help get large-scale events and venues back up and running in a safe way, providing scientifically proven information and advice on ventilation and building management, to reduce the risk of airborne transmission of COVID-19 and other viruses.

"But it will not only benefit this sector; it can be used in all non-domestic settings, including healthcare, education and retail."

Professor Malcolm Cook, Dean and Professor of Building Performance Analysis, School of Architecture, Building and Civil Engineering

THE LOUGHBOROUGH EXPERIENCE

The University is known for offering a life-changing experience, both academically and socially. We provide students with an exceptional environment, in which they can gain the skills, knowledge and experiences they need, to build the future they want.



Making graduation happen

At the end of the 2019/20 academic year, many students missed out on the opportunity to finish their Loughborough journey properly, when our traditional graduation ceremonies were cancelled due to COVID-19 restrictions.

After a challenging 18 months for our students, the University gave both our 2020 and 2021 graduates the chance to celebrate their success. We were one of the only universities in the country to run on-campus, COVID-secure graduation ceremonies.



47 CEREMONIES held across a two-week period



OVER 6,400 STUDENTS celebrated at graduation

Supporting students during the pandemic

During 2020/21, the pandemic continued to have a significant impact on our students' time at Loughborough, but we reacted quickly, flexibly and innovatively to deliver an adapted version of our award-winning experience.

Back to campus

A range of measures were introduced for students including socially distanced arrival arrangements and the operation of household bubbles. These bubbles enabled students to socialise and meet new people in a safe way. International students who had to quarantine were provided with a range of virtual social events to ease their entry to Loughborough.

Loughborough Students' Union delivered a Freshers' Week programme that focused on virtual and COVID-secure events on campus.

Teaching was delivered through a blend of in-person and online sessions, with both academic and professional services staff ensuring that our students continued to receive excellent support with minimal disruption.

Student support

As winter approached, the predicted second wave of COVID-19 cases arrived. Having already put measures in place to keep students safe, the University worked to keep the virus under control in our community and provide the support needed to those affected by it.

Support services continued to be delivered online, including mental health support, careers advice and guidance for international students on travel arrangements.

In halls of residence and private housing off campus, the University provided meals, toiletries, parcel collection and other essentials to households that had to isolate.

For further information on how the University navigated the pandemic, visit page 06.



STUDENT SERVICES OFFERED 18,940 APPOINTMENTS TO STUDENTS, SUPPORTING THEM TO REMAIN WELL DURING A REALLY DIFFICULT TIME.

High quality support and services

The University is known for offering a life-changing experience, both academically and socially. High quality support services are key to achieving this, and during 2020/21 many of our services and facilities were recognised for this.

TOP FIVE FOR STUDENT EXPERIENCE

Times and Sunday Times
Good University Guide 2021

TOP THREE FOR CAMPUS AND FACILITIES

Best UK Universities 2021, StudentCrowd

TOP THREE FOR STUDENTS' UNION

Best UK Universities 2021, StudentCrowd

BEST ACCOMMODATION IN THE UK

University Compare Top 100 universities 2022

TOP THREE FOR JOB PROSPECTS AND CAREERS SERVICE

Best UK Universities 2021, StudentCrowd

High quality courses

Ensuring our students are satisfied with their courses is a key priority for the University. During 2020/21 we received several accolades and awards that recognised this.

RANKED 2ND* IN ENGLAND (3RD IN UK) FOR OVERALL SATISFACTION*

National Student Survey 2021

BEST UNIVERSITY IN THE WORLD FOR SPORTS-RELATED SUBJECTS FOR THE FIFTH YEAR RUNNING

QS World University Rankings by Subject 2021

1ST FOR COURSE QUALITY

University Compare Top 100 universities 2022

TOP THREE FOR COURSE SATISFACTION

The Guardian
League Table 2021

"Despite COVID-19, the University has been fantastic and I have thoroughly enjoyed my time here! The support this year has been excellent and I have always known that I have had people looking out for my wellbeing; when we were isolating, we had constant food deliveries and staff checking we were OK. Whilst teaching was online, my lecturers tried their best to engage and make learning as fun as possible."

Student review from studentcrowd.com

*Based on English HEIs excluding specialists, FECs and alternate providers

New courses

We continuously review the courses we offer and their content, to ensure that both the qualifications and experiences our students attain are relevant to the society they will be graduating into. During 2020/21, the University announced several new master's programmes for prospective students.

Two innovative postgraduate programmes on climate change
MA Climate Change Politics and Policy and MSc Climate Change Science and Management will address the urgent societal challenge and science of climate change, as well as risk and management.

Bio-focused engineering master's programmes
MSc Biomedical Engineering and MSc Biotechnology will create highly skilled, biologically savvy engineers with an advanced-level understanding of the interplay between the two disciplines, to combat the remarkable health and sustainability challenges the world faces at present.

MSc in Intelligent Transport

The University introduced this course as a response to a transport system that is significantly changing due to the development of autonomous, intelligent systems that can act independently of humans. Designed in collaboration with industry, it will address economic, social and environmental transport challenges and consider new technologies within the sector.

Joint master's programme between Loughborough University London and IÉSEG School of Management

The unique MSc in Entrepreneurship and Innovation programme will immerse students in a multicultural experience in which they will develop the critical skills to drive change in existing companies or to develop their own start-up. Students will benefit from the expertise of both institutions and from the infrastructures in two dynamic and entrepreneur-friendly European cities.

RESEARCH

Research at Loughborough is built on excellence and relevance. We inform and shape public policy, improve lives and society, and enable business and industry to compete more effectively. Our work explores global challenges and inspires positive change.



NEW RESEARCH AND IMPACT WEBSITE LAUNCHED
www.lboro.ac.uk/research

OVER
880

OVER 880 STAFF MEMBERS IN RESEARCH, TEACHING AND ENTERPRISE



ALMOST 1,200 RESEARCH STUDENTS

EXCEPTIONAL FACILITIES

New £1m high-performance computer installed at the University

The Lovelace system will transform the University's computing capability, attract world-class researchers and boost funding opportunities. The system consumes roughly half the electricity of its predecessor whilst delivering three to four times the output.

World's first large-scale slope simulator

The University announced it will create the world's first large-scale slope simulator, thanks to a £500,000 grant from the Wolfson Foundation.

The simulator will revolutionise national and international research capacity in this field, to help build resilience to the increasing environmental risks caused by climate change.

"This is one of the most intriguing and important grants awarded this funding round. It is based around brilliant science and will be one of the only facilities of its kind – not just in the UK but beyond."

*Paul Ramsbottom,
Chief Executive of the Wolfson Foundation*

SUPPORTING RESEARCH GROWTH

Doctoral training overseas

In February 2021, the Doctoral College launched a new collaborative doctoral training programme with five South African universities.

The programme has been established to support talented South African academic staff to continue their educational journey.

Post-doctoral development programme in infrastructure, cities and energy launched

A Loughborough-led partnership was awarded £4m by Research England for the development of C-DICE, a new centre for post-doctoral development in infrastructure, cities and energy. The programme will:

- develop world-class postdoctoral researchers with the advanced technical skills needed in these sectors.
- tackle how we accelerate progress towards a net zero-carbon society by 2050.
- bring together 18 higher education institutions as well as industry and other stakeholders, including HS2 and Severn Trent Water.



£45M SECURED IN NEW GRANTS FOR RESEARCH DURING 2020/21

294
NEW GRANTS

SECURED FOR RESEARCH PROJECTS DURING 2020/21

STRONG PERFORMANCE

Despite the ongoing pandemic, the University has performed well in attracting new research funding to support diverse projects. Below are some examples of our research activity during 2020/21 and some new projects starting soon.

Playing a pivotal role in government plans

It was announced in November that the University will host a new £4.3m centre to improve the sustainability of the UK's chemical industry. The Interdisciplinary Centre for Circular Chemical Economy will be based in the Department of Chemical Engineering and will involve seven universities and more than 20 industrial and international partners.

Transforming how industry works

In June 2021, a team of experts from the University's School of Mechanical, Electrical and Manufacturing Engineering were named as part of a £7.3m project to create the first-ever manufacturing cyber-seed.

Funded by the Engineering and Physical Sciences Research Council (EPSRC), the 'cyber seed' will allow scientists to produce innovative designs for new products, ranging from aircraft parts to medical devices, that are bespoke to end-users and suited to the local environment with the materials available, all at the push of a button from anywhere in the world.

Brain power

At the start of 2021, scientists from the University's Department of Chemistry started work on a project that will see human brain stem cells used to power artificial intelligence (AI) devices and bring about a revolution in computing.

The Neu-ChiP project received just over £3m from the European Commission's Future and Emerging Technologies (FET) programme, to show how neurons – the brain's information processors – can be harnessed to supercharge computers' ability to learn while dramatically cutting energy use.

Perpetual Plastic for Food-to-Go project

An interdisciplinary team of design and engineering researchers, led by our School of Design and Creative Arts, was awarded £1m at the end of 2020, to research the negative impacts of and alternatives to single use plastic packaging.

COVID-related research

Our research efforts were also responsive to the COVID-19 pandemic, with many of our researchers adapting the focus of their work to support the global fight against the virus. Examples of this work can be found on page 07 of this report.

Landmark research and development agreement

As part of its innovation programme, HS2 Ltd has signed a ground-breaking agreement with leading infrastructure research centres in UK universities, including Loughborough, which will enable it to access world-leading research capabilities, knowledge and facilities.

The deal with the UK Collaboratorium for Research on Infrastructure & Cities will help drive new insight and technologies to support building affordable, low carbon, modern infrastructure.

Midlands' bid to become a world-leader in advanced ceramics received significant cash boost

In July, the Midlands Industrial Ceramics Group (MICG) – of which we are a founding member and lead academic partner – secured £18.3m in government funding through UK Research and Innovation's flagship Strength in Places Fund (SIPF).

The funds will underpin a world-leading industrial and academic research and development programme over the next four years, creating a cluster of new businesses in the Midlands and strengthening the regional supply chain. Thousands of jobs are expected to be created in the area.

ENTERPRISE

Enterprise is at the heart of the University's activities, enhancing the student experience, creating impact through economic development partnerships and Loughborough University Science and Enterprise Park (LUSEP), which is home to more than 90 organisations.

The University, as a regional anchor institution, engages with its local areas in the East Midlands and East London, to drive growth and regeneration.



The flagship office for the Access Group on LUSEP.



The Figura Analytics team

Sharing our expertise

Knowledge exchange is an essential part of the University's work alongside research and teaching. The University supports businesses through Knowledge Transfer Partnerships (KTP). These partnerships enable businesses to bring in new skills and the latest academic thinking to deliver a specific, strategic innovation project. The University's KTP portfolio has experienced strong growth and activity during 2020/21, with areas such as data science and deep learning, materials, engineering and chemistry all currently highly represented.

The University's significant contribution to the regional economy and society was also highlighted in Research England's first Knowledge Exchange Framework (KEF), which was released in March 2021.

The KEF data looks at the performance of English Higher Education Providers (HEPs) from a variety of different perspectives, including public and community engagement, working with partners ranging from big businesses to small local firms, and how HEPs commercialise their research.

Overall, Loughborough was in the:

- top 10% of all English HEPs for the 'Working with business' metric
- top 20% for 'Local growth and regeneration'.

13

ACTIVE KNOWLEDGE
TRANSFER
PARTNERSHIP
(KTP) PROJECTS
DURING 2020/21

OVER
€600_k

THE TOTAL VALUE
OF THE UNIVERSITY'S
KTP PORTFOLIO FOR
2020/21

ALMOST
€1.8_m

THE TOTAL VALUE
OF THE UNIVERSITY'S
CURRENT KTP
PORTFOLIO

Mutual benefits

The Doctoral College launched a new placement experience that enabled PhD students to be consultants in local SMEs. 'Doctoral Innovation Consultants' was designed to enhance our Doctoral students' business networking skills and future employability, whether in academia or industry, whilst also supporting local businesses to find solutions to real challenges.

Six students took part in a successful pilot run, which was funded by Santander. They were paid to work as part of a small student consultancy team, supporting start-up businesses at LU Inc, whilst continuing their PhD studies in parallel.

Boosting business locally

In July, the University launched another exciting initiative that aims to help local people working on unique, early-stage products or services, bring their vision to life.

The two-year business start-up accelerator programme will be delivered by LU Inc. (Loughborough University's incubator) in partnership with Charnwood Borough Council and will help to develop a new generation of businesses in the area that are resilient to future challenges.

"It is crucial we take action to help rebuild our economy and foster resilience within a post-pandemic recovery."

Professor Chris Rielly, Dean of the School of Aeronautical, Automotive, Chemical and Materials Engineering and lead for the University's Town Deal initiatives

SportPark expansion

A €6m expansion to SportPark was approved, fuelling the ambition for Loughborough to be at the heart of a global sports hub.

Spinout success

Having built a strong intellectual property (IP) portfolio, our recent prioritisation of research commercialisation is reflected in the achievements of the University's recent spinouts, all of which have attracted significant external investment.

Figura Analytics – a University nanotechnology spinout – successfully raised £180,000 in seed round funding from private investors and the UK's leading early-stage investor SFC Capital.

The company was spun-out of cross-disciplinary chemistry research in January 2021, to develop a rapid testing technology platform aimed at helping the drinks industry to improve quality and consistency of ingredients and finished products.

"We have had great initial feedback from the drinks industry to a completely new way for them to rapidly analyse their products and ingredients and look forward to building our business as we further develop our technology platform and manufacturing capability."

Nick Whitehurst, CEO, Figura Analytics

Student and graduate enterprise

Activity has continued to expand in this area, ensuring that students and graduates are supported throughout their enterprise journey. This includes the launch of a new initiative, Evolve Validator programme, which supported 50 students to test and validate their ideas, prove concepts and register their businesses across both our Loughborough and London campuses.

Enhancing career prospects

In May, the University worked in partnership with Loughborough College to launch a Careers and Enterprise Hub in Loughborough, that will help local people enhance their skills to access the careers market, progress their existing career or launch a new business idea.

- Specialist advisors from the University will provide expert support to aspiring entrepreneurs.
- It is among the first projects in the UK to be completed using money from the Government's Town Deal scheme.
- The initiative aims to boost the local and regional economy as it bounces back from the impact of the pandemic.

Award-winning flagship office development

A flagship office for leading business management software provider, the Access Group, was completed on LUSEP in November 2020. The 100,000 sq. ft. building will generate £1.6m per year for vital Leicestershire County Council services, as well as create hundreds of new jobs. In June 2021, the building received the NEC award, which recognises excellence in how building contracts are managed across the world.

SPORT

We are proud of our hard-earned reputation for sport at Loughborough. Through world-leading coaching, outstanding student experiences, state of the art facilities and superb events, we create an inclusive, positive and life-shaping sporting experience for all.

Representing Loughborough in Tokyo



Over 100 students, staff, alumni and Loughborough-based athletes, travelled to Tokyo for the 2020 Olympic and Paralympic Games



Loughborough-associated athletes won 14 medals in the Olympic competition, equating to over 20% of Team GB's final medal haul



21 medals were won by Loughborough-associated athletes in the Paralympic competition

Sport through the pandemic

Our unique multi-sport campus and the COVID-secure provisions we put in place to protect our community and elite athletes has meant that Loughborough has continued to lead the sports sector.

Within our facilities, elite athletes have continued to train and the outstanding results at Tokyo show the impact we have had on sport globally. We have attracted high-profile camps from teams such as Celtic F.C, West Ham United, Bristol City and GB Rugby 7s team.

For our community, we have worked tirelessly to provide the very best sporting experience for all ensuring that, when safe to do so, everyone can enjoy sport at Loughborough.

Research facility supported major tournament

The Sports Technology Institute played a key role in the official Euro 2020 ball research. This is the ninth consecutive major tournament ball that has benefitted from research or testing at the University.

New Loughborough Lightning franchises launched

The number of teams under the Loughborough Lightning franchise doubled from three to six this year, with new teams launched for cycling, wheelchair basketball and football.

Loughborough Lightning Cycling was also awarded Elite Development Team status by British Cycling – in recognition of its work to support Britain's best aspiring road riders on their journey to success on the world stage.



VOTED BEST UNIVERSITY IN THE WORLD FOR SPORTS-RELATED SUBJECTS – FOR FIFTH CONSECUTIVE YEAR
QS World University Rankings by Subject 2021



UK ANTI-DOPING (UKAD) RELOCATED TO THE UNIVERSITY'S EAST MIDLANDS CAMPUS



3600 HOURS LOGGED BY SPORT VOLUNTEERS



OVER 100 MASTERCLASSES AND WORKSHOPS DELIVERED TO STUDENTS BY LOUGHBOROUGH SPORT'S COACH AND VOLUNTEER ACADEMY



JOHN STEELE, EXECUTIVE DIRECTOR OF SPORT AT THE UNIVERSITY, AWARDED AN OBE AND ANNOUNCED AS NEXT CHAIR OF THE COMMONWEALTH GAMES ENGLAND BOARD



PARA SPORT

Since launching the new para sport vision at the end of 2019, much progress has been made towards creating life-shaping opportunities through the development of an inspirational and inclusive para sport offer. During 2020/21:



It was announced that the wheelchair basketball team will compete in the world's first women's professional wheelchair basketball league



Four Para sport performance programmes were introduced (Para-Athletics, Para-Swimming, Para-Cycling and Para-Triathlon)



Boccia was introduced to the 'My Lifestyle' recreational sport programme (in addition to wheelchair basketball)



Inclusive Sport Festival set up, featuring a variety of inclusive sports including boccia and sitting volleyball



The University was announced as a partner in £1M+ Para Sport Against Stigma project that aims to change attitudes towards people with disabilities in Africa



OVER 170 STUDENTS ENGAGED IN WHEELCHAIR BASKETBALL ACTIVITIES ACROSS SOCIAL AND RECREATIONAL SPORT PROGRAMMES



WHEELCHAIR BASKETBALL BECAME THE 60TH ATHLETIC UNION CLUB

PEOPLE AND ORGANISATIONAL DEVELOPMENT

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

An inclusive future

Creating an inclusive environment for all has been a key focus for the People and Organisational Development Team during 2020/21. For example, an equality, diversity and inclusion (EDI) sub-committee was established to shape and deliver the University's aspirations to be more inclusive.

For further examples of the University's progress in EDI see page 18.



OVER 3,650 MEMBERS OF STAFF
(December 2020)



RETAINED THE EUROPEAN COMMISSION'S HR EXCELLENCE IN RESEARCH AWARD



SILVER AWARD IN THE MINISTRY OF DEFENCE EMPLOYER REWARD SCHEME



Support during the pandemic

Supporting staff and their wellbeing has been a key priority over the last year, particularly ensuring that they felt safe when returning to campus.

- Testing programmes were established to allow for all staff and students to be tested regularly on campus, with the University delivering the highest level of testing compliance in the sector.
- A contact tracing system was also created to identify potential cases and ensure individuals were properly supported.
- A lone working app was launched to identify and protect colleagues working alone on campus. The app also allows the individual to request emergency assistance should they need it and helps to locate them.
- A new contractor management app was launched that enables managers to quickly check that individuals have completed the online induction and that other necessary documents have been submitted and reviewed. It also allows contract managers to quickly identify a contractor and how they should be working if they have concerns.
- 650 jobs were protected through the Coronavirus Job Retention Scheme.

For further information on the University's response during the pandemic, see page 06.

A new way of working

A Dynamic Working Group was established to look at hybrid working practices.

- The group was created to reconsider our working practices for the future, including the places we might work and our patterns of working.
- A framework of optimal future working practices is being developed, that balances the considerations of the University, staff and students.

New beginnings

Professor Nick Jennings CB was announced as Loughborough University's next Vice-Chancellor and President. Christine Hodgson CBE joined the University as Chair of Council in January 2021.

Nursery acquisition

The on-campus nursery transitioned from Loughborough Students' Union across to the University. The acquisition will play an important role in supporting the People and Organisational Development Strategy, by providing support to families.

Trade Union Facility Time Data

Section 13 of the Trade Union Act 2016 has introduced a new requirement on public sector employers to publish data on facility time.

The University's data for 1 April 2020-31 March 2021 is as follows:

Trade Union Representatives	19
FTE Trade Union Representatives	12.5
Hours spent on paid facility time	6686
Hours spent on paid trade union activities	0
Percentage of total paid facility time hours spent on paid TU activities	0%
Total cost of facility time	£144,782
Percentage of pay spent on facility time	0.09%

Distribution of working hours	Number of TU reps at LU
0% of working hours	0
1-50% of working hours	19
51-99% of working hours	0
100% of working hours	0



EQUALITY, DIVERSITY AND INCLUSION (EDI)

The Loughborough University community is a diverse body of people with different perspectives, values and attitudes. We seek to promote an inclusive environment where differences are shared, valued and embraced; where any unfair treatment or discrimination is challenged and eliminated; and where all individuals can reach their full potential regardless of their background.

Much work has been done across the University during 2020/21 to move the University forwards in this area, all of which positions us well for carrying the agenda forwards as a key part of the University's new strategy.

Building an inclusive community

- A new sub-committee and advisory forum have been established to focus on EDI, to ultimately shape and deliver the University's aspirations to be more inclusive and anti discriminatory.
- Co-opted positions representing Black, Asian or other minority ethnic (BAME), LGBT+ and disabled colleagues were created on University committees.
- LEADING, the Loughborough Equality, Diversity and Inclusion Networked research group was launched. The group will encourage EDI research collaborations across disciplines, raise the profile of our research in this area, and use its work to enhance the student and staff experience.

Responding to current events

During 2020/21, a sector-leading move saw the following measures introduced in recognition of race-based COVID-19 stress and anti-Black violence:

- Compassionate leave for BAME staff.
- Funding for counselling.
- Adaptation of the mitigating circumstances regulations for BAME students.
- Introduction of anti-racism resources for first-year students.

Supporting women in STEM

The School of Aeronautical, Automotive, Chemical and Materials Engineering (AACME) was awarded the Athena SWAN Bronze award for its achievements and ongoing efforts to improve equality, diversity and inclusion within the School.

Staff support networks

Several staff support groups have been launched/relaunched during 2020/21.

- Maia – Loughborough Women's Staff Network celebrated its one year anniversary and launched a successful mentoring scheme for its 450 members.
- LGBT+ Staff Network established a new committee.
- BAME Staff Network produced the Loughborough University Race Equity Strategy (LURES).
- The Inclusivity Staff Network doubled its membership and successfully delivered training to raise awareness of the experiences of disabled staff, such as neurodiversity and hearing loss in the workplace.

Showing our commitments

- First university in the UK to sign up to the Halo Code, which supports students and staff to wear their Afro hair how they choose to.
- The University joined over 130 businesses and organisations to support the transgender community by signing up to the Trans Rights Are Human Rights campaign.
- The University signed up to Consent Collective TV for all students and staff to take part in conversations about consent, sex, gender, sexual harassment, and relationships. Over 275 people have signed up so far.



UNIVERSITY'S
EQUALITY, DIVERSITY
AND INCLUSION
BLOG LAUNCHED
blog.lboro.ac.uk/edi



LAUNCHED VOICES
OF DIVERSITY:
BAME SPEAKER
SERIES



SEVEN OF OUR NINE
SCHOOLS HAVE NOW
RECEIVED ATHENA
SWAN AWARDS



AGE APPRECIATION
GROUP (AAG)
RELAUNCHED



ONE YEAR OF MAIA
– LOUGHBOROUGH
WOMEN'S STAFF
NETWORK CELEBRATED
ITS ONE YEAR
ANNIVERSARY

SUSTAINABILITY

The University is committed to acting in a socially responsible way that maximises its positive and minimises its negative impact on society and the communities we are based in. We do this by embedding sustainability and social responsibility into all our processes, operations and developments.

THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDG)

The University signed the SDG Accord in 2019, making a commitment to help deliver the 17 goals. Set up by the United Nations General Assembly, the goals are designed to be a "blueprint to achieve a better and more sustainable future for all". Loughborough is at the start of its journey in aligning policies, procedures and research. The goals we have had the highest impact with in the last 12 months are:



TEACHING AND LEARNING

- The campus has continued to be used as a 'living laboratory' where students can learn and conduct research. Examples of locations and projects include the Holywell Research Forest, the Fruit Routes Project, and the forest school.
- The University has also launched two new master's degree programmes on climate change during the last year. For further information see page 09 of this report.
- Academic departments and schools have been regularly conducting fieldwork and projects for students that are designed to combat real issues onsite.
- The School of Business and Economics has appointed two new Honorary Visiting Professors to strengthen its research and practice in sustainability. Martin Barrow, Director of Footprinting at the Carbon Trust, and Professor Robert D. Klassen of Western University in Canada, are regarded as world leading authorities in their field.



WASTE AND RECYCLING

The University works hard to reduce waste, maximise reuse, increase recycling and divert waste from landfill at every opportunity. Data in this area has been severely impacted by the pandemic, but there are still some successes to be acknowledged:



WASTE WAS REDUCED BY 500 TONNES compared to pre-pandemic



70% OF OVERALL WASTE was recycled, compared to 29% in 2009/10



23% OF WASTE WAS CONVERTED TO ENERGY compared to 0% in 2009/10



ONLY 7% OF UNIVERSITY WASTE went to landfill, compared to 71% in 2009/10

As part of the **Give 'n' Go campaign 2021...**

AROUND 100 BAGS OF CLOTHES were donated to the British Heart Foundation

Over 60 crates of **KITCHEN CROCKERY, POTS, PANS AND UTENSILS** were donated to a charity in Nottingham who also benefitted from 50 bags of duvets and bedding

Over 50 crates of food were **DONATED TO A LOCAL FOOD BANK**

BIODIVERSITY



MAINTAINED GREEN FLAG STATUS for 2020



NEW GARDENS STRATEGY PRODUCED in 2020



Winner of the inaugural **BSIF WATER POLLUTION PREVENTION AWARD**

CARBON MANAGEMENT

It takes a lot of energy to support a world-class university, but we are committed to ensuring we operate in a sustainable way.

- The 30-year plan provides framework to decarbonise the estate.
- Work will also safeguard the institution against escalating energy costs.
- Absolute carbon emissions have reduced by 32% compared to 2010/11.
- Carbon emissions relative to student numbers have reduced by 37% compared to 2010/11.



ENERGY STRATEGY 2020-2050 was approved in November 2020



32 CHARGING POINTS INSTALLED to support the transition to low carbon electric vehicles



TARGET - 78% REDUCTION in greenhouse gas emissions by 2035 compared to 2010/11



NET-ZERO greenhouse gas emissions by 2050

RISKS AND UNCERTAINTIES

Financial Statements Year Ended 31 July 2021

The University has comprehensively reviewed its strategic risk register during the COVID-19 pandemic in order to ensure delivery of the strategy in challenging times.

Overview

The University has continued operations in challenging times, dealing with both the structural financial issues posed by regulated income streams and rising costs and the enduring uncertainty resulting from the COVID-19 pandemic.

The University acted swiftly to control cost and preserve liquidity during the pandemic while ensuring that actions did not undermine the future financial sustainability of operations.

Council has carried out a comprehensive review of its strategic risk register and evaluated lines of assurance (first, second and third lines of defence) for all entries. The strategic risk register currently reflects the following areas of operation:

RISK	OVERVIEW OF RISK
IT & DATA SECURITY	Failure of IT infrastructure resulting in operational disruption, major data loss, breach of regulations, reputational damage and/or financial loss
GOVERNMENT POLICY	Reliance on student fee income resulting in the University being disproportionately impacted by future changes to HE sector funding
INTERNATIONAL STUDENTS	Reliance on a single geographical region for international student recruitment leaving the University vulnerable to political or macroeconomic factors that reduce international student demand for UK higher education
PENSIONS	The University's commitment to two defined benefit pension schemes requiring disproportionate allocation of resources to tackle deficits resulting from macroeconomic conditions
COMPLIANCE CULTURE	In an increasingly regulated environment, the University needing to enhance the culture of compliance with legislation, regulation, or ethical standards
STAFF WELLBEING	Changes to the nature of work in higher education, including change to pensions and increased regulation, resulting in staff dissatisfaction, absence, or industrial action
STUDENT EXPERIENCE	The University needing to monitor and then adapt to or manage changing student expectations

The risk register is owned by Council with operational management delegated to the Director of Finance and with oversight provided through the Audit Committee. All risk items are regularly reviewed but, as in previous years, we draw specific attention to the following areas where we perceive enhanced levels of risk in the short to medium term.



RISK 1 IT & DATA SECURITY

The COVID-19 pandemic has accelerated the pace of change in working patterns and methods of teaching delivery. This has increased reliance on technology infrastructure and cyber threats are increasingly directed not only to our own systems but to those hosted by third parties. The University has assessed the assurance level required in this area as high and has strengthened both the internal control environment and governance oversight through Audit Committee and Information Technology & Governance Committee.



RISK 2 GOVERNMENT POLICY

The sector continues to expect but has yet to receive clarity on changes to the University funding model following the Augar report. Meanwhile the underlying challenge to higher education funding in England, the inflationary gap caused by static fees and rising costs, remains unaddressed. However, some element of stability to the fees and funding regime is perceived to be neutral in terms of impact on risk given the inherent uncertainty in the economy as we emerge from COVID-related restrictions.



RISK 3 INTERNATIONAL STUDENTS

As reported last year, the University's dependence on international students from China swiftly changed from a being a key tool to diversify income to be a major driver of risk. This is as a result both of mobility restrictions linked to the COVID-19 pandemic and geo-political unrest. The University continues to show strong demand from international students and we continue to work to diversify our student population both to protect income but also to ensure the best possible international experience for those coming to live and study in the UK.



RISK 4 PENSIONS

Macroeconomic factors continue to drive pension scheme deficits and there is notable regulatory pressure to address deficits more quickly by shortening deficit recovery periods. It appears that a resolution to the 2020 valuation of the Universities Superannuation Scheme (USS) is achievable in such a manner as to avoid significant increases to contribution rates which are already at the limits of affordability. However, concluding the 2020 valuation will involve additional covenant support measures from employers and significant benefit reform to members which is likely to result in further industrial action within the higher education sector.

FINANCIAL REVIEW

The COVID-19 pandemic continued to present challenges, with consolidated income down 5% year on year. However, our continued focus on controlling expenditure means that we delivered a surplus of £9.8m and generated £51.6m of net operating cash (17% of income). The headline numbers mask the narrative of the year: prioritising the wellbeing of our students and colleagues, implementing stringent short-term controls and navigating unquantifiable uncertainty in our income streams.

Cash flow

Net cash inflow from operating activities totalled £51.6m, 17% of income. This represents a significant increase on recent years and reflects the stringent expenditure controls maintained throughout the year.

New challenges emerged as we progressed through the year; global mobility presented significant challenges for our international student community, periods of lockdown and domestic restrictions limited our ability to operate our commercial revenue streams and implementing safety measures and new ways of working came at a cost. Throughout this period of uncertainty, our approach was focused on the wellbeing of our students and colleagues and to restrict expenditure to all but critical spend to provide headroom against the risks to income. In the short term this has inflated our cash holdings, but as we move forward into more certain times, we anticipate a return to more sustainable levels of expenditure.

The University continued to restrict capital expenditure as part of our on-going response to the pandemic. Payments to acquire tangible fixed assets totalled £14.4m, partly offset by capital grant receipts of £5.4m and £0.8m of other receipts to generate a net cash outflow from investing activities of £8.2m. Cash outflows from financing activities remain consistent with previous years at £8.0m, comprised of interest and loan repayments. These movements combine to deliver a net increase in cash and short-term deposits of £35.4m, resulting in a cash holding of £104.1m on 31 July 2021; this upside being one-off in nature and therefore not a recurring improvement in cash generation which could support recurring expenditure.

Balance sheet

Net assets increased by £14.0m to £290.8m.

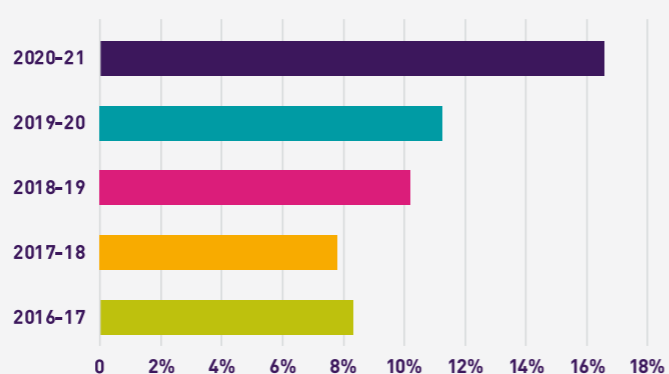
Fixed assets decreased by £20.0m to £474.3m. Capital investment was focused on several smaller projects, IT and existing estate maintenance as we continued to mitigate the on-going challenges. It is our intention for Capital expenditure to return to normal levels, broadly in line with operating cash generation, over the coming years.

Long term loans decreased to £103.6m (2019/20: £108.7m) as a result of capital repayments during the year. The University maintains significant headroom on its bank covenants and almost all long-term debt continues to be subject to fixed rate agreements. We continue to hold a £50m revolving credit facility, which remains undrawn at year end.

We hold three pension provisions on our balance sheet; Universities Superannuation Scheme (USS), The Local Government Pension Scheme (LGPS) which is administered

	2020-21	2019-20
	£m	£m
Income	311.7	327.3
Expenditure before USS pension movement	(300.8)	(308.9)
Surplus before other losses/gains and USS pension movement	10.9	18.4
USS pension movement	(1.7)	36.3
Surplus for the year	9.1	54.4
Operating cash flows	51.6	36.8
Investing cash flows	(8.2)	(27.2)
Financing cash flows	(8.0)	(8.6)
Net cash flow	35.4	1.0
Cash and cash equivalents	104.1	68.8
Non current assets	495.0	514.8
Current assets	133.4	99.6
Current liabilities	(63.2)	(61.5)
Non-current liabilities	(106.9)	(112.7)
Provisions	(167.4)	(163.3)
Total net assets	290.8	276.9

OPERATING CASH FLOW AS A PERCENTAGE OF INCOME



by Leicestershire County Council and The Teachers' Pension Scheme (TPS). As of 31 July 2021, the TPS provision was £1.7m, a reduction of £0.2m. The LGPS provision was £122.1m, an increase of £3.9m. The USS provision was £43.2m but, whilst that reflects an increase of just £0.2m, the continued uncertainty regarding the funding of the USS pension scheme as a sector remains one of our key risks.

Income

In 2020/21 total income decreased £15.6m (5%) to £311.7m. However, it is important to note that the prior year was also impacted, and our pre-pandemic growth trajectory reflected an income of £345m, on which the shortfall is closer to 10%. Our tuition fee income was relatively resilient, underpinned by our swift actions to help students adapt to the logistical challenges; our transition to online teaching was embraced by colleagues and students and the implementation of a January start for PGT courses was well received.

Fees from Home/EU students of £116.5m (2019/20: £107.1m), accounted for 37% of the total income of the University and 68% of total tuition fees (2019/20: 33% and 61% respectively).

Fees from International students, where we are anticipating growth, were more significantly impacted and totalled £51.0m

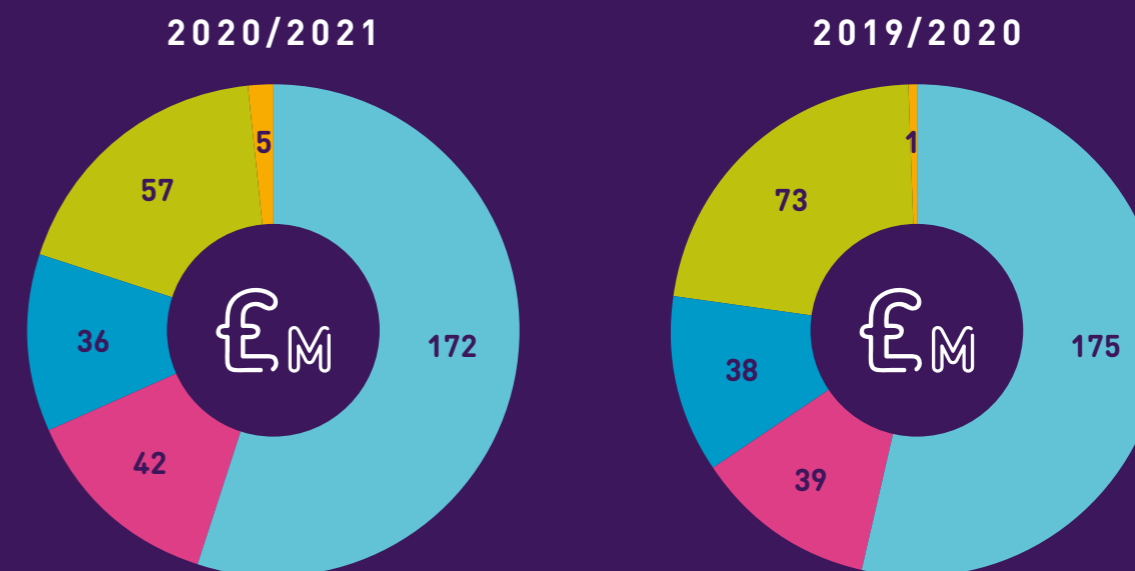
(2019/20: £60.4m). This represents a 16% decrease and the impact of global mobility restrictions.

Grants from funding bodies increased £2.8m (7%), to £42.2m, including an additional £1.2m of capital funding from Research England as part of their World Class Laboratories fund. This funding was used primarily to fund state of the art research equipment, for use not just for our own researchers but also partner organisations.

Research grants and contracts income decreased by £2.5m (7%) to £35.5m, in part reflecting the challenges posted by restricted campus access or social distancing limitations, as some projects ran behind planned schedules. We continue to have a strong application pipeline through the University.

Other income decreased by £16.6m (23%) to £56.8m. £13.5m of this reduction is due to recognition of a capital grant in the prior year for the commissioning of the NCCAT facility. The remaining reduction is due to the continued challenges that our hotel and conference operations faced, with limited operations throughout the year. We once again reacted swiftly to credit students for accommodation contracts during the second lockdown, in early 2021.

TOTAL INCOME



	2020/21	2019/20	% Change
Tuition fees and education contracts	172	175	-1%
Funding body grants	42	39	7%
Research grants and contracts	36	38	-7%
Other income	57	73	-23%
Investment income	0	0	-70%
Donations and endowments	5	1	294%
Total income	312	327	

Expenditure

Total expenditure increased by 11%, to £302.5m. However, the prior year was significantly impacted by the USS pension movements. Expenditure before USS pension movement decreased by 3% to £300.8m.

As in previous years, the majority of expenditure (60%) relates to staff costs, which increased by £40.0m (28%) to £180.6m, largely due to a revaluation of the USS provision (£36.3m) referenced above. Removing the impact of this and other non-cash pension adjustments, underlying staff costs have increased 1.1% as a result of general staff inflation.

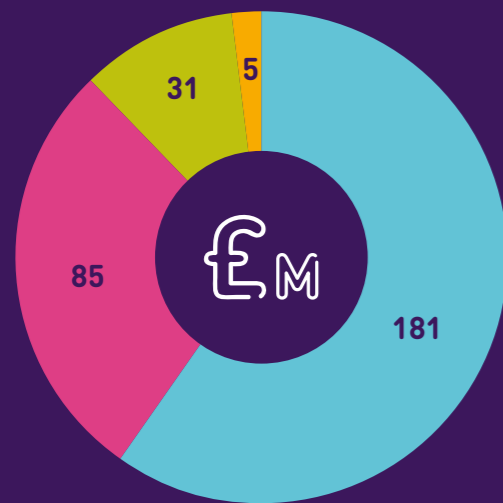
Other Operating Expenditure has decreased by £9.4m (10%) to £85.4m as a result of strong budgetary control during the COVID-19 pandemic and the reduced direct costs associated with challenged income streams.

Depreciation increased £0.5m (2%) to £31.2m, resulting from sustained investment in campus infrastructure over the years. The increase also reflects our increasing allocation of capital expenditure to IT, which generally has a shorter period of depreciation.

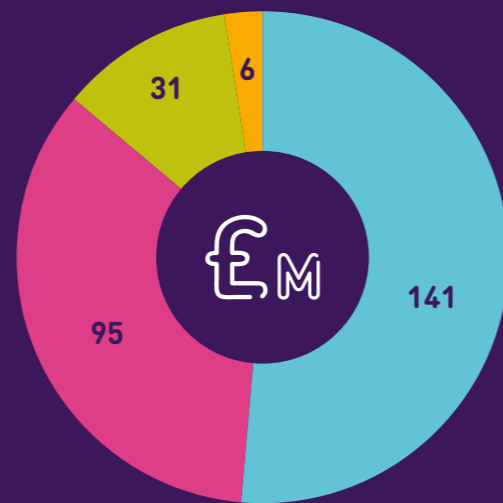


TOTAL EXPENDITURE

2020/2021



2019/2020



	2020/21	2019/20	% Change
Staff costs	181	141	28%
Other operating expenses	85	95	-10%
Depreciation	31	31	2%
Interest and other finance costs	5	6	-19%
Total expenses	302	273	

Future financial outlook

At the time of preparation of these financial statements we have much to be excited about. The reaction of the University, both colleagues and students, has demonstrated our unique culture and ability to overcome challenges and our vibrant campuses are returning to a degree of normality following the relaxation of the most stringent restrictions. The University remains in a Top 10 position in all domestic league tables and the 2021 admissions cycle demonstrated strong demand from high calibre students across both campuses. Our financial plans reflect recovery of commercial income streams and international student mobility, but at a relatively prudent pace. Our robust expenditure controls mean we have navigated the pandemic without utilising any of the government support schemes in the form of debt, and therefore have no repayments to draw upon cash in future years.

However, some of our, and the sector's, key challenges remain.

COVID-19

The elements of our income (International students and commercial) most affected by the COVID-19 pandemic are the diversified incomes streams developed in recent years to mitigate the inflationary

pressure implicit in the funding model for English higher education, with static regulated tuition fees but a rising cost base. Whilst the primary restrictions on these are starting to ease, we continue to plan prudently for the pace of their recovery. Our robust financial management, both before and during the pandemic, enabled us to take a long-term view and leaves us in a strong position to react to any strategic change following the appointments of a new Chair of Council and Vice-Chancellor.

Comprehensive spending review

As outlined above, the inflationary gap between domestic student fees and rising staff costs creates a sustainability challenge for us, and the entire sector. We now await the outcome of the Government's spending review but continue to model a range of scenarios on fee structure. Our strategy in recent years to focus on quality, rather than growth, alongside our diverse course offering should help us navigate any changes that are delivered.

Universities Superannuation Scheme

We have assumed that the proposal approved by the Joint Negotiating Committee, following the 2020 valuation, is adopted. It is likely that this will result in industrial action across the sector. The University will strive to mitigate the impact of this at Loughborough, but it will remain a national issue requiring resolution.

DELIVERY OF PUBLIC BENEFIT

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

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

OUR MISSION

By delivering public benefit at a local, national and global level, the University contributes to:

- knowledge and understanding across all sectors
- the drive to make education accessible to everyone
- industry and economic growth
- the level of talent and excellence in industry
- Loughborough's economy, community and social environment.

ACADEMIC BENEFIT

Delivery of public benefit through our core academic objectives – teaching, research and enterprise.

Research

Our research helps shape public policy, improves lives, and enables business and industry to compete more effectively. The results impact on everyday actions within society and their global consequences. For more information on research activity at the University see page 10.

Teaching and learning

We are committed to supporting students throughout their educational journey and helping them to reach their full potential by removing unnecessary barriers. For further information see page 08 of this report.

Employable graduates

The Loughborough experience is designed to create employable graduates that will go on to contribute significantly to society.

Enterprise

Enterprise enhances the impact of our public benefit by connecting the work we do with the outside world across industry, public bodies and charities. The impact can be localised but significant, linking to global issues such as reducing pollution and improving human health. For more information on enterprise activity at the University see page 12.

CORPORATE

Our approach to social responsibility: how we run our business; the way we work with external organisations, and the impact our actions have on the local community and economy.

Sustainability

We recognise that many of our activities have environmental impacts and we take responsibility for these whilst also responding to global challenges such as climate change; human wellbeing; and food, water and energy security. For more information on our sustainability work, see page 20.

Community

We are committed to delivering opportunities and support for those beyond our campus boundaries, including local charities and community groups, and delivering initiatives and events for the public to attend.

Fundraising and volunteering

Both the University and Loughborough Students' Union have a long history of fundraising and volunteering to support local, national and international causes. Examples of activity in 2020/21 can be found below.

Economic impact

External evaluations have shown that the University's impact on the economy is around £1.0bn and supports approximately 14,400 full-time equivalent (FTE) jobs.

PUBLIC BENEFIT IN NUMBERS (2020/21)

OVER
£3.7_M

awarded in bursaries and tuition fee waivers to over 2,100 undergraduate students through the Loughborough Scholarship Programme

OVER
£3_M

awarded in scholarships and bursaries to 1,129 postgraduate taught students in both Loughborough and London

237

new postgraduate research students (with start dates in 2020/21) received funding from the Doctoral College, equating to over £2.3m

In total, over
£8.7_M

was awarded to new and existing postgraduate research students during 2020/21

OVER
1,500

students went on year-long placements with more than 1,089 companies worldwide

OVER
10,400

prospective students and their guests benefitted from virtual and campus-based events

OVER
9,250

participants engaged with widening participation events/activities delivered by the School and College Liaison team

The team worked with
85

schools and colleges across the country to raise the aspirations of younger generations

OVER
£445_K

raised for Rag by Loughborough Students' Union

OVER
6,240

hours of volunteering were completed by student volunteers through LSU Action

STATEMENT OF CORPORATE GOVERNANCE

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

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

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

The University is committed to observing good practice in all aspects of Corporate Governance. Council initiated a review of its own effectiveness in March 2021 and Advance HE have been engaged as external consultants. The final report was submitted to Council at its meeting in November 2021 and full implementation of the recommendations will follow during 2021/22. These may include some changes to the current committee structure. Arrangements for the next effectiveness review of Senate will be agreed as part of the follow up to the Council effectiveness review (the last Senate review was in 2017/18).

The University has continued to keep its compliance with the Higher Education Code of Governance published by the Committee of University Chairs (CUC) under review and is confident its processes comply with the revised Code published in September 2020. Scope for any further enhancements will be identified as part of the 2021 effectiveness review referred to above.

The University's Structure of Corporate Governance

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

The Council, the governing body of the University, comprises independent (lay), academic staff, non-academic staff and student members appointed or elected under the Statutes and Ordinances of the University, the majority of whom are non-executive. The role of Chair of the Council is separated from the role of the University's chief executive, the Vice-Chancellor. Christine Hodgson CBE took over from Sir Peter Bonfield CBE on 1 January 2021, when the latter stepped down after nine years of service.

The Vice-Chancellor is the University's senior academic and administrative officer, who also serves as the Accountable Officer to the Office for Students. Professor Robert Allison CBE stood down from the role on 31 July 2021 after nine years in post and the Deputy Vice-Chancellor, Professor Chris Linton served as Acting Vice-Chancellor between 1 August 2021 and 3 October 2021. On 4 October 2021, Professor Nick Jennings CB took up the post of Vice-Chancellor.

In accordance with the CUC Code (2020), Council has published a list of its primary responsibilities and these include the ongoing strategic direction of the University and approval of major developments. The University holds full registration as a higher education provider with the Office for Students. Along with its own governing instruments, this means that final decision-making on certain key matters is specifically reserved for Council. Council meets at least four times a year and is advised by the Senate on academic issues.

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

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

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

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

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

The Nominations Committee of Council is chaired by the Chair of Council and includes lay members, academic members and the Vice-Chancellor with lay members in the majority. Its role

is to make recommendations to Council on the appointment of senior lay officers (excluding the Chair of Council) and on the appointment of other lay members of Council as well as advise on other matters related to lay contributions to the governance of the University.

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

The University ensures the transparency of its corporate governance, risk management, statutory and other regulatory responsibilities via the active involvement of experienced and independent lay members, together with the work outlined above of University committees and the internal and external auditors. Council agendas and minutes are available to the public on the University website.

Internal control and management of risk

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

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

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

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

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

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

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

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

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

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

Going concern

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

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

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

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

Officers of the University

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

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

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

Visitor	Paul Michell
The Chancellor	Lord Sebastian Coe CH KBE
The Senior Pro Chancellor (Chair)	Sir Peter Bonfield CBE (until 31 December 2020) Christine Hodgson CBE (from 1 January 2021)
The Pro Chancellors	Alan Hughes (until 31 July 2021) Ann Greenwood (until 31 July 2021) Jennifer Maxwell-Harris (from 31 July 2021) John Sinnott (from 31 July 2021)
Honorary Treasurer	Alan Hughes (until 31 July 2021) Andrea Davis (from 1 October 2021)
The Vice-Chancellor	Professor Robert Allison CBE (until 31 July 2021) Professor Nick Jennings CB (from 1 October 2021)
Deputy Vice-Chancellor	Professor Chris Linton (also Acting Vice Chancellor 1 August-30 September 2021)
Pro Vice-Chancellor (Teaching)	Professor Rachel Thomson
Pro Vice-Chancellor (Research)	Professor Steve Rothberg
Pro Vice-Chancellor (Enterprise)	Professor Tracy Bhamra (until 30 April 2021)
Chief Operating Officer	Richard Taylor
Director of Finance	Andy Stephens

Chairs of key committees

Council	Sir Peter Bonfield CBE (until 31 December 2020) Christine Hodgson CBE (from 1 January 2021)
Senate	Professor Robert Allison CBE (until 31 July 2021) Professor Nick Jennings CB (from 1 October 2021)
Remuneration Committee	Sir Peter Bonfield CBE (until 31 December 2020) Christine Hodgson CBE (from 1 January 2021) For matters relating to the Vice-Chancellor's remuneration the committee is chaired by Deputy Chair Alan Hughes (until 31 July 2021) or Jennifer Maxwell-Harris (from 1 October 2021)
Finance Committee	Professor Robert Allison CBE (until 31 July 2021) Professor Nick Jennings CB (from 1 October 2021)
Audit Committee	Ann Greenwood (until 31 July 2021) Graham Corfield (from 1 August 2021)

Members of the University Council

who served during 2020/21 and up to 26 November 2021

The Chancellor	Lord Sebastian Coe CH KBE
The Senior Pro Chancellor (Chair)	Sir Peter Bonfield CBE (until 31 December 2020) Christine Hodgson CBE (from 1 January 2021)
The Pro Chancellors	Alan Hughes (Deputy Chair; until 31 July 2021) Ann Greenwood (until 31 July 2021) Jennifer Maxwell-Harris (Deputy Chair; from 31 July 2021) John Sinnott (from 31 July 2021)
Honorary Treasurer	Alan Hughes (until 31 July 2021) Andrea Davis (from 1 October 2021)
The Vice-Chancellor	Professor Robert Allison CBE (until 31 July 2021) Professor Nick Jennings CB (from 1 October 2021)
Deputy Vice-Chancellor	Professor Chris Linton (also Acting Vice Chancellor 1 August-30 September 2021)
Appointed by the Alumni Association	Oliver Sidwell
Appointed by the Students' Union	Matt Youngs (until 31 July 2021) Fejiro Amam (until 31 July 2021) Freya Mason (from 1 August 2021) Charlotte Style (from 1 August 2021)
Elected by the Senate	Professor Malcolm Cook Professor Claudia Eberlein
Elected by the General Assembly	Dr Marcus Collins Professor Andy Dainty (until 31 July 2021) Professor Lianne Gibson (from 1 October 2021)
Other elected members	Pauline Matturi
Co-opted members	Penny Briscoe OBE (from 1 October 2021) Graham Corfield (from 1 August 2021) Andrew Fisher OBE Sally-Ann Hibberd Paul Hodgkinson Peter Saraga Jane Tabor (until 31 July 2021) Steve Varley Mike Wedderburn (from 1 August 2021) Tony Williams

Key advisers

External auditor	KPMG LLP
Internal auditor	PwC LLP



STATEMENT OF THE RESPONSIBILITIES OF COUNCIL

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

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

The Council has identified a number of primary responsibilities arising from these general duties under the Charter:

Planning and monitoring

1. To approve the mission and strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To 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.
3. To ensure appropriate arrangements are in place to monitor and evaluate the student academic experience and maintain the quality and standards of academic awards.

Financial, legal and risk

4. To approve the annual budget and financial statements, to ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
5. To be the principal financial and business authority of the University, to ensure that proper books of account are kept, and to have overall responsibility for the University's assets, property and estate.
6. To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal and regulatory obligations, including those arising from contracts and other legal commitments made in the institution's name.
7. To ensure that the University has appropriate procedures for the management of risk and to oversee the operation of these procedures.

Employment

8. To be the employing authority for all staff in the University and to be responsible for establishing a human resources strategy.
9. To appoint the Vice-Chancellor as Chief Executive and Principal Academic and Administrative Officer of the University, in accordance with paragraph 7 of the Charter, and to put in place suitable arrangements for monitoring his/her performance.

Governance arrangements

10. To appoint the Secretary to Council, and to ensure that, if they have managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.
11. To establish processes to monitor and evaluate the performance and effectiveness of Council itself.
12. 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.
13. To ensure that the University's Charter, Statutes and Ordinances are followed at all times and that appropriate advice is available to enable this to happen.
14. In accordance with paragraph 19 of the Charter, to consider any recommendations from Senate on matters with academic implications and to refer the same to Senate for consideration where the Senate has not previously been consulted.
15. To delegate authority to the Vice-Chancellor for the appointment of University nominees to the boards of public bodies, limited companies and other institutions.

General

16. To safeguard the good name and values of the University.
17. To make such provision as it thinks fit for the general welfare of students, in consultation with Senate.
18. To promote equality, diversity and inclusivity throughout the University, including in relation to its own operation.
19. To ensure that appropriate provision is made for the preservation of health, safety and environmental standards.

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

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

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

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

Council has taken reasonable steps to:

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

25 November 2021
Christine Hodgson CBE
Chair of Council

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COUNCIL OF LOUGHBOROUGH UNIVERSITY

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Loughborough University ("the University") for the year ended 31 July 2021 which comprise the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Statement of Financial Position, the Consolidated Cash Flow Statement and related notes, including the Statement of Principal Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2021, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- 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
- meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Council, the Audit and Risk Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Council, Audit & Risk Committee and Finance Committee minutes.
- Obtaining a copy of the Group's fraud register.

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

As required by auditing standards, and taking into account possible pressures to meet loan covenants and performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from tuition fees is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as impairment and pension assumptions.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries [and other adjustments] to test [for all full scope components] based on risk criteria and comparing the identified entries to supporting documentation. These included [those posted by senior finance management/ those posted and approved by the same user/ those posted to unusual accounts, [other]].
- Assessing significant accounting estimates for bias.

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

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

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

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

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

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

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

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

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

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

Other information

The Council is responsible for the other information, which comprises the Financial Highlights, the Financial Review, the Public Benefit Statement, the Corporate Governance Statement, the Statement of Internal Control and the Indicators of Financial Health. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

- we have not identified material misstatements in the other information; and
- in our opinion the information given in [the Strategic Review and the Report of the Governors and Corporate Governance Statement], which together constitute the [strategic report and the] directors' report for the financial year, is consistent with the financial statements.

Council responsibilities

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

Auditor's responsibilities

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

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

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 Statutes (or articles of government for post 1992 institutions); 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 [X] 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 [Y] to the financial statements has been materially misstated.

We have nothing to report in these respects.

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

This report is made solely to the Council and in accordance with the Charters and Statutes of the institution. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Council for our audit work, for this report, or for the opinions we have formed.

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

**FINANCIAL
STATEMENTS
2020/21**

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1. General information

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

2. Statement of compliance

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017, the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the terms and conditions of funding for higher education institutions issued by the Office for Students and the terms and conditions of Research England Grant.

The University is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

3. Basis of preparation

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

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

4. Going concern

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

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

The Group entered 2021/22 with strong liquidity and access to significant undrawn borrowing facilities. This, together with robust expenditure controls, means that we anticipate maintaining substantial strategic cash reserves throughout the going concern assessment period.

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

5. Exemptions under FRS102

The University meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure

exemptions available to it in respect of its separate financial statements. Exemption has been taken in these separate company financial statements in respect of presentation of a cash flow statement.

6. Basis of consolidation

The consolidated financial statements combine the financial statements of the University and all its subsidiary undertakings for the financial year to 31 July 2021. Intra-group transactions are eliminated on consolidation. Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.

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

7. Recognition of income

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

Tuition fees

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

Grant funding

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

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

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

Other income

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

Donations and endowments

Resources received from non-government bodies as part of a non-exchange transaction will either be treated as a donation, or as an endowment in the event the donor either wishes an endowment fund to be established, or places

sufficiently large restrictions on expenditure such that the funds will need to be retained over an extended period.

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

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

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

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

8. Pension schemes

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

The USS scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The TPS is a multi-employer defined benefit scheme for which it is not possible to identify the assets and liabilities attributable to University members and therefore is accounted for as a defined contribution retirement benefit scheme. Contributions made are recognised as an expense in surplus or deficit in the periods during which services are rendered by employees. TPS is valued every five years by the Government Actuary. It is an unfunded scheme and contributions are made at the rate set by the Government Actuary.

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

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Multi-employer schemes

Where the Institution is unable to identify its share of the underlying assets and liabilities in a multi-employer scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme. Where the Institution has entered into an agreement with such a multi-employer scheme that determines how the Institution will contribute to a deficit recovery plan, the Institution recognises a liability for the contributions payable that arise from the agreement, to the extent that they relate to the deficit, and the resulting expense is recognised in expenditure.

Defined benefit schemes

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under defined benefit plans the Institution's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne in substance by the Institution.

The net liability is recognised in the Balance Sheet in respect of each scheme and is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The group should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the Institution is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Annually the Institution engages independent actuaries to calculate the obligation for each scheme. The present value is determined by discounting the estimated future payments at a discount rate based on market yields on high quality corporate bonds denominated in sterling with terms approximating to the estimated period of the future payments. The fair value of a scheme's assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Institution's policy for similarly held assets. This includes the use of appropriate valuation techniques. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gains and losses.

The cost of the defined benefit plan, recognised in expenditure as staff costs, except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments, and settlements. The net interest cost is calculated by applying the discount rate to the net liability. This cost is recognised in expenditure as a finance cost.

9. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University.

Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

10. Finance leases

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

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

11. Service concession arrangements

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

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

12. Operating leases

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

13. Land and buildings

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

Buildings are capitalised at cost on initial recognition or, in the case of buildings acquired as a result of the merger with Loughborough College of Art and Design, at valuation: the basis of valuation is depreciated replacement cost and the valuation on 31 July 1998 was performed by GVA Grimley, International Property Advisors. Improvements to buildings and long-term maintenance projects with a value in excess of £50,000 are capitalised, to the extent that they increase the expected future benefits to the Institution.

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

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful lives as follows:

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

No depreciation is charged on assets in the course of construction. Depreciation is charged from the year of completion and is calculated based on the remaining life of the improved building or building related plant. Where an item of land and buildings comprise two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement of components is capitalised as incurred.

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

14. Fixtures, fittings, plant and equipment

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

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

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

15. Borrowing costs

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

16. Heritage assets

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

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

17. Investment properties

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

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

18. Stocks

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

19. Cash and cash equivalents

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

Cash equivalents are short term (maturity being less than three months from the placement date), highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

20. Foreign currency transactions

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

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

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

21. Financial instruments

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

(i) Financial assets and liabilities

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

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

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

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

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

d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

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

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

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

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

(ii) Investments

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

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

(iii) Derivative financial instruments

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

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

(iv) Fair value measurement

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

22. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

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

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

23. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each Balance Sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

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

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

Financial assets

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

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

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

24. Taxation status

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

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

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

25. Reserves

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

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

26. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the University's accounting policies

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

Revenue recognition

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

Investment property

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

Service concession arrangements

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

Key sources of estimation uncertainty

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

Pensions – USS

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The University is satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements. This required estimates in respect of future headcount, salary changes and the discount rate to apply.

USS is valued every three years by professionally qualified independent actuaries, and a liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme. During the year the 2018 valuation was completed and details of the outcome of this are included in notes 21 and 25 to the Financial Statements. As part of the 2018 valuation outcome the deficit recovery plan enacted as part of the 2017 actuarial valuation was amended with the employers now required to contribute 2.0% of salaries towards repairing the deficit over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6% to 31 March 2028 (2017: 5% of salaries over the period 1 April 2020 to 30 June 2034). Details of this provision, which has been discounted at a rate of 0.89% (2020: 0.73%) as at 31 July 2021, are included in note 25 to the Financial Statements.

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

Change to current position at 31 July 2021

0.5% pa decrease in discount rate	£0.9m
0.5% pa increase in salary inflation over duration	£0.8m
0.5% pa increase in salary inflation year 1 only	£0.2m
0.5% increase in staff changes over duration	£0.9m
0.5% increase in staff changes year 1 only	£0.2m
1% increase in deficit contributions from October 2021	£7.1m
1 year increase in term	£7.3m

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

Pensions – LGPS

The LGPS deficit is sensitive to the actuarial assumptions used. The assumptions are set following advice received from a qualified actuary. The following table highlights the sensitivities regarding the principal assumptions used to measure the scheme liabilities. The carrying value of the net defined benefit obligation in respect of the scheme at 31 July 2021 is £122.1m (2020: £118.2m).

Change in assumptions at 31 July 2021	Approximate increase in scheme liabilities	
	%	£'000
0.1% decrease in real discount rate	2	6,636
0.1% increase in the salary increase rate	0	462
0.1% increase in the pension increase rate (CPI)	2	6,077
1 year increase in member life expectancy	4	12,487

Market value of investment properties

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

Useful lives of tangible fixed assets

Tangible fixed assets represent a significant proportion of the University's total assets (31 July 2021: 75%, 2020: 80%). Therefore the estimates of the useful lives over which these assets are depreciated could have a significant impact on the University's financial performance. The useful lives and residual values of the University's assets are determined at the time the asset is acquired or construction is completed, and these are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as expiry of leases. Historically, disposal of assets at the end of their lives has not resulted in material loss on disposal charges.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

Year ended 31 July 2021

	Notes	Consolidated		University	
		Year ended	Year ended	Year ended	Year ended
		31 July 2021	31 July 2020	31 July 2021	31 July 2020
		£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	1	172,461	174,821	172,461	174,821
Funding body grants	2	42,170	39,446	42,170	39,446
Research grants and contracts	3	35,532	38,027	35,532	38,027
Other income	5	56,800	73,447	54,062	67,761
Investment income	6	125	420	104	417
Donations and endowments	7	4,607	1,170	4,601	1,164
Total income		311,695	327,331	308,930	321,636
Expenditure					
Staff costs	8	180,643	140,673	177,249	136,304
Other operating expenses		85,413	94,847	83,413	92,929
Depreciation	13	31,190	30,663	30,179	29,613
Interest and other finance costs	9	5,230	6,452	5,230	6,443
Total expenditure	10	302,476	272,635	296,071	265,289
Surplus before other gains and losses		9,219	54,696	12,859	56,347
Gain on disposal of fixed assets		434	1,256	434	1,256
Loss on investments		(547)	(1,549)	(547)	(6,489)
Surplus before tax		9,106	54,403	12,746	51,114
Taxation	12	411	158	-	-
Surplus for the year		9,517	54,561	12,746	51,114
Actuarial gain/(loss) in respect of pension schemes	25	4,440	(32,705)	4,440	(32,705)
Transfer of reserves from subsidiary		-	-	-	-
Total comprehensive income for the year		13,957	21,856	17,186	18,409
Represented by:					
Endowment comprehensive income/(expenditure) for the year		202	(95)	202	(95)
Restricted comprehensive income for the year		3,571	13,162	3,571	13,162
Unrestricted comprehensive income for the year		10,184	8,789	13,413	5,342
		13,957	21,856	17,186	18,409

All items of income and expenditure relate to continuing activities.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2021

	Notes	Consolidated		University	
		31 July 2021	31 July 2020	31 July 2021	31 July 2020
		£'000	£'000	£'000	£'000
Non-current assets					
Fixed assets	13	474,272	494,310	462,037	481,116
Heritage assets	14	1,165	1,165	1,165	1,165
Investments	16	19,524	19,303	34,415	34,259
Total Non-current assets		494,961	514,778	497,617	516,540
Current assets					
Stock		537	535	507	495
Trade and other receivables	17	28,730	30,322	35,003	32,638
Investments - Current	18	-	-	-	-
Cash and cash equivalents		104,134	68,772	100,962	67,042
Total Current assets		133,401	99,629	136,472	100,175
Less Creditors: amounts falling due within one year	19	(63,168)	(61,480)	(61,823)	(60,357)
Net current assets		70,233	38,149	74,649	39,818
Total assets less current liabilities		565,194	552,927	572,266	556,358
Creditors: amounts falling due after more than one year	20	(106,933)	(112,713)	(106,933)	(112,713)
Provisions					
Pension provisions	21	(166,963)	(163,164)	(166,963)	(163,164)
Other provisions	21	(456)	(165)	(703)	-
Total net assets		290,842	276,885	297,667	280,481
Restricted reserves					
Income and expenditure reserve - endowment reserve	23	2,232	2,030	2,232	2,030
Income and expenditure reserve - restricted reserve	24	63,442	59,871	63,442	59,871
Unrestricted reserves					
Income and expenditure reserve - unrestricted		225,168	214,984	231,993	218,580
Total reserves		290,842	276,885	297,667	280,481

These Financial Statements were approved by Council on 25 November 2021 and were signed on its behalf by:

Professor Nick Jennings CB
Vice-Chancellor and Accountable Officer

Christine Hodgson CBE
Chair of Council

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

Year ended 31 July 2021

Consolidated	Income and expenditure reserve			
	Endowment £'000	Restricted £'000	Unrestricted £'000	Total £'000
Balance at 1 August 2019	2,125	46,709	206,195	255,029
(Deficit) / Surplus from the income and expenditure statement	(95)	13,386	41,270	54,561
Other comprehensive income	-	-	(32,705)	(32,705)
Release of capital grants with expired asset use restrictions	-	(224)	224	-
Total comprehensive income for the year	(95)	13,162	8,789	21,856
Balance at 31 July 2020	2,030	59,871	214,984	276,885
Surplus from the income and expenditure statement	202	3,571	5,744	9,517
Other comprehensive income	-	-	4,440	4,440
Release of capital grants with expired asset use restrictions	-	-	-	-
Total comprehensive income for the year	202	3,571	10,184	13,957
Balance at 31 July 2021	2,232	63,442	225,168	290,842

University	Income and expenditure reserve			
	Endowment £'000	Restricted £'000	Unrestricted £'000	Total £'000
Balance at 1 August 2019	2,125	46,709	213,238	262,072
(Deficit) / Surplus from the income and expenditure statement	(95)	13,386	37,823	51,114
Other comprehensive income	-	-	(32,705)	(32,705)
Release of capital grants with expired asset use restrictions	-	(224)	224	-
Total comprehensive income for the year	(95)	13,162	5,342	18,409
Balance at 31 July 2020	2,030	59,871	218,580	280,481
Surplus from the income and expenditure statement	202	3,571	8,973	12,746
Other comprehensive income	-	-	4,440	4,440
Release of capital grants with expired asset use restrictions	-	-	-	-
Total comprehensive income for the year	202	3,571	13,413	17,186
Balance at 31 July 2021	2,232	63,442	231,993	297,667

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 July 2021

	Notes	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Cash flow from operating activities			
Surplus for the year		9,517	54,561
Adjustment for non-cash items			
Taxation	12	(411)	(158)
Depreciation	13	31,190	30,663
(Increase)/Decrease in stock		(2)	75
Decrease/(Increase) in debtors		1,558	(715)
Increase/(Decrease) in creditors		6,586	(1,103)
LGPS service costs less contributions paid	25	6,564	5,353
USS deficit provision expense less contributions paid		(199)	(37,900)
(Decrease)/increase in other provisions	21	151	(302)
Receipt of donated equipment		(2,739)	-
Service concession agreement nominal rent	15	(684)	(667)
Adjustment for investing or financing activities			
Investment income	6	(125)	(420)
Interest payable	9	5,230	6,452
Endowment income	7	-	-
Loss/(Gain) on investments		892	1,549
(Gain) on the sale of fixed assets		(434)	(1,256)
Capital grant income		(5,517)	(19,324)
Net cash inflow from operating activities		51,577	36,808
Cash flows from investing activities			
Capital grants receipts		5,449	6,954
Investment income received		119	531
Proceeds from sales of fixed assets		595	-
Net proceeds from sale of subsidiary		-	-
Payments made to acquire fixed assets		(14,380)	(37,964)
Proceeds from sale of investments		-	779
Repayment of long term loans receivable	16	-	12
Redemption of deposits with maturity of more than 3 months	18	-	2,500
Net cash outflow from investing activities		(8,217)	(27,188)
Cash flows from financing activities			
Interest paid		(2,895)	(3,023)
Arrangement fee paid on new borrowings		-	(100)
New borrowings		-	-
Repayments of amounts borrowed	20	(5,103)	(5,466)
Net cash outflow from financing activities		(7,998)	(8,589)
Increase in cash and cash equivalents in the year		35,362	1,031
Cash and cash equivalents at the beginning of the year		68,772	67,741
Cash and cash equivalents at the end of the year		104,134	68,772

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

1 Tuition fees and education contracts	Consolidated		University	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Full-time UK and EU students	116,485	107,117	116,485	107,117
Full-time international students	51,048	60,395	51,048	60,395
Part-time students	4,928	7,309	4,928	7,309
	172,461	174,821	172,461	174,821

2 Funding body grants	Consolidated		University	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Recurrent grant				
Office for Students	8,601	8,816	8,601	8,816
Research England	20,769	20,921	20,769	20,921
Education and Skills Funding Agency	569	588	569	588
Capital grant	4,510	2,820	4,510	2,820
Specific grants				
Higher Education Innovation Fund	4,547	3,654	4,547	3,654
Other	3,174	2,126	3,174	2,126
Capital grants	-	521	-	521
	42,170	39,446	42,170	39,446

3 Research grants and contracts	Consolidated		University	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Research councils	16,096	18,078	16,096	18,078
Research charities	3,035	3,325	3,035	3,325
Government (UK and overseas)	10,201	11,374	10,201	11,374
Industry and commerce	6,200	5,250	6,200	5,250
	35,532	38,027	35,532	38,027

Research grants and contracts income contains £922,000 (2020: £2,437,000), in respect of capital grants on equipment.

4 Grant and fee income	Consolidated		University	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
The source of grant and fee income, included in notes 1 to 3 is as follows:				
Grant income from the OfS	10,270	9,684	10,270	9,684
Grant income from other bodies	67,432	67,789	67,432	67,789
Fee income for research awards	3,690	3,072	3,690	3,072
Fee income from non-qualifying courses	1,241	3,796	1,241	3,796
Fee income for taught awards	167,530	167,953	167,530	167,953
	250,163	252,294	250,163	252,294

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

5 Other income	Consolidated		University	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Residences, catering and conferences	36,492	39,664	32,180	32,269
Other revenue grants	4,021	4,197	4,021	4,197
Other capital grants with restrictions	85	13,545	85	13,545
Gift aid received from subsidiaries	-	-	643	388
Other income	16,202	16,041	17,133	17,362
	56,800	73,447	54,062	67,761

6 Investment income	Consolidated		University	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Investment income on endowments	55	62	55	62
Investment income on restricted funds	2	2	2	2
Other investment income	68	356	47	353
	125	420	104	417

7 Donations and endowments	Consolidated		University	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
New endowments	-	-	-	-
Donations with restrictions	4,320	1,043	4,319	1,038
Gift aid donations from subsidiary companies	-	-	-	-
Unrestricted donations	287	127	282	126
	4,607	1,170	4,601	1,164

8 Staff costs	Consolidated		University	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Salaries	134,817	134,382	131,766	130,439
Social security costs	12,549	12,421	12,349	12,163
Change in expected contribution to USS deficit recovery plan	1,670	(36,311)	1,670	(36,311)
Other pension costs	31,607	30,181	31,464	30,013
	180,643	140,673	177,249	136,304

Background: The University is a top 10 UK university and uses remuneration as one of the tools to attract and retain academic and professional services talent. The University's People Strategy sets out five priorities as follows:

- Enabling talent and high performance
- A diverse, respectful and inclusive culture
- Engaging and sustainable reward and recognition programmes
- Workload, wellbeing and resilience
- Outstanding recruitment practices leading to a high-quality candidate experience and new employee experience

Remuneration for senior staff at the University is governed by the Remuneration Committee, which reports to Council. The Committee comprises lay members of Council and is chaired by the Senior Pro Chancellor and Chair of Council. An alternative lay Pro Chancellor chairs the meeting while the Vice-Chancellor's pay is being considered. The Vice-Chancellor and Deputy Vice-Chancellor will never be asked to attend for any discussion about or decision on their own remuneration. In considering the appropriate reward for the senior officers, Remuneration Committee will ensure that the reward arrangements set out by the University are applied consistently and fairly to this group of staff. Remuneration Committee will also consider the following:

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

8 Staff costs (continued)

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

University performance: In considering the performance of the Vice-Chancellor the achievements of the University are also considered and the University has had another very successful year and is consolidating its position as a top 10 institution in the UK. Achievements include:

- 7th in the Guardian league table, 2021
- 7th in the Complete University Guide, 2022
- 7th in the Times and Sunday Times Good University Guide, 2021
- Ranked 2nd* in England (3rd in UK) for overall satisfaction* in the National Student Survey, 2021
- Best university in the world for sports-related subjects for the fifth year running QS World University Rankings by Subject, 2021

Salary benchmarking: As the Vice-Chancellor was due to retire on 31st July 2021, a review of his salary was not carried out. It was noted that the new Vice-Chancellor was due to take up his position on 1st October 2021. The Executive Team's pay was reviewed in relation to the data provided by the UCEA Senior Staff Salary Survey and an assessment of pay parity and equity was conducted. The Committee approved the Vice-Chancellor's recommendations which comprised both rewards for performance and for some, pay adjustments for parity or equity purposes. Rewards ranging from 3% non-consolidated (1 award) and salary adjustments (2 awards) of up to a maximum of £13,000 were awarded.

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

Pay multiple: Loughborough University is a campus university, operating retail and catering outlets and maintaining significant university-owned student accommodation. The University retains in-house many support services that have been outsourced at other institutions, for example cleaning, catering, security or facilities management functions. The University has also included in its calculations a significant number of staff who will have received remuneration during the year on the basis of atypical claims contracts. These factors may adjust downwards the median salary of staff compared to other institutions and pay multiples should be considered carefully in that context. The Vice-Chancellor's basic salary is 10.7 times (2020: 9.1) 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 10.1 times (2020: 11.2) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the University to its staff.

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

	2020/21	2019/20
£100,000 to £104,999	5	6
£105,000 to £109,999	7	9
£110,000 to £114,999	12	10
£115,000 to £119,999	6	5
£120,000 to £124,999	4	3
£125,000 to £129,999	3	5
£130,000 to £134,999	2	2
£135,000 to £139,999	3	2
£140,000 to £144,999	-	1
£145,000 to £149,999	-	-
£150,000 to £154,999	-	-
£155,000 to £159,999	2	2
£160,000 to £164,999	-	-
£165,000 to £169,999	-	1
£170,000 to £174,999	-	-
£175,000 to £179,999	1	-
£180,000 to £184,999	-	-
£185,000 to £189,999	1	-
£190,000 to £194,999	-	1
£195,000 to £199,999	-	-
£200,000 to £204,999	1	1
£205,000 to £209,999	-	-
£210,000 to £214,999	-	-
£215,000 to £219,999	1	1
	48	49

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

8 Staff costs (continued)

Staff numbers by major category :

Academic	809	848
Teaching and scholarship	156	156
Research	258	271
Management & specialist	607	625
Technical	180	197
Other	977	1,054
	2,987	3,151

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

During 2020/21 the Group paid a total of £5,348,000 to 182 employees for compensation for loss of office (2019/20: £494,000 to 65 employees).

Key management personnel

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

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

	2020/21	2019/20
	£'000	£'000
Key management personnel compensation	1,154	1,207
	2020/21	2019/20
	£	£
Emoluments of the Vice-Chancellor:		
Basic salary	297,570	297,570
Pension contributions to USS	17,353	17,090
Payment in lieu of pension contributions to USS	30,329	30,427
Other taxable and non-taxable benefits	-	-
	345,252	345,087

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

9 Interest and other finance costs	Consolidated		University	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Loan interest	2,881	3,104	2,881	3,095
Finance lease interest (incl. service concession finance charge)	335	345	335	345
Finance charge on USS pension provision	314	1,290	314	1,290
Movement in fair value of derivatives (note 22)	-	-	-	-
Net charge on LGPS pension scheme (note 25)	1,700	1,713	1,700	1,713
	5,230	6,452	5,230	6,443

10 Analysis of total expenditure by activity	Consolidated		University	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Academic and related expenditure	100,020	107,567	100,316	107,967
Academic services	31,561	30,039	30,655	29,143
Administration and central services	54,360	58,259	53,968	58,479
Premises (including service concession costs)	43,732	44,535	43,886	44,540
Residences, catering and conferences	29,314	32,355	24,062	25,616
Research grants and contracts	26,664	26,304	26,664	26,304
Other expenses including pension provision movements	16,825	(26,424)	16,527	(26,760)
	302,476	272,635	296,078	265,289

Other operating expenses include:

External auditor's remuneration in respect of audit services	118	107	92	88
External auditor's remuneration in respect of non-audit services	28	26	28	26
Operating lease rentals:				
Land and Buildings	1,053	921	1,053	921

11 Access and Participation	Consolidated		University	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Access Investment (i)	2,281	2,340	2,281	2,340
Financial Support	5,171	5,153	5,171	5,153
Disability Support (i)	1,107	1,173	1,107	1,173
Research and Evaluation (i)	223	162	223	162
	8,782	8,828	8,782	8,828

(i) £1,967,000 (2020: £1,973,000) (Access Investment), £1,068,000 (2020: £1,069,000) (Disability Support) and £210,000 (2020: £147,000) (Research & Evaluation) of these costs are already included in the overall staff costs figures included in the Financial Statements, see note 8

Investment in Access and Participation for 2020/21 is not significantly different to the original APP plan, with reportable spend being within 2% overall (increased spend compared to plan) Spend is slightly reduced compared to 2019/20 levels due to the impact of Covid-19, with restrictions on certain activities to comply with government guidelines.

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

12 Taxation	Consolidated		University	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Recognised in the Statement of Comprehensive Income and Expenditure				
Current tax				
Current tax expense	-	-	-	-
Adjustment in respect of previous years	-	-	-	-
Current tax expense	-	-	-	-
Deferred tax				
Origination and reversal of timing differences	(411)	(158)	-	-
Deferred tax income	(411)	(158)	-	-
Total tax expense	(411)	(158)	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

13 Fixed assets	Consolidated		University		Total £'000	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000		
Cost						
At 1 August 2020	497,700	7,563	10,691	252,804	6,667	775,425
Additions	1,516	-	-	6,653	3,333	11,502
Transfers	1,027	-	-	4,773	(5,800)	-
Disposals	(726)	-	-	(4,680)	(151)	(5,557)
At 31 July 2021	499,517	7,563	10,691	259,550	4,049	781,370
Depreciation						
At 1 August 2020	151,665	1,403	3,108	124,939	-	281,115
Charge for the year	11,773	304	518	18,595	-	31,190
Transfers	-	-	-	-	-	-
Disposals	(626)	-	-	(4,581)	-	(5,207)
At 31 July 2021	162,812	1,707	3,626	138,953	-	307,098
Net book value						
At 31 July 2021	336,705	5,856	7,065	120,597	4,049	474,272
At 31 July 2020	346,035	6,160	7,583	127,865	6,667	494,310

University	Consolidated		University		Total £'000	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000		
Cost						
At 1 August 2020	482,506	7,563	10,691	244,580	6,667	752,007
Additions	1,516	-	-	6,463	3,333	11,312
Transfers	1,027	-	-	4,773	(5,800)	-
Disposals	(541)	-	-	(4,413)	(151)	(5,105)
At 31 July 2021	484,508	7,563	10,691	251,403	4,049	758,214
Depreciation						
At 1 August 2020	145,881	1,403	3,108	120,499	-	270,891
Charge for the year	11,357	304	518	18,000	-	30,179
Transfers	-	-	-	-	-	-
Disposals	(480)	-	-	(4,413)	-	(4,893)
At 31 July 2021	156,758	1,707	3,626	134,086	-	296,177
Net book value						
At 31 July 2021	327,750	5,856	7,065	117,317	4,049	462,037
At 31 July 2020	336,625	6,160	7,583	124,081	6,667	481,116

At 31 July 2021, freehold land and buildings included £87,792,000 (2020: £87,792,000) in respect of freehold land which is not depreciated.

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

The Exchequer interest at 31 July 2021 was £26,453,000 (31 July 2020 was £29,968,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

14 Heritage assets	Consolidated		University	
	£'000		£'000	
Cost and net book value				
At 1 August 2020		1,165		1,165
At 31 July 2021		1,165		1,165

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

15 Service concession arrangements

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

Movement in service concession arrangement assets and liabilities

The total asset values included in the Balance Sheet as at 31 July 2021 were £7,065,000 (31 July 2020: £7,583,000). The reduction of £518,000 was as a result of depreciation.

The total liabilities relating to the service concessions included in the Balance Sheet as at 31 July 2021 were £8,674,000. (31 July 2020: £9,041,000). The reduction of £367,000 was the result of the £683,000 treated as repaid during the year being offset by a finance charge of £316,000.

Future commitments

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

	Payable in <1 year £'000	Payable in 2-5 years £'000	Payable in >5 years £'000	Total £'000
Liability repayments	701	2,617	8,302	11,620
Less: future finance charges	(304)	(1,077)	(1,565)	(2,946)
Present value of service concession agreement obligations	397	1,540	6,737	8,674

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

a) On Balance Sheet service concession arrangements

In March 2002, the University entered into a 35 year contract with a third party provider for the provision and maintenance of student accommodation. The assets and liabilities relating to this scheme are recognised on the University's Balance Sheet. Service commenced on 1 August 2002 and the contract will finish on 31 July 2037. The University has the right to renew the nominations agreement for the life of the 99 year head lease. The University has an annual occupancy guarantee amounting to committed annual payments for the year ended 31 July 2021 of £573,000 (31 July 2020 of £559,000) recorded within other operating expenses.

In August 2003, the University entered into a 20 year contract with a third party provider for the provision and maintenance of student accommodation. The assets and liabilities relating to this scheme are recognised on the University's Balance Sheet. Service commenced on 1 August 2003 and the contract will finish on 31 July 2023. The University has the right to renew the nominations agreement for the life of the 99 year head lease. The University has an annual occupancy guarantee amounting to annual payments for the year ended 31 July 2021 of £110,000 (31 July 2020: £107,000) recorded within other operating expenses.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

17 Trade and other receivables	Consolidated		University	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Amounts falling due within one year:				
Research grants receivables	4,616	6,418	4,616	6,418
Other trade receivables	15,937	15,946	14,423	15,070
Derivatives	1,439	1,439	1,439	1,439
Prepayments and accrued income	6,738	6,519	6,614	6,367
Amounts due from subsidiary companies	-	-	7,911	3,344
	28,730	30,322	35,003	32,638

Amounts due from subsidiary companies are repayable on demand.

18 Current investments	Consolidated		University	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Short term deposits	-	-	-	-
	-	-	-	-

19 Creditors : Amounts falling due within one year	Consolidated		University	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Unsecured loans	5,196	5,103	5,196	5,103
Service concession arrangements (Note 15)	397	367	397	367
Trade payables	13,059	16,437	11,697	15,296
Social security and other taxation payable	3,264	3,629	3,264	3,629
Accruals and deferred income	41,252	35,944	40,967	35,821
Amounts due to subsidiary companies	-	-	302	141
	63,168	61,480	61,823	60,357

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

Deferred income

Included within accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

Donations	141	263	141	263
Research grants received on account	21,583	18,591	21,583	18,591
Grant income	691	424	691	424
Other income	9,135	5,468	9,135	5,468
	31,550	24,746	31,550	24,746

20 Creditors : Amounts falling due after more than one year	Consolidated		University	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Service concession liabilities due after one year (Note 15)	8,277	8,674	8,277	8,674
Unsecured loans	98,405	103,600	98,405	103,600
Other creditors	251	439	251	439
	106,933	112,713	106,933	112,713

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

16 Non-current investments						
Consolidated	Investment in subsidiary companies	Subsidiary investment in spinouts	Investment properties	Long term loans receivable	Other non-current asset investments	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2020	-	33	17,212	371	1,687	19,303
Additions	-	-	-	65	-	65
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Movement in fair value	-	-	-	-	156	156
At 31 July 2021	-	33	17,212	436	1,843	19,524

University	Investment in subsidiary companies	Subsidiary investment in spinouts	Investment properties	Long term loans receivable	Other non-current asset investments	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2020	8,142	-	24,252	177	1,688	34,259
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Movement in fair value	-	-	-	-	156	156
At 31 July 2021	8,142	-	24,252	177	1,844	34,415

Investment properties, which are all freehold land and buildings, were revalued to fair value at 31 July 2021, based on a valuation undertaken by Avison Young, an independent valuer with recent experience in the location and class of the investment property being valued. There was no material change in the valuation of the properties compared to the valuation undertaken at 31 July 2020, thus there has been no movement in fair value for the financial year.

A market based valuation for the assets, using available comparable information was adopted in determining the fair value. Investment valuations assume the continuing benefit of subsisting tenancies. There are no restrictions on the realisability of investment property. The COVID-19 pandemic and measures to tackle it continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly the valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

If freehold land and buildings had not been revalued they would have been included with a carrying value of:

On 1 February 2021, Imago @ Loughborough Limited (fully owned subsidiary of Loughborough University) acquired 100% ownership of Loughborough University Nursery Limited. As part of this acquisition, goodwill of £345,000 was recognised in the consolidated financial statements. Subsequently, the investment was impaired by £345,000 and as a result the goodwill in the consolidated financial statements has also been impaired to £Nil.

	Consolidated		University	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Carrying value of freehold land and buildings	14,792	15,368	19,309	20,182

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

20 Creditors : Amounts falling due after more than one year (continued)	Consolidated		University	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Analysis of unsecured loans:				
Due between one and two years	5,292	5,196	5,292	5,196
Due between two and five years	16,504	16,183	16,504	16,183
Due in five years or more	76,609	82,221	76,609	82,221
Due after more than one year	98,405	103,600	98,405	103,600
Due within one year or on demand (Note 19)	5,196	5,103	5,196	5,103
Total unsecured loans	103,601	108,703	103,601	108,703
Unsecured loan repayable by 2035	23,397	24,453	23,397	24,453
Unsecured fixed rate (4.46%) loan repayable by 2039	7,400	7,670	7,400	7,670
Unsecured fixed rate (3.17%) loan repayable by 2041	7,779	8,047	7,779	8,047
Unsecured fixed rate (3.26%) loan repayable by 2043	16,275	16,783	16,275	16,783
Unsecured fixed rate (2.47%) loan repayable by 2037	48,750	51,750	48,750	51,750
Total unsecured loans	103,601	108,703	103,601	108,703

All unsecured loans are repayable to Lloyds Bank PLC.

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

21 Provisions for liabilities

Consolidated	Obligation to fund deficit on USS pension	Pension enhancements on retirement	Defined benefit obligations (Note 25)	Total pension provisions	Other Provisions including Deferred tax	Total other provisions
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2020	43,036	1,881	118,247	163,164	165	165
Utilised	(1,869)	(69)	5,933	3,995	(412)	(412)
Additions and remeasurements	1,984	(71)	(2,109)	(196)	703	703
At 31 July 2021	43,151	1,741	122,071	166,963	456	456

University	Obligation to fund deficit on USS pension	Pension enhancements on retirement	Defined benefit obligations (Note 25)	Total pension provisions	Other Provisions including Deferred tax	Total other provisions
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2020	43,036	1,881	118,247	163,164	-	-
Utilised	(1,869)	(69)	5,933	3,995	-	-
Additions and remeasurements	1,984	(71)	(2,109)	(196)	703	703
At 31 July 2021	43,151	1,741	122,071	166,963	703	703

Obligation to fund deficit on USS pension: The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating the provision, future staff numbers within the USS scheme and salary inflation (average of 4.11% over the recovery period, 2020: 3.69%) have been estimated for the duration of the contractual period. The provision is discounted at 0.89% (2020: 0.73%).

More details on the 2018 actuarial valuation are set out in note 25. Sensitivity of the obligation to the principle assumptions are outlined under critical accounting judgements above.

Pension enhancement on retirement: The University has an obligation to make payments to a small number of pensioners in relation to a legacy pension enhancement agreement. The provision is calculated based on the University's best estimate of the future cash flows required to settle the obligation. The provision is not discounted as the time value of money is not material to the valuation. The assumptions in respect of life expectancy for calculating this provision are the same as those shown in Note 25, however given the shorter duration of the expected cash flows inflation has been estimated at 1.77% (2020: 1.98%).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

22 Financial instruments		Consolidated		University	
The carrying values of the Group and University's financial assets and liabilities are summarised by category below:					
		2020/21	2019/20	2020/21	2019/20
		£'000	£'000	£'000	£'000
Financial assets	Note				
Measured at fair value through income and expenditure					
Investments in listed ordinary shares		-	-	-	-
Investments in common investment funds		1,802	1,645	1,802	1,645
Debt instruments measured at amortised cost					
Long-term loans receivable	16	436	371	177	177
Measured at undiscounted amount receivable					
Trade and other receivables	17	20,553	22,364	26,950	24,832
Equity instruments measured at cost less impairment					
Non-current asset investments in unlisted equity instruments		75	75	42	42
		22,866	24,455	28,971	26,696
Financial liabilities					
Measured at amortised cost					
Loans payable	20	103,601	108,703	103,601	108,703
Obligations under service concession agreements	15	8,674	9,041	8,674	9,041
Measured at undiscounted amount payable					
Trade and other creditors	19	16,323	20,066	15,263	19,066
		128,598	137,810	127,538	136,810
The Group's income, expense, gains and losses in respect of financial instruments are summarised below:					
Interest income and (expense)					
Total interest income for financial assets at amortised cost	6	125	420	104	417
Total interest expense for financial liabilities at amortised cost	9	(3,216)	(3,449)	(3,216)	(3,440)
		(3,091)	(3,029)	(3,112)	(3,023)
Fair value gains and (losses)					
On financial assets measured at fair value through income and expenditure	16	156	(2,129)	156	(6,489)
On derivative financial liabilities	9	-	-	-	-
		156	(2,129)	156	(6,489)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

23 Endowment reserves				
Restricted net assets relating to endowments are as follows:				
	Restricted permanent endowments	Restricted expendable endowments	2020/21 Total	2019/20 Total
	£'000	£'000	£'000	£'000
Consolidated				
At 1 August 2020				
Capital	1,133	456	1,589	1,741
Accumulated income	287	154	441	384
	1,420	610	2,030	2,125
Investment income	39	16	55	62
Expenditure	(4)	-	(4)	(4)
Increase/(decrease) in market value of investments	108	43	151	(153)
Transfer from restricted reserves	-	-	-	-
Total endowment comprehensive income for the year	143	59	202	(95)
At 31 July 2021	1,563	669	2,232	2,030
Represented by:				
Capital	1,241	499	1,740	1,589
Accumulated income	322	170	492	441
	1,563	669	2,232	2,030
University				
At 1 August 2020				
Capital	1,133	456	1,589	1,741
Accumulated income	287	154	441	384
	1,420	610	2,030	2,125
Investment income	39	16	55	62
Expenditure	(4)	-	(4)	(4)
Increase/(decrease) in market value of investments	108	43	151	(153)
Transfer from restricted reserves	-	-	-	-
Total endowment comprehensive income for the year	143	59	202	(95)
At 31 July 2021	1,563	669	2,232	2,030
Represented by:				
Capital	1,241	499	1,740	1,589
Accumulated income	322	170	492	441
	1,563	669	2,232	2,030
Analysis of consolidated funds by type of purpose:				
Prizes and scholarships	809	269	1,078	985
Hardship funds	113	131	244	224
Travel awards and other	115	-	115	103
Lectures	-	269	269	247
Post and departmental support	526	-	526	471
	1,563	669	2,232	2,030
Analysis of consolidated funds by asset:				
Current and non-current asset investments			1,740	1,589
Cash & cash equivalents			492	441
			2,232	2,030

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

24 Restricted reserves						
Reserves with restrictions are as follows:						
Consolidated	Capital grants for restricted use assets	Other capital grants with restrictions	Restricted donations	Revenue grants with restrictions	2020/21 Total	2019/20 Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2020	57,631	-	2,240	-	59,871	46,709
Grant income	-	1,007	-	35,878	36,885	52,645
Donation income	-	-	4,320	-	4,320	862
Investment income	-	-	2	-	2	2
Capital grants with expired use restrictions	-	-	-	-	-	(224)
Expenditure	-	(1,007)	(870)	(35,764)	(37,641)	(40,118)
Increase/(decrease) in market value of investments	-	-	5	-	5	(5)
Transfer to endowment reserves	-	-	-	-	-	-
Total restricted comprehensive income for the year	-	-	3,457	114	3,571	13,162
At 31 July 2021	57,631	-	5,697	114	63,442	59,871

	2020/21 Total	2019/20 Total
	£'000	£'000
Analysis of consolidated donations with restrictions by type of purpose:		
Post and departmental support	1,254	1,266
Prize funds	15	14
Other	4,429	1,119
	5,698	2,399

University	Capital grants for restricted use assets	Other capital grants with restrictions	Restricted donations	Revenue grants with restrictions	2020/21 Total	2019/20 Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2020	57,631	-	2,240	-	59,871	46,709
Grant income	-	1,007	-	35,878	36,885	52,645
Donation income	-	-	4,319	-	4,319	856
Investment income	-	-	2	-	2	2
Capital grants with expired use restrictions	-	-	-	-	-	(224)
Expenditure	-	(1,007)	(870)	(35,764)	(37,641)	(40,118)
Increase/(decrease) in market value of investments	-	-	5	-	5	(5)
Reserves transferred from subsidiary	-	-	1	-	1	6
Transfer to endowment reserves	-	-	-	-	-	-
Total restricted comprehensive income for the year	-	-	3,457	114	3,571	13,162
At 31 July 2021	57,631	-	5,697	114	63,442	59,871

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

25 Pension schemes		
Different categories of staff were eligible to join one of three different schemes:		
<ul style="list-style-type: none"> • Universities Superannuation Scheme (USS) • The Local Government Pension Scheme (LGPS) which is administered by Leicestershire County Council • The Teachers' Pension Scheme (TPS) 		
The total charge to the consolidated income and expenditure account (excluding finance expense) is noted below.		
	2020/21	2019/20
	£'000	£'000
Contributions paid to USS (excluding amounts paid under the USS deficit recovery plan)	17,849	18,251
Movement on USS provision	1,670	(36,311)
	19,519	(18,060)
LGPS	13,584	11,724
Other pension schemes	174	206
	33,277	(6,130)

(i) The Universities Superannuation Scheme

The total cost charged to the income and expenditure account is £17,849,000 (2020: £18,251,000).

Deficit recovery contributions due within one year for the institution are £5,293,000 (2020: £1,838,000).

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

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

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

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

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

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

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

The current life expectancies on retirement at age 65 are:

	2021	2020
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2021 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions. Future staff numbers within the USS scheme and salary inflation (average of 4.11% over the recovery period, 2020: 3.69%). The provision is discounted at 0.89% (2020: 0.73%).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

25 Pension schemes (continued)

(ii) Local Government Pension Scheme (LGPS)

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

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

Under the definitions set out in FRS102, the LGPS is a multi-employer defined benefit pension scheme. In the case of the LGPS, the actuary of the scheme has identified the University's share of its assets and liabilities as at 31 July 2021.

The pension scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the scheme after consultation with professional advisers.

Assumptions

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

	2020/21	2019/20
	%pa	%pa
Pension increase rate (CPI)	2.85	2.20
Salary increase rate (RPI)	3.35	2.70
Discount rate	1.60	1.40

The Fund Actuary has proposed a change to their standard approach to setting the CPI assumption, to take account of RPI reform. The method for calculating the RPI assumption (on which the CPI assumption is based) has been updated. In addition, the difference between CPI and RPI (the RPI-CPI wedge) has been updated. These changes are linked, and are based on pre-2030 and post-2030 rates. Sensitivity of the obligation to the principle assumptions are outlined under critical accounting judgements.

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	Males	Females
Current pensioners	21.7 years	24.2 years
Future pensioners	22.6 years	25.9 years

Scheme assets and expected rate of return for LGPS

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

	31 July 2021	31 July 2020
	£'000	£'000
Equities	110,263	87,506
Bonds	55,131	47,591
Property	13,307	12,282
Cash	11,406	6,141
Total	190,107	153,520

	2020/21	2019/20
	£'000	£'000

Analysis of the amount shown in the Balance Sheet

Scheme assets	190,107	153,519
Scheme liabilities	(312,178)	(271,766)
Deficit in the scheme – net pension liability	(122,071)	(118,247)

Analysis of the amount charged to staff costs within operating surplus

Current service cost	13,238	12,142
Past service costs (including curtailments)	346	(418)
Total operating charge	13,584	11,724

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

25 Pension schemes (continued)

	2020/21	2019/20
	£'000	£'000

Analysis of the amount charged to interest payable

Interest cost on defined benefit obligation	3,866	5,127
Interest income on plan assets	(2,166)	(3,414)
Net charge to interest and other finance costs	1,700	1,713

Analysis of other comprehensive income for LGPS

Return on assets excluding amounts included in net interest	31,771	(13,235)
Changes in financial assumptions	(27,258)	(24,097)
Changes in demographic assumptions	(3,847)	(4,494)
Other experience	3,774	9,121
Total other comprehensive income before deduction for tax	4,440	(32,705)

Analysis of movement in the present value of scheme liabilities

Present value at the start of the year	271,766	239,643
Current service cost	13,238	12,142
Past service cost including curtailment	346	(418)
Interest cost	3,866	5,127
Actual member contributions	1,564	1,629
Actuarial loss	27,331	19,470
Actual benefit payments	(5,933)	(5,827)
Present value at the end of the year	312,178	271,766

Analysis of movement in the fair value of scheme assets

Fair value of assets at the start of the year	153,519	161,167
Interest income on plan assets	2,166	3,414
Actuarial gain on assets	31,771	(13,235)
Actual contributions paid by University	7,020	6,371
Actual member contributions (including notional contributions)	1,564	1,629
Actual benefit payments	(5,933)	(5,827)
Fair value of scheme assets at the end of the year	190,107	153,519

Actual gain on scheme assets in the year	33,937	(9,821)
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LGPS assets do not include any of the University's own financial instruments or any property occupied by the University.

The estimated employer's contribution payable to LGPS in the financial year 2021/22 is £7,007,000.

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

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

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

iii) Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts. As a result of the latest scheme valuation employer contributions were increased in September 2019 from a rate of 16.4% to 23.6%. Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses.

The next valuation is expected to take effect in 2023. A copy of the latest valuation report can be found in the following link:

<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

26 Subsidiary undertakings

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

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

On 1 February 2021 Imago @ Loughborough Limited (fully owned subsidiary of Loughborough University) acquired 100% ownership of Loughborough University Nursery Limited.

27 Associated undertakings

The Group has the following interests in associated undertakings:

Company name (registered office)	Shareholding	Principal activity
Previsico Limited (LUSEP, Holywell Building, Holywell Way, Loughborough, Leicestershire, LE11 3UZ)	30%	Exploitation of 'FloodMap Live: Real-Time Nowcasting/Flood Analytics' technology
Zayndu Limited (LUSEP, Holywell Building, Holywell Way, Loughborough, Leicestershire, LE11 3UZ)	37%	Exploitation of 'Plasma Drum Reactor: Seed Disinfection' technology
Figura Analytics Limited (LUSEP, Holywell Building, Holywell Way, Loughborough, Leicestershire, LE11 3UZ)	37%	Exploitation of 'Flow Resistive Pulse Sensors to Detect Bacteria in Liquids' technology

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

28 Connected charitable institutions

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

	Loughborough University Development Trust £'000
At 1 August 2020	-
Income	1
Transfers to Loughborough University	(1)
At 31 July 2021	-

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

29 Related party transactions

The University's Council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arms length and in accordance with the University's Financial Regulations and usual procurement procedures. All balances outstanding at the year-end are held on normal credit terms and do not carry any interest.

	2020/21 Income £'000	2020/21 Expenditure £'000	Balance due to the University at 31 July 2021 £'000	Balance due from the University at 31 July 2021 £'000
Members of Council				
Leicestershire County Council	81	(11)	35	(2)
Royal Holloway UOL	58	(18)	-	-
Senior members of the University				
Loughborough Students Union	493	(2,581)	7	(40)
Rolls Royce	4,532	(1,352)	126	(864)
EPSRC	11,365	(9,035)	946	(8,234)
Loughborough College	198	(96)	-	-
Manufacturing Technology Centre	193	-	-	-
Loughborough Schools Foundation	1	(172)	-	-
Office for Students Advisory Committee	5	(144)	-	-

Associated undertakings

Zayndu Limited	-	-	100	-
Previsico Limited	-	-	95	-
Micropore Technologies	-	-	30	-
Figura Analytics Limited	-	-	65	-

The total expenses paid to or on behalf of 7 council members were £3,121 (2020: £8,096 to 11 council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and any other events in their official capacity. The University Officers and Members of Council have also had access to the catering, sporting and other facilities of the University on terms which are available to all members of University staff.

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

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

Associated undertakings

Zayndu Limited	-	-	100	-
Previsico Limited	-	-	95	-
Micropore Technologies	-	-	30	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

30 Consolidated reconciliation of net debt				
	at 1 August 2020	Cash flows	Non-cash changes	at 31 July 2021
	£'000	£'000	£'000	£'000
Cash in hand	68,772	35,362	-	104,134
Current investments	-	-	-	-
Debt due within one year	(5,470)	(93)	(30)	(5,593)
Debt due after one year	(112,274)	5,195	397	(106,682)
	(48,972)	40,464	367	(8,141)
Fixed investments	2,091	-	221	2,312
Total	(46,881)	40,464	588	(5,829)

31 Financial commitments	Consolidated		University	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Commitments contracted	12,715	9,357	12,695	9,337

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

Consolidated	2020/21				2019/20
	Land and buildings £'000	Plant and machinery £'000	Other leases £'000	Total £'000	Total £'000
Payable during the year	1,053	-	-	1,053	921
Future minimum lease payments due:					
Not later than one year	1,053	371	1,891	3,315	2,852
Later than one year and not later than five years	4,441	93	65	4,599	4,607
Later than five years	2,718	-	-	2,718	4,000
Total lease payments due	8,212	464	1,956	10,632	11,459

University	2020/21				2019/20
	Land and buildings £'000	Plant and machinery £'000	Other leases £'000	Total £'000	Total £'000
Payable during the year	1,053	365	2,084	3,502	3,145
Future minimum lease payments due:					
Not later than one year	1,053	360	1,891	3,304	2,824
Later than one year and not later than five years	4,441	88	65	4,594	4,582
Later than five years	2,718	-	-	2,718	4,000
Total lease payments due	8,212	448	1,956	10,616	11,406

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

32 Leases receivable	Consolidated		University	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
At the Balance Sheet date, the following future minimum lease payments were receivable from tenants under operating leases for land and buildings:				
Future minimum lease payments receivable:				
Not later than one year	2,436	2,029	3,181	2,774
Later than one year and not later than five years	6,497	5,822	9,477	8,802
Later than five years	2,595	3,956	19,364	21,491
Total lease payments receivable	11,528	11,807	32,022	33,067

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

33 Events after the reporting period

USS Pension Scheme - The USS Pension Scheme 2020 valuation has now been signed and filed with The Pensions Regulator with an effective date of 1 October 2021. As a result of the valuation a new, dual rate Schedule of Contributions has come into effect. Under the first leg of the revised Schedule deficit contributions equal to 6.3% of salaries are payable from 1 April 2022 until 31 March 2038. The second leg of the Schedule only comes into effect if the JNC recommended deed on benefit changes has not been executed by 28 February 2022 and requires deficit contributions of 3% of salaries from 1 October 2022, increasing every 6 months until they reach 20% at 1 October 2025. They remain at this level until 31 July 2032.

As at 31 July 2021 and assuming all other assumptions used to calculate the provision remain unchanged, the implementation of leg one of the recovery plan would have resulted in a revised provision of £115,690,000, an increase of £72,539,000 from the current year end provision.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

34 Financial Responsibility Supplemental Schedule Audit Requirement

This schedule has been prepared in accordance with the Section 2 Example Financial Statements included in the Federal Register/Vol. 84, No. 184 / Monday, September 23, 2019 / Rules and Regulations

Figures for 2019/20 are shown as restated to reflect a change to the University's interpretation of the prescribed methodology for the preparation of this disclosure. The rounded composite score is unaffected by these changes.

All figures presented are consolidated

Lines	Expendable Net Assets		2020/21		2019/20 (restated)	
			£'000	£'000	£'000	£'000
24	Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions	-	225,168	-	214,984
30	Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions	-	65,674	-	61,901
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	1,404	-	1,996	-
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable	-	1,404	-	1,996
8	Statement of Financial Position - Property, Plant and equipment, net	Property, plant and equipment, net (includes Construction in progress)	475,437	-	495,475	-
FS Note line 8A	Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - pre-implementation	Property, plant and equipment - pre-implementation	-	463,935	-	454,262
FS Note line 8B	Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post-implementation with outstanding debt for original purchase	Property, plant and equipment - post-implementation with outstanding debt for original purchase	-	-	-	-
FS Note line 8D	Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post-implementation without outstanding debt for original purchase	Property, plant and equipment - post-implementation without outstanding debt for original purchase	-	8,169	-	35,513
FS Note line 8C	Note of the Financial Statements - Statement of Financial Position - Construction in progress	Construction in progress	-	3,333	-	5,700
9	Statement of Financial Position - Lease right-of-use assets, net	Lease right-of-use asset, net	-	-	-	-
Excluded Line 9 Note	Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation	Lease right-of-use asset pre-implementation	-	-	-	-
M9 Note Leases	Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset post-implementation	Lease right-of-use asset post-implementation	-	-	-	-
10	Statement of Financial Position - Goodwill	Intangible assets	-	-	-	-
10	Statement of Financial Position - Other intangible assets	Intangible assets	-	-	-	-
17	Statement of Financial Position - Post-employment and pension liabilities	Post-employment and pension liabilities	-	166,963	-	163,164
14,20,22	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes	103,601	-	108,703	-
M24,20,2 Debt A	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes pre-implementation	-	103,601	-	108,703
M24,20,2 Debt B	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes post-implementation	-	-	-	-
M24,20,2 Debt C	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Line of Credit for Construction in process	-	-	-	-
21	Statement of Financial Position - Lease right-of-use asset liability	Lease right-of-use asset liability	-	-	-	-
Excluded Line 21 Note	Statement of Financial Position - Lease right-of-use asset liability pre-implementation	Pre-implementation right-of-use leases	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

34 Financial Responsibility Supplemental Schedule Audit Requirement (continued)

Lines	Expendable Net Assets (continued)		2020/21		2019/20 (restated)	
			£'000	£'000	£'000	£'000
Line 21 Note	Statement of Financial Position - Lease right-of-use asset liability post-implementation	Post-implementation right-of-use leases	-	-	-	-
Leases						
25	Statement of Financial Position - Annuities	Annuities with donor restrictions	-	-	-	-
26	Statement of Financial Position - Term endowments	Term endowments with donor restrictions	-	-	-	-
27	Statement of Financial Position - Life Income Funds	Life income funds with donor restrictions	-	-	-	-
29	Statement of Financial Position - Perpetual Funds	Net assets with donor restrictions: restricted in perpetuity	-	65,674	-	61,901
	Total Expenses and Losses					
43	Statement of Activities - Total Operating Expenses (Total from Statement of Activities prior to adjustments)	Total expenses without donor restrictions - taken directly from Statement of Activities	-	302,476	-	272,635
(35),45,4	Statement of Activities - Non-Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss) - (Total from Statement of Activities prior to adjustments)	Non-Operating and Net Investment (loss)	-	(4,018)	-	33,834
49						
(35),45	Statement of Activities - (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)	Net investment losses	-	422	-	1,129
47	Statement of Activities - Pension related changes other than periodic pension	Pension-related changes other than net periodic costs	-	-	-	-
	Modified Net Assets					
24	Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions	-	225,168	-	214,984
30	Statement of Financial Position - total Net assets with donor restrictions	Net assets with donor restrictions	-	65,674	-	61,901
10	Statement of Financial Position - Goodwill	Intangible assets	-	-	-	-
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	1,404	-	1,996	-
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable	-	1,404	-	1,996
	Modified Assets					
12	Statement of Financial Position - Total Assets	Total Assets	-	628,362	-	614,407
Excluded Line 9 Note	Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation	Lease right-of-use asset pre-implementation	-	-	-	-
Leases						
Excluded Line 21 Note	Statement of Financial Position - Lease right-of-use asset liability pre-implementation	Pre-implementation right-of-use leases	-	-	-	-
Leases						
10	Statement of Financial Position - Goodwill	Intangible assets	-	-	-	-
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	1,404	-	1,996	-
4	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable	-	1,404	-	1,996
	Net Income Ratio					
55	Statement of Activities - Change in Net Assets Without Donor Restrictions	Change in Net Assets Without Donor Restrictions	-	10,184	-	8,789
38, (35), 50	Statement of Activities - (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)	Total Revenue and Gains	-	312,004	-	328,167

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

34 Financial Responsibility Supplemental Schedule Audit Requirement (continued)

Composite Score Calculations

	Ratio	Strength Factor	2020/21 Capped strength	Weight	Composite score
Primary Reserve Ratio	0.0634	0.6338	0.6338	40%	0.2535
$\frac{\text{Expendable Net Assets}}{\text{Total Expenses and Losses Without Donor Restrictions}}$					
Equity Ratio	0.4617	2.7699	2.7699	40%	1.1080
$\frac{\text{Modified Net Assets}}{\text{Modified Assets}}$					
Net Income Ratio	0.0326	2.6320	2.6320	20%	0.5264
$\frac{\text{Change in Net Assets Without Donor Restrictions}}{\text{Total Revenues and Gains Without Donor Restrictions}}$					
Total Composite Score					1.9

Strength Factor:

Primary Reserve	10 times the primary reserve ratio
Equity	6 times the equity ratio result
Net Income	Negative result = $1 + (25 \times \text{net income ratio result})$ Positive result = $1 + (50 \times \text{net income ratio result})$ Zero result = 1


If the strength factor for any ratio is greater than or equal to 3, the strength factor score for the ratio is 3


If the strength factor for any ratio is less than or equal to -1, the strength factor score for the ratio is -1


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KPMG LLP
One Snow Hill
Snowhill Queensway
Birmingham
B4 6GH

25 November 2021

Dear Mark

This representation letter is provided in connection with your audit of the Group and University financial statements of Loughborough University (“the University”), for the year ended 31 July 2021, for the purpose of expressing an opinion:

- i. as to whether these financial statements give a true and fair view of the state of the Group and University’s affairs as at 31 July 2021 and of the Group’s and University’s income and expenditure, gains and losses, changes in reserves and Group cash flows for the year then ended;
- ii. whether these financial statements 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* (“FRS 102”)); and
- iii. meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

These financial statements comprise the Group and University Balance Sheets, the Group and University’s Statement of Comprehensive Income, the Group and University’s Statements of Changes in Reserves, the Group Cash Flow Statement and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Council confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Council confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

Financial statements

1. The Council has fulfilled its responsibilities, as set out in the terms of the audit engagement dated *29 April 2020*, for the preparation of financial statements that:
 - i. give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2021, and of the Group's and of 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;
 - ii. have been properly prepared in accordance with UK Generally Accepted Accounting Practice (including FRS 102); and
 - iii. meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

The financial statements have been prepared on a going concern basis.

2. The methods, the data and the significant assumptions used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
3. All events subsequent to the date of the financial statements and for which section 32 of FRS 102 requires adjustment or disclosure have been adjusted or disclosed.
4. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter.

Information provided

6. The Council has provided you with:
 - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from the Council for the purpose of the audit; and
 - unrestricted access to persons within the Group and the University from whom you determined it necessary to obtain audit evidence.
7. All transactions have been recorded in the accounting records and are reflected in the financial statements.
8. The Council confirms the following:
 - i) The Council has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

- ii) The Council has disclosed to you all information in relation to:
 - a) Fraud or suspected fraud that it is aware of and that affects the Group and the University and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements;and

- b) allegations of fraud, or suspected fraud, affecting the Group and the University's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, the Council acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Council acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

9. The Council has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
10. The Council has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with section 21 of FRS 102 all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
11. The Council has disclosed to you the identity of the Group and the University's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with section 33 of FRS 102.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in FRS 102.

12. The Council confirms that:
 - a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the University's and the Group's ability to continue as a going concern as required to provide a true and fair view and to comply with FRS 102.
 - b) No material events or conditions exist that may cast significant doubt on the ability of the University and the Group to continue as a going concern.
13. On the basis of the process established by the Council and having made appropriate enquiries, the Council is satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with its knowledge of the business and in accordance with the requirements of section 28 of FRS 102.

The Council further confirms that:

- a) all significant retirement benefits, including any arrangements that are:
 - statutory, contractual or implicit in the employer's actions;
 - arise in the UK and the Republic of Ireland or overseas;
 - funded or unfunded; and
 - approved or unapproved,have been identified and properly accounted for; and
 - b) all plan amendments, curtailments and settlements have been identified and properly accounted for.
14. To the best of our knowledge and belief the University has complied with the requirements of the Charities Act 2011. In particular, the University has disclosed all payments made in relation to trustees expenses and all "connected institutions and bodies" have been disclosed appropriately. Furthermore, all serious incidents, as defined under the Act, have been captured and recorded appropriately.

15. The Council are not aware of any issues relating to the University's other Office For Students or Research England funding streams (e.g. Higher Education Innovation Fund grants) which may lead to a clawback in funding over and above that recognised in the financial statements.
16. To the best of our knowledge and belief the University has complied with the terms and conditions of any capital grant funding received during the year and in respect of other capital grant funding received in prior years. In all instances, the University is satisfied that the agreed outputs against which each project will be assessed will be delivered.
17. To the best of our knowledge and belief the University has complied with the terms and conditions of any revenue grant funding (for example research funding) received in recent years and where agreed outputs are to be delivered as part of the grant agreement, the University has or anticipates delivering these.
18. In all material respects, funds from whatever source administered by the Group and the University for specific purposes have been applied to those purposes during the year ended 31 July 2021.

This letter was tabled and agreed at the meeting of the Council on 25 November 2021.

Yours faithfully,

Christine Hodgson CBE

Chair of Council

Appendix to the Council Representation Letter of Loughborough University: Definitions

Criteria for applying the disclosure exemptions within FRS 102 for the University's financial statements

- The University discloses in the notes to its financial statements:
 - a) A brief narrative summary of the disclosure exemptions adopted; and
 - b) The name of the parent of the group in whose consolidated financial statements its financial statements are consolidated, and from where those financial statements may be obtained

Financial Statements

A complete set of financial statements (before taking advantage of any of the FRS 102 exemptions) comprises:

- *Group and University Balance Sheets as at the end of the period;*
- *a Group and University's Statement of Comprehensive Income for the period;*
- *a Group and University's Statements of changes in reserves for the period;*
- *a Group Cash Flow Statement for the period; and*
- *notes, comprising a summary of significant accounting policies and other explanatory information.*

FRS 102 permits an entity either to present (i) separately a Profit and Loss account and a Statement of Other Comprehensive Income or (ii) a combined Profit and Loss Account and Other Comprehensive Income.

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

FRS 102 states that:

Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or combination of both, could be the determining factor.

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

Related Party and Related Party Transaction

Related party:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in FRS 102 as the “reporting entity”).

- a) A person or a close member of that person’s family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions apply:
 - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled, or jointly controlled by a person identified in (a).
 - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related party transaction:

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Uncorrected audit adjustments

(£m)			
Detail	SOCI Dr/(cr)	SOFP Dr/(cr)	Comments
Dr Operating Expenditure	-	2.1	The university adjusts the investment property held in the accounts for their usage. The £16.9m held in the university accounts as at 31 July 2021 is based on 2015 data and if current year data was used, the balance would be £14.8m.
Cr Investment Properties	-	(2.1)	
Dr Actuarial Gain in respect of pension scheme	1.4	-	We identified a judgemental misstatement relating to the return on assets for the LGPS scheme during the period. Due to the University’s year end being 31 July, the year end does not align to the quarterly reporting of the fund. As a result, the return on asset balance is estimated based on the latest asset splits and market indices. We identified a difference in the amount estimated by the actuary to determine the return on assets for the period to that using KPMG market indices.
Cr LGPS Defined Benefit Assets	-	(1.4)	

COUNCIL



OfS Financial Return

Origin: James Henry, Deputy Director of Finance

Executive Summary

The Annual Financial Return to OfS requires the approval of Council. The Annual Return is comprised of 3 sections:

1. **Financial results for 2019/20 and 2020/21** - as per the audited statutory accounts presented in COUN21-P93.
2. **The latest University forecast to July 2026** - our latest forecast is presented in section A. This financial forecast also underpins our internal planning, including reinstating devolved budgets to Schools and Services from 2021/22.
3. **Commentary to explain year-on-year variance** - our commentary return, in the OfS prescribed format, is included in Section B of this paper.

The data tables that will be submitted to OfS, reflecting the above in the prescribed format, are included at [COUN21-P94 \(Annex 1\) OfS Financial Statements](#).

The commentary that will be submitted to OfS, reflecting the above in the prescribed format, is included at [COUN21-P94 \(Annex 2\) Commentary OfS](#).

Other Committees Consulted

Planning parameters have been discussed regularly throughout the calendar year by Operations Committee, Finance Committee and Council. The forecast was reviewed by Finance Committee on 20 October 2021 and recommended to Council for approval.

Action Required:

APPROVE the data in the financial and student number tables relating to actual financial data for 2019/20 and 2020/21 for submission to OfS.

APPROVE, on the recommendation of Finance Committee, the financial forecasts for the period ending 31 July 2026, as presented in the financial and student number tables, for submission to OfS.

APPROVE the associated commentary for submission to OfS.

AUTHORISE the Vice-Chancellor to approve changes to the tables resulting from OfS queries during the data verification period.

Section A - Financial forecast for the period to July 2026

1 Context

- 1.1 The University faces continues to face two distinct financial challenges. The first is the continuing inflationary gap in our finances resulting from static tuition fees for UKEU undergraduates set against a rising cost base. Disappointingly, despite much speculation, the Chancellors Comprehensive Spending Review in October did not provide any further clarity on the future of higher education funding. The second is the significant, but hopefully easing, impact of the Covid19 pandemic.
- 1.2 When Council considered financial matters in July 2021 it noted the University's initial forecasts for the period ending 31 July 2026, which would be brought back to Council for approval in the autumn, prior to submission to the Office for Students (OfS) at the end of the calendar year.
- 1.3 This paper presents the updated 5-year forecast for the period ending 31 July 2026. It builds on the forecast noted by Council in July, reflecting changes such as the 2020/21 outturn, updated student intake numbers, the social care levy implementation and revised USS pension employer contribution rates.
- 1.4 The OfS has again extended the deadline for submission of both the financial statements and the five-year forecast by two months, until the end of February. However, with Council's approval it is our intention to proceed with submission as soon as possible following today's meeting.
- 1.5 Should changing events materially impact our position, after Council but before submission, we can delay submission or add additional commentary.

2 Revised Forecast

- 2.1 The proposed forecast results in a cash balance of £92.3m (July 2022) and £79.9m (July 2026). In both cases our £50.0m revolving credit facility remains undrawn and we continue to repay existing borrowings in line with our commitments.
- 2.2 In terms of the Statement of Comprehensive Income we now forecast a small surplus in 2021/22, an improvement on the view presented in July; largely because of our strong UG intake and International PGT intake being ahead of previous forecast (albeit still below pre pandemic target levels).

The inflationary pressure, stemming from static domestic undergraduates and inflationary pressures on our cost base, returns through the forecast period, with a deficit of £1.8m forecast for 2025/26.

- 2.3 Boosted by the very strong 2020/21 outturn, cash holdings and liquidity remain strong throughout the forecast period, with a low point of £79.9m. We have now concluded our one-year extension of the revolving credit facility which ensures an additional £50m of undrawn funding and we continue to be in dialogue with banks around options to look at broader refinancing options should that be needed. Therefore, we have significant headroom to support investment in terms of available cash, which lends itself well to supporting capital projects. However, our ability to invest in recurring operating expenditure will potentially be limited by Council's preference to report a surplus on the Statement of Comprehensive Income in any one year.
- 2.4 We anticipate capital expenditure will return to normal levels, following two years of significant restriction during the pandemic. Whilst the early years of the forecast reflect actual plans, 2025/26 represents a placeholder for several larger projects, where scope and prioritisation have not yet been finalised.

2.5 Table 1 summarises the forecast and we present a more detailed view at appendix 2.

Table 1: Forecast summary

£m	20/21	21/22	22/23	23/24	24/25	25/26
Surplus/(deficit)	9.4	1.6	16.7	6.9	6.4	(1.8)
Net operating cashflow	51.6	34.5	38.0	38.8	38.9	30.3
Capital expenditure	(14.4)	(47.4)	(39.4)	(27.3)	(25.7)	(54.1)
Closing cash balance	104.1	92.3	89.5	97.3	107.0	79.9
Surplus excluding exceptional item*	9.3	1.6	8.4	6.8	6.3	(2.0)

*Exceptional items comprise capital grant funding relating to specific projects

2.6 A full breakdown of assumptions is including at Appendix 1, but we highlight:

- **Student numbers**
 - UG and UKEU PGT populations are in are line with previous targets from 2022/23, with the additional 600+ UKEU undergraduates in 2021/22 flowing through as a one-off benefit.
 - International PGT is forecast at 75% of our previous target for 2021/22, recovering to target over the remainder of the 5-year forecast period (i.e., a gradual recovery).
- **USS** - We have assumed that the proposal approved by the Joint Negotiating Committee, following the 2020 valuation, is adopted. Whilst this removes the immediate financial risk of further significant employer contribution increases, it is likely that this will result in industrial action across the sector.

2.7 Bank covenants were harmonised following the £60m term-loan taken out in 2017. Covenants were also adjusted to remove the impact of pension adjustments upon implementation of FRS102 and the revised HE SORP. The covenants currently in place, together with the headroom modelled in this forecast, are as summarised in table 2, and reflect significant headroom in all instances.

Table 2: Bank covenants and headroom

£m	20/21	21/22	22/23	23/24	24/25	25/26
1. External debt doesn't exceed total funds	228	230	247	253	259	256
2. Total Borrowing costs < 5% consolidated income	150	182	198	199	212	214
3. Total Funds maintained >£50m	291	287	298	299	299	290
4. Net Cash from operating activities >125% of debt servicing costs	42	24	28	29	29	20

3 Capital Expenditure

3.1 The capital plan reflects the significant restrictions we continued to implement as part of our cost control actions. We plan to resume expenditure, broadly in line with net operating cash generation, from 2021/22.

3.2 The “Projects” line includes ~£30.0m in 2025/26 that is a placeholder, pending scoping and prioritisation, of three larger projects; £60m Student village, £30m Students Union building and £30m School of the Arts building.

Table 3: Capital expenditure 2020/21 – 2025/26

£m	20/21	21/22	22/23	23/24	24/25	25/26	Total
Projects	(2.8)	(23.5)	(23.5)	(9.8)	(6.4)	(37.9)	(103.9)
IT	(0.1)	(3.1)	(0.8)	(2.5)	(2.8)	(1.2)	(10.5)
Long Term Maintenance	(4.0)	(12.2)	(12.2)	(12.2)	(12.2)	(12.2)	(65.0)
External Funding	0.9	5.5	2.5	0.1	0.1	-	(9.1)
Total Capital Framework	(6.0)	(33.3)	(34.0)	(24.4)	(21.3)	(51.3)	(170.3)
<i>Reconcile to total capital additions:</i>							
Sport Park tenant buy back option	-	(2.3)	-	-	-	-	(2.3)
LSU	-	(3.0)	-	-	-	-	(3.0)
Imago	(0.2)	(0.6)	(0.2)	-	(1.6)	(0.1)	(2.7)
Research & School Capital	(1.9)	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)	(15.4)
External Funding	(0.9)	(5.5)	(2.5)	(0.1)	(0.1)	-	(9.1)
Total Capital additions	(9.0)	(47.4)	(39.4)	(27.2)	(25.7)	(54.1)	(202.8)
<i>Accrual movement</i>							
	(5.4)	0.0	0.0	0.0	0.0	0.0	(5.4)
Total Cash spent on Capital	(14.4)	(47.4)	(39.4)	(27.2)	(25.7)	(54.1)	(208.2)

4 Sensitivity Analysis

4.1 Sensitivity analysis, together with mitigation opportunities, are set out below.

Table 4: Assumption based risks

£m	Impact	Cumulative
Pay increases 0.5% per annum above forecast	(8.5)	(8.5)
Inflationary pressures (1% in addition to 2% already assumed)	(6.0)	(14.5)
REF - £2m uplift to QR does not materialise	(8.0)	(22.5)

Table 5: Key risk scenarios

£m	Impact		
	Low	Medium	High
USS Low = additional 1% increase to contributions Medium = additional 2% increase to contributions High = Further long-term deterioration in scheme funding	(4.0)	(8.0)	(20.0)
Reduction to regulated fee / funding model change Low = £7.5k fee, phased introduction, half shortfall covered by STEM uplift Medium = £7.5k fee, phased introduction, no change to STEM funding High = £7.5k fee, immediate introduction no change to STEM funding	(25.0)	(55.0)	(75.0)
Reduction to UG numbers (e.g., following drop in league table position) Low = 5% reduction Medium = 10% reduction High = 30% reduction	(25.0)	(50.0)	(150.0)
Reduced international mobility (e.g., post covid pandemic) Low = Recovery to target takes 5 years rather than 3 Medium = no recovery from 21/22 intake High = sustained reduction to student numbers (to 50% of target)	(15.0)	(65.0)	(145.0)
Total	(69.0)	(178.0)	(390.0)

4.2 To demonstrate the impact of the preceding risk scenarios on the forecast cash position of £79.9m we have applied the midpoint of the three risk categories, along with the assumption-based risks, which would lead to a cash position at July 2026 of -£120.6m.

4.3 We have identified below what contingencies already exist in the forecast and what levers we may choose to employ to mitigate the above situation. Notwithstanding the ability to recover the cash position in the short term through mitigating action, the underlying operating model would remain unsustainable without major structural change.

Table 6: Mitigation options

£m		Cash impact	Cumulative impact
Contingencies	General under-recruitment contingency	13.0	13.0
	Investment fund	8.0	21.0
Possible mitigations	Capital expenditure reduction in 2025/26	30.0	51.0
	Increase in student number +100 intake per year (with no add'n resource)	8.0	59.0
	Structural change to facilitate income generation or cost reduction	30.0	89.0
	Refinancing – extend term (interest only repayment)	20.0	109.0
	Refinancing – additional debt	50.0	159.0

Appendix 1 – Summary of key assumptions

Funding Body grants

- Teaching Grant held flat at 2021/22 levels
- OfS Capital grant removed for 2021/22, assumed at £1m p/a in future years
- QR funding, as a result of REF 2021, increased to £21.0m per annum from 2022/23
- RCIF capital grants maintained at £1.9m per annum in line with 2020/21
- HEIF maintained at £4.2m per annum in line with 2020/21

Tuition Fees

- Home undergraduate fees assumed to stay at £9,250 throughout the forecast period
- Fee inflation, throughout the period, for non-regulated fees assumed at 2.0% UKEU and 4.0% International
- General under recruitment provision of 1.5% assumed from 2022/23 onwards. Equates to c£3.0m per year
- Agents' Commissions – assumptions that 80% of international students to come via agent. Achievement of bonus is assumed based on recent trends.
- Bursaries modelled in line with student numbers
- PhD Tuition Fee Scholarships grow at 2.0% in line with fee inflation

Other Income

- Hall fees included at set 2021/22 rates with 2.0% annual inflation for the remainder of the forecast period. Hall occupancy assumed at 98%.
- Other income rising at 2% annual inflation.

Donations & Investment income

- £0.25m of budget relieving donations assumed each year in addition to that received for Access related activity.

Staff costs

- 2.5% inflation award in each year from 2022/23.
- Rewards and promotions assumption is 1.5% of total pay costs
- No staff efficiencies assumed
- No staff growth, other than to service increase in student numbers in London.
- Pension – LGPS to rise to 27.6% from April 2022; USS assumed to increase to 21.4% from October 2021.
- NI uplift / Social care levy at 1.25% included from April 2022.

Other operating expenditure

- Non-Pay – 2% annual inflation assumed from 2021/22
- Utilities – increasing in line with inflation
- £2.0m per year of one-off strategic investment contingency from 2022/23

Capex

- Averages £38m p/a across the forecast period.

Appendix 2 – Summary I&E and Cashflow for the forecast period and comparison to view presented in July 2021

£m	July 2021						Oct 2021						Variance July-Oct					
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Tuition fees and education contracts	173.7	166.6	179.1	192.0	204.0	207.3	172.46	179.9	190.6	197.6	207.1	207.3	(1.2)	13.2	11.5	5.6	3.2	0.0
Funding Body grants - Recurrent	34.3	31.3	33.2	33.2	33.2	33.2	34.48	31.8	33.7	33.6	33.6	33.6	0.1	0.5	0.5	0.5	0.5	0.5
Funding Body grants - one off	4.8	3.2	3.2	3.2	3.2	3.2	7.32	1.9	2.8	2.8	2.8	2.8	2.5	(1.3)	(0.4)	(0.4)	(0.4)	(0.4)
Research Grants & Contracts	37.0	60.4	49.2	52.8	57.4	59.6	35.90	60.4	49.2	52.8	57.4	59.6	(1.1)	0.0	0.0	0.0	0.0	0.0
Other Income	58.3	69.4	75.3	72.1	70.0	69.2	56.71	70.4	75.3	72.1	70.0	69.2	(1.6)	1.0	0.0	0.0	(0.0)	(0.0)
Other Income - One off	0.0	1.8	6.0	0.1	0.1	0.1	0.09	0.0	8.3	0.1	0.1	0.1	0.1	(1.8)	2.3	0.0	0.0	0.0
Donations and Investment Income	2.9	1.7	1.8	1.8	1.9	1.9	4.73	1.7	1.8	1.8	1.9	1.5	1.9	0.0	0.0	0.0	0.0	(0.4)
Total Income	311.0	334.4	347.8	355.2	369.7	374.5	311.7	346.0	361.6	361.0	373.0	374.2	0.7	11.6	13.9	5.7	3.3	(0.3)
Staff Costs	(177.8)	(188.8)	(192.6)	(201.0)	(210.3)	(218.5)	(180.6)	(191.2)	(194.8)	(203.1)	(212.4)	(220.6)	(2.8)	(2.5)	(2.2)	(2.1)	(2.1)	(2.1)
Other operating expenses	(98.3)	(114.6)	(114.8)	(115.4)	(118.1)	(118.9)	(85.4)	(118.8)	(116.8)	(117.3)	(119.8)	(120.6)	12.9	(4.2)	(2.0)	(1.9)	(1.7)	(1.7)
Depreciation	(31.3)	(28.7)	(28.0)	(28.6)	(29.5)	(30.2)	(31.2)	(28.7)	(27.8)	(28.5)	(29.4)	(30.1)	0.1	(0.0)	0.1	0.1	0.1	0.1
Interest and other finance costs	(5.4)	(5.2)	(5.0)	(4.8)	(4.6)	(4.4)	(5.2)	(5.7)	(5.5)	(5.2)	(5.0)	(4.8)	0.1	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Total Expenditure	(312.8)	(337.3)	(340.4)	(349.8)	(362.6)	(372.0)	(302.5)	(344.4)	(344.9)	(354.0)	(366.6)	(376.1)	10.3	(7.1)	(4.5)	(4.3)	(4.0)	(4.0)
Gain on disposal of fixed assets	0.4	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
Loss on Investments	(0.7)	0.0	0.0	0.0	0.0	0.0	(0.5)	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Surplus/(Deficit)	(2.0)	(2.9)	7.4	5.5	7.2	2.5	9.1	1.6	16.7	6.9	6.4	(1.8)	11.1	4.4	9.3	1.5	(0.7)	(4.4)
Surplus/(Deficit) excl. exceptional items	(2.0)	(4.7)	1.4	5.4	7.1	2.4	9.0	1.6	8.4	6.8	6.3	(2.0)	11.0	6.2	7.0	1.5	(0.7)	(4.4)
Depreciation	31.3	28.7	28.0	28.6	29.5	30.2	31.2	28.7	27.8	28.5	29.4	30.1	(0.2)	0.0	(0.1)	(0.1)	(0.1)	(0.1)
Working Capital	0.6	2.6	1.6	2.1	2.4	2.2	8.5	(0.1)	(1.0)	1.1	1.4	1.1	7.9	(2.7)	(2.6)	(1.0)	(1.0)	(1.2)
Capital grants - income recognised	(5.5)	(6.3)	(10.5)	(4.6)	(4.6)	(4.6)	(5.5)	(3.2)	(12.4)	(4.2)	(4.3)	(4.3)	(0.0)	3.1	(1.9)	0.4	0.4	0.4
Other Operating cash flow adjustments	9.7	5.3	4.9	4.5	3.9	3.4	10.9	7.5	7.0	6.5	5.9	5.3	1.2	2.2	2.1	2.0	1.9	1.9
Net Operating cash flow	32.8	27.5	31.3	36.0	38.4	33.8	51.6	34.5	38.0	38.8	38.9	30.3	18.9	7.0	6.7	2.7	0.4	(3.4)
Capital grants - cash received	6.5	11.4	4.6	4.6	4.6	4.6	5.4	8.6	6.6	4.3	4.3	4.3	(1.0)	(2.8)	1.9	(0.4)	(0.4)	(0.4)
Capital expenditure - cash paid	(10.3)	(50.6)	(30.6)	(28.1)	(25.8)	(53.9)	(14.4)	(47.4)	(39.4)	(27.3)	(25.7)	(54.1)	(4.1)	3.2	(8.8)	0.8	0.1	(0.2)
Loan payments and other adjustments	(7.9)	(8.1)	(8.0)	(7.9)	(7.8)	(7.7)	(7.9)	(7.7)	(8.0)	(7.9)	(7.8)	(7.7)	0.0	0.4	0.0	0.0	0.0	0.0
Net cash flow	21.0	(19.8)	(2.6)	4.7	9.5	(23.2)	34.8	(11.9)	(2.8)	7.8	9.7	(27.2)	13.7	7.9	(0.2)	3.2	0.2	(3.9)
Closing cash balance	89.8	70.1	67.4	72.1	81.6	58.4	104.1	92.3	89.5	97.3	107.0	79.9	14.4	22.2	22.1	25.2	25.4	21.5



Annual Remuneration Report

Origin: Director of Human Resources

Executive Summary

Remuneration Committee is required to prepare a report on its approach to senior pay each year for Council in order to comply with the Chairs of University Councils (CUC) code on senior remuneration. This report sets out the approach to senior remuneration for academic year 2020/21.

Other Committees Consulted

Remuneration Committee

Equality Diversity and Inclusion Considerations

Remuneration Committee has considered equality and diversity matters when reviewing pay levels.

Action Required:

Council is asked APPROVE this report.

Supplementary Reading – Previous years' reports are available [here](#).

Remuneration Annual Report 2021

Introduction

The University believes that pay should be attractive, competitive, and managed through a robust and consistent framework. In addition, it believes that the performance of staff may be enhanced through appropriate reward arrangements for outstanding performers. Governance of pay, terms and conditions and employee benefits is therefore vitally important to ensure that the University offers a compelling employment package, whilst ensuring equality, equity, consistency, fairness and risk management.

The University is a top 10 UK university and uses remuneration as one of the tools to attract and retain academic and professional services talent. The University's People Strategy sets out five priorities as follows:

- Enabling talent and high performance
- A diverse, respectful and inclusive culture
- Engaging and sustainable reward and recognition programmes
- Workload, wellbeing and resilience
- Outstanding recruitment practices leading to a high-quality candidate experience and new employee experience

Remuneration for senior staff at the University (i.e. those on grade 9¹) is governed by the Remuneration Committee, which reports to Council. The Committee comprises lay members of Council and is chaired by the Senior Pro Chancellor and Chair of Council. An alternative lay Pro Chancellor chairs the meeting while the Vice Chancellor's pay is being considered. The Chair may invite the Vice Chancellor and Deputy Vice Chancellor to attend to share information related to the remuneration of senior staff who report through them. The Vice Chancellor and Deputy Vice Chancellor will never be asked to attend for any discussion about or decision on their own remuneration. Further details about the Remuneration Committee including membership, terms of reference and meeting dates are available from:

<http://www.lboro.ac.uk/committees/remuneration/>.

¹ Grade 9 includes all professorial staff and a small number of senior appointments within Professional Services.

Approach to Remuneration

The University has a salary scale for grades 1 – 8 and the various policies and procedures associated with pay, including guidance on starting salaries, job evaluation and pension schemes, are available from the University's HR website: <http://www.lboro.ac.uk/services/hr/>.

The University also participates in the University and Colleges Employers Association (UCEA) national pay bargaining.

The University's Performance and Development Review (PDR) system provides a robust basis for managing performance, developing staff and informing remuneration decisions. Individuals identified as having *exceeded expectations* during the prior year are eligible to be considered for a financial reward (in addition to any automatic increment and any cost of living increase) depending on the financial status of the University in that particular year.

The University's Remuneration Committee is responsible for determining pay and reward for senior staff including adjusting pay for reasons of equity and retention as well as reward. In addition, the University has three Reward Committees which consider appropriate rewards for all eligible staff as follows:

- Senior Staff Reward Committee (staff on grade 9 and above) chaired by the Vice-Chancellor
- Academic Staff Reward Committee chaired by the Deputy Vice-Chancellor
- Professional Services Reward Committee chaired by the Chief Operating Officer

The Chairs of the Reward Committees co-ordinate their work to ensure that reward arrangements across all three Committees are applied consistently.

The reward process was adjusted for 2021 to take account of the ongoing impact of COVID-19. A single Reward Committee was held and approximately 10% of staff received a lump sum payment of £1000 (or a pro rata payment if part time). Decisions on who should receive a reward were informed by PDR ratings and Deans and Directors were required to work with their HR Partners to ensure the diversity of staff put forward for reward.

A more comprehensive review of reward arrangements is underway and it is anticipated that it will be implemented during academic year 21/22. Discussions regarding the PDR process and the extent to which reward is linked to it are also underway.

The Remuneration Committee is responsible for determining the most appropriate pay as well as addressing any equity or retention issues for the University's most senior officers, namely:

- Vice-Chancellor
- Deputy Vice-Chancellor
- Chief Operating Officer
- Director of Finance
- Pro Vice-Chancellor (Research)
- Pro Vice-Chancellor (Teaching)
- Pro Vice-Chancellor (Enterprise)

In considering the appropriate reward for the senior officers, Remuneration Committee will ensure that the reward arrangements set out by the University are applied consistently and fairly to this group of staff. Remuneration Committee will also consider the following:

- The institution's performance against the University Strategy and its strategic ambitions
 - A distinctive international reputation for excellence
 - A life-shaping student experience
 - Outstanding partnerships to deliver social, economic and cultural prosperity
 - A culture of delivering excellence in all that we do
 - One outstanding university: two vibrant campuses

Note that particular consideration to priority elements of the strategy are considered on a year by year basis.

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

The University's Remuneration Committee has also made arrangements to enable staff who have reached or are close to reaching their pension lifetime tax allowance to receive a payment in lieu of employer's pension contributions if they choose to opt out of the pension scheme or to access certain options within the scheme. Remuneration Committee oversees this arrangement to ensure it is applied consistently.

Institution Performance

The University has had another very successful year and is consolidating its position as a top 10 institution in the UK. Achievements include:

- University of the Year - Whatuni Student Choice Awards, 2020
- 7th in the Guardian league table, 2021²
- 5th in the Times Higher Education 'Table of Tables'
- 7th in the Complete University Guide 2020
- 7th (out of 134 UK universities) in the Times and Sunday Times Good University Guide 2020³

The University also has a number of internal achievements which are worthy of noting:

- Provided an excellent student learning and teaching experience during a very disrupted year
- Successfully managed the impact of COVID-19 in its day to day operations, e.g. establishing a COVID-19 testing centre, setting up a logistics hub to cater for the needs of students who were self-isolating, furloughed up to 650 staff.
- Exceeded our undergraduate targets, in part due to the changes in A-Level assessment.
- During 2019/20 the University achieved its budgeted financial performance agreed by Council, including the continuation of significant short term mitigation actions to offset the immediate impacts of Coronavirus.

The ongoing Brexit consequences and the lack of any clarity in relation to fees and funding mean that the University is continuing to succeed in very challenging circumstances.

Senior Reward

The performance of the University's six Senior Officers (excluding the Vice-Chancellor) was reviewed.

The Executive Team's pay was reviewed in relation to the data provided by the UCEA Senior Staff Salary Survey and an assessment of pay parity and equity was conducted. The Committee APPROVED the Vice-Chancellor's recommendations which comprised both rewards for performance and for some, pay adjustments for parity or equity purposes. Rewards ranging from 3% non-consolidated (1 award) and salary adjustments (2 awards) of up to a maximum of £13,000 were awarded.. It should also be noted that none of the Senior Officers receive the cost of living award which is negotiated via UCEA each year.

Vice-Chancellor's Reward

² Note that since Remuneration Committee met in July 2021, the University's position has changed.

³ As above.

As the Vice-Chancellor was due to retire on 31st July 2021, a review of his salary was not carried out. It was noted that the new Vice-Chancellor was due to take up his position on 1st October 2021.

	2020/21	2019/20	2018/19	2017/18	2016/17
Salary	297,570	297,570	283,400	260,000	240,000
Excellence reward	NIL	NIL	NIL	NIL	NIL
Benefits	NIL	NIL	NIL	NIL	NIL
Subtotal	297,570	297,570	283,400	260,000	240,000
Additional for pension	30,342	30,427	28,780	8,618	NIL
Pension costs	17,333	17,090	15,414	36,052	43,200
Total	345,247*	345,087	327,594	304,670	283,200

* this is a projected amount which will be confirmed at the year-end for pension calculations.

Payments Made to Lay Members of Council

No payments (other than receipted expenses) were made to lay members of Council during 2020/21.

External Appointments and Expenses

The University's expenses policy for all staff is available from:

<https://internal.lboro.ac.uk/info/finance/staff/forms/>

The University's policy in external work for all staff is available from:

<https://www.lboro.ac.uk/services/hr/conditions-of-service/external-work/>

The Vice-Chancellor receives no further benefits or benefits in kind. For example, the University does not own a car or employ a driver for the Vice-Chancellor's use. The University does not maintain a residence for the use of the Vice-Chancellor: he lives in his own property.

Any external remuneration offered to the Vice-Chancellor is always paid directly to the University and he receives no personal benefit. During 2020/21, the Vice Chancellor did not engage in any remunerated external work.

COUNCIL**Annual Assurance of Learning and Teaching: Academic Year 2020/21**

Origin: Prof. Rachel Thomson (PVCT) and Dr Rob Pearson, Academic Registry

Executive Summary

This report provides an overview of the monitoring and review activity undertaken by Learning and Teaching Committee, which operates with delegated powers from Senate, during 2020/21. The report covers both external and internal assurance activities.

This report is provided annually to Council, following consideration at Learning and Teaching Committee and at Senate. It provides assurance to Council about the rigour of activities relating to the continuous improvement of the student academic experience and student outcomes, and how the University has appropriately set and maintained the standards of awards for which it is responsible.

The report also highlights the significant sector-wide challenges to standards and reputation that are being presented by grade inflation and academic misconduct, and the rigorous manner in which they are being addressed by Loughborough University.

Other Committees Consulted

Learning and Teaching Committee and Senate.

Equity, Diversity and Inclusion Considerations

Where possible, the data which inform our assurance activities are disaggregated to identify student EDI characteristics. These are closely monitored and used to inform any actions taken to support all students to achieve successful outcomes.

Action Required:

To endorse the annual report on assurance of learning and teaching, which confirms that the University has robust processes in place to manage the quality and standards of its taught provision.

1. Sector-wide matters relating to learning and teaching

The Office for Students (OfS) is the independent regulator of higher education in England. The following two sector-wide challenges to standards and reputation are of a particular concern to the OfS.

1.1 Degree Classification / Grade Inflation

The OfS has stated that grade inflation remains a significant and pressing issue in English higher education, with a risk that unexplained grade inflation undermines public confidence in higher education and devalues the hard work of students.

In analysis published in November 2020, the OfS reported that the proportion of UK-domiciled, full-time first degree graduates attaining a 1st or 2:1 class degree from an English higher education provider had increased from 67% in 2010/11 to 79% in 2018/19. Of these, the OfS' statistical modelling found 13.7 percentage points of 1st and 2:1 awards attained in 2018/19 were unexplained when compared to attainment in 2010/11. The term 'unexplained' means that changes in attainment over the time period cannot be statistically accounted for by changes in the characteristics of the graduating cohort.

The OfS analysis indicated that 101 of the 147 providers in the study had a double-digit percentage point unexplained increase in 1st and 2:1 awards attained between 2010/11 and 2018/19, with 26 providers having an unexplained increase of over twenty percentage points. The report indicated that 9.4 percentage points of Loughborough University 1st and 2:1 awards attained in 2018/19 were unexplained when compared to attainment in 2010/11. This figure is below their sector average (England) of 13.7 % points as above.

It should be noted that there is a tension nationally between the standards associated with the % of 'good degrees' and the fact that these data are also used by many of the league table compilers as a metric.

The University recognises the fundamental importance of external examining to maintaining academic standards. Accordingly, external examiners are appointed to all provision that leads to a Loughborough University award. External examining helps to ensure that the standards set for Loughborough taught awards are comparable in standard in all Universities in the UK.

Since 2020/21, partially in response to the potential impact of the pandemic, Learning and Teaching Committee has undertaken additional scrutiny of the assessment process and the operation of Programme Boards. Thereby ensuring that standards are maintained.

1.2 Academic Misconduct

The OfS have highlighted the clear threat to academic standards posed by academic misconduct. In this context, academic misconduct refers to any action or attempted action that may result in a student obtaining an unfair academic advantage in relation to an assessment, including but not limited to plagiarism, unauthorised collaboration and the possession of unauthorised materials during an assessment.

Learning and Teaching Committee annually scrutinises a report detailing the incidence of academic misconduct across the University. The most recent report, for the academic year 2019/20, highlighted how the total number of cases of academic misconduct has unfortunately continued to grow. Several avenues are being explored by the Committee to mitigate against further increases.

Maintaining high academic standards is a key element of Loughborough's ethos. On the recommendation of Learning and Teaching Committee, the University signed up to QAA Academic Integrity Charter during the last academic year. The Charter was launched in 2020/21 and represents the collective commitment of the UK higher education sector to promote academic integrity and take action against academic misconduct.

It contains key principles which are intended to guide the implementation of academic integrity policy development and practice. When reviewing the work that the University has undertaken to date in this area, as evidenced in various reports to Learning and Teaching Committee, it was evident that the principles were in line with the University's approach. At the heart of this is a focus on collective responsibility, involving staff and students.

Loughborough's approach includes:

- A focus on educative and preventive measures and activities, including mandatory academic integrity training for all students and clear guidance for students in university and programme documentation;
- Clear policies and guidance for investigating and assessing suspected misconduct which are subject to regular review;
- Investment in the latest technologies to detect and deter cheating, such as Turnitin Authorship Investigate;

- The appointment, training and development of a community of practice for School Academic Integrity Leads;
- Regular reporting on the outcomes of academic misconduct cases to Learning and Teaching Committee;
- A partnership between the University and student representatives in the development of policy and practice, and in the involvement of student representatives on the Academic Misconduct Committee;
- Support for staff in effective assessment design to limit opportunities to commit academic misconduct;
- Participation in sector wide activities to share and develop best practice;
- Training and staff development support for partner institutions.

2. External and Internal Assurance Activities

Learning and Teaching Committee has oversight of various assurance activities, which help inform its approach to safeguarding quality and standards. These include externally managed student surveys, and internally managed review and policy development, as follows:

2.1 National Student Survey and Postgraduate Taught Experience Survey

In the 2021 National Student Survey (NSS), which is a national survey of final year undergraduate students, Loughborough University was second highest University in England for overall student satisfaction with a score of 85.2% (compared to 88.7% in 2020, when we were 1st in England). This places Loughborough third in the UK (we were 6th in 2020). This is a very good result given the external environment, in which overall satisfaction for the sector dropped from 83% in 2020 to 75% in 2021.

Participation in the NSS is mandatory. Participation in the Postgraduate Taught Experience Survey (PTES) of all postgraduate taught students is voluntary, and the University decided not to participate in the 2020 PTES due to the impact of the Covid-19 pandemic on the timing of the survey fieldwork. In the 2021 PTES, our overall satisfaction score was 82% (falling from 86% in 2019) which was exactly matching the sector benchmark, and we achieved a 42.9% response rate (61.8% in 2019). The national response rate for the PTES was low at 23.1%, with 88 institutions participating.

Despite the overall successful outcome in the NSS and PTES, our performance in the 'assessment and feedback' question banks for both surveys is concerning and is the subject of a current major review by Learning and Teaching Committee.

2.2 Annual Programme Review and Surveys Action Planning

Annual Programme Review (APR) is the process by which LTC monitors programme quality and standards across all taught provision, on a School-by-School basis.

The results of the NSS and PTES are discussed at separate meetings with Schools each September and result in separate action plans developed by each School in which they identify actions they are going to take in the forthcoming academic year.

2.3 The development and review of learning and teaching related policy and practice

During 2020/21, Learning and Teaching Committee either led on, or significantly contributed towards, work in many areas, as detailed in Appendix 1.

3. Conclusion

This report has provided an overview of the monitoring and review activity undertaken by Learning and Teaching Committee during 2020/21. A detailed report on these activities has been considered by Learning and Teaching Committee and by Senate, and is presented in Appendix 1.

The work undertaken has been extensive and provides assurance to Council about the rigour of activities relating to the continuous improvement of the student academic experience and student outcomes, and how the University has appropriately set and maintained the standards of awards for which it is responsible.

The report also highlights the significant sector-wide challenges to standards and reputation that are being presented by grade inflation and academic misconduct, and the rigorous manner in which they are being addressed by Loughborough University.

Supplementary Reading

[Appendix 1](#): Copy of the full report considered at Senate and at Learning and Teaching Committee.

Annual report on progress towards the targets in the University's Access and Participation Plan

Origin: Pro Vice-Chancellor (Teaching) and Director of Planning

Executive Summary

The Access and Participation Sub-Committee (APSC) monitors Loughborough University's commitments within its Access and Participation Plan (APP) and is chaired by the PVC(T). APP targets are approved by the Office for Students and are intended to address providers' largest gaps between students with different characteristics. The four key areas considered are student access (entry to University), continuation (from the 1st year of a course), student success (award/attainment) and progression (employment outcomes). Providers were required to develop a five-year plan for reducing any gaps, starting from 2020/21 and running to 2024/25. Loughborough University has set targets for access and student success only because there were no identifiable gaps in continuation and progression into employment. Targets are set for the end of the 5 year period, and interim annual targets.

In summary, we have a mixed performance in the areas covered by our APP. The only area where we have failed to meet our APP annual targets are for POLAR4 access. Progress towards our POLAR4 targets have been materially impacted by the disruption to education in schools caused by the pandemic and the consequent Teacher Assessed Grades for 2021 entry, and additionally the late change to the use of Centre Assessed Grades in confirmation week in August 2020.

Additionally, we flag some concerns around increased gaps in (1st and 2(i)) degree awards and placement uptake between white and black students.

Other Committees Consulted

Access and Participation Sub-Committee, Audit Committee.

Equality Diversity and Inclusion Considerations

Meeting the targets in our APP is fundamental to helping us to advance our EDI objectives. We must ensure that students from diverse backgrounds apply to study with us but also ensure that we create an environment where students from diverse backgrounds can succeed. This may require us to change the way that we do things, and in particular, review our processes and systems that have systemic bias to our "traditional" demographic. Various actions are underway to make progress on our APP targets.

Action Required:

Council is asked to note and comment on the update.

The following commentary should be read alongside the data sheet overleaf. The RAG rating key is also detailed on the data sheet.

Access targets

We have two targets linked to POLAR4 (rates of participation by area) measures as follows:

- Ratio in entry rates for POLAR4 quintile 3/4/5: quintile 1/2 students
- Ratio in entry rates for POLAR4 quintile 5: quintile 1 students

Progress for 2021 entry is flagged as amber because we have not met our APP target on either metric. That said, there is a slight improvement on both metrics compared to 2020 entry and we have increased the number of quintile 1 students by circa 35 students when compared to the previous year. We expect OfS will require an explanation for our performance on these metrics when we complete our annual monitoring return and impact report in April 2022. Our ability to meet this target was materially impacted by the adoption of Teacher Assessed Grades for 2021 entry – unprecedented numbers of students meeting their original offer severely constrained our capacity to concede to students from quintiles 1 and 2 as we had planned. Similarly, the late switch to Centre Assessed Grades in August 2020 changed the population of students we recruited after we had made initial concessions in a managed way. We have since introduced a bolder contextual admissions policy which should help. We still anticipate these targets to be challenging for 2022 entry given the high number of deferred applicants we have already promised places to. We are aware that across the sector there have been record numbers of POLAR4 quintile 1 students going to university this year, but also a record number of POLAR4 quintile 5 students, therefore we are not likely to be alone in this outcome.

We have a target on “Proportion of Realising Opportunities students who are tracked into HE who will access a research-intensive university (RIU) within two years of becoming ‘HE ready’ and completing their Post-16 studies”. The latest data available to us is 2019/20, which shows us exceeding the 2020/21 target and being significantly ahead of the 2018/19 position. Therefore we are confident that good progress is being made on this target which we have flagged as green.

We have not updated the report on entrants who declare a physical, medical or sensory disability as we are reviewing definitions of disability to ensure alignment with our para-sport initiatives. Data will be backdated when this exercise is complete, and we will aim to report on this in October 2022 when we do our next annual update.

Student success targets

We have four targets relating to student success. We have flagged three as amber and one as green. In all cases we are ahead of the APP target that we had set and so we do not expect that OfS will require an explanation when we submit our annual monitoring return in April 2022.

The following targets have been flagged as amber because performance has dropped or remained static since the previous year:

- Percentage point difference in going on a placement year (Part I registrations) between White and Black students. Whilst the percentage point difference has increased from 5.9% in 2019/20 to 7.8% in 2020/21, the number of black students going on a placement decreased from 97 (out of 218) in 2019/20 to 86 (out of 254) in 2020/21. Less white students (by number) also secured placements in 2020/21 (1021 compared to 1191 in 2019/20). The lower number of students going on a placement overall was a direct consequence of the pandemic. The reasons for a widening of the gap between white and black students going on a placement is less clear.
- Percentage point difference in degree awards (1st and 2:1) between White and Black students. Whilst the percentage point difference has remained flat at circa 15 % points, the number of black students being awarded 1st and 2:1 degree awards increased from 124 (out of 161) in 2019/20 to 166 (out of 217) in 2020/21.
- Percentage point difference in degree award (1st and 2:1) between students from IMD quintile 3-5 and quintile 1-2. Whilst the percentage point difference has increased from 5% in 2019/20 to 6% in 2020/21, the number of IMD quintile 1-2 being awarded 1st and 2:1 degree awards increased from 398 (out of 470) in 2019/20 to 502 (out of 592) in 2020/21.

We have already implemented a number of actions (e.g. anonymous marking and exam boards) and additionally identified a range of actions, aligned to the Race Equality Charter action plan that we believe will help to reduce these gaps. For example:

- We have invested in a range of initiatives to support black students into placements (e.g. Future Black Talent programme);
- We have recently appointed a Student Success and Race Equity Project Officer;
- We are piloting of a new group peer support initiative to support POLAR4 quintile 1 students with clear objectives/targets and an evaluation framework;
- Development of safe spaces for students of a racialised minority and the development of the Black Student Council;
- We are embarking on a major review of assessment practices which will include a focus on inclusive assessment;
- The new Student Success Academy will launch shortly and will provide additional opportunities for mentoring, academic success coaching, and additional support for students.

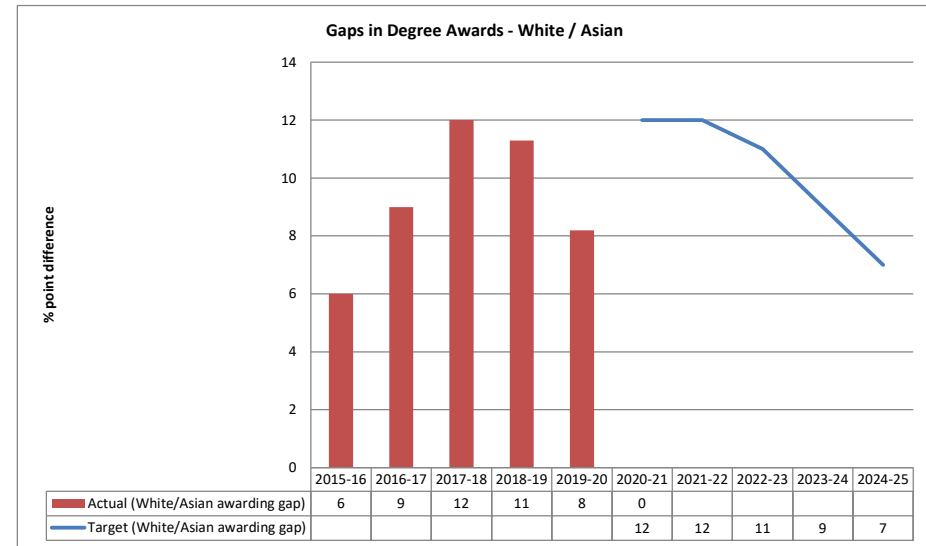
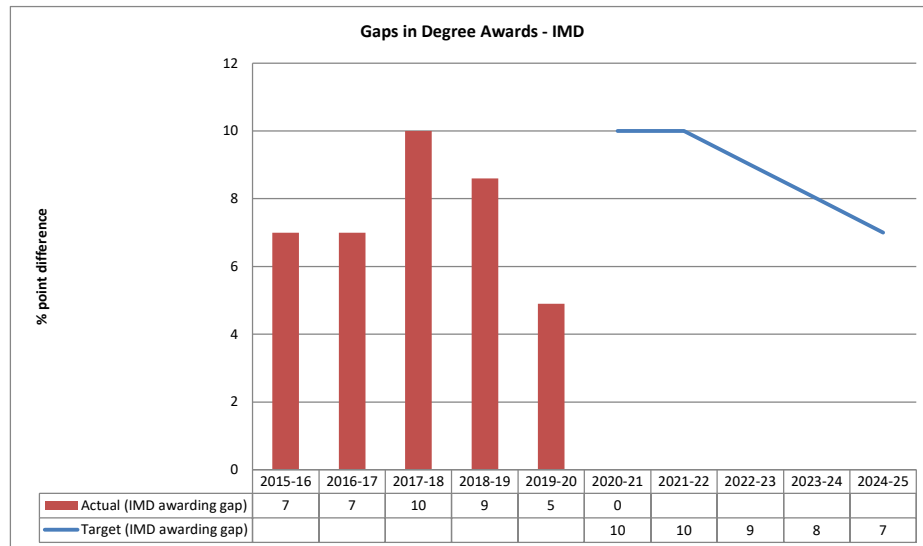
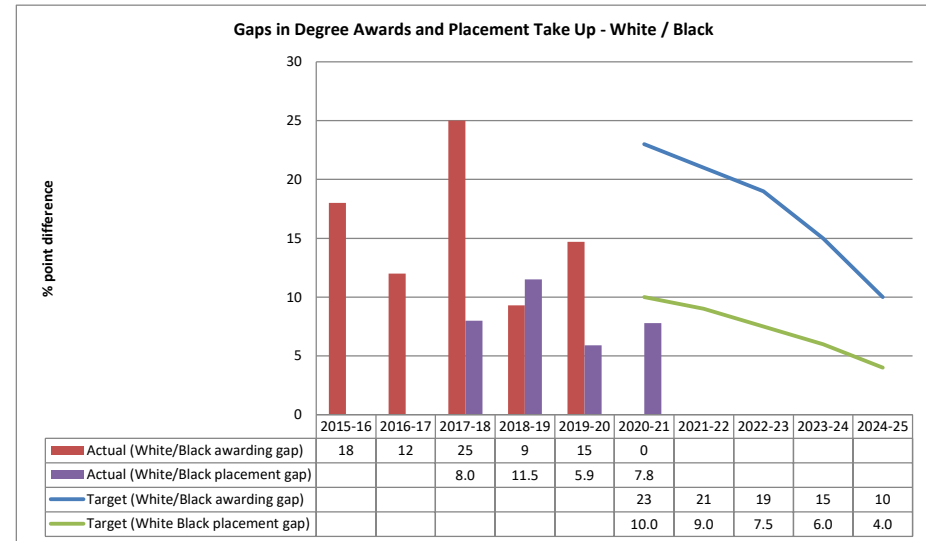
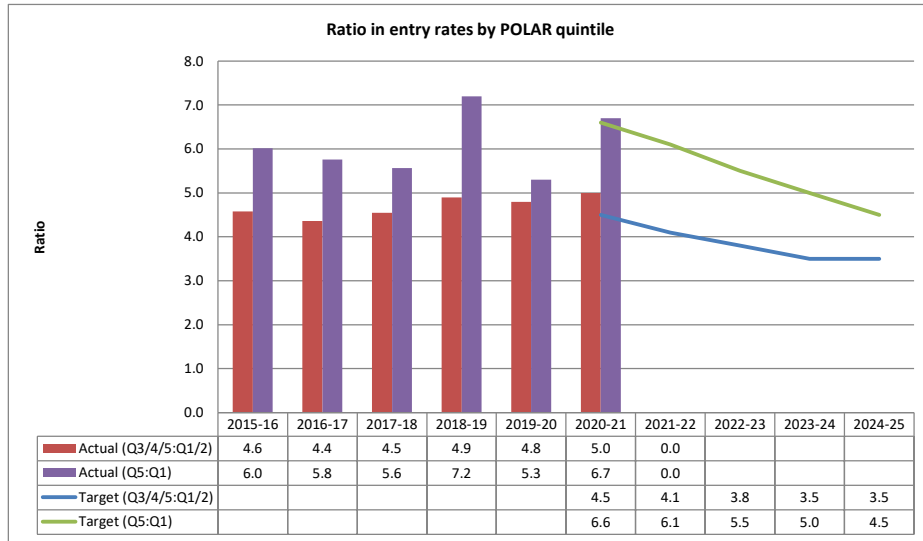
The difference in degree award (1st and 2:1) between White and Asian students target has been flagged as green because it is ahead of the APP target and performance has improved on the previous year..

Phase in cycle	Description	Targets					Baseline				Performance					
		2020-21	2021-22	2022-23	2023-24	2024-25	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Access	Ratio in entry rates for POLAR4 quintile 3/4/5: quintile 1/2 students	4.5	4.1	3.8	3.5	3.5	4.6	4.4	4.5	4.9	4.8	5.0	4.9 <i>provisional</i>			
	Ratio in entry rates for POLAR4 quintile 5: quintile 1 students	6.6	6.1	5.5	5.0	4.5	6.0	5.8	5.6	7.2	5.3	6.7	6.4 <i>provisional</i>			
	Proportion of RO students who are tracked into HE who will access a research intensive university (RIU) within two years of becoming 'HE ready' and completing their Post-16 studies	50%	51%	52%	53%	54%	42%	45%	49%	48% <i>provisional</i>	65% <i>provisional</i>	N/A				
	Proportion of new undergraduate entrants who declare a physical, medical or sensory disability	1.11%	1.22%	1.38%	1.60%	1.85%			1.1%	1.3%	0.8%	N/A				
Student Success	Percentage point difference in placement year (Part I registrations) between White and Black students.	10.0	9.0	7.5	6.0	4.0			8.0	11.5	5.9	7.8				
	Percentage point difference in degree attainment (1st and 2:1) between White and Black students.	23	21	19	15	10	18	12	25	9	15	15 <i>provisional</i>				
	Percentage point difference in degree attainment (1st and 2:1) between White and Asian students.	12	12	11	9	7	6	9	12	11	8	6 <i>provisional</i>				
	Percentage point difference in degree attainment (1st and 2:1) between students from IMD quintile 3-5 and quintile 1-2.	10	10	9	8	7	7	7	10	9	5	6 <i>provisional</i>				

Please note:

RO wishes to demonstrate maximum ambition for RO students and track two years of access to RIUs using HEAT data. Data relates to the year a specific cohort joined the initiative in Year 12 and RO will therefore only be able to report on a milestone after two years, to allow for HESA data to be gathered via HEAT. For example, data for reporting on 2020-21's milestone will be available from Autumn 2023.

RAG key	
target met and performance improved	
performance improvement on previous year but target not met OR target met and performance has not improved on previous year	
target not met and performance has not improved on previous year	



Prevent Annual Monitoring Report to the Office for Students (OfS) 2021

Origin: Associate Chief Operating Officer and Director of Student Services

Executive Summary

Under the Counter-Terrorism and Security Act 2015, relevant higher education bodies must have “due regard to the need to prevent people from being drawn into terrorism”. This is commonly referred to as the Prevent Duty. The University is required to submit an annual Prevent Return to the Office for Students; the deadline this year is 1 December 2021. This year the annual return comprises two elements; a Data Return (included at [Appendix 1](#)) and an Accountability Declaration (included at [Appendix 2](#)). The Accountability Return asks that the governing body (in our case Council) assures itself that the institution is compliant with its responsibilities under the Prevent Duty. This paper and the updated Risk Assessment and Action Plan included at [Appendix 3](#) are intended to provide Council with this assurance.

Other Committees Consulted

None

Action Required:

Council is asked to APPROVE the Monitoring Return (specifically the two documents at Appendices 1 & 2).

Assurance for Council

The following summarises the University’s activity in response to the Prevent Duty and is designed to act as assurance for Council that the University is meeting its responsibilities. Activity is summarised briefly across the follow key areas: (1) Policies & Procedures, (2) Review of the Risk Assessment and Action Plan, (3) Training for Staff, (4) Partnership Working with relevant Agencies. Only top level highlights have been included.

(1) Policies and Procedures

There are two key policies related to the University’s Prevent responsibilities; the [External Speaker Policy](#) and the [Safeguarding Policy](#). Both of these are available on the [Governance Portal](#) and on the

[Student Services webpages](#). Council will note on the Data Return at [Appendix 1](#) that we have dealt with only 27 External Speaker requests in the past year (compared with 107 during 2019-20). The very large fall is due to events not being run during the pandemic. 1 of these requests was escalated because of potential concerns around the speaker(s) or contents/topic of the talk. Conditions were put in place in this case and the event went ahead. The University has determined that it will deal with individual Prevent-related concerns through its Safeguarding Policy. Council will note from the Data Return at [Appendix 1](#) that there was 1 specific Prevent-related case during the reporting period (compared to 5 the previous year). In this case advice was sought from an external partner, although no further action was required following this. The case is still a live matter, however, and the University may yet seek further advice from partner agencies to support in managing any ongoing concerns.

(2) Review of the Risk Assessment and Action Plan

The University's Prevent Risk Assessment and Action Plan is formally reviewed annually. This is presented at [Appendix 3](#). New or updated items are presented in red. The risks associated with Prevent are kept under regular review throughout the year and are informed by regular attendance at Regional HE Prevent meetings by the Director of Student Services, review of the Counter-terrorism Local Profile for Leicestershire and attendance and the Prevent Strategy Group meetings for Leicestershire. As a locality, North-West Leicestershire is not considered a high-risk area. The University itself is also not a high-risk environment, although there are clearly Prevent-related risks which we seek to manage through implementation of the policies detailed above. Council should feel reassured both by the formally reviewed Risk Assessment and Action Plans attached and by the continual review of risks throughout the year.

(3) Training for Staff

The University has regularly provided training for key staff involved in prevent-related matters (predominantly those supporting vulnerable students). This has been included as part of bespoke Safeguarding Training. Over the past 3 years we have trained 158 staff. Unfortunately, during the pandemic, delivery of the training proved problematic. As the Data Return indicates, only 1 individual received training during the current reporting period. This gap in training has since been rectified and training recommenced in October 2021 – to date 29 staff have attended training in the first month of the academic year.

(4) Partnership Working with relevant Agencies

There continues to be good engagement with relevant agencies and organisations. The Director of Student Services (University Prevent Lead) attends termly regional HE/FE Prevent Group meetings run by the Department for Education's (DfE) East Midlands Prevent Lead. The University's Prevent Lead also attends the Leicester, Leicestershire and Rutland Prevent Steering Group meetings on a termly basis. These are multi-agency meetings chaired by Leicester City Council bringing together Police, Health, Education, Local Authorities and Third Sector groups. The group also provides the opportunity for the University to feed into and have sight of the Counter-Terrorism Local Profile (CTLP) through

which the Police assess the extremist risks in the locality. The CTLP in turn informs the University's Risk Assessment (see [Appendix 3](#)).

Finally, the University's Prevent Lead also sits on the Department for Education's Counter-Extremism Roundtable. The purpose of this group is to ensure Higher Education representatives can feed into DfE policy and thinking around the Prevent agenda.

Conclusion

The information above should provide Council with assurance that the University is meeting its Prevent responsibilities. Council is therefore asked to APPROVE the monitoring return included at Appendices 1-2. The Chair of Council's digital signature will added to the Accountability Statement follow Council's approval.

Supplementary Reading

[Appendix 1 – Data Return](#)

[Appendix 2 – Accountability Statement](#)

[Appendix 3 – Prevent Risk Assessment and Action Plan](#)

Audit Committee Minutes – September & October 2021

Origin: Audit Committee Secretary

Executive Summary

The Audit Committee met twice since Council last received a report, in September and October 2021. The October meeting was held primarily to consider the University's Financial Statements for the year ended July 2021, and to recommend to Council the adoption of these.

The minutes are prefaced by a cover note from the Chair of Audit Committee which provides context and outlines the Committee's priorities for the year ahead.

Action Required:

Council is asked to NOTE the Audit Committee minutes from September and October 2021, including the recommendation that the Financial Statements are adopted, and to RECEIVE a briefing note from the Chair of Audit Committee highlighting key points arising from discussions at the Autumn meetings.

Report of Audit Committee 2020/21

Foreword from the Chair of Audit Committee

The past year has seen a prolonged continuation of the challenging environment created by the enduring global pandemic, which has affected every aspect of the University's operations and the experiences of all its students and staff.

Following the first national lockdown in 2020, the University re-established activity on both campuses in Summer/Autumn 2020 and preparations were undertaken to support students returning for the 2020/21 academic year. Despite the exceptional response and operational planning from the University team, a second period of significant disruption followed with a further national lockdown, resulting in the cessation of much of the activity on Loughborough campuses at the start of 2021. The University was able to get students back onto campus in Spring 2021 to complete the academic year and was able to celebrate its students' achievements with graduation ceremonies for the 2020 and the 2021 graduates in July this year. The Committee fully acknowledges how well the University team coped through this difficult period, and also how positively both the staff and students responded.

In addition to the challenges caused by the pandemic, the University has also faced into the headwinds of increased regulation and a more onerous compliance burden, the economic pressure surrounding the ongoing pension reviews and spending reviews, and the ever-increasing challenge of defending itself against potential cyber-crime.

During the year the Audit Committee has seen significant change in its membership due to end of term rotation, with 4 of the 6 members being replaced, including the Chair, and a programme of briefings and inductions for all new members is in place. Despite these changes, the Audit Committee business cycle and plan for the year ensured it was kept fully informed of developments through discussions with Senior Officers of the University, who assured the Committee that the University was mitigating the immediate financial, operational and reputational risks of the pandemic, whilst also planning for the future to maintain a sustainable operating plan.

The Audit Committee has continued to challenge the University Officers with regard to continuous improvements in systems and controls, value for money, data accuracy

and risk management. There have been extensive discussions on and improvements around risk throughout the last year, and working with PwC the University is developing its assurance map across each of its key strategic risks to provide comfort that the controls in place to mitigate the strategic risks are designed and operating effectively. This will be finalised to align with the new University strategy in 2022, but is a key focus for the Audit Committee and will be the subject of a Risk Workshop in December 2021 for members of the Committee to conduct a deeper dive into the strategic risk mapping.

During the year there was one Internal Audit Report which was classed as high risk. This was identified through the Internal Audit work on Information Security relating to remote working. The key finding in the report relates to how the University enforces controls over Bring Your Own Devices (BYOD) that staff and students might use to connect to the University's network, with particular vulnerability in relation to laptops. Committee members noted the critical issues experienced by other Higher Education providers in recent months caused by IT security issues and are seeking greater assurance on the capacity of the University IT services to address these risks at pace. The current timeline for completion of the recommended actions against this high-risk item is December 2022 and, given the current cyber security environment, the Committee is seeking a more urgent completion date. This will be discussed in more detail with the Director of IT Services at the February 2022 Audit Committee meeting.

There is one theme that emerges consistently in the work of the Audit Committee, which is the challenge the University faces around embedding a compliance culture. Whilst the Audit Committee and its appointed Internal Auditor would note that this is a challenge faced by many Higher Education institutions, the Audit Committee would like to see Council and its sub committees placing an increasing emphasis on compliance culture in the year ahead. Whilst remaining fully supportive of maintaining an environment that promotes academic creativity and entrepreneurial expansion and growth, the risks facing the University, whether from external threats or through compliance obligations imposed by the Office for Students, means that embracing a more embedded compliance culture needs to be at the top of our agenda.

The Audit Committee has remained fully briefed on the development of the new University strategy during 2021 and will ensure that as the strategy is finalised in 2022

it supports the development of the risk management framework to support the Universities revised strategic aims.

Looking forward to the year ahead, there are some key focus areas which the Audit Committee will be looking for greater assurance on regarding embedding risk management more effectively in all areas and also mitigations against key risk areas. The top three focus areas are: 1) IT and Systems – updates on current controls and how the University is responding to the critical incidents the sector is facing at present; 2) Compliance culture – improving how central processes and controls are fully communicated and implemented where responsibilities are devolved; 3) Financial sustainability and efficiency – how the University plans to address the economic headwinds in the current environment.

Finally I would like to express my thanks to both the outgoing Committee members for their support and commitment to their responsibilities during the year, and also the new members for taking on the role of Committee members during 2021. On behalf of the Committee I would like to express our thanks to our External and Internal Auditors, the Finance Team and Sophie Crouchman, our ever diligent and hardworking Committee secretary.

MINUTES

AUD21-M3

23 September 2021

Attendance

Present:

Graham Corfield (Chair), Sally Ann Hibberd, Andy Hodge, Naomi Hudson, Jennifer Maxwell-Harris.

In attendance:

Sophie Crouchman (Secretary), Andy Stephens, Richard Taylor, Graham Corfield, Alison Breadon, Ben Connor, Katie Scott, Amanda Silverwood.

Apologies for Absence

Simon Steele, Mark Dawson, James Henry.

21/40 Business of the agenda

No conflicts of interest were declared.

21/41 Reports of Previous Meetings

AUD21-M2 (*previously circulated*)

The minutes of the meeting held on 10 June 2021 were confirmed as a correct record, subject to Simon Steele being added to the list of attendees.

21/42 Matters Arising

42.1 Summary of Outstanding & Completed Actions

AUD21-P31

A summary of movements on matters arising since the last report on 11 February was noted. Completed or closed actions would be removed from the summary document following the meeting.

42.2 Any Other Matters Arising

There were no other Matters Arising.

21/43 Terms of Reference, Constitution and Membership

AUD21-P32

No additions or amendments were required to the Committee's Terms of Reference and Constitution.

Training arrangements for Committee members were discussed. It was suggested that PWC could provide an immediate structured session for the Committee to include the role of Audit Committees in HE and the regulatory environment more widely, with a further rolling programme of updates to be implemented. The new members of the Audit Committee were in agreement that this would be useful.

Action: Secretary to liaise with PWC

Members requested that the paper pack be reviewed to ensure that paper numbering was more consistent and bookmarking within the PDF pack was used.

Action: Secretary

21/44 Review of the Business Cycle

AUD21-P33

The Committee's business cycle for 2021/22 was noted. Quadrennial Reviews was a legacy item and should be removed. It was suggested that the Committee could usefully consider a "deep dive" into the strategic risk register, to consider each risk in turn. This could be combined with discussions with the senior team, whilst ensuring that these discussions were sufficiently insightful. AC members encouraged the senior team to ensure that the development of the University Strategy was co-ordinated with the University's approach to risk, and that LU's business planning process supported this.

21/45 Emerging Issues

45.1 Sector Wide Issues and Best Practice

The Internal Auditors noted the following points in their update to members:

- The Spending review outcomes were likely to be published in October and would likely bring with them some changes, possibly including subject-related student number controls. Student number forecasts may therefore need to be revised.

- PWC were running an event for Governors on the OFS quality consultation at the end October/early November and details would be circulated.
- Student recruitment had been particularly buoyant for 2021 entry due to the impact of changes to A level assessment, with results having improved significantly on previous years. This had impacted HEIs in a number of ways, with higher tariff HEIs having over-recruited against forecast, against a backdrop of rising numbers accessing HE. Lower tariff institutions were struggling for numbers but increasing investment into marketing & recruitment for future cycles. The particular challenges for LU would be maintaining the student experience and ensuring that non-completion rates did not increase.

The External Auditors noted that they were currently working with Finance colleagues on the year end audit and no issues had been identified. The quality of working papers had been good and only the nursery accounts remained outstanding.

45.2 Chair's Report

The Chair noted that he would be attending the Council away day in October and would report back to the Committee after this point. In addition, both the DoF and the Secretary to the Committee would be leaving the University in the short term, but plans were in place to ensure continuity of support to AC.

The Chair encouraged members to reach out to him if there were any matters they wished to discuss between meetings.

45.3 Director of Finance & COO Report

The Director of Finance and COO provided an update on the following items:

- Student recruitment for 2021 entry had exceeded expectations, with LU not having made concessions or entering Clearing. However the distribution of students was not equal across the University with some Schools significantly over-recruiting, for example the Schools of Sport Exercise & Health Sciences and Business & Economics, whilst some other Schools had underperformed. Income from student fees would exceed forecast but LU had already invested approximately £3M to underpin the student experience – this included recruitment of additional teaching staff. LU had worked hard to ensure all incoming undergraduates who wished to live on campus were allocated bedrooms within halls.
- Postgraduate taught recruitment at the London campus was lower than previous years, however there was a larger proportion of international students for 2021 entry. Overall, it was anticipated that International postgraduate recruitment would reach 60-70% of target which was an improvement on initial forecasts.

- Developments in pensions, particularly in the Universities Superannuation Scheme (USS) meant that LU would not be facing as significant an increase in costs as anticipated, however the threat of industrial action continued to grow with UCU's recent notification of a ballot on pay, pensions and conditions. The dispute was at a national level and locally LU had very little impact on the outcome, despite enjoying good relations with the local Union branches.
- The broad spectrum of compliance activities that LU engaged with continued to require attention. Legionella remained a high priority due to the age of properties and ongoing maintenance needs.
- LU would maintain its own Covid testing facility and students arriving on campus would be tested prior to the start of term, with regular testing a condition of access to facilities.
- There remained anxiety amongst some colleagues about the return to in-person delivery of lectures, labs and tutorials and additional safety measures were being implemented. Although the bulk of taught delivery would be in-person, some larger classes would be split to allow alternating weeks of in-person and online delivery.

45.4 Member's Business

No other matters were raised.

21/46 Internal Audit

46.1 Internal Audit tracking

AUD21-P34

A brief update on Internal Audit tracking was received. The full IA tracker would be presented to the October meeting using PWC's TrAction software which would bring benefits including the ability for sponsors to access live access to update their IA actions. There were no overdue high-risk recommendations.

46.2 Internal Audit: Individual Reports

- Academic Registry (**AUD21-P35**)

It was noted that, historically, this was a high-risk area but the report indicated significant improvements in the control environment which was pleasing.

- Student Recruitment (**AUD21-P36**)

Concern was expressed about the potential lack of buy-in to LU's recruitment strategy in some areas. Although no one School was particularly out of line with regards to this, management should consider reflecting on the overall compliance culture at LU when addressing this point.

46.3 Internal Audit: Plan of work 2021/22

AUD21-P37

PWC's final plan of work for 2021/22 was noted and the following comments made during discussion:

- LU should ensure there were sufficient days in the plan to allow for contingency, given that the incoming VC may wish to direct specific pieces of work.
- The piece of work planned on international student dependency should take into account the broader issues of over-dependency on one market, or clearly link to other work already being undertaken in this regard, rather than focus solely on UKVI processes.

Action: PWC

- It was suggested that the importance of IT and data security was such that reviewing this only every 3 years was insufficient. **Action: PWC to confirm all areas of work which are completed to provide assurance on IT and Data Security.**
- Similarly, the next review on student mental health and well being was not scheduled until 2023/34 which was considered to be too late, and this piece should be brought forward. It was agreed that this should be prioritised for review as part of the contingency days when they are allocated. **Action: PWC**

Concern was expressed that whilst LU remained well versed in writing policy, but that the implementation and monitoring of these policies could be sub-optimal in some areas. Members agreed that it would be useful to identify four key areas where LU would be at significant risk if there was a failure in compliance and map the governance and structures which were currently in place to ensure compliance. This should be done as part of the wider assurance mapping work currently underway. **Action: DoF/COO to liaise with Chair on taking this work forwards.**

46.4 Internal Audit: Draft Annual Report and Opinion

AUD21-P38

The Committee received the draft internal audit annual report from PwC, noting that although it was no longer a mandatory requirement to receive an opinion from Internal Audit, it was good practice to do so. PWC noted that the outstanding reports were unlikely to change the overall opinion although the report would be updated following the completion of that work.

The COO noted that it was LU's custom to agree audit work in areas which were inherently risky, in order to highlight key risks and to drive behavioural change if necessary.

The Acting Vice-Chancellor introduced himself to the Committee and covered the following items in his update:

- Student recruitment

The implications of the dramatic improvement in A level grades in summer 2021 were substantial for LU. In previous years, approximately 30% of students we make offers to meet them, for 2021 this figure rose to 60%. It was almost certain that LU would not reach its Access and Participation targets because there was little choice over which students to accept. Most HEIs that had to recruit over target have had similar issues and this had been raised with the Office for Students. It was confirmed that the standard of students entering in 2021 was felt likely to be broadly similar to previous years.

- Budgets for 2021/22

Although LU's cash position remained strong, the magnitude of uncertainty within both the sector and the wider environment was increasing. International PGT recruitment would, in time, return to pre-Covid levels but there was no firm timeline for this. The University had recently lifted its vacancy freeze and would be running a sizeable academic recruitment campaign in October.

- Strategy update

With the arrival of the new Vice Chancellor Prof. Nick Jennings, progress on the development of the Strategy had been paused, however it remained the intention that a final draft of the Strategy would be considered at a Council meeting in March 2022.

- Senior Staff turnover

Recruitment of a new Director of Finance would commence within weeks. The post of PVC Enterprise was unlikely to be replaced in the same form, with the incoming VC seeking to appoint a PVC of Equality, Diversity & Inclusion – this post absorbing some of the duties of the previous Director of HR who departed in the Spring. New Deans of the School of Business & Economics and Social Sciences and Humanities had recently been appointed, alongside an acting Dean for the School of Architecture, Building & Civil Engineering.

- Preparations for the start of the new academic year including evolution of teaching & learning

It was clear from feedback that students valued in-person delivery, and LU would be delivering in-person teaching as far as practicable. Due to capacity constraints, some larger cohorts would experience alternate in-person and online classes. Covid mitigations were in place across campus and the University was operating within Government guidance. Although LU would be

encouraging students to get vaccinated, including running a pop-up vaccination clinic, there was no intention to ask people to declare their Covid status. Students would, however, be subject to regular testing until at least Christmas 2021, possibly beyond. It was noted that, whilst safety measures were in place to ensure distancing between staff & students in the teaching environment, currently there were no restrictions within hospitality or social settings.

- Response to the development of the Risk Register & risk appetite

LU continued to work with PWC on its approach to risk appetite and this would be discussed further at the Council away day in October.

- What are we doing differently coming out of the pandemic? To include dynamic working & space savings.

Greater use of online resources and some dual delivery (i.e. both online and in-person) would continue for taught students. For staff, LU had initiated a programme called dynamic working which will enable some staff to work from home to a greater degree than they had previously. It was still the case that most staff would work on campus for most of their time. There had historically been a greater level of flexibility in the academic community so most of the impact would be felt in the professional services. It was anticipated that there would continue to be a high number of meetings being held online rather than in-person and dynamic working would contribute to this. As a result of these initiatives, staff travel was likely to reduce, and dynamic working would accelerate the University operating on a smaller footprint going forwards, working towards a target of a 15% reduction in space. LU were prepared to set ambitious timelines to reduce both space and emissions.

NSS remained a key risk for LU due to its importance in league tables. Extensive surveying of students was being used to inform developments to ensure that LU remained responsive to student preferences. Despite mitigations, this remained a key risk for the University – particularly regarding assessment & feedback which were routinely scored lower than other areas.

21/48 Preparations for Discussions with the Vice Chancellor

Points for discussion with the Vice Chancellor at the meeting to be held on 10 February 2022 would be collated by email circulation closer to the date of the meeting itself. **Action: Secretary**

21/49 Data Returns

AUD21-P39

A report from the Planning Office detailing new or amended statutory data returns was noted. Audit Committee confirmed a positive opinion on the quality assurance of data within the Institution and the mechanisms currently in place to ensure this. However, concern was expressed over the format of the report. It was unclear which data returns were most significant, complex or impactful and it was suggested that it would be more useful for the importance, impact, risks and mitigations for each return to be more clearly articulated, with a RAG rating being used where appropriate. If possible, some form of benchmarking against other HEIs could be included and PWC may be able to provide input in this regard.

It was noted that the HESA Data Futures programme would have an impact on many of the returns detailed in the document and an update would be brought to Audit Committee on this alongside a transformed report in the future. **Action: Secretary and PWC.**

21/50 Non-Audit work Undertaken by Internal or External Audit**AUD21-P40**

A report from the Director of Finance regarding use of Internal and External Audit for non-audit work was noted. There had been no updates since the last meeting.

21/51 Risk Management**AUD21-P41**

The Director of Finance provided an update on risk. Council would be considering risk appetite and the management of risk at its away day in October. Following this, a further update would be provided to the Audit Committee as soon as possible.

Whilst members agreed that progress had been made, concern was expressed that the Council away day may not be the optimal forum for ensuring an in-depth discussion of risk and sought reassurance that the process would be expedited swiftly following this meeting. Members were keen to see progress being made on assurance mapping and had noted in an earlier discussion (item 46.3) that this work should be expended to identify key risk areas.

21/52 OfS Accounts Direction**AUD21-P42**

The OfS Accounts Direction for 2020/21 was noted, alongside a clarification note. There were no significant impacts for LU. Accounts to AC in Oct, Nov to Council then submitted straight after this.

21/53 Access and Participation Plan (APP)**AUD21-P43**

A summary of Audit Committee's responsibilities in relation to monitoring the Access and Participation Plan was noted and a fuller update would be provided to the October meeting of the Audit Committee, including the APP annual report. The Chair would also receive a briefing on APP from the PVCT prior to the October meeting.

21/54 Report of Finance Committee*AUD21-P44**

The Committee received a report of the meeting of Finance Committee held on 18 June 2021.

21/55 Report of Council Business*AUD21-P45**

Extracts of the minutes of Council held on 1 July 2021 regarding Audit Committee Business and the Vice-Chancellor's report were noted.

21/56 Any Other Business

There was no other business.

21/57 Schedule of Meetings

Tuesday 26 October 2021, 9.30am – *this meeting will be held in person, venue TBC*

Thursday 10 February 2022, 1pm – *venue TBC*

Friday 10 June 2022, 1pm – *venue TBC*

21/58 Private Meeting

The minutes of the Private Meeting would be circulated by separate cover where actions were identified.

Author – Sophie Crouchman

Date – September 2021

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MINUTES

AUD21-M3

26 October 2021

Attendance

Present:

Graham Corfield (Chair), Andy Hodge, Naomi Hudson, Jennifer Maxwell-Harris, Simon Steele.

In attendance:

Sophie Crouchman (Secretary), Andy Stephens, Richard Taylor, James Henry, Alison Breadon, Ben Connor, Katie Scott, Chris Dean, James Strong, Amanda Silverwood, Tom Williams.

Apologies for Absence

Mark Dawson, Sally-Ann Hibberd.

21/59 Business of the agenda

No conflicts of interest were declared.

21/60 Private Discussion on Quality of Audit and Other Issues arising from the Annual Accounts Process

A private meeting was held to allow members the opportunity for a discussion with External Audit without University Officers present. Minutes of the private meeting would be circulated by separate cover.

21/61 Reports of Previous Meetings

AUD21-M3 (*previously circulated*)

The minutes of the meeting held on 23 September 2021 were confirmed as a correct record.

62.1 Summary of Outstanding & Completed Actions

AUD21-P46

A summary of movements on matters arising since the last report on 23 September 2021 was noted.

The link between risk and the development of the University strategy was crucial and it would be important to identify what might prevent LU from delivering its strategy, as well as reviewing the risk register once the strategy was complete. The Chair proposed a workshop to discuss risk in greater detail prior to the February meeting of the Committee. It was agreed that at least 2 members of the Committee would attend alongside the DoF, COO and Deputy DoF. **Action: Secretary to schedule.**

A paper tabled at the Council meeting in October had provided a revised risk strategy and assurance map and this should be shared with the Committee. **Action: DoF/Secretary.**

The meeting had been preceded by a briefing session from PWC for Committee members, given a number of new members had now joined. The session covered regulation and governance in the Higher Education sector, and the Audit Committee's role and responsibilities. Members agreed this was useful and that future meetings should also include a briefing from PWC on a topic/insights to be determined, before the main meeting itself, to provide regular updates to aid the development and effectiveness of the Committee. **Action: Secretary & PWC to arrange.**

62.2 Any Other Matters Arising

There were no other Matters Arising.

21/63 Senior Officers Verbal Update

The COO and Director of Finance gave a verbal update on matters of interest to the Committee:

- Pensions remained a challenging area, for several reasons. Proposals for reforming benefits to members of the scheme included a cap on the indexation of benefits at 2.5%, with the potential to hold employee contribution at <10% and employer contributions at 24%.
- UCU were currently balloting on strike action in relation to pensions, pay, casualisation and workload. 50% turnout was required but it was highly likely that industrial action would occur in 2021 and possibly into 2022 (the latter of which may coincide with the

National Student Survey). Locally, LU had good relations with campus trade unions and would continue to work productively with them.

- The risk profile for LU of any industrial action was higher as the University relied heavily on NSS scores for league table rankings and subsequently student recruitment. There was little mitigation that was possible, and this highlighted the fragility of league table rankings – noting that LU had dropped places for the past 2 years. Work was underway to identify actions to secure LU’s standing in the league tables and to make progress on international rankings.
- Covid cases on campus were significantly lower than at the same point in 2020, with very low numbers of cases in halls and ~94% of students taking regular Lateral Flow Tests. This was allowing the near-normal operation of campus. It was noted that around one third of recorded cases on campus were in staff and there was still some anxiety in the staff body in relation to being on campus. Data on cases was being shared with all staff and this was helping to provide reassurance.
- Reports of spiking on university campuses had been prevalent in the press and the COO noted a statement released by the Vice Chancellor to all staff & students on this matter. There was confidence that LU had a robust reporting and systematic follow up process for incidents, however concern was expressed that the Students’ Union needed to do further work on this in relation to its night-time offerings. LU was committed to working with LSU to ensure that sexual violence was treated seriously, and appropriate systems and processes were in place.
- There was an increasing level of regulation being put in place around research, which was leading to compliance requirements on certain activities. This was a concern when advancing the research endeavour is a priority for LU. It was noted that addressing compliance culture at LU continued to be very important, and in addition to robust systems and processes in place, responsibility for compliance should form part of everyone’s day to day ways of working.

21/64 Report to the Audit Committee and Management Letter

AUD21-P47

KPMG presented their report on the 2020/21 financial statements and the Management Letter. The Audit was now substantially complete with the exception of some details for imago and the nursery, but this work would be completed soon. It was noted that guidance from USS had been released late and this had also impacted on audit work.

KPMG confirmed that there was no material uncertainty related to going concern for LU's 2019/20 accounts and there were no significant management representations in the management letter. Other areas of audit focus included Access and Participation expenditure and Investment properties. No areas of concern had been identified in the review of management override of controls.

KPMG noted that LU's stress testing of assumptions was best practice within the sector. Following completion of the Audit, a benchmarking exercise would be circulated to the Audit Committee, and it was suggested that last year's benchmarking exercise could be circulated to members, many of whom would not yet have seen it. **Action: Secretary to circulate.**

21/65 Financial Statements 2020/21

AUD21-P48

The University's Financial Statements for the year ended 2020/21 were presented to the Committee.

Having forecast a break-even position, the University was likely to end the year with a surplus of £9.1M. Although there had been revenue losses of £30M, cost savings of £40M had led to the revised position.

It was noted however that pressures on the surplus position continued, with the current 5 year forecast predicting a surplus in the low single digits, with a structural gap returning within 5 years. Intake of International students was slightly better than predicted at 75%, but it was unclear how this would recover and whether it would grow to 100% over the next 3 years.

A lot of work had gone into the presentation of the statements to make the report more vibrant & less repetitive, with a focus on success stories such as investment in EDI and Governance. It was noted that the report had been designed to allow the content to be used in other publications or reports.

Concern was expressed at the wording on page 27 of the Financial Statements which read "the inflationary gap between domestic student fees and rising staff costs is not sustainable" as it was felt to be a very bold statement to be making in an annual report, and one or more caveats might be helpful. Whilst sustainability was a challenge for the sector, it was agreed that the DoF / Deputy DoF review the form of wording in this paragraph. **Action: DoF / Deputy DoF**

Clarification was provided on the Governance route for the Financial Statements, noting that they had already been scrutinised by Finance Committee. Based on any remaining outstanding work to be completed, the Audit Committee recommended the adoption by Council of the University's Financial Accounts for the year ended 2020/21.

66.1 Internal Audit: Recommendations Tracking Report

Since the launch of the TrAction software, this report would form part of PWC's progress report going forwards (see *item 66.3*).

66.2 Internal Audit: Individual Reports

- IT Security – Remote Working (**AUD21-P49**)

The report covered 4 key areas: Policies & Procedures; Awareness, Communication & Training; Access Management and Data Loss. It was pleasing to see that progress had been made in a number of areas, however concern was expressed that there were insufficient controls on “bring your own (BYO)” devices, which PwC awarded a High-Risk status, and members urged LU to consider the risks relating to this, the potential consequences of non-compliance and how mitigation could be put in place. Members felt that the timescale of December 2022 for implementation of the actions arising from this high-risk item was too long and wanted to understand what would be required to make more immediate progress. The Director of ITS would be asked to assess in more detail the level of risk that LU faced from BYO devices and would be asked to attend February's Audit Committee to outline the scale of the problem and to provide assurance on this issue, and on IT security more widely.

Audit Committee wanted to record its significant concerns about IT security, particularly given the external environment in which LU operates and some recent high profile cyber issues in the sector, and considered this to be one of the most significant risks that the University currently faced. Members sought reassurance that the resource and capability of the IT team were moving in the same direction as the developing risks. It would be helpful to discuss this with the Director of IT Services, however members felt that the concern around IT security risk should be noted in the covering note to Council, and asked that ALT be alerted to the Committee's concerns. **Action: Secretary to include in covering note. Secretary to invite ALT to discuss the relevant Committee minutes.**

66.3 Internal Audit: Progress Report

AUD21-P50

To **RECEIVE** a progress report from PWC on activity in 2020/21.

The programme of work for 2020/21 had concluded and the progress report had been updated. The plan for 2021/22 now included a review on student mental health & wellbeing, and the scope of the International review would be discussed with the Vice Chancellor in the New Year,

to ensure that it aligned with the University strategy, and included overseas student dependencies.

Follow up work by PWC focussed on outstanding recommendations from their previous work plans, focussing on high & medium risk items they had previously noted. There were 5 outstanding issues in each area with almost all now in progress. The Conflicts of Interest recommended actions remained outstanding and were noted as being more challenging to complete, as although LU have a system in place now, changing behaviour was proving more difficult. It was confirmed that work continues to implement the recommended actions.

A query was raised around recruitment and retention of staff given reports in the media of staff shortages and inability to recruit in certain sectors of the economy. Whilst the University was seeing some difficulties in recruiting, concerns remained reasonably low. Although the audit work did not cover this specifically, the COO noted that this was a challenge for the sector and there were significant recruitment issues in areas such as hospitality, some trades and domestic services staff. It was something that LU would keep under close review.

The revised Terms of Reference for the Compliance work should be shared with Committee members to ensure that the Committee was comfortable with the planned work in this important area. **Action: PWC/Secretary to share.**

It was noted by PwC that there were still 30 days of contingency remaining in the 2021/2022 Internal Audit work plan to cover for any specific focus areas once the new Vice Chancellor had had time to settle in and the revised LU strategy had been finalised in early 2022.

66.4 Internal Audit: Final Annual Report and Opinion

AUD21-P51

PWC's final annual internal audit report, including follow up work, was noted. The draft had been brought to the September meeting and had been updated with work done since then.

The Committee's noted a positive opinion on Risk Management and Value for Money, considering the content of the annual internal audit report and the internal audit reports received throughout 20/21.

21/67 Annual Report of the Committee 2020/21 and Cover note for Council

AUD21-P52

A working draft of the Annual Report of the Committee for 2020/21 was considered. It would be updated and recirculated following the meeting. It was agreed that dates for Committee membership should be included in the first section.

AUD21-P53

A draft covering note for Council to accompany the Audit Committee annual report and the minutes of the September and October meetings was presented. It was agreed that the covering note would be updated to give more information on challenges that would arise in 2021/22 in order to “set the scene” for the forthcoming Audit year.

Action: Secretary and Chair to update

21/68 Office for Students (OfS) Compliance

AUD21-P54

A report from LU’s OfS Working Group was noted. The Director of Planning and PVCT attended to provide a briefing to Audit Committee members on the Office for Students, including its development, its role and the University’s responsibilities in respect of the OfS. It was noted that Audit Committee had particular responsibilities in relation to the regulatory environment. LU carefully monitored correspondence & regulatory reports from the OfS as well as professional networks. The Vice Chancellor was kept informed of these, and work was done regularly to determine where LU was placed in relation to the OfS’s most pressing concerns, but it was necessary to be pragmatic about what impacted the University most directly.

LU operated under a standard set of “conditions of registration”, which allowed the University to charge up to £9250 for UG fees. OfS can impose additional conditions of registration on HE providers. HE providers have to demonstrate compliance with these conditions and the OfS regularly monitored sector reports, data and complaints to identify areas of concern. The sector was seeing greater interventions from OfS in terms of perceived successful outcomes and there was a shift of culture in terms of interventions which historically HEFCE (the OfS’s predecessor) would not have made.

Audit Committee’s role was twofold:

1. to receive assurance that the conditions of registration were being met. Much of this assurance came from the University’s OfS working group, which was chaired by COO and reported regularly to Audit Committee.
2. to approve & monitor the Access and Participation Plans. This was done via both regular reporting to Audit Committee and also via delegated approval to the Chair to sign off the annual monitoring report.

21/69 Access and Participation Plan

AUD21-P55

The annual update on progress towards the Access and Participation Plan (APP) milestones was presented to Audit Committee. The PVCT attended to provide a presentation to Audit Committee members on APP. The four main areas of scrutiny for the APP were:

- Access (entry to university)
- Continuation (moving from the first year of a UG degree to the following year)
- Attainment (% of “good degrees” i.e. 1sts and 2:1s)
- Progression (Graduate level jobs following completion of a UG degree)

LU was concerned with identifying and rectifying gaps in statistics in these categories relating to students from underrepresented backgrounds.

Previously, the APP annual plan was primarily concerned with financial spend and targets, but the format had now moved to a 5-year self-assessment plan focussed on outcomes, where each HE provider set its own targets and the OfS monitored these. LU’s 5 year plan had been agreed in August 2019, and gaps had been identified in Access and Attainment between those students from the most and the least advantaged backgrounds, but not in Continuation or Progression for these students.

It was important to note that whilst the OfS referred to the “Attainment Gap”, LU and others preferred to use the term “Awarding Gap” as this was more reflective of the problem.

The Committee had been provided with a RAG rated grid and should note that targets were amber where LU had failed to meet them, for example in performance.

Grade inflation in 2020 and 2021 had impacted negatively on LU’s targets since it had made recruitment of students from diverse backgrounds more challenging. Although LU had recruited more students from Quintile 1 (area of most deprivation), more students from Quintile 5 (least deprived) had also been recruited. The Director of the OfS, Chris Millward, was aware that this issue affected HE providers on a national scale and had indicated that this would be taken into account in OfS’s monitoring. LU would be submitting its annual impact report in April 2022 to detail any mitigating factors, so this would be an opportunity to inform OfS of the situation.

Although it was possible in theory to renegotiate targets, LU did not feel that it was the right time to do this, especially since the OfS would shortly have a new Director following Chris Millward’s departure.

It was noted that the Committee did not have to delegate authority to the Chair to approve the annual monitoring submission to OfS until the February meeting. **Action: Secretary**

Setting out priorities for the next 12 months, the Committee members discussed the key focus areas for 2021/2022 and agreed particular focus would be given to seeking assurance on:

1. IT and Systems
2. Compliance Culture
3. Financial stability and Efficiency

21/71 Valediction

The Director of Finance Andy Stephens was leaving the University to join another organisation in early 2022, so this was his last Audit Committee meeting. Andy had attended every Audit Committee since he started at the University in 2012 and had provided valuable guidance and insight to members. Alongside this, Andy had ensured the University had operated on a sound financial footing, as well as leading and developing the Finance function. Andy was thanked by the University and Committee members for his service and his contributions to both the work of the Audit Committee and the wider University.

Sophie Crouchman, Committee Secretary, would be leaving the University at the end of November, after having serviced the Committee for 8 years. Sophie was thanked by the Committee for her significant contribution to the work of the Committee during that time and in particular the invaluable support she provided to the Chair and members.

21/72 Schedule of Meetings

Thursday 10 February 2022, 1pm – *venue TBC*

Friday 10 June 2022, 1pm – *venue TBC*

Author – Sophie Crouchman

Date – November 2021

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Audit Committee Annual Report 2020/21

Origin: Audit Committee Secretary

Executive Summary

The Audit Committee annual report provides a summary of topics discussed by Audit Committee throughout the preceding year. The annual report includes the Committee's opinion of the adequacy and effectiveness of the institution's arrangements for risk management, control and governance, sustainability, economy, efficiency, and effectiveness (value for money) and the quality of data submitted to regulatory bodies. The report outlines how the Audit Committee discharges its duties and includes any significant issues arising during the year and the period up to the date of the report

Action Required:

Council is asked to NOTE the Audit Committee Annual Report which should be considered alongside the University's Financial Statements and the Internal Auditors Annual Report.

Supplementary Information

[Annex 1: Terms of Reference of Audit Committee](#)

[Annex 2: PwC's schedule for work 2020-21](#)

[Annex 3: Full report from the Internal Auditors for 2020-21](#)

Audit Committee

Annual Report of the Audit Committee, 2021/22

1 Introduction

This report covers the Audit Committee's activity during the period 2 November 2020 to 1 November 2021 and is accompanied by the Annual Report of the internal auditors covering the same period.

2 Membership and attendance at meetings

2.1 Membership of the Committee during the reporting period was as follows:

Ms A Greenwood # (to 31 July 2021)

Mr Graham Corfield # (from 1 August 2021)

Mr J Hunt * (to 31 July 2021)

Mrs S Hibberd #

Ms Sarah Sandle * (to 31 July 2021)

Ms Jennifer Maxwell-Harris #

Mr Andy Hodge * (from 1 August 2021)

Mrs Naomi Hudson * (from 1 August 2021)

Mr Simon Steele * (from 1 April 2021)

Members of the University Council

* *Independent co-opted members*

2.2 The following **members of University staff** were in attendance at each meeting as indicated:

Mr A P Stephens, Director of Finance

(11 February, 10 June, 23 September & 26 October 2021)

Mr James Henry, Deputy Director of Finance

(11 February, 10 June & 26 October 2021)

Mr Richard Taylor, Chief Operating Officer

(11 February, 10 June, 23 September & 26 October 2021)

Dr S J Crouchman, Senior Planning Officer, Secretary

(11 February, 10 June, 23 September & 26 October 2021)

Mrs Tiffany Fontenla, Planning Office assistant

(11 February 2021)

Mrs Amanda Silverwood, Planning Officer

(23 September & 26 October 2021)

Prof Claudia Eberlein, Dean of School of Science

(11 February & 10 June 2021)

Miss Beatrice Firth, Graduate Management Trainee

(11 February 2021)

Miss Renae Huggan-Broughton, Graduate Management Trainee

(10 June 2021)

Miranda Routledge, Director of Planning

(11 February 2021, 26 October 2021)

Mr John Rushforth, Consultant – Advance HE

(10 June 2021)

Mr Tom Williams, Graduate Management Trainee

(26 October 2021)

Mr James Strong, Graduate Management Trainee

(26 October 2021)

[Note: the Secretary is not a member of the Director of Finance's staff]

Other University staff attended by invitation for particular items of business.

2.3 The **President and Vice-Chancellor** attended the meeting on 11 February 2021. Discussions included the short and long-term impacts of Covid-19; succession planning; Brexit & government policy.

2.4 The **Provost and Deputy Vice-Chancellor (as Acting Vice-Chancellor)** attended the meeting on 23 September 2021. Discussions included student recruitment for 2021/22; University Strategy; budgets for 2021/22; preparations for the start of the academic year and dynamic working.

2.5 **Others in attendance** included at least one representative from the Internal Auditors and at least one representative from the External Auditors at each meeting.

3 Schedule of Meetings

The Committee held three main meetings during the reporting period, and also met for

consideration of matters relating to the audit of the Financial Statements on one occasion, following review by Finance Committee and prior to their presentation to the University Council.

In this reporting period, meetings were held as follows:

- 11 February 2021
- 10 June 2021
- 23 September 2021
- 26 October 2021 (to review the Financial Statements)

The Committee had the opportunity to meet at the end of each ordinary meeting in private with no University Officers present (except the Secretary).

4 Terms of Reference

The Committee's Terms of Reference are attached as [Annex 1](#).

5 Internal Audit

5.1 Internal Audit Services

Internal audit services in 2020/21 were provided by PWC, who were appointed from 1 August 2013. The University was due to retender for Audit services in February 2020 to commence in August 2020, however the global pandemic delayed this. PWC were reappointed for a period of 1 year to cover the 2020/21 session and a retendering exercise took place in March/April 2021. The outcome of this was the reappointment of PWC for a period of 2 years initially, with an option to extend for a further 3.

5.2 Internal Audit Programme of Work

PwC's schedule of work for 2020/21 is included as [Annex 2](#).

The internal audit reports were considered by Audit Committee on the following dates:

- 11 February 2021
 - Health & Safety
 - Strategy Development
- 10 June 2021
 - UUK Accommodation Code of Practice Compliance
 - Financial Forecasting

- Financial Systems
- 23 September 2021
 - Academic Registry
 - Student Recruitment
- 26 October 2021
 - IT Security – Remote Working

The draft internal audit work plan for the period 1st August 2021 to 31st July 2022 was discussed and approved at the 10 June 2021 and 23 September 2021 meetings of the Committee and is available on request.

The Committee continued to hold private meetings throughout the year with the internal and external auditors i.e. without University Officers being present (Committee Secretary excepted). It was agreed that this practice should continue.

5.3 Internal Audit Opinion

The full 2020-2021 Internal Auditor report is included as [Annex 3](#).

The internal auditors expressed the following opinion in their Annual Report 2020/21:

Head of internal audit opinion

We are satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control, and economy, efficiency and effectiveness arrangements (value for money). To assist the Audit Committee in understanding how our work corresponds to their reporting responsibilities, we have mapped our work against these areas in Appendix 4.

In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

Opinion

Our opinion is as follows:

Generally satisfactory with some improvements required

Governance, risk management and control, and value for money arrangements in relation to business critical areas is generally satisfactory. However, there are some areas of weakness and non-compliance in the framework of governance, risk management and control, and value for money arrangements which potentially put the achievement of objectives at risk.

Improvements are required in those areas to enhance the adequacy and effectiveness of governance, risk management and control, and value for money arrangements.

Basis of opinion

During the year, we have been able to conduct our work remotely with University staff to deliver the 2020/21 plan and this has had no significant impact on the scope of the work we have been able to deliver individually or in aggregate for our work programme.

In the latter part of 2020/21, we strengthened the processes for following up on internal audit actions and recommendations by implementing TrAction (an online action tracking tool). We have provided training to key stakeholders, which, going forwards, will allow for more timely and consistent monitoring of actions provided to the University as a result of our audits.

Our opinion is based on:

- All audits undertaken during the year. We have completed eight internal audit reviews. This resulted in the issue of one high risk, two medium risk and three low risk rated reports. Our reviews on Strategy Development (as it was an advisory review) and the University's UK Accommodation Code of Practice (as we are required to follow the format prescribed by UUK) were not risk rated. We have also completed a follow up review looking at the implementation of prior year recommendations*
- We issued one high risk rated report on Information Security - Remote Working, and two medium risk rated reports on Financial Forecasting and Financial Systems.*
- The, one high, eight medium and ten low risk internal audit findings which were identified during our internal audit work. Our findings have identified a number of areas where the root cause of issues has related to communication between central and devolved functions within the University, and this is a theme which links into previous findings we have reported to the University regarding the level of compliance within devolved functions. Our high risk finding related to the lack of controls in place over staff and students accessing*

University networks using their own devices, specifically through Windows or MacBook laptops.

- We are pleased to note that our Academic Registry review was low risk rated overall with no medium or high risk rated findings, which represents an improvement on previous years.
- Our follow up work taken in respect of audits from previous periods.
- The limitations placed on internal audit in terms of the number of days of audit activity to be delivered.
- The proportion of the University's audit needs have been covered to date.

Mapping of Internal audit work

Reporting responsibilities

The table below maps our internal audit work against the Audit Committee's reporting responsibilities.

Audit unit	Governance	Risk management	Control	Value for money	Data submission
Strategy development	xx	N/A	YY	N/A	N/A
Information Security and Data Protection	xx	N/A	YY	N/A	N/A
Health and Safety	YY	YY	xx	N/A	N/A
Financial Forecasting	xx	N/A	YY	N/A	YY
Academic Registry	N/A	N/A	xx	YY	YY
Financial Systems	xx	N/A	xx	YY	N/A
Student Recruitment	xx	N/A	YY	N/A	N/A
UUK Accommodation Code of Practice	YY	YY	xx	YY	N/A

Key

xx Testing focused on this area **YY** Testing was peripheral **N/A** Not tested

The Committee noted this extended opinion in considering its own conclusions regarding the internal control environment. The Committee was satisfied that sufficient work was underway within the University to enhance the framework of internal control, risk management and governance.

6 External Audit

6.1 External Audit Services

External audit services in 2020/21 were provided by KPMG, following a competitive

tendering process and approved by Council on 26 March 2019.

At each meeting of Audit Committee, KPMG set out details of the non-audit services and related fees. KPMG reported that, in their opinion, there were enough safeguards in place to maintain their independence in relation to on-going projects in respect of non-audit services.

6.2 External Audit Management Letter 2020/21

The External Audit Management Letter 2020/21 was received by Audit Committee at its 26 October 2021 meeting.

The Management Letter included two recommendations, neither of which were classed as high risk and both of which related to access to the Oracle database for University systems. Two further recommendations were brought forward from the previous year, though these had been superseded by the two current year recommendations.

KPMG concluded as follows:

- *Our audit is substantially complete. There have been no significant changes to our audit plan and strategy.*
- *Subject to the Audit Committee's approval, we expect to be in a position to sign our audit opinion on the Group's financial statements in November, provided that the outstanding matters noted on page 4 of this report are satisfactorily resolved.*
- *We expect to issue an unmodified Auditor's Report.*

The Audit Committee held a private meeting with the External Auditors regarding the 2020/21 Financial Statements (i.e. without University Officers present except the Secretary) in October 2021. The Committee noted that the audit of the financial statements had progressed well and had no concerns about the process or outcomes.

7 Risk Management

Consideration of the University's arrangements for evaluating and managing risks has continued to underpin the Committee's work in 2020/21.

7.1 Audit Committee Opinion on Risk Management, Control & Governance

Based on discussions held during 2020/21 and consideration of the Internal Audit Annual Report and the Internal Audit Reports received throughout 2020/21, **the Committee**

expressed a positive opinion regarding the adequacy and effectiveness of risk management, control and governance arrangements by the University for 2020/21, for reporting to Council.

This opinion was reported to and noted by Council on 25 November 2021.

7.2 Internal Audit Report on Risk Management

In their final Internal Audit Annual Report 2020/21, considered at the October 2021 meeting, the internal auditors expressed the following opinion:

We are satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control, and economy, efficiency and effectiveness arrangements (value for money).

Governance, risk management and control, and value for money arrangements in relation to business critical areas is generally satisfactory.

The full report is included at [Annex 3](#).

8 Value for Money (VFM)

The Annual Efficiency Return had been discontinued and Internal Audit were no longer required to provide a specific report on Value for Money, however PwC would continue to include value for money in their annual report and opinion. Audit Committee noted that VFM considerations underpinned all internal audit work and were integral to the reports presented to the Committee throughout the year.

The Internal Auditors expressed the following opinion in their final Internal Audit Annual Report 2020/21, considered at the October 2021 meeting of Audit Committee:

We are satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control, and economy, efficiency and effectiveness arrangements (value for money).

Governance, risk management and control, and value for money arrangements in relation to business critical areas is generally satisfactory.

Having considered the Internal Audit annual report, which stated a positive opinion on VFM, and receipt of Internal Audit reports throughout 2020/21, **the Committee expressed a**

positive opinion regarding the University’s arrangements for promoting economy, efficiency and effectiveness (collectively “Value for Money”).

This opinion was reported to and approved by Council on 25 November 2021.

9 Management and Quality Assurance of Data

Audit Committee expressed the following view as part of its consideration of management and quality assurance of data in 2020/21 at its meeting on 23 September 2021. The relevant Committee minute is reproduced below:

A report from the Planning Office detailing new or amended statutory data returns was noted. Audit Committee confirmed a positive opinion on the quality assurance of data within the Institution and the mechanisms currently in place to ensure this. However, concern was expressed over the format of the report. It was unclear which data returns were most significant, complex or impactful and it was suggested that it would be more useful for the importance, impact, risks and mitigations for each return to be more clearly articulated, with a RAG rating being used where appropriate. If possible, some form of benchmarking against other HEIs could be included and PWC may be able to provide input in this regard.

Audit Committee confirmed its positive opinion on the quality assurance of data within the Institution and the mechanisms currently in place to ensure this.

10 Audit Committee Opinion

Based upon its consideration of the internal audit individual reports received during the year, including the [Annual Report 2020/21 from Internal Audit](#), and on its meetings with University officers, the Audit Committee concluded that satisfactory arrangements were in place for Council to be given an assurance as to the effectiveness and adequacy of the risk management, control and governance processes.

The Committee’s separate opinion in respect of risk management is recorded in section 7.

The Committee’s opinion in respect of VFM is recorded in section 8.

The Committee’s opinion in respect of Management & Quality Assurance of Data is recorded in section 9.

11 Statement of Corporate Governance

The Committee was kept informed of changes to the University’s Statement of Corporate Governance for 2020/21. There were no major changes to the Statement of Corporate

Governance from the previous year. The Committee approved the Statement of Corporate Governance for inclusion within the 2020/21 financial statements.

Author – S J Crouchman

November 2021

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Modern Slavery and Human Trafficking statement 2020/21

Origin: James Henry, Deputy Director of Finance

Executive Summary

The University publishes an annual statement on Modern Slavery and Human Trafficking. This obligation arises from legislation which has been designed to fight slavery and human trafficking globally; section 54(1) of the Modern Slavery Act 2015.

This is the sixth such statement detailing the University's relevant policies and the steps taken to ensure slavery and human trafficking is not taking place in any of its supply chains or in any part of its own business.

There are no mandatory steps for action specified in the law though the expectation is that organisations will improve their performance in this regard year on year. Mitigation progress made over the last year includes:

- Lobbying Government to ensure more practical steps are taken to mitigate the risk of modern slavery and human trafficking in Higher Education supply chains, resulting in a newly established Public Procurement Modern Slavery Group.
- Increasing requirements in our Estates/Construction category contracts, making use of resources developed as part of Stronger Together's Construction Programme.

The full statement can be viewed at [COUN21-P102 Modern Slavery \(Annex 1\)](#).

Action Required:

Council is asked to **APPROVE** the statement.

COUNCIL



Conflict of Interest Policy and Procedure

Jen Fensome, Director of Research and Enterprise

Anne Lamb, Director of HR Services

Executive Summary

A recent internal audit highlighted that some changes needed to be made to the Conflict of Interest policy. These changes can be summarised as follows:

- providing clarity on what a conflict of interest is;
- explaining the potential implications of not dealing with conflicts effectively;
- clarifying the process for declaring a major conflict;
- requiring yearly staff returns to declare major conflicts.

Other Committees Consulted

Ethics Committee, Joint Negotiating and Consultative Committee, Senate

*(Secretary's Note: At Senate, the Policy was unstarred for discussion and an Equality Impact Assessment was requested. **Upon further consideration, no changes to the Policy were required, however a framework for the EDI review of all LU Policies will be considered by the EDI Sub-Committee.**)*

Equality Diversity and Inclusion Considerations

A framework for the Equality, Diversity and Inclusion consideration of all University policies will be considered by the Chair of the EDI Sub-Committee, following further consideration of this policy.

Action Required:

Council is asked to approve the revised Conflict of Interest Policy.

The full Conflict of Interest Policy can be found at [COUN21-P103 Conflict of Interests \(Annex 1\)](#).

Matters for Report on Enterprise

Origin: Claudia Eberlein, in lieu of PVC(E)

Executive Summary

This report gives brief updates on issues discussed at Enterprise Committee, on progress of the Zero-Carbon working group of the East Midlands Development Corp, on the management of LUSEP, and a summary of enterprise applications and awards for Q4 2020/21.

The report was compiled with input from Anna Bullen, Chris Rielly, Malcolm Cook, and Jen Fensome.

Other Committees Consulted

Finance, Senate

Action Required:

Council is asked to **NOTE** this update

1. Update from Enterprise Committee

Enterprise Committee meetings were held on 08 July 2021 and on 07 September 2021, both chaired by Professor Claudia Eberlein. The main items discussed were:

Partnership Framework: Schools, under the leadership of ADEs and assisted by PDMs, have been compiling a prioritized record of their partners to facilitate the compilation of a University wide Partnership Framework.

Post-REF review: Under the leadership of APVC(REF) Professor Liz Stokoe, Jen Fensome (Director REO), and Professor Steve Rice (ADR SSH) the group of ADEs discussed lessons learnt from the REF 2020 and forward plans, in particular for establishing impact.

UKRI IAA: Led by Jen Fensome, the University submitted two bids to the UKRI Impact Acceleration Account, one invited one to EPSRC and one to AHRC based on LU's high volume in Arts and Humanities research.

Careers and Enterprise Hub: LU Inc. coordinated with Loughborough College and the local MP, Jane Hunt, to deliver a Jobs Market in Loughborough Town. The College provides careers and skills support, and advice on recruitment for SMEs, whereas the University provides innovation

and enterprise focussed activities and business start-up support. Town Deal Forward Funding enabled Phase 1 development of the building, which was completed in March 2021.

Loughborough Town Deal (LTD): The *Healthy and Innovative Loughborough* (H&IL) project has been approved for funding (£2.47 M), subject to submission of a suitable business case to the LTD Board and MHCLG (to be submitted Jan 2022). H&IL is an integrated suite of five component activities that will bring key areas of Loughborough University's expertise into the Town:

- 1) **SportPark Pavilion 4:** £1.5 M capital contribution (with additional LLEP Getting Building funding) to create 2,200 m² of new floorspace on LUSEP, directly supporting 165 high value jobs
- 2) **New Business Wayfinder:** Phase 2 of the Town centre Careers and Enterprise (C&E) Hub and a Prototype Lab on LUSEP to facilitate creation of 60 new businesses and support 300 existing entrepreneurs
- 3) **Active Living:** Active living interventions throughout the Town to 200 people and a roadmap for future expansion to promote and safeguard the health and wellbeing of residents
- 4) **The Impact Hub:** Evaluate Town centre health and the effectiveness of design and operational interventions on post-COVID social and commercial life in the Town
- 5) **Connected Loughborough:** Evaluate the Town's core transport corridor and identify opportunities for investment to enhance Active Travel.

Spin-outs: LU spinouts have continued to enjoy good success. Previsico has secured £1.75m and is moving from LU Inc. to ATIC. Recently created Figura Analytics has released shares as equity to enable product development.

LU Inc. are currently working with 29 Graduate Startups, 2 Academic Spin-outs and 8 Loughborough located knowledge-based businesses. Through recent recruitment rounds LU Inc. has identified 34 entrepreneurs suitable for support including graduate and local businesses.

Student Enterprise: The recent Evolve Competition has been an outstanding success, this year the programme was launched in London. It is the first postgraduate accelerator of its kind, with 60 student and graduate start-ups taking part across both campuses. As part of the evolve programme a pitching competition was launched which has had a great community reach (over 3693 to date).

Facilities sharing: Enterprise Committee discussed what is needed to efficiently share LU equipment with external users, how to manage and facilitate that, and how to keep a catalogue of offers up to date.

2. Update from East Midlands Development Corporation – Zero-Carbon Ecosystem proposal

ZERO is a working group of EM DevCo and has developed a proposition to build a coherent net zero ecosystem which delivers transformational growth by harnessing the potential of the emerging net zero economy and unlocking its practical benefits. The vision is to achieve this across the DevCo's three East Midlands sites by testing and developing solutions which enable clean energy and energy storage; sustainable construction; net zero buildings; and net zero transport systems. Integrating these elements into the way we live, work, move and make things will power-up a new net-zero economy which creates new business opportunities, new jobs and new skills. In August 2021, Professor Chris Rielly took over as Chair of the ZERO working group.

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group, following the departure of Professor Andy Dainty. Recent ZERO activities include providing underpinning support for EM DevCo's bid into the Comprehensive Spending Review 2021 to HM Treasury, with alignment to the proposal from the Energy Research Accelerator (ERA2 Big Ideas for a Net-Zero Future) and development of the Outline Business Case for the East Midlands Freeport.

3. Update from LUSEP

- The LUSEP Management Team (LMT) is now chaired by Dr Jen Fensome who took over from Professor Malcolm Cook (ABCE) at the end of August 2021.
- LMT meetings took place on 21 June 2021 and on 17 Aug 2021 (both chaired by Professor Malcolm Cook).
- The priority for LUSEP remains the development of a strategy for the park and its modus operandi (see guiding principles in previous report to Senate). Recent discussions with VC Professor Nick Jennings, have enabled the strategy to be developed further. It is expected that the draft strategy will undergo consultation with Schools and Enterprise Committee in due course.

4. Enterprise applications and awards: Q4 2020/21

Origin: Anna Bullen & Claudia Eberlein

As a result of the change in how enterprise activity is recorded and the standardisation of the finance system across Research and Enterprise, we are now able to regularly report enterprise activity at Finance Committee, in addition to the annual Higher Education Business and Community Interaction (HEBCI) return.

This report summarises enterprise activity at the end of Q4 FY 20/21 and covers 1) Enterprise Applications and 2) Enterprise Awards. In future quarterly enterprise reports will be presented that mirror the research reports. Benchmarking has also not been undertaken with this data; we will continue to use the HEBCI return, until the KEF metrics are formally defined and launched, as our main mechanism for benchmarking our enterprise performance.

For the purposes of this report, enterprise includes all **E** and **R&E** activity as illustrated in figure 1. We acknowledge that there is some overlap with the research report but this reflects the reality of research and enterprise activity where there are some activities which fall under both Research **and** Enterprise, as illustrated below. The quarterly report will only focus on applications and awards made, mainly, by Schools. It will not include income data on short courses, regeneration, facilities income, nor SDC income. This will continue to be reported annually to Finance Committee through our HEBCI reporting. We have recently started collating the data for the 2020/21 HEBCI return (to be submitted by March 22). The 2019/20 HEBCI return and the HEIF eligible income was slightly down on the previous year, dropping from £33.9m to £32.1m. This is due largely to a reduction in consultancy and regeneration income for 2019/20. We still do not know the impact of this on our HEIF income, but do not anticipate that this will have a negative effect, assuming the allocation formula remains the same.

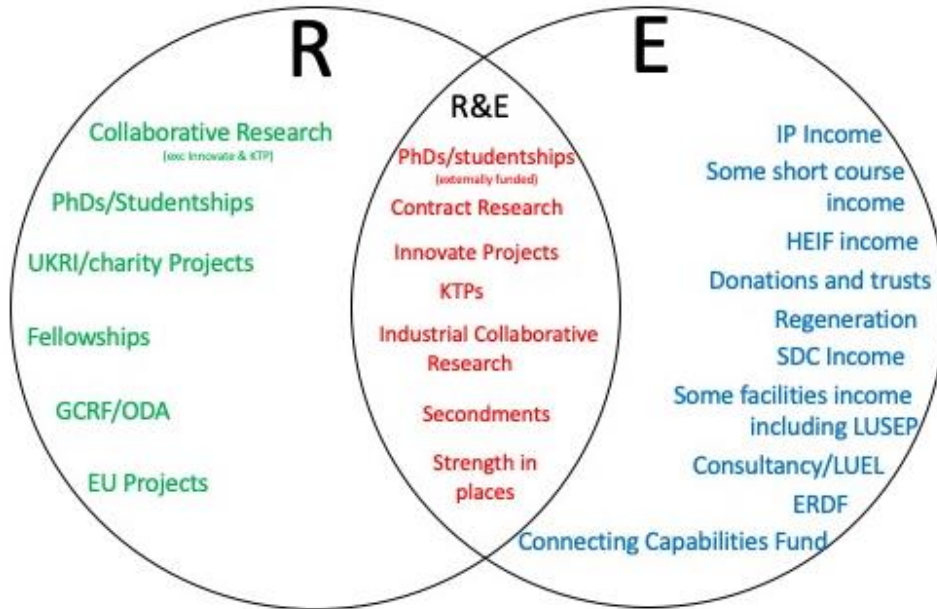


Figure 1: R, R&E and E activity

Figure 2 below shows the total applications and awards received at end of Q4 2020/21. Income in the Enterprise category includes primarily HEIF funding, iNet and LUEL consultancy. Work is ongoing to improve the processes to enable us to report more effectively on enterprise income that goes directly into Schools (known as S-code awards) as this is currently only captured as income annually for the University’s HEBCI return.

For E activity, the awards figure is higher than the applications figure as there is no application process for the HEIF award which is awarded annually based on the HEBCI return. We continue to be one of 26 universities who receive the maximum HEIF allocation annually. In addition, it should be acknowledged that the mechanism by which enterprise funding is awarded does not always follow a traditional application-and-award path; e.g. LUEL projects are commercial contracts and do not go through a review process.

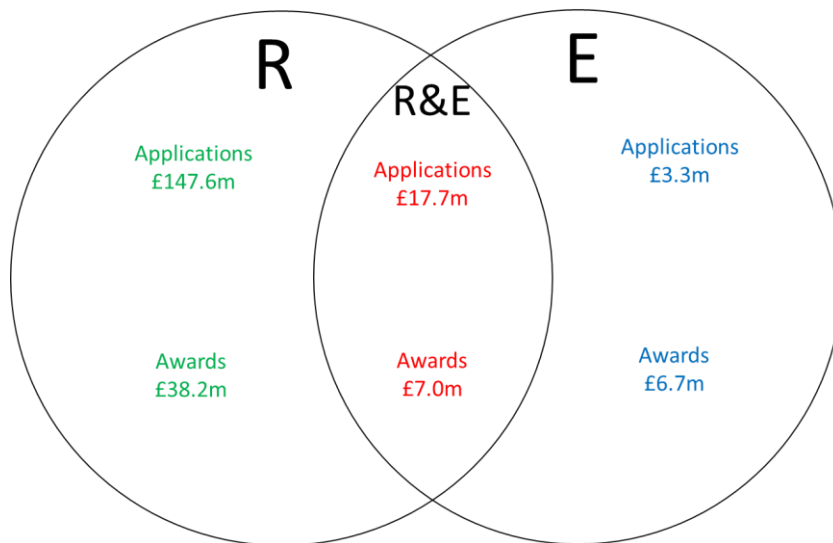


Figure 2: Total Applications & Awards at end of Q4 2020/21

Applications

Table 1 below shows value of applications submitted for E and R&E activity by funding scheme. 103 applications were submitted during the quarter totalling £2.3m. Innovate UK funding accounted for 40% of this total with a value of £.93m. The category 'Other' covers a range of funding sources including enterprise funding that we receive from other universities, charities, sports governing bodies, and NGOs.

We aim for a value above 100% of last year's total figure; so, at 99% we are slightly behind target for this year.

Funding Source	Value to LU	Value as a % of last year's app total
ERDF	£183,533.34	46%
EU Central Government	£0	0%
Other	£2,030,192.85	60%
UK Central Government	£10,964,280.92	123%
UK Charities	£1,096,615.90	649%
UK Industry and Commerce	£6,396,825.19	93%
UK Research Councils	£364,792.71	31%
Grand Total	£21,036,240.91	99%

Table 1: Applications by type at end Q4 2020/21

Table 2 shows the applications value by school.

School	Value to LU	Value as a % of last year's app total
AACME	£6,343,886.49	176%
ABCE	£1,628,227.49	70%
DCA	£482,907.92	66%
WSMEME	£8,231,326.07	156%
SCI	£1,834,489.55	56%
SSEHS	£2,034,376.47	112%
SSH	£155,892.01	30%
SBE	£334,444.72	40%
LUL	£20,000.00	1%
Professional Services	£470,687.06	46%
Grand Total	£21,036,240.91	99%

Table 2: Applications by school at end Q4 2020/21

Awards

42 awards totalling £1.7m were received in Q4 2020/21. The highest single award was £174k which was made to Clare Bonham (AACME) for a Contract research project with Rolls Royce (UK Industry), and the largest piece of consultancy was undertaken by Paula Griffiths (SSEHS) with a value of £119k

Awards by value are down on targets at 80% of last year's total. Innovate awards are lower than last year however COVID led disruption has resulted in some delays in review processes which may account for some of this, and the iNet funding is around £500k down on last year.

Funding Source	Sum of Awarded Lboro £'s	Value as a % of last year's award total
ERDF	£183,533.34	46%
EU Central Government	0	0
HEIF	£4,546,742.00	109%
Other	£1,141,620.13	50%
UK Central Govt	£1,744,809.38	35%
UK Industry and Commerce	£5,454,170.11	117%
UK Charities	£624,881.56	142%
UK Research Councils	£60,882.00	77%
Grand Total	£13,756,638.52	80%

Table 3: Awards by type at end Q4 2020/21

The split of awards across the Schools is shown in table 4. AACME and MEME have received the highest totals at end Q4, with LUL and SSH receiving the lowest values. Professional services awards refer to ERDF for business support activities carried out by the iNet, and consultancy activity carried out by professional services staff through LUEL (usually health and safety staff).

School	Sum of Awarded Lboro £'s	Value as a % of last year's award total
AACME	£2,934,204.71	95%
ABCE	£449,602.95	47%
DCA	£276,858.62	49%
MEME	£3,120,785.90	113%
SCI	£958,607.37	98%
SSEHS	£527,611.94	44%
SBE	£213,855.06	37%
LUL	£149,400.91	12%
SSH	£108,282.00	15%
Professional Services	£470,687.06	47%
Central University	£4,546,742.00	109%
Grand Total	£13,756,638.52	80%

Table 4: Awards value by school at end Q4 2020/21

Appendix 1

Enterprise Projects Group (EPG) Funding

EPG funding is not counted in the figures above to avoid double counting with HEIF income. Table 5 below shows the funding awarded by EPG for Q4 2020/21

Source	Type	Number	Award Date	Project	PI	School	Dept	Awarded Value	Agresso
HEIF	EPG Chair's Action		27/05/2021	Ceramic Platelet Patent Filing USA	Gary Critchlow	AACME	Materials	£3,500.00	IP1000
HEIF	EPG	136	15/06/2021	Continuation: Patent Entitled SUPERCONDUCTING MAGNETIC SENSOR: Canada/Granted European Territories	Boris Chesca	SCI	Physics	£3,000.00	IP1000
EPSRC IAA LU 2017	EPG	135	17/05/2021	Low Cost Dynamic Power Response Unit	Dani Strickland	MEME	Mechanical and Manufacturing	£47,241.00	TBA
EPSRC IAA LU 2017	EPG	135	17/05/2021	Reconstitution/Humanization: Xenogeneic Pericardial Scaffolds	Sotiris Korossis	MEME	Mechanical and Manufacturing	£31,019.00	S11869

Table 5: EPG funding awarded Q4 2020/21

Appendix 2

Updated year totals

Between the previous Q3 report and this Q4 report, some 2019/20 projects were retrospectively re-classified either from Research as Enterprise or as Research and not Enterprise. This has resulted in a change of year-end totals of Enterprise applications and awards for last year so that the right-most columns of Tables 1-4 in the above report are not referring to the same 2019/20 year-end totals as on the previous report at Q3.

For consistency and direct comparison between 2019/20 and 2020/21, Tables 6 and 7 give the updated totals for Enterprise application and awards for both years side by side.

Sum of Loughborough Total £'s (price)			
School	2019/20	2020/21	Grand Total
AACM	£3,607,757.83	£6,343,886.49	£9,951,644.32
ABCE	£2,325,390.28	£1,628,227.49	£3,953,617.77
LL	£1,752,532.67	£20,000.00	£1,772,532.67
MEME	£5,279,681.71	£7,731,329.20	£13,011,010.91
Professional Services	£1,018,527.33	£470,687.06	£1,489,214.39
SBE	£846,486.13	£334,444.72	£1,180,930.85
SCI	£3,273,357.22	£1,834,489.55	£5,107,846.77
SDCA	£733,854.96	£482,907.92	£1,216,762.88
SSEHS	£1,822,818.19	£2,034,376.47	£3,857,194.66
SSH	£523,247.41	£155,892.01	£679,139.42
Grand Total	£21,183,653.73	£21,036,240.91	£42,219,894.64

Table 6: Applications value by School

Sum of Awarded Lboro £'s			
School	2019/20	2020/21	Grand Total
AACM	£3,101,350.71	£2,934,204.71	£6,035,555.42
ABCE	£953,975.31	£449,602.95	£1,403,578.26
Central University	£4,175,000.00	£4,546,742.00	£8,721,742.00
LL	£1,203,543.26	£149,400.91	£1,352,944.17
MEME	£2,760,292.85	£3,120,785.90	£5,881,078.75
Professional Services	£1,008,527.33	£470,687.06	£1,479,214.39
SBE	£583,574.32	£213,855.06	£797,429.38
SCI	£983,081.86	£958,607.37	£1,941,689.23
SDCA	£562,215.48	£276,858.62	£839,074.10
SSEHS	£1,192,438.08	£527,611.94	£1,720,050.02
SSH	£712,113.81	£108,282.00	£820,395.81
Grand Total	£17,236,113.01	£13,756,638.52	£30,992,751.53

Table 7: Awards value by School

COUNCIL



Matters for Report by the Pro Vice-Chancellor (Research)

Origin: Steve Rothberg PVC(R)

Executive Summary

This report lists agenda items considered at the Research Committee meeting in September 2021. A summary of RG&C performance for the full year 20/21 is provided complemented by detailed analysis in Annex 1. At full year 20/21, £45.3M of awards, representing 107% of this year's council KPI (£42.5M), have been received. Reflections on the last 5 years of RG&C performance under CALIBRE are also provided.

Under scholarly communications, important information about UKRI's new Open Access policy is provided, together with a summary of ongoing negotiations between the sector and Elsevier. Details of citation performance over the last 5 years show excellent progress but emphasise the need to continue with the current approach. Finally, details of the announcement of REF results in May 2022 are given.

Other Committees Consulted

Research Committee and Finance Committee *en route* to Senate and Council

Action Required:

To NOTE this summary of research committee discussions, research grants and contracts performance, scholarly communications, citation performance and REF news.

1. Research Committee Agenda Items

On 14 September 2021, Research Committee discussed the following major items:

- A presentation was given on the LU-Led Centre for Postdoctoral Development in Infrastructure Cities and Energy (C-DICE www.cdice.ac.uk). Loughborough post-docs were encouraged to engage through the website.
- We continued to monitor the situation regarding contractual agreements for research. The Contracts Team had 187 outstanding requests for contracts to be agreed in August, down from a peak of 205 in May, as a result of additional staff resource. An additional post has been brought into the team to tackle the backlog.
- The University has long been proud of its strategic partners status with EPSRC but following a recent restructure to their partner categorisation, we now find ourselves adrift from the 'Tier 1' group. Research Committee wishes to close this gap, which will require a 50% increase in our EPSRC portfolio. Recommendations were agreed and quantitative targets will be set.
- The full year intake of PGR students for 20/21 was 329 FTE, 98% of the 18/19 (pre-pandemic) intake, which had been our best performance in recent years. This includes a number of remote registrations.
- SSH and SEHS are piloting a BAME PGR recruitment programme with aspects around mentoring, peer support and crediting the wider experience of candidates alongside their academic credentials. Unfortunately, none of our submissions to the OfS / Research England call to improve the participation of Black, Asian and minority ethnic groups in postgraduate research study was successful.
- A programme of Research Impact Roadshows was completed in the summer. Three further impact roundtables are scheduled for 2-9 December.
- A proposal for a PhD Supervisor Development Programme was approved. It has 3 core elements: The Loughborough PhD Supervisor and Doctoral Experience, Wellbeing and Pastoral Support, and Supervising for and Valuing Difference.
- A number of issues related to scholarly communication were discussed and these appear elsewhere in this paper.
- Impact Acceleration Account submissions will be made to EPSRC and AHRC.
- Discussion of the successor to CALIBRE for the new University strategy continued, though changes will not be implemented until after the new strategy is agreed.

2. Research Grants and Contracts

A detailed breakdown for the full year 20/21 is provided in Annex 1.

For Q4 20/21, research income (excluding third party income) was £37.2M, including overhead recovery of £11.6M (31%). These income and overhead values represent 103% and 101% respectively of the 20/21 targets of £36M for income and £11M for overheads. The rolling year income figure sits at £9.3M just below the historic £10M level.

Research awards are the driver for research income over the next 1- 4 years. This quarter, 74 awards have been received totalling £10.7M. For the full year 2020/21, awards of £45.3M represent 107% of this year's Council KPI (£42.5M), compensating for awards in AY19/20 which fell 5% short of the Council KPI. This is an excellent performance under difficult circumstances and all colleagues, in Schools and Professional Services, are congratulated on this achievement.

171 applications totalling £30.4M were submitted in Q4 20/21, the fourth consecutive fall in quarterly submissions. While the full year applications value of £165M was more than high enough to meet awards targets, the falling trajectory is cause for concern. Assuming a 20% success rate, a future overhead contribution from research income of £3.2M might be expected which maintains the current trend of increasing overhead contribution.

Senate's attention is drawn to tables 2 and 3 of Annex 1 where a school-level analysis of RG&C performance is presented showing performance trajectory in the context of agreed targets and key funding sources. It shows outstanding performance in SSSH, supported by SAACME and SSCI, alongside much improved performance this year in SABCE and WSMEME.

It is now 5 full academic years since the introduction of CALIBRE and, with that, the expansion of the Research Development Team. It therefore seems timely to reflect on our progress over that period. New research awards (excluding third party income) over the last 3 years have totalled £138M, compared to £98M in the 3 years before that. Under normal circumstances, this is an outstanding achievement but to have achieved this during a global pandemic is even more creditable. Alongside increased awards, we have also seen increased overhead recovery rates, together delivering an additional £3.4M of overhead recovery, which compares favourably with the additional investment in CALIBRE of £1.8M over 5 years.

Amongst the changes we have been active in trying to drive has been emphasis on larger awards. From successful applications in the 3 AYs from 15/16 to 17/18, we

received 17 awards each with a share to Loughborough in excess of £1M and a total value of £27.7M, while the equivalent in the last 3 AYs was also 17 awards but with a total value of £40.2M. Broadly speaking, it appears that we have raised ambitions but not yet increased the number of colleagues active in this range. A second area that we have worked hard to build is externally funded fellowships; in the 4 years 2017-20, 38 externally-funded Fellowships were secured, including two UKRI Future Leaders Fellowships, from a baseline of six in post in 2016 when the programme commenced. This represents an increase in the region of three to fourfold and is an excellent achievement.

3. Scholarly Communications

Plan S, 'Rights Retention' and the UK Research and Innovation (UKRI) Open Access Policy.

'Plan S' was conceived by the cOAlition S members <https://www.coalition-s.org/> as a step towards making full and immediate Open Access a reality. Its members include many of the funders that we routinely look to including UKRI, the EU, Wellcome, and the Bill and Melinda Gates Foundation

The Plan S overarching principle states: "With effect from 2021, all scholarly publications on the results from research funded by public or private grants provided by national, regional and international research councils and funding bodies, must be published in Open Access Journals, on Open Access Platforms, or made immediately available through Open Access Repositories without embargo."

Fundamental within this is 'Rights Retention', a mechanism that, under copyright law, enables researchers to retain sufficient intellectual ownership rights in their work to make the Author Accepted Manuscript (or Version of Record, where the publisher allows) fully and immediately Open Access at the time of publication with a Creative Commons licence. Rights Retention relies on the copyright law principle of prior notification. Authors' prior notification to publishers of their assertion of a Creative Commons licence on any Author Accepted Manuscript overrides any other assertions (i.e. publishers' terms and conditions) made subsequently. For example, the Wellcome Trust require authors to include the following in all submissions of original research to peer-reviewed journals:

"This research was funded in whole or in part by the Wellcome Trust [Grant number]. For the purpose of Open Access, the author has applied a CC BY public copyright

licence to any Author Accepted Manuscript (AAM) version arising from this submission.”

On 6th August 2021, UK Research and Innovation (UKRI) announced its new Open Access policy, in response to ‘Plan S’. The Policy will apply to UKRI-funded peer-reviewed research articles and conference papers submitted for publication from 1st April 2022 and to UKRI-funded monographs, book chapters and edited collections from 1st January 2024. UKRI’s implementation of Rights Retention in the UKRI Open Access Policy is also likely to be a model for the next REF Open Access Policy (though retrospective application is unlikely).

Under the UKRI Policy, research articles and conference papers can only be published:

- in an open access journal or publishing platform which makes the Version of Record immediately open access via its website and the article must be published under the standard CC BY licence
- in a subscription journal with the Author’s Accepted Manuscript (AAM) (or Version of Record, where the publisher permits) available open access in an institutional or subject repository at the time of final publication under the CC-BY licence and not subject to any embargo period

For monographs, book chapters and edited collections, compliance requires:

- Publishing the Version of Record open access at the point of first publication via an online publication platform, publishers’ website, or institutional or subject repository, under a Creative Commons licence (CC BY preferred).
- Publishing the AAM (or Version of Record, where the publisher permits) open access in an institutional or subject repository so that it is available to view and download as open access within 12 months of publication of the version of record under a Creative Commons licence (CC BY preferred).

UKRI will double its existing investment (up to £46.7million per year) to support compliance with the new policy. For research articles, the use of UKRI funds for publishing in a ‘hybrid’ journal, that is not part of a transitional agreement will not be permitted. Further information on this is expected in November 2021.

From 2024, £3.5million of the total investment by UKRI will be ring-fenced for longform publications. This will be held by UKRI in a centralised fund and institutions

will need to apply for access to this. Further information on funding available for long-form publications is expected in 2022.

The JISC Sherpa Romeo database <https://v2.sherpa.ac.uk/romeo/about.html> can help to identify journals with acceptable terms. Internal guidance is available from <https://internal.lboro.ac.uk/info/research-support/publishing/open-access/oa-publisher-discounts/>. Further advice to Schools will follow through the Open Research Working Group.

Elsevier Negotiations

The current negotiation between Elsevier, the publisher of academic research with which UK HE has its largest subscription agreement, raises strongly related issues. The current Elsevier ScienceDirect Journal agreement will end on 31 December 2021. In 2020, Elsevier received £41.95m in subscription fees to read content in 1,808 subscription journals. Elsevier received additional payments for articles to be published open access - in 2019 this was c£7.24m.

Elsevier is now the only major publisher that does not have an agreement in place with UK universities that enables authors to publish immediate OA in compliance with funder policies. The UUK/Jisc Content Negotiation Strategy Group has endorsed the following underlying principles in its negotiations with Elsevier:

1. The next Elsevier agreement must reduce and constrain costs.
2. The agreement must deliver a full and immediate transition to open access.
3. The agreement must aid compliance with funder mandates and not entail vendor lock-in to services or outputs.
4. Transparency - the agreement must build confidence that the charges for the next Elsevier agreement are fair and reasonable.
5. The agreement must deliver improvements in service, workflows and discovery.

The sector seeks a transitional 'read and publish' agreement that will convert existing 'read' subscription spend rapidly to open access in support of funders' policy. This approach is in-line with deals struck with other publishers such as Wiley, Taylor & Francis and Springer Nature.

Elsevier submitted their first proposal to the sector on the 5th May, which was rejected. The negotiating team has now received Elsevier's 6th proposal and is

recommending rejection. While it is widely believed that Elsevier will want to avoid a UK cancellation, it should be noted University consortia in Germany, Hungary, Sweden, Norway, and the University of California have all cut off negotiations because they were unable to reach an acceptable agreement. If this did happen in the UK, we have noted that, when negotiations in Germany broke down, Elsevier kept access open for over a year.

4. Citation performance

Colleagues will be aware of the concerted effort over the last 5 years to increase the citation performance of the University. Greater attention has been put on factors such as the visibility of the journals we publish in, using indicators such as SNIP, SJR and ABS listing, with greater emphasis on international co-authorship supported by the Institute of Advanced Studies programmes.

In 2016 (for publications 2013-15), 35% of our journal articles and conference papers featured in the top quartile worldwide for number of citations, field-weighted.

Benchmarked against the Russell Group and former 1994 Group institutions, we were 5.3 percentage points behind the benchmark group average and ranked 36/38.

In 2021 data (for publications 2018-20), we now rank 32/38 and, at 38.4%, are now only 0.3 percentage points behind the benchmark group average.

From the perspective of the data informing QS rankings, citations (excluding self-cites) were 80474 for QS 2022 (papers published 2015-19 and their citations up to 2020). This has grown from 43216 in QS 2018 (papers published 2011-15 and their citations up to 2016). Citations per faculty are correspondingly up from 32.9 to 55.7.

These data show very clearly the progress we are making but also the need to continue with the approach taken.

5. REF2021 submission

The schedule for release of REF results has now been confirmed. On the morning of 9th May 2022, the REF team will release individual institutions' results, under embargo. The embargoed results will contain the overall quality profile, the three sub-profiles, the FTE number of Category A staff and the proportion of Category A eligible staff, for each submission we made, with summary data for each UOA.

On the morning of 10th May, the REF team will provide HEIs with all results, again under embargo. These results will also be released under embargo to the press on 11th May, ahead of all results being public on 12th May.

In the meantime, the REF Review Working Group has conducted a comprehensive review involving many colleagues. A draft report will come to November Research Committee.

Supplementary Reading:

[Annex 1: Research Grants and Contracts Quarterly Report: Q4 20/21](#)

PVC(T) Report: Update on Ongoing Activities in Teaching and Learning

Origin: Prof. Rachel Thomson (PVCT)

Executive Summary

The paper provides an update to Council on the ongoing activities in respect of Learning and Teaching at the University, including student recruitment, quality assurance and policy, new programme development, and external sector policy.

Other Committees Consulted

Learning and Teaching Committee, Student Recruitment and Admissions Committee and Senate.

Equity, Diversity and Inclusion Considerations

Where possible, the data which inform our assurance activities are disaggregated to identify student EDI characteristics. These are closely monitored and used to inform any actions taken to support all students to achieve successful outcomes.

Action Required:

To note this update on learning and teaching activities.

1. Delivery of Learning and Teaching in 2021/22

Senate approved a Framework for Learning and Teaching in June 2021, which is now in place for this academic year. The term has started with a return to in person teaching. Room capacities have been gradually increased over the first 6 weeks of the academic year, whilst we have monitored local case rates, ventilation data, CO₂ data, and staff and student feedback. Students have reported being delighted at being back in the classroom and being able to talk in person to teaching staff once again. Colleagues are thanked for all the preparations in advance of the start of term, and for ongoing support with teaching delivery.

Welcoming New Students

In terms of 'Welcoming New Students', an updated Personal Best 'Ready, Set, Loughborough' badge was used again this year. All Schools undertook an extended academic induction and most designed new activities which were carried out in combination of in person and online. These were very successful and included more cross-School activities than previously and hopefully will have longevity in the future. Freshers were welcomed over 5 days with a rolling programme of activities, again both in person and online.

The 'Teaching and Learning 2021' [website](#) contains a wealth of information and some outstanding resources – supporting staff with both the technology and pedagogy of online learning, including a section on advice for inclusivity in the curriculum and assessment. The Centre for Enhanced Academic Practice again ran training sessions in advance of the start of the academic year, including refreshers and new features, which were well attended.

Semester 1 exams will be primarily on-line, decided as a resilience measure in case of increases in Covid cases in the winter months, however, we are anticipating a gradual return to in person exams for Semester 2. Supporting students to prepare for in person exams is critical.

2. 2021 Entry Student Recruitment

Council received a report on 2021 intake at its meeting on 14th October. The latest data following the student registration period is that we are predicting ~660 undergraduate students over the Home target of 3,556 and ~60 students over the international target of 394 by the census date of 1st December. The number of fully registered postgraduate students is ~80 below the Home target of 811, and ~844 against the original International target of 1086 (-242) on the Loughborough campus and ~386 against a target of 835 (-449) on the London campus. These figures are higher than the realistic assumptions made in the financial forecasts. We expect to recruit a further ~100 PGT students in January 2022 across both campuses.

3. Key Items from Learning and Teaching Committee

At its September meeting Learning and Teaching committee received an update on the operation of board processes in the summer, and monitored degree outcomes. Significant work has been done to update the ethics process for taught student projects over the summer. To streamline this process, approvals can now be given in Schools for projects requiring specific types of ethical approval. The situation will be monitored during the course of this academic year. The committee also discussed the NSS and PTES results (see below) at length and identified associated next steps. The University response to the OfS consultation on standards was reviewed, together with the Student Engagement policy for this academic year.

4. Student Surveys

Council received an update on the outcomes of both the 2021 National Student Survey and the Postgraduate Taught Experience Survey at its October meeting. School Action Plans are now in progress as we work on improvements for the current academic year.

5. Digital Strategy for Learning and Teaching

- The Digital Register system is being used in earnest to again record student attendance as we return to full in person teaching following the pandemic. There are challenges in encouraging students to register attendance, with the greatest take up being with 1st year UG students.
- Work has continued to enhance Co-Tutor and the development of engagement analytics 'dashboards' for staff to support student success were made available during the pandemic.
- We continue to assess future digital tools requirements and system developments for the future and expect to bring a forward looking Digital Strategy to Senate/Council during the course of this year.

6. Personal Best

The Personal Best programme is now continuing in curriculum for all Part A undergraduates as last year. Sessions are primarily being delivered online this year, and a further 'push' on engagement with the resources will roll out shortly. The resources are accessible to all both in the MyLboro app and at www.lboro.ac.uk/personalbest

7. Access and Participation

Significant work is continuing to implement the 2020 5 year Access and Participation Plan. A separate update on Access is provided in this meeting. Access and Participation metrics were reviewed with all Schools in the September Survey meetings to raise awareness of progress towards the targets we have agreed with the Office for Students.

8. External Policy

- There have as yet been no statements on the future of Subject Level TEF and we await further developments. There is likely to be a consultation issued shortly, with the possibility of submitting for a new award in early summer 2022. The internal TEF working group will recommence in January in order to prepare for a submission.
- There have been several documents issued from QAA and the OfS and other regulatory bodies during the pandemic which are mentioned in other papers. We continue to keep abreast of the latest policy advice and guidance to maintain compliance. We have responded to various consultations from the OfS.

Capital Framework Progress Report

Origin: Amanda Silverwood on behalf of Operations Committee

Executive Summary

The paper details capital project approvals by Operations Committee by project type.

Other Committees Consulted

Major capital projects (>£1m) are also considered by Estates Management Committee (EMC) and Information Technology Governance Committee (ITGC) as relevant from Stage B onwards.

Action Required:

Council are asked to **NOTE** the action taken by Operations Committee since the meeting of Council in July 2021 as follows:

Major Capital Projects

1.1 Stage A Approval

Operations Committee has moved the following project to Stage B, following a Stage A approval:

- i) Pilkington Library – Alterations to Create Additional Study Space
Forecast cost: £1m (including VAT, fees and contingency allocation).

1.2 Stage B Approval

Operations Committee has moved the following project to Stage C, following a Stage B approval:

- i) Student Village Energy & Data Hub
Forecast cost:

1.3 Combined Stage A, B Approval

Operations Committee has moved the following project to Stage C, following a combined Stage A, B approval:

- i) Powerbase 2.0
Forecast cost: £1.8m

1.4 Stage C Approval

Operations Committee has moved the following project to Stage C, following a revised Stage C approval:

- i) Sport Park Pavilion 4
Forecast cost: £9.1m (incl. VAT), supported by £6m of external LLEP funding.

1.5 Combined Stage A, B, C Approval

Operations Committee has moved the following project to Stage D, following a combined Stage A, B, C approval:

- i) Fire Doors
Forecast cost: £2.7m. £1.35m in 21-22 (approved) plus £1.35m in 22-23 (not yet approved).

Minor Capital Projects

2.1 Stage A Approval

Operations Committee has moved the following project to Stage B, following a Stage A approval:

- i) ABCE – Engineered Slopes Simulator
Forecast cost: £650k (including VAT, fees and contingency) supported by £500k of external funds.

2.2 Stage B, C Approval

Operations Committee has moved the following project to Stage D, following a combined Stage B, C approval:

- i) Reconfiguration of Student Accommodation - Faraday Hall Kitchens
Forecast cost: £236k (including VAT)
- ii) ABCE – Engineered Slopes Simulator
Forecast cost: £650k (including VAT, fees and contingency) supported by £500k of external funds.

2.3 Stage C Approvals

Operations Committee has moved the following project to Stage D, following a Stage C approval:

- i) MArch refurbishment project (Phase 1)
Forecast cost: Phase 1 approval £192k. £400k (including VAT) across Phase 1 & Phase 2 (not yet approved).

2.4 Combined Stage A, B, C Approval

Operations Committee has moved the following project to Stage D, following a combined Stage A, B, C approval:

- i) Plastic Energy
Forecast cost: £160k (excluding VAT, the Head of Tax and Insurance has confirmed we are able to recover the VAT on the works)

Supplementary Reading - The major capital project approval process can be found at:
<https://internal.lboro.ac.uk/info/media/media/services/planning/documents/capital-projects/major-building-procedures.pdf>



COUNCIL

Subject: Common Seal
Origin: Chief Operating Officer

Council is asked to ratify the action of the Chief Operating Officer in affixing the University Seal to the following documents:

(From 14th October 2021)

Deed of Surrender relating to Room 0.021, Pavilion 3, SportPark	Between Loughborough University and Snowsport England Limited
Lease relating to Suite GA, office, lab on ground floor of Charnwood Building, Holywell Park	Between Loughborough University and Nemauro Pharma Limited
Lease relating to Room NB/1/28 at the Netball & Badminton Building, Loughborough University	Between Loughborough University and the All England Netball Association Ltd
Lease relating to Offices 02 & 03, ground floor, Michael Pearson West, Oakwood Drive, Loughborough	Between Loughborough University and PING Europe Ltd
Joint Contract Tribunal (JCT) DB2016 Design and Build Contract 2016 for SportPark Pavilion 4 Volume 1 – 9 x 2	Between Loughborough University and Henry Bothers Midlands Limited

Deed of Variation to Regional Host
Agreement x 2

Between Loughborough University and
Wales Cricket Board Limited

Senate



Loughborough
University

Minutes

SEN21-M3

Minutes of the Ordinary meeting held on 16 June 2021.

Attendance

	Robert Allison	
Hemaka Bandulasena	Ashleigh Filtness	Valerie Pinfield
Ana-Maria Bilciu	Mey Goh	Shahin Rahimifard
Ksenia Chmutina	Richard Hodgkins	Chris Rielly
Marcus Collins	Eef Hogervorst	Stewart Robinson
James Colwill	Caroline Kennedy-Pipe	Steve Rothberg
Paul Conway (ab)	Mark King	Tzameret Rubin
Malcolm Cook	Mark Lewis	Darren Smith
Jennifer Cooke	Chris Linton	Robby Soetanto
Andrew Dainty	Niels Lohse	Christopher Spray
Abigail Davis	Mariateresa Lombardo	Rachel Thomson
Cees de Bont	Callie Merrick	Emily Turnbull
Varuna de Silva	Andrew Morris	Duncan Walker
Phil Eames	Kelly Morrison	Emma Walton
Claudia Eberlein	Fehmidah Munir	Sian Williams
Tony Edwards	Maria Nieswand	Brian Winn
Fiona Ellis-Chadwick	Joao Oliveira	Amie Woodyatt
Carolina Escobar-Tello (ab)	Elizabeth Peel (ab)	Matt Youngs

In attendance:

Nick Clifford (for item 21/37), Chris Dunbobbin, Freya Mason, Jennifer Nutkins, John Rushforth (Advance HE), Andy Stephens, Richard Taylor, Thomas Young.

Apologies received from:

Paul Conway, Carolina Escobar-Tello, Elizabeth Peel.

The Vice-Chancellor welcomed Professor Lianne Gibson, attending her first meeting as Dean of the School of Social Sciences and Humanities, and those in attendance.

21/33 Minutes

Senate confirmed the Minutes of the Ordinary meeting held on 10 March 2021 (**SEN21-M1**).

21/34 University Strategy

SEN21-P37

34.1 Update on Higher Education Environment

Senate received an update on the external HE environment. A number of issues were highlighted, including:

- i) Considerable financial uncertainty, which made future planning very difficult. Decisions on the recommendations of the Augar review of post-18 education funding were expected in Autumn 2021 and could have a very significant impact.
- ii) The substantial effect of the pandemic on the international student market. There were particular concerns around when and if the Chinese market would recover to pre-covid levels.
- iii) The focus in the recent government White Paper on FE, technical skills and more flexible study. If funding followed these priorities, there could be an increased risk to UG student revenue.
- iv) The REF landscape and increasing pressure on research funding.
- v) New obligations and ways of working across the sector as the Office for Students continued to assert its regulatory role.

Notwithstanding the above, Loughborough was well-placed to respond positively to the challenges that lay ahead.

The following points were noted in discussion:

- vi) Reassurance was provided that the University was very supportive of its foundation programmes, and confidence was expressed that any challenges arising from decisions on the Augar review in this area would be met.
- vii) It was emphasised that Loughborough was committed to maintaining a plural academic environment, and to delivering high quality programmes of study across a wide range of disciplines to a diverse student body.

SEN21-P38

34.2 Developing the University Strategy

Senate noted an update on progress. Since the last meeting of Senate a range of further activities had been undertaken including the creation of a dedicated internal webpage; three internal and two external online briefing sessions; a meeting between the Provost and Deputy Vice-Chancellor and the LSU Executive; further work on the proposed strategic themes led by Professors Phil Eames and Lorraine Cale; and the identification of strategic leads. Thanks were offered to all who had contributed.

Following conversations with the incoming Vice-Chancellor, it had been decided to extend the previously agreed timescales to allow him to input appropriately into the new strategy. Formal approval from Council was now expected to be sought in March 2022.

SEN21-P39

34.3 Key Performance Indicators

Senate noted updates to KPIs for reporting to Council. Only a very small number of KPIs had been updated as the publication of most sector data sets had been delayed due to deadline extensions granted in response to covid-19 pressures in the sector.

21/35 Update on University Response to Coronavirus

SEN21-P40

Senate received an update on the University's response to the coronavirus pandemic. The following points were highlighted:

- i) Staff return to campus: Staff who had not yet returned were being asked to spend some time over the summer working from campus in preparation for 2021/22. It was emphasised that this process was distinct from the ongoing activity to explore a future framework for dynamic working.
- ii) Cases: The number of cases was currently very low, and most were identified early by the University's asymptomatic testing centre, preventing spread.
- iii) Graduation: The ceremonies planned for July 2021 were not dependent on the changes to restrictions that had been planned for 21 June 2021 and would go ahead, albeit that there might be some alterations to the post-ceremony reception events, depending on whether there were any further delays to the easing of restrictions beyond 19 July 2021.

- iv) Learning and Teaching: The plan for 2021-22 was broadly similar to that delivered in the autumn term 2020, building on and enhancing the flexible module delivery introduced in response to the pandemic, while keeping in-person on campus delivery at the heart of the University's offer. Current planning was to timetable in-person practical sessions with social distancing in place, with flexibility to revert to pre-covid arrangements if government guidance allowed.
- v) LSU: Planning for graduation balls to take place on an in-person basis were ongoing, with appropriate contingencies should restrictions remain in place after 19 July 2021.

The Vice-Chancellor thanked all members of the University community for their hard work and constructive response to the pandemic, noting that there were many colleagues who had contributed positively and significantly to activity at national level.

21/36 RTE Academic Promotion

SEN21-P41

Senate discussed proposals relating to the principles underpinning arrangements for RTE academic promotion, prior to a more detailed review being undertaken. It was some time since the criteria and processes had last been reviewed, and it was important that they were appropriate in the context of the University's new strategy and did not result in bias against staff with protected characteristics. It was emphasised that this would be a carefully considered piece of work, with the outcomes not expected to be submitted to Council for approval until Summer 2022. Senate was specifically asked to consider: whether, and to what extent, excellent performance in internal leadership roles should play a greater part in promotions than in the past; and whether there should be an expectation on all RTE7 staff that they work towards promotion to RTE8 (noting that there would be no equivalent expectation that RTE8 staff should seek promotion to RTE9, albeit that it was hoped that most staff would wish to do so).

A number of members spoke in support of a greater recognition of internal leadership roles in explicit promotion criteria, noting that clear information about the link between excellent performance in such roles and career advancement would be likely to increase interest in/engagement with them, and result in improved institutional performance. Some concerns were expressed, however, in relation to the openness of selection processes; the relatively limited number and availability of such roles; and whether such an approach was consistent with the outward-facing nature of the new University strategy.

The following additional points were noted:

- i) If excellent performance in internal leadership roles was to play a greater part in promotions, roles must be allocated fairly, for example through PDR processes and/or transparent selection processes.
- ii) It was not suggested that all colleagues should seek promotion by demonstrating excellent internal leadership, or that all colleagues should be required to demonstrate excellence in this area in order to qualify for promotion, but rather that there should be a mechanism to recognise that some colleagues did undertake significant internal leadership roles, and to value this contribution in career progression.
- iii) Promotion criteria should recognise the significant diversity that existed in career pathways, with women in particular more likely to have followed non-traditional routes and have caring responsibilities. Mechanisms should be developed to ensure that women and other groups with protected characteristics who might be affected by such issues were not disadvantaged in relation to career progression, and these processes should be developed with input from representatives of those affected groups.
- iv) Care should be taken to ensure that evidential requirements relating to promotion on the basis of excellent performance in internal leadership roles should not be more onerous than those for other career progression routes.

21/37 Climate & Environment Task Group

SEN21-P42

Senate received an update from the Climate and Environment Task group and endorsed the broad direction of travel. Senate agreed that arrangements should be made for Professor Nick Clifford, as

Chair of the group, to meet with the new Vice-Chancellor in the autumn, to discuss the detailed recommendations in the context of the new University Strategy.

The following points were noted in discussion:

- i) It would be important, in the context of dynamic working, to consider the displacement of emissions (related, for example to the heating of the houses of those working remotely rather than in the office).
- ii) Many prospective students had a keen interest the University's environmental profile, and there was scope for more focus on this in outreach and recruitment activities.
- iii) The wellbeing and productivity of staff should be a key consideration in the development of environmental initiatives.

Thanks were offered to Professor Clifford, Jo Shields and all other members of the working group.

21/38 Race Equality Charter Submission and Strategic Affirmations

SEN21-P43

Senate received an update on ongoing work to prepare the University's Race Equality Charter submission, and accepted the strategic affirmations underpinning it. Members were invited to send any comments on the draft submission to Emma Dresser. Thanks were offered to Dr James Esson and to all other colleagues and doctoral researchers who were contributing to this important initiative.

21/39 Health, Safety and Environment Committee

SEN21-P44

39.1 Senate received minutes of the meeting of Health, Safety and Environment Committee on 26 May 2021.

SEN21-P45

39.2 Senate considered the Health and Safety Bulletins for February – May 2021. The following issues were highlighted:

- i) Extensive engineering work undertaken to improve the water distribution system within Towers was complete and the system had been given a clean bill of health.
- ii) Significant fire safety work had been undertaken, including a large number of Fire Risk Assessments, and work to ensure the inspection and maintenance of fire doors and extinguishers.

21/40 Matters for Report by the Pro-Vice-Chancellor (Research)

SEN21-P46

Senate considered a report, including:

- i) Items considered at Research Committee meetings in April and May 2021 noting in particular work underway on a simplified successor to the CALIBRE strategy, open research issues and the exploitation of the sector by major publishers; the establishment of a REF Review Group and that the University was involved with 4 submissions to the OfS funding call for projects to encourage BAME students to take up doctoral research.
- ii) Research Grant and Contract performance at the 3/4 year point of 2020/21 which was on target.
- iii) A breakdown of the University's REF submission. Thanks were offered to the PVC(R) and to all other colleagues who had been involved in the REF submission.

21/41 Matters for Report by the Pro-Vice-Chancellor (Teaching)

SEN21-P47

Senate considered an update on activities relating to Learning and Teaching, including the ongoing response to Covid; student recruitment; quality assurance and policy; new programme development; and external sector policy. The following points were highlighted:

- i) The Semester 2 examination period was underway, and additional communications to students about the importance of submitting the correct file on time appeared to have been effective, with significantly fewer late submissions.
- ii) Consideration was being given to extended induction periods for new UG and PGT students in 2021-22, in part to address disruption to learning in schools during the pandemic. An updated version of the Ready, Set, Lboro digital badge, which included content on diversity, was also being prepared to support new undergraduate students and developments were also planned for PGT students and Doctoral Researchers .
- iii) Learning and Teaching Committee had continued to receive updates from Dr James Esson on the University's submission to the Race Equality Charter (REC).
- iv) The Task and Finish group established to consider processes around the establishment and delivery of short courses and professional education had progressed well and a business case to allow informed future decision-making was in preparation.
- v) The position for 2021 student recruitment was positive, albeit with considerable uncertainty around the impact of the pandemic on international student recruitment. An additional start date of February 2022 had again been introduced on specific postgraduate programmes.
- vi) A successful validation event had taken place with Loughborough College to approve the validation of its new undergraduate degree programme in Sustainable Engineering.
- vii) A bid was currently in preparation for stage 2 of the Department for Education Institute of Technology competition, to set up additional Institutes of Technology in collaboration with Loughborough College, the University of Derby and Derby College.
- viii) NSS 2021 results would be published on July 15 2021.
- ix) It had been a very successful year for student enterprise activities, and end of year awards had been held.
- x) Steps would be taken to ensure information on centre assessed grades was available for prospective students on the Admissions section of the University webpages and elsewhere as appropriate.

Thanks were offered to all colleagues who had helped to support Learning and Teaching during 2020-21.

21/42 Matters for Report by the Pro-Vice-Chancellor (Enterprise)

SEN21-P48

Senate considered a report on issues discussed at Enterprise Committee; the management of LUSEP; progress of the Zero-Carbon working group of EMDC; and a summary of enterprise applications and awards for Q3 2020/21. Members were encouraged to investigate the new KEF dashboard, and an update was provided on the Loughborough Town Deal.

Thanks were offered to Professor Claudia Eberlein, Professor Andy Dainty, Professor Malcolm Cook, Professor Chris Rielly, and others who had taken on responsibilities in relation to Enterprise since Professor Tracy Bhamra had left the University.

21/43 Matters for Report by the Provost and Deputy Vice-Chancellor

SEN21-P49

Senate considered a report. The following items were highlighted:

- i) ALT: The establishment of a Policy and Governance Unit at the London campus had been agreed to further extend the University's profile and influence with Government and other policy partners. The Policy Unit, led by a small team from LUL headed by Professor Andrew Chitty, would form part of a University-wide strategy for policy development and engagement.

- ii) Operations Committee:
 - a. A budget for 2021/22 had been recommended to Finance Committee. Based on prudent assumptions about international student recruitment, a small deficit was forecast, with small surpluses in the following few years.
 - b. The vacancy freeze which had been in place throughout the pandemic would be lifted from 1 August 2021. There would be some phasing of staff recruitment to ensure the maintenance of appropriate HR capacity to manage the volume of recruitment activity.
 - c. A submission to the government's new Turing Scheme, which would replace the ERASMUS+ programme, had been endorsed.

21/44 Matters for Report by the Vice-Chancellor

The Vice-Chancellor reported on the following matters:

- i) The Vice-Chancellor congratulated Professor Nick Jennings who had been appointed by Council as his successor. The Vice-Chancellor had met Professor Jennings on a number of occasions to ensure a smooth and effective transition. Council would be asked to confirm that the Provost and Deputy Vice-Chancellor would exercise and perform all the academic functions of the Vice-Chancellor and Accountable Officer, in accordance with Statute VI(2), in the interregnum between Professor Allison's last day on 31 July 2021, and Professor Jennings' first day on 4 October 2021.
- ii) The Vice-Chancellor offered Senate's best wishes to Loughborough athletes heading to the Olympics and Paralympics, and to Nick Diaper, the University's Head of Parasport, who would be the Deputy Chef de Mission for Paralympics GB in Tokyo.
- iii) Congratulations were offered John Steele, Executive Director of Sport at Loughborough, who had been appointed OBE in the Queen's Birthday Honours for services to sport.
- iv) Congratulations were offered to Professor Eran Edirisinghe from the School of Science, who had been appointed Pro Vice-Chancellor (Research) at Keele University, and Professor Andy Dainty who had been appointed Pro Vice-Chancellor (Education) at Manchester Metropolitan University.
- v) Thanks were offered to all retiring members of Senate, and in particular to Ana-Maria Bilciu and Matt Youngs for their dedication and hard work over a particularly challenging 12 months for LSU.
- vi) The Vice-Chancellor thanked all members of Senate, past and present, for their commitment and support over the last nine years, noting that collegiality remained one of the University's great strengths.
- vii) The Provost and Deputy Vice-Chancellor congratulated the Vice-Chancellor on being awarded a CBE in the Queen's Birthday Honours for services to education and to supporting young people's talent, equality and achievement. Senate also marked the Vice-Chancellor's last meeting of Senate by thanking him for his outstanding leadership of the University over nine extremely successful years.

21/45 Renaming of Subject Areas in School of Social Sciences and Humanities

SEN21-P50

45.1 Senate approved the renaming of the following:

- i) Social and Policy Studies (SPS) to Criminology, Sociology and Social Policy (CSSP).
- ii) Politics and International Studies (POLIS) to International Relations, Politics and History (IRPH).

- 45.2 Senate approved the establishment of the naming of subject areas within the School as “Divisions”.

21/46 Arts Committee

SEN21-P51

- 46.1 Senate received minutes of the meeting of Arts Committee on 18 May 2021.

SEN21-P52

- 46.2 on the recommendation of Arts Committee, Senate approved revisions to the composition of Arts Committee.

21/47 Learning and Teaching Committee

SEN21-P53

- 47.1 Senate received minutes of the meeting of Learning and Teaching Committee on 4 March and 22 April 2021.

SEN21-P54

- 47.2 Senate approved amendments to Regulation XVIII (Academic Misconduct).

SEN21-P55

- 47.3 Senate noted the University’s signing of the QAA Academic Integrity Charter.

SEN21-P56

- 47.4 Degree classification boundaries: Senate approved amendments to Regulations XX (Undergraduate Awards) and XXI (Postgraduate Awards).

SEN21-P57

- 47.5 Engineering Council Compensation and Condonement rules: Senate confirmed the University’s approach, and approved associated amendments to Regulations XX (Undergraduate Awards) and XXI (Postgraduate Awards).

21/48 Research Committee

SEN21-P58

- 48.1 Senate received minutes of the meeting of Research Committee on 24 November 2020, and 2 February and 20 April 2021.

SEN21-P59

- 48.2 On the recommendation of Research Committee, Senate approved amendments to Regulations XXVI (Research Degree Programmes) and XVI (Tuition Fees and Payments for Other University Services) regarding tuition fee payments for Doctoral Researchers.

SEN21-P60

- 48.3 On the recommendation of Research Committee, Senate approved amendments to Regulation XXVI (Research Degree Programmes) to bring staff PhD fee information into line with published TFSC rates.

SEN21-P61

- 48.4 Senate noted the approval by Research Committee of an alternative doctoral thesis format.

21/49 Student Discipline Committee

SEN21-P62

- 49.1 Senate received minutes of the meeting of Student Discipline Committee on 18 May 2021.

SEN21-P63

- 49.2 On the recommendation of Student Discipline Committee, Senate recommended to Council for approval amendments to Ordinance XVII (Conduct and Discipline of Students).

21/50 Ethics Committee

SEN21-P64

- 50.1 Senate received minutes of the meeting of Ethics Committee on 25 May 2021.

SEN21-P65

- 50.2 On the recommendation of Ethics Committee, Senate recommended to Council for approval the Ethical Policy Framework 2021.

21/51 Programme Proposals

Senate noted the action of the Pro-Vice-Chancellor (Teaching), on behalf of Senate, in approving the following:

- (i) New programmes (from Oct 2021):
MSc Applied Sport Performance Analysis
MSc Biomedical Engineering
MSc Biotechnology
MSc Water Engineering for Development programme (1 Yr, DL version)
- (ii) Additional Intake in January 2022:
School of Architecture, Building and Civil Engineering
Low Energy Building Services Engineering

School of Social Sciences and Humanities

Digital Media and Society
Global Media and Cultural Industries
Strategic Communication
Environmental Monitoring, Research & Management
International Financial and Political Relations
Climate Change Politics and Policy
Climate Change Science and Management
Security

Loughborough University London

Design Innovation
Digital Finance
Digital Marketing
Diplomacy and International Governance
Diplomacy, Business and Trade
International Management
Managing Innovation in Creative Organisations
Media and Creative Industries
Security, Peace-building and Diplomacy
Sport Marketing
Entrepreneurship and Innovation Management
Entrepreneurship, Finance and Innovation
Diplomacy, Politics and Trade
Global Communication and Social Change

School of Business and Economics

Information Management and Business Technology
International Business
Management
Marketing

Wolfson School of Mechanical and Manufacturing Engineering

Advanced Manufacturing Engineering and Management (part-time only)
Engineering Design (part-time only)
Mechanical Engineering (part-time only)
Renewable Energy Systems Technology (distance learning)
Systems Engineering (degree apprenticeship route)
Systems Engineering (part-time)

- (iii) Award, title or major programme changes:
MSc Exercise as Medicine (from Oct 2021)
- (iv) Suspension of programmes:
MA Media, Communications and Cultural Management (Last intake: Oct 2018; proposed next intake: Oct 2022)
- (v) Termination of programmes:
MSc Digital Design Innovation (no previous intakes)
- (vi) Validated provision at Loughborough College
Validation of the following new programme from Sept 2021:
BEng Sustainable Engineering

21/52 Semester and Term Dates for 2026-27

SEN21-P66

Senate approved Semester and Term Dates for the 2026-27 academic year.

21/53 Membership of Senate 2021-22 (thus far determined)

SEN21-P67

Senate noted the membership of Senate for the 2020-21 academic year, thus far determined.

21/54 Appointment of Deans of School

- 54.1 Senate noted the appointment of Professor Jan Godsell as Dean of the School of Business and Economics for an initial term of 5 years commencing on 1 September 2021.
- 54.2 Senate noted the appointment of Professor Malcolm Cook as Acting Dean of the School of Architectural, Building and Civil Engineering from 1 September 2021.

21/55 Appointment of Associate Deans

Senate noted the following appointments/reappointments:

- 55.1 Dr Louise Holt as Associate Dean (Teaching) for the School of Social Sciences and Humanities from 1 August 2021 to 31 July 2024.
- 55.2 Dr Simon Martin as Associate Dean (Teaching) for the School of Aeronautical, Automotive, Chemical and Materials Engineering from 1 August 2021 to 31 July 2024.
- 55.3 Professor Stephen Rice as Associate Dean (Research) for the School of Social Sciences and Humanities from 1 August 2021 to 31 July 2024.
- 55.4 Professor Lauren Sherar as Associate Dean (Teaching) for the School of Sport, Exercise and Health Sciences from 1 August 2021 to 31 July 2024.
- 55.5 Dr Paul Kelly as Associate Dean (Research) for the School of Science from 16 June 2021 to 31 July 2024.

- 55.6 Professor Sara Lombardo as Associate Dean (Teaching) for the School of Science from 1 August 2021 to 31 July 2024.
- 55.7 Professor Jo Tacchi as Associate Dean (Teaching) for LU London from 1 August 2021 to 31 July 2024.

21/56 Associate Pro Vice-Chancellor for the Doctoral College

Senate noted an extension of the appointment of Professor Liz Peel as Associate Pro Vice-Chancellor for the Doctoral College until 31 March 2022.

21/57 Sustainability Annual Report 2019-20

SEN21-P68

Senate received a report.

21/58 Reports from Committees

Senate received reports from the following Committees:

- 58.1 **SEN21-P69** Enterprise Committee on 24 March and 11 May 2021.
- 58.2 **SEN21-P70** Estates Management Committee of 12 February 2021.
- 58.3 **SEN21-P71** Finance Committee of 19 March 2021.
- 58.4 **SEN21-P72** Human Resources Committee on 26 May 2021.
- 58.5 **SEN21-P73** IT and Governance Committee on 28 January 2021.
- 58.6 **SEN21-P74** Sport Committee of 11 February 2021.

21/59 Dates of Meetings in 2021-22

Wednesday 29 September 2021 – from 12.30pm, Senate Strategic Away Afternoon

Wednesday 10 November 2021, 10am

Wednesday 19 January 2022, 10am (if required)

Wednesday 16 March 2022, 10am

Wednesday 15 June 2022, 10am

Author – Chris Dunbobbin

Date – June 2021

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OPERATIONS COMMITTEE



OPS21-M3 (1 March 2021)

1 Minutes

OPS21-M2 - Minutes of the last meeting

The minutes of the meeting held on 1 February 2021 were confirmed as an accurate record.

2 Matters arising from the Minutes

2.1 Matters Arising Summary

OPS21-P31

A summary report on Matters Arising was noted.

SECTION A – Items for Discussion

3 Project Approval

3.1 LSU Asset Transfer PMB

OPS21-P32

The monthly update from the PMB was noted, including the formation of an Operational Group responsible for progressing urgent LTM works in the LSU buildings. The Group is prioritising Category C1/C2 electrical, emergency lighting, ventilation and fire safety tasks to ensure that the building can be declared safe to operate asap. The costs of these essential H&S and compliance works will be recouped from LSU, through a combination of an adjustment to the purchase price or as part of the LSU grant allocation. £500k for these works is currently assumed in the PMB discussions, but the final figure will be confirmed when the survey work is completed (due by the end of March 2021). This detail will be available for the next Ops meeting.

The Heads of Terms (HoT) meetings commence on 3 March, with a starting position of a purchase price of £3.5m (before the essential H&S cost adjustment). Lease negotiations cannot commence until the HoT are agreed, but Ops supported the recommendation for LU to become the direct landlord of all the other third-party occupants, noting that the ongoing admin overhead can be absorbed within the current LU staff structures.

The next steps of the governance process were discussed. In its March meeting, Council will be asked to authorise the acquisition and to delegate to the Chair authority to approve the final form of the transaction. EMC have already been appraised of the aims and objectives of the purchase and were content with the strategy. In April, Operations Committee will be asked to review the PMB's final recommendation on the purchase price, before the request to the Chair of Council and VC is formally made.

Although the deal is commercial in confidence at this present time, once the request to Council is made the details will become more public, and it was agreed that a formal communication strategy should be developed, for the current student community and alumni members. This would be a simple message, as part of a proactive strategy to alleviate concerns and provide reassurance that the change in ownership will not affect the excellent student experience.

3.2 Campus Wide Flood Risk Assessment

OPS21-P33

Operations Committee noted an update from the Director of E&FM, on the wider implications of the Environment Agency's (EA) latest flood risk modelling for the University estate. The EA flood map shows that parts of East Park are in the flood zone with the areas around the Tennis Centre, Butler Court and the Creative Arts on land to the east of Epinal Way in the worst affected areas in flood zones 2 and 3. Also land on West Park around John Pickford and Sir Frank Gibb and NCCAT buildings are in flood zones 2 and 3. The implications across insurance, landscaping and new developments were noted, which would inform future capital project submissions to Ops. No action was required at this time.

It was also noted that the EA could require the University to contribute to a local Loughborough flood defence scheme, though this is not expected in the current five-year financial forecast period. However, if it did materialise, the contribution cost to the University would be determined by the EA model on a pro-rata basis and could be in the order of £10-£15m for the campus including LUSEP. E&FM colleagues are continuing to monitor the local planning conditions as they arise and will bring an update back to Ops if there is any change to this low-risk assumption.

Ops members thanked the Director of E&FM for the update, which provided a positive example of working alongside academic colleagues, to provide an informed assessment of the current flood modelling. Senate assigned the LU Climate and Environment Task Group (CETG) with the responsibility of evaluating extreme weather and climate change threats in a systematic way, and this work continues to provide input into the capital project process. It was agreed that this item would be referred to EMC for discussion at a future meeting, as the governing body with responsibility for the management of the estate.

3.3 Long-Term Maintenance 2021-22 – Advanced Approval

OPS21-P34

Proposals from the LTM Sub-Committee for £1,002k of advanced approval of 2021-22 projects were approved, for works to be progressed over the summer. These prioritised projects represent 8% of the full-year indicative LTM budget allocation for 2021-22.

This approval includes £360k for AV Equipment purchases. In light of the significant shifts to online provision during the pandemic, Ops requested reassurance that this budget would be prioritised according to user requirements and that the replacement costs are futureproof for the changing needs, not just a rolling programme of replacement AV. This discussion would be progressed through the Learning Environments working group, chaired by the PVC(T).

3.4 Major Capital Project - Powerbase 2.0

OPS21-P35

Operations Committee considered a Stage A proposal requesting approval to convert the current Gymnastics Centre into Powerbase 2.0. The capital investment of £2.8m and additional revenue costs of £77k would be supported by additional income, and the business plan in the paper presented an indicative payback period of 5 years.

The Gymnastics Centre is under-utilised and brings in less than £19k of income in a non-COVID impacted year. Demand for the existing Powerbase facility is high and provides a range of commercial opportunities for income and forging high-quality strategic partnerships and could also benefit research-led activities across the institution.

This was an exciting project which should be explored further. Ops would welcome some additional information on the business plan to inform a future decision on whether or not to support the investment:

- The commercial case needs further work involving the Finance Business Partner, to present a more detailed and robust sensitivity analysis that incorporates the challenges of operating during and after a pandemic.
- The mezzanine and boxing facility should be shown separately in the costings and income projections, to allow Ops to consider the individual cost elements and their payback.
- The income assumptions should be clearly delineated by cost-centre, to prevent double-counting when the operation is active and baked into annual budgets. There must be a process for the income that flows through to imago to be accounted within the payback, and not simply as new income in imago, which may then be spent as part of their business-as-usual operations.
- The payback assumptions need exploring in detail with finance colleagues, to ensure that appropriate allowances are made for the rolling replacement and recycling of equipment.
- The academic benefits should also be clearly articulated within the proposal. The Dean of SSEHS articulated his support for the project in the meeting and offered to provide examples of collaborative opportunities that match the School's future vision.

At this time, the pandemic cost controls continue to be in place, and capital expenditure is limited to essential H&S and compliance projects only. Ops asked that SDC and Finance colleagues use this time to invest in exploring these issues, to bring a revised proposal to Operations Committee. The capital investment is feasible and should not be seen as a blocker to this project, as it could be funded through the strategic investment fund (linking directly to a payback commitment) or through a reprioritisation of the Capital Framework. But the business case needs to be developed in partnership with finance colleagues, to ensure that the assumptions seamlessly fit within the university's finances.

4 Staffing

None.

5 Financial Matters

None.

6 Business Plans and Budgets

6.1 20-21 Budget Update

OPS21-P36

Operations noted the quarterly forecast update for 20-21 from Finance colleagues, which showed the significant contribution made by all budget holders to play their part in achieving the cost-savings required throughout this pandemic. Ops members sought to give thanks to colleagues for the combined efforts across this challenging period.

6.2 RTE Budgets

OPS21-P37

A summary of urgent RTE recruitment requests from Schools was discussed, prioritised through discussions in the recent Q2 reviews. Across nine budgets, the cumulative RTE pot was currently £1,055,796 and Operations Committee approved release of £669,769 for semester one RTE recruitment. This is additional to the RTE provision approved through the severance scheme in September 2020.

London's allocation was queried, in light of the significant reduction in student numbers, but it was confirmed that this was in response to the unequal distribution of staffing and student numbers across institutes, and the requirement to progress programme development for growth in future years. Ops was content to approve the £180k RTE in this context.

6.3 Five-year Financial Forecasts to July 2026

OPS21-P38

Revised proposals from Finance colleagues were discussed, following feedback in Ops and Finance Committee in February. Following the February reviews, the accommodation income and research forecast assumptions were revised, and the funds available for investment in 2021/22 were adjusted. The latest 2020-21 outturn was also updated, to reflect the updated Q3F forecast. All other assumptions remained as previously presented.

This is the last iteration through Operations Committee before the annual budget review process for 21-22. No budgets had been devolved in 20-21 and an essential spend only mandate was imposed, and Ops members were now asked for a steer on the 21-22 annual budget review process, scheduled for May 2021. Considerable financial uncertainty still remains, as national lockdowns and international travel restrictions disrupt planned activities and incomes. Ops agreed the following principles:

- It was important to allocate time for Ops members to interrogate the Schools and Professional Services budget assumptions for 21-22. This would be the process to approve budgets to be devolved to Schools and Professional Services. Therefore the secretary would schedule a short timetable of meetings in May 2021.
- Formal bids for investment would not be invited in May 2021 but would be deferred until the student recruitment position is known (September/October 2021). There may be an opportunity in May to review concise initial indications of bids planned for September 2021, as a line of sight to future spend. The mechanism for this would require further consideration and Finance colleagues were asked to bring proposals to an Ops Briefing.
- In the absence of a May bidding process, where urgent and critical needs for investment arise, Ops Briefing meetings can continue be used to progress proposals.
- Finance colleagues were asked to provide budget holders with clear messaging and advice on the changes to the budget process for 21-22, to both manage expectations and provide clarity on the timescales that Ops members have agreed to work within.
- For all budgets, the pay budget would revert to 19-20 levels, then updating for any Ops agreements approved in the last 18 months.
- School's non-pay would be assumed as a percentage of the 20/21 indicative base, but BiT would be assumed at 100%. There is a significant variation in non-pay across campus, and a need to ensure equity and fairness in the distribution across schools, in line with activities. The overall non-pay budget was circa £10m, and it was agreed that this would not be exceeded but would be subject to a review so that Schools with greatest need were supported.
- For Professional Services, non-pay would be assumed as a percentage of the 20/21 indicative base, but this would be after Finance colleagues had conducted a zero-based budgeting approach, which was anticipated to be lower than the indicative base.
- Ops noted that the funds available for investment in 21-22 had been removed, to prevent a forecast deficit in 21-22 in the forecast assumptions. The annual £2m investment pot was included from 22-23. There had been £700k ringfenced for the Professional Services (following an over-achievement on the recurrent savings review), which was to be subject to challenge within the 21-22 budget review process.

6.4 Catering - Food Delivery and Takeaway Services

OPS21-P39

Proposals from Gagan Kapoor, E&FM's Head of Residential, Catering and Domestic Services, were approved, for a delivery and take-away service. The new app has the functionality to offer LSU and local small high-street businesses a low-cost alternate to high-cost delivery apps from April 2021. The initial investment to trial this concept is circa £20k, which will be funded from within existing E&FM budgets and will require minimum changes to the current infrastructure. Ops noted that if the trial is successful, further investment may be required, but this would be subject to a future request to Ops.

Ops members welcomed this innovative suggestion and endorsed the proposal. It was important that a close relationship continues with LSU, to provide a joint relationship for this venture, and that catering colleagues continue to take advice from central marketing colleagues on the brand development.

6.5 Catering - Flexible Lunch Packages for Catered Students

OPS21-P40

Ops endorsed proposals from Gagan Kapoor to reduce the catered halls lunchtime operation from 7 to 5 dining halls (Towers, Faraday-Royce, Elvyn and EHB), each with increased opening hours and the ability for any catered student to choose to eat in any of those five halls at lunchtime. All seven catered halls would continue to operate breakfast and evening meal options. The next step is to develop more detailed proposals with wardens and hall committees, as it was vital to gain buy-in for the proposals from the student community, and to prevent any misinformation from spreading about the changes. The comms must be managed with LSU reps, allowing time for a thorough consultation process.

7 Programme Proposals

None

SECTION B – Starred Items for Approval

8 Starred Items for Approval

8.1 Long-Term Maintenance Sub-Committee (SRA-SC)

OPS21-P41

The minutes of the meeting held on 16 February 2021 were noted.

8.2 Student Recruitment and Admissions Sub-Committee (SRA-SC)

OPS21-P42

The minutes of the meetings held on 25 November 2020 and 20 January 2021 were noted.

8.3 Access and Participation Sub-Committee (APSC)

OPS21-P43

The minutes of the meetings held on 8 December 2020 and 18 January 2021 were noted.

SECTION C – Starred Items for Information

9 Chair's Action – Delegated Authority Approvals

9.1 SSEHS – MSc Applied Sport Performance Analysis

Operations Committee gave strategic approval to proposals for a new MSc programme in Sport Performance Analysis from October 2021. An indicative student intake of 28 students in year one was included in the course costings, rising to 45 in year six. This represented growth in PGT numbers and therefore additional income. Significant resources requests were contained in the course costings, to develop the new module provision, starting in this financial year. Two new RTE7 posts and a TE5 Technician were included (two phased from 1 May 2021) plus £60k for IT hardware and £5k for marketing in 21-22. Ops approved these resources in principle, linked to growth in income, but there would need to be further discussions between Ops and the School on the timings of the release of the investment.

In the Q2 Review meeting with the DVC in February, the following was approved:

Type	What	Cost	Time	Notes
Pay	New open-ended SSA7	£61,771	Start date 1 September 2021	Recurrent increase to SSA "pot"
Pay	New open-ended TE5 Technician	£37,305	Start date 1 September 2021	Recurrent increase to devolved grade 1-5 budget
Non-Pay	I macs and charging station	£60,000	1 August 2021	Approved one-off uplift to non-pay spend (can be spent either financial year)
Non-Pay	Video software	£25,000	1 August 2021	Approved recurrent budget uplift, to be managed through ITS (Rachel and Ruth to progress through appropriate budget)
Non-Pay	Promotional events	£5,000	1 August 2021	Approved recurrent uplift to non-pay spend

10 Chair's Action Approvals

10.1 Staffing Cases and Fixed-Term redundancies

OPS21-P44

10.2 Staffing – Unite - Facilities Time

Ops approved a request to continue the UNITE facilities time uplift from 0.4FTE to 0.6FTE up to 31 July 2021. This is a short-term increase, in response to COVID-19.

10.3 Financial – Science - ESRC Centre proposal

OPS21-P45

Ops approved the submission of the ESRC bid, noting the additional cost commitment can be met from part of the additional overheads. The space requirements contained in the bid were noted and Ops agreed to find the space for the team, if the bid is successful. But Ops sought to flag at this early stage that it won't be possible to fund a refurbishment project to provide a dedicated, purpose-built office/facility, in a location of their choice. Space will be found for staff, but please flag that funding a refurbishment project is not possible.

10.4 Financial – OfS Additional Hardship Funding

OPS21-P46

The allocation to LU of £230k was noted, for spend by 31 March 2021. An update to Ops will be produced in April.

10.5 Financial – London IESEG tuition fee - 2021 entry

OPS21-P47

The proposals were approved by the Chair of Ops, for the IESEG programme, which is a PGT course originally based on a UK/EU fee of £8,160 for 2020 entry. The deferred start of the course to 2021 entry was noted, and that the £8,160 had been advertised. Ops agreed that the standard L3 international fee should be the fee for the programme, but agreed for one year that the scholarship be increased to cover the difference to charge £8,160. This Ops approval is for one year only, because the lower price was already advertised. Ops acknowledged that future cohorts may be at risk as a consequence of Brexit, but this scholarship approval is for one year only, for 2021 entry.

10.6 Financial – HEIF 19-20 submission

OPS21-P48

The 19/20 HEIF narrative and associated figures was approved for submission to Research England.

11 Any Other Business

None.



OPS21-M4 (12 April 2021)

1 Minutes

OPS21-M3 - Minutes of the last meeting

The minutes of the meeting held on 1 March 2021 were confirmed as an accurate record.

2 Matters arising from the Minutes

2.1 Matters Arising Summary

OPS21-P49

A summary report on Matters Arising was noted.

2.2 Matters Arising – update on MArch refurbishment project

A verbal update from the PVC(T) confirmed that a meeting with Wolfson's Dean, ADT and Ops Manager had taken place, which established that activity can be relocated to WPL 1.06 Engineering Laboratory in STEMLab, freeing up project space which would in turn enable Wolfson to vacate the area in W building allocated to MArch. WPL 1.06 is currently the least utilised of all of the rooms in STEMLab, and although it is used, it should be possible to fit the new timetable requirements into the one space and accommodate experimental equipment moved from the current T building teaching lab.

The capital project submission to Ops in February 2021 included provision to relocate the Wolfson Part C Projects and IT suite into the Wolfson T building, including extensive remodelling of the area, to replicate the area to be vacated in the Sir David Davies Building. As this will no longer be required, this will reduce the remit and cost of the MArch refurbishment project to two elements; to relocate the Foundation team (School of Science) to space within John Pickford Building and remodel the space in the Sir David Davies Building (vacated by Wolfson and Foundation) in W0.022, W0.022A, W0.022B, W0.023, W0.024, W0.025, W0.026 and W0.027 for use by ABCE for MArch.

There is currently £484k in the Estates Capital Framework, but the Director of E&FM confirmed that this would not be expended in full. A revised Stage A submission will be submitted to an Ops Briefing this week, noting that the works are planned to be completed for the start of Semester One.

SECTION A – Items for Discussion

3 Project Approval

3.1 Major Building Project – Student Village Energy Hub & Village Centre

OPS21-P50

In December 2020, Ops had considered a range of prioritised options for the existing student residential estate and endorsed the development of a stage A paper identifying the feasibility of a new energy hub.

This paper sought to release feasibility fees of £110k to progress consultant fees and surveys. This spend is linked to two separate projects:

- The **Village Centre Project** is the “energy hub” infrastructure replacement for underground pipework for heating and power. Option 1 will keep the current infrastructure maintained (circa £330k), whilst Option 2 will replace the infrastructure (circa £5m). This is separate, and in addition, to the Energy Centre project (mentioned below).
- Underneath Whitworth Tower is the power, water and IT cabling hub for much of the Student Village, which requires a new **Energy Centre** to replace it (circa £3m), which will also allow for the demolition of Whitworth Tower (but this is not essential for the works). If the Energy Centre is deferred for five years, the short-term maintenance for the Whitworth Tower is estimated to be £672k (irrecoverable cost).

Both projects are currently identified in the Capital Framework on two separate lines, with an overall budget of £8m across 21-22 and 22-23. In the post-pandemic funding environment, it may be essential to reconsider the Capital Framework allocations, so clear justification for spend must be made.

The wider Student Village redevelopment project is not included in the Capital Framework, the £65m for the core student village redevelopment or the £150m for the complete student accommodation stock. In June 2020, Operations Committee had agreed that a decision on how to progress the 30-year student accommodation masterplan should be deferred, due to the uncertain financial environment. The options and timescales assume that Loughborough University will not be able to start the investment in the student accommodation masterplan until at least 2025-26.

The Village Centre and Energy Hub capital projects will be designed and managed according to the principles endorsed in the Energy Strategy, which will consider a range of alternative energy sources. Details will be included in subsequent submissions to Ops.

Ops approved the Stage A bid and the feasibility funding request. The Student Village PMB will now be reinstated (as it had been paused during the pandemic) and Ops encouraged the PMB to begin a structured and wide-ranging communication and engagement plan with LSU colleagues and the student community, to seek views on proposals and to mitigate misunderstandings on the intentions of changes.

Move to Stage B (Major Building Projects): Approved

Feasibility Funding: £110k (this is in addition to £20k approved in March 2020)

Project Sponsor: Director of Estates & Facilities Management

Forecast Capital Cost: TBC (£8m in the current Estates Capital Framework)

Forecast Revenue Cost: TBC

Project Management Board: Student Village PMB

Estates Capital Framework Allocation: Two allocations in the Capital Framework, for the “Village Centre” and the “Energy Hub” across 21-22 and 22-23.

3.2 LSU Asset Transfer PMB

OPS21-P51

Operations Committee noted the monthly update from the LSU Asset Transfer PMB, on progress to purchase LSU land and buildings. The anticipated timescale for the completion of the project had been rephased to September 2021, as the LU valuation will not be available until the end of April 2021 and that the LSU have yet to appoint a Charities Act compliant valuation expert. Ops was content with this assumption and did not raise significant concerns.

The condition survey work has completed, providing an approximate cost for the works of £615.5k within a year (plus £340k to LTM) but this will require evaluation and value engineering before a final cost is available (expected to be available for the May Ops meeting). This will impact on the valuation price and the asset transfer process. The costs of these essential H&S and compliance works will be recouped from LSU, through a combination of an adjustment to the purchase price and/or as part of the LSU grant allocation.

The compliance and H&S critical works are currently being progressed and good progress has been made. There is also a significant refurbishment project currently underway in the LSU atrium space (cost of circa £600k) to update the food outlets and social spaces. LSU plan to open the building from 17 May 2021 for trading, with the nightclub opening on 21 June. The essential H&S and compliance works were being progressed alongside the refurbishment, but have recently been paused, due to some quality concerns that E&FM colleagues have raised.

Ops members thanked the PMB for this update and encouraged colleagues to continue to be clear that any unwarranted delays to the asset transfer process will be reflected in the purchase price, as LU will recoup all ongoing costs from the LSU directly or indirectly. That initial repairs and ongoing maintenance costs would be recouped from the LSU has been the consistent strategy of LU entering into these negotiations and Ops agreed that this principle should be clearly reinforced again with LSU colleagues, to prevent any misunderstandings.

4 Staffing

None.

5 Financial Matters

5.1 Tuition Fees Sub-Committee (TFSC)

OPS21-P52

Proposals from TFSC were endorsed and approved, which were aligned to the maximum chargeable fee as defined by funding agencies (ESFA, UKRI, Apprenticeship Standards) but also included the following new principles:

- Tuition Fee increase for students continuing their studies in 2021/22, formally linking the increase to CPI(H). This would amend the previously agreed increase in tuition fees 2021/22 from 3.8% to 0.9%, noting the higher increase had not been factored into the financial forecast assumptions. This change would provide better clarity for students to know what the continuing fee will be based upon, but it was agreed that the implications must be clearly articulated within the terms and conditions to signpost to those taking leave of absence or a break in their studies.
- Five PGT Scholarships for IEP Lyons applicants 2021/22 entry to Loughborough, in line with the recent Ops approval.
- Five PGT Scholarships for German Academic Scholarship Foundation applicants, as recently endorsed by ALT.

Tuition Fees for three new programmes were also confirmed and approved.

6 Business Plans and Budgets

6.1 SSEHS Growth Plan (*Commercial in Confidence*)

OPS21-P53

In November 2020 Operations Committee received a paper from the Dean of SSEHS, detailing the academic vision of the School to rapidly grow and develop PGT provision, to consolidate the University's status as the world leading institution for sport related subjects. Ops established a Professional Services working group, to assist with guiding the projects proposed through internal University systems and governance processes. In subsequent discussions with the Chair, it was agreed that one PMB be established, as a strategic group to develop two separate business cases: i) National Rehabilitation Centre (NRC) and ii) Opportunity in the North of England. This group is chaired by the Dean of SSEHS.

An update from the PMB was received and the following points were raised in discussions:

National Rehabilitation Centre (NRC) - Stanford Hall

- It was confirmed that the outline business case assumptions for NRC were unchanged from the figures that were presented to Ops in November 2020. The external project governance is well established, with strong partnership links through the Nottingham University Hospitals NHS Trust (NUH) and the National Clinical and Academic Partnership (NCAP) led by Loughborough University and the University of Nottingham and supported by a hub which are University of Derby, University of Leicester, Birmingham University and Nottingham Trent University.
- An outline business case has been submitted to NHS England and NHS Improvement (NHSE&I), the Department of Health and Social Care (DHSC) and HM Treasury seeking approval for the strategy underpinning a capital investment of £70m committed towards the clinical component of a new clinical rehabilitation and academic facility to be created as the 'National Rehabilitation Centre' (NRC) for England. This will be submitted in January 2022. The key next steps are to model and confirm the operating business case between the partners, to unlock the government funding.
- The capital requirement for the preferred option is currently £89.8m, which is a shortfall of circa £20m. An overspend/contingency allocation should also be factored into the number. This could be achieved through a combination of academic partners or a philanthropic campaign. The Director of Finance attends the NRC Finance Sub-Group meetings and confirmed that initial discussions include a model where NUH borrow to support the capital shortfall, on a business case supported by lease income in future years. If other sources of income are secured to meet the shortfall (e.g. Research England RED fund, philanthropy) then the borrowing and subsequent rental agreement would be reduced.
- The internal LU governance approval hinges on the appetite of Council to invest in the project, both financially and strategically. Our governance processes require regular updates and time for engagement and detailed financial modelling. The PMB was advised that the priority is to prepare a detailed internal overview document, focussing on the income and expenditure assumptions (including detailed programme proposals) and articulate how the building will be managed and operationalised.
- A key consideration is to define if the location of our activity in the National Rehabilitation Centre at Stanford Hall will operate as a Loughborough University building, or a third campus. That will help define the operating model.
- Identifying the PGT provision is crucial to the supporting business case, which will need independent scrutiny outside the PMB through CSC. The Chair of CSC confirmed that an initial interim plan was required, then supported by regular updates. Ops encouraged the PMB to engage with all nine academic schools in the programme development stage.
- The National Rehabilitation Centre Board only have a line of sight to the rental income and contribution to facilities, not the programme development or scholarships/bursaries. The NCAP project team are not involved in discussions regarding the structure of our courses etc. It is important that any constraints that are placed on the types of programme that LU can offer at Stanford Hall do not restrict LU's ability to recruit students at the volumes necessary to meet business planning targets.
- The May Operations Committee meeting is an opportunity to present the detailed financial case, for review and comment. The PVC(R) encouraged the PMB to instil clear output deadlines into the plan, for research especially, to define milestones for success.
- Ops requested confirmation from the Dean of SSEHS on any immediate resourcing requirements, to build the business case. It was noted that the timescale is optimistic, and that dedicated support will be required in the short-term (the 21-22 financial year) but this is not yet required. This spend should be included in the financial case to Ops in May.

- The COO agreed that having a lead organisation is far simpler administratively than being “equal” partners particularly for fees, immigration checks etc. Joint arrangements will be avoided as much as possible.
- The fee setting details can be explored when the internal business case is more developed.
- The PVC(T) was comfortable with the principle of offering existing courses at different locations, but on the understanding that the structures ensure clarity for student applicants.
- The London governance model had included the establishment of an Independent Review Group (IRG), chaired by a lay member of Council. This informed and gave Council reassurance of the business case and the risk mitigation measures that had been built into the plan. The Dean of SSEHS confirmed that the NRC Board structure does provide some of this external scrutiny and critical friend dialogue, but this is not tailored to consider the interests of LU alone. Ops agreed not to progress an IRG now but will keep this under review.

Ops endorsed the strategic vision for the National Rehabilitation Centre (NRC) at Stanford Hall and asked the PMB to continue to develop the detailed modelling of the underlying business case for submission to Council in the Autumn of 2021.

Opportunity in the North of England

- Many of the details underpinning this business case are still to be confirmed, such as the size of the space holding, operating costs, lease agreement and service charge. Ops agreed that the timeline indicated in the paper was unrealistic and not compatible with the internal LU governance structures.
- Ops members also encouraged the PMB to articulate the key priorities and objectives for the venture for Loughborough University, to take time for reflection and possibly consider other opportunities to link with sporting bodies. The PVCs are vital to the articulation of the vision and they need to be working in partnership with the Dean and the PMB.

Following these detailed discussions, it was confirmed that there were no immediate actions for Ops on this proposal. Ops thanked the PMB for this update and confirmed that no property discussions can be discussed in detail without the strategic vision in place.

The PMB should continue to oversee and develop both projects but at some point the governance of the projects would probably need to diverge and run in different ways. The Director of Planning and Dean of SSEHS should discuss timing of this and in particular ensure that the North of England discussions include early engagement of key Council lay members.

6.2 OfS – Annual Monitoring Return for APP

OPS21-P54

All HE providers with an approved Access and Participation Plan relating to 2019-20 have been asked to prepare an annual monitoring return to update the OfS on the progress they are making towards the targets set and the commitments outline in their APPs. The deadline for submission is 16 April 2021 and Ops were asked to approve the University’s return.

The provider submission requires the University to make a narrative response relating to the impact of Covid-19 on the delivery of 2019-20 plans as well as those for 2020-21, which has been an opportunity to flag to the OfS that there will be a sustained, long-term impact on annual APP targets. An update is also requested about the progress made against the enhanced monitoring conditions set out in the 2020-21 approval letter, as well as data on the progress towards our 2019-20 targets, together with self-reflective commentary (where limited progress has been made). Following this Annual Monitoring Return submission, the OfS will then issue an impact report, but the structure of this is not known.

Operations Committee members noted the draft update, including the progress towards each of the targets and approved the OfS submission. Ops approved the submission to OfS and delegated responsibility to the PVC(T), Sarah Hannaford and Miranda Routledge to progress the final wording.

6.3 Turing Scheme (AOB)

OPS21-P68

The UK Government has launched a new scheme for up to 35,000 students to study and work abroad, which will replace the ERASMUS+ programme. The Turing Scheme will be global, whereas the ERASMUS+ programme only permitted students to apply for funding to study or work in Europe. The bid deadline is 16 April 2021, so Ops was asked to comment on the assumptions given in the draft submission.

The PVC(T) was keen to add comments to the paper, particularly for the widening access principles, which are a key priority for the new scheme. When bidding to participate in the scheme, organisations will need to demonstrate how their project will support widening access, and the assessment criteria will be heavily weighted towards this criterion. Ops requested that the details of this aspect are enhanced, mapping to the Access and Participation Plan governance, to ensure it aligns strategically with other initiatives. This new scheme is more flexible than the ERASMUS+ programme, and Ops was keen to take advantage of the new opportunities, rather than to replicate the old ERASMUS+ process.

Operations Committee endorsed the submission of the Turing Scheme proposal and devolved responsibility to the PVC(T) for signing off the final version of the bid.

7 Programme Proposals

7.1 London - MSc Digital Media Analytics and Advertising

OPS21-P56

Operations Committee gave strategic approval to proposals for a new London programme MSc Digital Media Analytics and Advertising from October 2022. But there were concerns raised by members with the proposed title. These concerns are to be addressed by the School SMT through the Curriculum Sub-Committee discussions. A decision on the final title for the programme was devolved to the PVC(T) to approve.

Staffing requests linked to this new programme development were not approved, as London's current academic staff base can accommodate up to 1,000 students and recruitment is not expected to recover to this level until 22/23. Any additional specialisms required for this programme will have to be found within the existing budgets until London enters the next growth phase. The intake target of 50 in the course costings is considered unrealistic and should be revised, guided to that indicated by the market research report.

The PVC(T) was keen to review the London programme portfolio with the Dean and ADT of London, in response to a number of programme terminations and suspensions recently requested. So, this new programme was approved in principle, but was subject to final endorsement through this review and the new programme cannot be advertised yet. Thus, Ops agreed to devolve authority to the PVC(T) to make a final decision on the MSc Digital Media Analytics and Advertising programme. No further iterations through Operations Committee are required.

7.2 ABCE - MSc Civil Engineering

OPS21-P57

Operations Committee gave strategic approval to proposals for a new MSc Civil Engineering programme in ABCE from October 2022. An indicative student intake of 15 students in year one was included in the course costings, rising to 25 at steady state (from 24-25). No resources were requested in the paper.

No further iterations through Operations Committee are required to progress the programme approval.

7.3 Foundation Programme Analysis

OPS21-P58

Operations Committee had requested that SRA-SC undertake a review of the intake targets for the Foundation programme to consider the impact of a material increase. Ops endorsed the recommendation from SRA-SC that there should be no change to foundation targets at this stage. It was noted that the PVC(T) is currently leading a strategic review of foundation.

SECTION B – Starred Items for Approval

8 Starred Items for Approval

8.1 Student Recruitment and Admissions Sub-Committee

OPS21-P59

Operations Committee approved proposals to change the name of the Student Recruitment Admissions Sub-Committee (SRA-SC) to the Student Recruitment & Admissions Steering Group (SRA-SG) with immediate effect. Under this proposal, the steering group will no longer routinely report to Operations Committee, but will provide recommendations to Ops annually in November/December, to propose intake targets for business planning purposes.

SECTION C – Starred Items for Information

9 Chair's Action – Delegated Authority Approvals

9.1 School of Science - Technician Restructure

OPS21-P60

Proposals were endorsed and approved by the Chair of Operations Committee, to progress the next steps in the School of Science technician restructure process. Ops noted that the consultation period for the new technician restructure had closed and that no alternative proposals to the propose restructure were received.

9.2 Student Services - Careers restructure update

OPS21-P61

Approval for the restructure proposals. At this stage Ops did not give approval for a permanent increase in hours from 0.6FTE to full-time for MA6 Careers Coach position. Once the final FTE for new appointments within the restructure is complete and costed, and a formal six-month review of the structure in August 2021, proposals for variations can come back to Ops, as required. There are no guarantees, but please do bring a further iteration for business-critical changes back to Ops.

10 Chair's Action Approvals

10.1 Staffing – Staffing Cases and Redundancies

OPS21-P62

10.2 Projects – AACME Research Vehicle Storage Building - stage A

OPS21-P63

Approval was given for the attached Stage A minor works proposal, for the AACME Research Vehicle Storage Building project. This will be a new minor works project on the Capital Framework.

Move to Stage B (Minor Works): Approved

Feasibility Funding: None

Project Sponsor: Dean of AACME

Forecast Capital Cost: currently £214k including VAT & fees, but this is to be value engineered

Forecast Revenue costs: TBC

Estates Capital Framework Allocation: New allocation titled “AACME Research Vehicle Storage Building project”

This Ops approval is based on the following next steps:

- This project is considered a sensible thing to do, to move this activity out of Holywell Park, so the Stage A was approved. We need the vehicle storage to be relocated and it is a good idea to move them out of commercially lettable space.
- But the initial project costing was totally unrealistic and so value engineering will have to be used to achieve a better price, as Capital Framework funds will be required in addition to the S code funds available. Ops endorsed the capital project to go ahead but want it to cost less overall. Please can AACME colleagues work closely with E&FM to find an acceptable solution.
- Ops also needs reassurance from your Finance Business Partner on comfort levels of using the suggested S Code. The s code income is not related to this activity and so clear justification must be provided that this is acceptable.

10.3 Financial – Student Accommodation Charges - post Easter

Two points of principle were recommended:

- students that have been invited back from 8 March, are charged from 8 March.
- If we have said that students are to come back for Term 3, then we charge accommodation from 12 April (mid-point of the Easter vacation, start of term date is 26 April). This date is obviously subject to national government guidance, and therefore may change if the government advice changes nearer the time.

10.4 Financial – Car parking fees

- The three-month suspension for car parking fees for staff on grades 1 to 3, which ends at the end of February. Ops agreed to extend the car parking charge suspension for grades 1 to 3 until 31 March 2021, but as a final extension, because we will have greater presence on campus from April onwards.
- The unions have asked that car parking fees for staff who have been furloughed and therefore not attending work are refunded. Ops did not approve this proposal, as being furloughed does not make a material difference in this instance. Staff are free to cancel their car parking fees at any time.

10.5 Financial – UNITE nominations 2021-22

OPS21-P64

Proposals were approved in the Ops Briefing meeting, for the nomination of 336 rooms from the remaining 452 rooms which form part of the Unite nomination for 21-22. It was noted that contractually we have to agree the nomination by 31 March 21 and that this offer represents the best deal.

10.6 Financial – OfS Hardship Funds

OPS21-P65

Ops noted that the OfS Hardship Funding has been allocated in full and so thanked colleagues for all their help in getting this scheme launched, advertised and assessed in such a short time.

10.7 Financial – SPARK+ agreement

OPS21-P66

Approval was given for this proposal, on the understanding that there is no financial risk. Assuming that the legal advice supports the conclusion that the University's liability is limited to the value of the investment or as would otherwise be the case with any other contract under English law, Ops Briefing approved the investment in the fund using the money under the FCDO grant.

Anything other than a limited liability agreement needs to come back to Ops Briefing for further discussion.

10.8 Programme Proposals – Loughborough College BEng (Hons) Sustainable Engineering

OPS21-P67

In April 2019, Ops approved a validation proposal from Loughborough College for a BEng General Engineering degree with specialist pathways. This has now been revised to be a BEng (Hons) Sustainable Engineering. The Chair of Operations Committee was content to approve this title change, no issues were raised.

11 Any Other Business

11.1 Turing Scheme - AOB

OPS21-P68

Considered under agenda item 6.3



OPS21-M5 (4 May 2021)

1 Minutes

OPS21-M4 - Minutes of the last meeting

The minutes of the meeting held on 12 April 2021 were confirmed as an accurate record.

2 Matters arising from the Minutes

2.1 Matters Arising Summary

OPS21-P69

A summary report on Matters Arising was noted.

SECTION A – Items for Discussion

3 Staffing

3.1 EDI Resources

OPS21-P70

Operations Committee discussed resources to support the University's EDI agenda.

3.2 Organisational Development - Restructure Update

OPS21-P71

In December 2020, Ops endorsed proposals for changes to the Organisational Development staffing structure, aligning resources to the principles underpinning the People Strategy. Operations Committee approved the budget-neutral reorganisation of resources and the commencement of a formal consultation process. Having completed the formal consultation process, Operations Committee endorsed the recommendations in the paper.

4 Financial Matters

None.

5 Business Plans and Budgets

None.

6 Programme Proposals

6.1 DCA – UG Fashion Design and Technology

OPS21-P74

Operations Committee gave strategic approval to proposals for a new programme in UG Fashion Design and Technology from October 2023. An indicative student intake of 35 students in year one was included in the course costings, rising to 55 at steady state (2028-29). No further iterations through Operations Committee are required to progress the programme approval.

It was not clear if this would be overall growth in student numbers for the School, or a reallocation to mitigate the decline of Textiles numbers. Significant resource requests were included in the course costings, profiled from 2022-23 onwards. Ops was keen to obtain more clarification from the School, to articulate the interplay between the Textiles student number decline, the growth through this Fashion Design and Technology programme, as well as the growth in Graphic Communications and Illustration numbers (which was accompanied by investment). If the growth largely mitigates loss of market in Textiles, then this new programme development must be funded within the current DCA staffing base.

As an institution, the five-year financial forecast assumptions for UG numbers do not model growth, so any increase in DCA student numbers may have to see a parallel reduction in numbers elsewhere (and corresponding resource levels). SRA-SC are responsible for the annual student intake target modelling, who will bring recommendations to Operations Committee in due course.

6.2 ABCE - MSc in Flood Modelling and Risk Management

OPS21-P75

Proposals for a new MSc in Flood Modelling and Risk Management programme from 2022 were discussed, but the following issues were raised:

- The student numbers were small and this was not planned to be a volume programme. The viability of the programme was a concern.
- There was no evident link to the specialisms available from colleagues in Geography (School of SSH), which combined with ABCE would provide a world-leading offer to students. This programme might be better progressed as a collaborative venture.
- Only a full-time option was presented in the paper, but Ops requested that ABCE consider a part-time variant, which would attract those currently in work. The domestic market demand is evident, but the programme delivery may need to be more flexibly delivered to match this market. Short course variants should also be considered.
- This is an ABCE proposal, not a WEDC initiative, so the next paper to Ops must make that clear.

Noting the issues raised above, Operations Committee did not approve the MSc proposal at this time. The School should reconsider the programme proposals in light of these comments. To progress the programme proposal, please resubmit to a future Operations Committee meeting.

7 Project Approval

7.1 LSU Asset Transfer PMB

OPS21-P76

The monthly update from the PMB was noted, including the formal appointment of LU's independent valuers (Avison Young). The valuation advice is expected by 30 April 2021; however, LSU will not provide access to the building for the valuer until after 10 May, when the refurbishment of the building will be complete. Avison Young colleagues have frequently worked with E&FM and have often visited the LU estate and were able to provide an initial valuation report without having access to the LSU building. Noting that commercial buildings have declined in value nationally during the pandemic, the value of the

LSU land and building is estimated to be no more than the £3.5m currently assumed. LSU have not yet obtained legal conveyancing advice or appointed a valuation surveyor.

Operations Committee was asked to consider whether the assumptions on the life of the building should remain as 5-7 years, or whether this should be increased. This is not vital for the valuation process but would aid with the long-term capital funding scenario planning. Ops agreed that the implications of increasing the lifespan of the building must be made clear before an assessment can be made on this aspect.

Ops meets monthly in both June and July 2021, and then again in early September. All parties continue to work towards completing the purchase of land and buildings by September 2021. The Chair agreed that the contractual details linked to the purchase of the asset may require iteration over multiple meetings rather than obtaining a final sign off in one step. Ops asked the PMB to ensure that adequate time is given for Ops to scrutinise the proposals that are brought forward.

7.2 Student Accommodation – Reconfiguration of Rooms

OPS21-P77

A Stage A Minor Works proposal from E&FM was approved, prioritised as an initiative to retain student income in future years. Whilst the student accommodation masterplan is on pause, it was acknowledged that some spend on existing blocks was required, to reconfigure the rooms to enable greater shared social space to be available. This business case sought to develop detailed proposals for David Collett D&E (up to £250k), Cayley, Rutherford & Royce (up to £350k), Butler Court (up to £80k), totalling up to £680k. It was noted that these changes would also result in an annual loss of income of £135k.

Ops approved this initial business case based on the assumption that costs would be limited as much as possible, to provide a short-term (circa 5 year) lifespan for the investment, rather than sinking significant investment into buildings that are intended to be demolished/refurbished in the medium-term. £650k is the maximum capacity available and E&FM were asked to consider value engineering this to a more modest amount, if possible.

Move to Stage B (Minor Works): Approved

Feasibility Funding: £38k

Project Sponsor: Head of Catering, Domestic and Residential Services (Gagan Kapoor)

Forecast Capital Cost: Cost up to £680k

Forecast Revenue costs: TBC

Estates Capital Framework Allocation: “Student Accommodation – Reconfiguration of Bedrooms” fully phased in 2021-22

7.3 Dining Halls as Social Study Hubs

OPS21-P78

Operations Committee considered a Stage A business case proposal from E&FM, to convert space within both Towers and Elvyn dining halls into Social Study Hubs, with the addition of soft booth style seating, seeking an investment of up to £200k.

In the current financial climate, with many competing priorities for spend, Ops sought to reduce the project brief, to fund a smaller proof-of-concept pilot of circa £30k, rather than commencing a design process for a wider £200k project. This pilot will enable student feedback to be gained in the design stage, and once implemented to gain data that models the student flow of usage within a hall environment, in advance of committing to any larger-scale developments. This will be funded through the LTM budget (“Campus Infrastructure” allocation in the Capital Framework). As the project is under £50k the capital project procedures don’t apply.

7.4 Major Building Project - SportPark Pavilion 4

OPS21-P79

Operations Committee approved proposals for an additional £161k of feasibility funding for the SportPark Pavilion 4 project, to extend the design team appointments to conclude to RIBA Design stage 4. This is within the overall project cost envelope (of no more than £9m).

The Director of E&FM confirmed that the scheme is on track to spend the external contribution to the project, noting that this was to an ambitious timescale. This risk has been flagged throughout the project development and continues to be monitored closely through the PMB.

Move to Stage B (Major Bid/Collaborative Projects): Approved
Feasibility Funding: £873k (£712k previously approved, now additional £161k).
Project Sponsor: PVC(E) / Associate Pro Vice Chancellor for Sport
Forecast Capital Cost: £9m (incl. VAT), supported by £6m of external LLEP funding
Forecast Revenue Cost: TBC
Project Management Board: SportPark Pavilion 4 PMB
Estates Capital Framework Allocation: "Sport Park Fourth Pavilion"

SECTION B – Starred Items for Approval

8 Starred Items for Approval

8.1 Access and Participation Sub-Committee (APSC)

OPS21-P80

The minutes of the meeting held on 3 March 2021 were noted.

SECTION C – Starred Items for Information

9 Chair's Action – Delegated Authority Approvals

9.1 MArch refurbishment project – Stage A

OPS21-P81

The Stage A capital project proposal was approved by the Chair of Operations Committee, including the request for feasibility funding of £25k. It was noted that the project has been divided into two phases (feedback from Ops included in red):

Phase 1 (spring & summer 2021)

- Relocation costs for the Foundation team to John Pickford, additional furniture and way finding signage. **Approved**
- Relocation costs for Wolfson to T1.15 from Sir David Davies and minor work requirements in T1.15. **Not approved, as this was not included in the recent discussions with the PVC(T). Please bring an update on these works back to an Ops Briefing, with a justification for the capital framework spend. Ops would question how much Wolfson use the supersonic rig, and how essential this is. There might also be other rigs which could do similar elsewhere on campus, so sharing could potentially lead to decommissioning.**
- Relocation costs for moving Thermo fluids from T1.15 over to STEMLab 1.06. **Approved**
- Allowance for new furniture for ABCE in the MArch space of Sir David Davies. **Approved**

Phase 2 (summer of 2022)

- Refurbishment of MArch space, after one year of operation. **Noted, but with no formal Ops approval at this stage, subject to a separate submission to Ops at a later date. By deferring the works,**

justification will need to be given as to why spend on the refurbishment is required in 2022. Please also investigate with E&FM whether any of the MArch space in the David Davies building can be allocated to other activities in the 21-22 academic year, if the number of MArch students there don't occupy all the space.

Move to Stage B (Minor Works): Approved

Feasibility Funding: £25k

Project Sponsor: Dean of ABCE

Forecast Capital Cost: £400k (including VAT) across both Phase 1 and Phase 2

Forecast Revenue costs: TBC

Estates Capital Framework Allocation: "MArch" included in the Capital Framework, with £284k in 21-22 and £200k in 22-23.

10 Chair's Action Approvals

10.1 Staffing Cases and Fixed-term Redundancies

OPS21-P82

10.2 Financial – Commercialisation - Lachesis Seed Funds

OPS21-P83

The following principles were agreed:

- Ops agreed to delegate the allocation of the first £100k of the Lachesis Seed Funds to the Director of the REO, to approve expenditure as required. The working group governance proposed (page 3) are not required.
- This delegated authority for the first £100k of Lachesis Seed Funds is not for general EPG spend, but is linked to the list included in this paper (page 4).
- If the first £100k is spent, the REO will have to come back to Operations Committee to request the release of any further funds. This will be an opportunity to provide an update to Ops on how the £100k was spent, which will provide background to the next bid.

11 Any Other Business

None.

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Date – June 2021

OPS21-M6 (8 June 2021)

1 Project Approval

1.1 Major Building Project - SportPark Pavilion 4

OPS21-P85

An update on the capital project was received, which highlighted several risks to the project:

Risk	Comments	Mitigation
Inflationary rises to construction costs across the sector, as well as procurement delays	<p>A revised pre-tender project cost estimate of c£9.22m (not including the £500k highways charge) was noted.</p> <p>The duration of the build time has been confirmed as 68 weeks, which aligns with the predicted September 2022 completion timeline in the original Stage A paper.</p>	<p>Ops noted that there would be some unavoidable shift in cost due to external factors and there was commitment to build the right building. Value engineering had already reduced the scope of the project to omit the car parking options. In broad terms, further value engineering should not be achieved through removing the environmental options, linked to achieving Passivhaus Classic status. A slight cost adjustment to take account of inflationary price changes was acceptable to Ops, whilst the remit of the project remains the same. This is not approval for more, but agreement to additional budget if required (subject to a business case). The Director of Finance confirmed that it may be appropriate to levy these additional costs into the future rental income, to recoup the investment.</p>
LLEP funding timings, with the £6m grant to be spent by 15 March 2022	<p>E&FM have met cash flow spend to date and are projected to meet the next stage of spend. Noting the confirmed completion timetable, up to £2m of project spend is projected to fall outside the timeframe set by the LLEP.</p>	<p>Ops asked the PMB to give greater clarity to the actual risk presented here. The maximum exposure was in the region of £2M but this was unlikely to materialise in full. It may be possible to purchase equipment earlier, to rephase this spend. This strategy had previously been agreed for both the ATIC and STEMLab capital projects, so a reminder of this governance precedent would be available for the EMC discussion of this project.</p>

		An escrow arrangement might be possible, to maintain the funds in a holding company for a fixed period.
LLEP may not exist March 2022	A hypothetical risk, nothing has been announced.	The Director of E&FM was asked to check the LLEP funding contractual terms, to clarify the position.
Planning condition - highway charge	The project was submitted for planning on 11 March 2021 and is programmed for determination on 14 June 2021. A new requirement stipulates that LU must contribute an additional £500k as a highway charge. This precedent will have an impact on future capital project budgets and presents a risk to the affordability of other active projects, such as the Institute of Technology.	Ops agreed that this charge was unreasonable and it was not in the wider interests of partners to see development on LUSEP stall. If there is no development on this land, there will be no retained rates, which will impact on the financing of funded Enterprise Zone projects. The COO agreed to initiate a discussion to clarify the position.
Anchor tenant lease	Details not included in this paper.	The Director of E&FM was asked to include this in the July Ops update.

Ops members thanked the SportPark Fourth Pavilion PMB for this interim update. The next steps for the governance of this project are not clear-cut, due to the timing of meetings and the tender process. EMC is on 18 June and Council is 1 July, then Ops on 12 July. The outcome of the planning and normalisation of the tender process will not be known by the EMC date. Due to the contract value, a full Council discussion and approval will be required for the project. The COO recommended that EMC hold a short virtual single item meeting, to consider an update before the Council discussion in July. Delegated authority from Council would be sought, for Chair's action approval of the final costs.

- **EMC – documenting risks for the project**

OPS21-P86

An extract of the minutes of EMC were noted, which requested that Ops assume responsibility for documenting the level of real vs theoretical risk in terms of the project timeline, external funding and the securing of the anchor tenant lease, on behalf of EMC. The action had been given to the PVC(E) but was not completed prior to her departure. Ops agreed that the risks to the timeline and external funding had been documented in the above minute, but further details were required to provide assurance on the anchor tenant lease. The Director of E&FM was asked to include this in the next paper to Ops.

- **Declaration of Conflict of Interest**

Ops members noted that Prof Mike Caine, Chair of the SportPark Expansion PMB, has an association with UKAD, serving as a Member of UK's Innovation Commission (an honorary position, appointed by invite). This is an oversight body, set up following a governmental review of UKAD's governance and leadership. As Chair of the SportPark Expansion PMB, it's not appropriate for Prof Mike Caine to engage directly with UKAD re any commercial negotiations. This conflict of interest has also been formally noted by the SportPark Expansion PMB.

1.2 LSU Asset Transfer PMB

OPS21-P87

Secretary's note: The COO declared an interest in this discussion, as an LSU Trustee. Ops formally noted this conflict of interest.

An update from the PMB confirmed that Phase 1 of the refurbishment works is complete, and the building is open. The project has been funded using LSU reserves of £367k with the balance of £383k (incl VAT) in purchase orders raised by E&FM, for essential electrical and fire compartmentation works to make the building compliant. This £383k will be recovered through the purchase agreement.

The LSU Trustees meet on 29 June and they will be asked to confirm an agreement in principle to sell the land and the buildings to LU. There was an expectation that the sale would be agreed in principle in June and the PMB was asked to push for a quick resolution to negotiations, and complete any necessary due diligence. The Director of Finance had met with the LSU Chief Executive and President of LSU before this meeting and the dialogue had been productive. If a deal cannot be reached, then the grant agreement between LU and LSU will have to be adjusted, as the University will not pay to maintain a building it doesn't own. The £383k of compliance works had been a loan, not a grant, from the University and this must be clearly defined in all LSU paperwork. No caveats or assurance on the future of the building will be made as part of the purchase agreement. Any investment in a future LSU building will be determined by the wider financial environment and the prioritisation within the capital framework. However, a new build to replace the current LSU building was still the aspiration.

Ops noted that in mid-May, LSU had asked the University for £360k to fund the next stage of its refurbishment programme. Now, in June, LSU had £600k in place to progress the works. This suggested that LSU had access to other funds.

The outcome of the LSU Trustees meeting will be known for the update to the next Ops meeting.

1.3 Institute of Technology Bid

OPS21-P88

Ops considered an update on the Institute of Technology project, noting that the stage 2 bid deadline is 16 June 2021. Derby College and University of Derby are working together with Loughborough College and Loughborough University to prepare a bid to deliver an Institute of Technology. Resources for the initiative are from the Department of Education, which will fund a Loughborough College building and equipment investment as well as a capital project in Derby. Operating costs would be met from the four learning institutions and their employer partners' core training activities. For LU, the match funding resource is staff time, to assist in running the activities through the facility once built.

The bid contains a Leicestershire hub, based on land owned by Loughborough College opposite the entrance to the Radmoor Centre, with a build total of ~£5.7M creating ~1500m² of space for delivery of IoT related activities. Additionally, ~£800k of equipment (including IT infrastructure and computers) will be included to fit out the building.

Loughborough University will be required to sign up to a company limited by guarantee through a Heads of Terms agreement if the bid is successful. The Heads of Terms will commit us to a proportion of the future operating costs of the building, proportionate to the use that we will make of the building(s). The second stage of the IoT bid requires the submission of income and expenditure relating to the courses we propose to deliver through the IoT in the first 5 years of operation. Student numbers have been modelled on existing LU programmes, adding numbers which will provide additional income. The expenditure listed in the bid is derived from existing costs only.

Operations Committee approved the submission of the consortium bid as presented, noting that the final document would be considered through the Ops Briefing meeting on 14 June. LU will not have to enter into a lease agreement, so no formal Council approval is required for this Institute of Technology bid, but it was agreed that the PVC(T) would add this to her Senate and Council reports for June and July, to raise awareness of this major strategic partnership.

1.4 Minor Works – MArch Refurbishment Project

OPS21-P89

Operations Committee approved a stage B submission for Phase 1 of the project, to be progressed over the spring and summer 2021, which includes provision for the relocation costs of the School of Science

Foundation team to John Pickford, additional furniture and way finding signage; relocation costs for moving thermofluids from T1.15 over to STEMLab 1.06; allowance for new furniture for ABCE in the MArch space of Sir David Davies.

Phase 2 is planned for the summer of 2022, for the refurbishment of MArch space after one year of operation. This will be brought back to Ops, requesting authority to progress as a separate approval.

The revised forecast capital cost is now £400k (including VAT) across both Phase 1 and Phase 2, following the removal of the requirement for major refurbishments for Wolfson in T Building (only a small provision for data points in T1.15 remains in the project costs). Room 1.06 in STEMLab is a shared space which can be used for teaching thermofluids and hosting equipment and is not a thermofluids lab dedicated to Wolfson. The PVC(T) was progressing this clarification through discussions with Deans.

The allocation within the Capital Framework of £484k in 21/22 has been re-profiled over 21/22 (£192k) and 22/23 (£292k) but Ops expects to see a saving on this project of at least £84k, to bring it under £400k over Phase 1 and 2.

Move to Stage D&E (Minor Works): Approved

Feasibility Funding: £25k (as approved in April 2021)

Project Sponsor: Dean of ABCE

Forecast Capital Cost: Phase 1 approval £192k. £400k (including VAT) across Phase 1 & Phase 2.

Estates Capital Framework Allocation: "MArch" included in the Capital Framework, with £284k in 21-22 and £200k in 22-23.

1.5 Major Building Project – Demolitions

OPS21-P90

Operations Committee considered a stage A submission for Phase 1 of the proposed new Demolitions project, linked to works in the Sir Arnold Hall & F Building. The Demolition works are planned to be carried out in 3 phases over 3 financial years, at a cost of £2.965m. There was currently an allocation in the Capital Framework under three entries: Demolitions; Campus Infrastructure; Space Efficiency.

Ops members also took the opportunity to discuss mothballing options, as an alternative to demolition. The main campus telephony cable is connected underneath Sir Arnold Hall and would need to be rerouted at a cost of c£50k. To mothball the F Building, the sub-station would need to be rerouted at a cost of c£200k.

Whilst Ops members agreed with the concept of the project, this was not considered a priority for capital spend at this time. So, this Demolitions project proposal was not approved. It was agreed that the project should be deferred for a year, for revisiting in the summer of 2022, when the affordability of the capital framework will be clearer. Spend included in the Capital Framework for 21-22 should therefore be rephased to future years. Modest spend on ensuring the buildings are safe and secure was endorsed (c£15k), for discussion through the LTM Sub-Committee.

1.6 Major Capital Project – Fire Doors

OPS21-P91

Operations Committee approved a stage A&B submission for the first phase of the Fire Doors project, which commits £1.35m in the Capital Framework in 21/22, noting that there will be a phased release of funds for each individual contract (prioritised and managed through the LTM Sub-Committee). This Fire Doors project can now be progressed without needing any further approval through Ops (up to the £1.35m budget threshold). A further £1.35m is profiled in the Capital Framework for 22-23, but this will be subject to a separate request to Ops in due course.

The major project capital project governance approvals stipulate that this project must now seek approval from both EMC and then the Chair of Council and VC.

Move to Stage C (Major Building Projects): Approved

Feasibility Funding: None

Project Sponsor: Director of E&FM

Forecast Capital Cost: £2.7m. £1.35m in 21-22 (approved) plus £1.35m in 22-23 (not yet approved).
Forecast Revenue Cost: None
Project Management Board: LTM Sub-Committee
Estates Capital Framework Allocation: “Fire door works”

1.7 LTM update and Advanced Approvals Q1 21-22

OPS21-P92

The total indicative allocation for 2021/22 LTM projects in the capital framework is £13.1m. In March 2021, Ops approved £1.002m of works, which represented 8% of the full-year indicative LTM budget allocation. A further £939k of works was now approved, following an updated prioritisation by the LTM Sub-Committee. This brought the LTM advanced approval to £1.941m, which represents 15% of the indicative LTM budget allocation for 2021/22.

2 Staffing

2.1 Modern Energy Cooking Services (MECS)

OPS21-P93

An update from the School of SSH Senior Management Team was noted, following the withdrawal of funding from UK Aid (Department for International Development). MECS is in year 3 of a 5-year programme (year 3 ends September 2021) and Loughborough University is the lead partner and the project was anticipated to generate a minimum of £2.3m overhead. As a result of the cut in the UK Foreign aid budget from 0.7% to 0.5%, the projected £13m MECS 21/22 budget has been reduced to £4m (“MECS-lite”).

MECS-lite runs to March 2023 and the project objectives have been realigned within the budget envelope indicated by the Foreign, Commonwealth & Development Office (a minimum of £8m over 2 years, up to March 2023). A formal request for cashflow support from LU of £1m in 21-22 was approved, to be claimed against the 22-23 budget. Without this cashflow support from LU, the only option is to close the MECS-lite programme with immediate effect. A risk assessment from Legal Services accompanied the paper and provided reassurance that the risk was low. Given the magnitude of the support given, Ops agreed that Council should be informed of this strategic risk, through the PVC(R)’s update report.

Following this financial intervention, cuts to the costs were still required, and a formal HR consultation process was approved.

2.2 Arts & Humanities Review Implementation PMB

OPS21-P94

A closure report from the PMB was noted, including lessons learned from the project for the process of managing restructures of a similar scale.

2.3 COVID-19 Governance Structure

OPS21-P95

Operations Committee approved proposals for a redesigned working group structure to manage the University’s response to the Covid-19 pandemic. A Covid Response Group (chaired by the COO) will operate as a working group of Operations Committee, and the Secretary was asked to establish a standing item on each Ops agenda, to receive the action notes. This group will then have two further sub-groups; Covid Testing and Logistics (chaired by the ACOO) and Covid Learning and Teaching (chaired by the PVCT). Membership and rights of attendance were delegated to the Chair of each group, these will not need to be approved by Ops.

Proposals for spend would be brought through Ops Briefing meetings, there was no continuation of the delegated authority as seen with COVID-Gold. Ops would welcome an overview paper of current and

anticipated spend. This should also include possibilities for changes to processes that would signpost students & staff to external resources for support or seek to recover the staffing overheads through the testing charge. The Covid Response Group were asked to compose a position statement for the summer and Semester One, with these indicative costs.

3 Financial Matters

3.1 Tuition Fees Sub-Committee (AOB)

OPS21-P109

Operations Committee approved the following recommendations from TFSC:

- Tuition fees for 2022-23 entry.

In 2013, Council delegated authority to Operations Committee to agree tuition fee rises to a 10% threshold. The “PGT4” fee was proposed to increase by 15% for both the UK and International applicants, which is over this threshold. So, this fee will require approval in the 1 July Council meeting.

- Change in Tuition Fee Bands for the following London programmes from 2022/23 entry:

Programme	Old Fee Band (21/22)	New Fee Band (22/23)
MSc Sport Business and Innovation	L2	L3
MSc Sport Business and Leadership	L2	L3
MSc Sport Marketing	L2	L3
MSc Sport Analytics	L2	L3

- The minutes of Tuition Fees Sub-Committee meeting held on 18 March 2021.

Proposals for fee band changes for both SBE and Science were to be discussed in the June TFSC meeting. The Chair agreed that these can be brought through an Ops Briefing rather than wait for the July Operations Committee meeting.

4 Business Plans and Budgets

4.1 2020-21 Q4 Forecast

OPS21-P96

Ops noted the forecast financial out-turn for the year ending 31 July 2021 and approved the forecast to be reported to Finance Committee. A full year deficit of £2m was forecast, driven by severance costs and income losses attributed to tuition fees and student accommodation, offset by cost restraint measures. Thanks were given to Schools and Professional Services colleagues for all their efforts to achieve this Year-End financial position, after such large income losses.

5 Programme Proposals

5.1 DCA – Art and Design FE Foundation Programme Review

OPS21-P97

A report from DCA colleagues was received, providing an overview of their strategic review of the Art and Design Foundation Programme. This is an FE programme (the only one run at LU) which provides a yearlong full-time Arts programme, with a stand-alone qualification. Students aged 18 on 1 August in the year of entry pay no fee, as the tuition fee is provided by the Education and Skills Funding Agency (ESFA) as a block grant. The programme is strategically important to the School, for the benefits to conversion rates to their UG programmes it provides.

Ops reviewed the programme in 2013 and agreed that the FE programme should close. This decision was reversed upon the request of the previous Dean, but it was agreed that an annual review of the

programme through Ops would be required, to reconfirm the strategic significance and to review the finances underpinning the programme.

Progression to LU UG courses is high (63% in 19-20, 68% in 20-21 and predicted to be 68% in 21-22) and the FE qualification provides a high entry tariff for students entering their UG degrees. Ops members agreed that the FE programme provided strategic value and should continue. The following points were raised in discussions:

- An HE based foundation year was an alternative to the FE route, but it was agreed that this was not an appropriate time to make this change, with the government review of fees and foundation provision. There would also be an impact on the institutions continuation rates if students failed to progress from the foundation year.
- DCA was keen to convert some existing BiT contracts to open-ended contracts, to provide stability for the programme and to reduce the admin burden. Ops approved the staffing proposals in the paper, as well as an increase in the current costs linked to the programme of £64,416 (changes in FTE or change from term-time only to year-round contracts). No increase to the DCA budget was approved, this £64,416 will be funded from a reduction to the RTE pot.
- As a condition of the continuation of the FE programme, Ops agreed that the School must create opportunities to diversify the cohort and attract more APP eligible students. Approval for the substantive positions would provide capacity for school visits and marketing of the course, linking with M&A colleagues.
- The income and expenditure trends show that the ESFA grant is falling year-on-year, both as a result of a decline in the funding per student and as a result of a drop in numbers on the programme:

Financial year	Funding received	Lagged student number calculation used for ESFA budget allocation
2018-19	£727,734	162 students
2019-20	£589,059	135 students
2020-21	£567,830	130 students
2021-22	£447,732	107 students

- Ops agreed that DCA should provide an annual review of the finances for the programme, as well as the student numbers on the programme. There is currently a c£200k surplus for the programme (omitting all space and other indirect charges) and Ops expects to see a surplus higher than this in future years, alongside student numbers closer to the 18-19 levels. The resources approved would be sufficient to support levels of circa 170 students. This would be progressed through the Q2 review (February) with the DVC.

5.2 SSH and ABCE - BSc Geography with Urban Planning

OPS21-P98

Operations Committee gave strategic approval to proposals for a new BSc Geography with Urban Planning programme from October 2023. The programme would be a joint SSH and ABCE programme. An indicative student intake of 18 students in year one was included in the course costings, rising to 22 at steady state (from 27-28). These numbers do not represent growth, but to meet current UG targets. No resources were requested, as no new modules are required, so the effort to launch is low. The Dean of ABCE confirmed that this programme did not conflict with the BSc Urban Planning offer, but instead provided an alternative option for students. The single honours BSc Urban Planning programme will have had 3 intake years before the new BSc Geography with Urban Planning starts, so will be fully established.

Ops noted that there may be a timetabling challenge linked to the GY contribution to Natural Sciences, which is in its early days but not attracting high numbers (2 on GY pathway in current Part B, 4 on GY pathway in current Part A). Ops agreed that it would be appropriate to revisit whether or not to retain this Natural Sciences pathway, if Geography with Urban Planning recruits good student numbers. This would be from 23-24.

No further iterations through Operations Committee are required to progress the programme approval.

5.3 London - MSc Digital Entrepreneurship

OPS21-P99

Operations Committee gave strategic approval to proposals for a new MSc Digital Entrepreneurship programme in London from 2022. An indicative student intake of 60 students in year one was included in the course costings. No new resources were requested for the programme development.

No further iterations through Operations Committee are required to progress the programme approval.

SECTION B – Starred Items for Approval

6 Starred Items for Approval

6.1 Access and Participation Sub-Committee (APSC)

OPS21-P100

The minutes of the meeting held on 10 May 2021 were noted.

SECTION C – Starred Items for Information

7 Chair’s Action – Delegated Authority Approvals

None.

8 Chair’s Action Approvals

8.1 Staffing Cases and Fixed-Term Redundancies

OPS21-P101

8.2 Financial – George Gandy Memorial Fund and Service

OPS21-P105

Ops was content to approve a proposal for both the George Gandy memorial fund and the service on 24 July 2021. It was noted that no money was being requested, but instead utilises staff time in M&A (and SDC).

8.3 Financial – Changes to EPSRC Equipment match funding requirements

OPS21-P106

Proposals for changes to the EPSRC Equipment match funding requirements were approved. Finance colleagues will ensure that the changes for this policy are communicated, whereby schools meet the first £5k of the required institutional contribution for any purchases and the central budget meets the balance.

8.4 Financial – BAME PGR Research England Call - OfS bid

OPS21-P107

The Chair gave formal approval for the submission of these OfS bids.

8.5 Projects – Plastic Energy minor works project

OPS21-P108

Approval was given for a new minor works capital project proposal, to refurbish lettable space for Plastic Energy. The payback period is 6 years (£25k per annum of additional income), and this was approved on the understanding that any breaks in the 6-year lease with Plastic Energy will include a commitment to repay the full £150k (if they leave earlier than 6 years). The £160k cost will be found from the LTM Contingency allocation.

Noting that Ops had requested that the LUSEP Management Team identify ways to fill voids, the following points of principle for future projects were agreed:

- Cannot routinely use the LTM contingency, this is to allow capacity to absorb overspend on projects already assumed within the capital framework.
- Wouldn't usually expect to reconfigure space for each new tenant, we should be letting space as is.
- Point 2 can be flexed for strategically important partners with a payback deal (like Plastic Energy).

Move to Stage D&E (Minor Works): Approved

Feasibility Funding: None

Project Sponsor: Director of E&FM

Forecast Capital Cost: £160k (excluding VAT, the Head of Tax and Insurance has confirmed we are able to recover the VAT on the works)

Estates Capital Framework Allocation: new line for the "Plastic Energy refurbishment project", through a reduction to the LTM contingency allocation

8.6 IT Capital Projects – Pods Refresh 2021

The Capital Framework phasing for the Pods Refresh 2021 – Major IT capital project has allocations across three financial years: 2020/21 £140k, 2021/22 £2,839k, 2022/23 £95k.

Ops approved the project in March 2020, but in June 2020, as part of the COVID mitigation measures, the project was paused. It was confirmed that Ops was comfortable with this IT project now going forwards, to tender in June 2021.

8.7 IT revenue change project – Student Finance Programme budget

Ops approved proposals to rephase spend from 20-21 to 21-22 for the Student Finance Programme budget. Finance will ensure that the £42k in 20-21 is re-forecast to 21/22. There is already £15k in the forecast for 21/22 so this will represent a £38k uplift, with an overall saving of £15k.

9 Any Other Business

9.1 Tuition Fees Sub-Committee (considered under item 5.1)

OPS21-P109

OPS21-M7 (12 July 2021)

1 Project Approval

1.1 LSU Asset Transfer PMB

OPS21-P111

Secretary's note: The COO declared an interest in this discussion, as an LSU Trustee. Ops formally noted this conflict of interest.

The monthly update from the PMB confirmed that the LSU Trustees had met on 29 June and the Ops paper included a summary of the details. In light of these discussions, Operations Committee agreed that it was in the interests of LU to pause negotiations and take stock of the wider picture, until the LSU is in a position to confirm how they will fund the necessary LTM obligations on the building. LU colleagues across Professional Services that are involved in this deal are asked to withdraw from informal discussions with LSU and E&FM staff should cease their LTM scoping works. This is until Operations Committee receives clarity on the LSU position, which is unlikely to be before the September 2021 LSU Board.

A deadline of 31 December 2021 to finalise on any deal has been communicated to the LSU (included in the next agenda item). It would be the University's intention to deduct the cost of repairs from the grant payment in January 2022 if the transaction is not concluded as at 31 December 2021.

OPS21-P112

Correspondence from the Director of Finance to the LSU was noted.

1.2 Major Building Project - SportPark Pavilion 4

OPS21-P113

EMC was briefed on the project in the June meeting agreed to delegate authority to the Chair of EMC to approve the final Stage C and D major capital project application subject to four conditions. Operations Committee members noted the following updates on these conditions:

EMC condition	Update to Ops 12 July
A signed Heads of Terms document between LU and the anchor tenant – EMC will not at this stage sign off on the project without this.	Final and conclusive negotiations of lease terms between LU & UKAD will be completed by November 2021 at latest, due to Cabinet Office's governance processes. Ops noted that sufficient written assurances have been received from the Cabinet Office. The COO was asked to liaise with LU's Head of Property Office, to confirm a way forward for this low risk.
A letter of comfort from the LLEP regarding the timescales for drawing down the £6m grant.	The LLEP have provided written confirmation that they will extend the terms of the grant funding agreement or allow LU to draw down the £6m grant in full on 31 March 2021, on the condition that regular performance updates continue to be provided. The

	University's preference is to draw down the grant in full. The VC has spoken to the Chair of the LLEP who confirmed he would support this option.
Confirmation that the recommended appointment of the contractor with the highest scoring tender will not exceed the project budget	<p>The construction works will be procured using a fixed price Design & Build contract and any cost increases will be met by the contractor, but LU will need to avoid any form of "mission creep" in the project specification to ensure the project remains on budget. Lessons learned from the West Park PMB are that alterations to the plans with the main contractor are to be avoided during the Design & Build time frame and any minor changes should be retrofitted after the project handover, if essential.</p> <p>Potential cost saving options for the project were provided as background information. Ops agreed that these would be decided by the Chair of the SportPark Pavilion 4 PMB.</p> <p>It was noted that if the tender is not let by 31 July, the project will have to be re-tendered and risk delay and significant cost escalation. In this scenario, an update to Ops members will be provided by circulation, seeking approval for the next steps.</p>
Confirmation that the £500k highways contribution is not payable.	At the time of the Ops meeting, LCC have not yet withdrawn the £500k request, so planning consent has not been confirmed. This time sensitive requirement has been escalated to senior LCC colleagues and LCC has indicated its willingness to resolve the issue. This needs to happen before the project can go ahead.

Operations Committee approved the Stage C capital project application for SportPark Pavilion 4 and recommend it proceeds to EMC for approval via circulation. It was noted that approval from the VC and Chair of Council would then have to be sought before the contract is awarded.

Stage C (Major Building Projects): Approved
Feasibility Funding: £712k (incl. VAT)
Project Sponsor: APVC (Sport)
Forecast Capital Cost: £9m (incl. VAT), supported by £6m of external LLEP funding.
Forecast Revenue Cost: TBC
Project Management Board: SportPark Pavilion 4 PMB
Estates Capital Framework Allocation: "Sport Park Fourth Pavilion"

1.3 Major Building Project - Pilkington Library – Alterations to Create Additional Study Space OPS21-P114

Operations Committee approved a Stage A initial proposal for the Pilkington Library refurbishment project, seeking further details on the plans in the next submission to Ops. The project aims to provide an additional 150 study areas within the Library, to reflect high demand.

Ops members took the opportunity to discuss other venues on campus for study spaces, supported by improvements to signage. This may be a more cost-effective option and does not require the removal of hard-copy books from the library. Student survey feedback consistently highlights the Library as the favoured location for group and individual study spaces, because it is a staffed space and it has a quiet, respectful atmosphere. In the Stage B submission, Ops members would welcome reference to other options available for study spaces, and the reasons for this project being prioritised above them.

Stage A (Major Building Projects): Approved
Feasibility Funding: £46.5k (including VAT)
Project Sponsor: Academic Librarian
Forecast Capital Cost: £1m (including VAT, fees and contingency allocation).

Forecast Revenue Cost: TBC

Project Management Board: Pilkington Library project sub-group

Estates Capital Framework Allocation: "Pilkington Library - Alterations to Create Additional Study Space"

1.4 Minor Works Project - ABCE – Engineered Slopes Simulator

OPS21-P115

Operations Committee approved the stage A proposal for the Engineered Slopes Simulator project, following the successful bid to the Wolfson Foundation. The Engineered Slopes Simulator will be housed in a new purpose-designed, light industrial building in a compound adjacent to the Sir Frank Gibb Laboratories.

There is currently no allocation in the Estate Capital Framework. The total required to deliver the building project is £650k (incl VAT & contingency) and the funding is from a mix of external grant, ABCE budget and philanthropy as follows:

- Wolfson Foundation award of £500k, to cover all spend on building, tilting table and ancillary items (excluding VAT and professional fees e.g. design of building and table).
- LU Philanthropy allocation of £50k.
- ABCE will fund the shortfall of £100k, to cover all professional fees associated with the design and delivery of the project (including VAT on these fees and remembering the cost of gaining planning permission has already be met from outside of this budget). The funding shortfall will be accommodated within ABCE's future non-pay budget.

The holistic project cost for the Wolfson funded Engineered Slopes Simulator project is £1m, as £350k from ABCE has also been confirmed, through equipment purchases already made. The capital project is following the Minor Works approval route, as this equipment purchase costs have been removed from the building project costs. Therefore, this is a £650k capital project.

Stage A (Minor Works): Approved

Feasibility Funding: £50k (incl. VAT)

Project Sponsor: Dean of ABCE

Forecast Capital Cost: £650k (including VAT, fees and contingency) supported by £500k of external funds.

Forecast Revenue costs: TBC.

Estates Capital Framework Allocation: New entry "ABCE – Engineered Slopes Simulator"

1.5 Minor Works - Reconfiguration of Student Accommodation - Faraday Hall Kitchens

OPS21-P116

Operations Committee approved a Stage B&C proposal for Phase 1 of the project, to undertake works to refurbish kitchen diners in Faraday Hall. This gives approval of £198k to deliver Phase 1 of the project and no further Ops approval is required to progress this element.

In May 2021, Operations Committee approved a Stage A minor works business case to reconfigure student accommodation rooms across David Collett D&E, Cayley, Rutherford & Royce, Butler Court and Faraday halls, totalling up to £680k. The indicative allocation for the "Reconfiguration of Student Accommodation" is fully phased in 2021-22. A bid to progress Phase 2 is expected to come to Operations Committee in September 2021. It was noted that these changes would also result in an annual loss of income of £135k, though the changes to Faraday Hall will not affect income.

Stage B&C (Minor Works): Approved (Phase 1, Faraday only)

Phase 1 (Faraday) Funding: £198k (incl. VAT), plus £38k feasibility funding approved in May. Project approval of £236k overall.

Project Sponsor: Head of Catering, Domestic and Residential Services - Gagan Kapoor

Forecast Capital Cost: £680k (including VAT, fees and contingency).

Forecast Revenue costs: TBC.

Estates Capital Framework Allocation: First call on £680k indicative allocation for the “Reconfiguration of Student Accommodation” project in 21-22.

1.6 Carbon Management Plan (CMP)

OPS21-P117

Operations Committee noted progress on the development of a University Decarbonisation Plan from the Director of E&FM. The University Energy Strategy (endorsed in 2020) contains a commitment to reduce the University’s greenhouse gas carbon emissions to Net-Zero by 2050, but without a practical plan this vision will not be realised. The paper described LU’s current position, highlighted future demand and offered options that could enable LU to achieve Net-Zero status by 2050 at the latest and earlier if possible.

The lead time required to implement projects of this scale means that many will not come to fruition in time to contribute significantly until the mid-part of this decade and most likely the latter part. But, LU’s Scope 3 emissions are assessed to be three times that of Scope 1 & 2 and it was noted that achieving the 2050 Net-Zero target will require a step-change in how the Campus is operated and in the behaviours of all.

During discussions the following points were raised:

- In its June 2021 meeting, EMC agreed to act as the oversight body providing the governance vehicle to provide advice and guidance to Council on action needed to significantly reduce Scope 3 carbon emissions, given existing oversight and scrutiny for reducing Scope 1 and 2 carbon emissions.
- EMC members had recommended that LUSEP third party tenants are not included within the University’s targets. Operations Committee discussed this at length and agreed to recommend that as the landowner, the targets should include all of the estate, and LUSEP emissions cannot be excluded from the LU figures. But there should be a mechanism in place to report all tenant emissions separately. The measures, and what is in scope, may change over the years, but if we “do the right thing” that will ensure that LU is best placed over the long-term.
- It was agreed that the energy requirements of potential tenants should not be used exclusively to determine which new tenant opportunities be progressed, and the gateway policy should be agnostic on this principle. The energy requirements are pertinent to the modelling and monitoring of targets, but should not unduly influence the decision in light of the wider strategic benefits through linking with the organisation.
- Proposals for Energy from Waste (EfW) Electricity Supply, giving potential for a heat and power connection from the Biffa and Covanta EfW development, were not endorsed, because it may negatively affect dedicated sport spaces at Loughborough.

Following these high-level strategic discussions with both EMC and Operations Committee members, the Director of E&FM was asked to lead the proposals for the next steps, including the establishment of an overarching governance structure. It may be appropriate to establish a new Committee to oversee this strategy, given the magnitude of change and investment required.

1.7 Water Safety – Business Continuity

OPS21-P118

Upon the request of the Health, Safety and Environment Committee, Operations Committee noted an update from E&FM’s Head of Engineering, Maintenance and Sustainability, which outlined the business continuity lessons identified following the Legionella outbreak in Towers. Measures such as the new appointment of the Water Hygiene Manager, the reinstatement of the Water Safety Group and implementation of both the HSE and governance audit report recommendations, the University is well placed with resources and information required to reduce water hygiene risk from current levels. Also, taking the lessons identified through the Towers remediation process and applying them to the University campus infrastructure over the next two years, will move the level of water hygiene assurance from reasonable to substantial.

Ops members thanked E&FM for this holistic plan, which strengthened the governance arrangements and provided reassurance that the risks were low. It was agreed that the London campus should be included in the water reporting framework, noting that the age of the building will result in this being a very low risk. This would ensure that the entirety of the estate is within this water safety governance structure.

2 Business Plans and Budgets

2.1 SSEHS Growth – NRC Business Plan update

OPS21-P120

In April 2021, Ops endorsed the strategic vision for the National Rehabilitation Centre (NRC) at Stanford Hall and asked the PMB to continue to develop the detailed modelling of the underlying business case, to provide an opportunity for Ops to review and provide input before a submission to Council. The PMB is chaired by the Dean of SSEHS and a separate Professional Services working group (chaired by the Director of M&A) had been established by the COO, to look at the structures required to underpin the NRC project and advise on an appropriate operating model.

After reviewing this detailed proposal, Operations Committee endorsed the initial business case as a framework for making decisions, noting that activities are phased to start from 2024-25. After profiling a deficit in Year 1 (intake of 75FTE), the business plan grows to full capacity in 2029-30 (steady state of 150FTE across 6 programmes) providing circa £800k contribution per year. As with the Loughborough University London programme development, the course costing figures over this growth stage are indicative and subject to formal approval through the annual budgetary cycle. But the approval of this NRC strategy provides reassurance to the PMB that this initiative will be prioritised, in supporting the assumptions included the paper.

During discussions, the following points were raised:

- SSEHS's ADT has been providing regular updates on the programme proposal developments through CSC, and the PVC(T) will continue to meet with Lorraine Cale after she steps down as ADT, as she will continue to lead the NRC programme developments.
- Any new programmes will require strategic approval from Ops in the standard way.
- Table 1 in the paper provided an indication of research contribution forecasts, which are indicative and not targets. The reporting requirements for the collaborative bid have dictated this approach. The net contribution figures are anticipated to improve but have not been included in this business plan.
- No pump priming for research has been included in the business plan assumptions, the PMB is keen to seek external income for this.
- The COO confirmed that he is comfortable with the Professional Services assumptions in the business plan, which are currently based on the University ratio of Professional Services cost: Income. These costs will be refined as more certainty on the operating model is known. The current allocations are considered to be the worst-case scenario.
- The PMB was encouraged to continue to publicise the vision for this exciting opportunity internally, not only to seek out collaboration opportunities for programme development, but also to raise awareness.
- Ops encouraged the PMB to ensure that IT security is included in all planning stages, as this is a high strategic priority for LU.

The governance timescales had been revised slightly, to seek Council approval in March 2022 for the NRC business case. Ops recommended that the PMB prepare an initial paper to Council for the Autumn 2021, to introduce the vision and concept, as a pre-cursor to the formal request in March. Clarification of

the next steps for the internal approval route would be agreed between the Chair and the Dean of SSEHS outside of this Ops meeting.

2.2 Student Recruitment Update

A verbal update on the student recruitment position was received from the COO, which confirmed that UG numbers are strong, alongside a dip in International PGT, but not as severe as the levels included in the financial forecast model.

Current modelling is suggesting that this will result in room voids in accommodation (circa 200 rooms) and Ops members discussed whether to overrecruit UG to compensate PGT and room voids. It was noted this would result in two large cohorts in a row, which would impact capacity in 2-3 years' time (if we allow new programmes as growth and PGT recovers). Additional resources may be needed in areas where there is over-recruitment and the volume may put pressure on league table metrics. No definitive decision on mitigating accommodation voids was made at this stage.

It was highlighted that programme closures don't require Ops approval but are progressed directly through CSC. This may mask an opportunity for Ops to review resourcing levels, where activities are stopping or being phased out. The PVCT and the Director of Planning were asked to design a process that ensures that the five-year student load modelling and the Ops resourcing discussions include an awareness of which programme closures have been approved. This would be valuable background when new resources are requested for growth.

London conversion activities are highlighting significant demand for online-only provision, particularly from China. Silver Group (chaired by the PVCT) is considering options for Semester One in 21-22 and more details will be available soon.

2.3 Covid Response Group - International Student Arrival and Quarantine for 2021-22

OPS21-P121

In the Ops Briefing on 5 July, the Chair approved the following proposals for 21-22 entry:

- A policy to offer 1 free Day 5 Test and Release to amber list international student arrivals in halls of residence. Cost of circa £50k.
- A policy to offer day 2 and 8 testing on a charged basis to amber list international students. Cost neutral.
- To fund quarantine cost for all new UG and PGT students, for one quarantine period only. This would apply to October 2021 and January 2022 intakes. This policy applies to all students (international and UK fee paying students who do not live in the UK) coming to the UK from red-list countries. Indicative costs are £691,250.

A decision on PGR students and returning students was deferred to this full Ops meeting, when the PVC(T) and PVC(R) are available. The following was approved by Operations Committee:

- To fund 50% of the quarantine cost for all returning students (for clarity, this is 50% of the quarantine charge in force). This policy applies to all fee-paying students (irrespective of country of domicile or degree level) coming to the UK from red-list countries. Indicative cost of £425k.
- To fund quarantine costs for all new PGR students, but not their family members. Current modelling suggests circa 15FTE PGR students from red list countries.
- For calculating agent commissions, the gross tuition fee will be used. Ops had requested that the net fee be considered, but International Office colleagues had recommended that the gross fee be used, to align with competitor institutions.
- In all marketing, it should be made clear that only one quarantine cost will be funded per student, throughout the 21-22 financial year.

- The details of the rebate process is yet to be confirmed. Finance recommend that it is progressed as a tuition/accommodation fee credit, not a rebate payment. A process will be designed to enable the student to submit their claim and trigger this fee credit.
- Where sponsors pay the quarantine costs, LU will not reimburse the sponsor.

3 Financial Matters

3.1 Tuition Fees Sub-Committee (TFSC)

OPS21-P122

The minutes of the TFSC meeting held on 7 June 2021 were noted and Ops approved the recommendation from TFSC to continue the PGT Scholarship scheme without amendment for the 2022/23 recruitment cycle.

All other TFSC recommendations in the paper had already been approved by the Chair in an Ops Briefing meeting (detailed in agenda item 10.2). These were considered and approved in advance of Council.

4 Staffing

4.1 EDI Resources

OPS21-P123

Proposal from the COO were considered, to establish new dedicated resource that is necessary to enact the first stages of the University's EDI work. The current resources were also identified in the paper, to provide a holistic picture. It was noted that the existing levels of dedicated resources are stretched and there is a substantial risk that we are unable to deliver the increased Charter compliance requirements and actions (e.g. REC, Athena Swan).

Ops members confirmed that capacity to support the EDI commitments and the ongoing EDI strategy is an institutional priority. It was also acknowledged that the financial climate means that Ops can't commit to everything immediately. This paper proposed a range of targeted support across three Professional Services, which follows extensive consultations with a range of stakeholders. How EDI activity should be governed and led will be defined once the new VC is in post, this paper did not seek to make recommendations on those issues.

Operations Committee approved an additional £200k of recurrent resource across pay. Bids for an additional £100k of recurrent non-pay were deferred, pending a more detailed case to Ops. In agreeing to these new resources, Ops members also raised the following points:

- This represents a significant portion of the £1m strategic fund available for 21-22, in advance of knowing the final student recruitment position. Ops agreed that there was an urgent need to deploy these EDI resources, and that this had consistently been flagged in the budget round as a high priority.
- The Access and Participation Plan (APP) targets had a ringfenced allocation of £250k in 21-22, to provide an opportunity to invest in activities that will enable the institution to meet this OfS commitment.
- In approving resource across three Professional Services (in addition to existing capacity) it was agreed that it would be appropriate to develop a road map of responsibilities across the posts and a clear delineation of activities, to prevent duplication. Equally, staff working across EDI should build a structure that fosters close collaboration and enables information to flow across structures. The EDI Manager will convene a regular management group meeting of all colleagues working on EDI work for more than 0.2 of their time, which will initially be chaired by the COO.

- All colleagues working on EDI activity will retain a strong dotted line responsibility to the EDI Manager.
- The work will be governed by the EDI Sub-Committee, or its successor committee.
- Proposals for a new Professional Service structure, for an EDI Unit, were not being progressed at this time, awaiting the input of the new VC.

5 Programme Proposals

5.1 Short Courses & Professional Education PMB

OPS21-P125

A detailed position paper from the PVC(T) was received, providing Ops members with an opportunity to comment on the possibility for a new framework for short courses and professional education at Loughborough University. Operations Committee was asked to comment on the direction of travel proposed by the PMB, before any detailed modelling and planning commenced. The following points were raised in discussions:

- This vision provides an opportunity to diversify income streams and to raise the university's profile in the UK and overseas, amongst existing and emerging market segments.
- The paper indicated that significant resource requirements were required to support a world-leading brand, across IT platforms, marketing, business relationships, administration, legal agreements, as well as wider finance and tax implications. It needs to be resourced appropriately to be done well. No resource requests were included in the paper, as this is an initial overview paper.
- Fundamentally, this initiative must be designed to generate profit, not just income. Net profit of at least £250k-£500k annually was recommended as an initial aspiration.
- Collaborations with other HEI's may be possible, to share pump-priming costs, but there may be few opportunities for academic synergy and this model had not been prioritised by the PMB.
- In designing a new process for short course delivery, there could also be benefits in streamlining the current processes. In designing the pilot process, Ops asked the PMB to ensure that the demands on the time of Professional Service colleagues is kept to a minimum, and to limit the number of non-standard variations used.

Operations Committee agreed that this represented an exciting opportunity for diversification but that the plans should be developed as small initial pilots, as proof of concept studies. Overall, Ops would welcome a way forward that accommodates a cautious approach for Loughborough University, starting small. Ops agreed that discretionary resource can be requested, to develop the product to market. But no significant investment in IT infrastructure should be planned at this stage, as this scale of funding must follow any pilot. Some modest front-end IT investment may be required. The use of GMT and Professional Services Officer roles was encouraged, to provide capacity in the short-term.

5.2 SBE – Apprenticeship - Asset Management Level 7

OPS21-P126

Operations Committee approved proposals from SBE and ABCE, to prepare a tender for a Level 7 Apprenticeship in Asset Management. The resources in the paper were not approved and should be streamlined in line with the proposed student numbers. SBE were also encouraged to harmonise this provision within the existing apprenticeship systems, to provide economies of scale.

If the tender bid is successful, SBE colleagues are encouraged to work with Planning and Finance colleagues to develop a new contribution level financial assumption for the apprenticeship, which would replicate the current annual review of the Strategic Leadership apprenticeship. This would not be based on student numbers, but on the actual income and expenditure, to be reviewed on annual basis through the Q3 review with the DVC. Any investment in resources would be linked to this annual review process.

5.3 ABCE - MSc in Flood Modelling and Management

OPS21-P127

Operations Committee gave strategic approval for a new ABCE programme, MSc in Flood Modelling and Management from October 2022. This strategic approval also included provision for part-time and DL variants, which had been recommended by Ops in May 2021. An indicative student intake of 10 students in year one was included in the course costings, rising to 22 at steady state (2024-25). The student numbers were small, but this revised version of the paper confirmed that no new modules were required, so the effort to launch was low.

Ops was disappointed to see that the link to the specialisms available from colleagues in Geography (School of SSH) had not been progressed, which would have provided a unique selling point for the programme.

No further iterations through Operations Committee are required to progress the programme approval.

It was noted that Prof Qihua Liang was the programme director for the new programme, who had recently been appointed as ABCE's ADR. The Dean of ABCE was asked to confirm if this programme director workload could still be accommodated by Prof Liang, as well as the ADR role.

6 Review of Committee Effectiveness

OPS21-P128

Ops members took the opportunity to discuss the effectiveness of the committee in 20-21 and the following comments were made:

- Throughout 20-21, Operations Committee and Ops Briefings had been online only, using Teams. Members agreed that this had worked well and no barriers to this format continuing were raised. A mixture of online only and in-person only meetings would be progressed across 21-22.
- Hybrid meetings were discouraged, due to the technical issues this presented.
- Online only meetings enable guests to join promptly, without having to commute and await their timeslot. This would be a particular advantage for the Budget Review Day discussions.
- In reflecting on the diversity of voices in the room, Ops agreed that more could be done to invite observers or job shadowing opportunities, as one-off opportunities for staff.
- PMBs could be used as a pipeline for developing governance roles, which will provide experience of decision making and committee administration, that is valuable for future talent development.
- Taking time to review the diversity of the experience of submitting an Ops paper was considered valuable insight, to discover whose voice was involved in preparing the bid to Ops. The Secretary was asked to identify some case studies and bring an update to a future meeting.

SECTION B – Starred Items for Approval

7 Starred Items for Approval

7.1 LTM Sub-Committee

OPS21-P129

The minutes of the LTM Sub-Committee meeting held on 14 May 2021 were noted.

SECTION C – Starred Items for Information

8 Chair's Action – Delegated Authority Approvals

8.1 Institute of Technology Bid

OPS21-P130

Approval for the submission of the final IoT bid, noting the contribution costs for the IoT Director from 22-23. All other costs are within existing staff numbers and budgets. It was also agreed that the PVC(T) would compose a short email message for the Chair of Council before the submission is made, to flag this major strategic item.

8.2 Tuition Fees Sub-Committee

OPS21-P131

Approval of the TFSC recommendations for SBE & Science fee band changes and the fee for the MSc Water Engineering for Development (FT, DL) programme.

8.3 School of SSH – MECS Update

OPS21-P132

Ops formally noted the MECS update, which is good news. The proposed changes to the current consultation process were approved, which supersedes the attached Operations Committee minute from June 2021.

9 Chair's Action Approvals

9.1 Financial – APP expenditure

OPS21-P134

The Chair approved recurrent spend endorsed by APSC, for recommendation to Ops, prioritised from the £250k ringfenced pot.

- **#Me £34,284** which promotes and operates peer support training for students. Recurrent funding, with annual evaluation review.
- **Careers - £40k budget bid.** All recurrent, with annual evaluation review. Virtual Internships (£10k), Expansion of Talent Match (15k from APP, currently there is also 12k from Santander for WP internships), Leadership Series delivered by Everything D&I (£5k), Afro Caribbean Alumni Network (ACAN) and external partnership (£8k), Marketing Budget (£2k).

9.2 Financial – SBE new short course – Help to Grow programme

OPS21-P135

Approval to establish a new short course in SBE from September 2021. BEIS has commissioned the Chartered Association of Business Schools (CABS) to run the Help to Grow programme through its Small Business Charter accredited business schools. Accredited business schools who wish to offer the programme, will enter an initial one-year contract with CABS.

9.3 Financial – IT Services - Ransomware ITGC recommendations

OPS21-P136

Two items were approved:

- ITGC Recommendation 2.5: to address the remaining immediate risks to the University identified by the external security testers. Approval for recurrent non-pay uplift to IT Services of £21,888 (inc VAT). This is approved subject to checking whether the removal of STAR-CCM+ would need to be

replaced by something else for those academics affected. This uplift will be funded as a first call on the University's 21-22 strategic fund.

- ITGC Recommendation 3.1: approval for recruitment to a full-time open-ended MA6 IT Security Specialist post. Jo Brewin's post (E Payments Service Coordinator post #13594, 0.5FTE, end date of 1 July 2021) will be replaced with a new full-time MA6. The additional £20k staff cost will be funded as a first call on the University's 21-22 strategic fund.

ITGC Recommendation 3.4 ("Procurement and configuration of enhanced Microsoft A5 Security licensing which includes enhanced Anti-Virus") was also flagged to Ops Briefing members, at an anticipated cost of £219,500 (inc VAT, per annum). This will come through as a bid to Operations Committee in the Autumn 2021, so no decision was required now. Ops asked that the COO and IT Services colleagues explore how to offset some of these new license costs through removing other recurrent licenses or IT costs. Please add the detail of this review to the October Operations Committee paper. This Ransomware prevention strategy is recognised by Ops as a strategic priority, but this must be tensioned against costs already in budgets to provide some capacity to fund this new activity.

9.4 ABCE - Wolfson Foundation bid – Philanthropy

OPS21-P137

Ops approved for £50k to be released from the loosely restricted STEM Fund towards the £150,000 shortfall in ABCE's bid to the Wolfson Foundation for the Wolfson Engineered Slopes Simulator.

9.5 Confirmation Principles 2021

OPS21-P138

Ops approved the Confirmation Principles for 2021 entry.

9.6 Chair's Action Staffing Cases

OPS21-P139



OPS21-M8 (6 September 2021)

1 Capital Project Approval

1.1 Capital Framework – Interim Update

OPS21-P141

Operations Committee welcomed an interim update on the Estates Capital Framework from the Director of E&FM and the Deputy Director of Finance, which encompasses Major, Minor, LTM and IT capital expenditure. In April 2020, Ops agreed to pause a number of capital projects in light of the unprecedented financial risk due to the unknown impact of COVID-19. Essential only capital projects have been prioritised since this was agreed, or those projects that have time-limited external contributions. This update to Ops was presented to stimulate a high-level discussion and ensure clarity for E&FM and Finance planning purposes, and to take the opportunity to discuss the initial priorities.

During discussions the following points were raised:

- Provisional numbers for 2020-21 show an underspend of £1m. Ops agreed that this wouldn't be rephased into future years (i.e. bank this underspend).
- The fire remediation project is a series of small contracts totalling £1.35m per annum (over 21-22, 22-23 & 23-24) and is currently included within the Major allocations. Governance of these contracts has been devolved to the LTM Sub-Committee and Ops agreed that the indicative £4.05m allocation should move from Major to the LTM allocation. This is a budget neutral adjustment.
- Ops approved the proposal that the LTM budgets over the five-year Capital Framework period are rephased to £11.7m per annum, which would result in a reduction of £1.3m in 21-22. The LTM Sub-Committee are tasked with prioritising the projects affordable within this reduced LTM budget in the next financial year. The total LTM allocation remains £58.4m across the five years.
- The enhanced cash position in 21-22, through the significant over-recruitment of UG students, potentially provides a one-off opportunity for increasing the capital framework spend threshold. Ops members did not approve any changes at this stage, but bids with strong strategic links would be welcomed. It was agreed that the freeze on capital spend was no longer the priority, as activities return on campus and the affordability of capital projects becomes viable.
- It was confirmed that the institution's annual depreciation charge does feed into league table calculations, but this metric should not be used to help prioritise which projects are funded.
- It was noted that three major project items have no capital allocation over the lifespan of the framework: LSU Building, Creative Arts Building, and the Student Residential Estate. These had been included in the February 2020 Estates capital Framework but were deemed unaffordable because of the impact of Covid-19 and thus removed.
- Ops encouraged DCA and E&FM colleagues to present proposals to the East Park PMB for the Creative Arts project, noting that the Dean had revised the remit of the plans (which need to be further discussed within the School).

- New projects include the SSEHS Teaching Lab (discussed in the next agenda item), the Towers window replacement project and Powerbase (also discussed later in the agenda). These would be added to the Capital Framework.
- The following projects were paused at this time: LUSEP Phases 3&4 cohesive planning application, Space Efficiency Project enabling works (£1.5m spend not likely to be committed before spring 2022) and the New Nursery. The specifics within the £6m Energy Projects allocation was not yet defined and would await the input of the new VC.

It was noted that this was a framework for making decisions, providing a financial envelope for planning purposes, but each project required scrutiny and separate approval by Operations to proceed. The framework was designed to provide flexibility to respond to emerging opportunities, while also enabling long-term planning. In line with the timeframe for preparing the 22-23 budget, the detailed Capital Framework will be presented to Operations Committee in January 2022 for review and comments, before seeking approval for the indicative five-year phasing of capital spend in February 2022.

1.2 Major Building Project – SSEHS Teaching Lab

OPS21-P142

SSEHS have 295 additional UG students over target for 2021 entry, including 18 over target in Biosciences and 226 over target for Sport. This provided a four-year increase in UG numbers, which will require additional lab-based teaching capacity, with an open floorplan, high ceilings and the ability to add floor plates for equipment. The capacity constraints in lab-based teaching had been resolved for one year through utilising the David Wallace Sports Hall, but this may not be a long-term solution. Given the strength of high-tariff applicants, any permanent increase in lab space could also provide an opportunity for a planned growth in SSEHS student numbers (both UG and PGT). Further modelling was required to establish a baseline for the current lab capacity constraints and what a new space would enable.

Operations Committee considered initial proposals from the Director of E&FM in response to SSEHS Teaching Lab requirements. A new build option would look to provide a multi-purpose facility to teach Anatomy & Physiology and Biomechanics, of approximately 2,300m², with a building structure akin to the current Tennis and Squash Centre expansion. This could be delivered for approximately £5.5m. This would be a flexible environment for multi-use, not a bespoke dedicated space for SSEHS.

Before committing to a new build, Ops members were keen to have the opportunity to have a full options appraisal of existing spaces that could be repurposed for this requirement. This would review existing sports facilities (e.g., netball and badminton) to understand if any may be suitable alternatives. The current Gymnastics Centre should also be considered before a final decision on the PowerBase 2.0 project could be progressed. Ops would also welcome an appraisal of the feasibility of using the David Wallace Sports Hall as a shared facility in the longer-term.

It was agreed that a strategic conversation between SSEHS and SDC should also be scheduled, to discuss ways to maximise shared space between teaching and sports/societies commitments. This would be progressed as soon as possible, to feed into the next Ops discussion.

Ops agreed that there was a compelling business case to support this new capital project, based on strong student numbers in a world-leading academic area. E&FM colleagues were asked to continue to scope the project, to present a formal Stage A bid (including alternative space option appraisals) to the November 2021 Operations meeting. The PVC(T) confirmed that having the space available for the start of Semester Two of the 22-23 academic year would be advantageous.

1.3 OfS Bid – Capital Framework items

A verbal update from the Deputy Director of Finance confirmed that the details of the submission to the OfS are currently being finalised, due in by 10 September 2021. The bid is restricted to items that can be capitalised and are a result of over-recruitment to high-cost subjects. The LU bid is likely to be for ~£300k (incorporating SSEHS non-pay, BioLab equipment purchases and IT equipment). The COO

asked for consideration to be given to bidding for funding for gym equipment linked to the PowerBase 2.0 capital project.

Ops members devolved authority to the PVC(T), Deputy Director of Finance and Director of Planning to submit the final OfS submission on behalf of the Committee.

Secretary's Note: the final bid was submitted for circa £900K to include equipment linked to Powerbase 2.0 and demolitions linked to the new SSEHS Teaching lab. Should the bid be successful, but the projects are not approved internally in time for the spend (by March 2022), then the funding would be clawed back by OfS.

1.4 Major Building Project - Student Village - Energy Hub

OPS21-P144

The Village Centre Energy Hub project is infrastructure replacement for underground pipework for heating and power. Loughborough University will not start the investment in the student accommodation masterplan until at least 2025-26. Therefore, the development of the Energy Centre needs to play to multiple options, ranging from maintaining the status quo to being suitable for servicing the potential wider redevelopment of the Student Village. The building must be adaptable for the future, but any proposals need to be agnostic of both the pace and level of any future development of residential accommodation on the Loughborough campus.

The revised Stage A proposal was approved, including additional feasibility funding of £320k to take the contract up to planning/tender stage. Feasibility funding of £130k had previously been approved, so this now totals £450k. The Stage B paper is due to be considered by Ops in November 2021, alongside a request by circulation to EMC.

Student Village - Energy Hub

Move to Stage B (Major Building Projects): Approved

Feasibility Funding: £450k (including £110k approved April 2021 & £20k approved March 2020)

Project Sponsor: Director of Estates & Facilities Management

Forecast Capital Cost: £3m

Forecast Revenue Cost: TBC

Project Management Board: Student Village PMB

Estates Capital Framework Allocation: "Energy Hub" phased over 21-22 and 22-23.

1.5 LUSEP Phase 3 & 4 Planning Application

OPS21-P145

Before the pandemic and the moratorium on non-essential capital spend, Operations Committees had approved an indicative budget of up to £950k to progress a full planning application for site infrastructure and an outline application for both Phases 3 & 4 of LUSEP. £56k of the budget had been spent before the decision to pause the project had been taken. Separately, LU has submitted an application to the LLEP for a loan against future retained rates of £5.5m to develop infrastructure on Phase 3, which will enable future development projects. The Director of Finance flagged that secured lending could be risky, and terms (for example the University's risk on underwriting retained rates) would need to be understood properly before any funding was accepted.

Ops endorsed the recommendation to pause the planning application process, a decision that is influenced by the experience with SportPark Pavilion 4. It was not considered the optimal time to spend capital funding on this project, in light of other higher priorities. The Director of E&FM was asked to bring this back for review in three months, noting that the decision to pause may again be the outcome.

1.6 Major Capital Project - Powerbase 2.0

OPS21-P146

An update from the Powerbase 2.0 PMB was noted, which is chaired by the ACOO. In March 2021, Ops had considered an initial proposal to convert the current Gymnastics Centre into a new gym, Powerbase 2.0. At that stage, Ops was keen to have additional information on the business plan, to inform whether

to support the investment, such as the payback assumptions, demand analysis and to have costed options that both include and exclude the mezzanine, as well as discussion of the wider academic benefits of the project.

Following this detailed update, a revised Stage A and B proposal for the Powerbase 2.0 project was approved by Ops. The paper provided supporting evidence of the market demand as well as clear operational justification for incorporating the mezzanine option. The recommendation from the PMB was for Option A: lease equipment and build mezzanine, with a payback period of 5 years 5 months. Based on these assumptions it was noted that if the facility was open for the start of the 2022-23 academic year the return on the investment would be achieved during 2027-28, with profit in the academic year 2028-29. The income assumptions linked to this capital investment will be tracked in future years through the COO's quarterly reviews, using the template for review that was in place for the Stadium Pitch project.

Ops would welcome further consideration be given to defining the success factors for the academic integration and benefits for the project, which would not be linked to income assumptions but to new R&E activities offered within the space. Ops asked SDC colleagues to continue their dialogue with Professor Chris Cushion, Professor of Coaching & Pedagogy and Director of Sport Integration in SSEHS.

Ops is considering a new project to provide a multi-purpose facility to teach Anatomy & Physiology and Biomechanics. Ops agreed that there was a need to tension off the Powerbase 2.0 project against the requirement for lab space in SSEHS, because of increased student intakes for 2021-22. E&FM colleagues were asked to quickly progress an analysis of the current Gymnastic space and present an appraisal to the Chair of Ops, before any actions on the PowerBase 2.0 project could be taken forward. This project will be presented to EMC in September, noting this query is still ongoing.

Powerbase 2.0

Move to Stage C: (Major Building Projects): Approved, subject to confirmation about whether Gymnastics space could be used to support the teaching requirements of SSEHS

Feasibility Funding: £78.5k (including VAT)

Project Sponsor: Executive Director of Sport,

Forecast Capital Cost: £1.8m

Forecast Revenue Cost: TBC

Project Management Board: Powerbase 2.0 PMB

Estates Capital Framework Allocation: "Powerbase 2.0" with £2.8m currently phased in 22-23; this will be reduced to £1.8m and rephased over 21-22 and 22-23.

Secretary's Note: although the PMB has recommended lease of equipment, the OfS Capital Bid has included the cost of purchasing the equipment. If the OfS bid is successful, then the decision to lease rather than buy will need to be revisited. If the OfS bid is unsuccessful, then the lease option remains.

1.7 Major Building Project - SportPark Pavilion 4

OPS21-P147

Secretary's note: In July 2021, the Chair of Ops approved the Stage C submission for the project. EMC approved the stage C/D proposal by circulation, and the Chair of Council and the VC approved the Stage D application. SportPark Pavilion 4 has a total project cost of £9.1m, which includes £6m of external funding from the Leicester & Leicestershire Enterprise Partnership (LLEP) secured through central Government's Getting Building Funding (GBF). The LLEP have agreed that the grant funding can be drawn down by March 2022. LU are providing match funding of £1.5m and will reclaim a further £1.5m in VAT.

An update from the Director of E&FM confirmed that the planning consent for the project was still not in place, as the £527k highways contribution condition has not been met (LCC have refused to withdraw the charge). The LLEP has been advised of the issue and the delay to the project and LU are continuing to invoice the LLEP for the sunk costs on the project, so LU is not currently incurring expenses.

An internal CBC planning meeting on 15 September 2021 will consider the planning application for the SportPark Pavilion 4 project, noting the close links to the Town Deal funding commitments and that it is

an integral part of the LUSEP Phase 2 strategy, as well as the local LLEP strategy. It is hoped that this meeting will enable CBC to take a delegated decision and approve the Reserved Matter planning application. If this is not possible, the request will be deferred to the next planning meeting on 23 September 2021.

Ops members thanked the Director of E&FM for his team's continued efforts to resolve this planning issue, noting the potential cost implication of delays to the project. The Henry Brothers tender was valid to 31 July 2021, with the contract issued subject to planning permissions but this will now need to be negotiated with the contractor and Ops will be kept informed. A retender process will result in a significantly higher holistic cost, with the match-funding gap falling on LU. Ops agreed that if planning is not approved on 23 September the project may have to be cancelled, noting the reputational issues this will cause. An update will be brought to the next Operations Committee meeting.

1.8 LSU Asset Transfer PMB

OPS21-P148

An interim update from the PMB was noted, which included significant progress from LSU colleagues to obtain detailed information for negotiations to continue at pace. Both parties are working towards a 31 December 2021 completion date, and a Charities Act compliant surveyor had now been instructed by LSU to obtain a valuation. LSU also confirmed that the LU loan of c£400k for building compliance work would be deducted from the sale price.

LSU have proposed initial Heads of Terms. This starting point is a helpful indicator of the commitment to negotiate further, to reach an amicable solution. It was recognised that the final deal may not be the best commercial deal possible for LU, as there was a desire to continue to support the student experience that the LSU provides and a need for pragmatism. The paper advised that it was LU's intent to agree a deal that benefited both parties and ensured the status quo, with neither side substantially worse or better off than now. As the details from negotiations continue, Ops will be kept closely informed.

2 Financial Matters

2.1 TFSC - Tuition Fee Principles for Teaching Partnerships

OPS21-P149

Operations Committee considered proposals from Tuition Fees Sub-Committee (TFSC), seeking clarity on scholarships available within teaching partnership agreements. Where high strategic value is evident from the partnership, Ops agreed that it was appropriate for scholarship discounts to be offered. TFSC were asked to design a teaching partnerships framework, for review and endorsement by Ops, that will confirm the different levels of scholarships available for high strategic partnerships. After that framework is ratified and approved by Ops, individual cases can be brought to TFSC, with a decision at the discretion of TFSC members. This is on the understanding that the process is kept simple and consistent in practice. The full fee must be charged, whether that be International or UK fee, but a scholarship discount can be applied to these partnership agreements that result in a lower sum being paid. For clarity, the full tuition fee must be advertised, but the partnership agreements can indicate a level of discount is available.

Three-year agreements were considered appropriate, with a review mechanism to be scheduled after the second cohort, which confirms the student numbers that have progressed through the partnership agreement, as well as providing an update on the strategic importance of continuing the partnership agreement. This review process was devolved to the Chair of TFSC to progress.

2.2 Undergraduate Intake Targets

OPS21-P150

As we develop and start to implement the next university strategy, Operations Committee members considered broad questions, designed to foster a high-level, preliminary discussion of the extent to which

LU would want to grow student numbers in future years. This could be a substantive item on the Council Away Day agenda in October 2021. During discussions the following points were raised:

- The last two years have seen significant UG over-recruitment due to changes to the award of A level grades, linked to the pandemic, resulting in more students meeting their predicted grades. Unmanaged growth in UG numbers is the biggest risk to our national league table positions. Planned growth can mitigate risks partly, but there are spending implications to maintain the ranking.
- Until now, a non-growth strategy has been pursued, seeking to improve and then consolidate the national league table position. Council have previously valued and endorsed the strategy of high tariff entry requirements and league table protection as the priority and will need to be provided with modelling of both the risks and benefits of any proposed changes.
- Another option would be to restrict growth in student numbers to those with an unregulated fee (PGT and International UG), this financial yield would support maintaining the league table position.
- There are risks in growing PGT numbers. PGT income is for one year only; international reputation is tied to league table performance and markets are unstable (affected by political change and any travel restrictions).
- School UG intake targets have remained largely unchanged over the last few years although recruitment has not always matched target (with some areas repeatedly over recruiting and other areas repeatedly under recruiting).
- Reassessing the tariff entry requirements would readjust intakes in a managed way, allowing room for any grade inflation that is out of our control, alongside providing APP contextual offers (discussed in the next item on the agenda).
- There is also an acknowledgement that UK UG fees do not cover the full cost of delivery (Group B TRAC data shows a ~96% recovery on public funded teaching). This is before the potential impact of the Augar review. Volume teaching efficiencies are possible, whilst maintaining a high-quality student experience, which can support other high-cost subjects or provide capacity for research. Examples include Economics and Politics. Consideration can also be given to the mix of RTE and SSAT staff in Schools, variable according to subject area. The recent approval for 13 Graduate Teaching Assistant positions in 21-22 will provide an interesting test case for this model.

Following these detailed, wide-ranging discussions Operations Committee did not recommend a growth in UK UG numbers, as this will provide no strong financial advantage. Further detail on what would be needed to facilitate growth of International UG and PGT should be progressed for discussion on the Council Away Day, including an understanding of what resourcing the International Office may require for a step change in this area. Identification of measures to improve the ranking in international league tables would also be welcomed.

Council will be presented with high-level modelling for growth in international UG and PGT numbers, to test their risk appetite for this direction of travel.

If Council endorse this high-level proposition (i.e. no growth in UK UG; use International UG and PGT growth to boost income), work will then be required to take forward any redistribution of targets and resources across schools, whether through changes to the tariff or adjustments to intake targets at programme level. The PVC(T) and Director of Planning were asked to review programme level data on actual intakes and bring bold recommendations for changes from 2022 entry. If UG targets are held at an institutional level, any planned growth linked to new programmes in areas of strategic significance must be accompanied by clarity on where retractions will be, which will affect resourcing levels.

2.3 Offer Making and Contextual Admissions – 2022 admissions

OPS21-P151

In May 2021, APSC approved changes to the contextual admissions policy for 2022 entry, which provide a reduced offer of two grades (to a minimum of BBC) made to those meeting specific widening

participation criteria, with the number of reduced offers being forecasted at 2566 (13.3% of total offers in 2021).

Recent developments have seen UCAS announce that verified individual-level free school meals (FSM) data for English 18- and 19-year-old applicants will be made available to universities for the 2022 admissions cycle. This will flag any applicant who at the end of Key Stage 4 (Year 11), was known to be eligible for free school meals (FSM) within the previous 6 years. Proposals in the paper sought to apply this metric to the contextual admissions process for 2022 entry. Ops broadly supported this approach, cognisant of the known limitations to the accuracy of the POLAR and IMD quintile data in identifying APP students.

The paper also reflected on the 21-22 admissions process, which had seen a rise in UG admissions through grade inflation, but not reflected in increases to APP eligible students. The APP target will not be met this academic year. Reassessing the tariff entry requirements across campus would readjust intakes in a managed way in future years, which would absorb any grade inflation that is out of our control, alongside providing high numbers of APP contextual offers. Ops agreed that this was the right strategy to take: to be bold on APP offers, to prioritise the contextual admissions policy for recruiting as many quintile 1 students as possible and raise tariff in other areas to manage and control the short-term impact of grade inflation.

Targeted changes to entry requirements in some subject areas (for example Sport and Exercise Science A*AA-AAA, Economics AAA, Business AAB and Criminology AAB) were endorsed in principle, subject to individual discussions with Deans.

Ops asked that admissions colleagues consider this steer and bring final recommendations for the contextual admissions policy through the PVCT for approval (noting the tight time scales required to advertise entry grades at Saturday's Open Day).

Secretary's Note: Admissions, PVCT and Director of Planning met 13 September and agreed Option 3 from the paper should be progressed for 2022 entry. This would help to manage risk of over recruitment and provide important evidence to facilitate a scaling up of the contextual offers in future years. The data gathered through this process would also provide a useful evidence base upon which to start conversations with OfS on possible changes to APP targets.

3 Business Plans and Budgets

3.1 2020-21 Preliminary Year End

OPS21-P152

A provisional update from the Deputy Director of Finance was noted, which showed a surplus of £9.2m, enabled through a continued constraint on spend. At this stage the financial statements are unaudited, however the cash position is final and provisional results give a good indication as to how we finished the year and the revised base for our future forecasts.

3.2 Investment linked to Student Recruitment 21-22

OPS21-P153

A summary of the investments across Schools and Professional Services was noted, following the UG student recruitment position for 21-22.

4 Staffing

4.1 RTE pots

OPS21-P154

Two RTE campaigns are scheduled for the next academic year, one in the Autumn 2021 and another in the Spring 2022. Ops reviewed the indicative RTE pots by School for the Autumn campaign, which reflect resignations and reductions in hours that have been confirmed since the last RTE campaign. All of the additions to the RTE pot have the standard 2.5% tax applied to them as they enter the pot.

In light of the 2021-22 student recruitment position, the following was approved:

- The RTE budgets for both AACME and London were frozen (not deleted) and they will not progress any RTE recruitment in the Autumn campaign.
- Additional capacity was approved in SSEHS (three RTE7 staff).
- Additional capacity in SSH (two RTE7 staff for Criminology) was also approved. This was on the understanding that the fixed-term teaching-only SSH resource approved in 2021-22 would drop off and be replaced by these RTE posts.
- The request from SBE for four additional RTE positions was not approved, as their indicative RTE already has capacity for a number of appointments to be made. The new Dean was invited to bring RTE proposals for the Spring 2022 campaign, if appropriate.

The full indicative RTE budget was released for advert for all Schools (except AACME and London) as no internal readjustments between Schools was required.

5 Programme Proposals

None

6 Governance

6.1 Terms of Reference and Membership

OPS21-P155

The terms of reference and membership of Operations Committee in 2021-22 was noted.

SECTION B – Starred Items for Approval

7 Starred Items for Approval

7.1 Access and Participation Sub-Committee (APSC)

OPS21-P156

The minutes of the meeting held on 2 June 2021 were noted.

SECTION C – Starred Items for Information

8 Chair's Action – Delegated Authority Approvals

8.1 Minor Works - ABCE – Engineered Slopes Simulator

OPS21-P157

Approval for the Stage B&C proposal for the Engineered Slopes Simulator project, to obtain tendered costs for the building and then appoint the contractor. The project funding shortfall of £100k is to be managed through quarterly reviews with the DVC, but this will come from ABCE.

Stage B/C (Minor Works): Approved

Feasibility Funding: £50k (incl. VAT)

Project Sponsor: Dean of ABCE

Forecast Capital Cost: £650k (including VAT, fees and contingency) supported by £500k of external funds.

Forecast Revenue costs: TBC.

Estates Capital Framework Allocation: New entry "ABCE – Engineered Slopes Simulator"

9 Chair's Action Approvals

9.1 Staffing and Fixed-Term Redundancy report

OPS21-P158

9.2 Staffing - Wolfson Admin Review

OPS21-P159

The Chair of Ops has approved the Wolfson Admin Review proposals, which encompass the following:

- Close vacant full-time MA7 UG Programmes Manager post #17061. No redundancies required.
- Change in responsibilities for full-time AD5 Postgraduate Student Administrator post #20098, moving from AD5 to new MA6 School Programmes Manager (PG) from 1 September 2021. Subject to JE and HR to confirm if internal advert required or if the current postholder can be slotted into role.
- Change in responsibilities for one current post (pool of applicants), moving from AD4 to new AD5 School Programmes Coordinator from 1 September 2021. Subject to JE and HR to confirm fair and equitable appointment process, if internal advert required or if the current postholder can be slotted into role. This will be funded from the devolved grade 1 to 5 budget envelope.
- New full-time AD3 position from 1 September 2021. Substantive AD3 position, not Intern. This will be funded from the devolved grade 1 to 5 budget envelope.
- Recurrent saving of £19.6k (mid-point costings). There will be some movements between the pay budget and the devolved grade 1 to 5 budget envelope, as the MA7 is closed and the AD5 is moved to MA6.

Ops was content to approve this new structure on the understanding that HR lead the next steps and are comfortable with the process.

9.3 Staffing - Family leave: bank holidays/closure days

Ops approved a proposal to change the family leave entitlement, to allow staff to accrue bank holidays and closure days.

9.4 Financial - Union Facilities Time - fixed-term increase to 31 December 2021

Ops approved a continuation of the fixed-term increase in facilities time to 31 December 2021 as follows:

- UCU – increase from 1FTE to 1.6FTE. From 1 January 2022, this will revert to 1FTE
- Unite – increase from 0.2FTE to 0.4FTE. From 1 January 2022, this will revert to 0.2FTE
- Unison – increase from 1FTE to 1.2FTE. From 1 January 2022, this will revert to 1FTE

This is subject to review by Ops in November.

9.5 Financial - Fulbright Applications 22-23

OPS21-P163

Ops has approved the proposal to submit a Fulbright scholarship proposal for 22-23. Through the MoU, the University needs to fund the stipend of £2,625 per month for the duration of the award. Fulbright covers all other costs, including the promotion and administration of the scheme, interviews, visas, orientations, memberships, cultural enrichment activities, and insurance cover the Fulbright Scholar. Currently the financial commitment is met by the relevant School with a contribution from the IAS. Despite its prestige, there had previously been some reluctance from Deans to commit to funding the scheme, hence the arrangement where the Institute of Advanced Studies continues to contribute, if required, £5k when a School agrees to fund a visit.

9.6 Financial – Cyber Insurance

The Chair approved a proposal for Cyber insurance, at an additional cost of £28,750. The approval is based on the expectation that the policy will give access to specialists to help with any crisis, more than to progress a claim to recover costs. Ops understands this. This is approval to purchase a one-year policy, with a view to reviewing the policy, level of risk and the marketplace after that year. It was agreed that the additional cost should as much as possible be offset by reducing costs for other insurances, or from the UMAL rebate.

9.7 Financial - Turnitin - Gradescope license

OPS21-P164

Ops has approved a three-year pricing option for Turnitin, which includes the addition of a Gradescope license. A procurement waiver will be needed, to establish there is no other product available. The Turnitin Feedback Studio and Originality license recurrent costs are already in the IT Services budget, so the additional cost is for Gradescope (£8,652+VAT). The steer from Ops is that this additional ~£10k will have to be found within current budgets, through savings elsewhere from teaching support (such as through the AV spend, LTM costs or other license costs).

9.8 Financial - APP start-up bursary Q1 students 2021-22

OPS21-P165

Ops has approved a new bursary scheme for Quintile 1 students in 21-22, to seek to mitigate higher attrition rates. The Ops approval is for option B in the final table:

Options	Max no. of students	Start-up Bursary	Total max expenditure
B) Quintile 1 students only (£500)	283	£500	£142k

This will be funded from the underspend on financial support through the Loughborough University Bursary, so is already assumed as APP spend in the financial forecasts. Payments will be made using the HEBS process.

The Chair of Ops was keen that a review and evaluation of this pilot scheme is scheduled, to inform future years. Please can this be scheduled for the December 2021 APSC meeting. Some initial suggestions include:

- Holistic analysis of the data
- Consider some focus groups with people that received it, to see whether it made any difference.
- Make contact with people that withdraw and see whether a larger sum, or receiving it at a different time, would have made any difference? Or if not, what would have kept them?
- Confirmation of how many students paid that then withdraw subsequently.



OPS21-M9 (4 October 2021)

1 Project Approval

1.1 Major Building Project - SportPark Pavilion 4

OPS21-P167

Ops members welcomed an update from E&FM colleagues that confirmed the granting of planning permission for the project. The reserved matters planning application secured conditional approval in September, with 6 conditions attached (all of which can be comfortably achieved as the contract progresses). There is no requirement to pay Leicestershire County Council Highways the £500k financial contribution, originally sought through the full planning application, which is significant for both this project and for future planning submissions.

E&FM are continuing the close dialogue with Henry Brothers (the principal contractor), with a proposed start date of 8 November 2021 and a practical completion date of 28 November 2022. Henry Brothers have requested an additional cost of £30k to cover increases because of the delay to the contract start date, which is considered reasonable. Two project risks remain (market volatility supply chain issues, extreme inclement weather) but a full risk register is being maintained and regularly reviewed. No further updates to Ops are required, if the project progresses as planned.

The £6m of LLEP funding for the project is planned to be received in full by 31 March 2022. There is growing uncertainty on how long the LLEP governance structure will remain in place. Ops members recommended that securing this funding stream is progressed as a priority.

1.2 LSU Asset Transfer PMB

OPS21-P168

An interim update from the PMB was noted, which confirmed that discussions continue on the draft Heads of Terms. Following an initial proposal from the LSU, a counter plan was sent back to the LSU Executive on 1 October, which will be discussed in a meeting with Trevor Page on 11 October. It was confirmed that a break clause had been inserted in the contract.

At this stage, no Ops approval is required, but the 31 December 2021 deadline for the completion of negotiations was approaching at pace, so Ops members were keen to be kept apprised on the status of the discussions. Written updates to Ops will also be scheduled for the November and December meetings. It would be the University's intention to deduct the cost of repairs from the grant payment in January 2022 if the transaction is not concluded as at 31 December 2021. At this stage, this timeline is achievable, based on the assumption that LSU colleagues continue to take an active role in discussions.

2 Staffing

None

3 Financial Matters

3.1 Tuition Fees Sub-Committee (TFSC)

OPS21-P169

Operations Committee endorsed and approved proposals for changes to Undergraduate Scholarship Framework for International Students as follows for 2022 entry:

- all Undergraduate International students are eligible for the Scholarship
- only students who select Loughborough as their firm choice, as a recruitment tool
- the Scholarship is only available for the year of entry
- the eligibility criteria will be retained at a minimum of AAA
- expand to cover all Schools, to provide a consistent package across the East Midlands campus.

TFSC will review the impact of these changes, on both the budget and its effectiveness as a conversion and marketing tool, before bringing proposal to Ops next Autumn for 2023 entry. Iteration may be required in designing the most effective international UG scholarship framework, to adjust to external market forces, as well as to align to the internal strategic aspiration to grow international numbers. Ops members agreed that TFSC members have the expertise to lead this review of the market research and then make recommendations to Ops. The evaluation should focus on whether the scheme is meeting the strategic objectives and providing value for money.

To provide greater parity, Ops approved proposals to change the current Postgraduate Taught Scholarship Framework to also include part-time PGT students from October 2022 entry. Modelling suggests that this will cost circa £65k per annum.

Ops also approved tuition fee bands for new programmes as proposed by TFSC, as well as changes to the “Principles, Process and Procedures guidance for Setting of Tuition Fees” which guides the work of TFSC. Any changes to the tuition fee band for BA Fashion Design and Technology were delegated to the PVC(T) to progress outside of the meeting. TFSC’s Terms of Reference and the minutes from the meeting held on 23 September 2021 were noted.

4 Business Plans and Budgets

4.1 Student Number Planning – 2022 entry

OPS21-P170

Operations Committee was asked to consider and confirm the high-level targets to be assumed in the financial forecasts for 2022 entry, and comment on the underlying assumptions. Discussions were grouped into the four distinct areas:

1. UK Undergraduate

- For 2021 entry, it was noted that 600 extra UG students had been recruited but for 2022 entry, Ops agreed to keep the UK UG target at 3556. There was no appetite to grow this number as UK UG fees do not cover the full cost of delivery (Group B TRAC data shows a ~96% recovery on public funded teaching). This is before the potential impact of the Augar review.
- In holding the UG UK intake target at 3556, Ops acknowledged that any programme level growth will have to be mitigated elsewhere. Through the Q1 discussions, the Director of Planning was asked to open a dialogue with DCA on the additional UG growth (~30) linked to Graphic Comms investment, seeking to review the school level target.
- The PVC(T) recommended that the MArch student numbers are keep separate from UG numbers due to the unique circumstances.

- Ops delegated the determination of School targets to the Student Recruitment Admissions Steering Group.

2. International UG

- Ops agreed that growth in this market was desirable in the medium term but should be achieved in a planned and strategic way. The upcoming Council Away Day in October will be discussing and agreeing the risk appetite for this, linked to the new strategy.
- Upon the recommendation of the COO, Ops agreed to hold the target 394 for 2022 entry, but if discussions in the Q1 meetings with the Deans identified opportunities for International UG growth that doesn't need additional resource to deliver then a revised target will be considered in December.

3. UK PGT

- Ops noted that at institutional level, UK PGT is profiled to be under target for 2021 entry, so Ops agreed to maintain stability, approving 815 for 2022 entry (split London 169, LE11 646). This is an increase in 4FTE for London, from 2021 targets.
- Opportunities for part-time options in future years were being explored, to diversify this market.

4. International PGT

- Ops agreed that growth in this market was desirable in the medium term but should be achieved in a planned and strategic way. The upcoming Council Away Day in October will be discussing and agreeing the risk appetite for this, linked to the new strategy.
- The only growth assumed in the financial forecasts is for London campus to reach 1,125, which was part of the original phased growth to 1,400 by 2024/25 (pre-covid growth plan).
- Separate to this budget assumption, the intake targets proposed for London for 2022 entry are 956, which is 121FTE more than for 2021 entry. This is balanced by a recruitment contingency in the financial forecasts, where PGT Int is assumed to reach 72% of target (all other groups of students assumed to reach 100% target).
- Ops agreed to continue with these different student number planning models for 2022 entry; retaining pre/post-covid intake targets by School, alongside a contingency fund built into the financial forecasts. In time, as the impact of COVID-19 on international travel diminishes, the targets and the financial forecast numbers will converge.
- The original London growth plan included a significant number of part-time PGT. With the pandemic, the programme development and recruitment marketing push has not been progressed, linked to part time. This would be included in future strategic discussions.
- Ops approved the proposals in the paper for International PGT: 2042 overall, with 956 for London and 1,086 for the East Midlands campus. Resourcing levels in London are not currently linked to intake numbers, and no capacity has been removed (other than deferred RTE pot release) in either 2020-21 or 2021-22. Additional resource can be released when student intake matches the growth targets.

The Council Away Day is on 14 October 2021, which will provide an opportunity to discuss these principles in more depth, to provide a strategy that informs intake targets in future years. For the 2022 target setting, Ops will be asked to approve the final student intake targets in the December meeting, once the individual Q1 discussions with Deans are complete.

4.2 Five Year Forecast (2021-22 to 2026-27)

OPS21-P171

Operations Committee noted an update from the Deputy Director of Finance on the Five-Year Forecast assumptions, before progressing to both Finance Committee in October and Council in November.

4.3 Review of Financial Forecasting, Budget and Annual Plans

OPS21-P172

Operations Committee approved proposals from the Deputy Director of Finance and Director of Planning, for changes to the financial forecasting and budget process, as well as the format and timing of the Annual Plans.

5 Programme Proposals

None.

SECTION B – Starred Items for Approval

6 Starred Items for Approval

6.1 School of Social Sciences Programme Review PMB

OPS21-P174

The closure report for the School of Social Sciences Programme Review PMB was noted and approved.

SECTION C – Starred Items for Information

7 Chair’s Action – Delegated Authority Approvals

None.

8 Chair’s Action Approvals

8.1 Staffing cases

OPS21-P175

8.2 Financial - Connect and Protect - testing and operational costs

OPS21-P177

Ops approved a budget envelope across pay and non-pay for the symptomatic testing and covid logistics activities to 31 December 2021 (in line with the “21/22 forecast” table). This is for £75k for staffing and £112k for consumables.

8.3 Financial - Dynamic Working budget request

OPS21-P178

Ops approved a one-off budget uplift of £138,850:

- IT equipment - £70,850
- Desk & Chairs (grade 1 to 5 scheme) - £27k.
- MS Teams rooms equipment - £41k

Future costs for IT equipment are all assumed to be funded from within existing non-pay budgets. So this will be a one-off additional call on funds

8.4 Financial – Towers – Water Hygiene

Ops approved spend of up to £100k on point of use filters, noting that these would be purchased on a sale or return basis. The Director of Finance has signed the procurement waiver. It is anticipated that this spend will be prioritised within the LTM budget for 21-22, tensioned against the other planned projects.

8.5 Financial – OfS short course bid

OPS21-P179

Ops gave formal approval for the submission of the attached OfS bid in the Ops Briefing meeting this morning. This is approved on the understanding that the bid will focus on:

- Building a business case for Ops to consider and
- Creating a detailed IT specification of what would be needed to deliver this at scale.

Therefore the bid to OfS will be to use the resource to create an experiment, with academic content, to specify processes and mechanisms for delivery. Making (some of) the resources available for:

- Business analysis
- Administrative support to experiment with the process in lieu of an enabling IT system

The steer from Ops is that the proof of concept would limit the number of programmes to be experimented with to one or two.

After the OfS funding period, this will enable Ops to have a proof of concept and a detailed IT specification to then build on. A formal review for Ops should be scheduled after the first cohort of students have begun.

Author – Kirsty Carter/Miranda Routledge

Date – November 2021

FINANCE COMMITTEE



MINUTES – 20 October 2021

FC21-M5

Attendance

Members in attendance: Professor Claudia Eberlein, Professor Nick Jennings (Chair); Professor Chris Linton, Professor Steve Rothberg, John Sinnott, Andy Stephens, Richard Taylor, Professor Rachel Thomson, Steve Varley, Tony Williams,

Apologies: Andrea Davis,

Non-members in attendance: James Henry, Miranda Routledge (Secretary)

21/33 Declarations on interest

John Sinnott declared an interest in items relating to papers 30 and 31, specifically in relation to the local government pension scheme, Sport Park and LUSEP. The connections to Leicestershire County Council were noted and it was agreed that there was no direct conflict of interest in either item.

21/34 Minutes

FC21-M4

The Committee CONFIRMED the Minutes of the Meetings held on 18 June 2021.

21/35 Matters arising from the Minutes

FC21-P24

The Committee CONSIDERED a report with updates on Matters Arising and NOTED progress on all items.

21/36 Finance Committee Governance Matters

36.1 Welcome to new members

The Chair welcomed new members to the Committee. It was suggested that new members would benefit from a more detailed briefing on key issues (pensions, research awards, capital spend and trading units) outside of the formal meetings. **Action: Secretary**

36.2 Terms of Reference

FC21-P25 - NOTED

36.3 Finance Committee Business cycle

FC21-P26 - NOTED

21/37 Director of Finance Report

The Director of Finance updated the Committee on the following matters:

- **Revolving Credit Facility:** The one-year extension to the University's revolving credit facility had been completed. The option to extend for the final year will be coming up in Q1 of 2022.

21/38 Strategic Drivers of Financial Performance

The Committee NOTED the following updates:

38.1 Report from PVC(R)

FC21-P27

The PVC(R) reflected on the overall increase in research income for the University in the 5 full years since investment in the Research Development Managers team. The Council KPI for new research awards is realistic but stretching, incorporating 5% annual growth, and was exceeded by circa 40% in 2018/19. The pandemic impacted new awards in the second half of 2019/20 and the target was missed by circa 5%. Performance has since recovered and the Council KPI for 20/21 was exceeded by circa 7%. The input and achievement of colleagues across the university, in Schools and Professional Services, to maintain these levels of performance in difficult times was noted.

In Q4 20/21, research income (excluding third party income) was £9.9M, including an overhead recovery of £2.9M (29.7%). For the full year 20/21, total income and overhead values were 103% and 101% respectively of the full year targets of £36M for income and £11M for overheads. The rolling year quarterly income figure currently sits at £9.3M.

For the full year 2020/21, just over £45M of awards were received compared to circa £38M the previous year. Performance is above than the Council KPI for new awards of £42.5M. This is a good recovery. Performance is variable across Schools but it is particularly pleasing to see the performance in the Wolfson School starting to recover. Science and SSH also showed a strong performance. SSEHS performance is a cause for concern and is being monitored closely.

171 applications totalling £30.4M were submitted in Q4 20/21, a drop from the previous quarter. Assuming a 20% success rate, a future overhead contribution from research income of £3.2M might be expected. The rolling figure of applications is around where we would expect it to be. However, this masks uneven performance across the pandemic period which is worthy of note. In the first half year of the pandemic, applications increased but they have declined in the last 4 quarters, likely due to a combination of fatigue and focus on other priorities. This is a concerning trajectory especially in the context of the next strategy which will have a greater focus on research ambition and performance. The Vice-Chancellor confirmed that he wanted the university to "shift the dial" on research income, with movement away from the larger number of relatively small awards that characterise our current portfolio towards consistently winning larger collaborative awards.

38.2 Report from PVC(T)

FC21-P28

The headline is that current predictions indicate that we will end up ~640 students over the undergraduate UK target of 3,556 and approximately 56 students over the International target of 394 by the census date of 1st December 2021. Contextual information to note includes:

- The use of teacher assessed grades meant that nationally ~50% of students achieved A or A* (and more in the private school sector). For Loughborough, this meant that ~59% of students holding an offer from Loughborough as Conditional Firm achieved their offer to study here this year. This compares to ~24% in a typical year. Consequently, we have very significant recruitment over target in many areas and associated pressures in both teaching delivery and accommodation, and so have not been able to make the usual number of concessions to applicants who did not meet the exact terms of their offer. Disappointingly, this set of circumstances has meant that we have not met either of our two main Office for Students targets for widening access this year. We have highlighted this to the Department for Education, and it is our understanding that we are not alone in this respect. We expect to have to explain this to the Office for Students in April 2022 but do not expect any financial consequences as long as we demonstrate our plans to accelerate progress in order to meet the targets in the later years of the Access and Participation Plan.
- International numbers remain uncertain as a number of students are yet to fully register. For undergraduate students, we are not reliant on specific markets with 13% from China, 10% from India and the remainder spread across a wide range of countries.

Postgraduate student numbers have shown some recovery in the international student numbers against target, although the home student position is lower than target, potentially due to recovery in the job market for recent graduates. The latest intake statistics suggest that international intake on the Loughborough campus this year has experienced some degree of recovery compared to October 2020 and is likely to be closer to 75% of target, although with the London campus remaining at 50%. However, the home intakes on both campuses appear to be lower than target at 80% (London) and 65% (Loughborough). We are very reliant on the China market which appears to be recovering more slowly than other markets. This particularly impacts London.

38.3 Report from PVC(E) – presented by Dean of Science

FC21-P29

At year end, enterprise applications stand at £21m (99% of last year's total) and awards stand at £13.7M (80% of last year's total), including £4.2m HEIF funds. The reduction in awards is thought to be a direct consequence of the pandemic.

21/39 2020/21 Outturn and Draft Financial Statements

FC21-P30

The Deputy Director of Finance presented the 2020/21 outturn and draft financial statements ahead of submission to Council. Headlines are as follows:

- Cash position as at 31 July 2021 is £104.1m, £14.4m higher than forecast, £5.1m of which relates to unused contingencies and central provisions. The remaining £9.2m is a result of ongoing cost constraint and working capital - essentially the timing of when we receive cash from students and research partners etc.
- The surplus for 2020/21 is £9.1m. This is £11.1m greater than Q4F, comprised £5.1m of unused contingencies and central provisions, £1.8m continued restraint in schools and services, £0.4m depreciation, £2.2m for donations (incl. £1.7m of equipment) and £1.6m from other income lines e.g. Covid testing cost recovery.

This puts us in a good position financially, with circa £100M cash holding. These results reflect the strong mitigation actions taken throughout the pandemic and generate a one-off boost to cash levels. It is understood that the cost constraints across the sector mean this is a typical position to end the year. There is a risk that this presents a skewed picture of the financial health of the sector which could negatively impact decisions in the government's Comprehensive Spending Review. Within the institution, the headline position might lead staff to misunderstand the capacity for additional investment in recurrent expenditure. Therefore, it is important to stress that the surplus comes under pressure in future years and the recent savings on capital are not sustainable. However, the University is in a good position to consider strategic investments, that are underpinned by strong business cases, and support the new University strategy.

21/40 Financial Forecasts 2021/22-2025/26

FC21-P31

The Deputy Director of Finance presented an updated 5-year forecast for the period ending 31 July 2026. The forecast projects a small surplus of £1.6m in 2021/22, largely as a result of the recent UG over-recruitment and higher than previously forecast International PGT intake. By the end of the five-year period the impact of the inflationary pressure in England's HE funding system (static domestic fees and rising costs) becomes evident once more; we are projecting a deficit of £1.8m in 2025/26. This assumes no change in the regulated £9,250 fee for domestic undergraduates.

Boosted by the very strong 2020/21 outturn, cash holdings and liquidity remain strong throughout the forecast period, with a low point of £79.9m. We have now concluded our one-year extension of the revolving credit facility which ensure an additional £50m of undrawn funding and we continue to be in dialogue with banks around options to look at broader refinancing options should that be needed. Therefore, we have significant headroom to support investment in terms of available cash, which lends itself well to supporting capital projects.

During discussion, the following comments were made:

- International recruitment for 2022 entry looks challenging – defensive action will be taken as necessary to achieve the assumptions in the forecast.

- Inflationary pressures will need to be monitored, specifically in areas such as utilities, construction and catering. Consequently, the inflation assumptions may need to be adjusted upwards.
- The capital spend assumptions may need to be re-phased over the period but the total amount is in line with previously agreed plans with average spend of £38m per annum. Operations Committee will review the detailed capital framework plan in January 2022.
- The £100m cash holding is not intended to be a defensive buffer, and a material proportion should be available to be deployed strategically to deliver the new university strategy. The university should be confident and grasp the opportunities that this strong cash position provides.
- Council's preference to report a surplus on the Statement of Comprehensive Income in any one year potentially limits our ability to invest in recurring operating expenditure. The bank covenants are less restrictive. The Committee queried whether we should revisit Council's preferred approach given the need to resource a new strategy and future significant investment that will be needed for the refurbishment of the Student Village.

The Committee RECOMMENDED to Council revised financial forecasts prior to submission to the Office for Students in December.

21/41 LIBOR / SONIA Transition

FC21-P32

Council have already delegated authority to Finance Committee to approve the transition of interest rates underpinning University loan agreements from LIBOR to SONIA. Delays in the bank releasing the documentation to the University means that the paperwork is not yet ready. The Committee AGREED to delegate authority to the Honorary Treasurer, Vice-Chancellor and Director of Finance to APPROVE the transition of interest rates underpinning University loan agreements from LIBOR to SONIA.

21/42 Update on procurement and investment manager

FC21-P33

The Committee NOTED an update on arrangements for a procurement and investment manager.

21/43 Update on pensions

FC21-P34

The Committee NOTED an update on superannuation.

21/44 Quarterly Report: Loughborough Students' Union 2020/21

FC21-P35

The Committee RECEIVED summary financial report for the year ended 31 July 2021.

21/45 Any other business – Covid-19 scenario planning

The Director of Finance would work with the Chief Operating Officer to scenario plan the impact on university finances of different levels of response to the Covid-19 pandemic. **Action: DoF & COO**

21/46 Schedule of Meetings 2021/22

The Committee **NOTED** the dates of meetings for the next academic year:

- Friday 10 December 2021, 09:30-12:30 (on-line)
- Friday 11 February 2022, 09:30-12:30 (on-line)
- Friday 18 March 2022, 09:30-12:30 (in person – campus TBC)
- Friday 17 June 2022, 09:30-12:30 (on-line)

Author – Miranda Routledge

Date – October 2021

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Ethics Committee



Minutes

EC21-M3

Minutes of the meeting of the Ethics Committee held on Tuesday 5 October 2021.

Attendance

Tony Williams (Chair), Antuela Anthi Tako, Karen Coopman, Cees de Bont, Pooja Goddard (ab), Fehmidah Munir, Martin Lindley, Chris Linton, Steve Rothberg, Emily Rousham, Peter Saraga (ab), Richard Taylor.

In attendance: Chris Dunbobbin (secretary), Ffyona Baker, Jen Fensome, Jackie Green, Sam McGinty.

Apologies: Pooja Goddard.

21/20 Minutes

EC21-M2

The Minutes of the meeting held on 25 May 2021 were confirmed as a true record.

21/21 Matters Arising from the Minutes

EC21-P16

The Committee received an update on matters arising from the minutes. A verbal update was provided in relation to minute 21/13 (Code of Practice on Investigations Involving Human Participants) – the wording of the “Favourable with conditions (Conditional)” outcome had been amended as suggested.

21/22 Composition and Terms of Reference of Ethics Committee

EC21-P17

The Committee considered the composition and terms of reference of Ethics Committee. The following points were noted:

- i) The recent Council Effectiveness Review had recommended a review of the University's committee structure, and that this might impact on Ethics Committee.
- ii) Clarification was provided that those listed in the composition as “In attendance (when required by the Chair)” would be advised by the secretary if required by the Chair to attend a meeting.

21/23 Review of Committee Effectiveness / KPIs for Ethics Committee

EC21-P18

The Committee considered possible KPIs for Ethics Committee. It was reiterated that the development of meaningful metrics in relation to ethical issues was conceptually challenging, but an attempt had been made

to define a small number of indicators which attempted to capture the essence of the Committee's terms of reference. The following further points were noted in discussion:

- i) An overall RAG rating for reporting to Council should be drawn out of the proposed sub-indicators, and on the basis of the current position, this should be amber.
- ii) Performance in relation to each sub-indicator should be assessed with reference to a combination of appropriate objective metrics (such as the proportion of staff and student researchers engaging appropriately and in a timely fashion with LEON) and the views of the individuals listed in Appendix 3 of the Ethical Policy Framework as the Responsible Persons for ethics in specific strategic areas. **ACTION: Richard Taylor, Jackie Green and Chris Dunbobbin to consider appropriate objective and subjective measures for each sub-indicator.**

21/24 Conflicts of Interest Policy – Training and Engagement Roadmap

EC21-P19

The Committee considered a roadmap for the rollout of training and engagement of staff with the Conflicts of Interest policy. This was agreed to be a good piece of work, which was welcomed by the Committee, and endorsed subject to the comments/amendments referred to below:

- i) It was agreed that a determination on the extent to which Conflicts of Interest training (together with other training relating to Information Security/GDPR as part of the proposed overarching implementation project) should be mandatory, and if so for which groups, would be reserved until the full content had been decided upon. The requirements of Council in relation to the institutional Risk Register would also be an important consideration in this context.
- ii) It was agreed that under the Cross-University Awareness Raising section of Appendix A, the lead for PGR students should be the APVC for the Doctoral College, and the lead for School SMTs via AD(R)s should be the Provost and Deputy Vice-Chancellor.

21/25 Student ethical submissions through the LEON online portal

The Committee considered a verbal update. In taking forward the recommendations in the report of the review by the Change Team, it had been agreed to automatically approve all low-risk projects at School level. This addressed the risk of student performance in project work being negatively impacted by delays in obtaining ethical clearance, but introduced other risks around the quality of checks at School level, the degree of engagement of academic staff and students with ethical processes, and the requirement for institutional-level ethical approval in relation to publications in journals. It was noted that the latter issue could be addressed by way of a carefully managed system of delegated approval at School level.

It was apparent that the introduction of LEON had highlighted existing dysfunctions in ethical approval processes, and work, including spot-checks, was ongoing to address these. It was agreed that the Committee should continue to closely monitor developments and that "Progress of ethical approval systems" should be added as a standing item to agendas until further notice. **ACTION: Chris Dunbobbin.**

21/26 East Midlands Widening Participation Research and Evaluation Partnership (EMWPREP) Activities

EC21-P20

The Committee considered a referral from the Ethics Review Sub-Committee relating to a request for a waiver of University policy concerning the requirement for parental consent for participants aged 16 and 17. The request concerned an operational activity related to widening participation, but it was considered appropriate, given its nature, to review it in the context of the University's ethical approval processes for academic research projects.

It was noted in discussion that the argument that parental consent was difficult to obtain did not constitute a valid rationale for the waiver; and that adherence to normal parental consent requirements would still be necessary should the data collected from 16 and 17 year-olds be presented as research in a public forum, and for all activities with participants aged under-16. However, there was a compelling ethical rationale for the waiver in that a lack of parental engagement was a known barrier to widening participation in HE.

On the basis of the above, the Committee was content that the University's usual policy relating to the requirement for direct parental consent for participants aged under 18 should not be applicable to this activity.

21/27 Philanthropic Gift

EC21-P21

On the advice of the Head of Philanthropy, the Committee approved a due diligence report on a donor to the University.

21/28 Ethics Review Sub-Committee

EC21-P22

The Committee received minutes of meeting of the Ethics Review Sub-Committee on 20 May 2021.

12/29 Human Tissue Act Licence Sub-Committee

EC21-P23

The Committee received minutes of meeting of the Human Tissue Act Licence Sub-Committee on 21 June 2021.

12/30 Dates of Remaining Meetings in 2021-22

Tuesday 1 February 2022, 2pm

Tuesday 24 May 2022, 2pm

Author: Chris Dunbobbin
Date: October 2021
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Human Resources Committee



Loughborough
University

Minutes

HRC21-M3

Minutes of the meeting held on Wednesday 6 October 2021

Attendance

Members present:

Richard Taylor (Chair), Ffyona Baker, Joanna Cound, Emma Dresser, Tony Edwards, James Esson, Anne Lamb, Chris Linton, Surinder Sharma, John Sinnott

In attendance:

Julie Hibbert (Secretary), Steve Harris, Miranda Routledge, Andy Stephens

Apologies for absence:

Manuel Alonso, Alex Marlowe, Veronica Moore, Steve Rothberg, Tony Williams

21/38 Previous Minutes

HRC21-M2

The minutes of the meeting held on Wednesday 26 May 2021 were confirmed as an accurate record.

21/39 Matters Arising from the Minutes

There were no matters arising from the minutes.

21/40 Report from the Director of HR Services

The Director of HR Services reported on the following matters:

HR Services Workload: The outcome of a survey, which was conducted in August 2021 by the HROD Management Team, indicated that staff were mostly concerned about workloads and wellbeing, as well as issues around personal and team development. The HROD Management Team is working on a delivery plan, which will map out current and future operational and strategic priorities and detail how HROD can support the University going forward.

EDI Strategy: The Directors of HR Services and Organisational Development have been working closely with the EDI Sub-Committee and senior managers across the University in order to explore how HROD can support the EDI strategy.

Return to Campus: The University has had some constructive meetings with the Trade Unions regarding the return to campus and adapting the workplace in response to COVID-19. It was noted

that some people were reluctant to return to the campus, and some concerns about in-person teaching had also been raised.

PDR: Discussions are underway with regard to the next round of PDR, which will commence in January 2022. The HROD Management Team is keen to ensure that it aligns with the new University Strategy and that it takes account of performance management more broadly.

Academic Promotion: The Acting Vice-Chancellor, the Director of HR Services and Professor Amanda Daley (SSEHS) have started to review the criteria and arrangements for academic promotion, which is currently based on performance. Work will be undertaken in order to ensure that they are fully inclusive and that they align with the new University Strategy.

Reward: The reward procedures were suspended at the start of the COVID-19 pandemic, and this provided an opportunity for them to be reviewed. It is, therefore, likely that when they are reintroduced, there will be more emphasis on recognition rather than financial reward. A paper will be presented to the Committee early next year. **ACTION: AL**

Staff Surveys: Members were asked to recall a previous decision taken by the Committee to run shorter staff surveys on a more regular basis. In 2020, there was a survey on EDI, and a survey on engagement had been planned for 2021. It was noted that this had been postponed so that the new Vice-Chancellor had the opportunity to provide his input.

Recruitment and Selection: It was reported that a comprehensive review of recruitment and selection processes would be taking place in order to ensure that they were both efficient and fully inclusive. One particular aspect of the review would be to consider how the University could attract more individuals from diverse backgrounds.

A recruitment campaign had been launched today offering academic posts (a mixture of new and replacement) in six Schools.

Industrial Action: It was reported that UCU had lodged a dispute about the proposed changes to the USS pension scheme, and it was anticipated that members would be taking industrial action towards the end of November 2021. This would be a continuation of the Four Fights campaign, which started in early 2020 and focusses on pay, workload, equality and casualisation. The Committee was asked to note that the University had good relations with the Trade Unions and that the proposed industrial action related to national rather than local disputes.

UCEA: Collective pay negotiations were currently conducted by UCEA on behalf of a significant number of universities including Loughborough. In the last three years, national pay bargaining discussions had ended in dispute, therefore UCEA was now consulting on possible changes and asking universities to consider a number of alternatives, such as pay bargaining devolved by region, or multi-year pay negotiations.

The Committee recognised that national pay bargaining was suited to the University and agreed with the points raised by Tony Williams: (i) it was easier from an administrative perspective; and (ii) it helped in keeping salaries under control. However, members were asked to consider whether national pay bargaining came at a cost, i.e. annual disputes and dissatisfied employees.

The Director of HR Resources was involved in the consultation process and undertook to keep the Committee informed of developments. **ACTION: AL**

21/41 Report from the Director of Organisational Development

The Director of OD reported on the following matters:

OD Resourcing: A recent restructure of OD had taken into account current and future priorities and had ensured that resourcing levels were appropriate. This included an increase in support for change management initiatives.

The launch of the OD Hub will bring together all the resources and support available to staff

Organisational Development: A systematic review of the employee lifecycle had been undertaken in order to ensure that its processes (such as induction) were fully inclusive. With respect to this, members were referred to two starred items in the agenda (HRC21-P36 New Staff Induction Scheme and HRC21-P37 Mandatory Training Policy).

EDI: The role of HROD was to ensure that all activities were considered from an EDI perspective and, as such, they were working closely with the EDI Sub-Committee in order to drive forward the initiatives. It was, however, important to emphasise that there was shared ownership of EDI across the University and that HROD would be playing a supporting rather than a leading role.

Conflict of Interest: It was noted that the University's Conflict of Interest policy had been revised as part of a broader review of compliance and risk.

Leadership and Management: The OD team had been looking at leadership and management capability across the campus with a view to introducing new and different ways of working which would align with the new University Strategy. A new framework, which would be available to all staff, was due to be launched. The coaching, mentoring and buddying initiatives were working well and would continue to run alongside the framework.

Apprenticeships Levy: The OD team intended to use this to support the development of technicians which, in turn, would align with the Technician Commitment.

Graduate Management Trainees: It was noted that the University had recruited its third cohort of Graduate Management Trainees.

21/42 USS Pension Scheme

HRC21-P27

It was noted that the Committee had received a copy of the Acting Vice-Chancellor's message to all staff on 22 September 2021. The Director of Finance attended the meeting in order to provide further information and to respond to any questions or concerns.

Whilst the University had a good relationship with the local UCU branch, there were already deep concerns about the possibility of industrial action and the impact that it might have on the student experience, particularly after twenty months of disruption caused by COVID-19. Members were in agreement that it was important that actions to mitigate against any likely industrial action should be taken sooner rather than later.

21/43 People and Organisational Development Strategy

HRC21-P28

The Director of OD informed the Committee that further work on the POD Strategy was being undertaken in order to ensure that it aligned with the new University Strategy. There had been some concerns that previously a bottom-up approach had been taken which resulted in the POD Strategy being too far reaching, whereas a top-down approach would be taken going forward. With that in mind, the OD team would be scheduling individual meetings with members of the Committee in order to seek their input

Consideration was then given to two points which had been put forward by Tony Williams:

- (i) Had the University considered seeking external help to make it a 'real' strategy?
- (ii) Depending on the answer to the previous question, would it be more appropriate to call it an 'enabling plan' rather than a strategy?

The Chair responded to the first point by saying that, as yet, external help had not been sought, but he felt that it would be a good idea. With regard to the second point, the Director of OD was relaxed about its positioning. It was, however, suggested that the Director of OD followed up these issues with Tony Williams.

ACTION: FB

21/44 Dynamic Working Project

HRC21-P29

The Chair introduced this item by saying that dynamic working brought benefits, but it was essential that the student experience was preserved. Members were in agreement that the University's reputation was heavily dependent on the excellence of the student experience.

The Project Manager (Steve Harris) reported that line managers were currently having discussions with their staff about appropriate levels of dynamic working. Feedback to-date already indicated that some staff were reluctant to return to the campus, whereas other were more enthusiastic. The implementation of dynamic working would be a full-scale pilot across the University, and it was anticipated that adjustments would be needed along the way. A review of progress would take place at the end of the first phase, and it was likely that the second phase would focus on issues, such changes to the infrastructure and the rationalisation of space. It was, however, important to bear in mind that the implementation would be taking place whilst the University was still adhering to COVID-19 restrictions, such as social distancing, therefore it was likely that some difficulties might arise.

Members could see that the benefits of dynamic working could be derived not only by the University and its staff, but also by the local community, such as a reduction in traffic and pollution. With regard to ensuring that the implementation of dynamic working was consistent across the University, the Chair felt confident that most staff would spend the majority of their time on campus. It was also noted that there would be an opportunity to run a hot-desking trial in one of the buildings in order to demonstrate some of the positives of dynamic working.

As dynamic working would be piloted across the University, support mechanisms would be put in place for line managers including guidance and training. Whilst line managers would have the autonomy to implement arrangements for their own teams, they would be working to a broad

consensus across areas. Equality impact assessments would be carried out at the start of the pilot, and the results would be used to identify where additional guidance and training would be required.

The Committee NOTED progress to-date.

21/45 Review of Grievance Process and Dispute Resolution

HRC21-P30

The Director of Planning, the Director of HR Services and Dr James Esson had undertaken a review of the University's grievance process which had included running a number of staff focus groups. Their findings indicated that the grievance process was unnecessarily adversarial and that some of the recommendations arising from the findings would require amendments to Ordinance XXXVII. These included the following:

- holding mediation talks earlier in the process;
- introducing more conciliatory ways of resolving disputes;
- putting greater emphasis on resolving disputes informally, i.e. outside of the grievance process;
- ensuring that line managers have proper training.

Surinder Sharma thanked the Director of Planning, the Director of HR Services and Dr James Esson for undertaking this piece of work and congratulated them on doing such a good job. Members were in agreement with his suggestion that the grievance process needed to demonstrate how it would support both the aggrieved party and the alleged perpetrator. He also queried whether anything could be done to provide support to both parties in a way which might enable a conversation at a very early stage in order to prevent issues escalating. With regard to the latter, knowing from the outset what the aggrieved party hoped to gain from the process might also prevent an escalation in some cases.

When asked whether more females than males were leaving the University as a result of a dispute, the Director of Planning said that there was only anecdotal evidence to support this. However, she anticipated that the new process would be accompanied by improvements to management information so that it would be possible to establish trends in the data. It was also noted that a greater use of exit interviews might provide the context for why staff were leaving.

The Committee ENDORSED the high level recommendations arising from the review.

21/46 Compassionate Leave Policy

HRC21-P31

The Committee APPROVED an amendment to the Compassionate Leave section of the Special Leave policy.

21/47 Conflict of Interest Policy

HRC21-P32

The Committee APPROVED the revised Conflict of Interest policy.

21/48 Extended Family Leave Policies

HRC21-P33

The Committee APPROVED the revisions to the University's extended family leave policies: Maternity, Adoption and Shared Parental Leave.

21/49 Disclosure and Barring Arrangements

HRC21-P34

The Committee NOTES the new draft Disclosure and Barring Service (DBS) policy, procedure and guidance and the actions taken in relation to the University's DBS arrangements.

21/50 Equality, Diversity and Inclusion Sub-Committee

HRC21-P35

The Committee NOTED the activity of the EDI Sub-Committee

21/51 New Staff Induction Scheme

HRC21-P36

The Committee NOTED the implementation of the new Staff Induction Scheme.

21/52 Mandatory Training Policy and Training Matrix

HRC21-P37

The Committee NOTED the implementation of the new Mandatory Training Policy and Training Matrix.

21/53 Personal Titles

HRC21-P38

The Committee noted that the Personal Chairs and Readerships awarded during the period 1 May - 30 September 2021.

21/54 Emeritus Professors

The Committee NOTED the following awards:

- Professor Ian Campbell, Professor of Computer Aided Product Design, School of Design and Creative Arts, with effect from 24 June 2021.
- Professor Colin Garner, Professor of Applied Thermodynamics, Wolfson School of Mechanical, Electrical and Manufacturing Engineering, with effect from 24 June 2021.
- Professor Graham Hargrave, Professor of Optical Diagnostics, Wolfson School of Mechanical, Electrical and Manufacturing Engineering, with effect from 24 June 2021.

- Professor John Huntley, Professor Applied Mechanics, Wolfson School of Mechanical, Electrical and Manufacturing Engineering, with effect from 24 June 2021.
- Professor Serpil Acar, Professor of Design for Injury Prevention, School of Design and Creative Arts, with effect from 1 October 2021.
- Professor Roger Haslam, Professor of Ergonomics, School of Design and Creative Arts, with effect from 1 October 2021.
- Professor Geoffrey Hodgson, Professor of Management, Loughborough University London, with effect from 1 October 2021.
- Professor Martin Passmore, Professor of Automotive Aerodynamics, School of Aeronautical, Automotive, Chemical and Materials Engineering, with effect from 1 October 2021.

21/55 Honorary Titles

HRC21-P39

The Committee NOTED the Honorary Titles awarded during the period 1May – 30 September 2021.

21/56 Joint Negotiating and Consultative Committee

HRC21-P40

The Committee NOTED the minutes of the meeting held on 7 July 2021.

21/57 Any Other Business

There was no other business.

21/58 Date of Next Meeting

Wednesday 7 February 2022, 10.00 am, venue TBC

Health, Safety and Environment Committee



Loughborough
University

Minutes

SAF21-M3

Minutes of the Health, Safety and Environment Committee held on Wednesday 6 October 2021

Attendance

Members:

Neil Budworth, Ruth Casey, Paul Conway, Sandy Edwards, Alec Edworthy, Graham Howard (ab), Chris Linton (Chair), Jennifer Maxwell-Harris, Graham Moody, David Roomes, Jo Shields (ab), Richard Taylor, Maria Turnbull-Kemp.

Apologies for absence:

Graham Howard, Jo Shields

In attendance:

M Ashby (Secretary), Simon Fawcett (for M21/41), Sarah Van-Zoelen (for M21/44 & 50), Julie Turner (for M21/46 & 48), Robert Wilby (for M21/51).

21/39 Minutes

SAF21-M2

The minutes of the meeting held on 26 May 2021 were approved.

21/40 Matters Arising from Previous Meetings

SAF21-P52

- 40.1 Actions arising from previous minutes were NOTED and their current status confirmed.
- 40.2 Arising from M20/8.1 *Statutory Compliance KPIs*, the Sustainability Team would be asked to provide a date by which the remedial F-Gas work would be completed. **ACTION: N Hunt**

21/41 Health, Safety and Environment Update: Wolfson School of Mechanical, Electrical and Manufacturing Engineering

SAF21-P53

- 41.1 The Committee RECEIVED a presentation by the Operations Manager on health, safety and environment arrangements in place in the School.
- 41.2 The following points were NOTED in particular:
 - (i) The School had taken appropriate action to respond to an incident relating to the handling of X-Ray equipment.

- (ii) A programme of work was in place to install fire barriers in roof voids where required across the University.
- (iii) Measures had been put in place to address an increase in the number of students fainting in workshops, which appear to have been successful.
- (iv) The role of Departmental Safety Officer had been reviewed and some duties delegated to expert deputies.
- (v) The School's staff were empowered to take action to make improvements to the infrastructure within their area, resources allowing. However, its senior management had demonstrated that they would not tolerate disregard for University health and safety requirements.
- (vi) School staff found University health and safety requirements for fieldwork proposals overly burdensome. This was potentially due to the more complex nature of fieldwork undertaken by the School's staff and students. The Director of Health, Safety and Wellbeing indicated that there may be scope for the process to be streamlined in future as technological developments were found.

41.3 The School had experienced an increase in the number of staff referrals to the Occupational Health and Wellbeing Service. It had also seen an increase in the number of students with mental health issues.

21/42 Constitution, Terms of Reference and Membership for 2021/22

SAF21-P54 SAF21-P55

- 42.1 Members APPROVED the Constitution, Terms of Reference and membership of the Committee for 2021/22.
- 42.2 From the start of the 2021/22 academic session agenda papers and minutes would be made available to members via Microsoft Teams, rather than via the web CMS system. Unrestricted agenda papers and minutes would continue to be made available to all staff and the public via the web CMS system. Members APPROVED a rationale for restricting access to papers.

21/43 Report from the Director of Health, Safety and Wellbeing

SAF21-P56

- 43.1 Members RECEIVED an update from the Director of Health, Safety and Wellbeing.
- 43.2 The following points were NOTED in particular:
 - (i) The Health and Safety Service had experienced a significant number of workload pressures due to the pandemic.
 - (ii) The reputation and visibility of the Occupational Health and Wellbeing Service had continued to grow.
 - (iii) Members noted the work being undertaken to monitor water supplies on campus. The Director of Health, Safety and Wellbeing commended Estates and Facilities Management for action taken to ensure that the Towers hall of residence was ready for occupation on time following a case of Legionnaires disease.
- 43.3 Estates and Facilities Management were also commended for the development of a detailed safety case for elements of the East Midlands campus gas system which had been deemed to be a private gas network. Members noted the importance for business continuity of maintaining up-to-date site utility mapping.
- 43.4 Members APPROVED a proposed change to performance presentations given by Schools and Professional Services at HSE Committee meetings. In future, HSE Committee members would be given the opportunity to submit questions in advance of meetings with a view to their questions being answered during the presentations.

21/44 Health, Safety and Wellbeing Service Work Plan

SAF21-P57

- 44.1 Members CONSIDERED the proposed Health, Safety and Wellbeing Service Work Plan for the 2021/22 academic year.
- 44.2 There had been significant pressure on the Service due to the dual demands of business as usual and the University's Covid response. The need to focus on the Covid response combined with a number of changes of personnel had meant that the team had had to prioritise its workload significantly and was likely to need to do so in the 2021/22 academic year to achieve a manageable workload. The work plan set out the key challenges that the Service would face and its proposed approach for the year to come.
- 44.3 The Committee ENDORSED the work plan.

21/45 Covid 19 Response Update

SAF21-P58

- 45.1 Members RECEIVED an update on the University's Covid 19 response.
- 45.2 The following points were NOTED in particular:
- (i) Covid 19 had dominated the activities of the Health and Safety Service. A third of the team had been diverted from their usual activities to focus entirely on the pandemic.
 - (ii) Testing centres had been maintained throughout the summer. 14,000 tests had taken place in the centres in the week prior to the start of term.
 - (iii) An outbreak plan had been agreed with Leicestershire County Council, and a University vaccination plan was now in place.
 - (iv) Waste-water testing was taking place daily on the campuses, and results were in line with those of lateral-flow testing.
- 45.3 Members noted that some staff remained anxious about the possibility of catching Covid 19 on campus. When planning for the start of the academic session the Health and Safety Service had taken a relatively conservative approach, keeping maximum teaching space occupancy levels at 50 per cent and requiring face coverings to be worn for movement around buildings and in classes when asked to do so by a lecturer. These rules were more restrictive than those in place in society as a whole. The Service intended to reflect upon the staff and student experience and staff perception in coming weeks and use their findings to review the University's Covid 19-related rules and current restrictions.
- 45.4 The UCU representative thanked the Health and Safety team for its work during the pandemic and also its engagement with the trade unions over aspects of the University's response.

21/46 Statutory Compliance Key Performance Indicators

SAF21-P59, SAF21-P60

Members RECEIVED updates on statutory compliance key performance indicators. They NOTED progress on the development of KPIs for key areas of statutory compliance and actions relating to areas of concern.

21/47 Health, Safety and Environment Risk Rating

SAF21-P61

- 47.1 The Committee CONSIDERED a recommendation that the University's Health, Safety and Environment overall risk rating should remain at Amber.

- 47.2 Whilst the overall outlook in relation to the ongoing Covid 19 pandemic had improved due to the national vaccination programme, there remained a possibility that a further outbreak could severely affect staff and student health, the University's financial viability and its reputation. Controls were in place to manage these risks, but they were limited by standards of Covid security in general society.
- 47.3 Recent Legionella cases were currently being investigated, and additional controls were now in place. However, there was still a risk that an outbreak could lead to the need to vacate one or more buildings. A clearer picture of the likely risk would be available by the beginning of November.
- 47.4 Members noted that Council was to agree criteria to agree the University's level of appetite for risk going forward.
- 47.5 The Director of HSW had confidence that the risk level would improve in coming weeks and would move to Green by the New Year. The Committee AGREED to recommend the Amber risk rating to Senate and Council. **ACTION: Secretary**

21/48 Report from the Radiological Protection Officer

SAF21-P62

- 48.1 The Committee NOTED and ENDORSED radiological non-compliances and associated recommendations.
- 48.2 The Committee APPROVED changes to local rules for Open/Sealed Source and recommended them for approval by University Council subject to the correction of minor typographical errors. **ACTION: Radiological Protection Officer**
- 48.3 The Committee APPROVED the proposed submission of a Regulation 31 request to the Office for Nuclear Regulation in accordance with the Nuclear Safeguards Act.

21/49 Fire Safety Update

SAF21-P63

- 49.1 The Committee RECEIVED a fire safety update.
- 49.2 The following were NOTED in particular:
- (i) significant incidents that had occurred since the previous meeting.
 - (ii) arising from M21/28.4, a breakdown of the location of recent fire alarm activations across the University campuses.
 - (iii) a cross function group had been set up to manage the out of hours response should there be repeated false alarms on the fire detection system.
- 49.3 The Committee was content that fire safety was being managed appropriately and effectively.

21/50 Occupational Health and Wellbeing Update

SAF21-P64

- 50.1 Members RECEIVED an update from the Occupational Health and Wellbeing Service which focussed, in particular, on changes and future planning within the Service.
- 50.2 The following points were NOTED in particular:
- (i) Occupational health referrals had increased significantly in recent years despite the pandemic lockdowns and the furlough scheme. Reasons for referrals were in line with national trends, with two-thirds due to mental health or musculoskeletal concerns, the latter particularly evident post lockdown.

- (ii) The Service had increased the range of facilities that were available to staff to support their mental health, and there had been significant uptake amongst staff.
- (iii) The Service applied an early intervention approach to musculoskeletal injury to reduce the impact upon the employee and the organisation.
- (iv) The Service was carrying out a review to ensure that its health surveillance processes were accurate and in line with legislation. This had resulted in an increase in the number of assessments being carried out.
- (v) The service was in the final stages of procurement of occupational health software. Once configured for use by the University, the software would provide a greater surety of data protection and greater data management opportunities.
- (vi) Significant efforts were being made to raise the profile of the Service even further in order to support as many staff as possible.
- (vii) The senior leadership team in the Wolfson School of Mechanical, Electrical and Manufacturing Engineering would be one of the first School leadership teams to undertake new health and safety leadership training. The training would include a wellbeing element.
- (viii) There was increasing awareness of the need to identify quiet spaces on the University campuses in order to support good mental health. Plans were also being made to organise regular wellbeing 'cafes' to provide a safe and welcoming meeting place for staff and students who were experiencing mental health difficulties.

50.3 Members were informed of the limitations of the current Mental Health First Aider initiative which had had variable levels of activity and effectiveness. There had been reports of employees being left in a state of distress as there had been no mental health first aider available to support them. Their colleagues had felt ill equipped to approach them. In some cases, others had gone beyond the bounds of the mental health first aider role. The medicalisation of compassion was not helpful. Mental health first aiders were to be invited to combine their role with that similar to a wellbeing champion with the intention that, with further training, they would feel empowered to promote a broader approach to mental and physical health in their area. If successful, it would normalise mental health concerns across the University and break down the stigma surrounding mental health management.

50.4 Members APPROVED the proposal that the mental health first aider role should be broadened and aligned with that of wellbeing champion. However, they noted a potential issue regarding oversight of wellbeing champions in Schools and Professional Services. Mental health first aiders were answerable to their Dean or the Director of their Professional Service. It was unclear what the arrangement would be for wellbeing champions. The COO and Occupational Health and Wellbeing Manager would agree arrangements for oversight of the wellbeing champions. **ACTION: COO, OHWM**

21/51 Work Plan for Climate Risk Management

SAF21-P65

51.1 The Committee CONSIDERED a report from the Climate and Environment Task Group. Senate had asked the Group to evaluate the threat of extreme weather and climate change to the University's operation and facilities. In doing so, the Group had aimed to evaluate the risks in a systematic way, identify the top five most significant risks and then assess their potential impact on student experience, business continuity and financial sustainability. The Group was commended for the work that it had done to identify and evaluate the risks.

51.2 A number of risks, such as the risk of flooding, could be seen to have a potential impact upon more than one aspect of the operation and facilities of the University. They therefore needed to be seen in that context. Members noted that it would be helpful to draw a distinction between different types of risk. Some might be considered enterprise risks, whilst others a reputational or health and safety risk. Going forward, it would be important to indicate how each risk would be measured, and whether the risks would undermine aspects of the University strategy. It would also be key to differentiate between risks which were inevitable at some point in the future and those which were less likely to occur.

51.3 The report proposed that climate change and extreme weather should be added to the University's strategic risk register. The University's risk framework had already been incorporated into the draft University Strategy which was to be considered by Council in coming months. Therefore, it would not be possible to make this addition to the risk register at this stage. It was noted that the new University Strategy would make clear future leadership responsibilities and the metrics that would be employed, including those for climate and environmental risks. The Group should therefore feel confident that the University was supportive of its recommendations and its general direction of travel.

51.4 It was AGREED that one member of the Professional Services Leadership Team should have oversight of climate and environmental risks to the University, given the integrated nature of the identified risks and the trade-offs between them. The person would be charged with carrying out the recommendations of the Group's report. The Committee AGREED that the Director of Estates and Facilities Management should be asked to take on this role. **ACTION: COO**

21/52 Business Travel Strategy

SAF21-P66

52.1 The Committee NOTED the formation of a stakeholder group set up to review the current provision in place at the University for business travel and current measurement of travel and carbon methodology.

52.2 It ENDORSED the Group's recommendations subject to the three emissions-related recommendations being combined into a single recommendation. **ACTION: Associate Head of Sustainability**

21/53 Environmental Policy

SAF21-P67

The Committee ENDORSED the 2021 version of the Environmental Policy. No changes had been made to the Policy.

21/54 Reports to Health, Safety and Environment Committee

The Committee RECEIVED the following reports:

- (i) **SAF21-P68**
Sustainability Report
- (ii) **SAF21-P69**
Incident Data Report

21/55 Terms of Reference and Composition of Sub-Committees for 2021/22

SAF21-P70

55.1 The Committee RECEIVED the terms of reference and composition of the following sub-committees:

Chemical Safety Committee

GM/Biosafety Committee

Non-ionising Radiation Safety Committee

Radiological Protection Sub-Committee

Sustainability and Social Responsibility Sub-Committee

55.2 It APPROVED changes to the terms of reference and composition of the following sub-committee:
Health Safety Environment Statutory Compliance Sub-Committee

21/56 Sub-Committee Minutes

The Committee RECEIVED minutes of meetings of the following groups and sub-committees:

- (i) **SAF21-P71**
Health Safety Environment Statutory Sub-Committee (7 September 2021)
- (ii) **SAF21-P72**
Radiological Protection Sub-Committee (8 September 2021)
- (iii) **SAF21-P73**
Sustainability and Social Responsibility Sub-Committee (6 May 2021)

21/57 Date of Meetings in 2021/22

Wednesday 2 February 2022 at 2.00pm
Wednesday 25 May 2022 at 2.00pm

October 2021
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Annexes for Section A papers

Note: COUN21-P94 OfS Financial Statements (Annex 1) can be accessed via the link in COUN21-P94

Council Away Day – Strategy Notes - 14 October 2021

This paper is for information only. The feedback that we received from Council was helpful and is summarised here as a record of discussions. We would like to thank all members of Council for engaging in these discussions and giving us their thoughts and insights. We will use the comments from the Away Day to inform our thinking as we write the strategy.

Summary Report

Research and innovation ambition

Council was asked to endorse the following approach

- We will bring renewed energy/focus on research and innovation whilst maintaining a great student experience.

Feedback from groups:

- specifically consider “what can the new business (research) leverage off the old business (teaching).” Acknowledging they aren’t separate, how do we exploit the overlap and limit silos?
- Advice was to choose “the right horse” to back. Something where we can be distinctive and be better than the competition – then selectively invest to grow, support, flourish.
- Advice was not to overlook the need to lead effectively through change. Need to take middle managers with us through the change. Understand the psychology side of the human aspect. Leadership training will be important.
- Employee engagement is vital for enacting change successfully, especially if there is a risk that people feel something (e.g. their individual or group research area) is being detracted from. Taking staff with us on the journey will be critical.
- Urged caution about stopping doing things – sometimes stopping something in one place has a negative impact in another area.
- PDR needs to evolve in line with the new strategy.

Key measures of success

Council was asked to endorse the following approach

- We propose to address the medium/long term challenges of research and international reputation whilst seeking to protect the short-term outcomes around student experience and domestic ranking.

Feedback from groups:

- Potential diversion of some resources from student experience is a risk. A better approach might be to use money in the bank to invest in climbing into QS top-200.
- Focus on activity that benefits both research ambition and student experience – find the sweet spots.
- Need to build the reputation – this comes from partnering with other institutions. Consider partnerships or mergers/acquisitions that would advance our reputation and/or citations. We need partners that enhance our brand rather than the other way around.
- Our narrative and projection of narrative needs to be much bolder and wider. Need an institutional approach to promotion (of the right stories), rather than individual academics promoting their work.

Equality, Diversity & Inclusion

Council was asked to affirm the establishment of EDI as a core pillar of our next strategic phase

Feedback from groups:

- Agreed to affirm EDI as a core pillar of next strategic phase.
- Focus on interventions that have impact, do not adopt a scatter gun approach as it will not have the desired effect.
 - Consider increasing diversity by creating own talent pipeline from student > PhD > academic staff. This has worked in other sectors (e.g. law firms working with specific schools to target, support and work with minority groups).
 - Consider increasing diversity by having a positive action recruitment strategy. This has worked in other sectors (e.g. Channel 4 recruiting disabled presenters, B&Q recruiting over 60s).
- People usually don't realise where their behaviours are inappropriate. The role of mentors and champions could be considered more broadly. The executive needs to have strong voices around them who can call out where there are issues and help create space for managers to transition into new ways of thinking about EDI.
- Encourage senior leadership to drive through interventions and role model behaviours as they have the power to make change.
- The strategy should outline medium term objectives and short-term interventions to underpin this larger cultural shift. Encouragement and advice to get on and do something, sense that doing something is better than not doing anything at all.
- Need to be proactive and make positive interventions but word of caution that very few make a significant difference.

- Some members were supportive of targets in annual objectives (diverse shortlists, quota of opportunity)
- Race is a white person issue – white people need to talk about race and deal with it. We need to be braver.

Climate Change and Net Zero

Council was asked to endorse the following approach

- We will adopt a clear and distinct rationale for our work around the environment
- We will use our expertise to guide and influence national and international government policy
- We will direct our focus onto a small number of large activities with the potential to make global impact
- We will deploy resources operationally to achieve our aims
- By changing the way in which we operate we introduce risks and potentially additional costs

Feedback from groups:

- Renewable or self-generated energy production and usage should be a priority for the University. Use academic expertise to progress.
- We should put some serious effort into identifying and mitigating high energy activity/usage. Off-setting should be part of this. Use academic expertise and student projects to progress.
- We need a journey of education and cultural change for staff – our governance and decision making should include a question on environmental impact and this should be taken into account when approving new partnerships etc. Information and personal dashboards can help to shift. Leaders should role model behaviours (heating, disposable cups, use of plastic) – small things but send strong messages.
- Procurement – there will be a challenge in trading off between value for money and carbon in supply chains. M&S's Plan A model, was suggested as a comparator for a champion based, well structured strategy on sustainability and supply chain management.
- Students are engaged with and passionate about this agenda. There may be opportunities for students to reverse mentor and lead on pieces of work (through projects?) about the “green” changes they would like/expect to see across our campuses to operate. An institutional aim could be for every student knows what their carbon footprint is, and how to use this information when they leave. CSR days could this be built into the student experience (e.g. green days).
- Separate operational role of Uni from the influencing role of the Uni (e.g. around research outputs). Visible acts are really important in this space. Strategically, the University should

consider setting an impactful target, such as a 10% saving on scope 3 emissions. Appropriate governance structures will be needed to take this forward.

- Partnerships – partner with the right organisations who have green credentials

Student recruitment – size and shape

Council was asked to endorse the following approach:

- Any growth should be focussed on unregulated fee areas
- Growth should normally be deployed in a managed way to enable investment in strategic initiatives rather than happening organically, with income formulaically dissipated across activity.
- Some risks will increase as proportionally more income is received from international markets and one-year markets (ie more 1 yr PGT and fewer 3yr UG proportionally)

Feedback from groups:

- General support but there will be a significant amount of energy and “churn” needed if we choose to focus on high-risk, high-reward markets
- Mitigate risk by diversifying our international markets – this will also aid international reputation. International UG mitigates against the “churn” concerns.
- Encouraged us to develop a clear plan on international recruitment – market mapping, competitor analysis – understanding what best in sector does differently.
- Need to be clear on brand/product differentiation – what are we selling? Project our narrative and strengths more boldly – how are we selling ourselves? Alumni can be “product ambassadors”.

Effectiveness Review of Council, 2021: Recommendations and Actions				Requires further reflection by Council and/or its sub-committees
Ref	Report Section	Recommendation	Type	Proposed Actions (November)
R1a	4. Culture & Behaviours	Considers further reduction in the size of Council when it has determined its preferred committee structure	Structural	Not being taken forwards
R1b	4. Culture & Behaviours	Explores ways in which the numbers of officers in attendance might be reduced	Procedural	Routine staff attendees will be reduced from 7 to 2 at in person meetings. Proposal will go to Nominations
R1c	4. Culture & Behaviours	Introduces at least annual lay only member meetings	Enabler	Trial implementation in progress, format to be finalised.
R1d	4. Culture & Behaviours	Identifies a more appropriate space in which to conduct Board meetings	Enabler	March meeting in London campus board room. Alternative venue to be trialled on Lboro campus in June.
R1e	4. Culture & Behaviours	Considers the deployment of appropriate technology to improve quality of debate	Enabler	Procurement in progress, implementation of new software planned for March meeting
R2a	4. Culture & Behaviours	Discussions are held with student representatives to establish the most effective way of supporting them to further develop the contribution they make to Council debates	Enabler	Meeting has taken place and arrangements now agreed.
R2b	4. Culture & Behaviours	Opportunities are provided for students to have more direct contact with the chair and other lay members	Enabler	Proposal being made
R2c	4. Culture & Behaviours	The practice of excluding student members in a different way to others is discontinued	Procedural	Completed
R3a	5. Governance Capability	Considers the breadth of Council membership (lay, staff and student), and the extent to which governance structures reflect modern society with its richness of lived experiences and talent	Structural	Nominations Committee will take this recommendation forwards and report to Council.
R3b	5. Governance Capability	Use any gaps identified to set benchmarks for Council membership, and these are incorporated into the skills matrix	Enabler	Nominations Committee will take this recommendation forwards in light of new strategy and report to Council.

R3c	5. Governance Capability	Develops a range of rigorous attraction and search strategies, including more novel approaches to recruiting to create a pool of high calibre and diverse candidates	Enabler	Nominations Committee will take this recommendation forwards and report to Council.
R3d	5. Governance Capability	Reviews lay member involvement in the consideration of EDI topics and considers whether more overt Council sponsorship and expertise is required in this area and the extent to which Council members would benefit from a dedicated development session	Enabler	
R3e	5. Governance Capability	Ensures the Council paper template is amended so that regular EDI discussion is integrated into consideration of all key topics	Enabler	New template being trialled for November Council
R4	5. Governance Capability	Once a year, all Council members discuss with the Chair or Secretary how they can best be supported to enable them to make the most effective contribution to the work of Council	Enabler	The Chair of Council will consider whether this is desirable and if so how it might practically be delivered.
R5a	6. Governance Structures	Reviews its committee system to reduce the number of committees, redirecting their focus to strategic development away from monitoring past activity	Structural	Initial proposals to Council in November for comment. Full proposals to March Council for approval following discussions at Nominations and Governance Committee.
R5b	6. Governance Structures	Gives Nominations Committee a revised role in respect of governance	Structural	Revised terms of reference under consideration at Nominations Committee.
R5c	6. Governance Structures	Dissolves the Chair's Advisory Group (CAG)	Structural	Completed
R6	7. Governance Processes	Review governance paper templates so they provide prompts to identify the nature and scope of any debate required, specific recommendations, with alternatives and the impact of any proposal on any key policy objectives	Procedural	New template being trialled for November Council
R7a	7. Governance Processes	The Nominations (& Governance Committee) should consider an action plan to improve to improve the quality of the papers	Procedural	New template being trialled for November Council
R7b	7. Governance Processes	The Nominations (& Governance Committee) should consider an assessment of members' preferences for technological support for collaborative governance working.	Procedural	Procurement in progress, implementation planned for March meeting
R8a	7. Governance Processes	Senate is asked to express an annual opinion on the maintenance and possible enhancement of academic standards and quality	Enabler	Revised assurance report provided to November Council.

R8b	7. Governance Processes	As part of the development of the University's new strategy, a set of key performance indicators is determined and for each of those a suitable comparator group is established and an annual comparative performance report is produced to monitor progress	Enabler	This will be proposed as part of the adoption of the new University strategy in 2022
R8c	7. Governance Processes	Pay benchmarking is provided to the Remuneration Committee as recommended by the CUC Code on Senior Remuneration	Procedural	Director of HR Services to implement as soon as possible
R9	7. Governance Processes	There should be a standing item on all committee agenda papers at which a rolling future work programme is considered	Procedural	We will introduce this at Council and then roll out through committee structure
R10a	7. Governance Processes	All agendas should in future have indicative timings to signal those papers that need discussion	Procedural	Implemented for Council, full implementation for relevant committees once new structure is finalised.
R10b	7. Governance Processes	Any report that does not have a formal decision needed or present options should be placed in the section of the agenda not for discussion	Procedural	Implemented for Council, full implementation for relevant committees once new structure is finalised.
R10c	7. Governance Processes	Items for substantive discussion should be first on the agenda	Procedural	Completed
R10d	7. Governance Processes	Council trials use of more discursive approaches to consider emerging issues	Enabler	To be considered by Nominations Committee.
R10e	7. Governance Processes	More papers should be moved to the section of the agenda where they are not discussed	Procedural	The updated approach to agenda setting and paper preparation will address this point.
R11a	7. Governance Processes	Any meeting over 2 hours should have a timetabled break	Procedural	Will be incorporated into the timings for relevant meetings.
R11b	7. Governance Processes	Nominations (& Governance) Committee should agree on a meeting review methodology - this should include an option where members express a view on the quality and ease of the papers	Procedural	To be considered by Nominations Committee as part of the review of the committee structure.

Commentary to support the OfS Annual Financial Return 2021 workbook

Provider's name:	Loughborough University
UKPRN:	1000413

Assumptions and impact of forecast changes

- To help the Office for Students (OfS) understand the financial and student number forecasts, and the impact on your provider's financial viability and sustainability of changes from the forecast, please complete the table below. Please enter the narrative explaining the assumption and the financial impact resulting from it for each of the items. If there are several assumptions for any one line, please separate around the financial impact for each assumption.

		Narrative – assumption for change between years	Financial impact, in £000s, from assumption
1	Student numbers (full-time equivalent)		
1a	UK-domiciled undergraduate students (full-time and part-time)	Following an expected increase of 630FTE in Year 3, we plan to revert to a steady intake of 3556 from year 4. Changes to continuing FTEs year on year reflect prior year intakes and how these flow through dependent on placement year uptake and progression rates. Note that the impact of COVID on student behaviour and progression could change our normal progression rates and withdrawals, no change is forecast here.	£17,665
1b	Other EU-domiciled undergraduate students (full-time and part-time)	Following an expected increase of 60FTE in Year 3 across EU/Other EU, we plan to revert to a steady intake in the region of 441FTE from year 4. Changes to continuing FTEs year on year reflect prior year intakes and how these flow through dependent on placement year uptake and progression rates. Note that	£820

		Narrative – assumption for change between years	Financial impact, in £000s, from assumption
		the impact of COVID on student behaviour could change our normal progression rates and withdrawals, no change is forecast here.	
1c	Non-EU domiciled undergraduate students (full-time and part-time)	Following an expected increase of 60FTE in Year 3 across EU/Other EU, we plan to revert to a steady intake of 441FTE from year 4. Changes to continuing FTEs year on year reflect prior year intakes and how these flow through dependent on placement year uptake and progression rates. Note that the impact of COVID on student behaviour and progression could change our normal progression rates and withdrawals, no change is forecast here.	£3,282
1d	Postgraduate taught students (all domiciles, full-time and part-time)	We are expecting COVID to impact heavily on our planned recruitment of Full-Time students. Student intake is expected to be on average 75% of target across both our campuses in Year 3 (an increase on Year 2 recruitment). Numbers are forecast to gradually increase to target levels by year 6 for Non-EU and return to target by Year 4 for Home students. From Year 4 onwards we revert to our planned growth at our London Campus of +450 by Year 6 of the forecast period, split 15%:85% UK/EU & Non-EU.	(£15,261) £36,900
1e	Postgraduate research students (all domiciles, full-time and part-time)	No significant changes planned to student FTEs, however changes to our Scholarship offering will see an increase in fee waivers offered.	(£5,500)
2	Student fee income levels		
2a	UK-domiciled undergraduate students (full-time and part-time)	See 1a Fee levels remain at £9,250	
2b	Other EU-domiciled undergraduate students (full-time and part-time)	See 1b	

		Narrative – assumption for change between years	Financial impact, in £000s, from assumption
2c	Non-EU domiciled undergraduate students (full-time and part-time)	See 1c Fee Inflation assumed to 4% per annum.	£7,300
2d	Postgraduate taught students (all domiciles, full-time and part-time)	See 1d, whilst we are targeting growth in PGT numbers at our London Campus from year 4, our financial forecast includes an under-recruitment provision to allow for a slower growth rate for the potential COVID impact. We are only forecasting to exceed year 1 levels from year 5 following reductions in years 2 and 3. An additional under-recruitment contingency is forecast from year 4 for a gradual return to year 1 levels on our Loughborough Campus also. Fee Inflation of 2% for UK, and 4% per annum for Other EU/Non-EU	(£13,957) £8,000
2e	Postgraduate research students (all domiciles, full-time and part-time)	See 1e Fee Inflation of 2% for UK, and 4% per annum for Other EU/Non-EU	£1,200
3	Office for Students grant	Assumed to remain flat from Year 3 levels.	
4	Research England grant	Underlying funding assumed to be static from year 3 with an increase of £2m p/a assumed from year 4 to reflect predicted REF outcomes.	£7,927
5	Staff costs	Inflation of 2.5% p/a assumed from year 4 We have also assumed incremental drift & rewards payments equivalent to 2.5% of total pay in each year	£40,760 £34,106
6	Inflation	Other Operating Costs inflated by 2% from year 4	£11,904
7	Pension costs	Increase in USS contribution rate from year 3, 21.1% to 21.4%	£1,610

		Narrative – assumption for change between years	Financial impact, in £000s, from assumption
8	Pension provision	We have assumed that the USS 2020 deficit recovery programme continues unchanged throughout the forecast period and that there are no actuarial gains and losses for LGPS.	
9	Interest costs	We are not planning to take out any new borrowings.	
10	Building maintenance costs	Included in the forecast is approximately £13m each year for Planned, reactive and Long-term maintenance. No specific increases included in the forecast.	
11	Contingency	General Under-recruitment contingency of 1.5% shown under Fees to mitigate for a potential under-recruitment across any student type in each year.	£13,000
12	Other income	We are not forecasting any underlying change in activity in this area, we assume that income reductions such as Hall Fees/Conferences will return to normal levels following reductions in year 2 because of COVID. Income inflation of 2% each year	£11,500

Ensuring financial viability and sustainability

2. How is your provider ensuring its financial viability¹ and sustainability,² including the identification and management of material risks to viability and sustainability?

Loughborough University operates a rigorous annual forecasting process. As part of this process, we use relatively prudent assumptions. As a result of the ongoing economic uncertainty, we have applied even more prudence than in normal circumstances. Key assumptions include

- Student numbers remaining broadly flat, with growth being driven largely from our London Campus
- An increased under recruitment provision in the medium term, to ensure that any ongoing effects relating to the COVID pandemic can be managed.

From a cash perspective, we continue to operate a risk averse approach to gearing, with borrowings ordinarily at fixed interest rates. We have an RCF of £50m in place, along with forecast cash holdings across the forecast period ranging from £80-107m. Our current borrowings are based on relatively simple covenants, and we review headroom at each quarterly forecast cycle.

3. What scenario planning, sensitivity analysis or stress testing has been undertaken to understand and mitigate the risks to financial viability and sustainability that arise from uncertainty in your financial and student number forecasts? Please provide details.

As part of our annual forecast, we have modelled scenarios based on key assumptions for example, ongoing economic uncertainty, systemic shifts in student behaviour or international markets, QR Funding (REF 2020) and pension scheme changes.

4. Where the financial and student number forecasts include any significant movements (± 10 per cent in any one year) on the income and expenditure account, what are the reasons for these movements? The explanation must include details about any material exceptional income or expenditure items.

Income

2b - this line represents specific time limited project funding from the OFS, the amounts vary each year dependent on what bids are submitted and accepted. We only forecast known projects, hence the drop off from Year 4.

¹ 'Financially viable' means that the OfS judges that there is no reason to suppose the provider is at material risk of insolvency within a period of three years from the date on which the judgement is made.

² 'Financially sustainable' means the OfS judges that the provider's plans and protections show that it has sufficient financial resources to fulfil conditions D(iii) and D(iv) of ongoing registration for the period of five years from the date on which the judgement is made, and that it is likely to be able to operate in accordance with these plans and projections over this period.

2c – An increase of 10.5% is forecast from year 3 to 4 due to a forecast increase of £2m for the results of the REF exercise. This level is then maintained for the rest of the forecast period.

2d – this line includes specific time limited project funding from UKRI, the amounts vary each year depending on what applications are submitted and accepted. We only forecast known projects, hence the drop off from year 5.

2e – This line represents funding for our Arts Foundation programme, student numbers have been reducing in this area, leading to a reduction in funding from years 2 to 3 which is then maintained.

2g – This line represents funding from the OFS & Research England as part of our annual allocations, these amounts vary each year depending on funding priorities of both bodies. Year 2 included £1.2m for Research England's World Class Laboratories programme. Year 3 includes a reduction in funding from the OFS following a change in methodology to move to a bidding process, we assume funding to return from Year 4 as our capital plans include more teaching focussed capital items.

3 – We are forecasting a large increase in research funding in year 3 which is because of delayed expenditure on existing grants due to COVID impacting on the ability to conduct research as planned, particularly where significant laboratory work and/or travel were required. Secondly, we are forecasting a high growth year due to a significant increase in awards which would flow through in years 3 to 4.

4 – Other income was at reduced levels in years 1 and 2 as COVID impacted on activity that could take place such as sports and academic conferences. From Year 3 we are forecasting that activity will return to normal levels and then remain flat. We saw a particular increase in EU funding from years 1 to 2 due to an increase in Erasmus Funding following extensive work to promote studying and working abroad opportunities.

4bi – Years 1 and 2 both included losses in income for Hall Fee income due to COVID restrictions meaning students were refunded accommodation charges. Year 3 working assumptions are that we return to 100% occupancy and there will be no COVID restrictions hence the large % growth. This level is then maintained throughout the forecast period.

4bii – Our catering operations were significantly hit by COVID with a significantly reduced number of students and staff being on campus for periods in both years 1 and 2. Our Hotel and Conference facility was significantly hit throughout year 2, for both elements we are forecasting a phased return to normal levels over years 3 to 4.

4e – This line includes one off capital grants with year 1 including the recognition of £13.5m of external funding for the recently opened National Centre for Combustion and Aerothermal Technology. Year 4 includes £8.3m for the construction costs of 2 large sports related facilities.

4d&f – Income is immaterial

5 – Our Investment income is not material but has reduced because of declining interest rates.

6 – Year 2 saw a significant increase in donation income due to a significant receipt of donated equipment from of £2.7m linked to the National Centre of Combustion and Aerothermal Technology. , We have also received a new 5-year donation agreement of an additional £400k per year from an individual starting in year 2. The underlying donation income remains static across the period.

Expenditure

2a - Staff Costs have increased from years 1 to 2 largely due to a revaluation of the USS provision (£38m) to reflect the new deficit recovery plan. Underlying staff costs reduced in Year 2 due to a voluntary severance programme, implemented to address the inflationary gap within our forecast and a recruitment freeze in place to mitigate the losses associated with COVID.

Year 3 sees staff costs grow due to the lifting of the recruitment freeze and some investment in academic staffing to resource the UG intakes seen in Autumn 2021.students. Staff costs for the remainder of the forecast period remain stable, except for some limited growth in our London Campus associated with a planned increase in PGT students.

2b – We undertook a large voluntary severance programme in Year 2 in response to the long-term financial sustainability position of the University. No plans are in place to repeat this exercise in the current forecast period.

2c – Other Operating expenses reduced further in Year 2 as a planned response to mitigate the impact of COVID, with spend restricted to items essential for the immediate operational delivery. Savings were also achieved as a result of reduced presence on campus e.g reduced cleaning and utilities costs. Year 3 sees a return to normal operating spend with a provision for some one-off strategic investment funding where required, mostly associated with the unplanned growth in UG students. Spend levels remain stable across the rest of the forecast period.

2e – Interest and other finance costs have reduced from Years 1 to 2 due to a lower interest charge relating to the pension provision for USS. Year 3 sees an increase in the interest charge relating to the pension provision for LGPS. Loan interest payable is reducing each year as there are no plans for any new loans to be taken out over the forecast period.

Other I&E

4 – A one off gain of £1.4m was recognised in year 1 on the exercise of an option requiring the leaseholder to purchase a residential property. In year 2 we sold a building at a profit of £534k, this was offset by some written off capital expenditure. No further plans for sales of tangible assets are in place across the remainder of the forecast period.

5 – Investment properties were revalued to fair value at 31 July 2020, based on a valuation undertaken by an independent valuer. A reduction in value was identified and as such a £2.2m loss was recognised in the I&E.

6 - Year 1 includes £580k proceeds received from the sale of an investment by one of our subsidiaries

Year 2 includes £703k for the impairment of a property that has been recognised following the exercise of an option under the original funding arrangement for the building. This is offset by a gain on endowment revaluations of £156k.

10 – These taxation amounts relate to our Subsidiary company where we have an increase in our deferred tax credit as a result of the impact of COVID on trading operations.

13 – The changes between Years 1 and 2 relate to actuarial gains and losses associated with LGPS. This reflects changes to assumptions used by the actuary to value the scheme assets and liabilities as well as differences from expected investment performance. Due to the inherent difficulties in accurately forecasting how these factors would change; we do not include future changes for this, hence the % swing from years 2 to 3.

5. Where the financial and student number forecasts include material changes on the balance sheet, what are the reasons for these changes? The explanation must include details about any material exceptional items.

Table 2d – Cash and cash equivalents changes are derived from explanations of changes in the Income and Expenditure in the main.

2f – Accrued course fees increased in Year 2 due to an increase in numbers on our Apprenticeship programmes, payments are retrospective. This level is then maintained as no material growth is expected.

3c – Amounts not material

3d – Year 2 sees an increase of £2.2m because of fee deferrals from a January PGT intake which was provided as a mitigation to COVID, we continue to assume a January intake in Year 3 of the same scale, by Year 4 we revert to an assumption of October intakes only for our main PGT provision, though this will be kept under review.

3g – Year 3 Other creditors includes an increase of £5.3m for deferred capital grants referenced in Income section 4e. This one-off increase is reversed in year 4. We assume that general accruals for goods received will increase in year 3 as operating spend returns to normal levels. We are then forecasting no underlying changes to a normal baseline.

7d – Other creditors falling due after more than one year is not material.

8b – Other provisions have increased due to subsidiary tax as described in I&E note 10.

6. Where the financial and student number forecasts include any significant movements (± 10 per cent in any one year) on the cash flow statement and forecast, what are the reasons for these movements? The explanation must include details about any material exceptional cash items (you may cross-refer to questions 4 and 5 above if appropriate).

1a – Surplus explained by section 4

2e – See comments provided under section 4

2f – Values not material, stock levels were impacted on in years 1 to 2 by COVID. We expect levels to be stable from year 3.

2g – Debtor levels decreased in Year 2, partly as a result of increased work to chase and clear some of our old debt, and partly due to lower levels of income due to an under-recruitment of Non-EU students. We expect debtor levels to increase in Year 3 as our Income levels start to return to higher levels, after which we forecast to remain broadly flat.

2h – See comments under section 5

2i – See question 4 2a staff costs for year 1 to 2 change. These changes across the forecast period reflect latest valuation and assumptions for both USS and LGPS schemes.

2j – Values not material

2k – Donated equipment – see question 4 income note 6.

2n – Relates to our service concession, values not material.

3a – See Question 4 note 5.

3b – See Question 4 note 2e

3d – See Question 4 note 4

3e – See Question 4, note 2g & 4e

7a – See Question 4, note 4

7c – See Question 4, these amounts relate to our assumptions in 2g capital grant funding and any specific projects as noted in Question 4. For our Sport Park expansion project we are receiving income in advance of project completion hence the increases over years 3 and 4.

7d – Not material

7e – In year 1 cash deposits matured.

7f – See Question 4, Income note 5

7g – Payments to acquire tangible assets reduced in Year 2 due to a delay in spend to preserve cash until the impact of COVID was known. Year 3 sees capital spend returning to increased levels, noting that the current supply chain issues may impact on project completion timelines.

7k – Other cash flows from investing activities in Year 1 included £580k of proceeds from an investment sale by one of our Subsidiary companies, no further plans across the forecast period.

8j – Other cash flows from financing activities in Year 1 relate to a £100k arrangement fee on a Revolving credit facility.

Intangible assets

7. What are the intangible assets that your provider currently owns or plans to own in the future?

Loughborough University does not hold any material intangible assets and has no plans to acquire or construct any over the forecast period.

8. How have you valued your intangible assets? How and why has the value of these assets changed during the past three years?

N/A see 7 above

Provisions

9. If you have reported pension provisions in your balance sheet, what pension schemes do these relate to?

Our balance sheet includes material provisions for USS (£43m), and Leicestershire LGPS (£122m). We hold a further smaller provision related to a historical agreement to enhance the benefits of a small number of pensioners in the Teachers' Pension Scheme (£1.7m)

10. Have all provisions been disclosed in the notes to the audited financial statements? If not, state what the provision is, why it arises, its value and why it was excluded from the audited financial statements.

All material provisions have been disclosed in accordance with the requirements of accounting standards.

Other reserves

11. Where there is a balance shown in any year for 'other reserves', what comprises this balance?

Not applicable

Off-balance sheet

12. Please detail any off-balance sheet items that you may hold but have not included in your financial tables. For each item please detail:

- what the item is (e.g., student halls of residence)
- what its value would be if the item were to come onto the balance sheet for any reason (e.g. closure of the company providing the service)
- the reason why you consider that it does not need to be included on your balance sheet

- information about who (or what) holds the risk in relation to this item.

The University discloses all material assets and liabilities on its balance sheet in accordance with accounting standards.

We hold a service concession agreement which is not recognised on the balance sheet (as noted in note 15(b) to the Financial Statements). This relates to an agreement with a third party for the provision and maintenance of student accommodation. The agreement expires in 2044 and includes an option to receive the reversionary interest at nil consideration at the expiry date. The University has no minimum guaranteed payment and value of the reversionary interest is not considered significant; therefore no asset or liability is recognised on the Balance Sheet.

Other

13. If relevant, what are your debt covenants and how do you manage your compliance with them? Do your forecasts show that you will continue to meet these covenants for the full forecast period?

We have 4 bank covenants:

1. External debt does not exceed total funds
2. Total borrowing costs < 5% consolidated income
3. Total funds maintained >£50m
4. Net cash from operating activities >125% of debt servicing costs

For three of our covenants, we would maintain significant headroom even in the most severe scenarios. We continue to model the impact of various changes on this covenant and our forecasts indicate significant headroom above them all.

14. Is there any further information that would be helpful to the OfS in assessing your financial and student number forecasts to ensure that we understand the provider's financial viability and sustainability? If so, provide this below.

15. If you have separately disclosed material items in your audited financial statement of comprehensive income and expenditure, please give details of what these relate to.

Not applicable

16. Please use this space to provide any further information you wish to bring to our attention, or any further explanation supporting your entries in the tables.

Annual Assurance of Learning and Teaching: Academic Year 2020/21



Loughborough University

1. Introduction

This report is the annual assurance to Council from Learning and Teaching Committee, via Senate, which confirms that the University has robust processes in place to manage the quality and standards of its taught provision.

It reports on sector-wide matters and on the outcomes of both external and internal assurance of learning and teaching during the 2020/21 academic year. An overview of these external and internal review methodologies is provided in Appendix 1.

2. Sector wide matters relating to learning and teaching

The Office for Students (OfS) is the independent regulator of higher education in England. The following two sector-wide challenges to standards and reputation are of a particular concern to the OfS.

2.1 Grade Inflation

The OfS has stated that grade inflation remains a significant and pressing issue in English higher education, with a risk that unexplained grade inflation undermines public confidence in higher education and devalues the hard work of students.

In analysis [published in November 2020](#), the OfS reported that the proportion of UK-domiciled, full-time first degree graduates attaining a 1st or 2:1 class degree from an English higher education provider had increased from 67% in 2010/11 to 79% in 2018/19. Of these, the OfS' statistical modelling found 13.7 percentage points of 1st and 2:1 awards attained in 2018/19 were unexplained when compared to attainment in 2010/11.

The term 'unexplained' means that changes in attainment over the time period cannot be statistically accounted for by changes in the characteristics of the graduating cohort in terms of the explanatory variables included in the statistical modelling. However, the OfS confirmed that it was not possible to deduce from this analysis what factors not included in the modelling (such as improvements in teaching quality, more diligent students or changes to assessment approaches) were driving the observed changes in degree attainment.

The report indicated that 101 of the 147 providers in the study had a double digit percentage point unexplained increase in 1st and 2:1 awards attained between 2010/11 and 2018/19, with 26 providers having an unexplained increase of over twenty percentage points. The report indicated that 9.4 percentage points of Loughborough University 1st and 2:1 awards attained in 2018/19 were unexplained when compared to attainment in 2010/11. This figure is below their sector average (England) of 13.7 % points as above.

The OfS has recently [consulted on its approach to regulating quality and standards](#) in higher education. As part of this process, they confirmed that they will question the credibility of provision if a provider is unable to provide evidence to account for an increase in the proportion of 1st or 2:1 class degrees it has awarded, or if a provider has changed its degree classification algorithm, or other aspects of its academic regulations, such that students are likely to receive a higher classification than previous students without an increase in their level of achievement.

Learning and Teaching Committee monitors degree outcomes in Annual Programme Review and keeps our degree awarding mechanisms under regular review. Table 1 below shows 1st and 2:1 awards at the University for the period 2017/18 to 2020/21. Note that the data for 2020/21 are not yet completely finalised because not all students have yet completed their studies. In 2020/21 the Committee approved tightening of discretion at the borderline (now using 2% rather than 3%) to bring the University degree classification

mechanisms in line with the majority of the sector. It is further noted that during the pandemic, many Universities have reported significantly more grade inflation than seen at Loughborough in Table 1. For completeness, it is noted that the % of 1st class degrees as a % of the 'good degrees' (1st and 2(i)) is consistently about one third over the last 4 years.

It is noted that there is a tension nationally between the standards associated with the % of 'good degrees' and the fact that these data are also used by many of the league table compilers as a metric.

Table 1:

New_School	2017-18			2018-19			2019-20			2020-21		
	Nr 1st/2:1	Total Nr	%	Nr 1st/2:1	Total Nr	%	Nr 1st/2:1	Total Nr	%	Nr 1st/2:1	Total Nr	%
AACME	232	297	78.1%	214	280	76.4%	279	330	84.5%	273	328	83.2%
ABCE	160	233	68.7%	149	187	79.7%	146	187	78.1%	174	222	78.4%
SBE	412	464	88.8%	478	519	92.1%	492	520	94.6%	686	759	90.4%
SCI	362	431	84.0%	350	438	79.9%	396	458	86.5%	425	469	90.6%
SDCA	379	424	89.4%	381	438	87.0%	394	445	88.5%	456	491	92.9%
SSEHS	375	443	84.7%	437	510	85.7%	473	522	90.6%	562	623	90.2%
SSH	445	503	88.5%	486	543	89.5%	474	530	89.4%	425	480	88.5%
WMEME	244	319	76.5%	291	387	75.2%	271	347	78.1%	272	337	80.7%
	2,609	3,114	83.8%	2,786	3,302	84.4%	2,925	3,339	87.6%	3,273	3,709	88.2%

2.2 Academic Misconduct

During the recent consultation on quality and standards referred to in 2.1 above, the OfS highlighted the clear threat to academic standards posed by academic misconduct. In this context, academic misconduct refers to any action or attempted action that may result in a student obtaining an unfair academic advantage in relation to an assessment, including but not limited to plagiarism, unauthorised collaboration and the possession of unauthorised materials during an assessment.

The OfS have made it clear that they expect providers to design assessments in a way that minimises opportunities for academic misconduct, and also makes it easier to detect. They have stated that a provider not taking reasonable steps to detect and prevent plagiarism, advertising by essay mills, or other forms of academic misconduct by students, would be likely to be of concern.

Demonstrating the level of concern about this matter in government, the Department for Education has also [recently announced](#) an intention to make it a criminal offence to provide, arrange or advertise cheating services for financial gain to students taking a qualification at any institution in England providing post-16 education including universities (and indeed Loughborough Students' Union were supporters of the proposed bill).

Learning and Teaching Committee annually scrutinises a report detailing all major and minor cases of misconduct considered by the Academic Misconduct Committee, and all minor cases considered by School Minor Academic Misconduct Committees, where an allegation of misconduct has been upheld. The most recent report, for the academic year 2019/20, highlighted how the total number of cases of academic misconduct has unfortunately continued to grow. Several avenues are being explored to mitigate against further increases.

Maintaining high academic standards is a key element of Loughborough's ethos. On the recommendation of Learning and Teaching Committee, the University signed up to QAA Academic Integrity Charter during the last academic year. The Charter was launched in 2020/21 and represents the collective commitment of the UK higher education sector to promote academic integrity and take action against academic misconduct.

It contains key principles which are intended to guide the implementation of academic integrity policy development and practice. When reviewing the work that the University has undertaken to date in this area, as evidenced in various reports to Learning and Teaching Committee, it was evident that the principles were

in line with the University's approach. At the heart of this is a focus on collective responsibility, involving staff and students.

Loughborough's approach includes:

- A focus on educative and preventive measures and activities: such as the mandatory academic integrity training for all students and clear guidance for students in university and programme documentation.
- Clear policies and guidance for investigating and assessing suspected misconduct which are subject to regular review.
- Investment in the latest technologies to detect and deter cheating, such as Turnitin Authorship Investigate.
- The appointment, training and development of a community of practice for School Academic Integrity Leads.
- Regular reporting on the outcomes of academic misconduct cases to Learning and Teaching Committee.
- A partnership between the University and student representatives in the development of policy and practice, and in the involvement of student representatives on the Academic Misconduct Committee.
- Support for staff in effective assessment design to limit opportunities to commit academic misconduct.
- Participation in sector wide activities to share and develop best practice.
- Training and staff development support for partner institutions.

3. External and Internal Assurance Activities

Learning and Teaching Committee has oversight of various assurance activities, which help inform its approach to safeguarding quality and standards. These include externally managed student surveys, and internally managed review and policy development, as follows:

3.1 National Student Survey and Postgraduate Taught Experience Survey

In the 2021 National Student Survey (NSS), Loughborough University was second highest University in England for overall student satisfaction with a score of 85.2% (compared to 88.7% in 2020). This places Loughborough second out of the non-specialist universities in England (we were 1st in 2020), and third in the UK (we were 6th in 2020). This is a very good result given the external environment, in which overall satisfaction for the sector dropped from 83% in 2020 to 75% in 2021.

While participation in the NSS is mandatory, participation in the Postgraduate Taught Experience Survey (PTES) is voluntary, and so due to the impact of the Covid-19 pandemic on the timing of the survey fieldwork the University decided not to participate in the 2020 PTES. In the 2021 PTES, our overall satisfaction score was 82% (falling from 86% in 2019) which was exactly matching the sector benchmark, and we achieved a 42.9% response rate (61.8% in 2019). The national response rate for the PTES was low at 23.1%, with 88 institutions participating.

Despite the overall successful outcome in the NSS and PTES, our performance in the 'assessment and feedback' question banks for both surveys is concerning and is the subject of a current major review.

3.2 Annual Programme Review

Annual Programme Review (APR) is the process by which LTC monitors programme quality and standards across all taught provision, on a School-by-School basis. The reviews resulted in action plans which included School and institutional actions, which will be monitored by the Committee through the year and followed up in the next APR.

Appendix 2 of this report contains an overview of the quantitative data (i.e. recruitment, progression, surveys and placements) which has been produced for each individual School and reviewed during the 2020/21 APR in January and February 2021.

3.2 Surveys Action Planning

The results of the NSS and PTES are discussed at separate meetings with Schools each September and result in separate action plans developed by each School in which they identify actions they are going to take in the forthcoming academic year. Progress against actions responding to student survey feedback is reviewed and monitored during the APR and QR in the following January/February, with the overall outcome assessed the following year once the next set of results from student surveys are

available. Of note is that many of the School targets in regard to performance in the 2020 NSS were either met or exceeded, while work is ongoing to address those targets not met.

3.3 The development and review of learning and teaching related policy and practice

During 2020/21, Learning and Teaching Committee either led on, or significantly contributed towards, work in the following areas:

- Securing the academic standards of our awards and maintaining high quality teaching and learning in response to the Covid-19 pandemic, including development and application of the Student Safety Net and a Framework for Teaching Delivery in the Academic Year 2021/22
- The development of the learning and teaching element of the next University Strategy
- The new iteration of the Digital Strategy for Learning and Teaching
- A Programme Leader Development Programme
- The Leadership and Management Development Framework
- A formal response to an OfS Consultation on Regulating Quality and Standards in HE
- Changes to programme regulations to meet new Engineering Council Compensation and Condonement Rules
- Race Equality Charter: support for the Learning and Teaching Working Group
- Programme and Module Information (PMI) project
- Student Systems (LUSI) Roadmap 2021-24
- Virtual Module Choice Events 2021
- Flexible Placement & Study Arrangements for 2021/22
- Contracts with External Organisations Involving Undergraduate and Taught Postgraduate Students: The Student Project Toolkit and Position Paper
- Review of outcomes of Regulation XIV Student Appeals and Regulation XVIII Academic Misconduct
- Degree Classification Mechanisms – Discretion at the classification borderline
- Revisions to the Student-Staff Liaison Committee Code of Practice
- Appointment of a Mitigating Circumstances Task and Finish Group

4. Conclusion

This report has provided an overview of the monitoring and review activity undertaken by Learning and Teaching Committee during 2020/21, encompassing both external and internal assurance activities.

The work undertaken has been extensive and provides assurance to Council about the rigour of activities relating to the continuous improvement of the student academic experience and student outcomes, and how the University has appropriately set and maintained the standards of awards for which it is responsible.

The report also highlights the significant sector-wide challenges to standards and reputation that are being presented by grade inflation and academic misconduct, and the rigorous manner in which they are being addressed by Loughborough University.

Appendix 2: 2019/20 APR/QR Teaching KPIs

Subject / Programme	Market Share - Applications	Market Share - Russell & 94	Current Applications	Conversion C:CF	Intake (1st Dec)	Intake Market Share	NSS - Teaching on my Course	NSS - Assessment & Feedback	NSS - Student Voice	NSS - Academic Support	NSS - Learning Resources	NSS - Overall Satisfaction
	Entry 2019	Entry 2019	Entry 2020	Entry 2020	Entry 2020	Entry 2018	NSS 2020	NSS 2020	NSS 2020	NSS 2020	NSS 2020	NSS 2020
Loughborough University	1.26	2.71	29,076	25.17	3,814	0.79	86.19	73.33	81.25	84.1	91.91	88.65
(CAH03-01) biosciences	0.76	1.51	599	28.9	72		95.31	78.91	89.58	92.71	92.71	93.55
(CAH03-02) sport and exercise sciences	3.25	17.74	3,081	34.07	381	2.57	90.3	73.69	84.56	86.53	92.2	93.09
(CAH04-01) psychology	2.6	5.92	2,512	26.56	333	1.27	88.03	71.53	84.88	82.47	92.64	88.95
(CAH07-01) physics and astronomy	1.68	1.94	550	9.51	44	1.29	84.38	75	82.58	89.77	92.8	82.56
(CAH07-02) chemistry	2.56	3.33	553	16.31	59	1.77	91.53	72.18	89.07	91.94	94.62	96.72
(CAH07-04) general, applied and fore..			224		19	1.07						
(CAH09-01) mathematical sciences	2.38	2.83	1,005	17.91	166	1.68	87.32	81.25	81.37	89.36	95.86	92.63
(CAH10-01) engineering	3.31	5.3	4,709	27.84	695	2.78	83.16	67.03	75.43	80.46	92.92	86.74
(CAH10-02) technology	5.05	14.95	237	31.73	38	2.3	88.78	79.08	85.71	89.12	97.28	91.67
(CAH11-01) computing	1.89	3.82	2,073	19.56	188	0.56	81.21	84.73	83.45	89.71	94.63	87.07
(CAH12-01) geographical and environ..	2.58	4.15	847	20.45	159	1.12	89.6	78.27	87.4	82.69	94.99	93.07
(CAH13-01) architecture, building and..	1.54	4.5	1,383	37.44	194	1.65	79.34	67.15	78.99	78.79	94.77	89.08
(CAH15-01) sociology, social policy an..	0.96	1.84	649	21.15	84	1.12	85.96	77.86	84.38	82.83	89.09	87.48
(CAH15-02) economics	3.42	4.28	2,676	22.22	266	2.92	90.1	76.84	78.96	88.14	91.35	91.17
(CAH15-03) politics	2.8	3.95	1,583	17.13	204	1.22	87.63	76.34	81.78	82.88	90.24	88.72
(CAH17-01) business and management	1.82	4.41	3,675	24.91	409	0.53	86.09	71.45	81.53	84.3	92.34	91.55
(CAH18-01) communications and media	1.6	6.52	369	23.08	49	0.38	88.59	72.47	82.4	82.81	90.59	85.92
(CAH19-01) English studies	0.95	1.41	424	21.8	69	0.62	89.45	88.66	88.53	84.32	89.52	90.59
(CAH20-01) history and archaeology	1.29	1.84	464	13.18	33	0.43	90.79	75.36	86.11	88.4	82.79	88.95
(CAH21-01) creative arts and design	1.36	9.15	1,463	41.29	352	0.84	83.2	73	78.9	82.6	87.9	82

Subject / Programme	Continuati..	Leo Salary	New Tariff	Good Honours 1st	Good Honours 2:1	Good Honours	Placements	Placements Sector	GO Employment or Study	GO Highly Skilled
	17/18 to 18/19	LEO Published 2020	2019-20 (Entry 2020)	2019-20 graduates	2019-20 graduates	2019-20 graduates	(Part B/C in 18/19 to I in 19/20)	2018-19	GO Published 2020	GO Published 2020
Loughborough University	94.45		150.4	34.62	52.98	87.6	51.03	5.72	96.1	83.6
(CAH03-01) biosciences	93.55	26,600	144.31	40	50	90	25.93		96.55	69
(CAH03-02) sport and exercise sciences	95.45	27,400	155.89	37.11	50.17	87.29	49.32		99.2	83
(CAH04-01) psychology	93.58	25,600	152.78	29.91	61.16	91.07	51.82		96.08	68.9
(CAH07-01) physics and astronomy	93.6	30,500	145.63	56.25	29.69	85.94	17.53		96.88	85
(CAH07-02) chemistry	94.74	27,700	134.71	56.32	33.33	89.66	23.53		100	88.5
(CAH07-04) general, applied and fore..			164.1				0			
(CAH09-01) mathematical sciences	94.47	31,000	156.45	51.22	35.98	87.2	32.21		95.74	77.7
(CAH10-01) engineering	93.45	33,900	147.12	33.01	48.01	81.02	49.51		95.87	87.97
(CAH10-02) technology	98.25	32,100	152.08	40	44.29	84.29	41.88		93.33	88.5
(CAH11-01) computing	87.86	34,300	151.43	53.85	30.07	83.92	55.4		90.67	88.3
(CAH12-01) geographical and environ..	98.72	27,700	138.74	30.15	63.97	94.12	40.14		91.95	74.1
(CAH13-01) architecture, building and..	86.77	38,000	145.34	20.78	61.04	81.82	78.29		98.18	81.32
(CAH15-01) sociology, social policy an..	97	24,100	135.57	20.93	65.12	86.05	26.98		98.55	
(CAH15-02) economics	96.67	35,400	151.02	32.1	61.11	93.21	69.06		95.52	79.9
(CAH15-03) politics	95.75	28,500	136.93	25.71	60.71	86.43	29.45		95.71	69.3
(CAH17-01) business and management	94.33	35,800	151.06	27.37	67.88	95.25	89.88		96.09	84.01
(CAH18-01) communications and media	100	28,100	141.11	16.67	66.67	83.33	22.22			
(CAH19-01) English studies	95.21	24,800	142.1	27.06	64.71	91.76	27.27		98.53	83
(CAH20-01) history and archaeology	93.3	29,200	132.89	16.67	75	91.67	14.29		92.59	77.43
(CAH21-01) creative arts and design	95.38	24,800	168.38	38.56	50.5	89.05	53.29		96.63	73.6

Appendix 1: An overview of the methodologies used as a basis to improve the student academic experience and to ensure that student outcomes are robust and appropriate.

1. Introduction

The focus of this Appendix are the processes by which we undertake the quality assurance and enhancement of our taught provision. These are the processes by which we monitor, review and gain feedback on the quality of learning opportunities and the standards of our awards. They encompass the following **internal methodologies**:

- Internal Governance
- Programme Design and Review
- External Examining
- Annual Programme Review and Quadrennial Review

In addition, we benefit from the following existing **external methodologies/frameworks**:

- The QAA and the UK Quality Code for HE (principles for academic quality assurance)
- National Qualification and Credit Frameworks
- External surveys: National Student Survey, Postgraduate Taught Experience Survey, THE Student Experience Survey
- Accreditation by Professional, Statutory and Regulatory Bodies
- The Teaching Excellence and Student Outcomes Framework (TEF)

2. Internal Methodologies

2.1 Internal Governance

Our internal governance structures ensure appropriate strategic and operational oversight of the quality and standards of our provision. Key features are:

- **Council**, the governing body of the University which has oversight of all aspects its work, its finances and its strategic direction, subject to advice on academic matters from the Senate. Council regularly receives reports on the student experience, including: KPIs, reports from the PVC(T), LSU Annual Report, updates on the University Strategy, and Quadrennial Review reports.
- **Senate**, responsible for the academic work of the University, including strategy for teaching, research and enterprise and decisions relating to the application of the University's degree awarding powers.
- **Learning and Teaching Committee (LTC)**, a sub-committee of Senate, chaired by the PVC(T), which advises Senate on learning and teaching strategy and policy matters. It also oversees arrangements for managing academic standards and assuring the quality of taught students' learning opportunities.
- **The Academic Quality Procedures Handbook (AQPH)**, which acts as a central source of information for policies and procedures which support the University in its aim to assure the quality and standards of its learning, teaching and supervision.
- **The University's Charter, Statutes, Ordinances and Regulations** which represent the governing instruments of the University, including the general regulations for the achievement of its academic awards. These are supplemented by more detailed programme regulations for each programme.
- **The Academic Leadership Team**, comprised of the Deputy Vice-Chancellor, three Pro Vice-Chancellors, the Chief Operating Officer, Director of Finance and the Deans of Schools.
- **School Senior Management Teams**, comprised of the Dean of School, Associate Deans, Operations Managers, discipline leads and other senior staff (if applicable). Within each School, the roles of the Associate Dean (Teaching), Director of Studies, Programme Directors and Module Leaders are key to ensuring effective oversight of taught provision.
- **The Programme Quality and Teaching Partnerships Office**, within the Academic Registry, which plays a key role in programme administration and the development and maintenance of quality procedures for taught awards.

- **The Centre for Enhanced Academic Practice**, which supports the development of academic staff; research staff; colleagues with a teaching-related remit and postgraduate research students to achieve and sustain an excellent quality learning experience for all our students
- **Students**, who are a key partner in all our processes. This includes the involvement of the Students' Union Executive, Programme Presidents and Programme Representatives, and all students who provide valuable feedback on their academic experiences through the University's module feedback questionnaires and Staff-Student Liaison Committees. Students thereby play a key role in maintaining the quality and standards of provision and in helping to shape future curriculum development and improvements in learning and teaching.

2.2 Programme Design and Review

The content and design of both undergraduate and postgraduate programmes is under constant review at School level in the light of subject developments and changes in the external and internal environment. New programme proposals are subject to a rigorous approval process which includes external input.

The views of external examiners, professional and accrediting bodies, companies providing industrial training placements and employers of the University's graduates, as well as the views of students, are all taken into account. Routine evaluation of programmes is central to the assurance and enhancement of quality in learning and teaching. This evaluation should both be an ongoing process of review and evaluation throughout the academic year, and encompass a more formal periodic engagement with the LTC-led processes of Annual Programme Review and Quadrennial Review.

2.3 External Examining

The University recognises the fundamental importance of external examining to maintaining academic standards and assuring and enhancing academic quality. Accordingly, external examiners are appointed to all provision that leads to a Loughborough University award. Reflecting their importance in the maintenance of academic standards, our external examiners are carefully selected and must meet a range of criteria. These criteria and the roles and responsibilities of external examiners are set out in the relevant [Code of Practice](#).

The purposes of the external examiner system are to ensure that the standards set for taught undergraduate and postgraduate programmes, awarded in similar subjects:

- are appropriate for the awards, or award elements, by reference to published national subject benchmarks, the Framework for Higher Education Qualifications, institutional programme specifications and other relevant information
- are comparable in standard in all Universities in the UK

They are also appointed to ensure that the assessment system is fair and is fairly operated in the classification of students.

External examiners annually submit a report to the University, which is overseen by LTC in Annual Programme Review and Quadrennial Review.

2.4 Annual Programme Review and Quadrennial Review

Annual Programme Review (APR) is the process by which LTC monitors programme quality and standards across all taught provision, on a School-by-School basis. All Schools undertake APR each year, except for Schools subject to Quadrennial Review (QR), in which case the APR processes are incorporated in to the Learning and Teaching Workstream of the Quadrennial Review.

APR consists of:

1. The central preparation of a data set by November each year. This includes both statistical and qualitative data relating to:
 - recruitment (XTariff – a measure of qualifications of new entrants); undergraduate and postgraduate applications, firm acceptances and intake; market overview reports)
 - progression (undergraduate pass rates, "good degrees" and withdrawals; postgraduate degrees awarded and withdrawals)

- first destinations of graduates (Destination of Leavers survey, DLHE)
 - placements and mobility
 - minutes of Staff-Student Liaison Committees
 - external examiners' reports
 - external accreditation (where applicable)
 - student surveys (NSS, Postgraduate Taught Experience Survey, Student Barometer).
2. A School-led evaluation of the data set, resulting in the production of a self-evaluation document
 3. A meeting in January / February between an LTC panel and the School to discuss the data and self-evaluation. The panel is comprised of the PVC(T), Students' Union Education Executive Officer, the Head of PQTP, and a member of the Centre for Academic Practice. Present from the School are senior School staff (including the Dean of School and School AD(T)), as well as Programme Presidents for the School.
 4. The production of an action plan, which is received and monitored by LTC. This ensures that there are agreed strategic priorities in regard to standards and quality and that the actions required to deliver continuous enhancement are clear and their delivery can be monitored effectively.

The process for the QR Learning and Teaching Workstream is largely the same, except that the data reviewed is more extensive (including HESA benchmarking reports incorporating entry, achievement and employability data for taught students), there are several meetings with staff and students over a day, and the involvement of an external panel member, usually an experienced academic from a peer University.

With due regard to the expectations of the UK Quality Code (in particular Part A and Chapter B8), the APR and QR are designed to:

- allow the University to confirm that the portfolio aligns with its mission and strategic priorities
- be informed by a view of trends over time (reviewing what has happened, but also looking into the future, mindful of sector changes)
- ensure that the provision has made, and continues to make, available to students appropriate learning opportunities which enable the intended learning outcomes of the programme to be achieved
- draw on expertise from those outside the programme, staff within the institution (but external to the School), and data such as external examiner reports and accreditation reports
- involve students (on the panel and via the use of feedback from students in the review)
- re-affirm that the UK threshold academic standards, and the University's own academic standards, continue to be met
- re-affirm that the expectations of the UK Quality Code for Higher Education continue to be met.

2.5 Student Survey Action Planning

The results of the National Student Survey and the Postgraduate Taught Experience Survey are discussed at separate meetings with Schools each September and result in separate action plans developed by each School in which they identify actions they are going to take in the forthcoming academic year. Progress against actions responding to student survey feedback is reviewed and monitored during the APR and QR in the following January / February, with the overall outcome assessed the following year once the next set of results from student surveys are available.

3. External methodologies

3.1 The Office for Students (OfS)

The OfS was set up by the Higher Education and Research Act of 2017 as the regulator for the HE sector in England. The OfS regulates at provider level to ensure a baseline of protection for all students and the taxpayer. Beyond that threshold the OfS encourages and enables autonomy, diversity and innovation. All providers are listed on a single Register, being required to satisfy a set of initial conditions of registration to ensure they are able to offer high quality higher education to students. They are then subject to a risk assessment to determine whether they will be able to continue to satisfy their

conditions. The OfS works with, and has oversight of, the designated quality body (DQB) to assess the quality of, and standards applied to, higher education of providers.

3.2 The Quality Assurance Agency for Higher Education (QAA)

The QAA has been appointed by the Secretary of State for Education as the DQB to work with the OfS to maintain quality and standards in the sector. The QAA is responsible for setting and monitoring the standards of UK higher education including the development of the UK Quality Code for Higher Education. The details of the monitoring activities are still to be determined, but are expected to include directed reviews of providers where the OfS has a concern and a sampling of providers.

3.3 UK Quality Code for HE

The UK Quality Code was developed with the higher education sector, and is maintained and published on its behalf, by the Quality Assurance Agency for Higher Education (QAA). The Quality Code gives all higher education providers a shared starting point for setting, describing and assuring the academic standards of their higher education awards and programmes and the quality of the learning opportunities they provide.

The AQPH is consonant with the QAA Quality Code for Higher Education. Schools should be able to rely on the fact that by complying with the AQPH they will be adhering to the UK Quality Code.

3.4 National Qualification and Credit Frameworks.

The sector has developed National Qualification and Credit Frameworks to ensure consistency in the design and application of its awards. During programme approval and review the University confirms that all awards are fully compatible with the national Framework for Higher Education Qualifications in England, Wales and Northern Ireland (the FHEQ) and the Higher Education Credit Framework for England, as well as the qualifications framework adopted at the Bergen Summit of the Bologna Process for the creation of a European Higher Education Area (EHEA). The QAA has independently certified that the FHEQ is compatible with the Framework for Qualifications of the European Higher Education Area (FQ-EHEA).

3.5 External surveys.

Externally operated surveys, notably the National Student Survey, Postgraduate Taught Experience Survey and THE Student Experience Survey, provide valuable student feedback on their programmes and the wider student experience. The outcomes are regularly monitored and evaluated within our internal governance processes.

3.6 Accreditation by Professional, Statutory and Regulatory Bodies.

The University has a strong history of accreditation for its taught provision, with many programmes at both undergraduate and postgraduate level accredited by a professional, statutory or regulatory body. Accreditation reports and School responses are formally received and considered in APR and QR. Accreditation and recognition procedures provide a major element of peer assessment and review, thereby ensuring that external considerations are taken regularly into account in programme content and design.

3.7 The Teaching Excellence and Student Outcomes Framework (TEF)

TEF provides further valuable assurance of the quality and standards of our provision, and enables benchmarking of many aspects of our provision across the sector. The outcome of the TEF year 2 exercise, made in June 2017, was that the University received a Gold rating. In June 2019 the award was extended until summer 2021 to coincide with the planned introduction of a subject-level TEF.

The OfS has confirmed that it intends to consult on a revised TEF framework this autumn. The provisional timeline for the revised TEF involves opening the submission window by summer 2022 and announcing outcomes in early 2023, although this timeline will itself be subject to consultation. The PVC(T) manages the TEF process through Learning and Teaching Committee.

Appendix 1 – Data Return

Office for Students Prevent monitoring

Accountability and data return 2021

Validation passed

Provider: Loughborough University

UKPRN: 10004113

In all cases this data should cover the year from 1 August 2020 to 31 July 2021.

Table 1: Welfare

Question	Islamist radicalisation	Extreme right-wing radicalisation	Mixed, unclear or unstable ideology	Other radicalisation	Total (automatically generated)
i) Number of Prevent-related cases escalated to the point at which the Prevent lead has become involved	0	0	1	0	1
ii) Number of Prevent-related cases which led to informal external advice being sought from Prevent partners	0	0	1	0	1
iii) Number of formal external Prevent referrals	0	0	0	0	0

For each case add information about how it originated, e.g concerns identified from behaviour online, through external speakers, resulting from a welfare issue (max. 300 words).

The concern originated from social media posts made by the student in question. These seemed to indicate that they had travelled to Afghanistan. The social media posts included imagery of the student posing with tanks and claiming that they had been taken under the protection of western military forces. Concerns were also raised about comments made in the posts which people complained were potentially homophobic and anti-semitic. The Prevent Lead made contact with the student whilst they were still in Afghanistan. The initial contact was to ensure they returned to the UK safely. On their return the student was subject to the University's disciplinary process in respect of their travel and the complaints about their social media posts. At this point the matter was also discussed with the local police Prevent team (in Leicestershire) and with the police Prevent team in his home locality. They advised no further action was required. The student remains subject to close monitoring by the University.

Table 2: Events & external speakers

Question	Total	Health and safety (estimate permitted)	Procedural (estimate permitted)	Reasons related to Prevent risk	Other matters (estimate permitted)
i) Total number of events or speakers approved through the external speakers process (estimate to nearest 10 permitted)	27				
ii) Total number of events or speakers approved subject to any mitigations or conditions (estimate permitted)	0				
iii) Number of events or speakers approved subject to any mitigations or conditions due to Prevent-related risks	1				
iv) Total number of events or speakers rejected	0	0	0	0	0

For each case, please add information about the reasons for rejection where that rejection was for reasons related to Prevent risk (max. 300 words).

One event was approved subject to conditions. The conditions were 1) that the event would be recorded and this recording be made available to the University on request, 2) assurances that the chair was appropriately experienced 3) that a University staff member be permitted to sit and observe the event.

Table 3: Training

Question	Total
i) Number of staff identified as key in relation to the Prevent duty	45
ii) Number of key staff receiving induction Prevent training	0
iii) Number of key staff receiving refresher Prevent training	0
iv) Number of staff receiving broader welfare/safeguarding awareness training/briefing	1

Appendix 2 – Accountability Declaration

Prevent annual accountability declaration

Throughout the year and up to the date of approval, Loughborough University:

- has had due regard to the need to prevent people being drawn into terrorism (the Prevent duty)
- has provided to OfS all required information about its implementation of the Prevent duty
- has reported to OfS in a timely way all serious issues related to the Prevent duty, or now attaches any reports that should have been made, with an explanation of why they were not submitted
- has reviewed, and where necessary, updated its Prevent risk assessment and action plan

Name	Christine Hodgson
Title	Chair of Council
Signed	[Paste electronic signature or sign here]
Date	[Enter date signed]

I confirm that I have the authority to sign on behalf of the governing body, or proprietor where there is no governing body.

Declarations should be signed by the chair of the governing body or proprietor (where a governing body does not exist) or a person within the provider who has the appropriate authority to sign such declarations on behalf of the governing body or the proprietor. This declaration would be treated as confirmation that the provider has had due regard to the prevent duty.

Appendix 3 – Prevent Risk Assessment and Action Plan

Risk Ref	Risk Item	Risk Rating (Likelihood x Impact)	Mitigation/ Control Measure(s)	Comments	Further action required
1	Propagation of extremist values by external speakers on campus or at virtual events	Medium	<p>External Speaker Policy is in place. This is adhered to by Loughborough Students Union.</p> <p>If appropriate, specific controls and restrictions can be placed on external speakers (i.e. that the talk must be submitted in advanced, or filmed, or supervised, or questions permitted). Where appropriate speakers may also be banned from appearing.</p>	<p>A revised External Speaker Policy was considered and approved by Council on 18 March 2016. The policy was further revised in June 2016 and is available on the University website.</p> <p>Operation of the External Speaker Policy is kept under review by the Director of Student Services and the Security Manager.</p> <p>A review of the policy and its operation was carried out by the Head of Security Services in Summer 2019. It found that the policy was operating well in large part but recommended some minor changes which were implemented during the 2019/20 academic year.</p> <p>The move to online learning precipitated by COVID severely limited the number of in-person external speaker events. For a large part of 2020 societies at the University were not in operation. Even in 2021 events were predominantly virtual in nature. We worked with LSU to explain that the external speaker policy needed to be followed for online</p>	None

Risk Ref	Risk Item	Risk Rating (Likelihood x Impact)	Mitigation/ Control Measure(s)	Comments	Further action required
				events also. As we have moved into a more 'normal' start of the academic year in 21/22 we have once again reminded LSU and societies of the External Speaker policy.	
2	Loughborough University students propagating terrorist values/ expressing terrorist views/ inciting to hatred or violence/ planning to travel to conflict zones	Low	<p>The University has created a Safeguarding Policy which identifies radicalisation explicitly as a safeguarding issue.</p> <p>Online content to support staff with Safeguarding Concerns is also available via the Student Services website.</p> <p>Appropriate University Staff (including hall wardens, personal tutors, wellbeing advisers and chaplains) provided with safeguarding training or awareness-raising content which includes reference to radicalisation as a factor.</p> <p>Provision of Chaplaincy services/ Centre for Faith and Spirituality, including the</p>	<p>Training on the Safeguarding Policy has now been underway for 3 years. The training includes specific content on radicalisation/ Prevent as a safeguarding issue and is reviewed on an annual basis.</p> <p>Unfortunately, during the pandemic delivery of the training was problematic leading to only 1 individual completing the training between August 2020 and July 2021.</p> <p>This has already been rectified and refresher training recommenced in October 2021 – to date 29 staff have attended training since the beginning of this academic year.</p> <p>Following the recent restructure of the Student Services Senior Management Team,</p>	Re-invigorate face-to-face safeguarding training including delivery of refresher training for key individuals.

Risk Ref	Risk Item	Risk Rating (Likelihood x Impact)	Mitigation/ Control Measure(s)	Comments	Further action required
			appointment of a permanent, University Co-ordinator for the CFS in November 2015.	the reporting line for the Chaplaincy was moved to HROD. The Chaplaincy will continue to be resourced and supported however and there will be regular input as needed around the Prevent agenda (provided by the Director of Student Services).	
3	Lack of senior level institutional support for the Prevent agenda	Low	Senior Management Team and Academic Leadership Team level engagement with the Prevent agenda (i.e. VC, DVC, PVCs, Deans, DoF)	<p>The University's Senior Management has been involved in the Prevent agenda discussion from the outset (briefing at SMT meeting on 18/05/15, ALT on 2/11/15, PSMT on 13/10/15 , and Ops Managers on 24/11/15). Briefing to Operations Committee also in January 2016.</p> <p>The University's Chief Operating Officer receives regular updates on our actions under the Prevent agenda and specific notification of Prevent-related cases.</p> <p>Council is the owning body for the University's Prevent agenda and receives an annual report on progress.</p>	None
4	Use of University IT Facilities for the propagation,	Low	IT Acceptable Use Policy has been revised to include specific mention of extremist/ terrorist-related material.	None	None

Risk Ref	Risk Item	Risk Rating (Likelihood x Impact)	Mitigation/ Control Measure(s)	Comments	Further action required
	dissemination or access of terrorist material		Web-filtering technology should be considered.	The position in relation to the use of web-filtering is kept under review annually by ITGC. ITGC determined that web-filtering should not be introduced unless there is a significant change in risk profile and a significant improvement in the technology available.	ITGC to keep the position under review.
			Were staff to become aware of concerning IT activity by an individual there is a clear process set out in the Safeguarding Policy for sharing these concerns.	Training on the Safeguarding Policy has now been underway for 3 years. The training includes specific content on radicalisation/ Prevent as a safeguarding issue. This has established a good baseline of knowledge.	Re-invigorate face-to-face safeguarding training including delivery of refresher training for key individuals.
5	Academic colleagues and students accessing extremist/ terrorist material in the course of their research.	Low	Ethics committee will review proposals for research activity and may therefore identify some genuine need to access such material.	The University's Ethical Approval processes have been amended to ensure inclusion of items relating to access to security-sensitive research. We have recently had an example of this flagging up such a project. This should give us confidence that the process is working.	None.

Risk Ref	Risk Item	Risk Rating (Likelihood x Impact)	Mitigation/ Control Measure(s)	Comments	Further action required
6	Differential terrorist-related risk level at Loughborough University, London.	Medium	<p>The Loughborough University Prevent Policy and Safeguarding Policy applies to the London campus and the Operations Director for London has been involved in discussions with the Director of Student Services and the COO on the issue. The Safeguarding Officer in London is also the Prevent Lead for the London Campus (the Operations Director). This ensures clear consideration of Prevent-related issues which might arise.</p> <p>Newham and MPS work proactively with LU London and have a good dialogue with the Operations Director. Reporting Channels are clear.</p> <p>Training will be provided to Professional Services staff involved in pastoral support.</p>	<p>Conversations have taken place with the Operations Director for the London campus in relation to the terrorist threat and the Prevent Agenda and contact has been established with the local Met lead on counter-terrorism and the Local Authority Prevent lead officer.</p> <p>The Operations Director in London is in contact with local authorities to ensure we are cognisant of any local threats.</p> <p>London-based staff have also received the baseline Safeguarding training, including specific content on radicalisation and Prevent.</p> <p>The University Prevent-lead is in regular contact with the Operations Director, London to ensure he is updated on training or new risks which may be relevant to the London campus.</p>	<p>The threat-level in London should be kept under regular review by the Director of Student Services and the Operations Director, London.</p> <p>This is done through regular meetings (in person and virtually).</p>

Audit Committee

Constitution and Terms of Reference

1.1 Constitution

The Council shall appoint the Committee. All members of the Committee shall be independent non-executive members.

The Committee shall consist of:

- (i) the Chair: a lay member of Council
- (ii) at least two lay members of Council in addition to the Chair
- (iii) up to three co-opted members

The quorum shall be any three members including the Chair. In exceptional circumstances the Chair may nominate another lay member to act as Chair. On such occasion the Chair is unavailable to nominate, the Committee shall nominate its own Chair from the lay members.

Neither the Chair nor any member may also be a member of the Finance Committee unless with the specific authority of the Office for Students. Members shall have no executive responsibility for the management of the University; and at least one shall have a background in finance, accounting or auditing. The chair of Council should not be a member of the committee.

1.2 Attendance at Meetings

The Director of Finance, the Deputy Director of Finance, the COO, the Secretary and the internal auditors shall attend meetings on a routine basis. The Secretary shall not be a member of the Finance Office. Other persons may attend at the invitation of the Committee, including the Vice-Chancellor, who shall normally attend on one occasion annually for a discussion of matters of interest to the Committee, especially risk and its management, financial management, and internal controls. There shall normally be a meeting of Audit Committee with the external auditors in advance of the presentation of the Statement of Accounts to Council at the end of November. That meeting will be preceded by a private meeting between the Audit Committee and the external auditors, with only the Audit Committee Secretary in attendance. Similarly a closed doors meeting with the internal auditors is to be held as required.

1.3 Frequency of Meetings

Meetings shall be held not less than four times a year, to include the meeting of Audit Committee with the External Auditors to review the Financial Statements. The Chair of the Audit Committee may convene additional meetings as deemed necessary.

The Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussions.

1.4 Authority

The Committee is authorised by Council to obtain outside legal or other independent professional advice and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary, normally in consultation with the designated officer and/or chair of Council.

1.5 Duties

A. Effectiveness and Financial and Other Control

- A.1 to gain assurance on the effectiveness of financial and other internal control frameworks
- A.2 to gain assurance on the University's corporate governance arrangements
- A.3 to gain assurance on the University's policies and procedures in respect of fraud, irregularity and public interest disclosure
- A.4 to gain assurance, annually or more frequently if necessary, on the implementation of approved recommendations relating to both internal and external audit reports and management letters
- A.5 to gain assurance on the University's management and quality of data submitted to HESA, the Student Loans Company, the Office for Students, Research England and other funding bodies
- A.6 to consider elements of the annual financial statements in the presence of the external auditors, including the auditors' formal opinion, the statement of members' responsibilities and the statement of internal control, in accordance with the Office for Students' Accounts Directions
- A.7 to review the accounting policies relating to the financial statements, particularly in relation to any changes, and to comment on their adequacy
- A.8 in the event of the merger or dissolution of the institution, to ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed

B. Internal and External Audit

- B.1 to recommend to Council the selection and appointment of the internal auditors, and to agree their remuneration; and, if required, to advise Council on their dismissal
- B.2 to recommend to Council the selection, appointment, remuneration and dismissal of the external auditors, and on the provision of any non-audit services by the external auditors
- B.3 to promote co-ordination between the internal and external auditors
- B.4 to review the reports of the external auditors, in particular the external auditors' management letter and management responses; and to meet with the external auditors and relevant officers to discuss any issues arising therefrom
- B.5 to keep under review the scope and effectiveness of the internal audit function, and monitor the planning and execution of internal audit work; to receive the annual report of the internal auditors and such other reports pertaining to internal audit as it shall require; and to meet with the internal auditors and relevant officers to discuss any issues arising therefrom

C.

Risk and Opportunity Management

- C.1 to understand the material risks to Loughborough University
- C.2 to receive regular reports on the management of material risks
- C.3 to assess, on behalf of Council, the scope and effectiveness of the University's governance, policy and systems to manage and monitor financial and non-financial risk, on the understanding that Council retains ultimate responsibility for Risk

- C.5 To consider, at each meeting, how matters arising from the agenda (for example as a result of internal audit reviews) address the material risks as identified in the strategic risk register and to highlight where material risks are not receiving sufficient oversight.
- C.6 to review, on an annual basis, the University's approach to risk assessment and risk management and to provide an annual statement to Council and the Office for Students on the effectiveness of the University risk management, control and governance arrangements
- C.7 to review the statements in the University's annual report and accounts on internal controls and the risk and opportunity management framework

D. Value for Money

- D.1 to receive regular reports on work carried out to ensure Value for Money in the University's activities
- D.2 to assess the scope and effectiveness of the University's Value for Money activities
- D.3 to provide an annual statement to Council and the Office for Students on the effectiveness of the University Value for Money arrangements

E. Other

- E.1 to report to Council after each meeting
- E.2 to review annually its Terms of Reference
- E.3 to review annually its effectiveness
- E.4 to advise Council on any issues within its terms of reference arising from the reports of the National Audit Office, the Office for Students, or other external bodies
- E.5 to prepare an annual report to Council on the work of the Committee, including an opinion on risk, control, governance, management and quality assurance of data and the pursuit of VFM
- E.6 to prepare an annual report to the Office for Students
- E.7 to refer business to other committees as it sees fit.

Internal audit risk assessment and plan 2020/2021

FINAL



Loughborough University
September 2020

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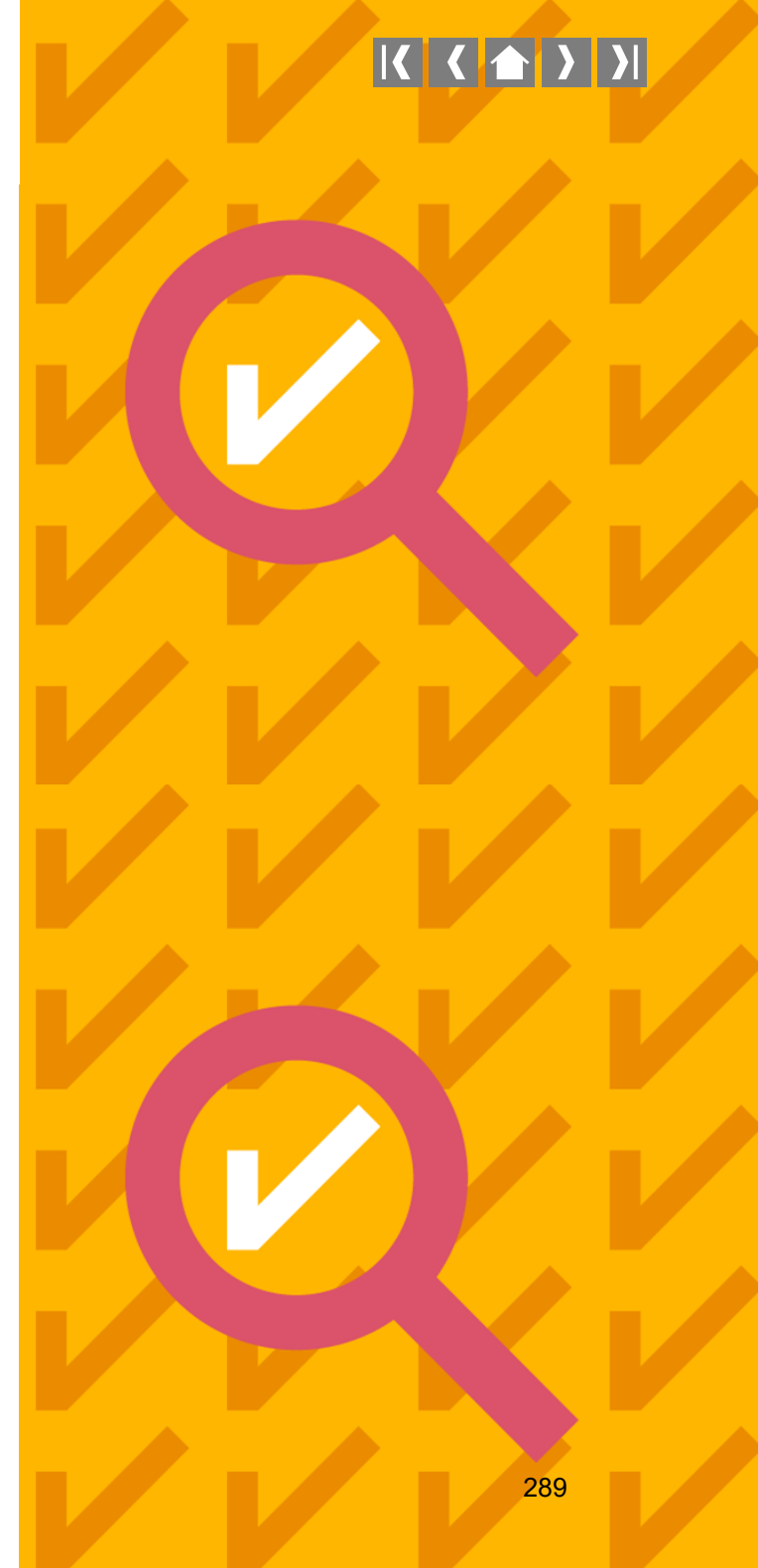
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Distribution list

For action: Audit Committee

For information: Andy Stephens, Director of Finance
Richard Taylor, Chief Operating Officer



Introduction and approach

Introduction

This document sets out our risk assessment and our internal audit plan for 1 August 2020 to 31 July 2021.

We have refreshed our annual risk assessment of Loughborough University's (the University) audit universe for 1 August 2020 to 31 July 2021 to provide us with the foundation for the development of the internal audit plan. This document sets out the proposed internal audit reviews to be completed, developed through discussion with management, for approval by the Audit Committee.

The internal audit service will be delivered in accordance with the Internal Audit Charter set out in Appendix D. A summary of our approach to undertaking the risk assessment and preparing the internal audit plan is set out below. The internal audit plan is driven by the University's strategy and the risks that may prevent the University from achieving its strategic objectives. A more detailed description of our approach can be found in Appendix A and B.

To develop this plan, together we have considered:

- the areas in which we and you believe the organisation would benefit from an internal audit review (the audit universe);
- the risks and control environment associated with each area included in the audit universe;
- the most significant risks faced by the University;
- the University's position in the sector, including:
 - the enhancement in the University's brand through strong and consistent performance across all the UK University league tables;
 - the changing regulatory landscape in which the University is operating in, following the establishment of the Office for Students;
 - the University's efforts to strengthen its international relationship through key strategic partnerships; and
 - the political environment in which the University is operating in and major future events, including the potential for a reduction in undergraduate fees and BREXIT;

- your requirements of the internal audit service to provide an annual report and opinion;
- comments from the Audit Committee Chair on our previous strategic plan; and
- previous areas of internal audit focus.

We have also considered the potential impact of the COVID19 pandemic on the University. As the international response to COVID-19 continues to develop, we know that all universities are facing significant challenges which will require a robust and rapid response.

Internal Audit has an important role in providing assurance to the Audit Committee and management over the most significant risks faced by the University. It is important for Internal Audit to remain agile, focused and able to add real value to the University's response to COVID-19.

This plan sets out a schedule of work for the following 12 months, but over that period the University's risk profile is likely to change. We will keep our plans agile to reflect any major changes in the risks faced by the University to ensure we are focusing in the right areas at the right time.

Costs and resources

The University has determined a budget for the delivery of internal audit resource. The level of agreed resources for the internal audit service for the period 1 August 2020 – 31 July 2021 is 115 days.

In order to work within this budget, we are not able to cover all the units/risks/areas identified as being due for review as part of our risk based planning process. Our proposed plan shows the reviews we have included in this year's plan and those which we have excluded after discussions with management given the limited resources available. In approving the risk assessment and internal audit plan, the Audit Committee recognises this limitation.

The internal audit plan will be updated, where required, throughout the year to reflect any changes in the University, risk profile and areas of focus. We will agree all amendments with management and ensure that any changes are communicated to the Audit Committee as part of our regular progress monitoring.

Introduction and approach

Changes from our draft plan

During the completion of the 2019/20 audit plan there were a number of reviews where we delivered a greater number of audit days than planned. In order for the University to avoid additional cost burden in 2019/20 it was agreed with management that the audit plans in 2019/20 and 2020/21 would be flexed to fit the remaining audit budget available whilst continuing to ensure the University obtains the right level of assurance.

As a result, and in light of the HR and academic teaching teams being heavily involved in the University's response to the COVID-19 pandemic, we agreed not to complete the following reviews in the 2019/20 audit plan:

- HR recruitment, retention, engagement and performance management.
- Academic portfolio –development and maintenance.

In addition we have agreed to remove the following reviews from the 2020/21 internal audit plan:

- Governance, risk management, data quality and value for money.
- Estates/Facilities Management.

The rationale for the de-selection of these 2020/21 reviews is as follows:

Governance risk management, data quality and value for money- These areas have traditionally been included in the audit plan as a separate area of focus in order to fulfil the requirement to provide an opinion in these areas under the Memorandum of Assurance and Accountability between HEFCE/OfS and institutions.

In March 2019, the OfS published new terms and conditions of funding for 2019/20 onwards, these are not as specific as the previous guidance and the role of internal audit is not defined. These conditions require universities to follow a recognised code of governance, (the University complies with the CUC Code of Governance) and in this Code there is a requirement to provide an internal audit annual report.

As a result internal audit can now obtain assurance from other reviews in the audit plan in order to inform our view on the areas of governance, risk management, data quality and value for money, rather than completing dedicated review(s).

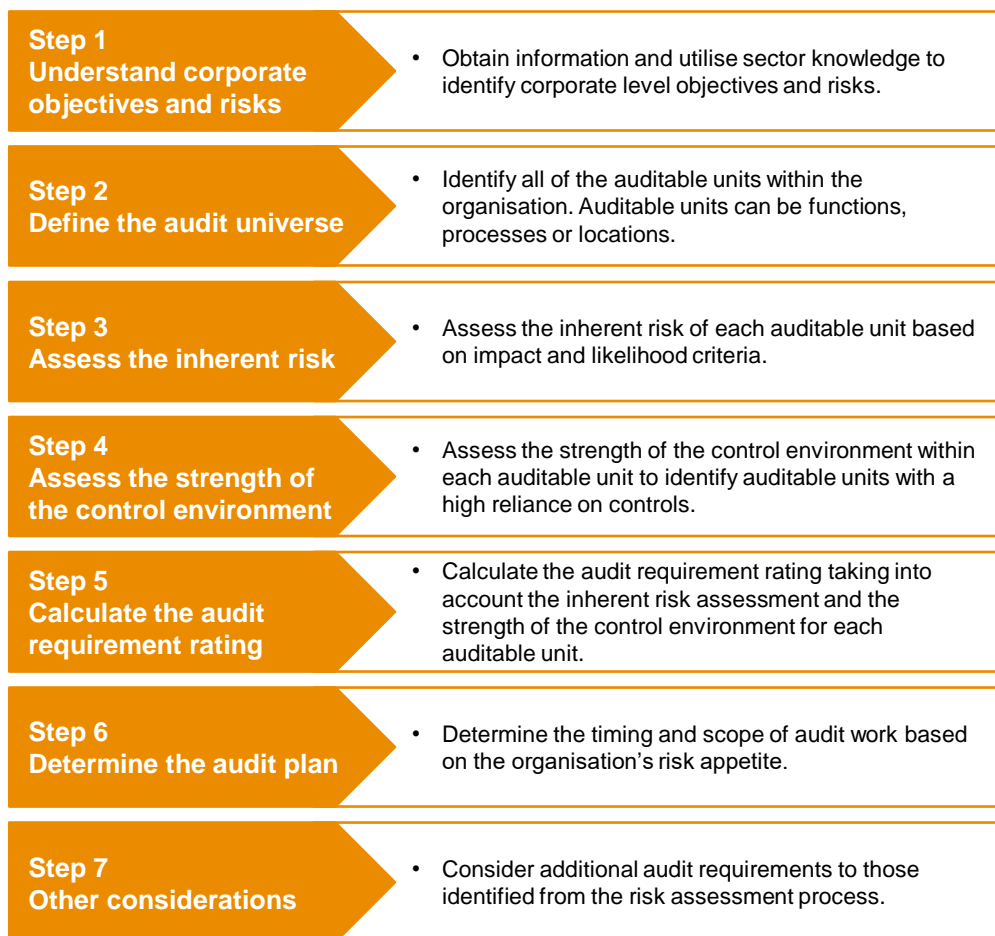
In addition, management has asked PwC to complete additional work on risk management in 2020/21 outside of the internal audit plan which will help inform our conclusions.

Our audit plan is planned on a cyclical basis and as a result we can plan to ensure that future years plans focus on these areas specifically should that be required.

Estates/Facilities Management- This review was due to look at the costs required to maintain the estate through planned and reactive maintenance while the capital programme has been scaled back in light of COVID-19. We have agreed with management that as this is unlikely to involve significant risk in terms of cost as this, is being looked at as part of the University wide efficiency programme. In addition we have a second review covering estates which remains in the audit plan focussed on health and safety.

Introduction and approach

PwC internal audit methodology



Other sources of assurance

Internal Audit is only one of a number of sources of assurance over the risks the University faces. In developing our internal audit risk assessment and plan, we have taken into account other sources of assurance and have considered the extent to which reliance can be placed upon these other sources. We will assess the sources of assurance available when scoping each individual internal audit review, but we do not plan to place reliance on any other sources of assurance for the purposes of our internal audit annual report and opinion.

Insight

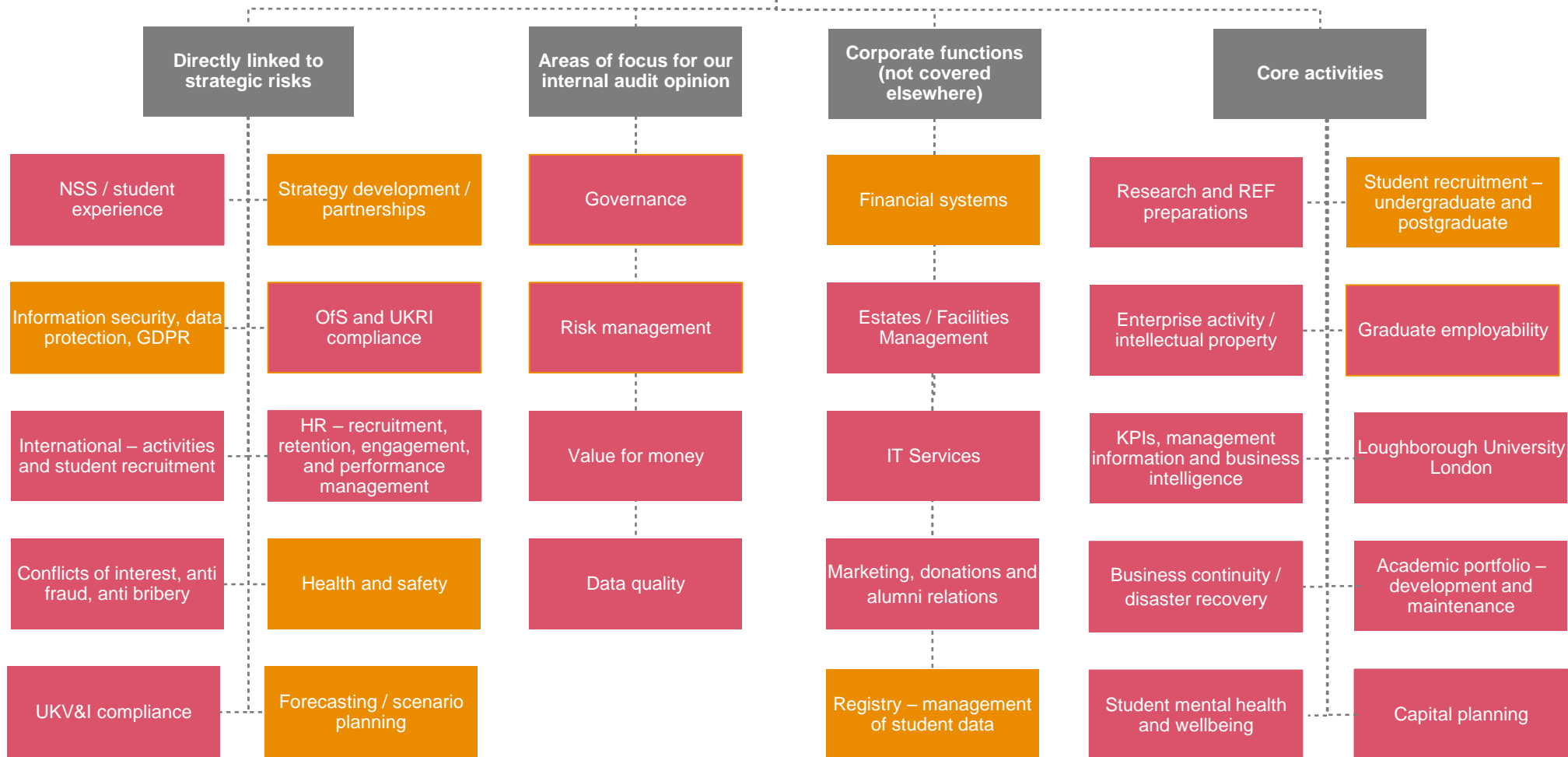
Across the year, we plan to support improvements in the University's control environment by:

- comparing your performance where appropriate and possible, particularly to other Higher Education providers;
- integrating specialists into our internal audit work at every opportunity;
- identifying recommendations to improve the efficiency and effectiveness of the University's controls and processes;
- where relevant bringing our knowledge and experience of working with the Office for Students into our internal audit work; and
- helping management to strengthen monitoring controls (second line of defence), so that they are assured of the operating effectiveness of key controls.

Audit universe

The diagram below represents the high level auditable units within the audit universe of the Commission. These units form the basis of the internal audit plan.

Loughborough University



Key:

- Audit units are in scope for our internal audit plan in 2020/21
- Units scheduled for audit in 2021/22 or 2022/23

Corporate objectives and risks

The table below shows the University's top 10 risks as set out in the strategic risk register as at February 2020. Changes made to risk likelihood or impact as a result of the COVID-19 have been taken from the June 2020 risk update paper that went to audit committee and are indicated in red text. We have mapped each of these risks to the audit universe as referenced in the table below.

Areas considered	Risk(s)	Link to our risk assessment
NSS / Student Experience	Students do not consistently receive the best experience at the University leading to damage to the University's reputation (incl NSS & DLHE outcomes) and high performing students choose to study at other institutions. Risk likelihood elevated	A.1
Strategy development / partnerships	Through student recruitment, staff recruitment, collaboration, a business relationship (or any combination of these) the University establishes links with a country, person, organisation etc. that may damage its reputation.	A.2
Information security, data protection, GDPR	As a result of a failure in IT security and/or governance, the University suffers a major data loss, breach of security or loss of systems availability. Specific attention is drawn to consequences of breach of the General Data Protection Regulation. Risk likelihood elevated	A.3
OfS and UKRI compliance	The results of future government spending reviews and/or government policy changes are uncertain and may result in further changes to the HE sector funding system.	A.4
International - activities and student recruitment	International student population is over dependent upon a single geographical region and/or country leaving its income vulnerable to political or macroeconomic factors outside of the University's control. Risk likelihood and impact elevated	A.5
HR – recruitment, retention, engagement and performance management	The University is unable to recruit and retain the best academic and management staff capable of delivering the University strategy. Risk likelihood elevated	A.6
Conflicts of interest, anti fraud, anti bribery	The University breaches Anti Bribery & Corruption legislation leading to the financial loss or criminal penalty with resulting reputational damage	A.7
UKV&I compliance	The University community includes students and/or employs staff that do not comply with requirements of UK Visa & Immigration, resulting in reputational damage and loss of overseas students. Risk likelihood elevated	A.8
Health and safety compliance	The University fails to comply with Health & Safety and/or Environmental (HSE) legislation resulting in reputational damage and/or a substantial financial penalty. Risk likelihood elevated	A.9
Forecasting / scenario planning	The University fails to anticipate the future and prepare for that in time - resulting in research/teaching of insufficient quality and or commitments/partnerships that are financially unsustainable	A.10

Key:

Audit units are in scope for our internal audit plan in 2020/21

Units scheduled for audit in 2021/22 or 2022/23

Corporate objectives and risks

This plan is based on a roll forward of our three year plan and risk assessment. In assessing the heightened risk areas arising in light of COVID-19, we have detailed below the key considerations as well as how they may apply to the University for discussion and review:

Heightened risk area	Consideration	Potential aspects to consider	Focus in 2020/21 Internal Audit Plan
Staff and workforce	In light of social distancing, universities have cancelled classroom teaching with a move to online teaching and remote working for all but essential staff. There may be potential to redeploy staff to 'critical' activities. Academic staff will be considering how alternatives to exams might be deployed to assess students.	<ul style="list-style-type: none"> What are the critical capacity gaps to enable flexible / remote working arrangements for staff and are you able to enhance infrastructure? What training and support will you need to provide staff to operate online / remotely and have you evaluated which subjects can be delivered online and through which mechanisms, including security around these arrangements? Are your staff clear about the tax and pensions implication of additional or changing working patterns? Have you put risk mitigation around staff working while ill and causing further spread? Do staff have access to current policies, procedures and processes in light of rapidly changing circumstances? How will you provide pastoral care for staff? What additional alternative delivery mechanisms have you considered to provide English Language (and other related support) for overseas students? 	<p>A4 – Information security, data protection and GDPR.</p> <p>A9 – Health and Safety.</p>
Operations and supply chain	In the UK, universities will need to make decisions on how to conclude the academic year and what impact this will have on planning for future years. In addition, many universities will have overseas operations e.g. in China, which have been suspended. In light of widespread closures, the need for supplies and services on site is much diminished but essential elements, including accommodation for overseas students may need to be maintained.	<ul style="list-style-type: none"> Have you explored alternative examination arrangements, working with regulators (e.g. OfS)? Have you explored the options for completing the remainder of the academic year at another time? Have you modelled the impact on revenues of 'rolling-over' FY19/20 intake into next year and your capacity to accommodate new students? Have you liaised with key suppliers to ensure they will be able to cover essential service levels, particularly for critical supplies? Have you reviewed essential requirements of suppliers, such as Facilities Management and IT service providers, in light of closures? Do you have any third-party single points of failure? Have you evaluated strategies for alternative sourcing? Do you have a communications strategy in place for key supply chain stakeholders? Have you assessed the impact on large capital projects, including supplier access to materials to progress works and re-evaluated contracts to understand the implications of delays on cost and liabilities? What additional cost controls are you implementing for non-essential spend to mitigate loss of revenue? 	<p>A10 – Forecasting and scenario planning.</p>
Communications strategy	Immediate communication challenge to ensure staff & students have up to date advice on Government policy and guidance as well as key service changes and how to access support.	<ul style="list-style-type: none"> Have you created an internal and external stakeholder map for key communications (considering staff, parents, students, the public, suppliers, regulators, etc.)? How are you communicating with your staff? How are you keeping staff regularly informed about the latest updates and guidance? How are you providing reassurance and consistent messaging to all staff and students and showing a duty of care? What communications have you provided to students on accessing healthcare facilities? How are your crisis communications aligned with your organisation's culture and communications requirements? 	<p>A9 – Health and Safety.</p> <p>D2 – Student recruitment – undergraduate and postgraduate.</p>

Corporate objectives and risks

Heightened risk area	Consideration	Potential aspects to consider	Focus in 2020/21 Internal Audit Plan
Data and management information	Key data challenges include understanding the evolving working patterns of staff and any payroll and tax implications and the revenue impacts of reduced fees.	<ul style="list-style-type: none"> • Are you able to access robust data insights to underpin key decisions that you need to make? • Do you have the time and skills to digest and analyse existing data sources in new ways to enable decision making? • Are you able to identify new data sources that may be required? • Are you able to rapidly automate data capture processes for new data sources? • Can you efficiently blend datasets to reveal insights? • Do you have models that answer your questions or issues, including challenging and validating data and model assumptions? • Have you evaluated the robustness of systems in place to track your workforce and student population overseas? 	<p>A10 – Forecasting / scenario planning.</p> <p>C5 – Registry – management of student data.</p>
Professional Services	Primary concern will be understanding the critical functions that need to continue. With large-scale closures there is potentially an opportunity to free up capacity which can potentially be re-deployed. Many universities will need to invest now in new technology and infrastructure to enable effective online and remote delivery.	<ul style="list-style-type: none"> • What essential business-as-usual functions do you need to prioritise during the pandemic? • Which non-essential functions can be halted or postponed to free up capacity? • What technology infrastructure and resilience capabilities do you have? • Can your IT infrastructure support extensive remote access demands? • How are you securing and maintaining your IT systems and data? Have you assessed whether the changes in the IT environment would increase the risk of a cyber attack? • Have you appropriate mechanisms in place to report information to your regulator? 	C1 – Financial services.
Students and key revenue streams	Key risk of financial distress, with loss of revenues for this year, and future years. There will be an immediate requirement to understand and provide information to access fiscal support measures from the Government.	<ul style="list-style-type: none"> • How much cash has been allocated to meet the additional costs that are expected to, or may be incurred, as a result of COVID-19? For example: having to move all courses online. • Have you considered the financial impact of the pandemic in the short, medium and longer term (e.g. modelling the impact of significant reductions in international enrolments – both new and continuing)? • What discussions have you had with your lenders in relation to the potential impact that the ongoing situation may have on your ability to meet loan covenants? • Do you have sufficient levels of short and medium term cash flow to cover potential impacts on liquidity caused by COVID-19 including; accommodation and tuition fee refunds, loss of accommodation income, reduction in commercial income? • Subject to confirmation that the HE sector is eligible, to what extent have you considered the various government-supported financing, tax and liquidity options? • Where additional financing is being sought, do you have a robust set of forecasts supported by detailed scenario and sensitivity analysis and an assessment of potential mitigants to share with the lender? • Where there are changes to the nature of activities undertaken or indeed the way in which regular activities are undertaken it will be important to evaluate the tax implications of such changes and build them into forecasts and budgeting. 	<p>A10 – Forecasting / scenario planning.</p> <p>C5 – Registry – management of student data.</p> <p>D2 – Student recruitment – undergraduate and postgraduate.</p>

Risk assessment

Each auditable unit has been assessed for inherent risk and the strength of the control environment, in accordance with the methodology set out in Appendix A and B. The results are summarised in the table below. In approving this plan, we ask the Audit Committee to consider whether where other sources of assurance are noted, that these are sufficient to provide the required degree of confidence over the underlying risk(s), such that they are not in scope for Internal Audit.

Ref	Auditable Unit	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency
A	Directly linked to strategic risks					
A.1	NSS / student experience	5	3	3	●	Every 3 years
A.2	Strategy development / partnerships	4	4	3	●	Every 3 years
A.3	Information security, data protection, GDPR	6	5	5	●	Every 2 years
A.4	OfS and UKRI compliance	6	5	5	●	Every 2 years
A.5	International - activities and student recruitment	5	3	3	●	Every 3 years
A.6	HR – recruitment, retention, engagement and performance management	4	4	3	●	Every 3 years
A.7	Conflicts of interest, anti fraud, anti bribery	4	4	3	●	Every 3 years
A.8	UKV&I compliance	5	3	3	●	Every 2 years
A.9	Health and safety	5	3	3	●	Every 2 years
A.10	Forecasting / scenario planning	6	6	6	●	Annual

Risk assessment

Ref	Auditable Unit	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency
B	Areas of focus for our audit opinion					
B.1	Governance					
B.2	Risk management					
B.3	Value for money					
B.4	Data quality					
<p>Previously, the role of internal audit and the requirement to provide an annual report and opinion was clearly set out in the Memorandum of Assurance and Accountability between HEFCE/OfS and institutions. In March 2019, the OfS published new terms and conditions of funding for 2019/20 onwards. These terms and conditions are not as specific as the previous guidance and the role of internal audit is not defined. The terms and conditions refer to the requirements of the OfS regulatory framework and in particular highlight conditions E1 and E2 (Governance and Management). These conditions require universities to follow a recognised code of governance, (the University complies with the CUC Code of Governance) and in this Code there is a requirement to provide an internal audit annual report to support the Audit Committee's annual report to Council.</p> <p>This plan has therefore been developed on the basis that we will provide an annual report and opinion in line with previous years however, we will obtain sufficient coverage of each of these areas through other reviews in the plan, rather than having a dedicated review for these areas. We will also be able to draw upon other sources of assurance in the area of risk management.</p>						
C	Corporate functions not covered elsewhere					
C.1	Financial systems	6	6	6	●	Annual
C.2	Estates / Facilities Management	5	3	3	●	Every 3 years
C.3	IT Services	5	4	4	●	Every 2 years
C.4	Marketing, donations and alumni relations	4	3	2	●	Every 3 years
C.5	Registry – management of student data	4	3	2	●	Every 3 years

Risk assessment

Ref	Auditable Unit	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency
D	Core activities					
D.1	Research and REF preparations	5	4	4	●	Every 2 years
D.2	Student recruitment – undergraduate and postgraduate	5	3	3	●	Every 2 years
D.3	Enterprise activity / intellectual property	5	3	3	●	Every 3 years
D.4	Graduate employability	4	3	2	●	Every 3 years
D.5	KPIs, management information and business intelligence	4	5	3	●	Every 3 years
D.6	Loughborough University London	4	3	2	●	Every 3 years
D.7	Business continuity / disaster recovery	5	3	3	●	Every 3 years
D.8	Academic portfolio - development and maintenance	5	3	3	●	Every 3 years
D.9	Student mental health and wellbeing	4	3	2	●	Every 3 years
D.10	Capital planning	4	3	2	●	Every 3 years

Key to frequency of audit work

Frequency approach

Audit requirement rating	Frequency – Flexed approach (delete if N/A)	Colour code
6	Annual	●
5	Every two years	●
4	Every two years	●
3	Every three years	●
2	Every three years	●
1	No further work	●
	Key areas of focus	● ●

The audit requirement rating drives the frequency of internal audit work for each auditable unit. Our recommended planning approach involves scheduling an annual audit when the rating ranges from 6 to 4, an audit every two years when the rating is 3 and an audit every three years when the rating is 2.

The internal audit budget of 115 days means our recommended planning approach can't be followed. Therefore, the frequency with which internal audits are scheduled has been flexed. This means all auditable units can now be audited over a **three** year cycle given the size of the internal audit budget. Flexing the frequency means management and Audit Committee is accepting an increased risk appetite.

Annual plan and indicative timetable

The following table sets out the internal audit work planned for the period 1 August 2020 – 31 July 2021, together with indicative start dates for each audit.

Ref	Auditable Unit	Indicative number of audit days	Q1-4	Audit sponsor/ Executive lead	Potential areas of focus ¹
A Directly linked to strategic risks					
A.2	Strategy development / partnerships	15	2	Vice Chancellor	During the 2020/21 year, the University will develop a new long term strategy. We will understand and assess the processes the University is taking in developing this new strategy.
A.4	Information Security, data protection, GDPR	15	3	Chief Operating Officer	As the University establishes new ways of working, the risk profile around information / data security will change, as staff are likely to spend more time working remotely. At the same time, the requirement to comply with GDPR will still apply. We will consider how the University has responded to the changing risk profile and assess the assurance processes in place to evidence the
A.9.	Health and Safety	10	3	Chief Operating Officer Director of Estates and Facilities Management	The University is planning to allow students back onto campus for the start of the 2020/21 academic year, at which point it is likely that some social distancing measures will need to be in place. We will understand an assess how the University is assured that new measures put in place are operating effectively.
A.10	Forecasting/scenario planning	15	2/3	Chief Operating Officer Director of Finance	The COVID19 pandemic has meant the University has reshaped its financial and operational plans for the next academic year and beyond. We will review the University's processes for monitoring progress against plans and how they are updated/reshaped in response to new information / risks.
C Corporate functions not covered elsewhere					
C.1	Financial systems	15	2	Director of Finance	The Finance Team has recently undergone a restructure with new roles and responsibilities allocated clearly across the team. The University is aware that there is still some distributed finance activity which occurs in the academic schools / professional service teams. We will assess the extent of this activity and consider the efficiency and effectiveness of locally operate processes and controls.

¹Each of the individual reviews will be agreed with management and will be based upon a detailed terms of reference. For the purposes of our audit planning we have completed initial work to identify the potential scope of our review, but these will be revisited prior to commencing each audit to ensure that it is still relevant.

Annual plan and indicative timetable

The following table sets out the internal audit work planned for the period 1 August 2020 – 31 July 2021, together with indicative start dates for each audit.

Ref	Auditable Unit	Indicative number of audit days	Q1-4	Audit sponsor/ Executive lead	Potential areas of focus ¹
C	Corporate functions not covered elsewhere				
C.5	Registry - management of student data	10	3	Chief Operating Officer Academic Registrar	One of the University's most significant revenue streams comes from the Student Loans Company and in 2020/21, the phasing of cash received from the SLC will change (i.e. more cash will be received earlier in the year). Receiving accurate and complete payments from the SLC depends on having accurate and complete student data and informing the SLC on a timely basis of any changes which may affect funding. We will focus on the processes and controls in place to ensure the SLC data matches that held by the University.
D	Core activities				
D.2	Student recruitment – undergraduate and postgraduate	10	3	Chief Operating Officer	Recruiting high quality students will be critical to the University's continued success. We will consider the University's plans and processes around the recruitment of students in an increasingly competitive market.
-	Management time	15	-	-	Audit Committee attendance, development of internal audit plan, regular liaison with management and production of our annual report and opinion
-	Follow up	10	4	Director of Finance	Follow up of internal audit recommendations, timed to be included in our annual report and opinion.
TOTAL Internal audit days		115			

¹Each of the individual reviews will be agreed with management and will be based upon a detailed terms of reference. For the purposes of our audit planning we have completed initial work to identify the potential scope of our review, but these will be revisited prior to commencing each audit to ensure that it is still relevant.

Strategic Internal Audit Plan 2020/21-2022/23

The following table sets our indicative audit plan for a 3 year cycle. We will revisit this on an annual basis to ensure it continues to reflect the key risks and objectives.

Ref	Auditable Unit	Audit Frequency	2020/21	2021/22	2022/23	
A	Directly linked to strategic risks					
A.1	NSS / student experience	Every 3 years	-	-	10	Previously audited in 2019/20.
A.2	Strategy development / partnerships	Every 3 years	15	-		Previously audited in 2015/16.
A.3	Information security, data protection, GDPR	Every 2 years	15	-		Previously audited in 2018/19.
A.4	OfS and UKRI compliance	Every 2 years	-	10	-	Previously audited in 2019/20.
A.5	International - activities and student recruitment	Every 3 years	-	12	-	Previously audited in 2018/2019
A.6	HR – recruitment, retention, engagement and performance management	Every 3 years	-	-	13	Previously audited in 2019/20.
A.7	Conflicts of interest, anti fraud, anti bribery	Every 3 years	-	-	10	Previously audited in 2019/20
A.8	UKV&I compliance	Every 2 years	-	10	-	Previously audited in 2019/20
A.9	Health and safety	Every 2 years	10	-		Previously audited in 2017/18.
A.10	Forecasting / scenario planning	Annual	15	10	10	Previously audited in 2019/20.
B	Areas of focus for our audit opinion					
B.1	Governance	Annual	-	35	35	We have agreed with management that for 2020/21 we will obtain sufficient coverage of these areas through other reviews in our plan and alternative sources of assurance.
B.2	Risk management					
B.3	Value for money					
B.4	Data quality					

Strategic Internal Audit Plan 2020/21-2022/23

The following table sets our indicative audit plan for a 3 year cycle. We will revisit this on an annual basis to ensure it continues to reflect the key risks and objectives.

Ref	Auditable Unit	Audit Frequency	2020/21	2021/22	2022/23	Comments
C	Corporate functions not covered elsewhere					
C.1	Financial systems	Annual	15	10	15	We will continue to audit an element of financial systems each year.
C.2	Estates / Facilities Management	Every 3 years	-	10	-	Previously audited in 2018/19.
C.3	IT Services	Every 2 years	-	10	-	Previously audited in 2019/20.
C.4	Marketing, donations and alumni relations	Every 3 years	-	-	10	Previously audited in 2019/20.
C.5	Registry – management of student data	Every 3 years	10	-	-	Previously audited in 2017/18.
D	Core activities					
D.1	Research and REF preparations	Every 2 years	-	10		Previously audited in 2018/19.
D.2	Student recruitment – undergraduate and postgraduate	Every 2 years	10	-	10	Previously audited in 2018/19.
D.3	Enterprise activity / intellectual property	Every 3 years	-	-	10	Previously audited in 2019/20.
D.4	Graduate employability	Every 3 years	-	-	10	Note: we last audited this area in 2017/18. In this case we have flexed our audit approach and this area has not been prioritised for 2020/21.
D.5	KPIs, management information and business intelligence	Every 3 years	-	10	-	Previously audited in 2018/19.
D.6	Loughborough University London	Every 3 years	-	10	-	Note: we last audited this area in 2015/16. In this case we have flexed our audit approach and this area has not been prioritised for 2020/21.

Strategic Internal Audit Plan 2020/21-2022/23

The following table sets our indicative audit plan for a 3 year cycle. We will revisit this on an annual basis to ensure it continues to reflect the key risks and objectives.

Ref	Auditable Unit	Audit Frequency	2020/21	2021/22	2022/23	Comments
D	Core activities					
D.7	Business continuity / disaster recovery	Every 3 years	-	10		Note: previously audited in 2017/18. We are covering an element of business continuity in our health and safety review in 2020/21, but will not complete a dedicated review in this area until 2021/22.
D.8	Academic portfolio - development and maintenance	Every 3 years	-	-	10	Note: we last audited this area in 2015/16. In this case we have flexed our audit approach and this area has not been prioritised for 2020/21.
D.9	Student mental health and wellbeing	Every 3 years	-	10		Previously audited in 2018/19.
D.10	Capital planning	Every 3 years	-	10		Note: we last audited this area in 2015/16. In this case we have flexed our audit approach and this area has not been prioritised for 2020/21.

Appendices

Appendix A: Detailed methodology

Step 1 – Understand corporate objectives and risks

In developing our understanding of your corporate objectives and risks, we have:

- Reviewed your strategy, organisational structure and strategic risk register;
- Drawn on our knowledge of the HE sector; and
- Met with a number senior management and non-executive members.

Step 2 – Define the audit universe

In order that the internal audit plan reflects your management and operating structure we have identified the audit universe for Loughborough University made up of a number of auditable units. Auditable units include functions, processes, systems, products or locations. Any processes or systems which cover multiple locations are separated into their own distinct cross cutting auditable unit.

Step 3 – Assess the inherent risk

The internal audit plan should focus on the most risky areas of the business. As a result each auditable unit is allocated an inherent risk rating i.e. how risky the auditable unit is to the overall organisation and how likely the risks are to arise. The criteria used to rate impact and likelihood are recorded in Appendix 2.

The inherent risk assessment is determined by:

- Mapping the corporate risks to the auditable units;
- Our knowledge of your business and its [sector]; and
- Discussions with management.

Impact Rating

Likelihood rating

	6	5	4	3	2	1
6	6	6	5	5	4	4
5	6	5	5	4	4	3
4	5	5	4	4	3	3
3	5	4	4	3	3	2
2	4	4	3	3	2	2
1	4	3	3	2	2	1

Appendix A: Detailed methodology

Step 4 – Assess the strength of the control environment

- In order to effectively allocate internal audit resources we also need to understand the strength of the control environment within each auditable unit. This is assessed based on:
- Our knowledge of your internal control environment;
- Your strategy and performance; and
- The outcomes of previous internal audits.

Step 5 – Calculate the audit requirement rating

The inherent risk and the control environment indicator are used to calculate the audit requirement rating. The formula ensures that our audit work is focused on areas with high reliance on controls or a high residual risk.

Step 6 – Determine the audit plan

Your risk appetite determines the frequency of internal audit work at each level of audit requirement. Auditable units may be reviewed annually, every two years or every three years.

In some cases it may be possible to isolate the sub-process (es) within an auditable unit which are driving the audit requirement. For example, an auditable unit has been given an audit requirement rating of 5 because of inherent risks with one particular sub-process, but the rest of the sub-processes are lower risk. In these cases it may be appropriate for the less risky sub-processes to have a lower audit requirement rating be subject to reduced frequency of audit work. These sub-processes driving the audit requirement areas are highlighted in the plan as key sub-process audits.

Step 7 – Other considerations

In addition to the audit work defined through the risk assessment process described above, we may be requested to undertake a number of other internal audit reviews such as regulatory driven audits, value enhancement or consulting reviews. These have been identified separately in the annual plan.

Inherent Risk Rating	Control design indicator					
	6	5	4	3	2	1
6	6	5	5	4	4	3
5	5	4	4	3	3	n/a
4	4	3	3	2	n/a	n/a
3	3	2	2	n/a	n/a	n/a
2	2	1	n/a	n/a	n/a	n/a
1	1	n/a	n/a	n/a	n/a	n/a

Appendix B: Risk assessment criteria

Determination of inherent risk

We determine inherent risk as a function of the estimated **impact** and **likelihood** for each auditable unit within the audit universe as set out in the tables below.

Likelihood rating	Assessment rationale
6	Has occurred or probable in the near future
5	Possible in the next 12 months
4	Possible in the next 1-2 years
3	Possible in the medium term (2-5 years)
2	Possible in the long term (5-10 years)
1	Unlikely in the foreseeable future

Impact rating	Assessment rationale
6	Critical impact on operational performance; or Critical monetary or financial statement impact; or Critical breach in laws and regulations that could result in material fines or consequences; or Critical impact on the reputation or brand of the organisation which could threaten its future viability.
5	Significant impact on operational performance; or Significant monetary or financial statement impact; or Significant breach in laws and regulations resulting in large fines and consequences; or Significant impact on the reputation or brand of the organisation.
4	Major impact on operational performance; or Major monetary or financial statement impact; or Major breach in laws and regulations resulting in significant fines and consequences; or Major impact on the reputation or brand of the organisation.
3	Moderate impact on the organisation's operational performance; or Moderate monetary or financial statement impact; or Moderate breach in laws and regulations with moderate consequences; or Moderate impact on the reputation of the organisation.
2	Minor impact on the organisation's operational performance; or Minor monetary or financial statement impact; or Minor breach in laws and regulations with limited consequences; or Minor impact on the reputation of the organisation.
1	Insignificant impact on the organisation's operational performance; or Insignificant monetary or financial statement impact; or Insignificant breach in laws and regulations with little consequence; or Insignificant impact on the reputation of the organisation.

Appendix C: Independence

We confirm that in our professional judgement, as at the date of this document, Internal Audit staff have had no direct operational responsibility or authority over any of the activities planned for review. We can confirm that as an organisation we are independent from Loughborough University

In particular, in making this statement we have considered the following services:

Support provided by PwC	Value (£000s)	Potential threats to independence and safeguards in place
Assurance Services Services included: - US Loans non-audit compliance - Risk management	33	In all of these services, we have maintained our independence through: <ul style="list-style-type: none"> - Ensuring that the scope of the services did not review areas previously covered by the internal audit programme. - Using separate teams from PwC to complete the work and where appropriate establishing ethical walls. - Completing the work under a separate engagement contract. - Acting in an advisory capacity and not making any decisions on behalf of management.
Tax Services: Services included: - Canadian tax obligations	2	

Appendix D: Internal audit charter

Purpose and scope

This Internal Audit Charter provides the framework for the conduct of the Internal Audit function in Loughborough University and has been approved by the Audit Committee. It has been created with the objective of formally establishing the purpose, authority and responsibilities of the Internal Audit function.

Purpose

Internal Auditing is an independent, objective assurance and consulting activity designed to add value to and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

Scope

All of Loughborough University's activities (including outsourced activities) and legal entities are within the scope of Internal Audit. Internal Audit determines what areas within its scope should be included within the annual audit plan by adopting an independent risk based approach. Internal Audit does not necessarily cover all potential scope areas every year. The audit program includes obtaining an understanding of the processes and systems under audit, evaluating their adequacy, and testing the operating effectiveness of key controls. Internal Audit can also, where appropriate, undertake special investigations and consulting engagements at the request of the Audit Committee, senior management and regulators.

Notwithstanding Internal Audit's responsibilities to be alert to indications of the existence of fraud and weaknesses in internal control which would permit fraud to occur, the Internal Audit activity will not undertake specific fraud-related work.

Internal Audit will coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimise duplication of efforts.

Authority

The Internal Audit function of Loughborough University derives its authority from Council through the Audit Committee. The Chief Audit Executive is authorised by the Audit Committee to have full and complete access to any of the organisation's records, properties and personnel. The Chief Audit Executive is also authorised to designate members of the audit staff to have such full and complete access in the discharging of their responsibilities, and may engage experts to perform certain engagements which will be communicated to management. Internal Audit will ensure confidentiality is maintained over all information and records obtained in the course of carrying out audit activities.

Appendix D: Internal audit charter

Authority, responsibility and independence

Responsibility

The Chief Audit Executive is responsible for preparing the annual audit plan in consultation with the Audit Committee and senior management, submitting the audit plan, internal audit budget, and resource plan for review and approval by the Audit Committee, implementing the approved audit plan, and issuing periodic audit reports on a timely basis to the Audit Committee and senior management.

The Chief Audit Executive is responsible for ensuring that the Internal Audit function has the skills and experience commensurate with the risks of the organisation. The Audit Committee should make appropriate inquiries of management and the Chief Audit Executive to determine whether there are any inappropriate scope or resource limitations.

It is the responsibility of management to identify, understand and manage risks effectively, including taking appropriate and timely action in response to audit findings. It is also management's responsibility to maintain a sound system of internal control and improvement of the same. The existence of an Internal Audit function, therefore, does not in any way relieve them of this responsibility.

Management is responsible for fraud prevention and detection. As Internal Audit performs its work programs, it will be observant of manifestations of the existence of fraud and weaknesses in internal control which would permit fraud to occur or would impede its detection.

Independence

Internal Audit staff will remain independent of the business and they shall report to the Chief Audit Executive who, in turn, shall report functionally to the Audit Committee and administratively to the Finance Director.

Internal Audit staff shall have no direct operational responsibility or authority over any of the activities they review. Therefore, they shall not develop nor install systems or procedures, prepare records or engage in any other activity which they would normally audit. Internal Audit staff with real or perceived conflicts of interest must inform the Chief Audit Executive, then the Audit Committee, as soon as these issues become apparent so that appropriate safeguards can be put in place.

Appendix D: Internal audit charter

Professional competence, reporting and monitoring

Professional competence and due care

The Internal Audit function will perform its duties with professional competence and due care. Internal Audit will adhere to the Definition of Internal Auditing, Code of Ethics and the Standards for the Professional Practice of Internal Auditing that are published by the Institute of Internal Auditors.

Reporting and monitoring

At the end of each audit, the Chief Audit Executive or designee will prepare a written report and distribute it as appropriate.

The Audit Committee will be updated regularly on the work of Internal Audit through periodic and annual reports. The Chief Audit Executive shall prepare reports of audit activities with significant findings along with any relevant recommendations and provide periodic information on the status of the annual audit plan.

Periodically, the Chief Audit Executive will meet with the Chair of the Audit Committee in private to discuss internal audit matters.

The performance of Internal Audit will be monitored through the implementation of a Quality Assurance and Improvement Programme, the results of which will be reported periodically to Senior Management and the Audit Committee.

Appendix D: Internal audit charter

Definitions

Board	<p><i>The highest level of governing body charged with the responsibility to direct and/or oversee the activities and management of the organisation.</i></p> <p>Throughout this document, the term 'Board' refers to the Governing Council.</p>
Audit committee	<p>The governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.</p>
Senior management	<p>The individuals at the highest level of organisational management who have day-to-day responsibility for managing the organisation.</p> <p>Throughout this document, the term 'Senior Management' refers to the Finance Director, Chief Operating Officer, Vice Chancellor and Pro Vice Chancellors.</p>
Chief audit executive	<p>Chief Audit Executive describes a person in a senior position responsible for effectively managing the internal audit activity. The specific job title of the Chief Audit Executive may vary across organisations.</p> <p>Throughout this document, the term 'Chief Audit Executive' refers to the Head of Internal Audit and this role is fulfilled by Alison Breadon, PwC Partner.</p>

Thank you

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This document has been prepared only for Loughborough University and solely for the purpose and on the terms agreed with Loughborough University in our agreement dated 2 September 2019. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

At the request of Loughborough University, PwC's internal audit methodology has not been followed due to the restricted budget available and therefore we may not have identified all findings that would have been raised in a full scope review using PwC's methodology.

Internal audit work was performed in accordance with PwC's Internal Audit methodology which is aligned to the OfS's Financial Memorandum. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

In the event that, pursuant to a request which Loughborough University has received under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004 (as the same may be amended or re-enacted from time to time) or any subordinate legislation made thereunder (collectively, the "Legislation"), Loughborough University is required to disclose any information contained in this document, it will notify PwC promptly and will consult with PwC prior to disclosing such document. Loughborough University agrees to pay due regard to any representations which PwC may make in connection with such disclosure and to apply any relevant exemptions which may exist under the Legislation to such [report]. If, following consultation with PwC, Loughborough University discloses any this document or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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Internal Audit Annual Report 2020/21

Loughborough University
FINAL
October 2021



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Distribution list

For action: Audit Committee Members

For information: Andy Stephens, Director of Finance
Richard Taylor, Chief Operating Officer
Professor Nick Jennings, Vice Chancellor



Executive summary

Introduction

This report outlines the internal audit work we have carried out for the year ended 31st July 2021.

The Audit Committee requires that the Head of Internal Audit provides a written report and annual internal audit opinion to the Audit Committee. As such, the purpose of this report is to present our view on the adequacy and effectiveness of:

- Governance, risk management and control; and
- Economy, efficiency and effectiveness (value for money) arrangements.

This is achieved through a risk-based plan of work, agreed with management and approved by the Audit Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below and set out in Appendix 1. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

The Audit Committee agreed to a level of internal audit input of 160 days, of which 160 days have been delivered. We also completed an additional internal audit review, which was requested by management and focused on the University's compliance with the Universities UK Accommodation Code of Practice.

Whilst this report is a key element of the framework designed to inform the Statement of Corporate Governance, there are also a number of other important sources to which the Audit Committee should look to gain assurance. This report does not override the Audit Committee's responsibility for forming their own view on governance, risk management, control and value for money arrangements.

Covid-19 impact on the University and on the 2020/21 internal audit plan

During the year, the Covid-19 pandemic, which emerged in March 2020, has continued to cause major global disruption. The higher education sector has been affected and all universities have been required to significantly change the way they operate. This has included asking staff to work from home since March 2020 and teaching students remotely using online tools. The impact of the pandemic is still being felt across the sector as institutions continue to navigate through the challenges of blended learning models and changing student recruitment profiles, including working through financial recovery plans. We have been able to conduct our work remotely with University staff to deliver the 2020/21 plan and this has had no significant impact on the scope of the work we have been able to deliver individually or in aggregate for our work programme.

Elements of our work in 2020/21 specifically considered how the University's controls have changed as a result of the pandemic; and a number of reviews were focused on the University's response. We specifically considered the University's pandemic response as part of the Information Security and Data Protection, Health and Safety and Financial Forecasting reviews. We shall continue to monitor the University's response to the agreed actions through TrAction.

Head of internal audit opinion

We are satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control, and economy, efficiency and effectiveness arrangements (value for money). To assist the Audit Committee in understanding how our work corresponds to their reporting responsibilities, we have mapped our work against these areas in Appendix 4.

In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

Executive summary

Opinion

Our opinion is as follows:

Generally satisfactory with some improvements required

Governance, risk management and control, and value for money arrangements in relation to business critical areas is generally satisfactory. However, there are some areas of weakness and non-compliance in the framework of governance, risk management and control, and value for money arrangements which potentially put the achievement of objectives at risk.

Improvements are required in those areas to enhance the adequacy and effectiveness of governance, risk management and control and value for money arrangements. Please see our Summary of Findings in Section 2.

An explanation of the types of opinion that may be given can be found in Appendix 2.

Basis of opinion

During the year, we have been able to conduct our work remotely with University staff to deliver the 2020/21 plan and this has had no significant impact on the scope of the work we have been able to deliver individually or in aggregate for our work programme.

In the latter part of 2020/21, we strengthened the processes for following up on internal audit actions and recommendations by implementing TrAction (an online action tracking tool). We have provided training to key stakeholders, which, going forwards, will allow for more timely and consistent monitoring of actions provided to the University as a result of our audits.

Our opinion is based on:

- All audits undertaken during the year. We have completed eight internal audit reviews. This resulted in the issue of one high risk, two medium risk and three low risk rated reports. Our reviews on Strategy Development (as it was an advisory review) and the University's UK Accommodation Code of Practice (as we are required to follow the format prescribed by UUK) were not risk rated. We have also completed a follow up review looking at the implementation of prior year recommendations
- We issued one high risk rated report on Information Security - Remote Working, and two medium risk rated reports on Financial Forecasting and Financial Systems.
- The, one high, eight medium and ten low risk internal audit findings which were identified during our internal audit work. Our findings have identified a number of areas where the root cause of issues has related to communication between central and devolved functions within the University, and this is a theme which links into previous findings we have reported to the University regarding the level of compliance within devolved functions. Our high risk finding related to the lack of controls in place over staff and students accessing University networks using their own devices, specifically through Windows or Macbook laptops.
- We are pleased to note that our Academic Registry review was low risk rated overall with no medium or high risk rated findings, which represents an improvement on previous years.
- Our follow up work taken in respect of audits from previous periods.
- The limitations placed on internal audit in terms of the number of days of audit activity to be delivered.
- The proportion of the University's audit needs have been covered to date.

The commentary below provides the context for our opinion and together with the opinion should be read in its entirety.

Acknowledgement

We would like to take this opportunity to thank Loughborough University's staff, for their cooperation and assistance provided during the year.

Summary of findings

Our annual internal audit report is timed to inform the Audit Committee's annual report to Council.

A summary of key findings from our programme of internal audit work for the year work is recorded in the table below:

Description	Detail
Overview	The University has continued to build on a successful student experience, including the following awards / rankings:
We completed 8* internal audit reviews. This resulted in the identification of one high risk, eight medium risk, 10 low risk and six advisory findings to improve weaknesses in the design of controls and/or operating effectiveness.	<ul style="list-style-type: none"> • Achieving a score of 85.11% for overall student satisfaction in the 2021 NSS results, which is significantly above its benchmark of 74.98%. • Receiving a top 10 ranking in every published University league table.
Themes identified / trends emerging	We issued one high, two medium and three low risk rated reports. We have also issued one advisory report and one report on the Universities UK Accommodation Code of Practice Compliance which (in line with the requirements of UUK for this work) was not risk rated.
Through the delivery of our internal audit programme, we identified the following themes / trends that the Audit Committee should be aware of.	<p>The University has continued to evidence that its most critical processes and procedures are, in the majority of cases well designed and operating effectively. Management has continued to direct the internal audit work towards areas of risk / concern and, as at the time of this report, we have identified the following themes / trends:</p> <ul style="list-style-type: none"> • The University is currently undergoing a period of significant change, including welcoming a new Chair of Council, three new Audit Committee members and a new Vice Chancellor. • At the same time, the University is in the process of developing a new strategy, which has been the focus of an Internal Audit advisory review in year. We expect to see the University ramping up activity to embed the new strategy more widely in 2021/22 as it replaces the current "Building excellence" strategy. Following our discussions with the new Vice Chancellor, we also expect elements of this new strategy to focus on: International; Equality, Diversity and Inclusion; and Research and Enterprise. • During the last year, the University has spent a significant amount of time revising its strategic risks. The result is a risk profile that is more clearly articulated and better reflects the significant risks to the strategy, enabling a more accurate assessment of the risks and allowing key actions to be identified to further mitigate the risks. Leadership is currently developing an assurance map to provide comfort that the controls in place to mitigate the strategic risks are designed and operating effectively. • In line with our previous year's findings, the University is still working to strengthen its culture of compliance. While central processes are mostly well designed and established, these are not always fully communicated or implemented where responsibilities are devolved. This was noted particularly in: <ul style="list-style-type: none"> ○ the Financial Systems review, where schools and services were not operating consistently; ○ our work on Student Recruitment where management buy in to the recruitment approach within schools varied, and ○ our Academic Registry review where we identified an issue with schools reporting changes of circumstances in a timely manner. ○ our Information Security and Data Protection (remote working) review which identified a number of policies which had not been reviewed since 2016.

*This Includes the review **Universities UK Accommodation Code of Practice Compliance** audit which was in addition to our internal audit plan and did not include risk rated findings.

Summary of findings

Description

Detail

Themes identified / trends emerging cont.

Whilst these weaknesses do not have a significant impact in isolation, they provide further evidence of a disconnect between devolved functions which could impact:

- the reputation with regulators as a result of poor data returns; and
- the University's ability to recruit students and achieve its aims in line with a new University strategy.
- Many of the prior year findings from the Conflicts of Interest reviews have not yet been addressed and further work needs to be done to embed good practice with implementing and closing down all recommendations on a timely basis.
- Our internal audit opinion has remained consistent with the prior year, which indicates that the above themes have not had a significant impact on weakening the University's overall control environment.

Internal control issues

During the course of our work we identified one weaknesses that we consider should be reported in the Audit Committee's annual report to Council.

We identified one high risk finding in through our work on Information Security in relation to remote working:

The University allows staff and students to access University networks using their own devices (BYOD) through the use of VPN software to manage the connection. A Mobile Working Policy that applies to all devices that connect to University networks or access confidential data is also in place. It is therefore applicable to managed devices (such as University issued laptops and mobile devices) as well as BYOD devices used by staff and students.

For mobile iOS and Android devices, the University has security checks to ensure that biometric and encryptions settings are up to date before they connect to the University network. The University also uses Duo MultiFactor authentication on mobile devices to check the firmware versions of devices connecting to the University network. We found that:

- These security checks and controls are not replicated on any BYOD Windows or Macbook laptops.
- There are no technical enforcement checks that the University deploys to posture check (analyse a device's security) standards on BYOD Windows or Macbook laptops used by staff and students before they connect to the University network.

We also note that whilst the University has enabled remote wiping of email content within Microsoft Outlook on BYOD devices, this control does not extend to other download interfaces across the University's IT estate (such as SharePoint etc.).

Other weaknesses

Other weaknesses were identified within the organisation's governance, risk management and control.

We have identified the following medium risk findings as part of the work completed during the year:

Financial Forecasting

- University Financial Regulations stated that the financial strategy should guide the Director of Finance in preparing more detailed financial plans for the University. It also stated that: *Financial plans should be consistent with the University strategy approved by Council.* However, these linkages were not consistently clear.
- We found that Finance was in the early stages of setting up a project titled 'How we report'. Although a one page project summary had been prepared setting out the purpose and need for the project, a full project plan with governance actions had not yet been produced.

Summary of findings

Description

Detail

Financial Systems

- There was no central, visible chart of responsibilities in relation to finance activities conducted across schools and services, leading to potential duplication and inefficiencies.
- From an analysis of manual journal data, we found there were staff members with unnecessary access and the ability to post manual journals without central oversight by the University's Finance team.

Health and Safety

- Early Covid-19 related experiences had not yet been fully evaluated with learnings put in place. As an example, we flagged the use of a manual spreadsheet to record student isolation details as a possible area for future learning and an opportunity for efficiencies to be made.

Student Recruitment

- The University did not have a standalone recruitment strategy. Instead, recruitment activity has been guided by the University's overarching strategy and objectives. Whilst the University has been clear on its objectives to maintain student numbers and improve quality, there were differing opinions within schools regarding how the University prioritised the number of intakes at an overall level rather than focusing on individual discipline intakes. The University needed to continue to work on ensuring management "buy-in" of this approach, particularly in light of the new overall University strategy being devised.

Information Security-Remote Working

- For University issued iPads and iPhones, the University did not utilise a form of mobile device management or containerisation solution (where a device's work environment and personal environment are split) which limits the potential damage should a data loss incident occur. The University did not control or monitor the downloads of third party applications which have not been pre-approved. This means that staff members were potentially able to download unauthorised (and potentially malicious) software applications to end user devices, presenting a cyber security vulnerability risk to the University's IT architecture.
- The University had a number of policies in place, such as the Mobile Working Policy and IT Operations Management Policy, that support the remote working arrangements of the organisation. We found that policies were in place, but a number of these had not been updated since 2016.

Universities UK Accommodation Code of Practice Compliance (not risk rated)

- Our review identified five areas for improvement of which, three related to fire safety measures. Following a number of fire safety issues in the sector in recent years and some universities suffering significant reputational damage as a result, we recommended that action was taken as soon as possible to address the following:
 - Fire risk assessments were not up to date across all University accommodation;
 - The fire safety policy was not up to date; and
 - Emergency lighting tests had not been completed for all University accommodation.
- The remaining two findings related to a lack of clarity around DBS checks in the University policy, and the need to affix CCTV warning signs in reception areas.
- In some cases the University did not have vital health and safety certificates and evidence of compliance testing activities undertaken.

Summary of findings

Follow up

In the 2020/21 plan, we included a review to test the implementation status of all high risk and a sample medium risk findings. We tested two high risk and eleven medium risk recommendations by validating the progress made to supporting evidence. This was completed by using the new, action tracking software, TrAction.

We identified that of the 13 findings:

- Eighth findings were fully implemented; and
- Five findings were partially implemented, one of which was a high risk finding from our Conflicts of Interest (Enterprise Activity) report, dated May 2020.

For further details please see the follow up section of this report.

Internal audit work conducted

Introduction

The table below sets out the results of our internal audit work and implications for next year's plan. The following page shows direction of control travel.






Results of individual assignments

Review	Report classification	Number of findings				
		Critical	High	Medium	Low	Advisory
Strategy Development (not risk rated)	n/a	-	-	-	-	5
Information Security and Data Protection	High	-	1	2	1	-
Health and Safety	Low	-	-	1	2	-
Financial Forecasting	Medium	-	-	2	2	-
Financial Systems	Medium	-	-	2	2	-
Registry	Low	-	-	-	2	-
Student Recruitment	Low	-	-	1	1	1
Follow up	n/a	n/a	n/a	n/a	n/a	n/a
Universities UK Accommodation Code of Practice Compliance (not risk rated)*	n/a	n/a	n/a	n/a	n/a	n/a
	Total	0	1	8	10	6

*The **Universities UK Accommodation Code of Practice Compliance** audit was in addition to our internal audit plan and did not include risk rated findings, however there were five findings raised and a management action plan provided to the University.

Internal audit work conducted

Direction of control travel

Finding rating	Trend between current and prior year	Number of findings		
		2020/21	2019/20	2014/15
Critical		-	-	-
High		1	2	1
Medium		8	15	13
Low		10	11	20
Total		19	28	27

The number of internal audit days for 2020/21 reduced from 180 days to 160 days, resulting in fewer reviews compared to the previous two years. In addition, it was agreed that the Strategy Development review would be an advisory review, and the findings are therefore not reflected in the table above.

Our Universities UK review also identified five further findings which were not risk rated in line with our methodology as we are required to follow the format prescribed by UUK.

Management continue to point internal audit to areas of high risk; and/or control weakness, for further investigation, for example, the Health and Safety review that focused largely on the University's response to Covid-19. Our role is, in part, to challenge the University to continue improving its performance. As a result, it is likely that we will continue identifying areas of control weakness.

Follow up work conducted

Introduction and results of follow up work

In order for the University to derive maximum benefit from internal audit, agreed actions should be implemented. Our 2020/21 internal audit plan included time for us to complete follow up testing on a sample of high and medium risk rated recommendations. This year, we implemented our TrAction software in order to conduct our follow up review. From the population of all 2019/20 and 2020/21 actions that were due to close before 31 July 2021, we chose all high risk recommendations (two findings), and 11 medium risk recommendations, out of the total population of 19 medium risk findings.

We validated the progress made to supporting evidence and formed our own assessment of the implementation status for each recommendation. We identified that of the 13 findings, one high and four medium risk findings had not been fully implemented. Details of the overdue, high risk finding are set out below:

Audit / Finding	Finding rating	Recommendations	Responsible person	Original deadline	Comment
Audit: Conflicts of Interest (Enterprise Activity) 19/20 Finding: Declaration and Recording of Conflicts at School Level	High	All members of staff not covered by the annual register of interests will be required to declare interests on an annual basis, even if this is to complete a nil return.	Jen Fensome - Director of Research and Enterprise	30 November 2020	Action complete. This has been updated in the Conflict of Interest HR guide and communicated to relevant stakeholders.
		At School level, the Schools leadership will be held responsible for ensuring all members of staff complete a return.	Jen Fensome - Director of Research and Enterprise	30 November 2020	The University wants to ensure it is an individual's responsibility to flag up any major conflicts and manage minor conflicts appropriately. The Ethics Committee will be appraised of response rates across the University on an annual basis. The Committee will also have responsibility for reviewing the nature and volume of declarations across the institution, including the failure of individuals to respond where a known conflict is not reported. We are awaiting further evidence to validate that these new actions have been put in place and embedded.
		All academic staff will be reminded of the External Professional Work policy and the reasons for these.	Jen Fensome - Director of Research and Enterprise	30 November 2020	The University is developing an awareness campaign to ensure staff understand their obligations in this area. However, the system is not yet fully implemented. We are awaiting a revised date for this action to be completed.
		The University will investigate the use of the i-Trent system for recording and storing declarations of interest so that access to these can be limited to those with a business need, in line with the requirements of GDPR.	Jen Fensome - Director of Research and Enterprise	30 November 2020	Action complete. This has been investigated. It was concluded that iTrent will be used for declarations of major conflicts of interest made by staff. However, due to the nature of questions required by Council members / external Committee members in making their 'Fit and Proper Person', the current paper-based system will be maintained.

Appendices



Appendix 1: Limitations and responsibilities

Limitations inherent to the internal auditor's work

Our work has been performed subject to the limitations outlined below.

Opinion

The opinion is based solely on the work undertaken as part of the agreed internal audit plan. There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention. As a consequence management and the Audit Committee should be aware that our opinion may have differed if our programme of work or scope for individual reviews was extended or other relevant matters were brought to our attention.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls relating to Loughborough University is for the period 01/08/2020 to 31/07/2021. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate.

Each audit has been completed in relation to the period between the 1 August 2020 to 31 July 2021, where audits have been completed mid-way through the year and therefore relate to a period of time within the year, this has been noted in our individual reports and terms of reference.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and our examinations as internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

Appendix 2: Opinion types









The table below sets out the four types of opinion that we use, along with an indication of the types of findings that may determine the opinion given. The Head of Internal Audit will apply his/her judgement when determining the appropriate opinion so the guide given below is indicative rather than definitive.

Type of opinion	Indication of when this type of opinion may be given
Satisfactory	<ul style="list-style-type: none"> A limited number of medium risk rated weaknesses may have been identified, but generally only low risk rated weaknesses have been found in individual assignments; and None of the individual assignment reports have an overall report classification of either high or critical risk.
Generally satisfactory with some improvements required	<ul style="list-style-type: none"> Medium risk rated weaknesses identified in individual assignments that are not significant in aggregate to the system of internal control; and/or High risk rated weaknesses identified in individual assignments that are isolated to specific systems or processes; and None of the individual assignment reports have an overall classification of critical risk.
Major improvement required	<ul style="list-style-type: none"> Medium risk rated weaknesses identified in individual assignments that are significant in aggregate but discrete parts of the system of internal control remain unaffected; and/or High risk rated weaknesses identified in individual assignments that are significant in aggregate but discrete parts of the system of internal control remain unaffected; and/or Critical risk rated weaknesses identified in individual assignments that are not pervasive to the system of internal control; and A minority of the individual assignment reports may have an overall report classification of either high or critical risk.
Unsatisfactory	<ul style="list-style-type: none"> High risk rated weaknesses identified in individual assignments that in aggregate are pervasive to the system of internal control; and/or Critical risk rated weaknesses identified in individual assignments that are pervasive to the system of internal control; and/or More than a minority of the individual assignment reports have an overall report classification of either high or critical risk.
Disclaimer opinion	<ul style="list-style-type: none"> An opinion cannot be issued because insufficient internal audit work has been completed. This may be due to either: <ul style="list-style-type: none"> Restrictions in the audit programme agreed with the Audit Committee, which meant that our planned work would not allow us to gather sufficient evidence to conclude on the adequacy and effectiveness of governance, risk management and control; or We were unable to complete enough reviews and gather sufficient information to conclude on the adequacy and effectiveness of arrangements for governance, risk management and control.

Appendix 3: Basis of our classifications

Report classifications

The report classification is determined by allocating points to each of the findings included in the report.

Findings rating	Points	Findings rating	Points
 Critical	40 points per finding	 Critical risk	40 points and over
 High	10 points per finding	 High risk	16–39 points
 Medium	3 points per finding	 Medium risk	7–15 points
 Low	1 point per finding	 Low risk	6 points or less

Appendix 3: Basis of our classifications

Individual finding ratings

Finding rating	Assessment rationale
 Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation or brand of the organisation which could threaten its future viability.
 High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation or brand of the organisation.
 Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation or brand of the organisation.
 Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on the organisation's operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the organisation.
 Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Appendix 4: Mapping of internal audit work

Reporting responsibilities

The table below maps our internal audit work against the **Audit Committee's** reporting responsibilities.

Audit unit	Governance	Risk management	Control	Value for money	Data submission
Strategy development	xx	N/A	YY	N/A	N/A
Information Security and Data Protection	xx	N/A	YY	N/A	N/A
Health and Safety	YY	YY	xx	N/A	N/A
Financial Forecasting	xx	N/A	YY	N/A	YY
Academic Registry	N/A	N/A	xx	YY	YY
Financial Systems	xx	N/A	xx	YY	N/A
Student Recruitment	xx	N/A	YY	N/A	N/A
UUK Accommodation Code of Practice	YY	YY	xx	YY	N/A

Key

xx Testing focused on this area

YY Testing was peripheral

N/A Not tested

Appendix: Conformance with the code of ethics and internal audit standards

Code of Ethics and Internal Audit Standards

We have a firm wide internal audit methodology which is aligned to the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and The Office for Students (OfS) terms and conditions of funding for HE institutions. This is designed to standardise the approach to conducting internal audit engagements. All our work is documented in our dedicated internal audit software which sets out the procedures to be performed to achieve compliance with the standards. The inbuilt workflow functionality ensures that work is adequately documented and reviewed before results are shared. This is further supported by relevant training, supervision and review of the work performed by those with adequate experience and skill in the relevant areas. We also review a random selection of engagements to ensure they comply with the firm's requirements and have appropriately followed the internal audit methodology.

We can confirm that our work has been performed in accordance with this methodology.

Appendix: Independence

We confirm that in our professional judgement, as at the date of this document, Internal Audit staff have had no direct operational responsibility or authority over any of the activities planned for review. We can confirm that as an organisation we are independent from Loughborough University.

In particular, in making this statement we have considered the following services:

Support provided by PwC	Value (£)	Potential threats to independence and safeguards in place
Risk Management Advisory Services	£30,000	<p>For each potential service, prior to engagement, we have completed an Authorisation for Services (AFS) request which has been signed off by the Head of Internal Audit.</p> <p>Each AFS sets out the threats to independence and safeguards in place to manage the risks.</p> <p>In each case, we do not perform a management responsibility role and teams separate to the Internal audit team have conducted the work.</p>

Thank you

[pwc.com](https://www.pwc.com)

This document has been prepared only for Loughborough University and solely for the purpose and on the terms agreed with Loughborough University in our agreement dated 22 July 2020. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

Internal audit work was performed in accordance with PwC's Internal Audit methodology for Higher Education Institutions. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

At the request of Loughborough University, PwC's internal audit methodology has not been followed due to the restricted budget available and therefore we may not have identified all findings that would have been raised in a full scope review using PwC's methodology.

If you receive a request under freedom of information legislation to disclose any information we provided to you, you will consult with us promptly before any disclosure.

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Modern Slavery and Human Trafficking statement 2020/21

Introduction from the Chief Operating Officer

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another to exploit them for personal or commercial gain. We are committed to improving our practices to combat slavery and human trafficking.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 31 July 2021.

Organisational structure

We are a leading UK university in the higher education sector, with a reputation for excellence in teaching and research, strong links with business and industry and unrivalled sporting achievement. The University has over 18,500 students and over 3,600 staff. In 2020/21, we had total income of £311.7 million and total expenditure of £302.5 million.

Loughborough's Chancellor is the formal principal officer. The Chancellor is also an ex-officio member of the University Council and confers degrees on Loughborough's graduates. The University Council is the governing body, responsible for the University's strategy and overall governance. It is the official employer of all staff and meets four times a year. Its Chair is the Senior Pro Chancellor, Christine Hodgson. Senate is responsible for the academic work of the University, academic awards, teaching and research quality. Its membership is drawn from the academic staff of the University.

The day-to-day running of the University is the responsibility of the Vice Chancellor and President, Professor Nick Jennings, who is the academic and executive head. The Vice Chancellor works closely with the [Academic Leadership Team](#) which includes: the Provost and Deputy Vice Chancellor, three Pro Vice Chancellors, the Chief Operating Officer, the Director of Finance and nine School Deans. He also works closely with other senior officers. The University has [9 academic schools](#), over [100 research groups, institutes and centres](#), and [12 professional service functions](#).

Our supply chains

We categorise our procurement spend as follows: (*% split based on 2020-21 spend profile, where total procurement spend was £49.1m*)

Estates/Construction	53.7%	Furniture	2.5%	Domestic & Cleaning	0.6%
IT & Telecommunications	18.1%	Library	2.3%	Travel & Accommodation	0.5%
Professional Services	13.2%	Catering	2.0%	Office Supplies	0.1%
Laboratory & Medical	6.0%	Audio Visual	0.9%	Postal Services	0.1%

We have undertaken a high-level risk assessment of our contracts, identifying where supply chains extend into sectors and territories that are high risk in terms of the potential presence of modern slavery. The high-risk sub-categories identified are estates/construction, IT & telecommunications, catering, specialist cleaning services, taxis, laboratory supplies (gloves), and personal protective equipment/workwear/sports kit/promotional leisurewear.

Our policies on slavery and human trafficking

Our University Strategy, workplace policies and procedures demonstrate our commitment to acting ethically and with integrity in all our business relationships. We are committed to ensuring that there is no modern slavery in our supply chains, or in any part of our business. Our HR policies and procedures reflect UK employment law.

Our [Whistleblowing Policy](#) provides guidance to staff, students, members of its Council and other members of the University on the procedure for the disclosure of information which, in that person's reasonable belief, is in the public interest and tends to show one or more types of malpractice, impropriety or dangers as specified in the Policy.

The University's Procurement Regulations require compliance with the Modern Slavery Act 2015. The University's Sustainable Procurement Guidance Note explicitly references the Modern Slavery Act 2015, with slavery and human trafficking included within the pre-procurement risk assessment tool. It also prompts consideration of the appropriateness of using labour standards (including ILO core conventions) as selection criteria.

Our Ethical Investment Policy includes a commitment to make investments in an ethically responsible manner.

Due diligence processes for slavery and human trafficking

As well as being reflected in our policies and procedures, the requirements of the Modern Slavery Act 2015 are built into our working documents. The risk of modern slavery within the supply chain is flagged and mitigated within the Procurement Strategy checklist/template, pre-qualification/tender documents and the University's Standard Terms and Conditions.

The University has purchased [NetPositive Futures' Supplier Engagement Tool](#), meaning our suppliers can access the tool free of charge to create a Sustainability Action Plan for their business. Where relevant, the tool identifies actions for the supplier to take to mitigate the risk of modern slavery within their supply chain. The tool allows the University to run reports to see supplier progress against identified actions within their plan(s). The University's template contract award letter encourages suppliers to use the tool, where its use is not to be made contractual due to the significance of slavery (or sustainability factors) given the nature of the contract. Furthermore, our contract summary template, which is completed by the Procurement Team once a contract is awarded, focusing contract managers on the key contract deliverables, performance measures and risks etc., includes a modern slavery risk rating. The contract summary template, as well as our contract review meeting agenda template, also note the availability of NetPositive action plan progress reports, including the supplier's progress in taking forward any modern slavery mitigation actions.

The University continues to engage with other universities and higher education purchasing consortia, not least the North Eastern Universities Purchasing Consortium (NEUPC) of which the University is a member, to agree how best our combined resource may be used to identify and monitor risks of modern slavery in our supply chains.

Alongside his counterpart at De Montfort University, the Director of Procurement has lobbied the Home Office to use the Government's weight and resource to ensure more practical steps are taken to mitigate the risk of slavery and human trafficking in public/HE sector supply chains. In particular, it has been suggested that the Crown Commercial Service could do more in auditing the supply chains that feed its high-risk framework agreements, used across the public/HE sector. Both are now members of the Public Procurement Modern Slavery Group, established in February 2021 in response to this lobbying.

Supplier adherence to our values

We have zero tolerance to modern slavery. As well as taking mitigating measures through the procurement/contract management process (including adding appropriate pre-qualification/tender questions and standard contract clauses), the University expressed this policy, explained the Modern Slavery Act and the related measures we have added to our processes, at local supplier events.

Training

The Procurement team have received Modern Slavery training from NetPositive Futures, the University of Greenwich and the Ethical Trading Initiative. All staff involved in procurement are made aware of the risks and indicators of modern slavery in our supply chains, along with the mitigating measures detailed above, Copyright © Loughborough University. All rights reserved.

as part of our rolling in-house Procurement training. All staff have been made aware of the free Modern Slavery online training module made available by the British Universities Finance Directors Group (BUFDG).

Our effectiveness in combating slavery and human trafficking

All tendering exercises undertaken by the Procurement team during 2020/21 incorporated the standard modern slavery risk mitigation measures now built into our procurement process.

Over the course of the year, the Procurement team has sort out and used a number of tools for checking the performance of our suppliers in protecting workers' rights, including [BetterWork](#) for our apparel contracts and [Know the Chain](#) for our IT contracts.

We have also made use of the resources developed as part of [Stronger Together's Construction Programme](#), adding the following requirement to our Invitation to Tender template for Estates/Construction category contracts:

To mitigate the risk of modern slavery within its supply chain, the Contractor must:

- Ensure that the Site Manager (as a minimum) has undertaken training on how to identify and respond to signs of modern slavery among Contractor employees working on the University site; and
- Clearly display posters about the University site explaining, in all relevant languages, what forced labour is and how to report incidents of it, including via the Modern Slavery Helpline.

StrongerTogether also provides resources for fulfilling such requirements.

Richard Taylor

Chief Operating Officer

Loughborough University

On behalf of the Council of Loughborough University which approved this statement on 25th November 2021

Conflict of Interest Policy

This policy applies to all members of the University, including staff, external committee members, consultants, honorary appointments and volunteers. A reference in this policy to staff includes any person within the scope of the policy.

The University's conflict of interest policy accords with the Seven Principles of Public Life established by the Nolan Committee. The fact that the University has adopted such a policy does not in any way cast doubt on the integrity or professionalism of the University's employees. Rather it recognises that the University wishes to give a great deal of freedom to employees to engage in external activities, giving many advantages to the University and the individuals concerned, and so conflicts are common and to be expected.

The most important message in the University's conflict of interest policy and procedure is that all staff should discuss or disclose an activity if they are in doubt about whether it represents a conflict of interest. However, it is expected that the majority of potential, perceived or actual conflicts of interest will be able to be self-managed.

This document outlines the principles upon which conflicts can be assessed by individuals in practice, with some examples provided in Appendix A to aid with these assessments. A 'How To' guide is also available ([LINK](#)) providing details on how to record and manage Major conflicts.

Policy Principles

A conflict of interest is *a set of circumstances that creates a risk that an individual's ability to apply judgment or act in one role is, or could be, impaired or influenced by a secondary interest* ([UKRI](#)). The University's conflict of interest policy operates on a number of basic principles;

- Conflicts of interest whether perceived, potential or actual, are common and a reality of the working environment.
- Individuals recognising conflicts of interest is key as the vast majority can be managed or avoided.
- It is the individual's responsibility to recognise conflict or those situations that might reasonably be seen by others to have a conflict, and thus identify, declare where appropriate, and manage such conflicts.
- Conflicts can be categorised into two groups; '**minor**' (*able to be easily avoided by self-management, possibility of indirect influence or benefit only, low risk of either likelihood of conflict or conferring an impact*) and '**major**' (*unlikely to be avoidable easily through*

self-management, possibility of direct influence or benefit, high risk of likelihood or conferring an impact).

- Most conflicts will be minor and can be personally managed by an individual
- Major conflicts will require declarations to be made, treatment plans to be developed with line managers, and records to be documented on iTRENT
- A failure to declare major conflicts in good time will be viewed as intentional rather inadvertent.

There can be situations in which the appearance of conflict of interest is present even when no conflict actually exists. Thus, it is important for all staff when evaluating a potential conflict of interest to consider how it might be perceived by others. To aid this reflection, all staff will be asked on an annual basis whether they have any major conflicts to declare although these evaluations should be undertaken as part of common practice on a continuous basis.

Appendix A

Financial Conflicts of Interest

A financial conflict of interest, for the purposes of this policy, is one where there is or appears to be opportunity for personal financial gain, financial gain to close relatives or close friends, or where it might be reasonable for another party to take the view that financial benefits might affect that person's actions.

Financial interest means anything of monetary value, for example:

-
- payments for goods or services;
 - awards of contracts;
 - equity interests (e.g. stocks, stock options or other ownership interests);
 - resources and assets, including equipment, technical staff and facilities;
 - intellectual property rights (e.g. patents, copyrights and royalties from such rights).
-

The level of financial interest is not the determining factor as to whether a conflict should be disclosed. What might be 'not material' or 'not significant' for one person might be very significant for another. Good practice in many situations will mean the disclosure of 'any' financial interest, however small. A conflict will arise if the interest might provide, or be reasonably seen by others, to provide an incentive to the individual which affects their actions and where he or she has the opportunity to affect a University decision or other activity (because for example he or she is the decision-maker or the principal investigator on a research project).

Non-Financial Conflicts of Interest

Non-financial interests can also come into conflict, or be perceived to come into conflict, with a person's obligations or commitments to the University or to other bodies, for example the individual's college or other body of which he or she is a trustee. Such non-financial interest may include any benefit or advantage, including, but not limited to, direct or indirect enhancement of an individual's career, education or gain to immediate family (or a person with whom the person has a close personal relationship).

Assessment of Conflict of Interest

Most conflicts as stated should be self-managed by individuals. Managers of individuals where conflicts can't be self-managed or where major conflicts arise should operate using the principles below.

It is important to note that "seriousness" is a question of degree. It involves a spectrum of directness and significance. Several factors may need to be considered when assessing the seriousness of the conflict of interest and potential for bias.

These include but are not limited to:

1. The seriousness of the actual, potential or perceived conflict which might include any potential breaches in legislation or statutory duties or the impact of the conflict on the university's reputation
2. how closely the two interests concern each other;
3. the magnitude of the actual, potential or perceived effect of one on the other;
4. the nature or significance of the particular decision or activity being carried out;
5. the extent to which the individual's other interest could actually affect or be perceived to affect the School's decision or activity;
6. the nature or extent of the individual's current or intended involvement in the School's decision or activity.

As an additional source of help, please refer to the:

- [Ethics Framework](#) (which commits us to adherence to the Nolan principles – and so providing an underpinning basis for analysis of conflicts of interest)
- [External professional work procedures](#)
- [Prevention of Procurement Fraud Policy](#)
- [Anti-Bribery Policy](#)
- [IP Policy](#)

- [SpinOut Policy](#)
-

Examples of Potential Conflicts of Interest

This list is not meant to be exhaustive. The primary obligation rests with the individual to recognise situations in which they potentially have a conflict of interest and to disclose and discuss that conflict with their line manager. It is important to understand that this includes scenarios that conflict with the [Nolan Principles](#) as well as those could be perceived as conflicting; it is therefore imperative that the context and detail of each potential example are fully understood by the line manager. Note that in the majority of cases permission can be given to proceed provided that arrangements are made to avoid the potential conflict.

Financial interests:

- Staff of the University serving on other bodies or committees who have financial or other personal interests in companies or organisations on which the body is expected to pass judgement. Members of such bodies will typically be asked by those bodies to declare financial interests and to absent themselves from any decisions related to those interests.
- Authors submitting a paper must disclose any 'significant financial interest' or other relationship with the manufacturers of any commercial products or providers of commercial services discussed in the manuscript and any financial supporters of the research. The intent of such disclosures is not to prevent an author with a significant financial or other relationship from publishing a paper, but rather to provide readers with information upon which to make their own judgements.
- Staff holding directorships or shareholdings in a personal capacity with a named company that the University or one of its subsidiary companies might do business with.
- A staff member takes part in the negotiation of a contract between the University and a company, where the staff member or his or her family or a close personal friend has a financial or non-financial interest (e.g. a directorship) in that company.

Research:

- A researcher develops a research or commercial proposal, which at least in part, could be delivered by a company that they have an interest in (financial, managerial, shareholder, owner).
-

- The researcher has a financial interest in the company sponsoring the research, this being exacerbated if the value of the researcher's interest may be affected by the outcome of the research.
- A researcher holds a directorship or is a significant shareholder of a company (Company 1) and through their University research activities has access to privileged information relating to another company (Company 2) that may be operating in a related field. Company 1 should be informed of such a potential conflict before the researcher makes use of that information in connection with Company 1 or discloses anything to them. The researcher is also likely to have an obligation of confidentiality to Company 2 which they should not breach.
- The researcher holds a position in an enterprise (e.g. as director) that may wish to restrict (or otherwise manage) adverse research findings for commercial reasons or not wish to publish the results of the research. This is not only a potential conflict of interest but has a potential impact on academic freedom for other researchers.
- A researcher or a related body in which the researcher has an affiliation or a financial interest may benefit, directly or indirectly, from dissemination of research results in a particular way (including any unwarranted delay in or restriction upon publication of such results).
- Some research funding agencies set specific disclosure requirements related to financial interest. They may require, for example, direct notification to them or to University officials where a principal investigator's financial interests might reasonably appear to be affected by the outcomes of the research.
- Some types of research, e.g. clinical trials, also require additional declarations related to financial interest. Researchers need to be aware of and comply with those specific requirements. Further information can be found in the terms and conditions of the grant or contract. Researchers should contact the Research and Enterprise Office if they are in any doubt as to the requirements.

Student supervision and teaching:

- Staff with a close personal or familial relationship with a student or a student's family who may be involved in decisions about that student's admission, teaching, supervision or academic progress or the award of any scholarship, prizes or other grants to the student. If the staff member attends a meeting of the board of examiners where the student is being assessed, the interest should be declared.
- Doctoral Student supervisors with a personal or familial connection

- A member of staff who is in a position to judge or evaluate the quality of a student's work holds a financial stake or a formal position in any student-run, owned or controlled commercial venture whilst that student is enrolled at the University.
- Undertaking teaching, examination or assessment duties at other Universities (paid or unpaid)
- A postgraduate research student receiving support from a company in which his/her academic supervisor has a financial interest or position. This would require a change to the supervisory team (e.g. an additional supervisor to assure independency).
- A member of staff supervising a taught undergraduate or postgraduate student where the member of staff develops a research or commercial interest in the IP developed by the student and enters into negotiation with the student prior to the student graduating. Staff should note that [University policy](#) is that such students own their own IP and that they should not be pressured into giving up those rights.

Consultancy:

- Staff carrying out work on a self-employment basis for another organisation that may be connected to the University or its subsidiaries
- Staff advising external partners (individuals, companies or organisations) either through LUEL or in a private capacity (subject to the University's External Work Procedures) and in doing so, disclose IP or make arrangements regarding the generation of new IP for that external partner where the IP is owned by the University and not by themselves.
- Staff seeking to influence the pricing of work favourably for an external organisation in which they have a financial or non-financial interest, resulting in a discount below market rate, without other justification. This also may have State Aid implications.
- Staff involving taught students (undergraduate or postgraduate) in consultancy activities and assuming their IP can be utilised; however students (not being an employee of the University) own their own IP ([Student ToolKit](#)) and so this assumption should not be made nor should the students be pressured by staff into handing over rights to that IP to others.
- Staff acting in dual roles in terms of commissioning work and then supplying services.
- Undertaking external work that rightly should be delivered by / through the University as it uses, or could use, University IP / facilities / staff / resources / brand etc. i.e. acting in competition with the University.

Staff should note that, based on their **Conditions of [Service](#)**, all IP generated by them in the course of their duties, or which is generated using any University resources, facilities or

equipment is owned by the University. Staff may not make any arrangements (commercial or otherwise) regarding that IP with external partners, nor disclose that IP for commercial gain without permission.

If the consultancy is carried out through LUEL then LUEL sets out the legal terms (including IP terms and conditions) with the partner. A key provision of that agreement may mean that the partner owns any IP developed during the consultancy. If the work is based on valuable existing or potential new commercialisable ideas and/or the staff member has ambitions to commercialise these ideas through other routes, then staff should alert LUEL who will engage with the Commercialisation Team in the Research & Enterprise Office to ascertain whether the consultancy work will compromise the ability to commercialise that IP.

If the consultancy is carried out in a personal capacity, then LUEL's protection regarding insurance and legal terms is not available and staff should be aware both of the potential for personal liability and the potential to disclose or deal with IP that is not owned by them (as above) and/or could be better commercialised through other routes. Such activities are in breach of their Conditions of Service.

Spin-outs and licensees of University IP:

Staff are reminded that as a founder in a SpinOut, their role should not result in influence being brought to bear or decisions being made which could result in a conflict of interest with their responsibilities and duties as employees of the University (as per the examples above). In terms of IP, this could mean;

- Staff having a financial interest or other personal interest in a spin-out or in an organisation to which the University has licensed or is seeking to license University IP.
- Staff involved in a SpinOut or Licensing collaboration using their relationship with colleagues at the University to secure preferential treatment in terms of IP and confidentiality in student projects (whether UG/PG/PGR).

Staff should note that where a SpinOut is formed based on IP that they have generated, or where a licence is agreed with an external company based on such IP, that they are entitled to a share of the income arising to the University from the licence (see IP Policy, Conditions of Service and SpinOut Policy for more details). Hence the above financial interest may apply even if staff have no other direct interest in a licensee.

In such cases:

They should normally play no executive role in any decisions made between the University or its subsidiaries and such spin-outs or IP licensees. If it is believed that there are exceptional circumstances to argue for such involvement, prior permission must be sought by the Dean and then from the Pro-Vice-Chancellor (Enterprise). The proposed conflict of interest plan/approach to be put to the Dean and then the Pro-Vice-Chancellor (Enterprise) must aim to protect the reputation of the academic(s), their research group(s) and the University and ensure compliance with company law.

The [Financial \(Procurement\) Regulations](#) apply where a SpinOut could deliver a contract for goods or services.

Sale, supply or purchase of goods or services:

Individuals should be aware that conflicts will exist when procuring services or goods from an organisation that they or a close friend or family member have a role in.

- Staff must ensure the probity of all financial transactions. The sale or supply of goods by the University or the purchase of goods or services by the University must be carried out in accordance with the University's Financial Regulations. Staff should not normally be involved in supply or purchase decisions in relation to any external organisation in which they or any members of their family or any person with whom they have a close personal relationship have a financial interest or in any way have the capacity for personal gain. If there are exceptional circumstances that prima facie require such involvement, the following process should be followed:
 - *the person should disclose, in writing to their line manager, the nature of the transaction, the potential conflict and the method proposed to manage the conflict;*
 - *they and their line manager must formulate a proposed plan/approach that protects the University and ensures compliance with the law and the integrity of the transaction(s) and the individuals involved; and the line manager must then seek approval of that plan from the relevant Dean / Director.*
- All purchases for the supply of goods or services should comply with the University's Financial (Procurement) Regulations including the Ethical Procurement regulations. Where a conflict of interest could occur, those responsible for making the decision should take particular care in deciding which supplier or contractor to choose. So as to be able to show impartiality, individuals should take appropriate steps to ensure value for money.

Advice may be sought from the Head of Procurement. The appropriate Procurement Category Manager generally manages all £50k+ procurement exercises, ensuring that all tender evaluation panelists complete the Declaration of Interests form. In any event, the appropriate Category Manager must be asked to advise where there are any potential conflicts of interest, including where potentially perceived, ahead of embarking on a procurement exercise.

In terms of procurement, a primary risk area for potential conflicts of interest, the University's processes prompt declarations of interest. Tender evaluation panellists for £50k+ contracts are required to complete the Declaration of Interests form, and the New Supplier-Contract Award Approval Form requires confirmation that there are no unmitigated conflicts of interest for those who were involved in the procurement process.

Other potential declarations of interest to consider

Certain scenarios may lead to opportunities for conflict and so individuals need to remain cognisant of this.

- Participating in the appointment, hiring, promotion, supervision or evaluation of a person with whom the staff member has a close personal relationship. All staff recruitment should be carried out in accordance with the [University's Recruitment Guidelines](#).
- A spouse works at the University (note – the point here isn't that this is inherently bad, simply that a conflict exists and needs to be managed)
- An academic chairs a University committee which is to consider the allocation of funds to be shared between a number of Schools, including their own.
- Being the editor of a journal (including membership on an editorial board)
- Where there is a family or personal relationship between two members of staff, Council or Committee members; neither member of staff should be involved in any decision or process affecting the other, including promotion, remuneration, discipline, governance or grievance.
- The holding of any other appointments such as membership of governing bodies of other education institutions, charity trusteeships and other public appointments.

Matters for Report by the Pro Vice-Chancellor (Research)

Origin: Steve Rothberg PVC(R)

Annex 1

Subject: Research Grants and Contracts Quarterly Report: Q4 20/21

Origin: Anna Bullen and Frida Skytt

This report summarises research grant activity for Q4 20/21 and covers 1) Research Income, 2) Research Awards, 3) Research Applications. This format is intended to demonstrate current financial performance (income) alongside indications of performance in the next 1-4 years (awards) and the next 2-6 years (applications). Breakdown of income, awards and applications by School and funding source is provided in sections 4 and 5, followed by success and overhead recovery rates in section 6.

1) Research Income

For each of the last 8 quarters, figure 1a shows total research income, with corresponding overhead contribution by value and rate shown in figures 1b and 1c. All plots also show the rolling 1 year data (divided by four as necessary to facilitate comparison with quarterly data). The research income plot shows the relatively small natural variation in this measure, with values ranging from £7.9M in Q1 20/21 to £9.9M in Q4 20/21.

This quarter's research income (excluding third party income) stands at £9.9M, including an overhead recovery of £2.9M (29.7%). For the full year, total income and overhead values now represent 103% and 101% respectively of the full year targets of £36M for income and £11M for overheads. The rolling year quarterly income figure currently sits at £9.3M.

For overhead recovery by value, the rolling year figure has increased steadily over the last 2 years, though with a slight drop this quarter. The rolling year overhead recovery is now £2.9M per quarter (c.20% increase over 3 years) at a healthy rate of 31%.

2) Research Awards

For each of the last 8 quarters, figure 2a shows research awards by value, with corresponding expected overhead contribution by value and rate shown in figures 2b and 2c. The plots also show rolling 1 year data (divided by four as necessary to facilitate comparison with quarterly data). The plot of research awards by value shows the natural volatility in this measure, with quarterly values as high as £17.1M in Q2 19/20 and as low as £4.9m in Q4 19/20.

74 awards have been received, totalling £10.7M, in this quarter. Of these awards, 71% (by value) have been from UKRI Research Councils and 3% from UK Central Government. Full year awards of £45.3M represent 107% of this year's council KPI (£42.5M).

The rolling year data show the underlying trend more reliably. The rolling year awards figure has risen to £11.3M in this quarter. The rolling year expected overhead contribution now sits around £4M per quarter, ahead of the current target from income of £3M. At 36%, rolling year expected overhead recovery rate has now held up well for all 8 quarters shown.

3) Research Applications

For each of the last 8 quarters, figure 3a shows research applications by value, with corresponding overhead contribution by value and rate shown in figures 3b and 3c. The plots also show rolling 1 year data (divided by four as necessary to facilitate comparison with quarterly data). The plot of applications by value shows the natural variation in this measure, with quarterly values ranging from £57.1M in Q4 19/20 to £30.4M in Q4 20/21.

171 applications totalling £30.4M have been submitted this quarter. 55% of applications (by value) have been to Research Councils (totalling £16.8M), which was made up of £8.3M (49.4%) to EPSRC, £4.9M (29.3%) to ESRC, £0.6M (3.8%) to NERC, £0.6M (3.8%) to AHRC, £0.6M (3.8%) to MRC, £0.06M (0.4%) to BBSRC, and £1.6M (9.5%) to UKRI.

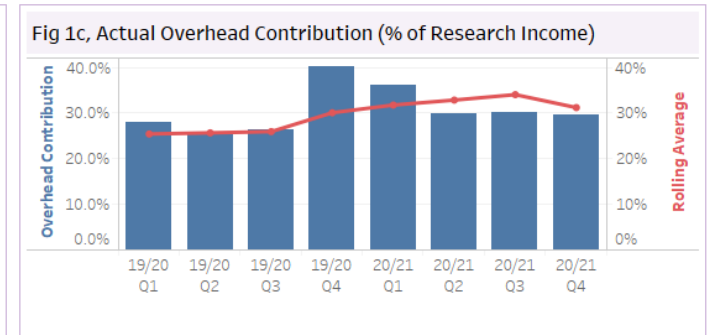
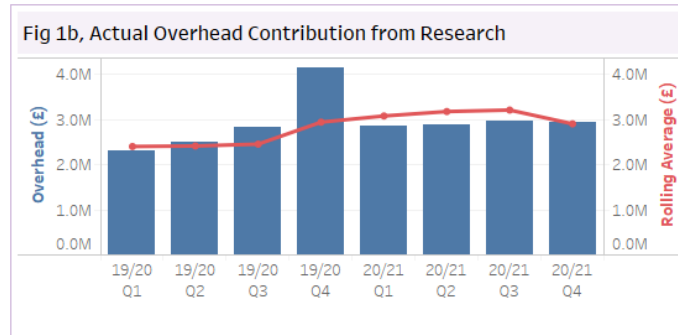
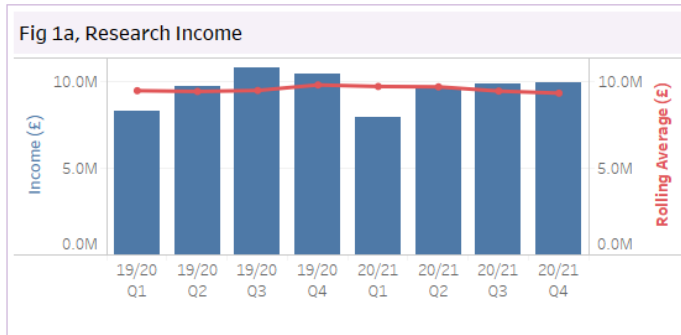


Figure 1. Research Income a) quarterly total b) overhead contribution value c) overhead contribution rate (see note)

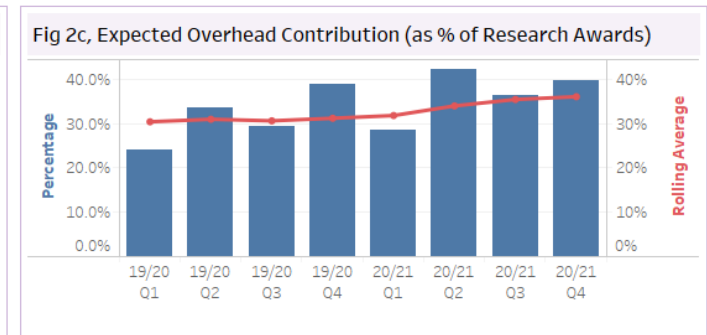
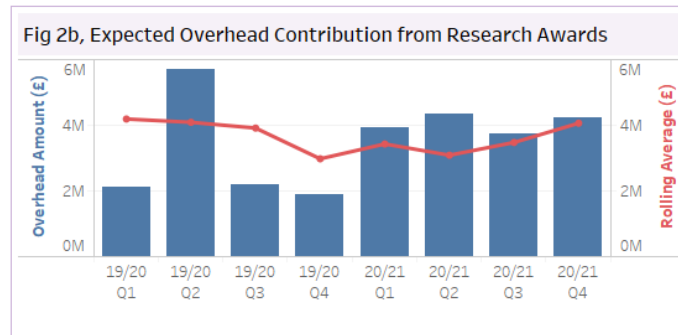
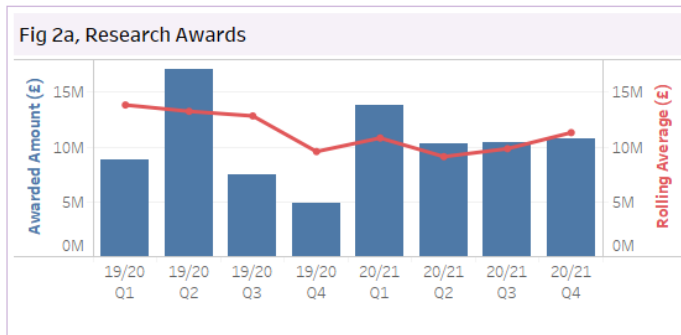


Figure 2. Research Awards a) quarterly total b) expected overhead contribution value c) expected overhead contribution rate (see note)

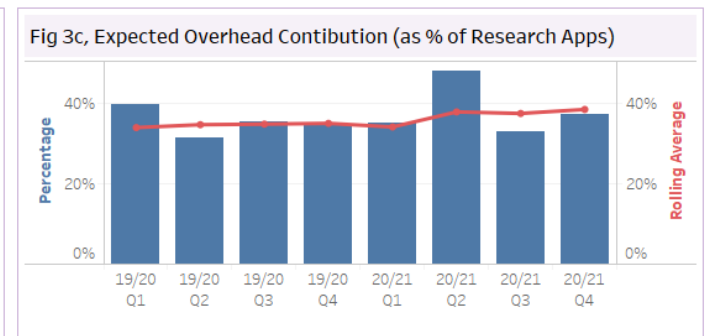
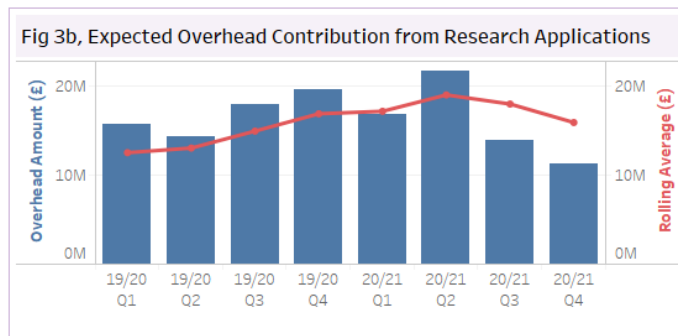
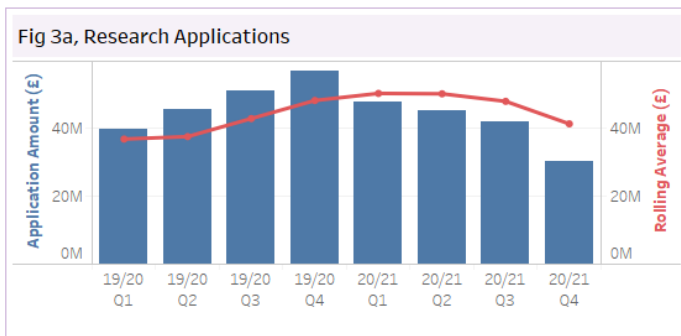


Figure 3. Research Applications a) quarterly total b) expected overhead contribution value c) expected overhead contribution rate

Notes: Income and awards plots do not include third party income. Awards are now reported when a J code has been set up; this is usually when contract negotiations are complete but can also precede this in special circumstances where the Dean has agreed to underwrite initial expenditure.

Assuming a conservative 20% overall success rate, an estimate of future overhead contributions may be calculated. The rolling year data point for expected overhead contribution stands at £15.9M which indicates a future overhead contribution from research income of around £3.2M per quarter. This figure is above the equivalent figures of £2.9M from current income but below the equivalent figure of £4.0M from new awards. Overhead recovery rate has been climbing to reach a rolling year value above the desired 30% (currently 37%).

(Note: outline applications are not included in the application figures until either: (1) they are submitted at the full stage or (2) the Research Office is informed that the outline has not been invited to continue to the full stage).

4) Income breakdown by School

Table 1 shows the FY RG&C income by School (income and overhead expectations are 100% at this point in the year). A simple colour coding shows those schools that are ahead of (green), on-track with – within 5% (black) and behind (red) targets. At the end of the year, all Schools are at or ahead of their income targets, though ABCE, LUL, SDCA and SBE fell slightly short of their overhead targets.

School	Income £k	Income % met	Overhead % met	Income
				£k / RTE FTE
SAACME	8,309,951	102%	106%	105.8
WSMEME	7,658,220	100%	103%	66.5
SABCE	3,655,951	99%	92%	51.0
SSCI	5,619,346	103%	102%	48.3
SSSH	4,843,834	111%	104%	39.6
LUL	1,476,626	109%	94%	29.1
SSEHS	2,694,889	105%	112%	28.3
SDCA	1,873,295	99%	95%	24.2
SBE	1,089,682	98%	90%	9.5
Grand Total	37,221,795	103%	101%	44.2

Table 1: FY 20/21 research income and overheads by School

For context, income is also shown normalised by the number of academic staff and the schools are presented in a rank order by this measure.

5) Awards and applications breakdown by School and funding source

Council KPIs include an awards target that rises by 5% per annum from £35M in 16/17 to reach almost £47M in 22/23. To meet the KPI, research income targets were agreed (for the first time) at the School level at the beginning of 18/19. These individual targets sum to £56M in 22/23, setting an ambition that exceeds the Council KPI. These targets together with the awards trajectory by School are shown in Table 2. For 20/21, we have now agreed increased targets for SCI departments and set a reduced target for WSMEME to acknowledge a difficult few years for funding.

Schools are presented by cost centres because some of the more diverse schools need to set targets in a way that acknowledges disciplinary difference. Targets are normalised in the form 'income per fte' and benchmarked from HESA data to provide an estimate of percentile

rank within the cost centre, as shown in the last 2 columns of Table 2. The consistently high percentile ranks indicate a balance of ambition and realism in the targets. Using the current staff fte, the per fte targets are translated into the long-term (22/23) targets, as shown in column 7. Using an annual 5% growth target, the 22/23 target can be expressed as an appropriate 20/21 target (column 6). Columns 3-5 then show the awards trajectory from the last 2 full years to the current year towards the long-term target.

To show whether performance is on track with the longer term targets, awards and applications are quantified in terms of absolute value and as a proportion of the target for the year in question. Awards are shown in this way in Tables 2 and 3b. Applications are shown in this way in Table 3a.

Tables 3a and 3b show a breakdown by funding source for each School, as applications and awards respectively, at FY 20/21. For each funder type, percentage figures express the proportion of the activity associated with that funder type. For example, the science and engineering schools generally make a higher proportion of applications to the research councils, while SSEHS and LUL make a higher proportion of applications to charities.

Research Council applications are particularly important because of their high total value and their overhead-bearing nature. An overall figure around 60% is the expected level. Applications to EU Central Government started at a very high level in Q1, probably driven by doubt about ongoing participation in EU programmes, and then slowed considerably.

With emphasis now on the Table 2 targets, the final columns of Table 3a and 3b show applications and awards, respectively, as a percentage of the agreed awards target for each School. Overall, awards at Q4 amount to 89% of the 20/21 target from Table 2 (though 107% of this year's Council KPI). SSSH, in particular, and SSCI finished 20/21 ahead of their award targets with strong performance also from SAACME (96% of target) and WSMEME (84% of target but following 2 weak years). SSEHS and LUL have not had good years and this will need to be addressed. Both have reasonable applications volume so consideration must be given to low success rates (see section 6) which might be driven by quality or timing issues.

We do not set targets on applications but success rates are typically around 25% so quarterly applications around 100% of the annual awards target are expected i.e. 400% at Q4. Under the difficult circumstances colleagues have been working this year, it is creditable that applications have held up well. SABCE need to look at their applications volume which is too small while SCI continues to have very high applications volume as it grows its awards value. SSSH also has high applications volume but this is driven by a small number of very high value applications.

School	HESA Cost Centre	18/19 awards (£k)	19/20 awards (£k)	YTD 20/21 awards (£k) (% of target)	20/21 target (£k)	22/23 target (based on current fte) (£k)	22/23 target estimated percentile rank (100 is high)	22/23 agreed target (£k/fte)
SAACME	116 Chemical engineering	7844	8930	10420 (96%)	10902	12020	80%	153
	117 Mineral, metallurgy & materials engineering						40%	
	120 Mechanical, aero & production engineering						80%	
SABCE	118 Civil engineering	9531	2773	4936 (86%)	5721	6308	70%	88
	123 Architecture, built environment & planning						90%	
SBE	133 Business & management studies	674	1066	998 (73%)	1,359	1498	80%	13
SDCA	138 English language & literature	3812	1736	1941 (73%)	2665	2938	100%	38
	143 Art & design							
LUL	119 Electrical, electronic & computer engineering	909	2439	777 (53%)	1477	1628	70%	120
	133 Business & management studies						70%	7
	143 Art & design						90%	32
	145 Media studies						90%	20
WSMEME	119 Electrical, electronic & computer engineering	9762	4247	12305 (84%)	14627	16127	80%	140
	120 Mechanical, aero & production engineering						80%	
SSCI	113 Chemistry	11509	5294	5940 (109%)	5426	5982	50%	77
	114 Physics						30%	58
	121 IT, systems sciences & computer software engineering						50%	44
	122 Mathematics						70%	39
	135 Education						90%	39
SSEHS	108 Sports science & leisure studies	3880	4053	1660 (32%)	5183	5714	100%	60
SSSH	124 Geography & environmental studies	7364	7818	6290 (174%)	3623	3995	80%	64
	128 Politics & international studies						60%	12
	131 Social work & social policy						90%	67
	138 English language & literature						80%	10
	145 Media studies						90%	23
	Total	55285	38357	45267 (89%)	50983	56208		

Table 2: Research awards trajectory by School, based on agreed 22/23 targets

School	UK Research Councils (£k)		EU Central Government (£k)		UK Central Government (£k)		UK Charities (£k)		UK Industry and Commerce (£k)		Other (£k)		Total	
													(£k)	As % of 20/21 awards target
SAACME	12,392	49%	1991	8%	4,718	19%	1,005	4%	3,039	12%	2119	8%	25,264	232%
SABCE	6,903	75%	221	2%	1136	12%	430	5%	155	2%	393	4%	9,238	161%
SBE	5,164	88%	249	4%	115	2%	65	1%	152	3%	97	2%	5,841	430%
SDCA	7,392	73%	200	2%	1,375	14%	772	8%	142	1%	301	3%	10,183	382%
LUL	1,859	37%	1,427	28%	139	3%	1225	24%	30	1%	369	7%	5,050	342%
WSMEME	26,291	72%	818	2%	5383	15%	1,803	5%	1176	3%	886	2%	36,358	249%
SSCI	20,643	60%	5,484	16%	1,220	4%	4,377	13%	720	2%	1940	6%	34,383	634%
SSEHS	7,732	45%	0	0%	3,243	19%	4,460	26%	266	2%	1442	8%	17,143	331%
SSSH	7,660	35%	3581	16%	5,183	24%	5,021	23%	138	1%	249	1%	21,831	603%
Total	96,036	58%	13,970	8%	22,512	14%	19,158	12%	5,818	4%	7,796	5%	165,290	324%

Table 3a: Research Applications by School and funder type at FY 20/21

School	UK Research Councils (£k)		EU Central Government (£k)		UK Central Government (£k)		UK Charities (£k)		UK Industry and Commerce (£k)		Other (£k)		Total	
													(£k)	As % of 20/21 awards target
SAACME	4,789	46%	565	5%	1,045	10%	26	0%	2,713	26%	1,281	12%	10,420	96%
SABCE	1,584	32%	0	0%	157	3%	83	2%	154	3%	2,958	60%	4,936	86%
SBE	600	60%	0	0%	0	0%	12	1%	152	15%	234	23%	998	73%
SDCA	1,289	66%	160	8%	189	10%	45	2%	142	7%	116	6%	1,941	73%
LUL	450	58%	177	23%	139	18%	0	0%	10	1%	0	0%	777	53%
WSMEME	8,513	69%	0	0%	1,695	14%	543	4%	874	7%	680	6%	12,305	84%
SSCI	4,101	69%	584	10%	281	5%	271	5%	620	10%	84	1%	5,940	109%
SSEHS	401	24%	0	0%	42	3%	622	37%	218	13%	377	23%	1,660	32%
SSSH	967	15%	0	0%	4,227	67%	899	14%	138	2%	60	1%	6,290	174%
Total	22,694	50%	1,486	3%	7,775	17%	2,501	6%	5,022	11%	5,790	13%	45,267	89%

Table 3b: Research Awards by School and funder type at FY 20/21

6) Success rate and overhead recovery rate breakdown by School

This analysis of success rates by value and number tracks awards back to their year of application. A summary of success rates by value and number from the last 3 years is shown in Table 4a, while overhead recovery is summarised in Table 4b. The colour coding indicates percentages above (green), close to (black) and below (red) the overall LU figure.

The 18/19 success rates will be fixed now, as should 19/20 rates. Success rates for 20/21 are meaningful at this stage in the cycle but still settling. Comparing with previous years at this point in the cycle:

- 18/19 (the last 'normal' year): success rates of 18% (value) and 25% (number) increased to 32% and 35% respectively.
- 19/20 (pandemic affected): success rates of 14% (value) and 23% (number) increased to 21% and 32% respectively.

School	Success rate (by value) from applications made in:			Success rate (by number) from applications made in:		
	18/19	19/20	20/21	18/19	19/20	20/21
SAACME	52%	30%	34%	54%	45%	49%
SABCE	28%	27%	4%	40%	35%	24%
SBE	9%	27%	6%	17%	33%	34%
SDCA	33%	4%	18%	32%	23%	21%
LUL	14%	33%	7%	21%	29%	13%
WSMEME	23%	16%	21%	38%	26%	35%
SSCI	40%	22%	6%	29%	36%	24%
SSEHS	29%	10%	5%	31%	32%	20%
SSSH	40%	28%	24%	37%	25%	26%
Total	32%	21%	16%	35%	32%	30%

Table 4a: Success rates by School

Higher overall success rates by number rather than by value indicate more success for smaller grant applications than larger ones. This is an expected consequence of the way competition increases as proposal values increase.

Some of the differences in success rates are driven by the external environment e.g. School A seeks funds from different sources than School B and success rates from those sources are generally higher / lower.

AACME continue to have high success rates by value and number. Success rates in ABCE have fallen from good levels and the current success rate by value this year is very low, while those in WSMEME have recovered from low levels last year. Success rates in SBE are showing signs of improvement for smaller grants but are very low by value for 20/21 so far. Success rates have fallen in SDCA (by number) and SSEHS (by value and number) to low levels. Success rates in LUL are low this year, by both value and number, following a period of good development. SCI success rates have been satisfactory but success rate by value is very low this year, on the back of high applications volume. In SSH, larger awards are driving high success rates by value.

As shown in Table 4b, good overhead recovery performance across most Schools is apparent from the last 3 years' applications. In London, volatile rates are a consequence of

relatively lower total value especially in early years. Increased recovery rates in DCA, MEME, SCI, SSH and SSEHS are noteworthy. Overhead rates for 20/21 are starting to settle at this stage in the cycle. Overall, Table 4b shows overhead recovery rate maintained at a high and much improved rate (from 24% in 16/17).

School	Overhead recovery rate on awards from applications made in:		
	18/19	19/20	20/21
SAACME	21%	29%	30%
SBE	45%	46%	19%
SABCE	48%	25%	23%
SDCA	26%	34%	39%
LUL	55%	25%	9%
WSMEME	34%	40%	40%
SSCI	35%	43%	42%
SSH	23%	42%	35%
SSEHS	24%	28%	43%
Total	31%	35%	35%

Table 4b: Overhead recovery rates by School

Outline Proposals for Amendments to the University Committee Structure

Origin: Working Group on Effectiveness Review of Council and Council secretariat

Executive Summary

The AdvanceHE Effectiveness Review report recommended that the University reduce the number of committees and increase their focus on strategic development. Following discussions at the Council Away Day on 14 October 2021 and consultation with the Chair of Council, this paper presents initial proposals for change. If agreed in principle, revised terms of reference will be considered at Nominations Committee initially for final approval by Council in March 2022 and full introduction in 2022/23.

Council Committees:

- a) Rename Audit Committee as Audit and Risk Committee
 Nominations Committee as Nominations and Governance Committee
- b) No change Remuneration Committee

Joint Senate/Council Committees (only those with lay members are mentioned below):

- c) Combine Estates Management and IT & Governance Committee to create an Estates and Infrastructure Committee. Information Governance to Audit Committee.
- d) Ethics Committee – becomes a sub-committee of Audit and Risk Committee.
- e) Reduce the sizes of Finance Committee and Human Resources Committee and thereby reduce the number of lay members required.
- f) Equity, Diversity and Inclusion Committee created, chaired by new PVC(EDI) and with some lay membership to replace existing sub-committee of Human Resources Committee.

The creation of a Strategy and Performance Committee has been considered but is not recommended as Council itself should fulfil this function with enhancements to the agendas and papers.

Other Committees Consulted: N/A

Equality Diversity and Inclusion Considerations

The proposal above for an EDI Committee builds on the related recommendations of the Advance HE report and the emerging University strategy. EDI issues will be given careful consideration in the

proposed compositions of both revised and continuing committees as part of this work which will support implementation of the Race Equality Charter Action Plan.

Action Required: Council is asked TO CONSIDER the following questions:

1. Is Council content to approve the proposed changes in principle? If not, do members have alternative proposals?
2. Is Council satisfied with the representation on committees of lay members?

Background

Council commissioned an effectiveness review of its own operation in March 2021, in line with the requirements of the Committee of University Chair’s (CUC) Code of Governance. The Working Group established by Council engaged Advance HE as consultants to undertake the review. Council received the final report from AdvanceHE and initial proposals for action as part of the papers for its meeting on 14 October 2021. The 31 recommendations of the report were explored in more detail as part of the Away Day discussions and it was agreed that further proposals for amendments to the Committee structure would be considered at the November meeting of Council. The proposals below are made by the Effectiveness Review Working Group in consultation with the Chair of Council and the Council secretariat.

Council Committees (predominately or entirely lay membership)

Committee	Proposed Changes
Audit Committee	Rename “Audit <u>and Risk Committee</u> ”. Risk is already explicitly reflected in the terms of reference but this would make more apparent.
Nominations Committee	Rename “Nominations <u>and Governance Committee</u> ”. Revise terms of reference to reflect extension of governance role.
Remuneration Committee	Unchanged.

Joint Senate/Council Committees (variable degrees of lay membership)

Enterprise Committee (Note: no lay members)	Discontinue following PVC changes. Innovation aspects move to revised Research and Innovation Committee.
Ethics Committee	Becomes a sub-committee of Audit and Risk Committee. Its sub-committees remain. Also sends reports to Senate.
Estates Management Committee and Information Technology & Governance Committee	Combine Estates Management and ITGC to create an Estates and Infrastructure Committee. Lay member requirement therefore reduced as a consequence. Information Governance to Audit Committee.
Finance Committee	Reduce lay membership by one
Health, Safety and Environment Committee	Unchanged
Human Resources Committee	Reduce staff and lay membership by one each
Honorary Degrees and Medals Committee (Note: no lay members)	Unchanged.
Operations Committee (Note: no lay members)	Unchanged.
Equity, Diversity and Inclusion Committee	Becomes Joint Committee, chaired by new PVC(EDI) and to have some lay membership. Replaces a sub-committee of HR Committee.

Supplementary Reading – [Effectiveness Review paper from 14 October 2021 Council meeting](#)