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1920~2020



Swansea
University
Prifysgol
Abertawe

Financial Review

2020

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Message from Vice Chancellor



This academic year was always to have been a special one within Swansea University's history. The advent of our Centenary year promised the opportunity to celebrate one hundred years of achievement with our students, staff and partners across the world. While the onset of a global pandemic transformed these plans, along with our way of teaching, working and living, it is with no small sense of pride in both our people and our mission that we reflect on the past 12 months.

Our student community has remained our focus throughout this period. Despite the mid-year switch to online learning and assessment in the wake of Covid-19, we have continued to provide our students with the high quality, research-led teaching that reflects our Teaching Excellence Framework (TEF) Gold Award. We have prioritised our students' higher education experience, and are proud of the supportive, engaging and friendly environment offered at Swansea University. We were awarded a Times Higher Education Award in 2019 for our innovative student engagement platform, Unitu, and are delighted to have been ranked sixth in the UK for student satisfaction in the 2020 National Student Survey, on the basis of our own students' feedback.

We remain proud to offer the opportunities and enriching experiences that enable our students to become the highly skilled graduates of the future, well equipped to meet the employment demands of our changing world. This focus on skills development and employability was at the heart of our founders' mission and, to this day, our strong partnerships with industry allow us to offer excellent work-based learning opportunities and placements. This year, our University has been ranked within the top five in the UK for career prospects and, in the future, our students will benefit from the opportunities created through the new international partnerships that we remain committed to developing.

Our high quality teaching and learning is based on our world-class research, through which we seek to tackle the grand challenges of the day, from inequality and human rights issues, to climate change. In 2019, we launched our Hillary Rodham Clinton Global Challenges Scholarship programme, fully funded by Sky, to support the next generation of leaders committed to addressing urgent global challenges such as the rights and protection of children online and cyber

security. In the same year, researchers at Swansea University, alongside Sky Ocean Rescue and the World Wide Fund for Nature, launched the largest seagrass restoration project ever undertaken in UK waters. Some 20,000 square metres will be restored as part of a carbon capture initiative that is expected to trap up to half a tonne of carbon dioxide per hectare each year – a crucial step in tackling the climate crisis.

In 2020, we faced a new global challenge with the onset of Covid-19. We are incredibly proud of our community's response, drawing upon one hundred years of resilience and innovation, to adapt and contribute to the national and international response to the pandemic. Our staff, students and partners have worked together to support the logistical demands placed on our healthcare infrastructure, while our researchers collaborate with others to model the social, economic and psychological impacts of the outbreak. Key breakthroughs this year, such as developing new methods of speed-cleaning ambulances, demonstrate the adaptability of our research community and the vital role of the Higher Education sector as we emerge from this crisis.

The events of 2020 have shown us that our University community is so much more than the physical space that we inhabit. The strength of our commitment to our civic mission and our values have prevailed throughout the transition to new ways of teaching, working and living remotely. We are proud of both our international outlook and our local and national role as a beacon for Welsh language, culture and heritage. We are also delighted to reaffirm our commitments to sustainability, to equality and to our community, while delivering gold-standard teaching based on world-class research. These commitments will be enshrined within our new Strategic Vision and Purpose document, due to be published later this year, which will set out our ambition to thrive as a principled, purposeful and resilient institution, with our people, values and culture at the heart of everything that we do.

While our formal Centenary celebrations have been put on hold, there remains much to celebrate this year, due to the extraordinary efforts and commitment of our brilliant students, staff and partners. We look forward to the next year, and indeed to our next century, safe in the knowledge that our Swansea University community has already demonstrated the resilience and adaptability we will require to meet the challenges of the future together.

Professor Paul Boyle, Vice Chancellor

Message from Chair Of Council



It was a great privilege and honour to have been appointed as the new Chair of the University Council in December 2019; the University where both my parents studied and graduated some 70 years ago. I feel acutely therefore a sense of responsibility and duty which will, I trust, help guide us all in the times ahead to act always in the best interests of the University and all its stakeholders - whether staff, students, the local community or our wider network of alumni and friends. It is indeed an added pleasure to introduce Swansea University's Operational and Financial Review in the year in which we celebrate our Centenary and to give thanks for the many rich and wonderful achievements attained by the University and its alumni in the last 100 years.

The celebrations and events which were to have marked our centenary have, of course, to a very large extent had to be curtailed because of the very sad and damaging impact of the Covid-19 crisis. Yet it has been precisely the impulse to support our community that has caused us to respond so quickly to the threat of Covid-19. As well as meeting the urgent need for PPE and sanitising equipment through University-wide initiatives such as SWARM (The South Wales Additive and Rapid Manufacturing Consortium), we were quick to address the urgent needs of our community through the University's Covid-19 Response Fund for vital research and support work, and to help those of our students most in need.

There is no doubt that Covid-19 has transformed the Higher Education landscape and we know that the university experience will be very different this year, for both our new and our returning students. We are committed to offering them our flexibility and our support, and to maintaining our high quality standard of teaching, whether that teaching be in person or delivered remotely. We are proud of our successful recruitment campaign this year, both for home and international students, and hope that our implementation of new routes, such as January entry points for some of our programmes, will ensure that our doors are open as widely as possible for any student hoping to study with us over the next few years.

At Swansea University, we are proud of our diverse student community and of the support we provide to ensure that every student can make the most of their time with us. We are the only university in Wales, and one of only seven within the UK, with a transcription centre, making Swansea a hugely popular choice for print-disabled students. We have always ranked extremely highly in terms of student satisfaction and graduate outcomes. Our excellent student support services are vital,

now more than ever, as we seek to give our students the best experience possible in these challenging times.

The diversity of our student community is built upon our commitment to inclusivity, a commitment which has distinguished the University throughout its 100 year history; we have always welcomed students and recruited staff from a wealth of backgrounds and made it a priority that they feel at home at Swansea. In 1921, we appointed Mary Williams to the newly created post of Professor of French Language and Literature, an early example of a woman achieving a professorial title. And we have always been a community university, not only working for the good of local industry and the people of Swansea, but with a strong history of reaching wider: in the 1950s, we hosted a long series of United Nations welfare scholars who worked in the town as well as being part of the University, and in the late 1970s, we became a hub for a series of refugee scholars. We are committed to equality, and proud to be a Stonewall top 100 employer, maintaining a ranking of 47th in the 2020 league table of UK employers. The University is also one of only 18 universities in the UK to hold an Athena SWAN silver institutional award, the first non-Russell Group University to achieve this. Increasing our wealth of talent, and respecting the contributions made by every one of our students, staff members, alumni and partners has always been something upon which we have placed huge value and will continue to do so as we enter our second century.

Along with the challenges presented by Covid-19, 2020 has also seen the University recognise the need to address, as a matter of urgency, core governance issues and to ensure that we embrace a culture of openness and transparency consistent with a number of initiatives and reviews commissioned both by the University itself as well as more generally across universities in Wales and the rest of the United Kingdom. These include steps to ensure that challenge and discussion is encouraged throughout the organisation including at Council level, the governing body of the University, and that trust, accountability, engagement and transparency are embedded within our culture and values. Work is underway, under the guidance and approval of Council, to ensure that these values are reflected in our Statutes and our practice, in line with the recommendations of both HEFCW and the Camm Review (2019).

The next few years will be crucial for us, as they will be for all UK universities. We need to maintain our standing as a University that prides itself on outstanding research and the highest quality teaching, and we must spread the word that being part of Swansea means belonging to a community that recognises there is strength and infinite value in diversity. As long as we continue to work together, I have every confidence we will rise to the challenges ahead and continue to thrive.

Mr Bleddyn Phillips, Chair of Council

Impact of Covid-19

The Covid pandemic has fundamentally changed the way universities are able to work, deliver teaching and carry out research. Swansea University is no exception. We acted quickly to ensure the safety of students and our staff and identified ways in which our academic community could assist using the extensive facilities and partnerships available to them. Details of some of these activities are provided in the Public Benefit Statement.

At a governance and planning level, the University's Incident Management Plan was enacted and the Incident Management Team safely and successfully closed all but essential campus activity. With the exception of campus security teams, all staff were asked to work from home and quickly transitioned to online working, including converting the remaining teaching activity to online delivery.

Following the successful closure and decommissioning of buildings and services, the University established the Covid Recovery Planning project, led by the Registrar and COO. Formal governance was put in place to provide oversight of the recovery planning activities. These activities included scenario modelling, the short-term phased re-occupation of our estate, longer term strategic plans (such as changes to our operating model as a result of the impact of Covid-19) and contingency planning in the event of a second spike.

Seven workstreams were established, each tasked to develop plans, policies and procedures for their respective areas. An initial set of planning principles and planning assumptions were produced to ensure that workstreams had a consistent basis on which to plan. These assumptions were tested and changed over the course of the five months after the announcement of a national lockdown as Government guidance was revised and our understanding of the problem matured.

The key actions taken to address the safe return of staff and students, and to bring confidence to prospective students and their families that Swansea University will be a safe and attractive place to study in 2020/21 and beyond are set out below.

STAFF RETURN

A phased approach to staff return was developed -

- **Phase 1 (May - June)** saw the return of business-critical staff, Covid-19 related research activities and final year PGR students with lab-based activities
- **Phase 2 (June – Sept)** involved the return of more research staff and PGR students, staff necessary for the delivery of clearing and towards the end of the period, teaching staff who are preparing content for delivery may be granted access to campus
- **Phase 3 (Sept onwards)** allowed the return of teaching staff, only where it is necessary for them to be on site, and "front-line" staff responsible for student facing activities.

STUDENT RETURN

A supplemental Student Charter has been issued to all new and returning students. The Charter sets out the principles and behaviours that both the University and all students will adhere to ensure that the University remains a safe place to study and to work. All students were required to agree to this Charter upon enrolment.

LEARNING AND TEACHING

The plan for teaching in the first semester is that it will be taught in a 'blended' way through a combination of live online teaching, pre-recorded material for greater accessibility and on-campus academic activities. In the first semester, with the exception of a small number of clinical and physical lab-based activities, all teaching material will be available online so as not to disadvantage students who are unable to attend campus, choose not to attend or in the event of the return to a national lock-down.

Teaching hours have been extended for an additional two hours, from 6-8pm, on Mondays, Tuesdays and Thursdays to alleviate pressure on the timetable. It is envisaged that this time will primarily be used for student-led study on campus and for online activity, although in some instances there could be in-person teaching during this period. Wednesday afternoons remain protected for sports and societies.

INTERNATIONAL STUDENTS & QUARANTINE

A meet and greet service has been provided to international students for an extended period this year. Students have been met at the airport and a private coach chartered by the University has brought students directly to campus. Students arriving from overseas (unless from a country which is exempt from the requirement) have been required to spend 14 days in quarantine and accommodation has been made available at the Rod Jones Halls for them to do so.

A January start date has been introduced for 2021 and will be available exclusively for international students in an attempt to increase the number of international enrolments.

ACCOMMODATION

Risk assessments have been completed for students living in residences and staff working in residences. Social distancing, signage and hand sanitiser have been implemented in all halls of residence and there will be increased cleaning in communal areas.

Each flat is classified as a 'household' in line with government guidelines and induction packs and e-learning have been sent to students prior to arrival to explain current guidelines about social distancing on campus, what they can expect when they arrive and how to contact other people within their household.

CAMPUS OPERATIONS

GENERAL SAFETY AND MOVEMENT AROUND CAMPUS

Not all buildings have been re-opened in the new academic year and those which have been have been risk assessed and appropriate mitigations put in place. Statutory compliance activities have continued during lockdown and will be assured before re-opening. This includes all maintenance and compliance checks on electrical, mechanical and water systems.

One way systems have been introduced throughout the campus where it is practicable to do so and signage, screens and sanitisers have been installed at key positions in all buildings. All buildings have been thoroughly cleaned before hand over and a certificate of compliance has been issued by Estates and Facilities Management. Furthermore, the cleaning schedule has been increased and high risk 'touch points' identified and prioritised.

TRANSPORT TO CAMPUS AND BETWEEN CAMPUSES

Cycling remains the preferred safe, healthy and environmentally positive method for travelling and all bike stands and cycle storage facilities are being regularly cleaned in line with government recommendations. Buses continue to travel between Singleton and Bay campuses and it has been agreed with SWT that hand Sanitiser will be available in dispensers on all buses and available to all passengers.

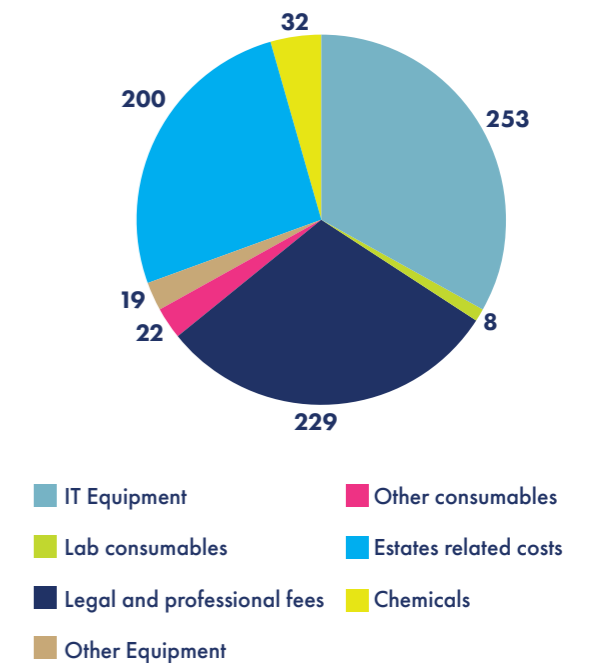
£1m has been ring-fenced for Covid related spend in 2020/21. Areas that have already been approved include:

INVESTMENT AREA	PURPOSE
Audio Visual Equipment	Upgrade of audio visual equipment across both campuses to enable lecture recording, convert non-teaching spaces to teaching spaces and to replace equipment for safety purposes
Face Coverings	Purchase and distribution of face coverings for new and returning students
International Meet and Greet	Extension of the existing Meet and Greet service - additional buses
Student Experience and Events	Additional on-campus student experience and events, including - infrastructure for campus-specific events, onsite power, catering, events management
Digital Poverty	Additional laptops and storage lockers for students who require the use of loan equipment as a result of increased online delivery
Quarantine Students	Welcome packs for international students arriving and quarantining at SU-owned halls of residences
Quarantine security	Additional security costs to manage quarantine

INVESTMENT

To meet the current safety regulations relating to COVID-19, enable new ways of working and to support the national effort to combat the virus, the University incurred £763k on non pay expenditure in the period to 31 July 2020.

COVID SPEND IN 2019/20 - £K





Strategic report

Swansea University celebrated its centenary on the 19th July 2020. Our University was conceived as a technical institution that would work in partnership with the region's industrialists to address the needs of local industry. Our founding disciplines were in the Sciences, Mathematics, Engineering and Metallurgy, which were complemented by the introduction of Welsh, English, French, History, Classics and Education. Despite being founded by industry, for industry, our University has always embraced the spectrum of academic endeavour. This ambition is encapsulated in our motto, *gweddw crefft heb ei dawn* (technical skill is bereft without culture), and remains true today.

Our University is governed by Council and managed by the Senior Leadership Team. We operate on campuses in three local authority areas: Swansea, Neath Port Talbot and Carmarthenshire.

Our academic disciplines are structured across seven Schools and Colleges, each led by a Head of School or College. Our 11 Professional Service Directorates are led by the Registrar and Chief Operating Officer and work to three, core values: we are professional, we work together and we care.

Our Strategic Plan 2020 sets out our vision that, together, we will transform lives and futures by providing an outstanding academic environment with a balance of excellence between world-class teaching and research, driving impact that is enabled by effective regional and global collaborations.

The University is currently undertaking the development of a new Strategic Vision and Purpose document under the leadership of the Vice-Chancellor. This document will set out the overarching vision of the University's strategic ambitions - highlighting our strengths and setting out who we are and what we stand for - what it means to be Swansea University as we move forward into our second century. The document will identify five strategic pillars and a range of strategic enablers with the values, culture and behaviours of our distinctive University community at its heart.

A more detailed Strategy with objectives and key performance indicators will be developed for each of the pillars and enablers through cross-University consultation and engagement. The related implementation plans will include the operational activities and the University strategic projects required for delivery along with the measures of success. Strategies will be implemented and monitored through existing groups, business plan activities and University transformation programmes and projects and, will ultimately appear in the objectives set for individual staff in their annual Professional Development Reviews. The effective delegation of delivery activity is enabled by the cascade of key performance indicators and other relevant management information through the University.

STRATEGIC PILLARS	STRATEGIC ENABLERS
Student Experience	International
Learning & Teaching	People & Culture
Research	Financial Sustainability Reputation & Domestic Recruitment
Enterprise	Digital & Physical Estate
Civic Mission	Sport & Wellbeing

DELIVERY APPROVED AND MONITORED - THROUGH

University Transformational Programmes and Projects
Annual Business Planning Process
Annual Staff Professional Development Reviews

INFORMED / MEASURED BY

Cascade of: Key Performance Indicators Management Information 'golden thread'

In the short to medium term the University will have a clear focus on ensuring our financial sustainability. This is to address the University's current financial position along with a range of challenges being faced by the whole of the higher education sector. It will also put us on a trajectory to achieve our longer term strategic ambitions.

The priorities for the next three years are to:

- Build upon our existing strengths to cement our place amongst a small group of UK institutions that balance excellent teaching with world-class research and enterprise
- Deliver operational improvement across Colleges and Professional Services, building new Faculties and developing new ways of working
- Grow and diversify our portfolio of courses to enhance home and international student recruitment
- Grow our international reputation and global footprint
- Invest in 'strategic opportunities' and 'foundational issues' including collaborative partnerships, quality of leadership and our digital and physical estate.

The changes we make will ensure that Swansea is a more sustainable and resilient institution, but we must do this together as one University, which is why we are putting people at the heart of our new strategic plan and creating a set of institutional values and behaviours that will bring us even closer together as a community.

Professor Paul Boyle, Vice Chancellor

STUDENT EXPERIENCE

TEF Gold

THE HIGHEST AWARD
(GOLD) FOR TEACHING
EXCELLENCE AT UK
UNIVERSITIES

NSS

Arolwg Cenedlaethol o Fyfrwyr
National Student Survey

**6TH IN THE UK
STUDENT
SATISFACTION**
2020

**TIMES GOOD
UNIVERSITY GUIDE**

**19TH IN THE UK
STUDENT
EXPERIENCE**
2021

**TIMES GOOD
UNIVERSITY GUIDE**

82.6%
OF GRADUATES ARE
IN PROFESSIONAL
EMPLOYMENT
OR FURTHER STUDY
2021

**GRADUATES
OBTAINING
1ST/2:1s – 81.5%**

RESEARCH AND ENTERPRISE

**RESEARCH EXCELLENCE
FRAMEWORK**

26TH

**FINANCIAL
STATEMENTS 2019/20**

**£56.2m
RESEARCH INCOME**

**909
POSTGRADUATE
RESEARCH STUDENTS**

CIVIC MISSION

**10.9%
HEFCW NATIONAL
MEASURES 2018/19**

RECRUITMENT

**17,462
APPLICATIONS**

**18,203
UNDERGRADUATE
STUDENTS**

**3,908
POSTGRADUATE
STUDENTS**

REPUTATION

**GUARDIAN
UNIVERSITY GUIDE**

24TH IN THE UK
2021

**TIMES GOOD
UNIVERSITY GUIDE**

36TH IN THE UK
2021

**Complete
University
Guide**

32ND IN THE UK
2021

FINANCIAL

**10%
SURPLUS AS A % OF
INCOME**

**4.9%
OPERATING CASH
INFLOW AS A % OF
INCOME**

**58%
STAFF COSTS AS A %
OF INCOME**

**£9.1m
EBITDA**

INTERNATIONAL

**INTERNATIONAL
STUDENTS**

15.7%
OF THE TOTAL STUDENT
POPULATION

PEOPLE AND VALUES

**Stonewall
TOP 100
EMPLOYER**
2020

47TH

**ATHENA SWAN
SILVER**

**RACE EQUALITY
CHARTER**

**HESA 18/19
MALE 45.9%
FEMALE 53.9%
STAFF**



Student experience

We are committed to maintaining and enhancing our reputation for excellence in learning and teaching, and for delivering an exceptional student experience that prepares our students for personal and professional success.

In 2018, the University was awarded a Gold rating for Teaching Excellence, the highest possible rating in the UK government's Teaching Excellence Framework (TEF), cementing our position as a top UK university. An independent panel of experts judged that students from all backgrounds studying at Swansea achieve consistently outstanding outcomes (graduate-level employment or further study), and that there is clear evidence of personalised high-quality support for student learning, including Welsh-medium opportunities, and pastoral care. Ensuring our graduates are equipped for the world of work is at the heart of everything we do and this featured highly in our TEF Gold award.

Through our Swansea Employability Academy we provide a University-wide approach to ensure students are inspired, nurtured and develop into employable graduates. Our approach is very successful and placed the University joint 5th in the UK Guardian University Guide 2020 for Career Prospects.

RECENT ACHIEVEMENTS

- Swansea has continued its success this year, ranking 24th in the latest Guardian University Guide. Internationally, the University has also maintained its global top 300 position in the Times Higher Education World University Rankings 2021, appearing in the 251-300 ranking band for the third consecutive year.
- We also rank joint 32nd – our highest position to date - in the Complete University Guide 2021. The Guide also produces separate league tables covering 70 subjects, and this year Swansea features in 41 of them, with 10 of our subjects ranked in the UK top 10. Our University remains top in Wales for graduate prospects, and is ranked 13th in the UK by this measure.
- Swansea ranks sixth in the UK in the 2020 National Student Survey, with 89% of our students satisfied with their course overall (compared to the national average of 83%). Our University features in the top 10 for overall satisfaction in 24 of the 54 subjects it appears in.
- The University has been shortlisted for Best Student Experience in the Guardian University Awards 2020, for the work of the Finance Drop-In Centre, which is helping to alleviate students' financial concerns. This has had a positive impact on student wellbeing with fewer students leaving University due to financial hardship.
- We have invested in our estate, opening the Y Twyni teaching block on the Bay Campus and refurbishing spaces on our Singleton Campus. The Hillary Rodham Clinton School of Law has expanded into the former Digital Technium, which provides a new Law Clinic, student study space, a Student Information Office, and a range of teaching spaces, including a new courtroom. We have also enhanced the quality of our students' learning environment through the introduction of the Canvas online learning platform, and the video and lecture capture platform, Panopto.
- Our Texas strategic partnership has received a £112,588 funding boost from the ERASMUS+ programme to support student mobility between Swansea and the University of Houston. Our partnerships with Texas allows us to offer students life-changing opportunities to spend time abroad for no additional tuition fee.
- We also welcomed the first cohort of Sky-funded scholars to the Hillary Rodham Clinton Global Challenges programme. The scholars, who are studying and researching a range of pressing societal issues, have benefitted from a high profile lecture series that has included MPs, leading figures from the legal and judicial sector, the Children's Commissioner for England, and former US Secretary of State, Madeleine Albright.

World-class research

Swansea University continues to grow the quality, scale, and impact of its world-class research, building on the success of our REF2014, UK Top 30 performance. The University achieved the biggest leap amongst research-intensive institutions in the UK – climbing from 52nd in 2008 to 26th. The University's research is rated within the UK top 20 for seven subjects: Medicine 2nd, English 7th, Bioscience 8th, Engineering 12th, Social Work 14th, Sports Science 15th and Computer Science 18th. Overall, the University doubled the volume of world-leading researchers and 90% of the University's research is now rated world leading or internationally excellent.

This demonstrated that the University is a research-intensive institution that delivers significant economic and social impacts not just within Wales or the UK, but internationally. Our focus is on continuing this momentum, particularly in interdisciplinary research, growing the amount of funding we receive, and fostering a world-class research environment that supports researchers at every career stage.

The University is currently involved in over 30 EU-funded demand-led academic and industry collaborative projects valued at over £130m tackling real world and future problems such as creating a 21st Century Steel Industry (SPECIFIC Innovation and Knowledge Centre), examining how best to integrate renewable energy sources into the UK power grid (Energy Safety Research Institute) and enabling greater levels of business innovation in future manufacturing (ASTUTE).

RECENT ACHIEVEMENTS

- The University secured funding for three Engineering and Physical Sciences Research Council Centres for Doctoral Training, in Functional Industrial Coatings (Engineering), Artificial Intelligence, Machine Learning and Advanced Computing (Physics), and Enhancing Collaborations and Interactions with Data Driven Systems (an interdisciplinary centre led by Computer Science). We have also joined the Biotechnology and Biological Sciences Research Council SWBio Doctoral Training Partnership as an associate partner. The collaboration brings together a range of partners (including the Universities of Bath, Bristol, Cardiff and Exeter, and Rothamsted Research) to strengthen doctoral training in research areas including aquaculture, plant and soil science, healthy ageing and nutrition, animal systems and neuroscience.
- Research into the effect of climate change in the Antarctic has been boosted by an award of \$20 million (£10 million) from the Australian government for work led by the University of Tasmania in partnership with Swansea University glaciologists. The funding enables scientists from the two institutions and other international partners to continue joint research into the effects of climate change on the Australian Antarctic Territory, which covers around 45% of the East Antarctic Ice Sheet's coastline.
- The Welsh Institute of Social and Economic Research, Data and Methods (WISERD), which includes Swansea University, will receive £6.3 million from the Economic and Social Research Council to support the continuation of its civil society research – the third major funding award in its ten-year history.
- Our Centre for Innovative Ageing has received £2.5m funding from the Welsh European Funding Office (WEFO) to create a new research hub aimed at growing the global market for age-related products and services. The project will be delivered in partnership with the University of Wales Trinity St David and University of South Wales.
- WEFO have also supported the £5.6m Legal Innovation Lab Wales project to create a unique research and development facility in the Law School. The funding supports the creation of a Legal Innovation Centre where researchers, law firms and technology companies can collaborate on the development of innovative products and services. The project also supports the provision of a secure research suite for our Cyber Threats Research Centre, and the Law Clinic.
- The College of Engineering's SPECIFIC project has received further funding (£6m) from the Welsh Government to continue its work assisting companies in the West Wales and the Valleys region to benefit from our expertise in solar energy, materials science, low-carbon building energy systems and technologies. The project has also been awarded £6m by the EPSRC for an "Application Targeted and Integrated Photovoltaics" project that will deliver the fundamental science and engineering to underpin the development of promising solar technologies. The ambition is to develop low-carbon, low-cost manufacturing methods that will enable them to be produced at scale, and develop prototypes to show how they can provide solar power in new applications.





Driving economic growth and social impact

Swansea University continues to sit at the heart of strategic collaborations with universities, funding bodies, the public and third sectors, and large companies and their supply chains to deliver economic and social benefits regionally, nationally and internationally. We work with our partners to attract inward investment and to stimulate innovation and enterprise.

RECENT ACHIEVEMENTS

- The Celtic Advanced Life Science Innovation Network (CALIN), a unique Irish-Welsh partnership involving life science expertise at Swansea University, has secured €5 million of additional funding. Since it was launched in 2016, CALIN has assisted more than 100 companies, established 36 short and medium-term collaborative projects, stimulated €5 million of R&D investment from businesses, and created 20 new jobs.
- A major £43.74m project with South Wales' compound semiconductor cluster has been approved and will be supported by £25.44m funding from UK Research and Innovation's flagship Strength in Places Fund. The "CSConnected" project, which includes Swansea University, is centred on integrating research excellence with the unique regional advanced Semiconductor Manufacturing supply chains. The ambition is to develop a competitive advantage in key enabling technologies that will allow the UK to increase trade globally in critical sectors such as communications, 5G, autonomous and electric vehicles, and medical devices.
- Scientists in our Medical School have been granted a US patent for a pioneering new therapy in the fight against endometrial cancer. The School's Reproductive Biology and Gynaecological Oncology group has worked with Swansea Bay and Cwm Taf University Health Boards, Welsh Cancer Research Centre, European Cancer Stem Cell Research Institute, GE Healthcare, ADC biotechnology and Axis Bio to develop a method of treating gynaecological cancer which is hoped will minimise side effects for patients.
- Colleagues in our Healthcare Technology Centre have teamed up with Swansea-based CPR Global Technology to work on its Guardian II smart watch, which is already making a vital difference to people living with dementia and their carers. Worn on the wrist, the device contains a range of technologies including GPS and WIFI location tracker, SOS button, two-way calling, and a heart rate monitor. It is aimed at helping users to remain in their familiar surroundings for as long as possible.
- A project led by our Biosciences Department has been awarded funding from the Algae-UK (Proof of Concept) Scheme to explore how algae might be used to create the next generation of sunscreens. The Swansea team will now be working on the project with the Natural Products Factory, which owns award-winning organic and vegan skincare brand Nourish London, along with health scientists from our Medical School and Membranology, a University spin-off company.
- Our Cyber Threats Research Centre, which has an international reputation for its research into terrorist use of the internet, has been formally invited to join the United Nations Counter-Terrorism Committee Executive Directorate's Global Research Network, a unique partnership between the United Nations and the world's leading academic institutions in the fields of terrorism, counter-terrorism and countering violent extremism.

Strategic enablers

PEOPLE

A key enabler of our strategy is our commitment to providing a safe, inclusive and supportive environment that embraces diversity and enables our colleagues and students to flourish. We are proud to have been accredited as a real living wage employer by the Living Wage Foundation (LWF). We voluntarily implemented the real living wage for all salaried employees in April 2019, benefitting more than 1,000 of our lowest paid colleagues. We also pay the real living wage to all directly employed staff and those who have been subcontracted, and we plan to roll out the real living wage across third party contracts as they come up for renewal.

We have been a member of Advance HE Athena SWAN Charter since 2008 and were the first non-Russell Group university to secure an Institutional Silver Award (in 2017). The Colleges of Engineering, Human & Health Sciences, and Medicine hold individual Silver Awards, and the School of Management a Bronze Award. This year, the Department of Physics converted its Institute of Physics Juno Practitioner status into an Athena SWAN Bronze Award, and the Computational Foundry and Department of Geography also secured Bronze Awards. The College of Arts & Humanities and Law submitted their applications in November.

We are a member of Stonewall's Diversity Champions programme and have featured in Stonewall's annual list of the UK's 'Top 100 Employers' for workplace inclusivity since 2016. In 2019, we were one of 14 organisations to receive the highest possible score for creating a trans-inclusive workplace. As a member of ECU's Race Equality Charter, we are preparing our submission for a Race Equality Charter Award, and are monitoring our progress against an action plan.

PHYSICAL ENVIRONMENT

The University continues to expand and upgrade both campuses to provide world-class research, teaching and student/staff facilities. At the Bay Campus, the state-of-the-art £35m engineering research institute will deliver high impact, fundamental and applied research for the advanced engineering and materials industry. The Institute for Innovative Materials, Processing and Numerical Technologies (IMPACT) provides 80 single occupancy offices, hub space for over 150 researchers and co-location space for 50 industrial and academic collaborators to support academia-industry partnerships that enhance research capacity and increase competitiveness.

On the Singleton Campus the emphasis has been on refurbishment of the existing buildings. Work has continued to refurbish space inside the Talbot Building for staff offices, teaching and learning spaces, the Student Union and the Steel and Metals Institute. The Hilary Rodham Clinton School of Law expanded into a second building, which houses the professional Law Clinic, authentic courtrooms, and vibrant teaching and study spaces.



Financial overview and outlook

FINANCIAL STRATEGY

The primary objective of the University's financial strategy remains the generation of sufficient cash resources to deliver its' strategic objectives and ensure long term financial sustainability.

This is achieved by directing our attention in the following areas:

- Keeping liquidity and debt ratios under close review to ensure we are managing our working capital efficiently
- Continuing to review our processes and develop systems in order to improve efficiency and cost effectiveness
- Funding capital investment, optimising the use of our own cash reserves, partnerships and grant funding
- Monitoring our commitment to pensions for our employees, taking note of both current and future cash requirements as well as the scale of provisions for pension fund deficits
- Providing insight through accurate and transparent financial reporting

The COVID pandemic has highlighted how important this focus on cash is. The healthy cash balance at 31 July 2020 provides a level of financial resilience for the University which will be essential as we manage and respond to the challenges created by the pandemic.

In this very uncertain world scenario planning has been central to ensure we are alert to changes in the risk profile and can develop long and short term measures to mitigate risk and protect against major adversity in market situations

FINANCIAL SUSTAINABILITY

In the five year period following the introduction of £3k fees in 2012-13 Swansea University went through a period of significant expansion both in terms of student numbers and research income. In response to this, the University invested in staffing and expanded its estate through the development of the Bay Campus and improvement works and new builds on the Singleton Campus. Capital works were funded through a combination of University cash reserves, research grant income, European Union Structural Funds and borrowing from the European Investment Bank (EIB).

However, along with the rest of the UK higher education sector, Swansea has been facing a number of challenges over the last three years, that significantly include:

- The demographic dip in 18-year olds and the resulting increase in competition between universities
- Increasing pension costs
- Political uncertainty around funding particularly within the Welsh Sector and,
- The impact of BREXIT

18 year olds are faced with alternative routes and options to employment in the form of, for example, apprenticeships,

and students are becoming increasingly aware of the cost to them of higher education. Universities need to demonstrate that they are delivering value for money to students, but also to their funders and other stakeholders.

Swansea has performed exceptionally well in student recruitment in the face of this increased competition, however, numbers have fallen across a range of subject disciplines without the compensating reductions in staffing levels.

In response Swansea embarked on an Operational Improvement Programme (OIP) in February 2019. The programme identified the need for two phases. Phase 1 set out to assess the environment and the marketplace, to review our operations and to identify potential opportunities to reduce costs or generate income.

The work on Phase 1 of the OIP generated enough cash to close the gap in 2019-20. However it was recognised that a combination of continuous improvement and transformational change would be required to improve academic and professional service operations, address the longer term financial position and to ensure the University was operating effectively to safeguard its resilience within a rapidly changing global higher education sector. To that end the OIP developed four principles which formed the basis for Business Planning and investment for the next three years:

- Maintaining or improving quality
- Taking advantage of the demographic upturn through targeted domestic growth
- Step change international growth
- Improving organisational efficiency and effectiveness including consideration of academic and professional services structure and key business processes

The Financial Forecasts that were initially prepared for the period 2019-20 to 2023-24 reflected a realistic pre-COVID 19 position and indicated a need to generate an additional £40m by 2023-24. This level of expenditure savings or income growth is required to ensure the University can meet its loan covenants and have sufficient funds available to take advantage of academic growth opportunities and to continue to improve the quality of the University's physical and digital infrastructure.

Through Academic College and Professional Services Business Planning the University has identified savings that can be delivered within current management structures from 2020-21 onwards. These include operational savings across existing pay and non-pay budgets and some smaller transformational activities. Through this robust business planning process, additional income opportunities have also been identified through targeted expansion of existing courses and growth of new courses, based on detailed market analysis.

In addition, to support the delivery of its strategic priorities over the next three years, the University has embarked on a Transformation Programme. The Programme will encompass the merger of the existing seven Schools and Colleges into three new Faculties, and changes will be made across Professional Services to deliver a range of strategic outcomes and benefits.

The Programme will deliver improvement in the University's financial position including further expenditure savings and the realisation of income opportunities particularly in relation to interdisciplinary research and teaching. However Programme outcomes and benefits are far broader than that. The University has deliberately taken the decision to create a set of institutional values and to review processes and systems. Swansea's long-term sustainability will not be delivered just through cutting costs or restructuring Departments; it will require colleagues across the University working together with one sense of purpose, through changing the ways we work and improving organisational efficiency and effectiveness.

As part of Phase 1 a Voluntary Exit Scheme (VES) was offered to staff. This has continued throughout 2019-20 resulting in restructuring costs of £5m which are reflected in the financial statements. The Scheme is still available to staff in 2020-21 and is expected to contribute significantly to the staff savings needed as part of the Sustainability Transformation Programme.

The COVID pandemic has brought a range of additional and unprecedented challenges for the University which it must now address in addition to those already identified.

Fortunately, the University is in a relatively strong cash position holding £97.1m at 31 July 2020. However, cash generation has been low for the last few years and the University was already planning to take steps to increase the net cash inflow in order to have sufficient funds for investment, whilst maintaining an appropriate level of reserves.

The University has taken advantage of the Coronavirus Job Retention Scheme (CJRS) with £791k of cost recovery included in the period to 31 July 2020. Whilst the various Coronavirus loan schemes have been considered by the University, the current scenario modelling indicates that it is not needed for cashflow purposes and we would prefer not to add to existing borrowing levels.

The University's financial position is also constrained, to a certain extent, by its borrowing with the European Investment Bank (EIB), and the associated covenants. Having breached a covenant condition in 2018/19, the University was able to avoid this in the current financial year through the delivery of expenditure savings. The expenditure savings and income growth planned as part of the 2020/21 Business Planning process, and the steps that the University is taking to re-shape academic and professional service delivery would have ensured that compliance was maintained over the forecast period to 2023/24.

The COVID pandemic has inevitably put this under strain and covenant compliance remains one of the University's key financial risks.

As part of the COVID planning, extensive scenario modelling has been undertaken, to test the resilience of the University's financial model and the impact on the covenant conditions. The University developed multiple scenarios focussing specifically on:

- Home recruitment
- Overseas recruitment, by market
- Student accommodation occupancy levels
- Commercial income
- Additional costs of COVID

A plausible worst case scenario was prepared to test whether it is appropriate for the University to prepare its financial statements on a going concern basis. They were based on enrolments at 31 October 2021 and the key assumptions reflected the potential impact of national and local lockdowns on student behaviours and the increased likelihood of students returning home and studying 100% on line well into 2021.

Despite resulting in significantly worse key financial indicators for 2020/21, liquidity is not forecast to be a risk. The University is forecast to be holding £78.5m at 31 July 2021 and £78.9m at 31 July 2022 and the lowest cash level during this period is estimated to be £76.0m.

The University covenant conditions were at risk of not being met in 2020/21. Discussions have taken place with EIB and agreement has been reached to modify the covenant conditions for 2020/21 such that there is a realistic expectation that they will not be breached.

Looking beyond the impact of COVID, we await the outcome of the 2020 USS valuation. The statutory deadline for this is June 2021. Undertaking a valuation in the current climate is particularly demanding; it is highly likely that the past service deficit will materially increase and there may well be a need for increased funding from both staff and employers, at a time when neither can afford increases.

The UK left the EU on 1 January 2020 and the single market on 1 January 2021. We have undertaken comprehensive Brexit planning, particularly in terms of staffing and supply chain management. Undergraduate students from the EU who entered the University in 2020 will continue to benefit from the £9,000 fee and access to the Student Loan Company loan book for the duration of their studies. But students admitted in 2021 will have international fee status which may impact on recruitment from EU countries.

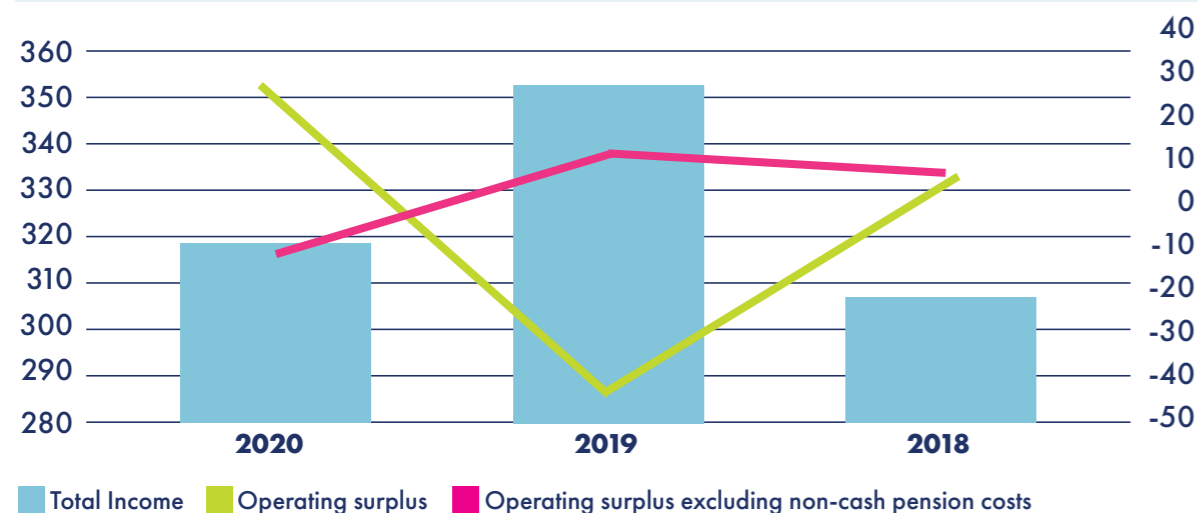
Having reviewed the underlying strategies, financial forecasts and scenarios, in the context of the COVID pandemic and the significant adverse impact this is having on the University's ability to operate normally, Council can confirm that it has reasonable expectations that the University has adequate resources to continue in operation for the foreseeable future. For this reason, it continues to adopt the going concern basis for preparing the accounts.

Financial Review

OVERVIEW

The University saw a deficit in the year to July 2020 of £9.4m, after adjusting for the non-cash pension movement; this was a decrease from an adjusted surplus of £15.7m in 2019.

TOTAL INCOME £M VS OPERATING SURPLUS £M



The University's Financial Statements continue to be impacted by one-off significant events such as the 2017 valuation of the national multi-employer Universities Superannuation Scheme (USS) that resulted in a one off charge in 2019 of £56.9m. This valuation was superseded by the 2018 valuation, which resulted in the one off credit in 2020 of £41.1m. The recognition of capital grants impacts the comparative figures with a £32.4m research capital grant being included within Income in 2019. Restructuring costs in 2020 have increased the costs in the current year by £5.6m (2019: £0).

Despite the financial challenges in 2020, the University's income has remained relatively stable at £317.5m. After adjusting for capital grants, income has decreased in 2020 by 0.8% from the prior year. Tuition fee income remained stable (0.4% increase), whilst funding body grants increased by 9.1%. Research income decreased in the year by 9.7% after adjusting for capital grants, due to research facility shutdown during the Covid-19 lockdown.

Expenditure in 2020 was £326.2m, after adjusting for the USS pension valuation movement, a decrease of 3.6% from 2019. Staff costs increased in 2020 by 3.8% and additional restructuring costs of £5.6m were incurred in the year. Other operating expenditure fell by 21.6% due to a freeze on non-essential expenditure following the closure of the campus during the Covid-19 pandemic. Depreciation continued to increase despite the restriction on capital spend, largely due to the completion of a number of capital projects in the year (8.4% increase) and interest increased by 22.2% following the new loan facility agreed in April 2019.

The University had a deficit in the year of £9.4m after adjusting for pension adjustments. Despite the deficit in the year, the University generated a net cash inflow from operating activities of £15.7m with cash increasing by 11.7% to £97.1m.

Net assets increased whilst tangible fixed assets decreased in the year. Capital spend was reduced in 2020, compared to 2019, due to the freeze on most projects once the Covid-19 pandemic hit. This resulted in depreciation exceeding additions and the resultant fall in tangible fixed assets. Loans decreased as repayments were made, and the residential service concessions decreased, as the liability was unwound. Net assets increased by £20.9m following the adjustment to the USS pension provision of £41.1m.

FINANCIAL HIGHLIGHTS AND KEY FINANCIAL INDICATORS

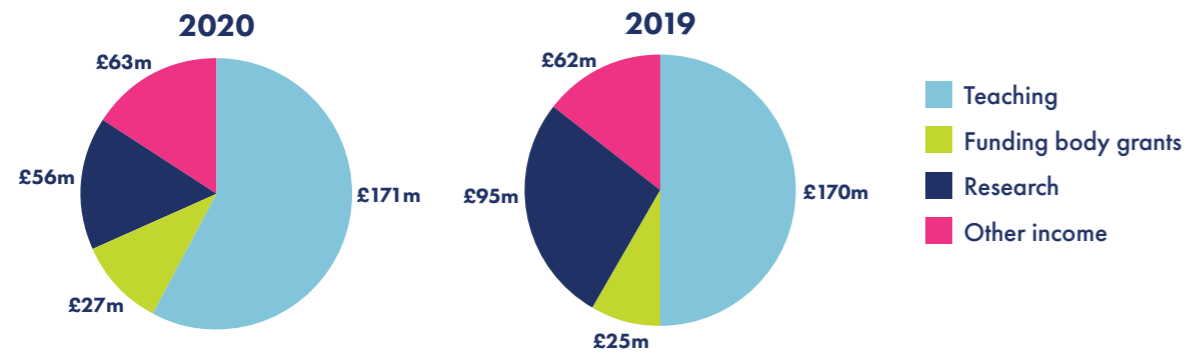
	2019-20 £m	2018-19 £m
INCOME AND EXPENDITURE		
Total Income	317.5	352.3
Total Expenditure	285.1	395.0
EBITDA	9.1	(7.3)
Surplus / (deficit) for the year, adjusted for pension movement	(9.4)	13.3
Surplus / (deficit) for the year	31.7	(43.7)
Total comprehensive income / (loss)	20.9	(56.7)
CASH FLOW		
Net cash flow from operating activities	15.7	18.6
Increase / (decrease) in cash in the year	10.2	24.9
Cash balance at year end	97.1	86.9
BALANCE SHEET		
Tangible fixed assets	451.9	458.6
Trade and other debts receivable	39.6	63.0
Cash	97.1	86.9
Creditors payable within one year	70.6	191.4
Creditors payable in more than one year one year	226.7	121.5
Pension provision	120.7	148.6
Total net assets	179.3	158.4
Included within creditors:		
Loans	109.2	111.3
Service concession arrangements	124.9	127.7

	2019-20 £m	2018-19 £m
UNIVERSITY KEY FINANCIAL INDICATORS		
Staff costs as a percentage of income	58.1%	50.5%
Operating cash flow as a percentage of income	4.9%	(5.3%)
Net financial indebtedness to adjusted EBITDA	4.4	3.6
Net operating cash flow to debt servicing costs	1.9	1.9
Adjusted financial indebtedness to income	0.8	0.8

RESULTS FOR THE YEAR

INCOME

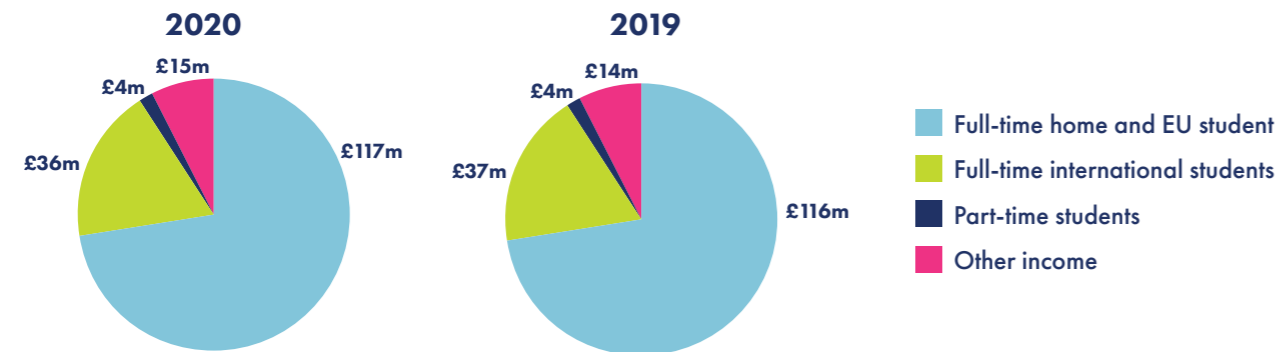
INCOME BY CATEGORY



Income from teaching, funding body grants and other income has remained stable year-on-year.

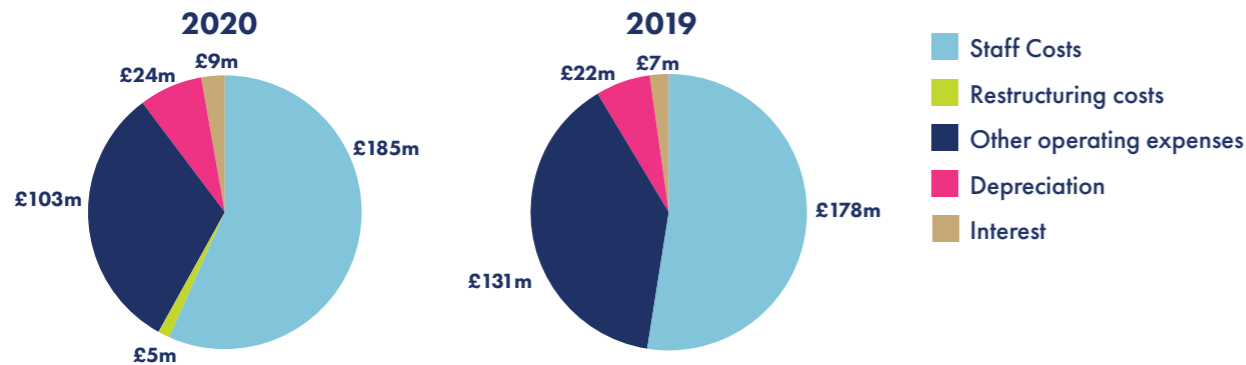
Research Income in 2019 included a capital EU grant release of £32.4m, which inflated research income in the year. Excluding the 2019 capital grant release, there is a 9.7% decrease in research income year on year. Income from research councils fell by 10% to £16.1m in 2020, and from UK government and health authorities by 17% to £12.5m.

TUITION FEE INCOME



Tuition fee income remains stable year-on-year, increasing from £170.4m to £171.2m in 2019-20. Other income is largely educational contracts with the NHS, which has increased by 6.3% to £14.4m.

EXPENDITURE

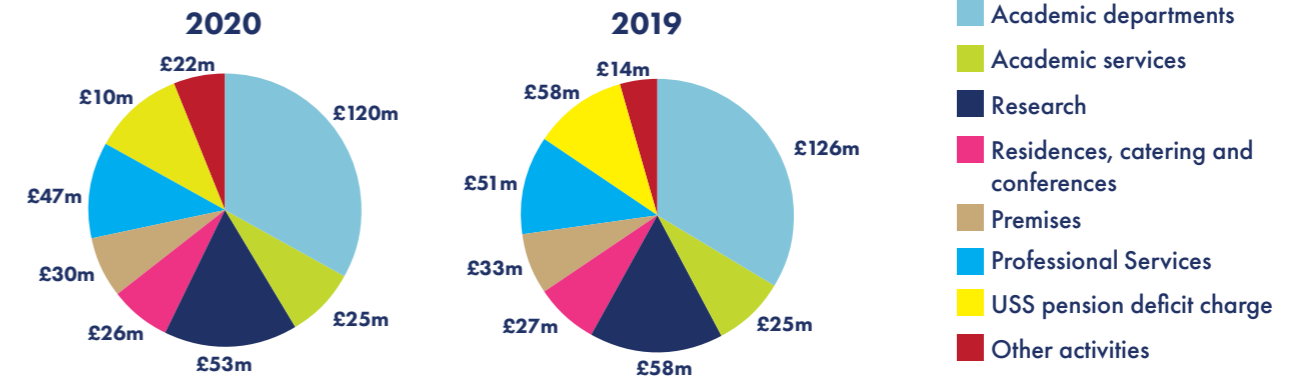


Expenditure in the year (excluding USS valuation adjustments) decreased by £11.8m to £326.2m.

Staff costs increased in 2020 by 3.8% reflecting cost of living and incremental pay awards. In addition, this year, restructuring costs of £5.6m were incurred to reduce pay costs in future years.

Other operating expenditure decreased by £27.6m in 2020 to £103.3m as saving plans were implemented and all non-essential spend was frozen to mitigate the impact of Covid-19.

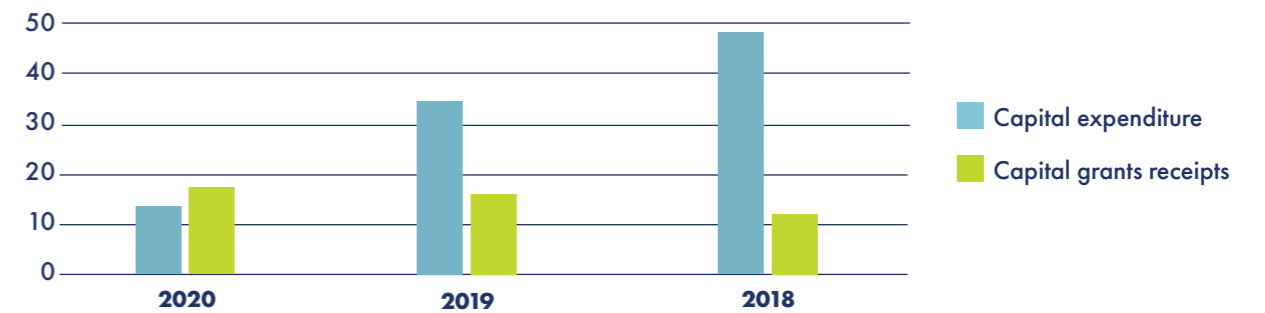
EXPENDITURE BY ACTIVITY



The implementation of the Operational Improvement Programme and the decision to freeze all but business critical expenditure to mitigate the impact of Covid-19, resulted in a reduction in spend across all activities. Significant savings have been made in Academic Departments (£5.8m) and professional services (£3.2m), with research costs lower (£4.6m) due to a lower research output in 2020, impacted by research facility shut-down during Covid-19.

The 2017 USS valuation resulted in a one off charge in 2019 of £56.9m. This valuation was superseded by the 2018 valuation, which resulted in the one off credit in 2020 of £41.1m.

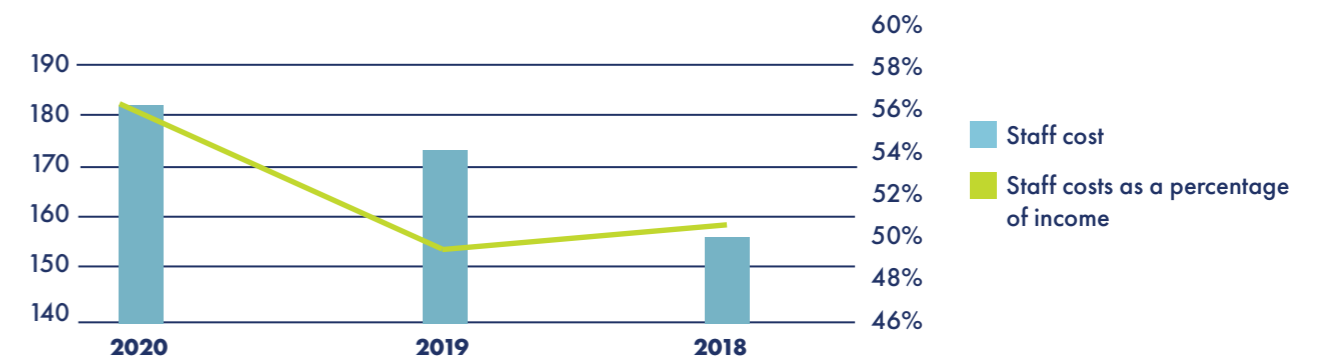
CAPITAL EXPENDITURE AND CAPITAL GRANTS RECEIPTS £m



Following several years of considerable capital expenditure with the creation of the Bay Campus and new research facilities, capital expenditure was reduced in 2020 due to the Estates Strategy being developed and to the impact of Covid-19.

The main projects during 2020 were The Centre for Integrative Semiconductor materials (CISM), which is a grant funded research facility (£1.4m) and a new teaching block which was completed in 2020 (4.5m).

STAFF COSTS £m

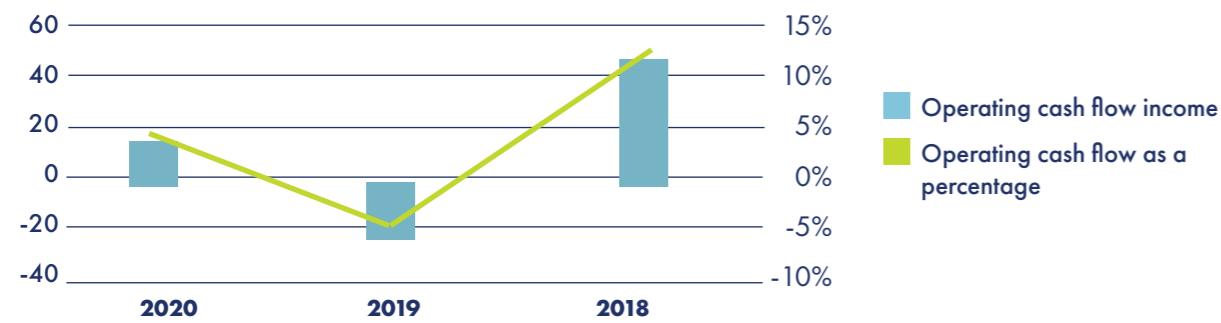


Staff costs continued to be the largest proportion of the University's expenditure, rising to £184.5m from £177.8m in 2019. Staff costs as a percentage of income also increased to 58.1% in 2020 from 50.5% in 2019. Income in 2019 included release of a £32.4m capital research grant. When this is excluded, staff costs as a percentage of income is 55.6%.

CASH AND DEBT

During 2019 the University drew down a further £60m of funding from the EIB loan facility, of which £18.2m remains unspent at July 2020. During the current uncertain times, the University is preserving cash to assist with financial resilience.

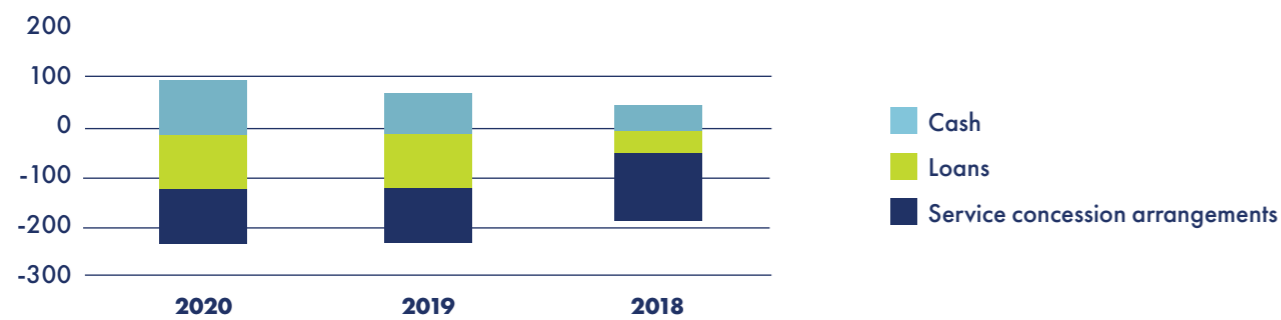
OPERATING CASH FLOW £m



Operating cash flow as a percentage of income is a key financial indicator. Following an outflow from operating activities in 2019 (£18.6m) the University generated a cash inflow from operating activities of £15.7m in 2020.

Net cash from operating activities is highly volatile and is impacted by large movements in debtors and creditors (2020 net movement: £2.3m, 2019: (£18.7m)).

CASH AND DEBT £m



Cash continued to increase in 2020 to £97.1m at 31st July 2020 (£86.9m 1st August 2019). Cash is invested in line with the University's Treasury Management Policy.

Loans decreased to £109.2m following loan repayments (£2.0m), and service concession arrangement debt reduced to £124.9m following the unwinding of the lease (£4m).

Net indebtedness reduced to £137.0m (2019: £149.6m).





Principal risks and uncertainties

THE UNIVERSITY MANAGES RISKS IN ACCORDANCE WITH THE FOLLOWING CORE PRINCIPLES:

PRINCIPLE	DETAILS
Clarity	Risks are clearly linked to objectives
Scope	Risks can have positive and negative consequences, so risk management will include the identification and management of opportunities as well as threats
Appropriate Response	The effort and resource put into risk management must be proportionate to the business benefit which it creates
Ownership	Risks are owned at the appropriate level in the institution and escalated when additional actions and / or resources are required
Responsibility	All staff have a responsibility to “ensure that risk management is an integral part of any decision making process” in their role profiles.

THE UNIVERSITY ASSIGNS RISKS TO ONE OF THREE CLASSES:

CLASS	DEFINITION
Strategic	University level risks affecting the long-term delivery of the strategic plan. Often related to “where are we going?” topics
Operational	Risks relating to the activities and processes carried out to achieve strategic objectives. Usually relate to “business as usual” activities
Project	Risks specific to the delivery of project outcomes and objectives.

AND INTO THE FOLLOWING CATEGORIES:

CATEGORY	SUB-CATEGORIES
Digital	Networks, hardware, software, data management, access & security, business continuity
Estate	Estate management, estate planning, health & safety, environmental impact, business continuity
Finance	Budgeting & forecasting, financial management, reporting, expenditure, investment / treasury management, transactions, fraud, external funding / income
Governance	Governance, legal & contractual, business planning, organisational change, vision & strategy, leadership, external factors, procurement
Reputation	Stakeholder relationships, media coverage, internal & external communications
Research	External funding / income, quality (REF, etc.), partners, impact
Staff	Recruitment & retention, capacity, capability, HR policies & provision, management & development, culture & morale, business continuity, welfare & wellbeing
Student Experience	Experiences (NSS, TEF, etc.), learning & teaching, welfare & wellbeing, graduate employability
Student Recruitment	Recruitment, widening participation, retention.

Identified risks are summarised into institutional, local and project risk registers to ensure they are recorded and presented in a consistent way, to improve communication and to provide clarity about the highest risks and their mitigating actions. They provide easy access to the information necessary to enable the University to make better informed decisions about risk and the University’s operations.

The institutional risk register is reviewed by the Senior Leadership team and Audit, Assurance and Risk Committee, on behalf of Council. Individual Colleges and Professional Service areas keep local risk registers but can escalate any risks which become too significant or complex to be managed effectively at the level at which they are owned.

COVID-19 OPERATIONAL RISKS

The disruption arising from the Covid-19 outbreak affected every part of the University's operation and thus planning for recovery was one of the most wide-ranging exercises ever undertaken by the University. The Recovery Plan has been led by the Registrar and COO with dedicated programme management support to co-ordinate the workstreams and responses.

Identifying, capturing and managing the risks to effective recovery involved input from colleagues across every College and Professional Service Unit and was carried out via a staged process. Over 500 potential impacts were identified across the University and these were consolidated into a working risk register of 130 risks and issues. Risks have been added, scores modified, and risks closed as the situation has changed and recovery plans have been made and delivered.

THE CURRENT TOP TEN OPEN RISKS AND ISSUES ARE SUMMARISED BELOW:

CATEGORY	TITLE	
Student Experience	Residences Occupancy (Transmission)	VERY HIGH
Student Recruitment	International students not travelling to Swansea	HIGH
Staff	Staff resources	HIGH
Research	New research funding bids / existing projects - resource to apply / manage	HIGH
Digital	Cyber Threats	HIGH
Research	PGR funding - external	HIGH
Digital	Existing IT systems - access	HIGH
Student Experience	Library Service Design	MEDIUM
Student Experience	Residences WiFi	MEDIUM
Digital	Existing IT systems - failure	MEDIUM

COVID-19 FINANCIAL RISKS

The Covid-19-specific financial risks have been assessed as part of the scenario planning that has been undertaken and as described in more detail in the section on Going Concern.

RISK TITLE	RISK DESCRIPTION	MITIGATING ACTIONS
Loss of income	Loss of income from commercial activities e.g. catering and conferences and student fee income	<ul style="list-style-type: none"> Restructuring of commercial areas to reduce costs Review of opening times and operations to maximise opportunities for generating income January entry for a range of undergraduate and post graduate programmes
Additional costs	Additional costs arising from increased provision of student support and welfare, increased security, equipment to support remote working and face-to-face teaching	<ul style="list-style-type: none"> Review of building occupancy and usage to identify opportunities for savings in estates costs Review of planned investment in strategic projects including estate and IT Re-purposing and re-direction of spend into those areas that are most directly impacted by Covid-19
Cashflow	Reduction in overall cash caused by loss of income and additional costs and leading to a shortage of cash	<ul style="list-style-type: none"> Detailed cashflow forecasting based on a number of scenarios Detailed monitoring of actual cash and cashflow Consideration of government loan facilities
Covenant compliance	The financial pressures created by Covid-19 result in covenant breaches	<ul style="list-style-type: none"> Detailed monitoring of covenant compliance based on actual and forecast income and expenditure, including scenarios Ongoing discussions with EIB regarding current and future expected status of covenants and actions that can be taken.

The institutional risk register has been updated regularly during 2019/20. There are currently 32 open risks but the risks that are rated as Very High are detailed below with their mitigating actions.

CATEGORY	RISK TITLE	RISK DESCRIPTION	STRATEGIC OBJECTIVE	MITIGATING ACTIONS
Student recruitment	Student recruitment	COVID-19, Brexit and increased competition lead to inability to meet forecast student recruitment numbers resulting in reduced financial sustainability	We will operate in a resilient, compliant and sustainable basis	<ul style="list-style-type: none"> COVID Recovery Plan Comprehensive market intelligence and analysis Business planning process Academic partnerships including developing TNE Refresh the internationalisation strategy
Finance	Sustainable financial forecast	Current forecasts indicate the need to generate £25m of cost savings and £15m of additional income by 2023/24	We will operate in a resilient, compliant and sustainable basis	<ul style="list-style-type: none"> Business planning process Monthly management reporting and monitoring of performance and progress College mergers Transformation project Review of strategic investment plans
Finance	Cost of ongoing pension provision	The historic deficits and future liabilities of defined benefit pension schemes are becoming prohibitively expensive and potentially unaffordable	We will operate in a resilient, compliant and sustainable basis	<ul style="list-style-type: none"> Engagement with the USS trustee consultations on the 2020 valuation Engagement with the Swansea University Pension Scheme trustees
Finance	Breach of covenants	A breach of covenant could lead to loans being treated as repayable on demand	We will operate on a resilient, compliant, and sustainable basis	<ul style="list-style-type: none"> Detailed monitoring of covenant compliance based on actual and forecast income and expenditure, including scenarios Ongoing discussions with EIB regarding current and future expected status of covenants and actions that can be taken
Finance	Student	The University has rent contract commitments that may exceed the rents paid by students if the University experiences higher than expected withdrawals	We will operate on a resilient, compliant, and sustainable basis	<ul style="list-style-type: none"> Provide exceptional support to students in accommodation Discuss cost sharing with the accommodation providers Promote student accommodation to January entry applicants
Staff	Staff morale	Current challenges of COVID-19 and the need for financial savings leads to poor morale amongst all staff, resulting in health and well-being and retention issues, deteriorating productivity and performance	We will recruit, develop, and retain diverse, high quality academic and professional staff who share our ambitions and values	<ul style="list-style-type: none"> Clear, timely and transparent communication with staff and unions Pulse surveys to elicit feedback from staff Leadership training to ensure staff have appropriate skills Embed health and well-being considerations in all policies and processes
Digital	IT - service delivery & resilience	Failure to invest in IT systems, infrastructure and hardware lead to local or widespread service failure, resulting in negative impacts on the delivery of services to staff and students, compliance breaches and damage to the university's reputation	Failure to invest in IT systems, infrastructure and hardware lead to local or widespread service failure, resulting in negative impacts on the delivery of services to staff and students, compliance breaches and damage to the university's reputation	<ul style="list-style-type: none"> External network review undertaken Known faults identified and plan for upgrades in place Recovery plans for all high risk infrastructure items Regular reviews of preventative workload and priorities Regular resilience checks Implementation of the Digital Strategy IT infrastructure asset management plan
Digital	Cyber Security	Inadequate information management controls resulting in a cyber-incident would impact on the University's ability to protect, process and access information, resulting in a loss of reputation, compliance breaches, fines and penalties and increased costs (recovery)	Failure to invest in IT systems, infrastructure and hardware lead to local or widespread service failure, resulting in negative impacts on the delivery of services to staff and students, compliance breaches and damage to the university's reputation	<ul style="list-style-type: none"> External cyber security review undertaken Information security policy and team Mandatory staff training on GDPR and information security Review of access controls Review of reporting and governance surrounding the information security function

Corporate Governance and Internal Control



CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is intended to help readers understand the governance structures of the University. The University endeavours to conduct its affairs in accordance with the Higher Education Code of Governance and Higher Education Senior Staff Remuneration Code, both published by Committee of University Chairs (CUC), and in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

The University is committed to the highest standards of openness, probity and accountability, and seeks to conduct its affairs in a responsible manner and has in place a Public Interest Disclosure policy to enable staff, students and other members of the University to raise concerns that are in the public interest.

CONSTITUTION AND POWERS

The University is an independent corporation, whose legal status derives from a Royal Charter originally granted in 1920. Its objects, powers and framework of governance are set out in the Supplemental Charter, the latest amendments to which were approved by the Privy Council in 2007, and its supporting Statutes. The University registered as a charity in October 2010 (1138342).

The Charter and Statutes require the University to have three separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities.

COUNCIL

The Council is the governing body and thus the supreme authority of the University, which means that it is ultimately accountable for the conduct and activity of the University and its representatives. The Council is responsible for determining the strategic direction of the University, and for the finance, property, investments and general business of the University.

The Council comprises external, academic and student members appointed in accordance with the Statutes of the University, a majority of whom are from outside the University (described as lay members). None of the lay members receives any payment, apart from the reimbursement of expenses, for the work they do for the University. On appointment, Council members are required to complete a Register of Interests entry. The current Register of interests is available from the Secretary to Council.

The Council is committed to promoting equality and diversity, and endeavours to be inclusive, valuing the diverse nature of its staff, students and community.

Vacancies for Lay Members on the Council are advertised externally, with expressions of interest particularly welcome from under-represented groups. Expressions of interest are considered by the Governance and Nominations Committee against the Council's current composition to ensure that

members possess a range of skills that meet the Council's requirements.

The powers and duties of the Council are set out in the Statutes of the University. Council normally meets four times a year. During the 2019-20 academic session, the Council held seven meetings including three special meetings that focused on governance and regulatory matters, including the appointment of a new Chair of Council in December 2019.

In respect of the year ended 31 July 2020, the Council can report that there was no element of the Code of Governance with which the University's procedures was not consistent.

In accordance with the CUC Higher Education Code of Governance, the Council undertakes regular Council effectiveness reviews and in 2019 commissioned an External Effectiveness Review, which was conducted by Mr James O'Kane, former Registrar and Chief Operating Officer of Queen's University Belfast. This External Review concluded that the Council was discharging its duties appropriately and effectively as the governing body of the University. The report identified a number of recommendations to ensure the Council continued to align with the Code, and to ensure a fit-for-purpose Council. The next review of governance effectiveness is scheduled to be conducted during the 2022-23 academic year.

In addition, the Chairs and Vice-Chancellors of the universities in Wales commissioned an independent review of governance in Wales, led by Gillian Camm, which set out to 'enable governors to operate at the leading edge of good corporate governance both in terms of compliance and crucially boardroom culture'. The review, which ran between July and December 2019, highlighted a number of key governance values including trust, accountability, transparency, engagement, challenge, and competence. In response to the review, the university sector in Wales published a Governance Charter for Universities in Wales and a Commitment to Action, which endorsed the major findings of the review, and recognised the challenges that had been seen to governance both in Wales and across the UK and the need for collective commitment to action. The Charter, which has been adopted by the Council of the University, maps out an approach to transforming governance and has been agreed by the Chairs of universities and Vice Chancellors demonstrating their commitment to a change programme around University governance.

Furthermore, in December 2019 HEFCW identified an action plan for the University drawing on the University's own External Review of Council Effectiveness and investigation action plan, HEFCW's Institutional Assurance Review visit and good practice guidance.

The Council is committed to implementing all these recommendations and in making progress on the areas identified in the Charter. Significant progress has been made through 2019/20 on key areas including the size and shape of Council, Lay member recruitment, Lay governor

independence and conflict management, Diversity and Inclusivity, Strategic Oversight, Remuneration Governance, Risk Management, and Annual Reporting. This work will continue throughout the next academic session.

SENATE

The Senate is established by the University's Charter which states that "subject to the control and approval of the Council, shall regulate and superintend the education and discipline of the University" and draws its membership from the academic staff and students of the institution. The Senate normally meets four times each year and met three times in 2019/20. The powers and duties of the Senate are set out in the Ordinances, which are available on the University's website.

COURT

The Court is a large, mainly formal body. It offers a means whereby the wider interests served by the University can be associated with the institution, and provides a public forum where members of Court can raise any matters about the University. Most members of the Court are from outside the University, representing the local community and other designated bodies with an interest in the work of the University. The membership also includes representatives of the staff of the University (both academic and non-academic) and the student body. The Court normally meets once a year to receive the University's annual report and audited financial statements of the University. The Court is chaired by the University's Chancellor. The Court last met on 4 February 2020.

ACCOUNTING OFFICER

The Vice-Chancellor is the chief executive and principal academic and administrative officer of the University and has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the terms of the formal financial memorandum between the University and the Vice-Chancellor the appointed person is the accounting officer of the University and in that capacity can be summoned to appear before the Audit Committee of the Welsh Government.

COMMITTEES

In April 2020, following a review of Council Committees, as recommended by the External Effectiveness Review, Council has four governance committees at which much of its detailed work is initially handled: a Finance and Strategy Committee, a Governance and Nominations Committee, a Remuneration Committee and an Audit, Assurance and Risk Committee.

All of these committees are formally constituted, with terms of reference and a membership, which includes lay members of Council and a Council lay member as Chair. All of these committees report their decisions to Council.

FINANCE AND STRATEGY COMMITTEE

The Finance and Strategy Committee is chaired by the University Treasurer and comprises of the Chair of Council, lay members of Council, co-opted lay members, and

members of University management. The committee is responsible for monitoring the financial health of the University on behalf of Council. The committee normally meets six times a year. During the 2019-20 academic session, the committee held nine meetings including three special meetings that focused on the financial challenges facing the University and the sector, and the Covid-19 situation.

GOVERNANCE AND NOMINATIONS COMMITTEE

The Governance and Nominations Committee is chaired by the Chair of Council and comprises lay members of Council, the Vice-Chancellor and members appointed by Senate. The committee is responsible for reviewing and advising the Council on the University's governance arrangements, ensuring the University pursues good practice and complies with external governance requirements. The committee is also responsible for recommending to Council the appointment of lay officers and lay members to Council. The committee normally meets four times a year. During the 2019-20 academic session, the committee held five meetings including a special meeting that focused on the implementation of recommendations from the External Effectiveness Review.

REMUNERATION COMMITTEE

The Remuneration Committee has a wholly independent membership, which includes the Chair of Council, the Pro-Chancellor and three lay members of the Council (one of whom chairs the committee). The Committee is responsible for determining the Reward Strategy of the University and the remuneration of the most senior staff of the University including the Vice-Chancellor. The Committee is aligned with the CUC Higher Education Senior Staff Remuneration Code (published in 2018) and publishes an annual report, which is available on the University website. The Committee normally meets once a year. During the 2019-20 academic session, the Committee held two meetings including a special meeting that focused on the remuneration of the new Vice-Chancellor.

AUDIT, ASSURANCE AND RISK COMMITTEE

The Audit, Assurance and Risk Committee is chaired by a lay member of Council and comprises lay members of Council and co-opted lay members. All members are independent of the University's management, although senior executives attend meetings as necessary. The committee has a key role in the University's governance framework in ensuring that the University complies with Statutory, University and External Regulatory requirements in its financial and non-financial activities. In respect of the issues within its terms of reference, the committee has the authority to make recommendations to the University, its organisational units and its members. The Committee normally meets four times a year. During the 2019-20 academic session, the committee held three meetings including one at which the external auditors were present to discuss the audit findings and to review the University's financial statements and accounting policies as well as the annual audit plan, and with the Head of Internal Audit to consider detailed internal audit reports and to review of internal control systems and to address

recommendations for the improvement of such systems.

MANAGEMENT

As chief executive of the University, the Vice-Chancellor has responsibility for the development of institutional strategy, the identification and planning of new developments, and the shaping of the institutional ethos. Members of the Senior Leadership Team and the Directors of Professional Services all contribute in various ways to these aspects of the work, but ultimate authority rests with the Council.

The role of the Secretary to Council is defined in the University's ordinances and the Secretary to Council also acts as the Secretary to some of the Committees of Council.

INTERNAL CONTROL

The Council is responsible for ensuring there is a sound system of internal control to support the achievement of the University's aims, strategic objectives and policies, while safeguarding the public and other funds and assets for which it is responsible. The system of internal control is risk-based and designed to manage, rather than eliminate the risk of failure to achieve strategic objectives and as such, the system provides reasonable, but not absolute, assurance against material misstatement or loss. Council acts in accordance with the responsibilities assigned to it in the University's Charter and Statutes, and the regulatory framework in which the University operates.

The key elements of the University's system of risk identification and effective risk management include the following:

- linking the identification and management of risk to the achievement of institutional objectives through an on-going annual planning process;
- all risks, including governance, management, quality, reputational and financial are included within the University's Risk Register, which is managed and maintained by the University's Senior Leadership Team through a clearly articulated policy and approach. The Risk Register produces a balanced portfolio of risk exposure which focuses on the most important key risks;
- evaluating the likelihood and impact of risks becoming a reality as part of that same process and establishing mitigating controls;
- having review procedures that cover business, operational, compliance and financial risk;
- embedding risk assessment and internal control processes in the ongoing operations of all units;
- reporting regularly to the Audit, Assurance and Risk Committee, and then to Council, on internal control and risk;
- the Audit, Assurance and Risk Committee receives regular reports from internal audit and the internal audit and strategy plan is approved by the Audit, Assurance and Risk Committee;
- reporting annually to Council the principal results of risk

identification, evaluation and management review;

- regular monitoring and review of the effectiveness of the internal control system processes and procedures is informed by the University's professional Internal Auditors giving rise to monitored action where necessary and appropriate.

The University's Senior Leadership Team has formal processes in place for evaluating and managing significant risks faced by the institution on an on-going basis. This involves identification of the types of risks through a top down and bottom up process at both corporate and departmental level, which are prioritised in terms of potential impact and likelihood of occurrence in accordance with an established and risk management policy. Risks are monitored along with the associated controls and risk mitigation actions on an on-going basis by the Senior Leadership Team. The Audit, Assurance and Risk Committee receives an update on risk at each of its meetings, the Finance and Strategy Committee receives updates on relevant risks at meetings and appropriate reports and recommendations are presented to the Council.

The University has a process for dealing with significant control issues, which involves immediate notification to the Chair of Council, Chairs of the Audit, Assurance and Risk Committee and the Finance and Strategy Committee and necessary senior staff, along with notification to the HEFCW and the Charity Commission and any other relevant authority as appropriate depending on the nature of the issue.



Public Benefit Statement

Swansea University has been a registered charity since October 2010.

The constitutional framework in which the University operates is defined in its Charter and Statutes. The objectives of the University are to advance learning and knowledge by teaching and research, and to engage in activities to promote and contribute to cultural, social and economic development within Wales and beyond.

The University's vision, strategic aims and objectives are set out in the University's Strategic Plan, which will be refreshed in the 2020/21 academic year in collaboration with its students, staff and partners. In setting and reviewing the University's objectives and activities, the University's Council has due regard to the Charity Commission's public benefit guidance and to its supplementary guidance on the advancement of education.

As the University celebrates the beginning of its Centenary year and looks forward to its next hundred years, it can reflect with pride on the role of the University, locally, nationally and internationally. It remains true to the aspirations and ambitions of its founders, whose hope was that Swansea's University would shape the future of Wales, and the words of King George V at the ceremony to lay the foundation stone are as relevant today as they were on 19 July 1920:

"It will be the task of your College to send out into the world men and women, fully equipped for the material work which awaits them, and with minds attuned to high ideal, opened to the rich and varied interests of modern life, and steadfastly set towards the service of their fellows."

As a community of more than 20,000 students and 4,000 staff, the University makes a significant contribution to the

economic development of the region. It also delivers many other benefits through teaching, research and innovation, as well as a long-held commitment to its civic mission, and it is proud of the valuable contributions its staff and students are making during the Covid-19 pandemic.

SUPPORTING THE COVID-19 RESPONSE

The University is proud of the ways in which its community of students and staff has supported the wider region during the coronavirus crisis.

More than 700 nursing students were enabled to complete their training on the frontline, while final year medical students chose to be inducted as doctors following the option of early provisional registration. The entire third year of midwifery students assisted qualified midwives across south Wales, and more than a hundred paramedic students signed up to work with the Welsh Ambulance Service.

The College of Engineering's IMPACT led a collaboration that has the capacity to produce 600 accredited face shields for frontline workers a day with over 11,000 produced to date, while SPECIFIC continues to produce 5,000 litres of hand sanitiser a week for the NHS and vulnerable groups such as the homeless.

A team of students, supported by researchers in Chemical Engineering, developed a rapid-release gas treatment for ambulances, which removes Covid-19 contamination from surfaces and the air in under 20 minutes (half the time it usually takes). The solar technology laboratories in the SPECIFIC Innovation and Knowledge Centre (College of Engineering) were repurposed to produce five thousand litres of WHO-standard hand sanitiser a week, and researchers in the Welsh Centre for Printing and Coating, Future Manufacturing Research Institute and Accelerate Healthcare Technology Centre produced CE-marked face shields to

protect NHS staff. A team of Swansea doctors and engineers also designed a new ventilator that can be built quickly from local parts and used even for patients with severe coronavirus.

Discovery, a student-led organisation, co-ordinates around 600 student volunteers in around 30 student-run community-based projects, tackling social isolation and poverty through working with children and adults with disabilities and learning difficulties, and providing companionship and practical help for older people. Throughout the pandemic the organisation continued its support of the local community through virtual volunteering and social distancing measures.

The University also hosted online antenatal classes, provided psychological support to isolated patients, launched a free, online English language training service, and produced a range of online resources to help keep children learning during lockdown.

SUPPORTING STUDENTS

The University educates more than 20,000 students across a broad range of subject areas contributing an estimated £162m per annum into the local economy. This education develops students academically and advances their leadership and interpersonal qualities, preparing them to play full and effective roles in society.

As part of the University's drive to provide a consistently outstanding experience for students it works with its students as partners and involves them in many of the key decisions across the University. The Students' Union full-time officers sit on many committee and strategic groups helping to inform the decisions that impact the University's students.

Two of the University's academies, Swansea Academy of Learning and Teaching (SALT) and the Swansea Employability Academy (SEA) support the drive to provide the best possible student experience. SALT promotes excellence in learning and teaching and provides leadership for enhancing assessment and feedback, research-led teaching, online course delivery and pedagogical research. SEA is a partnership between the University, its students, local employers, entrepreneurs, the sector skill councils and government to support the development of employability, innovation and entrepreneurial skills amongst the student body to create 'global graduates.'

The University also recognises that widening access to higher education must deliver the higher-level skills that permanently improve the life chances of the beneficiaries from a diverse set of backgrounds. The University has an excellent record of achievement in this area and the Swansea Academy of Inclusivity and Learner Success (SAILS), provides a campus-wide focus on widening access. SAILS aims to increase opportunities for people from diverse backgrounds (such as those from low participation or deprived areas, children who have been in care, disabled students) to benefit from higher education, and ensuring that students have the academic and pastoral support they need to succeed in their studies. In response to the Covid-19 pandemic, SAILS produced resources for staff informed by evidence and

best practice to support students and maintain excellence in student experience during this unsettling time. These included guidance on academic mentoring during remote learning, a guide to accessibility in developing online resources, a guide to ensuring inclusion and retention during remote learning and a set of key principles for remote induction.

SUPPORTING HEALTH AND WELLBEING

To protect the health and wellbeing of the University's students during the Covid-19 pandemic it took the swift decision to switch to remote teaching alongside the provision of online wellbeing support in March 2020. The University also released its students, from their campus accommodation agreements early and without fee liability. To support prospective students the University hosted its first ever Virtual Open Day in April 2020 with over 5,000 attendees, and hosted socially distanced on-campus visit days in August 2020.

In addition to training doctors, nurses, midwives, paramedics and social care professionals, The University works in close partnership with the health and social care sectors across Wales. The creation of the Aneurin Bevan Clinical Skills Centre in a former ward at Singleton Hospital, provides state-of-the-art facilities for nursing, physician associate and medical students, and Professor Keith Lloyd, head of our Medical School, has recently been appointed Independent Member of the Swansea Bay University Health Board.

The Medical School's SAIL Databank is part of the £4.6m UK-wide consortium BREATHE - Health Data Research Hub for Respiratory Health. BREATHE will use data to advance the development of new treatments and innovation in care delivery for conditions such as asthma, chronic obstructive pulmonary disease and respiratory infections, benefitting the NHS, patients and industry.

The University is also supporting research into primary and emergency care in Wales, with £4.85m of Welsh Government funding through Health and Care Research Wales. The Prime Centre Wales is an all-Wales Centre co-led by Swansea, Cardiff and Bangor Universities and the University of South Wales. It has adapted the focus of its research to help tackle the unprecedented challenges of Covid-19.

SUPPORTING SUSTAINABILITY

The University has signed the UN Sustainable Development Goals Accord, which commits it to addressing global challenges related to poverty, inequality, climate change, environmental degradation, peace and justice. It continues to collaborate with partners across the world to safeguard and preserve the planet for future generations, with projects ranging from developing "active buildings", clean energy technologies and innovative approaches to carbon storage, to understanding climate history, animal movement and the human rights impacts of the climate crisis.

The University is working with Sky Ocean Rescue on the UK's biggest seagrass restoration scheme. Seagrass captures carbon from the atmosphere up to 35 times faster than tropical rainforests, making it an important part of tackling

climate change, but it also acts as a nursery for a wide variety of marine life, from endangered seahorses to sea snails. The aim is to plant one million seagrass seeds to restore 20,000m² of the marine plant in West Wales, which will support 160,000 fish and 200 million invertebrates.

Swansea University students have planted nearly 800 new trees on Swansea's Kilvey Hill, helped by local residents, scouts and police officers, in a community event funded by the University and organised by the Swansea University Tree Society, a newly established student group. The trees planted were from species including English and sessile oak, hazel, hawthorn, blackthorn, silver birch and rowan. The new trees will increase biodiversity, improve air quality across the city, and soak up carbon emissions.

Staff and student volunteers have also planted 50 oak trees across the Singleton and Bay campuses as part of the centenary celebrations, and the University has helped to restore ancient coppice at Landore Social Club and lay hedges at the Liberty Stadium in a bid to revitalise the Hafod-Morfa Copperworks site with Swansea Council.

Swansea University became the first university in Wales to open a zero waste shop. Located on the Singleton Park campus, Root Zero is run by the Students' Union and offers a range of eco-lifestyle and sustainable products such as wholefoods, pulses, pasta, chocolate, coffee, fruit, detergents and hand wash.

SUPPORTING SPORT AND CULTURE

The University contributes to the cultural life of the region through a vibrant arts programme run through the Taliesin Arts Centre and the Egypt Centre on the Singleton Campus and the Great Hall on the Bay Campus. Each year, we welcome approximately 100,000 visitors to the centres hosting and supporting events, exhibitions, conferences, graduation ceremonies and community events.

Many of the University's archives, including the Richard Burton collection and South Wales Miners' Library, are open to the public, and the Egypt Centre's significant collection of Ancient Egyptian artefacts continues to excite hundreds of schoolchildren each year.

The partnership between Academi Hywel Teifi and Tafwyl, an annual festival celebrating the Welsh language, arts and culture, continues, though this year the popular festival moved online due to the coronavirus pandemic. Colleagues from the Academi Hywel Teifi contributed sessions in the festival's virtual 'Llais' (voice) area. This is the fifth year in which the University has worked in partnership with this festival to promote the Welsh language and to share the work and expertise of writers, scholars, alumni and friends of Swansea University.

In November after 2019 and 2020, the Cultural Institute was one of six national hubs for the Being Human Festival. With the theme of Rediscovering Swansea: from Land to Sea, the event included a full programme of creative activities, performances, workshops and discussions. Topics ranged from Pinocchio reimagined in a modern western society,

the brilliance of Sherlock Holmes, and the sinister world of assassination throughout the ages, to Swansea's influential, industrialist Vivian family. The event was headlined with a family fun day centred on a local exhibition featuring artefacts from Henry VIII's warship, the Mary Rose.

Although the annual Varsity competition against Cardiff University could not go ahead this year, a virtual event was run in the form of a quiz, in support of the University's Covid-19 response fund. The event was supported by several household names, including Michael Sheen and Eddie Izzard, and Welsh sporting legends such as Gareth Edwards, Ryan Jones, Alun Wyn Jones, Liz Johnson, and Dame Tanni Grey-Thompson.

The University announced a new, three-year partnership with Swansea City Football Club until the end of the 2022-23 season, continuing the sponsorship of the stadium's West Stand as well as having our University logo appear on the front of the club's home and away shirts for the next three campaigns. In May, the student football team, Swansea University FC, was crowned champions of the Cymru South regional football league, which includes semi-professional clubs and part of the second tier of the Welsh football league.

In November, the University welcomed Hillary Rodham Clinton back to campus for the launch of the Sky-funded Global Challenges programme. During her visit, Secretary Clinton participated in a public "Gutsy Welsh Women" panel event in front of a 600-strong audience at the University's Bay Campus. She was joined by Welsh Education Minister Kirsty Williams, Professor Laura McAllister (academic and former captain of the Wales women national football team), and the Head of the University's Hillary Rodham Clinton School of Law, Professor Elwen Evans QC. The event was chaired by Sky News journalist Anna Jones.

PUBLIC ENGAGEMENT

Swansea University is committed to advancing its public engagement and mission and delivering a range of services and activities to enrich our region, Welsh culture and language. The University plays an active role in the region and local communities offering extensive health services, education, heritage, community liaison, outreach and engagement, cultural, sporting and historical venues and volunteering.

We play an active and targeted role in widening access and supporting education in schools through our Schools and Colleges Outreach Programme. Some examples include the South West Wales Reaching Wider Partnership co funded by the University and Welsh Government which aims to increase participation in higher education by people from underrepresented groups and communities in South West Wales with a specific focus on the Welsh Index of Multiple Deprivation, looked-after children and care leavers.

The Technocamps initiative, which has been shortlisted for a Wales STEM award, delivers hands-on workshops for secondary schools to encourage pupils to take up computing

and STEM subjects at GCSE, A-level and beyond. Playground Computing works to counter the problem of specific groups of young people – particularly girls – disengaging with STEM subjects in the transition period between primary and secondary school. Technoteach provides professional development and training to teachers charged with delivering the new computing curriculum, and the Institute of Coding in Wales represents Technocamps' industrial arm.

The University delivers popular STEM events to engage the public with science and research. The annual Swansea Science Festival took place once again in 2019, hosted by the University and the National Waterfront Museum. Attracting over 9,000 public visitors of all ages, inspiring the next generation of scientists, the festival had more than 40 exhibits and hundreds of interactive activities.

The University's Science in the Community offering is also bolstered by the continuation of the Oriel Science project which aims to increase the uptake of students progressing to study STEM subjects through to higher education. supported by a number of corporate exhibitors including ICC Wales, Tata Steel and Plantasia, and charitable exhibitors including the British Heart Foundation and Tenovus Cancer Care.

The Covid-19 pandemic delayed the opening of a new city centre venue which is now scheduled to relaunch in autumn 2020, taking our University's incredible research, packaging this into inspiring and interactive exhibits designed to nurture curiosity and showcasing these to the community.

The University also signed up to be part of Uni4Me, an online initiative aimed at supporting students disadvantaged by the coronavirus pandemic to enter higher education. Led by the National Education Opportunities Network, the hub will act as a hub central portal where learners, parents and teachers can access free resources in a range of subjects to help them progress to higher education.

In May, Swansea University scientists held a series of Welsh-medium, online activities for children as part of the alternative, redesigned Urdd National Eisteddfod, Europe's largest competitive festival for young people. The GwyddonLe science pavillion has been a partnership between the Urdd and Swansea University since 2010, becoming one of the Eisteddfod's most popular attractions, with experts bringing science to life with interactive scientific exhibits and workshops for the thousands of young people who visit the pavillion each day. This year, science activities were provided by releasing videos demonstrating simple experiments that children and youngsters could carry out safely at home.

The Law Clinic has recently relocated to dedicated, professional facilities that have been part-funded by the European Regional Development Fund through the Legal Innovation Lab Wales project. The Law Clinic has launched new drop-in clinics and outreach activities, and has supported c.80 people who turned to the clinic for free initial legal advice and support in the last year.

Bryan Washington was announced as the winner of the Swansea University Dylan Thomas Prize for his formidable short story collection depicting the diversity of Houston, Texas. DylanED, the educational arm of the Dylan Thomas Prize, works with schoolchildren and students, introducing them to literature and encouraging them to develop their creative voices. The programme has received support to develop an innovative programme of activities over the next three years from the Rhys Davies Trust and seeks to foster Welsh writing in English, especially in the valleys of south Wales.

Independent auditors' report to the Council of Swansea University (the "institution")

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, Swansea University's group financial statements and institution financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and the institution's affairs as at 31 July 2020, and of the group's and institution's income and expenditure, gains and losses, and changes in reserves and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

We have audited the financial statements, included within the Financial Review 2020 (the "Annual Report"), which comprise: the consolidated and institution Statements of Financial Position as at 31 July 2020; the consolidated and institution Statements of Comprehensive Income, the consolidated and institution Statements of Changes in Reserves for the year then ended and the consolidated Statement of Cash Flows for the year then ended; and the Statement of Principal Accounting Policies; and the notes to the financial statements.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group and institution's ability to continue as a going concern.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Council is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Annual Report

Under the Charities Act 2011 we are required to report to you if, in our opinion, the information given in the Annual Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the Council for the financial statements

As explained more fully in the Statement of Council's Responsibilities set out on page 42 the Council is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Council is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Council is responsible for assessing the group and institution's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the group and institution or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We are eligible to act and have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the institution's Council as a body in accordance with Section 4 of the Statutes of the institution and section 151 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Opinion on other matters prescribed in the Higher Education Funding Council for Wales ('HEFCW') Audit Code of Practice issued under the Further and Higher

Education Act 1992 and the Financial Management Code issued under the Higher Education (Wales) Act 2015

In our opinion, in all material respects:

- the requirements of HEFCW's accounts direction have been met;
- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by HEFCW have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- funds provided by HEFCW have been used for the purposes for which they were received.

SUFFICIENCY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

- Under the Charities Act 2011 we are required to report to you if, in our opinion:
- sufficient accounting records have not been kept by the institution; or
- the institution financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
22nd February 2021

Statement of Council's Responsibilities

The Council is responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

In accordance with the University's Charter of Incorporation, the Council is responsible for the administration and management of the affairs of the University, including ensuring an effective system of internal control is in place and maintained, and is required to present audited Financial Statements for each financial year.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time the financial position of the University and Group, and to ensure that the financial statements are prepared in accordance with the University's Charter of Incorporation; the Accounts Direction issued by the Higher Education Funding Council for Wales; the Statement of Recommended Practice on Accounting for Further and Higher Education, the Charities Act 2011 and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for Wales (HEFCW) and the Council of the University, the Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and Group of the surplus or deficit and cash flows for that year.

In preparing these financial statements, the Council has ensured that:

- suitable accounting policies were selected and applied consistently;
- judgements and estimates were made that were reasonable and prudent;
- applicable accounting standards were followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements were prepared on the going-concern basis, unless it is inappropriate to presume that the University group will continue in operation.

The Council is satisfied that the University group has adequate resources to continue in operation for the foreseeable future; for this reason the going-concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

- ensure that funds from the HEFCW are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council, and any other conditions which the Funding Council may from time to time prescribe;

- 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 group prevent and detect fraud;
- secure the economical, efficient and effective management of the University's resources and expenditure.

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and professional services departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of financial results involving variance reporting and updates of forecast out-turns;
- clearly defined and formalised requirements for approval and control of expenditure, with significant investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal by the Finance & Strategy Committee;
- comprehensive financial regulations, detailing financial controls and procedures, approved by the Finance and Strategy Committee;
- a professional Internal Audit service whose annual programme is approved by the Audit, Assurance and Risk Committee and whose head provides the Council, through the Audit, Assurance and Risk Committee with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control.

Any system of internal control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Council has reviewed the key risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate these risks. The Council is of the view that there is a formal on-going process for identifying, evaluating and managing the University's significant risks that has been in place for the year ending 31 July 2020 and up to the date of approval of the financial statements, a process that is regularly reviewed by the Council.

COUNCIL MEMBERSHIP FOR THE YEAR ENDED 31 JULY 2020

ROLE	MEMBER	START TERM	END OF TERM	ATTENDANCE FOR 2019/20 ¹
Chancellor	Professor Dame Jean Thomas	1 January 2018	31 December 2021	5/7
Pro-Chancellor and Chair of Council	Sir Roger Jones Mr Bleddyn Phillips ²	10 September 2015 13 December 2019	10 September 2019 12 December 2023	0/0 5/5
Pro-Chancellor	Sir Roderick Evans	April 2017	March 2021	5/7
Treasurer	Mr Goi Ashmore	1 August 2020	31 July 2024	0/0
Vice-Chancellor	Professor Paul Boyle	26 July 2019	25 July 2024	7/7
Pro-Vice-Chancellors (maximum of three)	Provost Professor Steve Wilks Professor Martin Stringer Professor Iwan Davies Professor Hilary Lappin-Scott	December 2018 1 September 2019 November 2015 December 2018	31 December 2022 31 August 2023 31 August 2019 31 August 2019	7/7 7/7 0/0 0/0
Six Members appointed by and from the Court of Swansea University	Mr Gordon Anderson Dr Kerry Beynon ³ Mrs Jill Burgess Professor Edward David Professor Kathryn Monk Ms Elin Rhys Mrs Gaynor Richards	January 2017 January 2016 January 2018 4 February 2020 January 2018 4 February 2020 January 2018	January 2021 3 February 2020 January 2022 3 February 2024 26 January 2022 3 February 2024 29 May 2020	7/7 3/4 6/7 3/3 6/7 7/7 2/5
Four members of the academic staff appointed by & from Senate (2 o professors and 2 non-professorial staff)	Professor Nuria Lorenzo-Dus Professor Joy Merrell Dr Ryan Murphy Dr Sian Rees	1 December 2018 19 October 2016 4 July 2019 4 July 2019	30 November 2022 18 March 2021 3 July 2023 3 July 2023	5/7 4/7 7/7 7/7
Six members co-opted by the Council of Swansea University	Dr Kerry Beynon ³ Mrs Rosemary Morgan Dr Angus Muirhead Mr Bleddyn Phillips ² Mrs Marcia Sinfield Professor Keshav Singhal Ms Anne Tutt	4 February 2020 10 September 2015 21 March 2020 May 2016 1 December 2020 1 December 2020 6 July 2020	3 February 2024 10 September 2020 20 March 2024 13 December 2019 30 November 2024 30 November 2024 5 July 2024	2/3 6/7 7/7 2/2 0/0 0/0 0/0
Two employees of Swansea University nominated by the University's recognised Trades Unions	Dr Simon Hoffman Mr Adrian Jenkins Professor Sue Jordan	11 September 2015 27 September 2019 11 September 2019	10 September 2019 26 September 2023 10 September 2023	0/0 7/7 7/7
President of Students' Union	Ms Grace Hannaford Ms Ffion Davies	1 July 2019 1 July 2020	30 June 2020 30 June 2021	6/6 6/6
Students' Union Sports Officer	Ms Ffion Davies	1 July 2019	30 June 2020	1/1

¹ Attendance information is provided for those Council members serving during the year ended 31 July 2020, expressed as the number of Council meetings attended out of a total number of meetings the member was due to attend.

² Mr Bleddyn Phillips was a co-opted member until his appointment as Pro-Chancellor and Chair of Council

³ Dr Kerry Beynon was a Court-appointed member of Council until her appointment as a co-opted member



Mr Bleddyn Phillips, Chair of Council
22nd February 2021

Statement Of Principal Accounting Policies

1. GENERAL INFORMATION

Swansea University is registered with the Higher Education Funding Council in Wales (HEFCW). The address of the registered office is: **Swansea University, Singleton Park, Swansea, SA2 8PP**

2. STATEMENT OF COMPLIANCE

The Consolidated and University financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition).

They have also been prepared in accordance with the powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Royal Charter, the Accounts Direction issued by the Higher Education Funding Council for Wales (HEFCW), and the Terms and conditions of funding for higher education institutions issued by HEFCW.

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

3. BASIS OF PREPARATION

The Consolidated and University financial statements are prepared in accordance with the historic-cost convention (modified by the revaluation of fixed assets and the measurement of certain financial instruments at fair value).

The University's activities, together with the factors likely to affect its future development, performance and position, are set out in the operational and financial review, which forms part of the Members of Council's report. This review also describes the financial position of the University, its cash flows, liquidity position and borrowing facilities. The Members of Council have a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future.

The financial statements have been prepared under the going concern basis of accounting. The Members of Council feel that this is appropriate as the University has considerable financial resources together with a significant value of contracted income over the medium term. The Members of Council have reviewed forecasts and forecast covenant compliance throughout the year. Therefore, the Members of Council believe that they are well placed to manage its business risks despite the on-going changes in sector funding.

Judgements made by management in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant

risk of material adjustment in the next year are discussed in accounting policy note 23.

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2020. Intra-group transactions are eliminated on consolidation.

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

Joint ventures are accounted for using the equity method.

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

4. EXEMPTIONS UNDER FRS 102

The University has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for the University in its separate financial statements.

5. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the University and all its subsidiaries together with the share of the results of joint ventures and associates for the financial year to 31 July 2020.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal. 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. Balances between the University and its associates and joint ventures are not eliminated. Normal trading transactions that are not settled by the balance sheet date are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity; the part relating to the University's share is eliminated.

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

Associated companies and joint ventures are accounted for using the equity method.

6. INCOME RECOGNITION

Income from the sale of goods or services (exchange transactions) is credited to the Statement of Comprehensive Income when the amount of revenue can be reliably measured, the stage of completion at the end of the reporting

period can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to the University and when costs of services delivered or due to be delivered can be measured reliably.

Tuition Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income. Education contracts are recognised when the University is entitled to the income, which is the period in which the students are studying, or where relevant, when performance 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.

Investment income is credited to the statement of income and expenditure on a receivable basis.

GRANT FUNDING

Government grants including Funding Council block grant and research grants from Government sources and other grants from non-government sources including research grants from non-government sources are recognised within the Statement of Comprehensive Income when the University is entitled to the income and performance-related conditions have been met. Income received in advance of performance-related conditions is deferred within creditors in the Statement of Financial Performance and released to the Statement of Comprehensive Income in line with such conditions being met.

Commercial research contracts are accounted for in line with the policy for income from the sale of goods or services (exchange transactions) above.

Other grants and donations received from non-government sources including research grants from non-government sources are recognised within the Statement of Comprehensive Income when the University is entitled to the income and the performance-related conditions have been met. Income received in advance of performance related conditions is deferred within creditors in the Statement of Financial Performance and released to the Statement of Comprehensive Income in line with such conditions being met.

CAPITAL GRANTS

Capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met. Capital Government grants for land are to be accounted for in line with the performance model as per the policy for Government Grants above.

DONATIONS AND ENDOWMENTS

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

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

Donations with no restrictions are recorded within the Statement of Comprehensive Income when the University is entitled to the income.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

There are four main types of donations and endowments with restrictions:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donations of tangible assets are included within income. The income recognised is valued using a reasonable estimate of their gross value or the amount actually realised. Donated tangible assets are valued and accounted for as tangible assets under the appropriate asset category.

7. ACCOUNTING FOR RETIREMENT BENEFITS

The three principal schemes for the University's staff are the Universities Superannuation Scheme (USS), the Swansea University Pension Scheme (SUPS), and the National Employment Savings Trust (NEST). SUPS was closed to new members from 1st January 2012 when new staff were invited to join NEST. The University also contributes to the NHS Pension Scheme.

USS and SUPS are defined-benefit schemes, which are externally funded and contracted out of the State Second Pension. Each fund is valued every three years by professionally qualified independent actuaries. NEST is a defined contribution scheme.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities of each University, due to the mutual nature of the scheme. Therefore, the scheme is accounted for as a defined contribution retirement benefit scheme.

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

DEFINED CONTRIBUTION PLAN

A defined contribution plan is a post-employment benefit plans, 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 of defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income in the periods during which the services are rendered by employees.

MULTI-EMPLOYER SCHEMES

Where the University 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 University has entered into an agreement with such a multi-employer scheme that determines how the University will contribute to a deficit recovery plan, the University 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 PLAN

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

The 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 University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Annually the University engages independent actuaries to calculate the obligation for each scheme. The present

value is determined by discounting the estimated future payments at a discounted 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 University'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.

Further detail is provided on the specific pension schemes in note 30 to the accounts.

8. 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 the service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of unused entitlement. Unused annual leave entitlement at 31 July is recognised as a creditor for administrative staff. There is no creditor for unused annual leave for academics as no obligation exists.

9. 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 are stated at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

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.

10. 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 the corresponding financial liability.

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

The Bay Campus residences and Singleton residences are classified as Service Concession Arrangements.

11. OPERATING LEASES

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

12. FOREIGN CURRENCY

Transactions in foreign currencies are translated to Pound Sterling at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are re-translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are re-translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

13. PROPERTY PLANT AND EQUIPMENT

Property, plant and equipment are stated at deemed cost less accumulated depreciation and accumulated impairment losses.

LAND AND BUILDINGS

Land and buildings are capitalised at cost on initial recognition.

After initial recognition, land and buildings are subsequently measured at costs less accumulated depreciation and accumulated impairment losses.

Land and Buildings in existence upon transition to FRS102 and the new HE SORP 2015, were revalued to fair value on the date of transition. These are measured on the basis of deemed cost, being the revalued amount at the date of the revaluation. The difference between the revalued amount and historical cost is credited to a revaluation reserve. An amount equal to the depreciation in excess of that on the historical cost basis is transferred from the revaluation reserve to retained earnings on an annual basis.

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

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

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 to the University of between 12 and 75 years.

No depreciation is charged on assets in the course of construction and depreciation is accelerated when there is a known demolition date.

Leasehold land and buildings are depreciated over the life of the lease up to a maximum of 50 years.

EQUIPMENT

Equipment costing less than £25,000 per individual item is written off in the year of acquisition. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its useful expected life. The useful expected life is 3-5 years except in exceptional circumstances where the useful life is deemed longer or shorter.

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

VESSELS

Vessels are stated at cost and depreciated over their useful expected lives. Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Comprehensive Income in the period in which they are incurred.

IMPAIRMENT

A review for impairment of property, plant and equipment is carried out if events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable.

14. HERITAGE ASSETS

Works of art and other valuable artefacts are capitalised and recognised at the cost or value of the acquisition, where a cost or value is reasonably obtainable.

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

Where heritage assets have not been capitalised, details of the nature and age of these assets are disclosed.

15. INVESTMENT PROPERTIES

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

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in

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

16. INVESTMENTS

Non-current investments are held on the Balance Sheet at amortised cost less impairment.

Investments in jointly-controlled entities, subsidiaries and associates are carried at cost less impairment in the University's accounts.

Current asset investments are held at fair value with movements recognised in the Statement of Comprehensive Income.

17. STOCK

Stock is held at the lower of cost and net realisable value.

18. CASH AND CASH EQUIVALENTS

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

19. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised in the financial statements when:

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

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

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

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

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

20. ACCOUNTING FOR JOINT OPERATIONS, JOINTLY CONTROLLED ASSETS AND JOINTLY CONTROLLED OPERATIONS

The University accounts for its share of joint ventures using the equity method.

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

21. TAXATION

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

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

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

22. RESERVES

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanent restricted fund as the University must hold the fund to perpetuity.

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

23. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant estimates and judgements used in the preparation of this financial information were as follows:

TANGIBLE FIXED ASSETS

Land and buildings were revalued on adoption of FRS102. The revaluation was performed by qualified quantity surveyors based upon their independent review of the estate and supporting information from the University.

During the revaluation of land and buildings the estimated useful lives of buildings were reviewed and updated by the independent surveyors based upon an assessment of the age and condition of the estate.

RECOVERABILITY OF DEBTORS

The policy for provision for bad and doubtful debts is specific for each class of debt and based on circumstances and post-year-end recovery of actual debts. Any non-provided debts are deemed recoverable.

RETIREMENT BENEFIT OBLIGATIONS

The University operates its own scheme, Swansea University Pension Scheme (SUPS), which is a defined-benefit scheme (now closed to new members). Actuarial valuations of the scheme are carried out as determined by the Trustees at intervals of not more than three years.

Pension costs under the HE SORP and FRS102 are assessed in accordance with the advice of independent actuaries based upon latest actuarial valuations and assumptions determined by the actuaries. The assumptions are based upon information supplied to the actuaries by the University, supplemented by decisions between the actuary and management. The assumptions are documented in note 30.

Management are 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 funding plan in existence at the date of approving the financial statements.

As the University is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The provision is currently based on the USS deficit recovery plan agreed after the 2017 actuarial valuation, which defines the deficit payment required as a percentage of future salaries. These contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflations, changes in staff numbers and the prevailing rate of discount. Further details are set out in note 30.

Financial Statements for the year ended 2020

CONSOLIDATED AND INSTITUTION STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31ST JULY 2020

	NOTES	CONSOLIDATED YEAR ENDED 2020 £000	UNIVERSITY YEAR ENDED 2020 £000	CONSOLIDATED YEAR ENDED 2019 £000	UNIVERSITY YEAR ENDED 2019 £000
INCOME					
Tuition fees and education contracts	1	171,197	171,197	170,443	170,443
Funding body grants	2	27,310	27,310	25,041	25,041
Research grants and contracts	3	56,184	56,184	94,597	94,597
Other income	4	61,934	61,047	61,276	60,944
Investment income	5	631	631	665	665
Donations and Endowments	6	249	249	311	311
Total income		317,505	316,618	352,333	352,001
EXPENDITURE					
Staff costs	7	184,508	184,149	177,832	177,432
USS Pension deficit (credit)/charge	7	(41,141)	(41,141)	56,935	56,935
Restructuring costs	7	5,612	5,612	-	-
Other operating expenses		103,303	102,820	130,854	131,115
Depreciation	11	23,871	23,738	22,031	21,898
Interest and other finance costs	8	8,936	8,934	7,309	7,309
Total expenditure	9	285,089	284,112	394,961	394,689
Surplus/(Deficit) before other gains, losses and share of operating (deficit) of joint ventures and associates		32,416	32,506	(42,628)	(42,688)
(Loss)/Gain on disposal of tangible assets		(530)	(530)	99	99
Gain/(Loss) on investments		82	181	(885)	121
Share of operating (deficit) in joint venture	15	-	-	(264)	(264)
Share of operating (deficit) in associate		(254)	(254)	-	-
Surplus/(Deficit) before taxation		31,714	31,903	(43,678)	(42,732)
Taxation	10	(14)	-	(15)	-
Surplus/(Deficit) for the year		31,700	31,903	(43,693)	(42,732)
Other Comprehensive Income					
Actuarial (loss) in respect of pension schemes	31	(10,800)	(10,800)	(13,000)	(13,000)
Total comprehensive income/(expense) for the year		20,900	21,103	(56,693)	(55,732)
Represented by:					
Endowment comprehensive income for the year	22	207	207	338	338
Unrestricted comprehensive income/(expense) for the year		21,725	21,928	(55,954)	(54,993)
Revaluation reserve comprehensive income/(expense) for the year		(1,032)	(1,032)	(1,077)	(1,077)
		20,900	21,103	(56,693)	(55,732)

All items of income and expenditure relate to continuing activities.
The Financial Statements on pages 50 – 75 were approved by Council on 22 February 2021 and were signed on its behalf on that date.

CONSOLIDATED AND INSTITUTION STATEMENT OF CHANGE IN RESERVES YEAR ENDED 31ST JULY 2020

	INCOME AND EXPENDITURE RESERVE ENDOWMENT £000	REVALUATION RESERVE UNRESTRICTED £000	REVALUATION RESERVE £000	TOTAL £000
CONSOLIDATED				
At 1 August 2018	6,436	161,859	46,795	215,090
Surplus / (Deficit) from the income and expenditure statement	338	(44,031)	-	(43,693)
Other comprehensive income	-	(13,000)	-	(13,000)
Transfers between revaluation and income and expenditure reserve	-	1,077	(1,077)	-
Release of restricted capital funds spent in the year	-	-	-	-
At 31 July 2019	6,774	105,905	45,718	158,397
At 1 August 2019	6,774	105,905	45,718	158,397
Surplus from the income and expenditure statement	207	31,493	-	31,700
Other comprehensive income	-	(10,800)	-	(10,800)
Transfers between revaluation and income and expenditure reserve	-	1,032	(1,032)	-
Release of restricted funds spent in the year	-	-	-	-
Total comprehensive income for the year	207	21,725	(1,032)	20,900
At 31 July 2020	6,981	127,630	44,686	179,297
UNIVERSITY				
At 1 August 2018	6,436	161,287	46,795	214,518
Surplus / (Deficit) from the income and expenditure statement	338	(43,070)	-	(42,732)
Other comprehensive income	-	(13,000)	-	(13,000)
Transfers between revaluation and income and expenditure reserve	-	1,077	(1,077)	-
Release of restricted capital funds spent in the year	-	-	-	-
At 31 July 2019	6,774	106,294	45,718	158,786
At 1 August 2019	6,774	106,294	45,718	158,786
Surplus from the income and expenditure statement	207	31,696	-	31,903
Other comprehensive income	-	(10,800)	-	(10,800)
Transfers between revaluation and income and expenditure reserve	-	1,032	(1,032)	-
Release of restricted funds spent in the year	-	-	-	-
Total comprehensive income for the year	207	21,928	(1,032)	21,103
At 31 July 2020	6,981	128,222	44,686	179,889

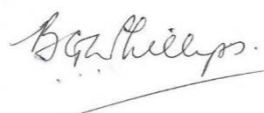
CONSOLIDATED AND INSTITUTION STATEMENT OF FINANCIAL POSITION AT 31ST JULY 2020

	NOTES	CONSOLIDATED YEAR ENDED 2020 £000	UNIVERSITY YEAR ENDED 2020 £000	CONSOLIDATED YEAR ENDED 2019 £000	UNIVERSITY YEAR ENDED 2019 £000
NON-CURRENT ASSETS					
Tangible assets	11	451,902	450,834	458,570	457,568
Heritage assets	12	945	945	945	945
Investments	14	452	-	591	-
Investments in subsidiaries	14	-	2,389	-	2,389
Investments in joint venture	15	-	-	2,270	2,270
Investments in associates	15	2,016	2,016	-	-
		455,315	456,184	462,376	463,172
CURRENT ASSETS					
Stocks	16	158	13	126	38
Trade and other receivables	18	39,551	39,127	63,030	62,892
Investments	17	4,855	4,855	4,899	4,899
Cash and cash equivalents		97,389	97,117	89,490	86,943
		141,953	141,112	157,545	154,772
Less creditors falling due within one year	19	(70,640)	(70,076)	(191,446)	(189,088)
NET CURRENT ASSETS/(LIABILITIES)		71,313	71,036	(33,901)	(34,316)
Total assets less current liabilities		526,628	527,220	428,475	428,856
Creditors: amounts falling due after more than one year	20	(226,657)	(226,657)	(121,492)	(121,492)
PROVISIONS					
Pension provision	21	(120,674)	(120,674)	(148,578)	(148,578)
Total net assets		179,297	179,889	158,405	158,786
RESTRICTED RESERVES					
Income and expenditure reserve - endowment reserve	22	6,981	6,981	6,774	6,774
UNRESTRICTED RESERVES					
Income and expenditure reserve - unrestricted		127,630	128,222	105,913	106,294
Revaluation reserve		44,686	44,686	45,718	45,718
Total reserves		179,297	179,889	158,405	158,786

The financial statements were approved by Council on 22 February 2021 and were signed on its behalf on that date by:



Professor P Boyle (Vice-Chancellor)



B. Phillips (Chair of Council)

CONSOLIDATED AND INSTITUTION STATEMENT OF CASH FLOW YEAR ENDED 31ST JULY 2020

	NOTES	2020 £000	2019 £000
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus / (deficit) for the year before taxation		31,714	(43,678)
Adjustment for non-cash items			
Depreciation	11	23,871	22,031
Service Concession Income		(9,466)	(9,466)
Service Concession Interest		3,221	3,297
Gain / (Loss) on Investments		(82)	885
(Increase) / decrease in stock		(32)	29
Decrease / (increase) in debtors		12,838	(17,325)
(Decrease) in creditors		(10,559)	(1,336)
(Decrease) / increase in pension provisions		(38,704)	58,521
Share of (surplus) / deficit in joint venture		-	264
Share of operating (surplus) / deficit in associate		254	-
ADJUSTMENT FOR INVESTING OR FINANCING ACTIVITIES			
Investment income		(631)	(665)
Capital grant income		(3,538)	(36,365)
Interest payable		6,299	5,423
Endowment Income		(4)	(130)
(Gain) / Loss on the sale of tangible assets		530	(99)
		15,711	(18,614)
Taxation		(14)	(15)
Net cash inflow from operating activities		15,697	(18,629)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital grant receipts		16,296	24,170
Proceeds from sales of tangible assets		-	99
Payments made to acquire tangible assets		(14,308)	(32,811)
Proceeds from disposal of non-current investments		40	-
Disposal of current investments		-	-
Investment income		631	665
Non-current investment acquisitions		-	-
		2,659	(7,877)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(3,078)	(2,126)
Interest element of finance lease and service concession arrangements		(3,221)	(3,297)
New endowments		4	130
Liquidation of endowments		225	-
New unsecured loans		-	60,000
Repayment of amounts borrowed		(2,093)	(3,326)
		(8,163)	51,381
Increase in cash and cash equivalents in the year		10,193	24,875
Cash and cash equivalents at beginning of the year		86,943	62,068
Cash and cash equivalents at end of the year		97,136	86,943

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 2020

	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	2020	2020	2019	2019
	£000	£000	£000	£000
1 TUITION FEES AND EDUCATION CONTRACTS				
Full - time home and EU students	116,697	116,697	115,644	115,644
Full - time international students	36,027	36,027	37,264	37,264
Part - time students	3,719	3,719	3,824	3,824
Educational contracts with the NHS	14,439	14,439	13,587	13,587
Non-accredited course fees	315	315	124	124
	171,197	171,197	170,443	170,443

To generate the full - time home and EU tuition fee the University has spent £5.4 million (2019: £5.6 million) in relation to bursaries in accordance with the fee plan.

2 FUNDING BODY GRANTS				
Grant received in year - recurrent	21,294	21,294	17,783	17,783
	21,294	21,294	17,783	17,783
Specific grants received in year				
Widening Access / Reaching Wider	286	286	415	415
Welsh Medium Project	371	371	437	437
Other	1,611	1,611	2,434	2,434
Capital	3,748	3,748	3,972	3,972
	6,016	6,016	7,258	7,258
	27,310	27,310	25,041	25,041

3 RESEARCH GRANTS AND CONTRACTS				
Research Councils	16,071	16,071	17,872	17,872
UK-based charities	2,644	2,644	2,621	2,621
UK government, health and hospital authorities	12,534	12,534	15,133	15,133
UK industry, commerce, public corporations	3,293	3,293	4,860	4,860
EU government bodies	19,880	19,880	51,884	51,884
EU other	580	580	371	371
Other overseas	620	620	1,020	1,020
Other sources	562	562	836	836
	56,184	56,184	94,597	94,597

There is no income from capital grants in respect of buildings within Research grants and contracts in 2020. In 2019, £32,393 was included under EU Government Bodies, being the release of two capital building grants

4 OTHER INCOME				
Residences, catering and conferences	23,746	23,746	27,515	27,515
Other services rendered	3,957	3,957	2,631	2,631
Other capital grants	1,353	1,353	-	-
Income from service concession agreements	9,466	9,466	9,466	9,466
Other income	14,639	13,752	12,610	12,278
NHS income in respect of the College of Medicine	8,279	8,279	8,826	8,826
Research Council full-time Doctoral/ Collaborative Training Award	494	494	228	228
	61,934	61,047	61,276	60,944

	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	2020	2020	2019	2019
	£000	£000	£000	£000

5 INVESTMENT INCOME				
Investment income on endowments	141	141	202	202
Interest from short-term investments	490	490	463	463
	631	631	665	665

6 DONATIONS AND ENDOWMENTS				
New endowments	4	4	130	130
Unrestricted donations	245	245	181	181
	249	249	311	311

7 STAFF COSTS				
The staff costs for the financial year were:				
Salaries	134,131	133,772	131,873	131,473
Social security costs	14,035	14,035	13,780	13,780
Other pension costs	36,342	36,342	32,179	32,179
Total staff costs	184,508	184,149	177,832	177,432
USS pension deficit (credit)/charge	(41,141)	(41,141)	56,935	56,935
Restructuring costs	5,612	5,612	-	-

Voluntary Exit Scheme (VES), where enhanced compensation payments were made to employees wishing to leave the University voluntarily, was initiated in 2019/20. The aim of this is to re-balance the overall cost base of the University to more appropriately match forecast income levels and ensure financial sustainability. The cost of £5,612k includes all requests that had been approved by the Registrar, Director of Finance, Director of HR and Head of Legal Services and accepted by the individual member of staff at 31 July 2020.

Remuneration of the Vice-Chancellor

Decisions on the reward of the Vice-Chancellor are made by the University's Remuneration Committee taking account of:

- Achievement of the strategic goals of the University
- The breadth of leadership and financial responsibilities for the University
- The accountability for sustaining a TEF-Silver ranked educational experience for the University's students
- The accountability for sustaining and building on the success of the REF2014, enhancing the University's research reputation and impact
- Benchmarking of the salary against comparator universities.

The current Vice-Chancellor was appointed in July 2019 and his remuneration package was negotiated at that time. It reflected the depth of his leadership, management and academic experience in the Higher Education Sector.

At this year's Remuneration Committee the Senior Management Team, including the Vice-Chancellor, indicated that they did not want to be considered for any performance related pay in respect of the 2019/20 year.

Emoluments of the Vice-Chancellor:

		2020	2019
		£000	£000
Salary		293	257
Taxable Benefits:			
Subsidised accommodation and associated costs		19	9
University car and associated costs		24	-
Other benefits		9	-
		52	9

7 STAFF COSTS - CONTINUED

Accommodation costs were significantly higher in 2020 due to a change in HMRC tax rules in April 2019 for the residence of the Vice-Chancellor where accommodation became taxable for the first time. During this period, rented accommodation was provided for the Vice-Chancellor in lieu of the University's own house which required substantial renovation. The Vice-Chancellor had use of a car and driver during 2019/20. The benefit to the Vice-Chancellor declared in the financial statements for the car and associated costs is based on the cost incurred by the University, and includes journeys for work purposes as well as private use. This differs to the benefit submitted to HMRC for tax purposes. The car is no longer being used by the Vice-Chancellor.

The head of the provider's basic salary is 8.3 times the median pay of staff (2019: 7.5 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff.

The head of the provider's total remuneration is 9.9 times the median total remuneration of staff (2019: 7.8 times), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the University to its staff.

Remuneration of higher paid staff (excluding the Vice Chancellor), excludes employer's pension contributions but including payments made on behalf of the NHS in respect of its contractual obligations to University staff under separate NHS contracts of employment and which are reimbursed to the University by the NHS, was:

	UNIVERSITY 2020 NUMBER	UNIVERSITY 2019 NUMBER
--	------------------------------	------------------------------

In 2020 there were 61 higher paid members of staff (2019: 51)

£100,000 - £104,999	13	10
£105,000 - £109,999	9	7
£110,000 - £114,999	4	5
£115,000 - £119,999	7	7
£120,000 - £124,999	3	3
£125,000 - £129,999	4	3
£130,000 - £134,999	2	2
£135,000 - £139,999	7	2
£140,000 - £144,999	-	1
£145,000 - £149,999	2	1
£150,000 - £154,999	1	2
£155,000 - £159,999	1	-
£160,000 - £164,999	1	2
£165,000 - £169,999	1	1
£170,000 - £174,999	-	1
£175,000 - £179,999	1	1
£180,000 - £184,999	2	1
£185,000 - £189,999	-	-
£190,000 - £194,999	1	1
£195,000 - £199,999	2	-
£200,000 - £204,999	-	-
£205,000 - £209,999	-	1

	2020 NUMBER FTE	2019 NUMBER FTE
--	--------------------	--------------------

The average number of staff employed during the year expressed as FTE (full-time equivalents):

Academic	1,111	1,112
Research	452	419
Management and specialist	972	982
Technical	159	156
Other	949	983
	3,643	3,652

No compensation for loss of office to a senior post-holder was payable during the year (2019: nil)

7 STAFF COSTS - CONTINUED

	2020	2019
	£000	£000
	954	1,259

KEY MANAGEMENT PERSONNEL

There has been significant change to the Key Management Personnel during 2018/19 and 2019/20 with the number of key management personnel reducing from seven to five during 2019/20. The two Senior Pro-Vice-Chancellors left the University in December 2018 and August 2019, leaving two Pro-Vice-Chancellors, one of whom became Provost in November 2019. A further Pro-Vice-Chancellor was appointed with effect from 1 August 2020. The new Director of Finance was appointed in February 2020, replacing the interim Director of Finance.

TRUSTEES

Due to the nature of the Institution's operations and the composition 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, are conducted at arm's length and in accordance with the Institution's Financial Regulations and procurement procedures.

No trustee received any remuneration or waived payments during the year (2019: £0).

The total expenses paid to or on behalf of the trustees was £5k (2019: £5K) split between the Council Members. This represents expenses occurred in their official capacity as Council Member.

NOTES	CONSOLIDATED YEAR ENDED 2020 £000	UNIVERSITY YEAR ENDED 2020 £000	CONSOLIDATED YEAR ENDED 2019 £000	UNIVERSITY YEAR ENDED 2019 £000
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8 INTEREST AND OTHER FINANCES

Loan interest		3,078	3,076	2,126	2,126
Finance leases including service concession arrangements		3,221	3,221	3,297	3,297
Unwinding of USS discount factor		1,437	1,437	686	686
Net pension interest cost	31	1,200	1,200	1,200	1,200
		8,936	8,934	7,309	7,309

9 ANALYSIS OF EXPENDITURE BY ACTIVITY

	CONSOLIDATED 2020					UNIVERSITY 2020					CONSOLIDATED 2019					UNIVERSITY 2019				
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Pay	Non Pay	Interest	Depreciation	Total	Pay	Non Pay	Interest	Depreciation	Total	Pay	Non Pay	Interest	Depreciation	Total	Pay	Non Pay	Interest	Depreciation	Total
Academic departments	97,238	20,757	3	2,600	120,598	97,238	20,757	4	2,600	120,599	91,665	34,457	-	10	126,132	91,665	34,457	-	10	126,132
Academic services	13,057	11,960	-	-	25,017	13,057	11,960	-	-	25,017	12,181	11,454	-	1,626	25,261	12,181	11,454	-	1,626	25,261
Research grants and contracts	32,004	13,993	-	6,995	52,992	32,004	13,993	-	6,995	52,992	31,053	19,674	-	7,071	57,798	31,053	19,674	-	7,071	57,798
Residences, catering and conferences	2,895	23,349	-	-	26,244	2,895	23,349	-	-	26,244	3,179	24,262	-	8	27,449	3,179	24,262	-	8	27,449
Premises	5,159	15,047	3,071	7,079	30,356	5,159	15,047	3,071	7,079	30,356	6,427	18,835	2,092	6,120	33,474	6,427	18,835	2,092	6,120	33,474
Professional services	30,055	17,420	-	-	47,475	30,055	17,420	-	-	47,475	28,324	22,342	30	-	50,696	28,324	22,342	30	-	50,696
USS pension deficit charge	(41,141)	-	1,437	-	(39,704)	(41,141)	-	1,437	-	(39,704)	56,935	-	686	-	57,621	56,935	-	686	-	57,621
Other operating expenses	9,712	777	4,425	7,197	22,111	9,353	294	4,422	7,064	21,133	5,003	(170)	4,501	7,196	16,530	4,603	91	4,501	7,063	16,258
Total expenditure	148,979	103,303	8,936	23,871	285,089	148,620	102,820	8,934	23,738	284,112	234,767	130,854	7,309	22,031	394,961	234,367	131,115	7,309	21,898	394,689

OTHER OPERATING EXPENSES INCLUDE:

2020
£000

2019
£000

Service concession arrangements 10,283 10,360

Restructuring costs 5,612 459

During the year the Institution undertook significant restructuring which resulted in £5,612k in compensation for loss of office (see note 7)

EXTERNAL AUDITORS REMUNERATION

2020
£000

2019
£000

Audit of the University and its subsidiaries 83 266

Audit related assurance services 52 342

Taxation Services 27 56

The external auditors fees in 2019 include costs relating to the 2018 investigation and additional audit work due to the investigation.

NOTES CONSOLIDATED UNIVERSITY CONSOLIDATED UNIVERSITY
YEAR ENDED 2020 YEAR ENDED 2020 YEAR ENDED 2019 YEAR ENDED 2019
£000 £000 £000 £000

10 TAXATION

Recognised in the statement of comprehensive income

0 0 0 0

CURRENT TAX

£000 £000 £000 £000

Current tax expense

14 - 15 -

Current tax expense

14 - 15 -

Total tax expense

14 - 15 -

11 NON-CURRENT ASSETS - FIXED ASSETS - CONSOLIDATED

	FREEHOLD LAND AND BUILDINGS	SERVICE CONCESSION ARRANGEMENTS	FIXTURES, FITTINGS AND EQUIPMENT	VESSELS	ASSETS IN THE COURSE OF CONSTRUCTION	HERITAGE ASSETS	TOTAL
	£000	£000	£000	£000	£000	£000	£000
COST							
At 1 August 2019	358,313	150,777	37,718	1,566	8,682	945	558,001
Additions	-	3,425	6,313	-	7,995	-	17,733
Transfers	12,375	-	-	-	(12,375)	-	-
Disposals	(1,327)	-	-	-	-	-	(1,327)
At 31 July 2020	369,361	154,202	44,031	1,566	4,302	945	574,407
CONSISTING OF VALUATION AS AT:							
31 July 2014	44,686	-	-	-	-	-	44,686
Cost	324,675	154,202	44,031	1,566	4,302	945	529,721
	369,361	154,202	44,031	1,566	4,302	945	574,407
ACCUMULATED DEPRECIATION							
At 1 August 2019	42,087	31,660	24,729	10	-	-	98,486
Charge for year	11,456	7,062	5,290	63	-	-	23,871
Disposals	(797)	-	-	-	-	-	(797)
At 31 July 2020	52,746	38,722	30,019	73	-	-	121,560
CARRYING AMOUNT							
At 31 July 2020	316,615	115,480	14,012	1,493	4,302	945	452,847
At 1 August 2019	316,226	119,117	12,989	1,556	8,682	945	459,515

NON - CURRENT ASSETS - FIXED ASSETS - UNIVERSITY

	FREEHOLD LAND AND BUILDINGS	SERVICE CONCESSION ARRANGEMENTS	FIXTURES, FITTINGS AND EQUIPMENT	VESSELS	ASSETS IN THE COURSE OF CONSTRUCTION	HERITAGE ASSETS	TOTAL
	£000	£000	£000	£000	£000	£000	£000
COST							
At 1 August 2019	358,313	150,777	35,921	1,566	8,682	945	556,204
Additions	-	3,425	6,114	-	7,995	-	17,534
Transfers	12,375	-	-	-	(12,375)	-	-
Disposals	(1,327)	-	-	-	-	-	(1,327)
At 31 July 2020	369,361	154,202	42,035	1,566	4,302	945	572,411
CONSISTING OF VALUATION AS AT:							
31st July 2014	44,686	-	-	-	-	-	44,686
Cost	324,675	154,202	42,035	1,566	4,302	945	527,725
	369,361	154,202	42,035	1,566	4,302	945	572,411
ACCUMULATED DEPRECIATION							
At 1 August 2019	42,087	31,660	23,934	10	-	-	97,691
Charge for year	11,456	7,062	5,157	63	-	-	23,738
Disposals	(797)	-	-	-	-	-	(797)
At 31 July 2020	52,746	38,722	29,091	73	-	-	120,632
CARRYING AMOUNT							
At 31 July 2020	316,615	115,480	12,944	1,493	4,302	945	451,779
At 1 August 2019	316,226	119,117	11,987	1,556	8,682	945	458,513

A full valuation of the University's land and property was carried out on 31st July 2014 by qualified chartered surveyors in accordance with the RICS valuation - Professional Standards 2014 (the Red Book). Under FRS 102 paragraph 35.10, the University has elected to measure land and property at fair value at the transition date of 31 July 2014 and use the fair value as the deemed cost on that date. The properties are being depreciated from the valuation date. As the assets are depreciated or sold, an appropriate transfer is made from the revaluation reserve to the Income and expenditure reserve.

At 31st July 2020, freehold land and buildings included £16.5 million (2019: £16.5 million) in respect of freehold land which is not depreciated.

12 NON-CURRENT ASSETS - HERITAGE ASSETS

Heritage assets included on the Statement of Financial Position refer largely to the University's Art Collection. There are also other heritage assets which due to their nature we are unable to value and therefore have not been included.

The Egypt Centre holds the Wellcome Collection which includes Egyptian antiques and artefacts. These assets are unique and not replaceable. The Egypt Centre is a recognised museum, accredited by the Arts Council and a recognised ACCES partner. It aims to collect, interpret and care for Egyptian archaeological material and documents and preservation is critical to their work. All policies in place are reviewed by the Arts Council. The Wellcome Collection is available to view by all University staff and students, local schools as well as the wider general public.

The picture and art collection is recognised on the Statement of Financial Position under Heritage Assets (see note 12). This collection was valued in 2008 by an independent valuer and has been taken as deemed cost on transition. The majority of this art collection can be viewed around the University.

The University also holds a silver collection which includes but is not limited to competition cups, bowls and vases dating between the 1950s and 1980s. No price can be attributed to this collection, hence they are not held on the Statement of Financial Position. The collection is stored securely but can be available for inspection upon request.

The University also holds Dylan Thomas manuscripts which were purchased out of University funds

	2020 £000	2019 £000
There were no acquisitions in the year (2019: £20k)		
Acquisitions purchased with specific donations	-	-
Acquisitions purchased with University funds	-	20
Total cost of acquisitions purchased	-	20
Value of acquisitions by donations	-	-
Total acquisitions capitalised	-	20

13 SERVICE CONCESSION ARRANGEMENTS

The University has six Service Concession Arrangements in the Statement of Financial Position.

MOVEMENT IN SERVICE CONCESSION ARRANGEMENT ASSETS

The asset value of the service concession included in the Statement of Financial Position as at 31 July 2020 is £115,480 (1 August 2019 £119,117K)

The reduction of £3,639k is as a result of £7,063k of depreciation less the addition of £3,424 which occurred following the additional guarantee given on the three Bay Campus residences, increasing the occupancy guarantee from 50% to 100% for one academic year only.

MOVEMENT IN SERVICE CONCESSION ARRANGEMENT LIABILITIES

The total liabilities relating to service concession arrangements included in the Statement of Financial Position as at 31 July 2020 were £124,916k (1 August 2019 £127,737K). Liabilities were reduced by £6,245K during the year following repayment and accounting adjustments. Additional occupancy guarantees were given in the year in relation to the three Bay Campus residences increasing the liability by £3,424k, reducing the overall reduction in the liability to £2,821k.

FUTURE COMMITMENTS

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

£'000	PAYABLE IN 1 YEAR	PAYABLE IN 2-5 YEARS	PAYABLE IN >5 YEARS	TOTAL
Liability repayments	6,325	12,469	106,122	124,916
Finance charge	3,141	11,698	42,859	57,698
	9,466	24,167	148,981	182,614

Prior to conversion of the Financial Statements to reflect FRS102, the University had entered into the following leases which were previously held off the Statement of Financial Position. These leases have now been brought onto the Statement of Financial Position as Service Concession Arrangements. The notes below give more information on these arrangements:

GWALIA RESIDENCES

Gwalia Phase 1 - A 30-year lease was entered into in 2004 to build three new blocks of accommodation with 272 units. The occupancy guarantee is 100%.

Gwalia Phase 2 - A 30-year lease was entered into in 2010 comprising of 351 units with the lower floors shelled for University activities. The occupancy guarantee is 100%.

13 SERVICE CONCESSION ARRANGEMENTS - CONTINUED

BAY RESIDENCES - PHASE 1A

In September 2015, the University commenced a 45-year contract with a third-party provider for the provision and maintenance of phase 1a of the student accommodation on the Bay Campus, providing 899 rooms for 923 students. In February 2018, the third-party, with the University's consent, entered into a transaction to transfer the contract to another third-party. Under the terms of the new agreement, the lease was extended to 2062.

The assets and liabilities relating to this scheme are recognised on the University's Statement of Financial Position.

The University has a 50% annual occupancy guarantee amounting to committed annual payments of £1,485K recorded within Other Comprehensive Income.

The University has the exclusive right over all accommodation units to nominate occupation by students until the 30th March preceding the September term. The University, furthermore, has the right to nominate occupation units of accommodation over the summer period (subject to prior discussions with the third party). At the end of the contract, the University has the option to acquire the residences for a nominal £1.00 option fee.

BAY RESIDENCES - PHASE 1B

In January 2016, the University commenced a 45-year contract with a third-party provider for the provision and maintenance of phase 1b of the student accommodation on the Bay Campus, providing 545 single rooms. In February 2018, the contract was transferred to another third party and the lease was extended to 2062.

The assets and liabilities relating to this scheme are recognised on the University's Statement of Financial Position.

The University has a 50% annual occupancy guarantee amounting to committed annual payments of £823K recorded within Other Comprehensive Income.

The University has the exclusive right over all accommodation units to nominate occupation by students until the 30th March preceding the September term. The University, furthermore, has the right to nominate occupation units of accommodation over the summer period (subject to prior discussions with the third party). At the end of the contract, the University has the option to acquire the residences for a nominal £1.00 option fee.

BAY RESIDENCES - PHASE 1C

On 15th December 2015, the University entered into a 45-year contract with a third-party provider for the provision and maintenance of phase 1c of the student accommodation on the Bay Campus, providing 538 single rooms.

The assets and liabilities relating to this scheme are recognised on the University's Statement of Financial Position.

The University has a 50% annual occupancy guarantee amounting to committed annual payments of £1,056K recorded within Other Comprehensive Income.

The University has the exclusive right over all accommodation units to nominate occupation by students until the 30th March preceding the September term. The University further has the right to nominate occupation units of accommodation over the summer period (subject to prior discussions with the third party). At the end of 45-year contract, the University has the option to acquire the residences for a nominal £1.00 option fee.

THE COLLEGE ACADEMIC BUILDING

On 8th September 2017, the University entered into a 20 year contract with a third-party provider for the provision and maintenance of an Academic Building.

The University has guaranteed 35% of the building amounting to committed gross annual payments of £357K.

The University has exclusive rights over the allocated 35% of the building and controls the use within this area.

14 NON-CURRENT INVESTMENTS

	SUBSIDIARY COMPANIES	OTHER FIXED ASSET INVESTMENTS	TOTAL
	£000	£000	£000
CONSOLIDATED			
At 1 August 2019	-	591	591
Additions	-	-	-
Revaluations	-	(183)	(183)
Disposals	-	(25)	(25)
Impairment	-	69	69
At 31 July 2020	-	452	452
UNIVERSITY			
At 1 August 2019	2,389	-	2,389
Additions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
At 31 July 2020	2,389	-	2,389

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

COMPANY	REGISTERED ADDRESS	PRINCIPLE ACTIVITY	SHAREHOLDING
HPC Wales	Cae Derwen, College Road, Bangor, Gwynedd, Wales, LL57 2DG	Other professional, scientific and technical activities not elsewhere classified	25%
ProGnomics Ltd	C/O Baldwins, Ty Caer Wyr Charter Court, Phoenix Way, Enterprise Park, Swansea, United Kingdom, SA7 9FS	Other research and experimental development on natural sciences and engineering	20%
Teclyn Ltd	456 Gower Road, Killay, Swansea, Wales, SA2 7AL	Dormant	20%
Gower Innovations Ltd	School Of Management Swansea University, Fabian Way, Swansea, United Kingdom, SA1 8EN	Other manufacturing not elsewhere classified	20%
SPMicrotech Ltd	Mha Broomfield Alexander Charter Court, Phoenix Way, Enterprise Park, Swansea, United Kingdom, SA7 9FS	Dormant	20%
Trovinos Ltd	C/O Baldwins Charter Court, Swansea Enterprise Park, Swansea, Wales, SA7 9FS	Dormant	20%
Grove Nanomaterials Ltd	C/O Baldwins Charter Court, Swansea Enterprise Park, Swansea, Wales, SA7 9FS	Dormant	20%
Reflex Ltd	C/O Baldwins, Ty Caer Wyr Charter Court, Phoenix Way, Enterprise Park, Swansea, United Kingdom, SA7 9FS	Dormant	20%
Procoll Ltd	C/O Baldwins Charter Court, Swansea Enterprise Park, Swansea, Wales, SA7 9FS	Dormant	20%
PulmonIR Ltd	Institute Of Life Science Swansea University, Singleton Park, Swansea, Wales, SA2 8PP	Other research and experimental development on natural sciences and engineering	24%
Trameto Ltd	C/O Baldwins, Ty Caer Wyr Charter Court, Phoenix Way, Enterprise Park, Swansea, United Kingdom, SA7 9FS	Manufacture of electronic components	25%
Bay Campus Developments LLP	Finance Department Swansea University, Singleton Park, Swansea, Wales, SA2 8PP	Dormant	50%
WNPS	Wales National Pool Swansea, Sketty Lane, Swansea, SA2 8QG	Operation of sports facilities	50%
Swan Global Education	Littlemore Park, Armstrong Road, Oxford, Oxfordshire, OX4 4FY	Educational	50%
Swansea Materials Research and Testing	Finance Building Swansea University, Singleton Park, Swansea, Wales, SA2 8PP	Other research and experimental development on natural sciences and engineering	100%
Swansea Innovations	Finance Building Swansea University, Singleton Park, Swansea, SA2 8PP	Management consultancy activities other than financial management	100%
SU Developments	Finance Department Swansea University, Singleton Park, Swansea, Wales, SA2 8PP	Dormant	100%

14 NON-CURRENT INVESTMENTS - CONTINUED

SU Pathway College Ltd	Finance Building Swansea University, Singleton Park, Swansea, Wales, SA2 8PP	Combined facilities support activities	100%
The Dylan Thomas Prize	Finance Department Swansea University, Singleton Park, Swansea, Wales, SA2 8PP	Cultural education	100%

Investments in subsidiary companies are measured at transaction price (including transaction costs) and considered annually for impairment. For a full listing of subsidiary companies see note 30.

The University is exempt from disclosing other related party transactions as they are companies that are wholly owned within the group.

15 INVESTMENT IN JOINT VENTURES

The University holds the following joint ventures:

The University jointly controls **High Performance Computing Wales Ltd (HPC)**, a company limited by guarantee. This is a joint venture company owned equally with Bangor University, Cardiff University, and Aberystwyth University and is accounted for under the equity method.

The University also has the following joint venture, which is currently dormant:

50% share of **Bay Campus Developments LLP**, a limited liability partnership which is currently dormant. This is a joint venture partnership owned equally by the University (through its wholly-owned subsidiary SU Developments Limited) and St Modwen Developments Limited.

As this company is dormant with no assets or liabilities there have been no accounting entries this year.

	YEAR ENDED 2020		YEAR ENDED 2019	
	HPC £000	WNPS £000	SWAN GLOBAL EDUCATION £000	HPC £000
INCOME AND EXPENDITURE				
Income	-	661	2,870	-
Profit / (loss)	-	(254)	(10)	-
BALANCE SHEET				
Fixed assets	-	2,309	212	-
Current assets	29	389	2,099	36
	29	2,698	2,311	36
Creditors <1 year	(29)	(182)	(2,321)	(36)
Creditors >1 year	-	-	-	-
Accruals & Deferred Income	-	(236)	-	-
	(29)	(418)	(2,321)	(36)
Share of net assets	-	2,280	(10)	-

JOINTLY-CONTROLLED OPERATIONS

The University participates in a number of joint-research contracts with other universities and joint contracts with other partners. For example, the University collaborates with Swansea Bay University Healthboard to provide quality medical and health related courses, with the collaboration enabling health professionals to teach University students while strengthening links between the University and Healthboard in relation to ongoing research. Collaborations with partner universities for various research projects includes for example, ASTUTE 2020, Supercomputing Wales, and the Celtic Advanced Life Science Network. The University also collaborates with industrial, governmental and charity partners to undertake further research. Income from such arrangements in 2020 amounted to £31.7 million (2019: £35.9 million).

INVESTMENT IN ASSOCIATES

Throughout the year and at the Balance Sheet date the University held 50% investments in the associated companies Wales National Pool Swansea (2019: Zero) and Swan Global Education LLP (2019: Zero). The relationship with both companies are accounted for using the equity method such that 50% of the companies gross assets and liabilities are incorporated into the consolidated balance sheet of the University and 50% the net income is reported in the University's consolidated income and expenditure account. The companies had previously been accounted for as joint ventures. The classification of the two investments has been re-considered and the investments are now considered to be investments in Associates rather than in Joint Ventures.

15 INVESTMENT IN JOINT VENTURES - CONTINUED

	YEAR ENDED 2020	
	WNPS £000	SWAN GLOBAL EDUCATION £000
INCOME AND EXPENDITURE		
Income	547	3,133
Profit / (loss)	(254)	-
BALANCE SHEET		
Fixed assets	2,044	273
Current assets	518	1,805
	2,562	2,078
Creditors <1 year	(322)	(2,088)
Creditors >1 year	-	-
Accruals & Deferred Income	(214)	-
	(536)	(2,088)
Share of net assets	2,026	(10)

16 STOCK

	CONSOLIDATED 2020 £000	UNIVERSITY 2020 £000	CONSOLIDATED 2019 £000	UNIVERSITY 2019 £000
Stock	13	13	38	38
Work in progress	145	-	88	-
	158	13	126	38

17 CURRENT INVESTMENTS

	CONSOLIDATED 2020 £000	UNIVERSITY 2020 £000	CONSOLIDATED 2019 £000	UNIVERSITY 2019 £000
Short-term investments in shares	1,832	1,832	3,184	3,184
Short-term bonds	2,295	2,295	1,308	1,308
Other short-term investments	472	472	271	271
Short-term deposits	256	256	137	137
	4,855	4,855	4,899	4,899

The decrease in fair value of short-term deposits in the year was £44k (2019: increase of £121K)

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

At 31 July 2020, the weighted average interest rate of these fixed deposits was 1% (2019: 3.70%). The fair value of these deposits was not materially different from their book value. The yield decreased in the year due to the Covid-19 pandemic as companies reduced their dividend pay-outs. The yield is therefore not an accurate reflection of what the actual yield should have been had the pandemic not occurred.

18 TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	2020	2020	2019	2019
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade Debtors	6,965	6,799	11,078	10,546
Less trade debtor impairment provision	(987)	(987)	(900)	(900)
Net trade debtors	5,978	5,812	10,178	9,646
Research grant claims receivable	6,827	6,827	11,723	11,723
Accrued income - Research grants	12,831	12,831	15,265	15,265
Prepayments and other accrued income	13,915	13,656	25,864	26,262
Amounts due from group undertakings	-	1	-	(4)
	39,551	39,127	63,030	62,892

19 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	2020	2020	2019	2019
	£000	£000	£000	£000
Bank overdraft	253	-	2,547	-
Unsecured loans	2,976	2,976	111,323	111,323
Service concession arrangements	6,325	6,325	6,245	6,245
Trade payables	7,122	7,122	8,000	8,000
Social security and other taxation payable	5,833	5,827	4,062	4,063
Accruals and deferred income	48,131	47,692	59,269	59,457
Amounts due to group undertakings	-	134	-	-
	70,640	70,076	191,446	189,088

ACCRUALS AND DEFERRED INCOME

Included with accruals and deferred income are the following items which have been deferred:

	2020	2020	2019	2019
	£000	£000	£000	£000
Research grants received in advance	13,590	13,590	10,270	10,270
Other services rendered received in advance	927	927	809	809
Funding Council grants received in advance	3,405	3,405	633	633
Other grants received in advance	2,647	2,647	8,700	8,700
Other accruals	27,562	27,123	38,857	39,045
	48,131	47,692	59,269	59,457

20 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	2020	2020	2019	2019
	£000	£000	£000	£000
Service concession arrangements	118,591	118,591	121,492	121,492
Income in advance	1,812	1,812	-	-

ANALYSIS OF UNSECURED LOANS:

	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	2020	2020	2019	2019
	£000	£000	£000	£000
Due within one year or on demand	2,976	2,976	111,323	111,323
Due within one and two years	5,001	5,001	-	-
Due within two and five years	15,621	15,621	-	-
Due in five years or more	85,632	85,632	-	-
Total unsecured loans repayable by 2044	109,230	109,230	111,323	111,323
Due within one year or on demand	2,976	2,976	111,323	111,323
Creditors due after more than one year	226,657	226,657	121,492	121,492

Included in the loans are the following:

	AMOUNT £000	INTEREST RATE	TERM	BORROWER
LENDER				
European Investment Bank	10,833	Fixed 2.46600%	June 2033	University
European Investment Bank	11,667	Fixed 2.31300%	January 2034	University
European Investment Bank	8,756	Fixed 3.7330%	August 2034	University
European Investment Bank	8,768	Fixed 3.8540%	January 2035	University
European Investment Bank	9,206	Fixed 4.0220%	August 2035	University
European Investment Bank	60,000	Fixed 2.4480%	April 2044	University
Total	109,230			

21 PROVISIONS FOR LIABILITIES

	OBLIGATION TO FUND DEFICIT ON USS	SUPS PENSION SCHEME PROVISION	TOTAL PENSION PROVISIONS
	£000	£000	£000
At August 2019	88,678	59,900	148,578
Utilised in year	(1,772)	1,000	(772)
Pension revaluation	(39,368)	-	(39,368)
Additions in year	1,436	10,800	12,236
At 31 July 2020	48,974	71,700	120,674

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to fund deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in note 31.

Following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 31. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As a consequence, the deficit provision has decreased significantly from the prior year of which £39,368k is due to the change in the deficit contributions contractual commitment.

The major assumptions used to calculate the USS obligation are:

	2020	2019
Discount Rate	0.74%	1.62%
Pensionable salary growth	3.20%	4.17%
Sensitivity Analysis - USS		
Approximate impact on provision		
	£000	
0.5% pa decrease in discount rate	1,191	
0.5% pa increase in salary inflation over duration	1,149	
0.5% pa increase in salary inflation year 1 only	237	
0.5% increase in staff changes over duration	1,202	
0.5% increase in staff changes year 1 only	235	
1% increase in deficit contributions	9,036	

22 ENDOWMENT FUNDS

Restricted net assets relating to endowments are as follows:

	RESTRICTED PERMANENT ENDOWMENTS	UNRESTRICTED PERMANENT ENDOWMENTS	EXPENDABLE ENDOWMENTS	2020 TOTAL	2019 TOTAL
	£000	£000	£000	£000	£000
BALANCES					
At 1 August 2019					
Capital	4,083	1,540	364	5,987	5,736
Accumulated income	657	62	68	787	700
	4,740	1,602	432	6,774	6,436
New donations and endowments	-	-	4	4	130
Transfer of Endowments	(159)	-	159	-	-
Investment income	60	-	4	64	199
Expenditure	(39)	-	(3)	(42)	(112)
Increase in market value of investments	112	66	3	181	121
	4,714	1,668	599	6,981	6,774
At 31 July 2020					
Represented by:					
Capital	4,036	1,606	530	6,172	5,987
Accumulated income	678	62	69	809	787
	4,714	1,668	599	6,981	6,774
				2020 TOTAL	2019 TOTAL
				£000	£000
Balances					
Analysis by type of purpose:					
Lectureships				21	23
Scholarships and bursaries				2,935	2,870
Research support				290	280
Prize funds				862	795
General				2,873	2,806
				6,981	6,774
Analysis by Asset					
Current asset investments				4,855	4,898
Bank Balance - University				2,126	1,876
				6,981	6,774

During the year, 55 separate permanent endowments totaling £159k were liquidated and made expendable. These endowments are held within the expendable endowment reserve with the same purpose and restrictions as placed upon them by the original donor, except for the permanency. Each individual endowment was valued at less than £10k and no longer generated sufficient income to use the endowment to fulfill the original purposes.

23 RESTRICTED RESERVES

No restricted reserves were held during the year (2019: NIL).

24 CASH AND CASH EQUIVALENTS

	AT 1 AUGUST 2019	CASH FLOWS	AT 31 JULY 2020
CONSOLIDATED	£000	£000	£000
Cash and Cash equivalents	89,641	8,001	97,642
Bank overdraft	(151)	(102)	(253)
	89,490	7,899	97,389

	31 JULY 2020
Consolidated reconciliation of net debt	£000
Net debt 1 August 2019	149,570
Movement in cash and cash equivalents	8,001
New finance leases	(3,424)
Other non-cash changes	(17,390)
Net debt 31 July 2020	136,757
Change in net debt	(12,813)

	31 JULY 2020	31 JULY 2019
Analysis of net debt:	£000	£000
Cash and cash equivalents	97,642	89,641
Borrowings: amounts falling due within one year		
Unsecured loans	2,976	111,323
Bank overdraft	253	151
Service concession arrangements	6,325	6,245
	9,554	117,719
Borrowings: amounts falling due after more than one year		
Service concession liabilities due after one year	118,591	121,492
Unsecured loans	106,254	-
	224,845	121,492
Net debt	136,757	149,570

25 FINANCIAL INSTRUMENTS

A provision has not been made for the following capital commitments at 31 July 2020:

	NOTE	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
		2020	2020	2019	2019
		£000	£000	£000	£000
FINANCIAL ASSETS					
Financial assets at fair value through Statement of Comprehensive Income		354		510	
Financial assets that are equity instruments measured at cost less impairment					
Other investments		98	-	81	-
	14	452	-	591	-
Financial assets that are debt instruments measured at amortised cost					
Cash and cash equivalents		97,389	97,117	89,490	86,943
Other investments	17	4,855	4,855	4,899	4,899
Trade receivables	18	6,965	6,799	11,078	10,546
Other receivables	18	6,827	6,827	11,723	11,723
		116,036	115,598	117,190	114,111
FINANCIAL LIABILITIES					
Financial liabilities measured at amortised cost					
Bank overdrafts	19	253	-	2,547	-
Loans	20	109,230	109,230	111,323	111,323
Service concessions	19/20	124,916	124,916	127,737	127,737
Trade Creditors	19	7,122	7,122	8,000	8,000
		241,521	241,268	249,607	247,060

26 CAPITAL AND OTHER COMMITMENTS

A provision has not been made for the following capital commitments at 31 July 2020:

	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	2020	2020	2019	2019
	£000	£000	£000	£000
Capital commitments:	1,256	1,256	7,729	7,729
	1,256	1,256	7,729	7,729

The decrease in the capital commitments is as a result of the reduction in planned capital work for the next twelve months.

27 CONTINGENT LIABILITIES

A provision has not been made for the following capital commitments at 31 July 2020:

	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	2020	2020	2019	2019
	£000	£000	£000	£000
Guarantees				
To Lloyds for SMaRT Ltd	-	500	-	500
	-	500	-	500

27 CONTINGENT LIABILITIES - CONTINUED

The University is acting as guarantor for Swansea Materials Research and Testing Limited in relation to the £500K overdraft facility only. The University believe there is only a limited possibility of the guarantee being paid as Swansea Materials Research & Testing Limited is a wholly-owned subsidiary controlled by senior University staff members. The extent of the guarantee being required will depend on the current overdraft in the subsidiary. If paid, there is unlikely to be any reimbursement for this contingent liability.

The University is a member of UMAL, a company limited by guarantee, formed to provide a mutual association for insurance risks. Under the terms of its membership, each member acts as insurer and insured. If the association as a whole suffers a shortfall in any underwriting year, the members are liable for their pro-rated share, spread using an internal loan facility over seven years. The potential for a shortfall and the value of a shortfall in any given year is unknown. There is not likely to be any possibility of reimbursement if this guarantee is called upon.

The University is one of four Institutes who act as guarantors in High Performance Computing Wales and have joint control of the company (25% share of control). HPC Wales is part - funded by funds drawn down from the EU. The company is subject to regular compliance audits and, as a result, there is a risk of claw back of EU funds should certain criteria not be met. In these circumstances, the University would be responsible for a share of the sum clawed back. The value and likelihood of any claw back is unknown. There is unlikely to be any claw back if this guarantee is called upon.

The Institution has given written undertakings to support the subsidiary companies and Wales National Pool Swansea at twelve months from the date of approval of these financial statements.

The University has committed to a Voluntary Exit Scheme where enhanced compensation payments are made to employees wishing to leave the University voluntarily. The scheme was initiated in 2019/20 and an appropriate provision has been made for that year. The scheme continued to operate after the year end with further commitments likely, but it is not possible to quantify these with sufficient accuracy so a figure has not been disclosed as a contingent liability.

28 LEASE OBLIGATIONS

Total rentals payable under operating leases:

	2020	2019
CONSOLIDATED AND INSTITUTION	LAND AND BUILDINGS	LAND AND BUILDINGS
	£'000	£'000
Payable during the year	1,011	832
Future minimum lease payments due:		
Not later than 1 year	694	918
Later than 1 year and not later than 5 years	1,697	2,177
Later than 5 years	5,072	5,575
Total lease payments due	8,474	9,502

No new leases were entered in to during the year. Lease costs increased in the year due to the full year lease charges on leases entered in to mid way through the prior year. In March 2020, Ward 10 in Singleton Hospital was handed back to Singleton Hospital due to the Covid pandemic. It is not known when this lease will recommence.

During the year, the University was tenant on three significant leases, the landlords being City and County of Swansea (Civic Centre), the NHS (Singleton Hospital) and The College, a University joint venture company. The lease with the City and County of Swansea expired in June 2020 and was not renewed, and the lease with the NHS for Singleton Hospital has currently been paused. The lease with The College, which is within a building on the Bay Campus, runs until 2038.

Total rentals receivable under operating leases:

The University leases out small areas of space on both Singleton and Bay Campus. Leases include a dental surgery, a doctors' surgery, a retail unit for the Students' Union, laboratory space to Swansea Materials Research and Testing Ltd, a wholly owned subsidiary company, and lab space for Natural Resources Wales. The terms and break periods differ for each lease. The University does not hold any investment properties as part of its portfolio as rental areas are minor areas within larger buildings.

During the year the University gave rent breaks under 18 separate leases, totalling £28k due to the Covid-19 pandemic.

	2020	2019
CONSOLIDATED AND INSTITUTION	LAND AND BUILDINGS	LAND AND BUILDINGS
	£'000	£'000
Future minimum lease payments due:		
Not later than one year	360	344
Later than one year and not later than five years	1,032	1,003
Later than five years	1,826	1,993
Total lease payments due	3,218	3,340

There were no contingent rents receivable during 2019/20 (2018/19: £0).

29 EVENTS AFTER THE REPORTING PERIOD

On the 12 August 2020 a fire broke out in an Engineering building on the Bay campus. The fire was successfully extinguished and the campus was reopened the following day. Part of the building remains closed and will require significant repairs, with a large value of equipment also destroyed. The repairs and the replacements are now being managed by UMAL, the University's insurance company.

On 13 October 2020 the valuation of the Swansea University Pension Scheme dated 1 August 2019 was agreed. As part of the valuation, the University has agreed to pay the following:

- 23.0% of Pensionable Salaries from 1 August 2021 in respect of future accrual of benefits increasing by 0.2% pa of Pensionable Salaries from every 1 August with the first increase being from 1 August 2022;
- £0.5m pa, paid in equal monthly instalments from 1 August 2021, in respect of expenses (including death in service premiums); and
- £2.3m pa in equal monthly instalments, increasing by 3% every 1 August with the first increase being from 1 August 2022

The University also agreed to write off £1.2m owed to the University at 31 July 2020 in relation to the excess of pensioners payroll payments made over contributions as a deficit contribution in 2021.

30 SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings (all of which are registered in England and Wales), wholly owned or effectively controlled by the University are as follows:

COMPANY	PRINCIPAL ACTIVITY	COUNTRY OF REGISTRATION	STATUS
Swansea Materials Research & Testing Limited	Other research and experimental development on natural sciences and engineering	UK	100% owned
Swansea Innovations Limited	The commercial exploitation of knowledge, research and development emanating from Swansea University	UK	100% owned
The Dylan Thomas Prize Limited	Cultural education	UK	100% owned
SU Developments Limited	Dormant	UK	100% owned
SU Pathway College Limited	Management of investment in Joint Venture and provision of Facilities Management Services	UK	100% owned

All subsidiaries have the same year end as Swansea University.

31 PENSION SCHEMES

Different categories of staff were eligible to join one of the following schemes:

Universities' Superannuation Scheme (USS)

Swansea University Pension Scheme (SUPS) - Closed to new members 31 December 2011

National Employment Savings Trust (NEST) - from 1st January 2012

The University also contributes to the NHS Pension Scheme for a number of its employees.

USS and SUPS are both defined-benefits schemes. The assets of both schemes held in separate trustee-administered funds. NEST is a defined-contribution scheme.

	CONSOLIDATED	UNIVERSITY	CONSOLIDATED	UNIVERSITY
	2020	2020	2019	2019
	£000	£000	£000	£000
Statement of comprehensive income - net pension cost				
USS	22,149	22,149	18,929	18,929
USS pension deficit charge	(41,141)	(41,141)	56,935	56,935
SUPS	13,038	13,038	12,121	12,121
Other	1,155	1,155	1,129	1,129
	(4,799)	(4,799)	89,114	89,114
Other comprehensive income - actuarial gain in respect of pension schemes				
SUPS	(10,800)	(10,800)	(13,000)	(13,000)
	(10,800)	(10,800)	(13,000)	(13,000)
Statement of Financial Position - pension scheme liability (note 21)				
USS	48,974	48,974	88,678	88,678
SUPS	71,700	71,700	59,900	59,900
	120,674	120,674	148,578	148,578

31 PENSION SCHEMES - CONTINUED

(i) The Universities' Superannuation Scheme

The University participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The 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 University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee Benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme. Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Consolidated Statement of Comprehensive Income.

The total cost charged to the Consolidated Statement of Comprehensive Income is £22,149k (2019: £18,929) including PensionChoice, but excluding the impact of the change in the deficit recovery plan, as shown in note 7.

Deficit recovery contributions due within one year for the institution are £1,772k (2019: £1,415)

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme 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 Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

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

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

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%
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.

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.

2018 VALUATION

2017 VALUATION

The current life expectancies on retirement at age 65 are:

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

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

	2020	2019
Discount Rate	0.74%	1.62%
Pensionable salary growth	3.20%	4.17%

31 PENSION SCHEMES - CONTINUED

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

The reduction in the term of the deficit recovery plan has given rise to a substantial reduction in the deficit provision which has decreased from £88,678k to £48,974k as set out in note 21. £1,772k of this decrease is attributable to the change in the deficit contributions contractual commitment. See also Staff costs note 7 in respect of significant one-off pension costs / gains.

A further full valuation as at 31 March 2020 is currently underway. As the valuation has only recently commenced there is still work to be done agreeing the technical provisions assumptions, the extent of future investment risk, the duration of the deficit period and the level of deficit contributions. Rule changes in respect of strengthening the employer covenant are also in progress including restrictions on employer exits, debt monitoring and pari passu arrangements. The valuation must be completed by 30 June 2021. However it is generally anticipated that there will be a significant increase in the deficit provision as at 31 July 2021 (assuming the valuation is completed by then).

(ii) Swansea University Pension Scheme

(Retirement Benefits) Disclosure for the accounting period ending 31 July 2020

The University operates a final-salary defined-benefit pension scheme that non-academic employees of the University can participate in, called the Swansea University Pension Scheme (SUPS). The scheme is externally funded and is contracted out of the State Second Pension (S2P) of pension provision.

The last formal triennial actuarial valuation of the scheme was performed as at 1 August 2016 by a professionally-qualified actuary. The following are based on the initial results of the 1 August 2019 triennial valuation.

During the accounting period, the University paid contributions to the pension scheme at the rate of 21.5% of pensionable salaries.

ASSUMPTIONS

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

	AT 31 JULY 2020	AT 1 AUGUST 2020
(RPI)	3.0%	3.3%
Price Inflation (RPI)	2.2%	2.5%
Rate of increase in salaries	2.9%	3.2%
(Rate of increase of pensions in payment for SUPS members)	3.0%	3.3%
Increases to deferred pensions before retirement	2.2%	2.5%
Discount rate	1.4%	2.0%

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 and non pensioners who are currently aged 45.

Pensioner - male	20.0	19.7
Pensioner - female	22.3	21.5
Non-pensioner (currently aged 45) - male	21.1	20.7
Non-pensioner (currently aged 45) - female	23.4	22.7

Scheme assets and expected rate of return for SUPS

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes (i.e. equities and bonds). The expected return for each asset class reflects a combination of historical performance analysis, the forward-looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.

The assets in the scheme were:

	FAIR VALUE AS AT 31 JULY		
	2020	2019	2018
	£m	£m	£m
Equities	41.2	43.0	40.5
Government bonds	-	-	-
Corporate bonds	7.3	9.2	7.5
Property	9.8	10.5	10.3
GARS Fund	14.1	13.6	13.1
Other	36.1	30.4	27.8
Total	108.5	106.7	99.2

31 PENSION SCHEMES - CONTINUED

The tables below include the disclosures for the Swansea University Pension Scheme.

	YEAR ENDED 31 JULY 2020	YEAR ENDED 31 JULY 2019		
	£000	£000		
ANALYSIS OF THE AMOUNT SHOWN IN THE BALANCE SHEET FOR SUPS				
Scheme assets	108,500	106,700		
Scheme liabilities	180,200	166,600		
Deficit in the scheme – net pension liability recorded within Other Comprehensive Income	(71,700)	(59,900)		
Current service cost	(2,800)	(2,300)		
Past service costs	-	-		
Total operating charge:	(2,800)	(2,300)		
Analysis of the amount charged to interest payable/credited to other finance income for SUPS				
Scheme assets				
Interest cost	(3,300)	(4,000)		
Expected return on assets	2,100	2,800		
Interest on net deficit				
Net charge to other finance income	(1,200)	(1,200)		
Analysis of other comprehensive income for SUPS				
Gain on assets	1,000	6,200		
Experience gain / loss on liabilities				
Loss on liabilities	(11,800)	(19,200)		
Total other comprehensive income before deduction for tax	(10,800)	(13,000)		
History of experience gains and losses – SUPS				
	YEAR TO			
	31 JULY 2020	31 JULY 2019	31 JULY 2018	31 JULY 2017
Difference between actual and expected return on scheme assets:				
Amount (£000)	1,000	6,200	1,300	4,600
% of assets at end of year	0.9%	5.8%	1.3%	4.8%
Experience (gains)/losses on scheme liabilities:				
Amount (£000)	-	-	-	(8,900)
% of liabilities at end of year	0.0%	0.0%	0.0%	-6.2%

31 PENSION SCHEMES - CONTINUED

	31 JULY 2020 £000	31 JULY 2019 £000
Cumulative actuarial loss recognised as other comprehensive income for SUPS		
Cumulative actuarial losses recognised at the start of the year	(39,200)	(26,200)
Cumulative actuarial losses recognised at the end of the year	(50,000)	(39,200)
Analysis of movement in surplus/(deficit) for SUPS		
Deficit at beginning of year	(59,900)	(46,000)
Contributions or benefits paid by the University	3,500	3,500
Current service cost	(2,800)	(2,300)
Past service cost	-	(500)
Admin costs	(500)	(400)
Other finance charge	(1,200)	(1,200)
Loss / Gain recognised in other comprehensive income	(10,800)	(13,000)
Deficit at end of year	(71,700)	(59,900)
Analysis of movement in the present value of SUPS		
Present value of SUPS at the start of the year	167,500	146,100
Current service cost (net of member contributions)	2,800	2,300
Past service cost		500
Interest cost	3,300	4,000
Actuarial loss/ (gain)	11,800	19,200
Actual benefit payments	(5,200)	(4,600)
Present value of SUPS liabilities at the end of the year	180,200	167,500
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	107,600	100,100
Expected return on assets	2,100	2,800
Actuarial gain on assets	1,000	6,200
Actual contributions paid by University	3,500	3,500
Actual member contributions (including notional contributions)		-
Non Investment expenses	(500)	(400)
Actual benefit payments	(5,200)	(4,600)
Fair value of scheme assets at the end of the year	108,500	107,600
SUPS assets do not include any of the University's own financial instruments, or any property occupied by the University.		
Actual return on scheme assets	2,100	2,800
Expected return on scheme assets	1,000	6,200
Asset gain/(loss)	3,100	9,000

Estimated contributions for SUPS in the Financial Year 2020–21 is £1,700k (2019-20 £1,700k) assuming the contribution rate of 21.7% plus £1,312k PA fixed contribution (2019-20 21.5% plus £1,273K PA).