Newcastle University

Integrated Annual Report 2019-20

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Our **2019-20 Integrated Annual Report**

- provides an overview of the University and our strategic objectives
- summarises our value creation model
- describes our key stakeholders and partnerships
- explains our approach to materiality and risk
- outlines key factors influencing performance
- reports on relationships and resources
- describes our governance structure
- reviews financial performance over the past year
- provides a view of our future prospects

This year's report is inevitably and significantly shaped by the Covid-19 pandemic and we will aim to show the impact the pandemic has had on the University during the past year and how we believe it will shape our future.

We are working to be at the forefront of integrated thinking and reporting in the higher education sector. Our annual report is informed by the Integrated Reporting framework developed by the International Integrated Reporting Council (IIRC). This framework has been adopted across the globe to make more effective use of resources, improve decisions and enhance accountability, stewardship, transparency and trust. We use the framework to help us understand the strategic enablers and co-dependencies that materially affect our ability to create value for our colleagues, students and external partners, and thereby to deliver our Vision and Strategy.

In relation to the IIRC Framework for integrated reporting, we confirm that Executive Board and Council have been involved in the development of this Integrated Annual Report. Council acknowledges its overall responsibility for the accuracy and integrity of the Report's contents. We recognise that this report does not yet fully comply with the IIRC Framework and more work will be carried out in the coming year to develop our approach to reporting. This will be informed by external peer review arranged by the IIRC.

Highlights of the year

August 2019

Students, staff and alumni come together to celebrate a decade of teaching at our NUMed campus in Malaysia.

September 2019

Newcastle and Groningen universities reaffirm their long-standing partnership and commitment to climate change action.

October 2019

Students get a helping paw to manage their mental health, thanks to the University's newest recruit – Bessie, the Jack Russell.

November 2019

The Frederick Douglass Centre, our new learning and teaching centre, is officially opened by Kenneth B Morris Jr, a direct descendant of the world-renowned activist, author and abolitionist.

December 2019

Newcastle expert Professor Francisco Figueiredo becomes the first in the country to provide sight-saving NHS stem cell treatment to patients.

January 2020

Scottish Makar and Professor of Creative Writing Jackie Kay is awarded the CBE for services to literature.

February 2020

Blue Shield signs a Memorandum of Understanding with the International Committee of the Red Cross in Geneva, bringing Professor Peter Stone's ambition of preventing the destruction of cultural property during conflict a step closer.

March 2020

Newcastle is selected to lead a national network of four cutting-edge centres to enable faster collaborative research and development of electric machines - including cars, planes and ships.

April 2020

Some 300 medical students graduate five weeks early to enable them to begin their careers as doctors and support the NHS during the unprecedented Coronavirus pandemic.

May 2020

Newcastle will lead a new National Centre to support enterprise, resilience and innovation among rural firms and unlock the untapped potential of rural economies across the UK.

June 2020

Dr Meenakshi Choudhary, a leading fertility specialist, is a finalist in this year's Asian Women of Achievements Awards.

July 2020

Selfless students are recognised by the city's universities for going above and beyond to support their neighbours during lockdown.

Introduction from the Chair of Council

As Chair of Council, it is my pleasure to present to you this report on behalf of all those who contribute to the ongoing success of Newcastle University. I would like to begin by thanking my Council colleagues, the University Executive team and the wider University community of students, staff and external partners for their outstanding levels of hard work, commitment and flexibility in navigating our way through a very complex, uncertain and turbulent year.

Paul Walker Chair of Council and Pro-Chancellor

Covid-19 presented higher education with an existential crisis, impacting the entire range of our activities. It highlighted the importance of the inter-relationship of research and education in maintaining our position as the North East's largest research University.

The fast and decisive action taken by the Executive team in reaction to Covid-19 enabled the University to maintain a strong financial position and protect jobs. Colleagues rapidly transitioned from on campus and face to face to virtual, blended and online ways of working and teaching, enabling our 2019-20 students to graduate and the recruitment of our 2020-21 intake.

Covid-19 is not the only major threat we have been responding to. In last year's report I highlighted three significant external challenges facing the University; Brexit, the Philip Augar Review of Post-18 Education and the financial sustainability of our pension schemes.

Whilst Covid-19 has undoubtedly had an impact upon the pace of implementation of our strategy, we shouldn't lose sight of the progress that has been made across all areas of the strategy. The rapid transition to delivering blended learning was enabled by underpinning work with our Virtual Learning Environment and Technology Enhanced Learning strategy. This has been matched by developments in our physical campus and estates, including the opening of the Frederick Douglass Centre, a new dedicated learning and teaching centre named after the world-renowned activist, author and abolitionist.

The pandemic has increased the emphasis on the University's regional role and contribution responding to the challenges of the levelling-up agenda. University researchers across a range of disciplines were quick to respond to the national challenges Covid-19 presented. The University has played a key role in the North East Covid-19 economic response group.

Overall Student Satisfaction 2019-20

National Student Survey

82%

Postgraduate Taught Experience Survey

82%

International Student Barometer

93%

Read more pages 26-29

We have continued to strengthen our position as the North East's largest research University supporting vital UK research and innovation. This includes further investment in high profile National Research and Innovation Centres leading advancements on data, ageing and Rural Enterprise. The University was awarded £33m to lead the UK network of centres that will deliver the Driving the Electric Revolution programme that will help propel UK manufacturing to the forefront of global efforts to tackle climate change. We were also awarded Academic Health Sciences Centre status for Newcastle Health Innovation Partners.

We have invested in future research leaders strengthening our inter-disciplinary research portfolio. Two of the eight Royal Academy of Engineering Chairs in Emerging Technologies Awards were made to colleagues at Newcastle University. We remain the only UK institution to have won two prestigious Global Challenges Research Fund Hubs.

I am proud of the University's long-standing commitment to social and environmental justice and equality, diversity and inclusion. Last year we were ranked 11th in the THE world rankings for our impact on society and leadership in sustainable development. We were also one of the first universities in the UK to declare a climate change emergency and are committed to a net zero future. We became a member of the Race Equality Charter last year and stood firmly in support of all our colleagues and students in supporting Black Lives Matter, Black History Month and decolonising our curriculum.

I would like to record and celebrate the achievements and contributions of some outstanding individuals who have enriched our University. Dame Teresa Graham, one of our Council Lay Members, was awarded the DBE for services to small businesses. Professor Jackie Kay was awarded the CBE for services to literature.

Imtiaz Dharker, the renowned poet and artist, was announced as the new Chancellor. Professor Muzz Haniffa was awarded the Foulkes Foundation Medal.

As we move into 2020-21, my priorities are to ensure that the University emerges from Covid-19 in a stronger position, having learned lessons from the crisis and worked hard to put in place measures to mitigate risks. We will continue to focus on improving student satisfaction, advancing knowledge, growing the economy and championing social justice. Whilst our expectations of financial performance in 2020-21 as we recover from the Covid-19 impact are lower than for a normal operating year, the strategy, vision and priorities we set in 2018 remain true.

Conversation with the Vice-Chancellor and President

Professor Chris Day reflects on a year like no other

2020 has been dominated by Covid-19. How well do you think the University has responded?

Looking back over the past eight months, I'm extremely proud of our response. Thanks to the dedication and sheer hard work on the part of every single member of our Newcastle community - academic and professional services, colleagues and students alike - we were able to adapt to circumstances that none of us could have possibly predicted at the beginning of 2020.

Naturally, at the onset of the pandemic our immediate priority was safeguarding the health and wellbeing of our colleagues and students on campus and communicating the constantly evolving government advice. As the situation progressed rapidly to full lockdown, our focus changed to the critical task of ensuring that we could continue to deliver a high standard of teaching and learning to our students remotely. We also quickly put measures in place to support students who were struggling with access to IT and broadband, including distributing laptops and 'dongles' to students without their own equipment.

At the same time, researchers from all three of our faculties mobilised to redirect their expertise towards the national and international effort to combat Covid-19. Our scientists joined the race to develop rapid diagnostics and targeted experimental therapy for the virus, our rural economists worked on advice for the government on the resilience of food chains and food security, our energy experts studied the effects of the lockdown on energy use across the UK, while our data scientists monitored the impact on our urban environment.

A team of fourth and final year students set up the North East group of Medical Students Helping Hands, part of a national volunteering initiative providing practical help for overstretched health workers, while Computer Science students volunteered to support NHS IT helpdesks.

Our estate played its part too. We loaned equipment to the national screening centre in Milton Keynes, and offered free accommodation in University Halls of Residence and free parking on campus for healthcare professionals at our local hospital.

These are just a few examples of our response, but none of it would have been possible without the efforts of our colleagues and students. As Vice-Chancellor, I could not have asked for more, and I owe a huge debt of gratitude to them all.

So yes, I am incredibly proud of our University and all we have achieved during the pandemic.

Perhaps, though, my proudest moment of all came when I presided over a virtual graduation ceremony for some 300 of our final year medical students. These brave young doctors graduated early to start their careers supporting the NHS at a time when their help was needed more urgently than ever. It would be hard to envisage a more ringing endorsement of the resilience and civic spirit that characterises our University.

How confident are you that the University will recover during the coming year?

I think 'cautiously optimistic' would be a good way to describe our current position. That said, as it becomes clear that Covid is very much still with us and will be for some time to come, there are undoubtedly challenges ahead.

Throughout the summer, we have been putting detailed plans in place to enable us to welcome students back to campus to start or recommence their studies through a combination of present-in-person teaching and remote study. Lockdown also resulted in many of our valuable research projects being paused, so we have ground to make up.

The financial impact of the pandemic, in terms of the availability of research funds, is potentially far-reaching. We worked closely with the Russell Group and Universities UK to lobby

the government to provide additional funds to bolster the research and innovation efforts that will be vital to the recovery of the UK and our ability to compete on a global scale in the long term, and are pleased with their response.

The pandemic has also placed renewed emphasis on the government's levelling-up agenda. Our areas of research strength align closely with the government's industrial strategy, and I believe we are well placed to leverage support for the crucial role we have to play in bringing about our region's future economic stability.

How will Covid-19 change the University's Vision and Strategy?

It's not so much a question of changing it - our Vision and Strategy was never intended to be a once-and-for-all document that gathered dust on a shelf, but to serve as a roadmap to guide us towards achieving our ambitions. It is, and always has been, a bold statement of who we are and how we act. Our values, and our aspiration to be a world-leading university, advancing knowledge, providing creative solutions and solving global problems, hold true no matter what.

Rather I think it is a case of viewing our activities through a 'Covid lens' and adapting to the new world in which we find ourselves. The strength of our four underpinning strategies lies in the fact that they were designed in such a way as to enable us to flex and respond to rapidly changing external conditions and the challenges facing not just our sector, but society as a whole. Amid the current crisis, this has been evidenced by the speed at which we have been able to redirect some of our research and resources towards the national and global effort to combat Covid-19. The foundations laid by our Engagement and Place Strategy also mean we have been well-placed to take the lead in defining the crucial role of universities in securing the post-Covid economic and social recovery of our region, working in partnership with the City, local authorities, the NHS, business and cultural organisations.

Black Lives Matter has also been a key issue in recent months. How is the University reacting to the challenges of racism?

Recent events, among them the appalling circumstances surrounding George Floyd's death in the USA, have been felt deeply by our University community. We have witnessed the outpouring of hurt and anger towards the continued existence of racism around the world, despite the best efforts of so many people to foster a more equitable society.

Our long-standing commitment to our core values of social and environmental justice and equality, diversity and inclusion is something we take very seriously. We continually strive to create a safe and welcoming environment for our diverse international community of students and colleagues – one in which everyone has the freedom and opportunity to succeed, regardless of their background.

We pride ourselves on instilling our values in successive generations of students, encouraging them to become good citizens as well as providing them with an excellent education. That said, we recognise that there is still work to be done if we are to help bring about a real and lasting change. Our efforts in this respect are being led by my deputy, Professor Julie Sanders, working very closely with the Students' Union and our BAME colleagues' network. Earlier this year, in the aftermath of events in the USA, we joined the Students' Union in hosting a Black Lives Matter: Our Collective Humanity forum, and this will be followed up with more opportunities for colleagues and students to discuss their experiences and concerns as part of our anti-racism agenda, and to get involved with ongoing work to decolonise our curriculum.

Since becoming a member of the Race Equality Charter last year, which was a milestone for us in terms of our progress towards addressing racial inequalities, we have been working hard to embed the principles of the Charter in all our policies, procedures and practices. This is helping us to identify and reflect on the institutional and cultural barriers that stand in the way of our colleagues and students from minority ethnic backgrounds. As part of this, we conducted a Race Equality Survey among colleagues and students, the results of which have been analysed and now form the basis of our action plan for the year ahead.

What have been some of the highlights of the past year?

Although it might feel a little strange to talk about highlights while everyone's lives have been turned upside down by Covid-19, I think it's really important that we don't lose sight of the many positive developments during the year, before and during the pandemic.

Among our notable highlights, in September 2019 we celebrated the 10th anniversary of our medical school, NUMed, in Malaysia, and that was followed in November by the official opening of our new learning and teaching centre, the Frederick Douglass Centre.

We started the new year with the announcement of renowned poet and artist, Imtiaz Dharker, as our new Chancellor. Despite not yet having had an opportunity to undertake any duties in person due to the postponement of the Summer Congregations, she has already proved to be a very engaged Chancellor, recording several encouraging and uplifting video messages and specially penned poems.

We have been awarded another National Innovation Centre, for Rural Enterprise, and will lead a £30 million national network of Driving the Electric Revolution centres that will help propel UK manufacturing to the forefront of global efforts to tackle climate change.

That there are simply too many more instances of individual and collective success to mention here is testament to the resilience of our University and the unending commitment and hard work of every one of them for their patience, support and positivity throughout the course of a year that has been like no other. We expect 2020-21 to be just as successful.

Overview

Newcastle University can trace its origins to a School of Medicine and Surgery, established in Newcastle in 1834, and to the College of Physical Science, later Armstrong College, founded in the city in 1871.

These two colleges formed one division of the federal University of Durham, the Durham Colleges forming the other division. The Newcastle Colleges merged to form King's College in 1937 and, in 1963, when the federal University was dissolved, King's College became the University of Newcastle upon Tyne, latterly trading as Newcastle University. We were a founding member of the Russell Group, comprising the UK's leading research-intensive universities.

The University:

- is home to over 29,000 students
- offers undergraduate, postgraduate taught and research degrees in over 60 subject areas
- leads world leading research, spanning a wide range of activity with a strategy to address major global societal challenges
- enjoys strong research links with many European and other international universities
- is one of the largest employers in the North East of England, with just under 6,600 colleagues (5,969 full-time equivalents)
- sits in the heart of Newcastle city centre with campuses in Malaysia and Singapore and a site in London

Our Vision and Strategy is to be a world-leading university, advancing knowledge, providing creative solutions and solving global problems.

The Vision is supported by four core strategies covering:

- Education for Life
- Research for Discovery and Impact
- Engagement and Place
- Global

Strategic leadership of each of these is provided by our Deputy Vice-Chancellor, three 'cross-cutting' Pro-Vice-Chancellors (PVCs) and a number of Deans with University-wide remits. We collaborate with a range of partners on strategic initiatives, helping to extend the University's influence and reinforce our ties with the city, region and beyond. These include Newcastle City Council, local NHS Trusts, North East Local Enterprise Partnership and partner universities in the North East of England.

Delivery of the core academic functions occurs in our three faculties, each led and managed by a PVC:

- Faculty of Humanities and Social Sciences
- Faculty of Medical Sciences
- Faculty of Science, Agriculture and Engineering

Each faculty consists of a number of academic units, typically schools or research institutes, each led and managed by a head or director. The core academic functions and line-management structures combine to form the academic map of the University in which we envisage the faculties as vertical columns, with the core functions as cross-cutting institutional activities.

Interdisciplinary and cross-disciplinary activities are coordinated and supported by the cross-cutting PVCs. The academic enterprise is supported by a number of corporate activities within the Professional Services teams.

Faculty Highlights

Medical Sciences

We launched a new Faculty structure as part of our Good-to-Great programme in November 2019. Faculty research applications increased by 25% and awards by £10m compared with 2018-19.

We celebrated two new Academy of Medical Sciences Fellows (Professors Muzlifah Haniffa and Sophie Hambleton) and four new NIHR Senior Investigator awards (Professors Eileen Kaner, Colin Rees, Lynn Rochester and John Simpson).

In March 2020, the Faculty led on the application and subsequent award of an NIHR/NHS England Academic Health Science Centre award, in partnership with our two local NHS Trusts, Academic Health Science Network and Newcastle City Council.

We were delighted to receive the Times Higher Education 'Outstanding Support for Students' award in 2019, based on an innovative psychological therapies training and research clinic model.

Despite the hurdles of Covid-19, the virtual degree ceremony for our MB BS students was a triumph, permitting newly qualified doctors to work sooner in the NHS, at a time when they were desperately required.

There have been some fantastic individual achievements over the year, but a highlight has been how the Faculty has worked together to navigate some of the stormiest waters we have ever encountered.

Professor David Burn, Faculty PVC

Humanities & Social Sciences

Professor Nigel Harkness
Faculty PVC

In the face of disruption as a result of the Covid-19 pandemic, colleagues and students rose to the challenges of the pivot to online learning and demonstrated exemplary commitment in successfully managing end-of-year online assessments and ensuring that our students could complete their studies successfully.

Research income grew by 33% and the Faculty achieved almost £11m in new awards. Faculty colleagues led the development of two NUCoREs in areas of major cross-Faculty research excellence: Cities and Heritage. In conjunction with Northumbria University we launched the world's first Hub for Biotechnology in the Built Environment with £8m funding from Research England.

Our strategic cultural partnerships played a key role in the University ranking sixth in the world under SDG 11 'Sustainable Cities and Communities' in the Times Higher Education's Impact Rankings.

We were delighted to see our colleagues recognised nationally: Jackie Kay, Professor of Creative Writing, was awarded a CBE and Professors Robert Hollands, Alex Hughes, Janice McLaughlin, and Liz Todd were elected as Fellows of the Academy of Social Sciences.

We celebrated Athena SWAN bronze awards for two additional schools recognising their work in support of Equality, Diversity and Inclusion, and our Business School was awarded AACSB accreditation for a further 5 years.

Science, Agriculture & Engineering

Last year we reviewed our management structures following the reorganisation to five academic units in 2017. A highly successful collaboration with academic colleagues led a structure that supports our plans for excellence in education and research and our social justice aims. We started to implement recommendations of recent international reviews of our degree programmes, with the first initiative being a flexible stage 1 in engineering.

We launched the new Research England funded National innovation Centre for Rural Enterprise. This will sit alongside our existing successful National Innovation Centres for Ageing and Data.

Our School of Engineering will lead the national 'Driving Electric Revolution' scheme run by Innovate UK to grow the activity in the UK of power electronics, machines and drives. We will run both the national programme and the north east centre, building on the expertise of our Electrical Power Group, widely recognised for its excellence in research and teaching in this field.

Royal Academy of Engineering awarded a number of prestigious fellowships, including two Chairs in Emerging Technology (Nat Krasnogor and Ian Metcalfe) and a Research Fellowship (Greg Mutch). We are delighted to have recently become part of the EPSRC's new 'top 20' Tier 1 partners.

Professor Phillip Wright, Faculty PVC

Our principal stakeholders

An organisation as diverse as the University naturally works with a wide range of stakeholders. The principal stakeholders are listed here together with a summary of how we seek to engage with them.

Students

We have over 29,000 students from more than 140 different countries and they are key to our work. Their activity and success is described in more detail on pages 39-40. The student voice and student engagement are important features of our governance and strategic planning processes. As active members of the University community, students trained by Newcastle University Students' Union contribute through our consultation system as course representatives and student chairs of staff–student committees. Council, Senate, Court and many key University committees and groups include student members. In 2019–20, they contributed more than 50% of our total income through tuition fees and accommodation payments, either directly or via the Student Loans Company or sponsors.

Colleagues

We have just over 6,600 colleagues drawn from 98 countries, including some 585 from the European Union, and they are critical to our success. Their activities and successes are described in more detail throughout this report, and in particular, on pages 41-43. There are formal opportunities for colleagues to be represented in the University's governance process through elected membership of Council and Senate and through engagement with our three recognised trade unions: University and College Union, Unison and Unite. There is also an extensive internal communications programme.

Alumni

We have more than 235,000 alumni in 186 countries across the world and we support a number of alumni societies and chapters.

In 2019–20, we organised more than 70 events ranging from informal reunions to international leadership events and the annual meeting of Convocation in Newcastle. Due to Covid-19 21 events and some volunteer initiatives planned for 2020 did not take place, however alumni have continued to engage with Newcastle University, supporting students affected by the global pandemic and over 4,500 taking part in global research to develop new network initiatives.

We produce an annual magazine Arches for our graduate community which features the latest news from our campuses and our graduates around the world. Alum News is a supplementary digital publication produced bi-monthly for our alumni community.

The NCL Professional Network series supports our alumni's professional development, enabling them to enhance their portfolio of contacts, meet fellow alumni and friends working in a range of professions, and hear from sector leading speakers. Many alumni continue to retain an involvement with the University today and more than 800 of them volunteered over 1,900 hours of their time and their expertise on behalf of the University in 2019–20.

NCLspark, our online alumni networking and mentoring platform, connects current students and alumni to provide career inspiration, personal development through mentoring and professional development opportunities.

Our global alumni community joined in the unprecedented virtual graduation celebrations for Newcastle University's students graduating during the global pandemic. We celebrated just some of our inspiring global alumni and their outstanding personal and professional achievements through our 'Alumni Achievement Awards', hosted virtually for the first time.

The local community

We recognise the importance of engagement with our local community and businesses and have key partnerships with civic organisations such as Newcastle City Council, Newcastle Upon Tyne Hospitals Trust and Northumbria University. These partnerships are vital in our plans to develop a Civic University Agreement.

We have a formal partnership with Newcastle City Council through the Newcastle Helix partnership and we work with Northumbria University and our respective students' unions to promote good relations between our students and the local community. We are members of the Confederation of British Industry and the North East Chamber of Commerce and have a regular programme of engagement with businesses and voluntary organisations in the region.

We are particularly proud of our partnerships with local cultural organisations including Tyne and Wear Archives and Museums, Seven Stories, Northern Stage, The International Centre for Life and Sage Gateshead. We have a wide programme of engagement with local schools and colleges and accredit foundation degrees offered by Sunderland College. The Great North Museum attracts around half a million visitors every year. The University has twice-yearly meetings of Court, with over 40 lay members representing business, politics, local government and the voluntary and community sectors.

Funders and regulators

The Office for Students (OfS) is the principal regulator for higher education providers in England. Its responsibilities include those previously exercised by the Office for Fair Access to promote widening participation in higher education for disadvantaged groups. Given its regulatory role, our engagement with the OfS is predominantly formal and they would see the Vice-Chancellor and President, as the Accountable Officer, as their principal contact.

More than 700 funders, drawn from government, the third sector and the private sector, contributed around £97.7m of research income to the University in 2019–20. Many of these funders have formal programmes of engagement and assurance with the University as well as a wide range of informal relationships.

Partner organisations

It is in the nature of the higher education sector that we compete and collaborate at the same time. Our principal competitors are research-intensive universities in the UK and, to a lesser extent, other universities in the North East. We work closely with other universities in the region to promote widening access to higher education through the National Collaborative Outreach Programme (NECOP), which we lead in the North East, and other initiatives.

We also work with universities in the UK, Europe and across the world to further our research interests. We have strategic partnerships with several universities including Groningen in the Netherlands and Monash in Australia. We have close relationships with our neighbouring universities in the North East of England.

We are members of Universities UK, the Russell Group (comprising the 24 leading research-intensive universities) and the N8 Research Partnership (of eight research intensive universities in the north of England), as well as numerous sector-wide bodies that work to promote shared services and common understanding.

The University at a glance 2019-20

TEF Gold

29,630
Students

24% of UK taught students are postgraduate

NSS: **82%** overall student satisfaction

ISB: **93%** overall student satisfaction

Of those in employment **80%** of graduates were in professional or managerial jobs

Partners with

Newcastle helix

Newcastle City Council

NHS

To **regenerate** our city

19% of new undergraduate students come from the North East

THE UNIVERSITY IMPACT RANKINGS 2019 TOP 30

Living Wage Foundation

We are committed to **global social justice** and the **climate emergency**

BSERVATORY
MAGNA CHARTA UNIVERSITATUM

Ensuring the **integrity** of intellectual and scientific work in Institutions and society

Athena SWAN Silver Award

GCRF Global Challenges Research Fund

*Leading two **GCRF Hubs** on water security and river deltas*

5,607 research publications

RESEARCH FOR DISCOVERY AND IMPACT

£113m new research awards in the year

£98m research income in the year

Member of the RUSSELL GROUP

N8 RESEARCH PARTNERSHIP

Member of the collaboration of the eight most research intensive universities in the North of England

More than **230,000** alumni in over 180 countries

QS **152nd** in world ranking

erasmus **566** students on international exchanges including Erasmus+

GLOBAL

Overseas campuses in

Singapore **916** students

Malaysia **747** students

58% of our research publications are internationally co-authored

Charity Status and Public Benefit Statement

For the year ended 31 July 2020

In developing and overseeing the University's strategy and activities, Council has had due regard to the Charity Commission's guidance on public benefit.

It is also aware that, because the University is charging high fees, it must make provision for those from lower income backgrounds to have the opportunity to benefit from the services provided. The principal beneficiaries of the University's services are our students and the public at large.

The Office for Students is the principal regulator for most English higher education institutions under the Charities Act 2011 and is the regulator for this University.

Our statutes define the object of the University as 'for the public benefit, to advance education, learning and research'. Public benefit is embedded in our Vision and Strategy. The University takes seriously its commitment to ensure that it satisfies the Charity Commission's public benefit test that there be identifiable benefits and that the opportunity to benefit must not be unreasonably restricted. We have a range of schemes to encourage participation in our academic programmes by students from under-represented socioeconomic groups and those from low income households.

In 2019–20 we provided £2.4m in means-tested scholarships to support 1,418 new undergraduate entrants who might otherwise have been unable to afford the costs of going to university. This constituted 25.5% of our 5,564 full-time UK and EU undergraduate entrants in 2019. We also paid a further £5.5m to support 3,082 undergraduates continuing their studies. The 2019–20 UK and EU undergraduate financial support of £7.9m for a total of 4,500 students represents a decrease of £324k compared to 2018-19, primarily due to the phasing out of the high value Promise Scholarship Scheme as well as the Access Scholarship Scheme. These schemes were phased out following guidance from the Office for Fair Access to reduce spend on scholarships and invest more in outreach. We have retained our core means-tested scholarship scheme for students from low income families. We have committed £42.7m through our Access Agreement to student financial support over the next five years. We supported 40 mostly full-time taught postgraduates from widening participation backgrounds with scholarships of up to £5,000, costing £178k in total, to supplement the Postgraduate Masters' Loans now available from the Student Loans Company.

We alert all prospective and current students to the financial support opportunities, through our website, brochures, talks, workshops, mail shots, e-mail, social media, and plasma screen reminders throughout the year.

During 2019–20 we awarded more than 9,500 undergraduate and postgraduate degrees.

We are the largest research university in the North East. During the calendar year 2019 our academic colleagues published 5,607 research articles, books, book chapters and conference proceedings, a slight decrease from 5,760 in 2018. Our total research income in 2019–20 was £97.7m, despite the suspension of much of our research during the Covid-19 pandemic.

To support our charitable work, we received £8.1m in philanthropic donations and legacies during 2019–20. In addition, £1.9m of our research activity was funded through philanthropy. We receive funding from a wide range of benefactors, based in the UK and overseas, including many of our alumni and we are grateful for their support. In 2019–20, our community of donors made valued contributions for the benefit of student support, enterprise and entrepreneurship, medical and non-medical research, and campus development. We thank them for their commitments and continue to build relationships with individuals and organisations who resonate with the values and vision of the University.

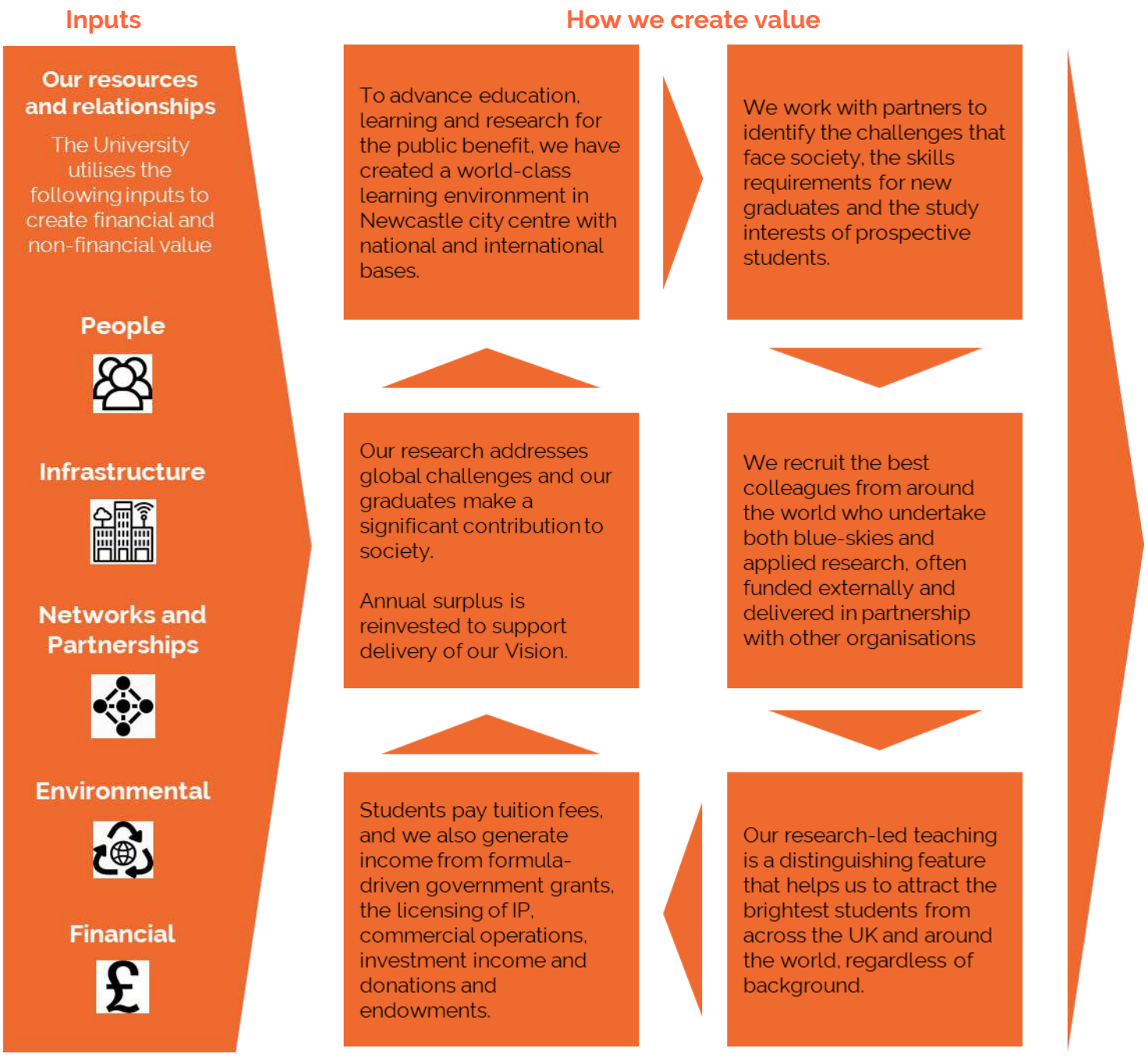
The Charities (Protection and Social Investment) Act (2016) requires charities to state the approach taken in fundraising. We seek, steward and accept benefactions in support of its charitable objective. We do so under the leadership of the Director of Advancement. We partnered with Rux Burton Associates for some of our telephone fundraising and Bluefrog for direct mail. In our fundraising activities we follow the Principles of Practice for Fundraising Professionals at Educational Institutions approved by the Council for Advancement and Support of Education's Board of Trustees in July 2014. This sets out ethical principles of personal integrity, confidentiality and public trust. We complied with these standards in 2019–20.

We expect that useful knowledge acquired through research will be disseminated to the public and others able to benefit from such research. We normally expect that any private (non-charitable) benefit will be legitimately incidental to the achievement of our charitable aims for public benefit. The terms and conditions of all externally funded research activity are assessed prior to acceptance in terms of the public benefit test for charitable purpose.

More information on our work and the way it fulfils our charitable purpose is included in this report and on our website **ncl.ac.uk**.

Our Value Creation Model

We exist for the public benefit to advance education, learning and research. In this section, we use a value creation model to describe how we create and sustain value for our many stakeholders.



Our Vision and Value Creation model is assured by effective governance

Read more:
Our Vision and Strategy **pages 24-38**
Corporate Governance **pages 56-61**
Financial Review **pages 50-55**
Independent Auditor's Report to Council **pages 65-66**

Aspirational Outputs

Outputs can be measured in a number of different ways. For more information on how we measure success, see pages 24-25.

Student satisfaction
Excellent scores in student satisfaction surveys across all disciplines

Graduate destinations
High rates of graduate employment in professional jobs or further study

Colleague engagement
Excellent results in our colleague engagement survey

Research outputs
High proportion of research outputs rated world-leading or internationally excellent

Reputation
Enhanced global reputation for education and research

Balance sheet
Strong cash balances to invest for the future and ensure financial sustainability

The value shared

The financial and non-financial value we create is reinvested to support delivery of our Vision and to the benefit of our stakeholders.

Local community
We develop over £800m pa in GVA contribution to the Northern region and work with local communities to attract jobs and investment to the region.

Students
We reinvest in our teaching and learning facilities for current and future generations of students.

Alumni
As we support graduates into professional employment or further study, we create and sustain a global network of engaged alumni.

Colleagues
We develop and reward our colleagues and seek to grow our academic base by reinvesting in facilities and new appointments.

Funders and regulators
We work with research funders and government agencies to share the value we create and to develop new opportunities to address societal challenges.

Partner organisations
We nurture and develop close partnerships with employers and other universities to leverage additional value.

Materiality and risk

This section (pages 20-23) describes our approach to risk management, our key risks and opportunities and how we seek to manage them

Like all organisations, we are affected by a large number of different risks that could have a material impact on our ability to create value over time. Although some of the risk factors are macroeconomic and likely to affect the performance of the higher education sector as a whole, others are particular to us and to our stakeholders. In line with Integrated Reporting guidance, our approach to materiality is driven by the views of our stakeholders, both internal and external.

Risk cannot be eliminated entirely and our approach is to be risk aware rather than risk averse. Taking risks is part of our normal business process, and effective risk management is key to ensuring that we achieve our strategic objectives.

We regard effective risk management to be the systematic identification, evaluation and control of risks that threaten the strategic objectives, service delivery and assets of the University. The systems and procedures that we have put into place will allow the risks we face to be identified and understood so they can be better managed in order to reduce the likelihood of occurrence and the potential impact.

Colleague Engagement and Culture

Stakeholders impacted: Students, Colleagues, our local community

We have a commitment to our people and to promoting a positive and inclusive culture that encourages our colleagues and students to engage and excel. Industrial action during the academic year caused disruption for our students. Some colleagues remain unhappy regarding pensions, pay, casualisation and workload issues. We continue to review and monitor the situation and seek to engage positively with colleagues on key issues.

Risks	Opportunities
• Challenges to recruit and retain talent to deliver the ambition of our vision and strategy. • Colleague satisfaction and engagement may be affected by issues relating to parity of esteem between activities and functions, and perceived inaction around poor behaviours. • Constraints on budgets and physical distancing requirements may reduce development options for our colleagues, impacting skills and satisfaction. • Proposed changes to the USS and national pay negotiations may negatively impact colleagues satisfaction and lead to further industrial action.	• To respond positively to the casualisation agenda via key policy changes. • To address the gender pay gap and other reward matters to ensure fairness and consistency. • To work with key stakeholders on the future shape of the USS pension scheme. • To work on attracting talented people to the region who can drive implementation of our strategy. • Colleague development work will continue to focus on culture, values and behaviour.

Impact on our strategy

- We have a clearly articulated and owned People Strategic Enabler and an annual people plan to help us attract and retain the best people regardless of background. It also aims to create a culture of innovation and aspiration.
- Our Engagement and Place Strategy includes an initiative to embed the values and practices of social justice across the work of the organisation.

Student Experience

Stakeholders impacted: Students, Colleagues, our local community

Our students expect a high-quality provision that enables them to succeed and thrive as a result of their studying. Our NSS results suggest some students are not satisfied with the provision received. New consumer laws have led to an increase in complaints, appeals and legal action from students. Supporting student mental health and wellbeing is paramount but has become increasingly difficult due to rising cases.

Risks	Opportunities
• If we do not offer a high quality education we risk losing market share. • Students may not feel the overall experience is what they expected. • Lost fee income following full or partial compensation claims from students. • There is risk that we fail to offer opportunities to those from disadvantaged backgrounds.	• Students bring with them a broad range of economic, social and environmental benefits to our region. • Our Graduate Framework aims to ensure that our graduates achieve appropriate graduate level employment and shape the societies in which they live when they leave us. • We are working to ensure that students from a wide range of diverse backgrounds are able to access a university education, thrive and feel a sense of belonging.

Impact on our strategy

- Our Education Strategy is predicated on a programme of investment into teaching and learning facilities that includes technology enhanced learning and student systems as well as appropriate academic capacity. This is to ensure our students are supported to fulfil their potential.
- Our Engagement and Place Strategy brings together the civic contribution of our education and research. It also aims to improve the social mobility of people from under-represented and disadvantaged backgrounds.

Threats to research power and intensivity

Stakeholders impacted: Students, Colleagues, Our local community, Our partners

Through our research we are creative and make discoveries that benefit society and the economy, and we train the next generation of researchers and innovators. Although the UK Government has signalled increased future spending on research, the Covid-19 pandemic has exposed intrinsic weaknesses in the cross-subsidy of research from other university income that might undermine our continued success.

Risks	Opportunities
• Completion of projects is disrupted. • Research funding available from charities, business partners and the EU is lost or markedly reduced. • Our colleagues are unable to devote time to research in the face of other demands. • Recruitment of leading investigators is inhibited by temporary financial constraints. • We are unable to invest in our research infrastructure.	• Students and colleagues have been inspired to engage in research by the recent prominence of science in the public discourse. • The recent experience of online working will help us to grow our research networks and reduce time lost to travel. • We are well-placed to research the consequences of the Covid-19 pandemic. • Our relatively strong financial position and the potential for further support for research sustainability from UK Government, should allow us to recruit and retain researchers and trainees.

Impact on our strategy

We retain the ambition of our Research Strategy to grow research power and intensivity but will adjust our anticipated trajectory for growth. We will continue to implement the Priority Actions of the Research Strategy, while supporting new ways of working and communicating for researchers. We are taking steps to maintain our research capacity over the next year.

UK Political environment

Stakeholders impacted: Students, Funders, Regulators, Colleagues

The importance of universities and their contribution to the economy is recognised but with increased regulation and intervention the political environment in the UK is changing. The response to the Philip Augar Review of Post-18 Education Funding recommended a cut in tuition fees for all subjects from 2021 entry and replacement of that funding has still not yet been confirmed. A number of other government polices including the positioning of the Office for Students as our regulator, levelling up, social mobility and research concentration are also expected to have an impact upon universities in the coming years.

Risks	Opportunities
• Lost fee income following a reduction in student fees would not be replaced in full. • The University is seen as not offering value for money for students or taxpayers. • The University does not offer opportunities to talented individuals from less privileged backgrounds. • The University does not maximise research opportunities and funds available.	• We will ensure that via membership of various national bodies we are acting effectively, and that we are constantly seeking opportunities that allow the University and the region's voice to be heard on a national scale. • We will work to improve the social mobility of people from under-represented and disadvantaged backgrounds by ensuring our education is accessible as widely as possible. • We will enhance the visibility of our research strengths to support us to recruit and retain researchers and trainees.

Impact on our strategy

Our Engagement & Place Strategy seeks to develop cross-university academies which equip academic and professional staff with the skills to influence policy debates locally and globally.

Global uncertainty

Stakeholders impacted: Students, Colleagues, Global Community, Funders, Regulators

Brexit and continued uncertainty around global mobility, research and funding makes planning difficult. There is a need to reassure the global student community that the university's educational offer and campus safety are strong despite global events outside our control. The Covid-19 pandemic and the rise in cybersecurity attacks on universities, including our own, are two specific critical risks which need to be managed.

Risks	Opportunities
• Loss of income and increased costs resulting from Covid-19 pandemic. • Failure to attract and recruit international students and colleagues due to external factors including a highly competitive and changing market. • Potential worsening of the UK's relationship with China may impact our ability to recruit students. • Reduced research funding for low and middle income countries. • Loss of IT services for colleagues and students, potentially for an extended period of time, notably	• Changes to working and teaching arrangements as we learn from the Covid-19 pandemic. • We will continue to build collaborative agreements with partners around the world. • We will continue to build national and global networks and lead the formation of new global partnerships to promote the North East of England. • Potential to use our international branch campuses for our advantage post Brexit. • We will continue to invest in IT hardware, software and process improvement to protect our networks

Impact on our strategy

We do not see Covid-19 as directly changing our Vision and Strategy but it will require up to adapt. How we work. Our Global strategy aims to create an environment in which staff are encouraged to develop global research and educational collaborations. Student mobility in particular needs to develop more virtual opportunities for students. The IT section of our Infrastructure strategic enabler underpins the investment which we have to make in our IT systems and processes, especially to harden our approach to cybersecurity.

Climate and ecological crises

Stakeholders impacted: Students, Colleagues, Partner Organisations, Society – regionally and globally

We stand with our students and young people across the world in recognising the climate emergency as the most important challenge of our lifetime. We are committed to achieving net zero carbon within our activities and, through our education and research, to working with our partners on solutions for a net-zero future.

As one of the first Universities in the UK to declare a climate emergency and set a net-zero carbon target we aim to be visibly leading the sector.

Risks	Opportunities
• Failure to meet environmental targets - impacts on environment, reputation, recruitment. • Risk of climate change impacts e.g. intense weather events affects financial and environmental performance and impacts on student experience. • Failure to secure funding streams adequate to the scale of the net-zero challenge. • Failure to equip our students with the knowledge and skills to make a difference in their futures in work and society.	• National net-zero target will result in funding streams enabling investment in the estate. • Regional partnerships e.g. Net-Zero Newcastle allow innovative solutions within City-scale projects. • We will ensure that our research is addressing real-world problems including climate change. • Research into energy systems, applied ecology, behavioural change etc matter more than ever and the University sector is uniquely placed to lead on this agenda.

Impact on our strategy

Our Research Strategy aims to transform society through the application of our research. A Sustainable Development Goals Committee has been established to provide leadership in identifying and responding to societal needs including the UNSDG's. Our environmental management systems identify areas of strategic conflict and well-established governance arrangements and a Sustainability Team is in place to work on projects.

Our approach to risk management

Our risk governance arrangements seek to ensure that we have visibility and alignment of principal risks and material issues supported by effective communication. Key to the success of our risk management is collaboration between risk management, sustainability, business continuity, health and safety, finance and internal audit. It is through strong collaboration with both internal and external stakeholders that we are able to identify our principal risks and assess their materiality.

As an organisation, we identify risks and assess their material significance through regular discussion of our strategic risk register at Executive Board, Audit, Risk and Assurance Committee and Council. This, and ongoing communication with other stakeholders, has enabled us to identify the material issues that are most likely to affect value creation. We have a Risk Management Adviser, whose remit includes coordination of the risk management strategy, review and maintenance of the strategic risk register, tracking of control measures and ongoing review of risk indicators. Health and safety risks are discussed in more detail on pages 59-60 and treasury risk on page 53.

	Role	Responsibility
Council	Oversight	Approves the risk strategy and risk appetite.
VC and Executive Board Members	Ownership	Owns and reviews effectiveness of the risk management strategy.
Audit, Risk and Assurance Committee	Challenge	Reviews the effectiveness of their approachwith individual risk or control owners.
Internal Audit	Assurance Testing	Reports on the effectiveness of the risk management strategy and process.
Risk Management Adviser	Coordination Advice	Promotes implementation of the risk management strategy and maintains and develops systems to support risk management.
All colleagues	First line of defence	Comply with risk management policies and procedures.

Our Vision and Strategy

The Strategic Review (pages 24-38) describes our Vision and Strategy, maps progress made during 2019-20 and looks ahead to the future.

We exist for the public benefit to advance education, learning and research. Our Vision is to build on this core purpose to address global problems through excellence in education, research and engagement and, in doing so, provide new knowledge and creative solutions that make a positive impact on the society we serve. Our Vision expresses our collective sense of purpose and our aim to work collaboratively to shape brighter futures, grow the economy and champion social justice.

Values

Newcastle University is known for its longstanding commitments to equality, diversity, inclusion, respect and social justice. Our new Vision builds on these core values and identifies three aspirational values that inform everything we do and which guide us as we develop and grow as an institution.

Excellence	Enabling our colleagues to realise their twin ambitions of leading the way globally in their areas of research expertise while also providing an outstanding educational experience for our students.
Creativity	Being creative and innovative to advance knowledge and engage with society to address global problems.
Impact	Working in partnership with governments, industry, the creative and cultural sector and community groups to identify the current and future challenges faced by society and to provide innovative ideas and solutions that make a difference.

Guiding Principles

Our guiding principles have been identified from the key characteristics of our high-performing academic and professional units. They underpin the objectives of each of our core strategies.

Working together	Our aim is to be recognised for effective partnership working; this refers to working together internally – colleagues and students, academic and professional colleagues, across and between disciplinary boundaries and faculties – and externally with our various stakeholders.
Visibly leading	We are recognised globally for a number of strengths including Ageing and Health, One Planet, Data, Cities, and Culture and Creative Arts. In all of our activities our aim is to promote and support these existing strengths while facilitating the development of emerging areas of world-leading education and research.
Freedom and opportunity to succeed	Our people, colleagues and students – past, present and future - are at the heart of our strategy. Our aim is to support their ambitions and allow them to reach their full potential by providing them with environments and opportunities that inspire excellence, creativity and impact.
Responding to current and future challenges	Our priorities in both education and research will respond more proactively to the demand side of the knowledge economy and be guided by the societal challenges facing the world now and in the future.

Core strategies

Underpinning our new Vision and Strategy, we have four interconnected strategies. These cover our core functions of Education and Research and the contexts in which we work to improve the economy, health and social wellbeing and cultural richness of the places in which we operate, and to influence globally.

In the following sections we describe the progress that has been made in 2019–20 against the headings of our core strategies, and we look ahead to the future.

		Read more
Education for Life	Engaging, challenging and supporting students to discover and fulfil their potential.	Pages 28-31
Research for Discovery and Impact	Catalysing transformative research within and between disciplines.	Pages 32-34
Engagement and Place for Society	Improving the economy, health and social wellbeing and cultural richness of the places in which we operate.	Pages 35-37
Global	Being a globally inclusive institution.	Pages 38-40

We summarise our progress overall and for specific key indicators using traffic light ratings.

The key to these ratings is:

Green: Good – progressing well against our objectives

Yellow: Satisfactory – broadly on track but some issues to address

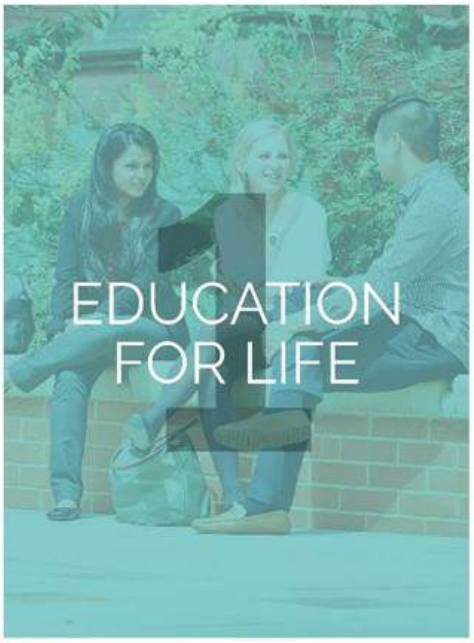
Amber: Medium Risk – some material issues and risks to be addressed

Red: High Risk – serious concerns

Education for life

Engaging, challenging and supporting students to discover and fulfil their potential.

Overall Assessment **Medium Risk**



Priorities

We have one priority for the education we offer, wherever or however delivered: to provide all our students with an education for life, that engages, challenges and supports our students to discover and fulfil their potential both while they are studying with us and once they have graduated. To deliver this commitment, our strategic educational aims are to:

- Provide an outstanding educational experience rooted in strong disciplines and enhanced by a broad range of experiences.
- Encourage and promote opportunities for multi- and interdisciplinary encounters.
- Maintain and promote the academic rigour and stretch of our programmes.
- Inspire, challenge, support and care for our students.
- Provide an inclusive and international collaborative learning community.
- Empower our students to be creative, innovative, enterprising and global in their outlook.

Measuring success

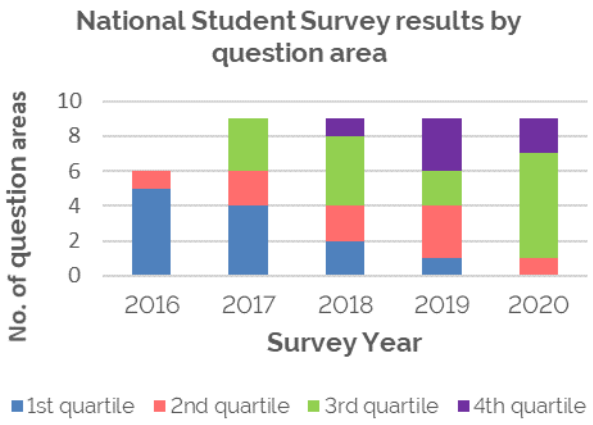
Indicator	Target	Status
Student feedback: the feedback from students across all levels of study and at each campus location	• Top quartile of UK HEIs in each of the domains in student surveys: NSS, PTES and PRES by 2025/26 with similar targets at subject level	
Student continuation: continuation and completion rates of students who choose to study with us regardless of background	• Top 10% of UK HEIs for undergraduate continuation and taught postgraduate completion with similar targets to at subject level • Submission rates for research degrees to be at least 80% within 4 years for full-time students and 65% within 7 years for part-time students	
Graduate destinations: what our graduates do and the proportion in graduate-level employment	• Top 10% of UK HEIs for graduates progressing to graduate level employment or further study with similar targets to be reflected at subject level	
Attainment gap: supporting student success and progression irrespective of background	• Targets defined in our Access and Participation Plan www.ncl.ac.uk/who-we-are/structure/access-and-participation/	

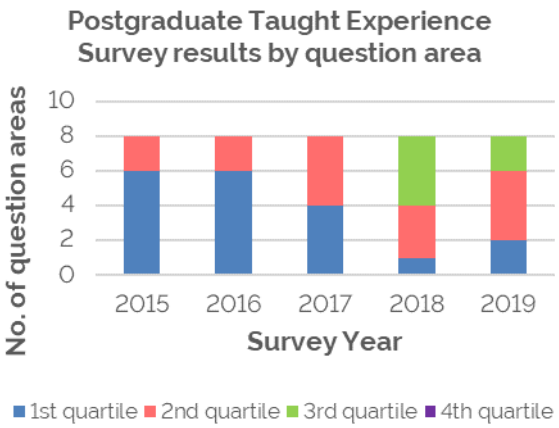
A key measure of success is our performance across a range of national student experience surveys. In 2020 the University participated in only one of the four major national surveys, the National Student Survey (NSS).

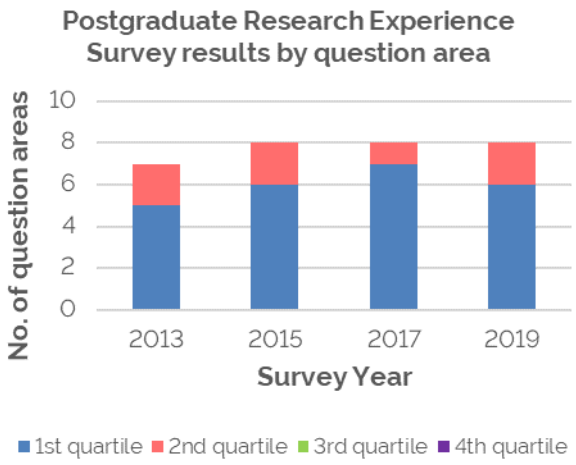
The Postgraduate Taught Experience Survey (PTES) was due to run during the height of the Covid-19 emergency (April to June 2020) and like many other universities Newcastle chose to prioritise the delivery and support of our education and students, and therefore did not participate in PTES. The University's established pattern of participation in the Postgraduate Research Experience Survey (PRES) is biennial, and we are next due to participate in 2021.

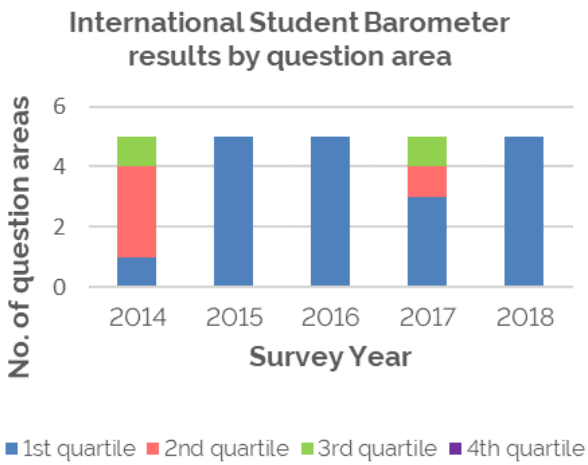
Finally the University, like many of our Russell Group comparators, has decided to move away from annual participation in the International Student Barometer (ISB) survey and did not undertake this in 2019-20.

Each of these national surveys asks questions across a number of areas (e.g. teaching, assessment, learning resources). The following charts focus on our comparative performance, showing where we are placed against other full service HEIs in terms of the quartile of this group:









National Student Survey Question Area	2020 Overall score	2020 Peer group quartile	2019 Overall score	2019 Peer group quartile
Overall satisfaction	82	3	85	2
The teaching on my course	83	3	84	2
Learning opportunities	82	3	81	4
Assessment and feedback	64	4	67	4
Academic support	77	4	79	3
Organisation and management	73	3	77	2
Learning resources	88	2	89	1
Learning community	74	3	75	4
Student voice	73	3	73	3

Progress during the past year

A key highlight of the year was the opening of our first dedicated learning and teaching centre at the Newcastle Helix site.

The Centre is named after Frederick Douglass, an anti-slavery campaigner – and an escaped slave himself – who came to Newcastle in 1846 as part of a lecture tour and stayed in Summerhill Grove, immediately adjacent to the Helix site.

We celebrated the opening by organising a programme of events exploring the theme of global social justice. This included our Students' Union running an extremely successful campaign for Black History Month,

Opportunities to develop graduate attributes are threaded through our programmes and our co-curricular and extra-curricular provision. 639 students from all four of our locations completed our ncl+ award in 2018–19 (543 in 2017–18). This award is included in degree transcripts and the Higher Education Achievement Report. A further 140 students completed one of our five ncl+ advanced awards and 650 students were nominated for Pride of Newcastle University Awards (595 in 2018). Work experience opportunities are made available through paid internships with local businesses (184 internships in 2018–19) and 1,293 students worked part-time on campus. The number of students undertaking a placement year increased by 26% to 546, some 10% of our eligible students and 440 students completed a career development module (498 in 2017–18).

Additionally, we believe that it is essential to promote and support student and graduate entrepreneurship as a viable career option alongside employment. We are in the business of developing new employers and occupations as well as new employees. In addition to those starting and growing businesses, many students will experience periods of self-employment through freelance working and the gig economy, and will develop a portfolio of roles to support career resilience in an increasingly uncertain labour market. Our cross-faculty modules, innovation challenges, researcher training and full-service start-up support all take account of these needs and have helped to position Newcastle University in the Top 5 of UK universities for the turnover and levels of investment raised by our start-up businesses.

In terms of career outcomes, there was a national change from the Destination of Leavers Survey (6 months post-graduation) to the Graduate Outcomes Survey (15 months post-graduation) because the survey methodology and timelines are significantly different, this does not provide us with year on year comparable data. We are also awaiting the official confirmation of Benchmarks and Performance Indicators for this new survey. However in the recent Guardian league table, the first league table to publish rankings based on the new data, in the sector we ranked 23rd for Career Prospects, compared to 10th the previous year using 2017 DLHE data.

'We built on the success of our existing approaches to online assessment, to pivot to entirely remote assessment and marking across the University in spring 2020, in response to the Covid-19 situation. We are continuing to build on this for the year ahead - such as continuing the comprehensive use of online submission and marking of assessed work required for the academic year 2020-21.'

Professor Suzanne Cholerton
PVC Education

NSS overall satisfaction fell from 85% to 82%, placing us 67th among full-service universities (34th in 2019) and 12th in the Russell Group (eighth in 2019).

The downward trend in NSS results at undergraduate level continued, with comparative performance declining in four of the eight question areas. Comparative performance did improve for Learning Community and Student Voice, two of the three areas that were a focus of the University's action plan to address the issues raised in the 2019 NSS. We are no longer placed in the top quartile in any question area, though our strongest performance (in both absolute and comparative terms) remains Learning Resources. The NSS results are being reviewed by academic units to generate action plans to identify areas of provision for enhancement, with a continuing focus on the three areas on which we have been concentrating in 2019-20 – Learning Community, Student Voice and Assessment and Feedback. In addition, the priorities identified in our education strategy will seek to deliver improvements in the educational experience for all our students.

Transformative initiatives

In 2019-20 we focused on implementation of four transformative initiatives as priorities in the delivery of our education strategy.

Implementing our technology-enhanced learning roadmap so that we are recognised as a leading university for the use of technology to support campus-based education

We built on the significant success of our existing approaches to online assessment, to pilot diversified and expanded opportunities for online

assessment, and our achievements in this area were recognised in winning the 2020 International eAssessment Award in the Best Use of Summative Assessment Category. This provided the basis for our successful pivot to entirely remote assessment and marking across the University in spring 2020, in response to the Covid-19 situation.

We are continuing to build on this - for example continuing the comprehensive use of online submission and marking of assessed work required for summer 2020, into 2020-21.

We successfully implemented projects to develop innovative new blended learning programmes in Engineering and the Newcastle University Business School, which will launch in 2020-21. This has played an important role in developing the institutional knowledge and expertise that has allowed us to move swiftly and effectively to remote teaching in spring 2020, and which now underpins the blended learning approach the University is adopting for 2020-21.

We implemented a new institutional Virtual Learning Environment across the University, which will provide enhanced functionality and capability to support our ambitious plans in technology enhanced learning.

Enhancing our approaches to supporting students to succeed in their education, and fulfil their potential

We implemented projects to review and enhance both the personal tutor system that supports our students, and the academic skills support we provide for our students. Both projects were making significant progress prior to the Covid-19 emergency, for example through agreement of the first phase of implementation of increased academic skills support. We have now taken this work and applied it to the changed situation, developing a revised, bespoke approach to personal tutoring for 2020-21 and significantly revising and expanding our academic study skills provision including a particular focus on supporting students to be effective online learners.

Working to create a Newcastle Doctoral College as a world-class centre for research training to support our research students

We developed and launched a new Doctoral College website (www.ncl.ac.uk/doctoral-college/) to provide a single point of information for prospective research students, current research students and research degree supervisors. We have also established Graduate Schools, with a physical presence on the Newcastle campus, in HaSS and SAgE to ensure parity across all three faculties. The Doctoral College has provided a nexus for our responses to supporting postgraduate research students during the Covid-19 emergency.

Developing and implementing a new Graduate Framework to support and prepare students to shape the societies in which they will live and the professions they choose to enter

We developed and approved our new Graduate Framework (www.ncl.ac.uk/careers/planning/graduateframework/). Our central careers, employability and enterprise offering is being developed to support delivery of the new Framework, and we have started to embed the new Framework within our academic programmes.

Aiming to establish an inter-disciplinary school to facilitate multi- and interdisciplinary opportunities

We approved the establishment of School X as a new academic school of the University. Significant work has also been undertaken on the development of the new BASc Liberal Arts and Sciences, working towards its launch (now scheduled for September 2022 in light of Covid-19) as a flagship initiative for the new school. Staff in and linked to the new School will also provide important contributions to Enrichment Weeks, a new initiative planned for 2020-21 that we will offer taught students in Semesters 1 and 2 of 2020-21.

Strategic review

Research for discovery and impact

Catalysing transformative research within and between disciplines.

Overall Assessment **Medium Risk**

Priorities

Through a dozen Priority Actions, our University's Research Strategy provides a set of tactics to reach our ambition as a world-class, research-intensive University. We have been making good progress implementing these, which puts us in a stronger position to maintain research capacity as we emerge from the Covid-19 crisis.

Our research strategy sets the ambition for growth of people and resources that will allow us to deliver our aims to:

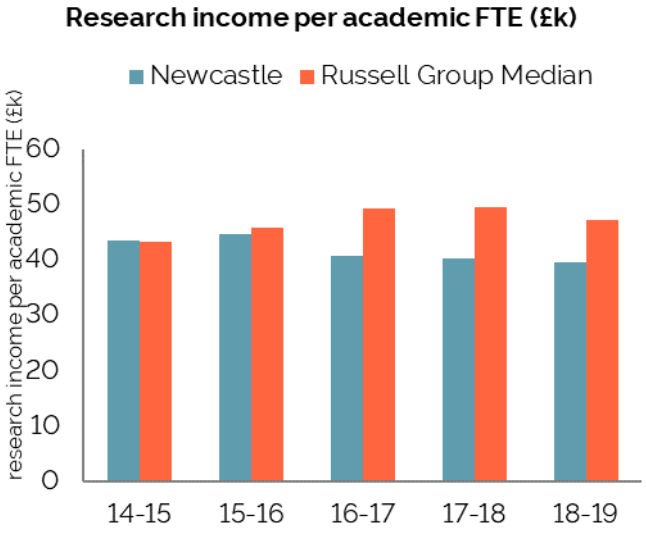
- Nurture excellent research and innovation that expands fundamental knowledge, addresses societal and global needs, supports sustainable economic growth and promotes health and wellbeing.
- Equip colleagues and students at all career stages with the skills to contribute to research and development in the academic, commercial, public and voluntary sectors.
- Foster inter-disciplinary approaches and partnerships with businesses and external agencies that extend the reach and impact of our research.

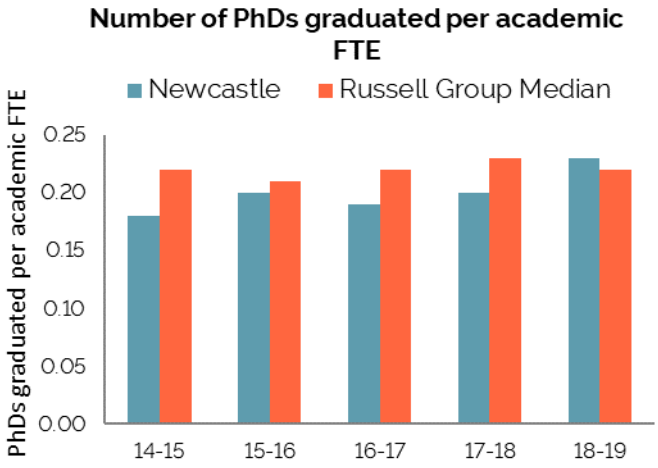
Measuring success

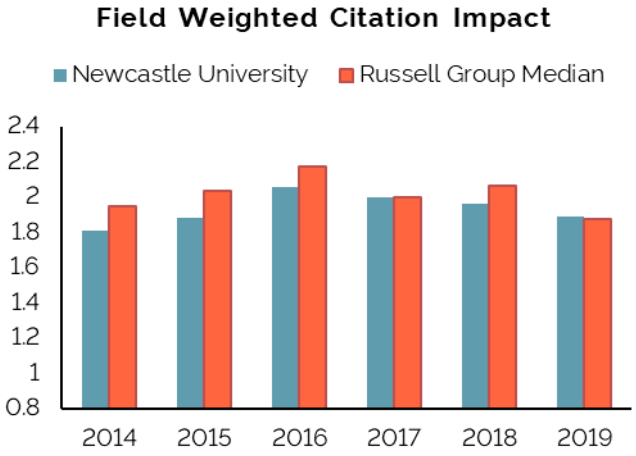
The indicators and targets below were set prior to the Covid-19 pandemic. Whilst our ambitions remain unchanged we recognise that we will need to recalibrate the timescales for these targets.

Indicator	Target	Status
Research intensivity: winning competitive funding befitting our status as a research-intensive institution	• Grow research income as a percentage of total income to the average of our peer group over five years	
Research power: the number of colleagues who are research active and producing high quality research	• Increase the total number of Teaching and Research academic employment headcount on a trajectory to grow by 20% between 2018 and 2028	
Outputs and Impacts: a quality index, comprising a basket of indicators, evidencing sustained quality and impact of publications and other research outputs	• Increase the number of PGR entrants (with a focus on those funded externally) by 35% by 2024/25 • Knowledge Exchange quality index - HEBCIS and KEF metrics evidencing collaboration with external partners for research and skills provision • Research culture index, comprising a basket of indices (primarily qualitative)	

We will know that we are achieving our ambition if we have the characteristics of a typical institution in the Russell Group, the network of world-leading research-intensive UK universities of which we are a founding member. Trends against Russell Group comparators are shown in the graphs below.







Progress during the past year

Despite the challenges associated with Covid-19 we have made substantial progress in implementing our research strategy.

Newcastle University Academic Track (NUAcT)

We are growing our research community by recruiting and retaining top early career researchers. Through a hugely popular first open call and other targeted calls, we have appointed our first 29 NUAcT Fellows and are supporting their development as future research leaders. In turn, our NUAcT Fellows are joining a multi-disciplinary and collaborative network of researchers across the institution who champion our values and help us to provide a supportive and inclusive research environment for all. We are already celebrating their success in attracting highly competitive and prestigious external funding.

Newcastle Centres of Research Excellence (NUCoREs)

We are developing a strong portfolio of NUCoREs in areas where we have excellent research that will benefit from growing diverse teams across disciplines. Our NUCoREs help us to tell a visible story about our leading research, enable our researchers to pursue challenge-led research missions and inform our priorities for investment. During 2019-20 we have expanded the portfolio of NUCoREs to include Centres for Ageing and Inequalities, Cancer, Cities, Data, Energy Healthier Lives, Heritage, and Regulatory Science.

NU Academies

We worked with colleagues across the University to establish two new Newcastle University Academies to give our people the freedom and opportunity to succeed in a changing world through the vibrancy of our research environments. These serve to coordinate provision of career pathways and training, catalyse interactions between academics and professional services staff from diverse backgrounds, and disseminate best practice.

The Enterprise Academy, led by the Dean of Innovation & Business, held its first events to bring academics and commercial innovators together with the business development team.

The Skills Academy, led by a newly appointed Dean of Research Culture & Strategy, is working with colleagues across all career stages from doctoral trainees to established faculty.

Notable developments in the past year include:

- The award of £30m from Innovate UK to lead a UK network of Centres that will deliver the Driving the Electric Revolution challenge by working with numerous companies and universities to overcome the hurdles to electrification of transport on road, rail, sea and air. Our colleagues were responsible for the inception of this scheme when their proposal was selected from more than a hundred submitted to the UK's Industrial Strategy Challenge Fund wave 3.
- The award by the National Institute for Health Research (NIHR) of Academic Health Science Centre (AHSC) status to Newcastle Health Innovation Partners. This is one of only eight AHSCs nationally, and three outside the 'golden triangle' of London and Oxbridge, and recognises the strength of our consortium with NHS and City Council partners.
- The opening of The Catalyst on the Helix campus, co-locating the National Innovation Centres for Data and for Ageing and the NIHR Innovation Observatory in an iconic building. We were also awarded £3.7m from the Research England Development Fund to create a National Innovation Centre for Rural Enterprise, helping our world-leading experts on the rural economy to deliver social and economic benefits by working with rural communities and companies.
- Many of our researchers have been recognised through prizes and fellowships of national academies. Professor Muzlifah Haniffa is a dermatologist who characterises individual human cells by their genetic fingerprint, yielding new insights that range from the development of immune system to identifying the cells in the nose which bind the virus that causes Covid-19. Her work has been recognised this year by Fellowship of the Academy of Medical Sciences and award of its Foulkes Foundation Medal, and being profiled in Nature Medicine, a world-leading scientific journal.
- We enjoyed particular success in the Royal Academy of Engineering Chairs in Emerging Technologies competition, when two of the eight awards were made to colleagues at Newcastle University. Professor Nat Krasnogor, who develops ways to store data in living cells, and Professor Ian Metcalfe, who develops chemical processes for low-carbon energy production, will both benefit from multi-million pound funding to support their work over the next 10 years.

Looking ahead

We are confident that we can restore our trajectory for growing research in a post-Covid environment, albeit that in the meantime we will be obliged to make careful and fair choices about deployment of resources to ensure that as many research staff and students as possible are able to continue their research. In this regard, we recognise the financial crisis facing many of our charity funders and we hope that universities will benefit from the UK Government's promises to secure our research expertise during the pandemic and invest more in research in years to come.

Following a period of significant disruption, it will be more important than ever to nurture our research community in the year ahead. Through initiatives such as the Skills Academy, we will foster a positive and supportive research culture that will help our researchers to progress in their careers and receive the development they need. Through giving our people the freedom and opportunity to succeed, and combining our diverse research excellence, we will continue to deliver innovative research that meets the world's challenges.

As a result of the pandemic, the submission deadline for the Research Excellence Framework (REF) has been delayed from November 2020 to March 2021. Our REF preparations have continued where possible and we anticipate completing a strong submission that reflects our collective excellence. The beginning of a new 7-year REF cycle is always an opportunity to refresh research plans and accelerate the delivery of research. During this period we are likely to be launching another cluster of NUCoREs, recruiting new researchers, and being attentive to developing our inclusive and cross-disciplinary research culture.

'As we emerge from responding to the immediate challenges of Covid-19, we will also be grasping the new opportunities and ways of working that have presented themselves during the pandemic. We start this process from a relatively strong financial position, and with a University research strategy that plays to external drivers that the UK government has recapitulated in its Research & Development Roadmap.'

Professor Brian Walker
PVC Research Strategy and Resources

Engagement and Place for society

Improving the economy, health and social wellbeing and cultural richness of the places in which we operate.

Overall Assessment Good

Priorities

Our Engagement and Place Strategy sets our approach to engagement in six key areas:

- Engaging for economic benefit
- Engaging for societal benefit (including improving the health and wellbeing of our place)
- Engaging from local to global
- Engaging for cultural benefit
- Engaging with policy and practice
- Engaging for access and participation

We recognise that these are artificial boundaries and that innovation in engagement happens across all of these areas. We are therefore committed to cross-sectoral working in the implementation of the strategy.

Measuring success

Indicator	Target	Status
Inclusive Growth: the University's contribution to inclusive growth in the North East and development of a more prosperous economy and more equitable society	• Increase our research income while supporting greater diversity in R&D investment in the North East • Increase the number of sustainable start-ups, jobs created and investment raised by our start-up businesses based in the North East • Increase the number and percentage of graduates who progress to graduate-level employment in the North East	
Social Mobility: improving social mobility by making our education and research as accessible as possible	• Increase the proportion of new entrants from low participation neighbourhoods to achieve the target in our Access and Participation Plan • Increase progression to higher education from low participation neighbourhoods and widening participation students from the North East in collaboration with NECOP partners	
Mutually beneficial partnerships: the strength and breadth of our mutually beneficial partnerships	• Targets to measure mutual benefits eg via stakeholder survey, creation of collaborative doctoral awards and KTPs, collaborative grant successes etc • Increase the number of student placements and volunteering with partners	

Progress during the past year

We were a founding partner of the newly-established national Civic University Network, to share best practice across the sector. The Newcastle Agreement is our Civic University Agreement which brings together anchor institutions in our city; to deliver projects that respond to the needs of local communities.

To ensure that we are responding to local need this is underpinned by an analysis of the city using the United Nations Sustainable Development Goals alongside the development of a policy and evidence hub to ensure that research on issues affecting or communities is fed into policy making at a local and national level.

We redeveloped our Knowledge Exchange Seminar Series that aims to encourage debate and promote evidence based policy making. The programme is delivered in partnership with 5 local authorities, the North East LEP and Chamber of Commerce. In 2019-20 we delivered two events in person and then moved to a new online format and have delivered four events as webinars. We launched a call for contributions to the 2020-21 programme with a new collaborative approach to designing the sessions with local partners.

We delivered Newcastle 150 in partnership with Common Purpose, a leadership programme for young people asking the next generation 'how do we ensure that by 2032 Newcastle is a city where all of its young people can reach their potential?'

We organised workshops for all staff as part of the Staff Experience Day in October to gain a deeper understanding of how support for engagement is viewed across the University and created an Engagement and Place Fund, a small grants scheme supporting colleagues to deliver projects that enable the benefits of our research and teaching to be shared beyond the University. The fund supported 14 projects last year.

Contributing to our commitment to net-zero carbon by 2040, we held a public engagement event on our campus to coincide with the global climate change strike in September. This event signposted colleagues and partners to our Climate Change Conversation in November. This half day of conversations, led by our sustainability team, brought together colleagues, students and external stakeholders to develop our roadmap to net-zero, Professor Hayley Fowler is co-chairing Newcastle Net Zero with the Leader of Newcastle City Council.

We were ranked 11th in the world for our impact on society and leadership in sustainable development by the THE's Impact Rankings. Newcastle is ranked 6th in the world under Sustainable Development Goal 11 'Sustainable Cities and Communities', in recognition of the impact of our research in the area of sustainability, support for the culture, arts and heritage sectors, and for sustainable practices.

Our business development activity included around 30 projects through Arrow, our innovation programme that aims to translate University research and innovation projects into operational business innovation programmes and services. Arrow continued to deliver real value to regional SMEs during the Covid-19 crisis, when many projects were able to be delivered remotely. Similarly our activity in company creation has thrived, even during lockdown, and we completed the creation of three new high tech and potentially high growth companies to benefit the regional economy.

We continued to build our relationships with corporate partners. Just one example this year is the Advancing Circular Economy Research and Development Demonstrator project which brings together university and big business to position the region as a leader in environmentally friendly innovation for everyday consumer products. Funded by the North of Tyne Combined Authority and in partnership with Proctor & Gamble this project will identify new more sustainable biotechnologies for everyday cleaning products, find new ways to reduce domestic water consumption, and investigate the potential for a new green technology centre in the North of Tyne.

In May 2020 we announced that we will be leading our third National Innovation Centre. The National Innovation Centre for Rural Enterprise (NICRE) will support enterprise, resilience and innovation among rural firms and unlock the untapped potential of rural economies across the UK.

We carried out a strategic review of engagement across Newcastle Helix site, a landmark 24-acre hybrid city quarter, built for international tech and sciences businesses, the local community and residents, including the new award-winning Catalyst building – home to the National Innovation Centres for Ageing and Data.

We continued both to widen access to higher education for students from underrepresented groups and support aspirations more generally across a range of educational and community settings by working collaboratively with partners in the region.

'We adopted a needs-led approach to working with cultural partners, particularly during the Covid-19 pandemic when the sector has been so greatly impacted. In response we have developed 'Wor Culture', a forum for discussing issues relating to the creative sector in the North East and contribute to shaping its future.'

Professor Jane Robinson
Dean of Engagement and Place

We hosted the Natural History Museum's iconic Diplodocus skeleton cast, Dippy, at the Great North Museum: Hancock between May and October 2019. The exhibition welcomed 304,928 visitors, provided engaging learning experiences for 10,355 school children and entertained 14,851 people through the supporting events programme.

We reviewed Continuing Professional Development and lifelong learning at Newcastle University. Academic units have continued throughout the Covid-19 crisis with their lifelong learning offer and adapted to new modes of delivery and engagement.

Looking ahead

In the coming year, we will embed the two transformative initiatives identified in our Engagement and Place Strategy to create a step-change in how our research and education activities deliver benefit outside of the University.

Embedding social justice

This initiative is about the embedding of social justice in all that we do from our research and educational programmes to our institutional procedures as well as the ways in which we collaborate with external partners both locally and globally. Social justice is about the distribution of society's benefits and burdens and addressing the unfair outcomes that result from the coming together of social inequalities and institutions. The nine themed areas of social justice identified last year are continuing to be referred to and the Social Justice Advisory Group has continued to bring together academics and practitioners working in these key social justice challenges in order to co-create interventions and solutions. In 2019–20, the Social Justice Fund supported 10 collaborative projects and a series of Social Justice Forums have taken place with external partners focusing on asylum and migration issues. Internally, in collaboration with the Institute for Social Science, workshops have focused on social justice and gender, and on anti-racism with resources shared via the Institute webpages. We continue to support the Council for At Risk Academics by funding three CARA fellows at Newcastle, and the first round of Sanctuary scholarships have been awarded for students starting in the 2020-21 academic year. Plans are underway for a webinar on social justice in FMS with clinicians and public health scholars, and in collaboration with the Social Justice Advisory Group, a set of post Covid-19 priorities are being developed.

Embedding engagement

Having Engagement and Place as one of our four core strategies demonstrates how central this is to our Vision. We continue to build internal structures to support colleagues to undertake engagement activities. This year we have evaluated our pilot training programme and using learning from the evaluation have refined the offer particularly taking into consideration the effects of the global pandemic incorporating sessions on meaningful online engagement. As a result of Covid-19 we have moved all of our engagement events including our regular Engage and Learn Forum online. This has seen attendance numbers rise as colleagues and partners look to adapt their engagement practice and develop new ways of working.

Our website includes case studies to demonstrate how partners and communities can collaborate with us.

We developed our social media presence and are able to provide bespoke events to bring together academics and partners in response to community need. We have established a single point of contact for enquiries which provides sign-posting to colleagues across the institution.

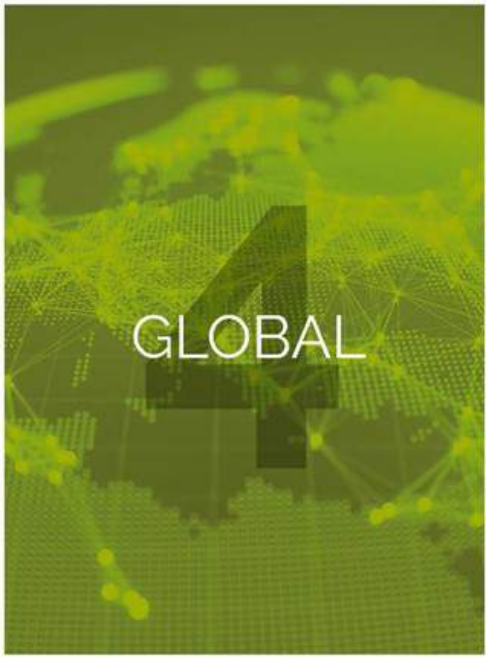
In academic year 2020-21 we will be undergoing the National Coordinating Centre for Public Engagement's Engage Watermark Accreditation, an award granted to Higher Education Institutions in recognition of their strategic support for public engagement and their commitment to improve the support offered. Undergoing this process will help us to evaluate our priorities and continue to develop our engagement practice particularly in light of the Covid-19 pandemic. In addition we will be making our first submission to the Knowledge Exchange Framework (KEF). The aim of the KEF is to increase efficiency and effectiveness in the use of public funding for knowledge exchange and to further a culture of continuous improvement in universities. This exercise will allow us to better understand and improve our performance, as well as provide businesses and other users with more information to help them access our world-class knowledge and expertise.

We will continue to deliver on the priorities of the Engagement and Place strategy, working with our partners to build our understanding of the communities and places we serve, to ensure our teaching and research benefits society locally, nationally and globally.

Global

Being a globally inclusive institution.

Overall Assessment **Satisfactory**



Priorities

Our Global Strategy will extend the international impact of our education and research.

To deliver this, our strategic aims include:

- Foster an environment that places international ambition at the centre of our activities, and which attracts and supports excellent international students and staff from around the world.
- Enhance the global visibility and reputation of our research, education and engagement activities so as to extend the impact of our work.
- Develop the strength, breadth and impact of our mutually beneficial global networks and partnerships, including those which support the global connectivity of our region.

Measuring success

Indicator	Target	Status
Global research profile: the profile of our internationally excellent and impactful research	• Increase the number / percentage of internationally co-authored papers • Maintain (or improve) our market-share of non-UK research grant income	
International student community: the diversity and volume of our international student community across all campus locations	• Increase the diversity of the non-EU student population by growing the number of countries where the student population is >50 from 12 to 20 • Grow the number of non-EU students to at least 20% of the overall Newcastle-based population • Increase student mobility for UG students and work towards a target of 25% benefiting from an international experience	
Global networks: building our international partnerships, improving colleague mobility and enhancing alumni engagement	• Engage at least 5% of the global alumni population in key programmes and ensure visibility of diverse alumni community • Improve colleague mobility through our Global, Skills, Policy and Enterprise academies to grow capacity and raise the global profile of the region • Develop our presence in South East Asia with sustainable growth targets and develop our portfolio of strategic partnerships in other regions	

World University Ranking Tables	2016	2017	2018	2019	2020
Leiden	114	105	132	91	78
QS World Ranking	168	161	141	146	152
Times Higher Education	190	175	171	201-250	178

Progress during the past year

Before the Covid-19 pandemic, we saw very clear evidence for a year on year rise in international students. In 2019-20, enrolments were 5% higher at UG level and 25% higher at PGT level. Applications for 2020-21 were 20% higher at UG level and 50% higher at PGT level, compared to the same point a year prior. Covid-19 has since jeopardised our recruitment and mobility targets but we are developing innovative ways to maintain the flows of global talent.

Enabling international collaboration

Fundamental to our Global Strategy is the nurturing of an environment that places international ambition and activities at the centre of our everyday thinking and working. We continue to see evidence that our collaborations and operations outside of Newcastle allow us to develop partnerships, perspectives, innovations and solutions for education and research that we could not achieve in Newcastle alone. In addition to our two overseas campuses, we share more than 300 collaborative agreements with universities and institutions around the world and welcome colleagues from over 90 countries.

During the past year, we have signed Memoranda of Understanding with global university partners including the University of São Paulo and the University of Pretoria, and with private, governmental and charitable organisations including the Public Health Foundation of India and the Satya Bharti Foundation. Our Pro-Vice-Chancellor (Global) led a productive trip to India in November to meet with current and future partners. Other significant international delegations – including a joint conference with the University of Pittsburgh focused on Engagement and Place – were delayed due to Covid-19.

Through our new Regional Interest Groups, we are harnessing our community's insight, networks and ambition to develop more impactful engagement plans for specific world regions. In June, we held a workshop for 25 academic and professional services colleagues to co-develop the next phase of a strategic plan for European engagement.

Building national and international networks in our areas of strength

Over the last six months, we have developed a new Framework for International Partnership which will support the continued strengthening of our portfolio of global partnerships. The Framework will help us to ensure global partnerships are aligned with our research and education priorities, and underpinned by the University's core values.

This year, the Times Higher Education has ranked us 11th in the world (4th in Europe) for our commitment to addressing the Sustainable Development Goals (SDGs). We remain the only UK institution to have won two prestigious Global Challenges Research Fund Hubs focused on water security and sustainable development and living deltas. The Hubs – and our global network of offices – are enabling us to develop additional partnerships around SDGs, including with private sector organisations such as Mott MacDonald in India.

Covid-19 has caused us to temporarily refocus a number of our institutional partnerships. In July we delivered a series of leadership summits with partners including University of Pittsburgh, University of Groningen, IUPUI, UC Davis, Xiamen University, and Monash University. The focus of the summits was the impact of Covid-19 on the future of higher education in different world regions, and included consideration of how remote working can be conducive to forming international collaborations.

We also discussed the interconnectedness of the pandemic, its present and future economic impact, the strong drive for social justice as manifested in movements including Black Lives Matter, and how institutions might adapt for the future.

Encouraging mobility and international outlook

Each year, we welcome a diverse community of students from over 140 different countries. We support more than 200 Erasmus+ student and staff exchange partnerships with European institutions as well as over 50 non-EU student exchange partnerships.

'Whilst the Covid-19 pandemic has caused us to reassess our mechanisms for delivering our aims, the scale of our global ambition remains unchanged.'

Professor Richard Davies
Pro-Vice-Chancellor Global

Outgoing and incoming students grew from 644 in 2018–19 to 786 in 2019–20. Erasmus+ student and staff mobility funding grew by 28% to €1,541k in 2019–20. We were one of a limited number of UK universities to mitigate the uncertainty caused by Brexit by committing to underwrite the cost of Erasmus grants in the event of a no-deal Brexit, should the government refuse to do so. The total number of our students going abroad as part of their degree programme grew from 1,191 in 2017-18 to 1,614 in 2018-19.

The ongoing impact of Covid-19 has prompted the cancellation of some parts of our mobility portfolio in 2020-21. We are now accelerating the development of virtual exchange opportunities in order to maintain our provision, expand access to mobility programmes amongst all student groups, and meet our sustainability objectives. We hosted the International Virtual Exchange Conference in September 2020.

Global networks

We engage our global alumni network through inspiring, value-led communications and opportunities, and we are always looking to provide new and innovative initiatives to build affinity and strengthen Newcastle University's global reputation.

Over a quarter of our graduates are based outside the UK, in more than 180 different countries across the world. In 2019-20, we hosted a series of international 'welcome home' events for recent graduates, as well as events for the wider international community which focussed on leadership, networking and professional development.

We offered opportunities for graduates to connect across the globe via virtual challenges and our online platform, NCLspark. Over 250 international volunteers gave their time to support international student recruitment, student employability, global education and reputation building initiatives.

Our locations

Our sites in Malaysia and Singapore continue to build and strengthen.

In Autumn 2019, we celebrated ten years of our NUMed operation in Malaysia. More than 350 guests including the university's faculty, staff, alumni, and students gathered to join in the celebrations. YBhg Datuk Ir Dr Siti Hamisah Tapsir, Director-General of the Ministry of Higher Education Malaysia, said 'NUMed has contributed significantly to Malaysia and the region as a whole'.

In October, we awarded our first joint degrees with the Singapore Institute of Technology.

Our teaching in locations outside Newcastle includes:

Location	Provision	Students at 1 December 2019
Malaysia	Undergraduate Medicine (MB BS), a BSc in Biomedical Sciences and some professional development provision	746 undergraduate 1 postgraduate
Singapore *in collaboration with Singapore Institute of Technology*	Programmes in • marine engineering • naval architecture • offshore engineering • mechanical design and manufacturing engineering • electrical power engineering • chemical engineering	827 undergraduate
Singapore	A growing portfolio of postgraduate programmes	89 postgraduate
London *in collaboration with INTO*	Degree programmes in business-related subjects and pathway programmes	406 undergraduate 152 postgraduate

Relationships and resources

This section (pages 39-49) identifies the strategic enablers, or inputs, we draw upon to support our core activities of education and research.

Our people: students and colleagues

Our ambition is to be recognised as a forward thinking and people centric organisation which attracts outstanding students and colleagues. The people strategic enabler is built on the robust foundations of our guiding principles and core values. The values of equality, diversity and inclusion, social justice and academic freedom encourage excellence and creativity with the desired impact in our colleagues and students. We place a strong focus on colleague development and progression based on the current and future requirements of the University's vision, goals and aspirations.

Students

Our students are the lifeblood of our University and we put them at the heart of everything we do. We recruit academically able, highly motivated and enthusiastic students of all ages and backgrounds, and provide an education for life, supporting and enabling them to be happy and successful and achieve strong employment outcomes.

We work hard to encourage and celebrate diversity in our student body. The PARTNERS programme, our access route for widening participation students, celebrated 20 years in 2019 and has successfully supported over 5,000 students into and through the University and into further study and fulfilling careers. We work in partnerships with schools and colleges across the UK to support access to higher education for students from under-represented groups, and our Access and Participation Plan, prepared for the Office for Students, sets out our ambition for supporting the success and progression of students from under-represented groups.

Our Global Strategy commits us to growing the number of international students at all levels of study to at least 20% of the Newcastle-based population. Prior to the Covid-19 pandemic, we saw clear evidence of a year-on-year rise in international students. In 2019-20, enrolments were 5% higher at UG level and 25% higher at PGT level. Applications for 2020-21 were 20% higher at UG level and 50% higher at PGT level, compared to the same point a year prior. Covid-19 has jeopardised international and mobility targets, but we are developing innovative ways to maintain the flows of global talent.

Our students-first approach extends to the support we offer our students once they arrive with us. The development of an enhanced induction and transition programme aims to support students at all levels to make an effective transition into university life. Within the context of a broad recruitment base, student mental health is a growing challenge for all universities and we are no exception. This has been exacerbated by Covid.

Our Health and Wellbeing Service is constantly looking at innovative ways of expanding our provision for students. Initiatives include: a focus on supporting students digitally through one-to-one online counselling appointments via zoom; the introduction of the Brain in Hand and SilverCloud online CBT platforms; a suite of online and in-person wellbeing workshops; partnership work with the Students' Union and Sports Centre, and the continuation of the involvement of specialist services such as Rape Crisis and the local eating disorder service as part of our evening counselling service.

At the start of the Covid lockdown in March, a new Buddy Scheme was implemented by the Chaplaincy and Pastoral Support team to support our EU and international students who were not able to travel home as a result of lockdown.

A key element of student wellbeing is exercise, and the investment of £30m into building a new Sports Centre that provides an eight court sports hall, state-of-the-art gym, strength and conditioning suite and new exercise studios will enable many more students to benefit from sport and exercise at Newcastle, and enable us to retain our top 10 ranking in BUCS (British Universities and Colleges Sport).

Our partnership with NUSU is vital to delivering an outstanding student experience. We are working with the President and Welfare Officer to review all our student-facing policies. In January 2020, a Task and Finish Group, chaired by the Vice-Chancellor, was set up to review the University's policies for student complaints and the associated investigation protocols for student misconduct including sexual misconduct, harassment and hate crime. Phase 1 of this work was completed in spring 2020 and, as a result, there will be more support in place for reporters and a more proactive and time-sensitive approach to case management. A key recommendation of the group was to appoint a senior Student Policy and Resolution Manager to oversee the implementation of the Phase 2 recommendations and provide specialist expertise and support for our students into the next phase.

We recognise the importance of effective communication with our students, particularly in times of great change. In 2020, we have implemented a suite of regular formal and informal student communications via email and social media, developed a new Student Home Page and improved our Student App to enable us to listen to, learn from and adapt our approaches and the support we offer our students. We aim to work with students as partners and co-creators of their own experience.

Total students at 1 December	2019 Full-time	2019 Part-time	2019 Total	2018 Total	Change %
Undergraduate					
Home and EU	18,243	43	18,286	18,127	1%
Overseas	2,024	5	2,029	2,016	1%
Total	**20,267**	**48**	**20,315**	**20,143**	**1%**
Postgraduate					
Home and EU	2,602	1,404	4,006	4,035	- 1%
Overseas	2,948	102	3,050	2,515	21%
Total	**5,550**	**1,506**	**7,056**	**6,550**	**8%**
Other locations					
London	561	11	572	498	15%
Malaysia	747	23	770	773	0%
Singapore	855	62	917	705	30%
Total	**2,163**	**96**	**2,259**	**1,976**	**14%**
Total	**27,980**	**1,650**	**29,630**	**28,669**	**3%**

'Student life will inevitably be different in 2020-21 and we look forward to working with them to creatively adapt and make a special learning experience. We want them to get the most out of their time here and will do everything we can to support them to do so safely'

Dr Colin Campbell
Executive Director
Academic Affairs

Colleagues

Full-time equivalent colleagues were 5,969 (6,596 colleague headcount) as at 31 July 2020, an increase of 168 (2.9%) from 31 July 2019.

We implemented the Real Living Wage in August 2019. This led to an increase in pay for around 700 colleagues employed in front-line operational roles key to making our University a safe and welcoming place. We achieved formal accreditation as a Living Wage Employer in November 2019 and join nearly 6,000 responsible employers across the UK committed to pay colleagues fairly and beyond the government minimum wage levels.

There were two periods of industrial action during the year. The first period took place between November and December 2019, the second period of action took place across February and March 2020. The action was taken in relation to two separate disputes, the first was on pensions and the second around pay and working conditions. We took a proactive approach to internal communications providing regular updates via multiple communication channels including face-to-face events with VC's Town Halls, Pension Roadshows, Leadership Forum updates and live online Q&A Forums for our students. We continue to work with UCEA on the non pay matters.

In October 2019 we ran a pulse survey to find out about how colleagues feel about working at the University. 37% of colleagues completed the survey and the results indicated that we are doing well in terms of them having trust and confidence in immediate line managers and feeling that they are treated with fairness and respect. There was also positive feedback from colleagues on having the right information to do their job well and recommending the University as a great place to work. Areas that show a need for improvements include having the resources to complete work effectively, dealing with inappropriate behaviour, feeling able to speak up and challenge the way things are done and Executive Board visibility.

Whilst action plans have been agreed and implemented to address the findings, this data was further supplemented by a focused Covid 19 Wellbeing Survey that was conducted in Spring 2020, with over 3,500 responses, 54% of the workforce. This survey enabled us to identify and act upon specific and short term concerns related to the new context in which we are working and issues as well as establish a longer term task and finish group to look at the future of blended working in the University.

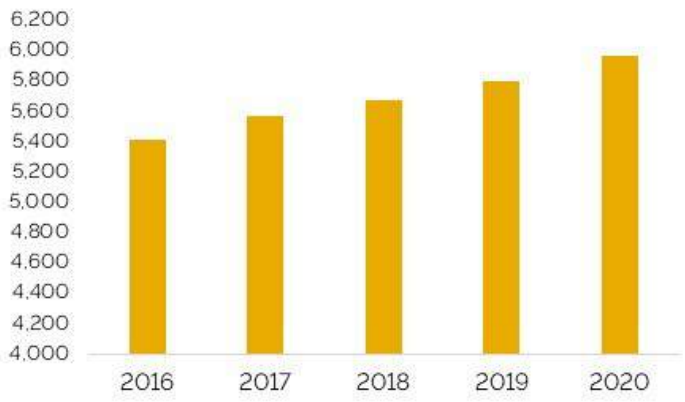
Recruitment

Recruiting highly talented colleagues locally, nationally and internationally, through inclusive recruitment practices is still one of our top priorities. We continued to extend our support for international colleagues in response to the uncertainty caused by the ongoing Brexit situation, assisting both existing and new EU colleagues

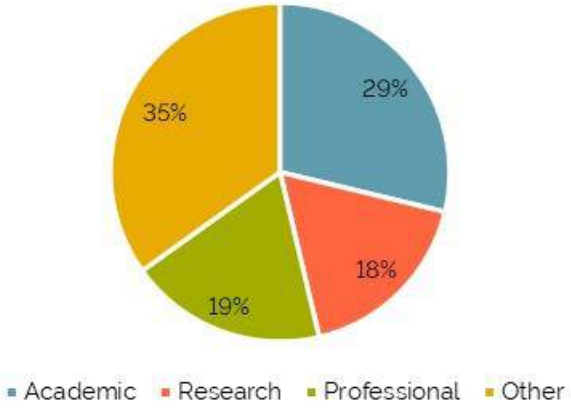
"We responded to the impact of Covid-19 by enabling colleagues to work from home and implementing a new approach to communicating and supporting them in this environment. Going forward we are changing to a more blended working style and we will continue to work with our key stakeholders to further explore the optimal ways of working for the future."

Adrienne McFarland
Executive Director
People Services

Full time equivalent colleagues
as at 31 July



Colleague category
Full time equivalent as at 31 July 2020



with their concerns and queries by introducing a direct contact route to our specialist immigration advisers as well as hosting seminars run by our legal partners.

Throughout the last year, we actively engaged with sector consultations regarding the government's proposal for the UK's future skills-based immigration system and contributed to the shaping of a system that will enable the University and UK to remain an attractive place for talented people to come to live and work. As details on the new immigration system continue to develop we have a team of colleagues who continue to monitor the changing landscape and provide communication and updates to the wider University.

Once the details of the new immigration system are confirmed by the Home Office, we aim to run forums with internal hiring managers and international colleagues to outline the incoming changes and how these will affect our processes and visa holder responsibilities.

Our new e-recruitment solution and careers site went live in September 2019 and is now fully embedded into our recruitment processes. This has significantly reduced our processing times and enables our teams to process high volume recruitment campaigns and further improving our international reach and candidate experience. This system is the first phase of our broader digital transformation programme working towards the creation of a fully integrated suite of people systems, providing the organisation with easily accessible and better quality data in a more consumable format.

Covid-19

We responded positively to the colleague impact by ensuring that, where possible, all colleagues were able to be equipped to work from home and a new approach to communicating and supporting colleagues in this environment was implemented. Additional support was promoted via our Employee Assistance Programme, and Occupational Health Team. The introduction of 'Pause Fridays' during April and 'Quiet Fridays' from May onwards allowed people to acknowledge and adapt to the challenge of remote working environments.

At the same time we introduced 'Listening Groups' to canvas colleagues' views about how the University could ensure safety and wellbeing arrangements were considered across our diverse colleague groups when returning to campus.

Going forward we are changing to a more blended working style which means a mixture of home working and on-campus working whilst supporting physical distancing and we will continue to work with our key stakeholders to further explore the optimal ways of working for the future.

EDI

Equality, Diversity and Inclusion (EDI) remain core values for our work. This year saw success in the retention of our institutional Athena Swan silver award, and Athena

Notable awards during the year	
The Vice-Chancellor and President was elected to serve as a member of the Universities UK board from 1st August 2019, and as chair of the N8 Research Partnership.	Professor Jackie Kay (Professor of Creative Writing) was awarded CBE for services to Literature. Dame Teresa Graham (Lay member of Council) was awarded DBE for services to Small Businesses.
Our Library achieved national recognition for its outstanding contribution to information literacy, by scooping a prestigious LILAC (information literacy conference) award. Learning developer Terry Charlton won the Digital Award for Information Literacy after working with the Library's academic liaison team to produce a portfolio of innovative online education resources to enhance information literacy education.	Professor Mary Herbert (Professor of Reproductive Biology), Professor Muzlifah Haniffa (NIHR Newcastle Biomedical Research Centre) and Professor Sophie Hambleton (Deputy Dean of Translational and Clinical Research Institute) were all elected to Fellowship of the Academy of Medical Sciences. This recognises leading national figures within biomedical and health sciences, for their outstanding contributions to advancing medical science, cutting edge research discoveries, and translating developments into benefits for patients and wider society.
Professor Bernard Golding (School of Chemistry) has been named winner of the prestigious Robert Robinson Award from the Royal Society of Chemistry. The research in medicinal chemistry that he initiated at Newcastle University in the 1980's helped lead to the anticancer drug rucaparib (Rubraca).	Dr Lindsey Ferrie (School of Biomedical Sciences), Dr Lee Fawcett (School of Mathematics and Statistics) and Dr Helen Webster (Writing Development Centre) were recognised by the Advance HE National Teaching Fellowship Scheme for their outstanding impact on student outcomes and teaching.
UNESCO had renewed the Chair for Cultural Property Protection and Peace post, first established in 2016. This was testament to the excellent work carried out by Professor Peter Stone OBE and his team.	Professor Muzlifah Haniffa (Institute of Cell and Molecular Biosciences) was awarded the 2019 Foulkes Foundation medal as a "rising star" making a significant impact on UK biomedical research.
Professor Stephen Graham (School of Architecture, Planning and Landscape) was elected as a Fellow of the British Academy.	Dr Sarah Pickett (Wellcome Trust Career Re-Entry Fellow), winner of the For Women in Science 2020 award in Life Sciences for her research on the mutation of mitochondria.

Swan Bronze awards for the School of History, Classics, and Archaeology and the School of Architecture, Planning and Landscape.

We continue to make progress with our Race Equality Charter work and along with the appointment of a new Head of EDI, we have conducted a review of our EDI resources to ensure we continue to efficiently deliver on our EDI commitments into the future. Through the Covid-19 pandemic, we worked closely with our EDI networks and ran colleague and student surveys as well as more focused listening exercises, to ensure we understood the specific issues and concerns and could provide appropriate support and adjustments where possible.

Leadership and development

Whilst University spending on training and development was curtailed, due to the restraints imposed on non-discretionary spend, utilisation of the apprentice levy continued to grow. Levy spending in the year almost doubled from the 2018-19 spend of £168,500 to £321,857 across 97 apprentices ranging from Level 2 to Level 7. 2019-20 saw our first cohort programme of apprenticeships, with 16 existing colleagues embark on a Level 3 Business Administration apprenticeship, that will provide the learning for future in-house cohorts.

Prior to lockdown, investment in the People Services team saw 12 colleagues undertake a two day strategic workforce planning programme delivered by the CIPD. The aim of this was to support the University to proactively identify long term resources, skills and capabilities and ensure a people resource plan is in place to meet those needs. This activity is to create the foundations for the elements of planning that will be piloted in 2020-21. This will integrate strategic workforce planning more effectively into the annual strategy and operational planning activities.

The University's focus on culture, values and behaviour has continued this year. The Engage and Aspire project, tasked with re-imagining the performance and development review process has delivered its recommendations to and the new approach will be piloted in this coming year. Supporting work includes the development of a behaviour framework and a pilot programme of bystander training delivered to 104 colleagues. Work is currently underway to appoint an EDI Training Lead to roll this and other training out across the University.

Lockdown also provided the opportunity for review and design work to be undertaken. Work has commenced on four aligned workstreams to continue our focus on culture, values and behaviour, which will result in;

- a Leadership programme for all leaders
- essentials development for leaders and managers new to role
- a refreshed induction and onboarding experience
- values based recruitment

A review of all existing leadership and management development provision will see a new offer launched in 2021-22.

Progress has continued on the Technicians' Commitment action plan and even in lockdown, development was still a priority. The first ever Technician Partnership Conference was planned to take place at Newcastle University in June. After discussions with conference sponsors National Technicians Development Centre (NTDC) and the N8 Research Partnership the decision was made to host the conference as a one day virtual event. On the day the event attracted over 300 technicians from various HEI/business sectors across the UK. Following feedback the conference was deemed a success and there are now plans to host the next Technician Partnership Conference at Newcastle University in July 2022.

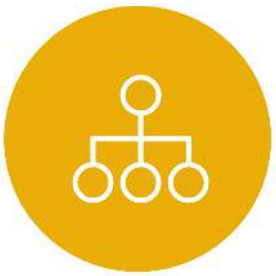
Accolades related to the technicians' work include:

- two Newcastle University technicians, James Davoll and Mel Leitch shortlisted for Outstanding Technician of the Year at the Times Higher Education Awards ceremony held in London
- the NTDC approaching us and asking James Davoll and Linda Robinson to join their Specialist Advisers team to support and contribute to the success of the NTDC.

Members of our EDI team

Infrastructure

The University's estate and wider infrastructure supports all aspects of education and research. It is therefore vital that both our physical and virtual learning environments facilitate creativity and engagement between students, colleagues and our external partners.



INFRASTRUCTURE

Estate

We continued to invest in our estate through our capital, improvement and long term maintenance projects at the start of the year. However, the Covid-19 pandemic required us to curtail much of our planned activity and will require a reconsideration of our longer term plans for our estate. We still intend to provide high quality learning, teaching and research facilities fit for a world-leading institution but also provide additional benefits to the local communities and economy through our regional frameworks. We continue to achieve high percentages for the quality and functional suitability of our estate (88% and 95% respectively) both of which are well above the Russell Group benchmark of 79% and 90%.

The operational estate area at July 2020 was 233,250m^2 (net internal area), an increase of 10,100m^2 on the previous year, primarily due to the addition of new facilities and third party adjustments. The floor area is estimated to increase further to 243,550m^2 by July 2021 as new buildings and refurbishments are completed.

We continue to improve the quality of our student teaching and learning facilities and have invested in the upgrading and refurbishing of teaching rooms, lecture theatres, teaching labs, computer rooms and other student facing areas. The development of the One Planet interdisciplinary laboratory facilities in Drummond Building has been particularly well received, which paves the way for similar collaborative projects that provide high quality facilities, promote interdisciplinarity and improve the efficiency and effectiveness of our estate.

Capital investment in our estate continued during the year with £45.8m invested in year. The more open approach to interdisciplinary working and changes to teaching and working practices have had an influence on the development and integration of the physical and virtual estate with a significant shift towards collaborative spaces and digitally enabled facilities. It is expected that this will continue as staff and students alike adapt to new ways of working.

The year was however not without its problems and the Dame Margaret Barbour Building, which was scheduled to be completed in March 2020, was delayed firstly by the financial collapse of the main contractor and then the lockdown of the construction industry due to the Covid-19 crisis. Work has now recommenced and the project is scheduled to complete in December 2020. The second phase of the Henry Daysh Building project is also delayed by the Covid crisis with the completion date moving from April 2021 to September 2021.

Main projects delivered or in progress	
Sports Centre	Major extension to existing sports centre on campus completed September 2019
The Henry Daysh Building	Refurbishment of Claremont Tower, Claremont Bridge and Daysh buildings to create a single hub for many of our social sciences. Phase one completed December 2019, phase two in progress
Drummond Building	Home for our interdisciplinary 'One Planet' laboratory project completed September 2019
Herschel Lecture Theatres	Refurbishment of some of our most heavily used lecture theatres completed September 2019
Frederick Douglass Centre	Our first purpose built learning and teaching centre at the Newcastle Helix site completed in time to host our inaugural Professional Services Conference in July 2019
The Catalyst	Home for the National Innovation Centres for Ageing and Data at the Newcastle Helix site completed in October 2019
Dame Margaret Barbour Building	New learning and teaching centre for medical sciences. Expected to complete December 2020

The Covid-19 crisis also impaired our ability to progress projects currently in design, including the redevelopment of the Stephenson Building and the Sir Terry Farrell Building. The lockdown has had a significant impact on the estate's operational activities both in locking down and more especially reopening our estate.

We are working closely with Newcastle City Council, Newcastle upon Tyne Hospitals Trust and other key partners to develop the vision and masterplan for the former Newcastle General Hospital site. The masterplan, which will see the site developed as a world-leading facility for development and promotion of healthy ageing, is scheduled for submission for outline planning in March 2021.

Environmental sustainability and in particular our net-zero carbon target of 2040 remain high on our agenda, therefore projects such as the Kingsgate PV project remain on programme and potential projects such as the biofuel CHP continue to be an investment priority.

Student residential accommodation

During 2019-20, we directly managed some 3,930 rooms and had nomination agreements for more than 1,215 rooms across the city.

The £4.2m Marris House refurbishment project completed for 2019 intake and has received excellent feedback due to the quality of the living accommodation, value for money and location. This has been demonstrated by the number of students (800+ for 192 rooms) who in their application have made this their first choice.

St Mary's College is being disposed of as it no longer attracts sufficient applications due to location. The sale was due to complete in July 2020 but has been delayed due to funding challenges in the current economic climate.

Demolition of Henderson New Hall is now complete and we are exploring options for the Old Hall.

Plans are underway for the potential development of Windsor Terrace (Hodgkin, Gurney, Fife) creating 450 en suite rooms and 150 rooms with shared bathrooms with a planned completion date of September 2023. This project is seen as an enabler for the re-development of Castle Leazes in line with demand and projected room stock.

Our inclusive ResLife programme concluded its first year with high levels of student participation operating across a number of communication platforms. We saw considerable engagement with a range of events, activities and the educational curriculum around developing life skills.

Covid has impacted on the planned long term maintenance works for 2019-20. This reduction in investment will need to be addressed in future years to ensure that we continue to maintain the accommodation stock to required standards. We will also need to address the shortfall in the number of rooms available at Castle Leazes and elsewhere, which has necessitated tenders for additional beds to cover the shortfall.

2020-21 and 2021/22 are likely to be challenging years financially so continued investment in capital and long term maintenance projects will be difficult in the short term. This strategic investment in the estate is however a priority in the longer term to maintain our estate condition at the high levels we have achieved and continue to provide high quality learning, teaching and research facilities.

Library and archives

In December 2019, our University Library successfully retained its Customer Services Excellence Award, achieving 'outstanding compliance plus' status in seven key areas of activity. Areas singled out for particular commendation were the strong corporate commitment to put the customer at the heart of service delivery and that staff are encouraged and empowered to deliver excellent service. We were the first academic library in the country to achieve this award (under its original badging of Chartermark) and have now held it for 24 consecutive years.

We have completely overhauled the content and structure of the Library website to improve accessibility and discoverability of our services and resources. With over 1.3 million page views per year, it was imperative that any changes to the Library webpages were directly informed and driven by customer requirements and the project involved extensive consultation and testing with academic staff and students. Working collaboratively with the Marketing Web Development team, the website has successfully transitioned to the latest version of Terminal Four, the University's preferred content management system.

Our extensive online resources have proved invaluable during the Covid-19 closure period. Particular attention has been paid to enhancing our e-book resources which have grown by 70,103 this academic year - this represents a 64% increase in our holdings over academic year 2018-19.

Information Technology

Student satisfaction with IT resources remained high at 87.3% in the National Student Survey, placing us third in the Russell Group in a year when many scores fell significantly.

Service ticket volumes decreased slightly over the previous year with 104,886 tickets in total. In response to on-campus access restrictions, we transitioned our Service Desk colleagues to remote working to maintain core IT Service Desk support functions.

Major projects

Our IT Services team managed a portfolio of over 180 projects, delivering significant changes to the University's IT services.

Notable successes in the year include the migration from on-premise SAP Human Capital Management to SAP's Success Factors 'Software as a Service' offering. Work on our SAP systems also included the migration of systems from SAP's older database product onto the latest S/4HANA platform. This project was carried out on-time, on-budget and without business interruption.

We adopted and integrated HubSpot, a new suite of marketing automation tools. These have proved critical to the refinement of our business processes and customer journeys.

To strengthen our position as a world-class research-intensive institution, we replaced the systems used to manage research activities, NUProjects went live on 1 August 2019.

Canvas replaced Blackboard as Newcastle's Virtual Learning Environment (VLE) from August 2020. Canvas, the new Cloud-based 'Software as a Service' offering, is now being used to build and deliver our flexible course content, following the successful, on-time and on-budget move from the previous VLE (provided on-premise for almost 20 years).

We continue to invest in the upgrading and refurbishing our facilities with several capital projects featuring heavily in the 2019-20 work programme. These

Remote working

Online services and resources have been essential to the continuity of the University's learning, teaching, research and operational activities. Since we moved to a primarily remote working model in March 2020 due to the global Coronavirus pandemic, we have worked hard to upgrade, expand and keep stable a wide-range of critical and remote IT services and to maintain core IT support, with many IT staff themselves working remotely. Significant deliverables include:

- We increased Remote Application Service capacity from 440 to 1,100 licences, enabling remote access to software and resources.
- We upgraded and expanded Microsoft DirectAccess and access to SAP. On average over 1,500 concurrent users connect to this service each weekday.
- We equipped over 600 colleagues with home working equipment, including all-in-one devices, laptops, peripherals and Wi-Fi broadband access points.
- We supported 559 eligible students through the IT Loans Scheme by providing laptop loans, grants to purchase WiFi and access to essential software.
- We launched the Student Windows Virtual Desktop, enabling students to access popular Cluster PC software and their document stores to support their on-line studies. The service can automatically scale up and down on-demand to support up to 3,000 concurrent sessions.

Services like Microsoft Teams and Zoom showed significant growth amongst colleagues and students. They allow users to create online project spaces, share files, make individual or group video/audio calls and hold informal 'chats' within virtual teams. University active users of Microsoft Teams almost doubled from 13,000 to 25,000 in 2020-21. In June and July 2020, colleagues and students conducted 87,805 meetings in Microsoft Teams, including 1-1 chats and group calls.

We procured and enabled a Zoom Professional service for video-conferencing, expanding the existing service and demonstrating how well our community adapted to remote working. In the first week of March 2020 (before the UK's pandemic 'lockdown'), the University had 1,377 registered Zoom users, but of those, only 119 were active. By 12 April 2020, the number of registered users had grown to almost 10,000, with just under 2,700 of them active. The purchase of a University site licence for Zoom has enabled all staff and students to set up unlimited time and multi-participant meetings.

Cyber-security

We engaged Jisc, an external partner, to perform a comprehensive assessment of the University's overall cyber-security posture. This included subjecting the university to simulated cyber attacks. The team made 117 recommendations, which we have grouped into 29 task 'families' and these tasks are subject to delivery by a new cyber-security programme.

In August 2020, the University was the subject of a cyber-security attack. This resulted in significant short term disruption to IT services for colleagues, students and potential applicants. Our IT team was able to carry out the bulk of the recovery work without external support. The long-term impact appears to be limited and we will use the lessons learned to further strengthen our network security.

Evolution of IT services

A key focus during the last year has been the Evolution Programme, a strategic initiative to transform the shape and management of our IT Services. Through collaboration with colleagues across the University, we are designing and developing a flexible, world-class IT Service that will act as a key enabler for the delivery of our Strategy and Vision. Over 340 colleagues have been involved in activities designed to review and improve our IT services and processes so we can ensure present and future needs are explicitly understood and met.

Environmental sustainability

In April 2019, we became one of the first universities in the UK to declare a climate emergency, which has provided the context for a university-wide review of our environmental policy, objectives and targets to accelerate our response to the climate crisis. Our renewed policy commits us to visibly leading on environmental sustainability at local, national and international scales in line with our Vision and Strategy, and we continue to deepen the reach of our Environmental and Energy Management Systems, which are certified against ISO14001 and ISO50001 respectively.

ENVIRONMENTAL SUSTAINABILITY

In a year of unforeseen challenges, we continued our work to improve environmental sustainability, including the urgent need to respond to the climate emergency. We have made significant progress across a range of activities, with a focus during lockdown on developing plans to realise opportunities presented by the rapid shift in practices necessitated by the Covid-19 pandemic.

One area where a lasting positive environmental impact can be expected is in emissions arising from business travel. Prior to the pandemic, we had been working on a revised University Travel and Expenses policy, where one of the key aims is to increase the use of videoconferencing to reduce the requirement for non-essential travel. Due to the pandemic these behaviours have quickly been adopted and are likely to be sustained – even a 25% reduction against pre-pandemic emissions from this source would equate to carbon dioxide reductions of over 1,900 tonnes per year.

Renewable energy generation also forms a key part of our plan. In 2019, we began work on our first major project to tackle the decarbonisation of heat – a key challenge on the path to net-zero carbon.

In 2020, our application to the government Heat Network Investment Project was successful in securing £2.9m of loan funding to support a biofuel Combined Heat and Power (CHP) project. Fuelled by a renewable liquid biofuel refined from 100% UK-sourced, post-consumer waste products, the CHP will be our first move away from natural gas as the primary fuel source for a major energy centre on campus. The project is expected to save over 2,500 tonnes of carbon dioxide per year. Other measures to reduce carbon emissions included the continuation of our LED lighting programme, to date, 20 buildings have been completed, saving circa £260k and over 800 tonnes of carbon dioxide per year.

In April 2020, we were ranked 11th in the world by Times Higher Education for our work to address the United Nations Sustainable Development Goals (UNSDG's). This follows on from adding our signature in December 2019 to the Environmental Association of Universities and Colleges SDG Accord, and the formation of a SDG Committee to develop our approach towards tackling the UNSDGs across all aspects of our strategy.

We are working closely with our University community, as well as partners in the city and beyond to inform our plans.

In November 2019, we held our first Climate Conversation event bringing together students and colleagues, with partner organisations, to co-create our pathway to net zero carbon emissions by 2040.

We have also engaged with some of our partner Universities, Keele University and the University of Groningen, during visits that focussed on best practice in sustainability and knowledge sharing on climate action.

Key to all our engagement is working with and learning from our students, and in a year where young people continue to demand global action on the climate crisis, we have worked to strengthen our relationships with the Students' Union and extend the opportunities for the student voice to be reflected within our plans.

In April 2020, in work informed by the activism of our students, we made significant progress to align our investments with our action on climate change, and fully divested our endowments funds from fossil fuel extraction companies. This was achieved through changes in our strategy as well as active engagement with our fund managers. Looking ahead, we will continue to review our investment policy to identify further opportunities to align with our commitments to social and environmental justice, and net-zero carbon.

Members of our Sustainability team

Networks and partnerships

In the challenging and uncertain times brought about by the Covid-19 pandemic, it is clear that the civic role of universities will be more important than ever in helping our communities not only survive but thrive as we enter the economic and social recovery phase of Covid-19. Understanding our place, and working closely with our partners, is at the heart of what we do as a University. By bringing together academics, industry, the public sector and citizens, we aim to co-design solutions to the challenges we are facing, locally, nationally and globally. We are also a founding partner in the newly formed Civic University Network, which provides an important focus for developing and sharing best practice for universities as drivers of social change.

North East Covid-19 Economic Response Group

Recognising that universities have a central role to play in helping the region to recover from the post Covid-19 economic downturn, we have joined forces with our Local Enterprise Partnership, Mayoral Authority, Local Authorities and businesses to position the North East as a test-bed for innovation-led recovery. The North East Covid-19 Economic Response Group has produced a staged economic recovery plan for the North East, aimed at stimulating a greener, more productive and more inclusive economy through investment in energy and environmental industries, life sciences and digital technologies, and by supporting people to find jobs and develop their skills.

Partnering to improve healthcare

In April, we received the exciting news that Newcastle Health Innovation Partners (NHIP) has been designated as one of only eight NIHR-NHSE/I Academic Health Science Centres (AHSC) in England. Based on breaking down barriers and increasing cooperation and focus, AHSCs seek to combine basic and translational health research, clinical care and education to create world-leading improvements in healthcare.

This development will see us working with Newcastle Upon Tyne Hospitals NHS Foundation Trust, Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust, Newcastle City Council and AHSN - North East and North Cumbria to deliver a step-change improvement in the health, wealth and wellbeing of a population of 3.2 million people in the North East of England and North Cumbria.

Reinvigorating Culture

As co-chair of the North East Culture Partnership (NECP) we are supporting our cultural partners in making the case for culture and tourism as part of the region's wider economic and community recovery. NECP has developed a detailed recovery and resilience plan for culture and tourism in the region and has lobbied the government to make sure its plans for the cultural sector take account of regional expertise. The report has gained national attention from regions elsewhere in the country as they seek to reinvigorate the sector in the wake of the pandemic.

Meanwhile, during lockdown the University's Engagement Team facilitated 'Wor Culture', a forum for cultural organisations to come together to share their ideas and to help ensure the survival of the region's vitally-important cultural industries post Covid-19.

Net Zero North

With the N8 Research Partnership, which is chaired by our Vice-Chancellor, we are part of the development of Net Zero North. This initiative aims to leverage the individual and collective strengths of the North's eight leading research universities to drive growth in the Northern Powerhouse's green economy. At Newcastle, we are undertaking innovative research in hydrogen technology and, working with research partners, last year we developed the first thermodynamically-reversible chemical reactor capable of producing hydrogen as a pure product stream, removing the need for the costly separation of the final products. This work formed part of the N8's Net Zero North submission to the comprehensive spending review.

Helping businesses to grow

Supported by £3.4 million from the ERDF, the University's Arrow programme provides free innovation support for North East SMEs, helping to translate University research and innovation projects into operational business innovation programmes and services. One such SME is Armatrex, who use expanding foam polymers in emergency response casts, supports and splints. Through Arrow they were able to access the University's expertise to develop their product so it could be deployed at the point of care, as well as remaining robust during emergency transit.

We also provide support for businesses through Northern Accelerator, a partnership between Newcastle, Durham, Northumbria and Sunderland Universities. The aim is to bring together academics and business leaders with funders to form sustainable businesses that create more and better jobs. In the last year, we have supported the creation of seven companies that are creating jobs and attracting investment right here in the region. We were 4th in the UK for spinouts last year as a result of this nationally-recognised regionally-tailored strategy.

Global place-based networks

Combatting Covid-19 has necessitated a response on a global scale, and international co-operation has never been more important. At the height of the pandemic, Vice-Chancellor Professor Chris Day hosted a series of summit meetings with our international partners, including the University of Pittsburgh, with whom we are founder members of the International Place-based University Network. The aim was to share best practice and explore ways in which our individual and collective strengths might be harnessed towards stimulating recovery in global higher education, as well as in our cities and regions.

Alumni and supporters

As the true scale of Coronavirus began to emerge, our generous alumni were quick to step in to support two emergency funds established by the University as part of our response to the pandemic. More than £200,000 was received within weeks of the funds being launched. A Covid-19 Emergency Research Fund provided immediate financial support to enable our researchers to redirect their expertise towards the global effort to combat the virus. Projects included a study to improve our understanding of the role of nasal cells in children and adults in the transmission of the virus, which in turn will inform the effectiveness of measures such as the use of face coverings to protect patients, hospital workers and the wider community. A second emergency assistance fund is providing immediate financial aid to vulnerable and disadvantaged students most affected by the impact of Covid-19. Bursaries of up to £400 each are available to help students with travel expenses, basic living costs such as food and medication, and other financial challenges. To date, almost £8,500 has been distributed through the student hardship fund.

Effectiveness and financial sustainability

Investment in people and infrastructure requires us to generate cash flows sufficient to support that investment.

Our aim is to ensure that we have sufficient financial capacity to deliver the University's Vision and to protect market-share but in a way which doesn't create excessive risk or potentially prejudice our day to day operations.

Financial sustainability

We work with UUK, the Russell Group and our stakeholders to ensure there is a clear understanding of our funding structure and the financial and academic implications of changes to that structure.

We ensure we are financially sustainable by securing sufficient funding to deliver our plans. Specifically, we aim to achieve annual earnings before interest, tax, depreciation and amortisation (adjusted EBITDA) of at least 6% of income, with a minimum in any one year of 4%. This will be very challenging to achieve in the year ahead given the impact of Covid-19 but we remain confident for our long term sustainability.

Effectiveness

In December 2019 we received the latest results for the Russell Group benchmarking exercise, this was the third time that the collection was completed here. The exercise benchmarks University professional service support and provides insight into how each university is utilising this resource to support its core functions of teaching and research. For the third time Newcastle are in the lowest cost quartile for the benchmarking group (with a cost index of 90 against an average of 98). Two of the main drivers of this are our low rate of outsourcing of services (the second lowest of the group) and the relatively low cost of our local pension scheme.

Since 2017 we have reduced the amount of professional service staff time used in providing transactional activities, partly as a result of improvement to IT, process and delivery models including the introduction of service hubs. This has enabled investment of staff time and other resource to non-transactional activities which add more direct value to our students and academic colleagues. For example our Student Wellbeing Service has expanded from 52 full time equivalent colleagues in 2015 to 70 in 2019 and we have also expanded our Teaching Design support for academics, an increase of 14% since 2017.

Transparency

We seek to ensure that our stakeholders have a clear understanding of what we seek to achieve and support our colleagues to make most effective use of resources.

We publish an annual Value for Money report which summarises activity across the University to improve effectiveness and efficiency.

In 2019-20 we published tables on our website detailing how the student fee was spent to provide transparency to students and the wider sector. Highlights of this data are that 64% fees are spent directly on academic salaries or direct teaching and student support. The remainder of the spend is in indirect costs - premises and computing mainly and 15% is invested in our research.

We organise regular briefings for our recognised trade unions and more widely with colleagues to explain our financial position and the challenges which we face. This has been particularly important during the Covid-19 pandemic and our briefings have been well attended and received.

Financial Review

'The Financial Review (pages 50-55) analyses our financial performance during the past year, summarises our financial strategy and the future outlook.

Due to actions taken in reaction to the Covid-19 pandemic, we were able to deliver a strong EBITDA result and preserve healthy year end cash balances and job security for colleagues at a time when many other universities were considering redundancy programmes.

We have confidence that our strategy and implementation of tight cost control measures will protect the University's financial position and enable delivery of the best possible experience for students under the current conditions.'

Richard Dale
Executive Director
Finance

Highlights

	2019–20	2018–19	Change
Income (£m)	544	571	- 5%
Adjusted EBITDA (£m)	57	73	- 22%
Adjusted EBITDA as % income	10%	13%	- 3%
Year-end cash balance (£m)			
Cash and short-term deposits	140	127	+ 10%
Net balance	15	0	n/m

Introduction

Our key financial sustainability metric (in common with most of the sector) is earnings before FRS 102 pension adjustments, interest, tax, depreciation and amortisation (Adjusted EBITDA – see Note 28). We focus on this as the best measure of our ability to generate cash as it is less susceptible than total surplus to movements in equity values and changes in discount rates. It is increasingly the measure of choice for lenders to the sector. We aim for Adjusted EBITDA to be at least 6% of income, excluding one-off items.

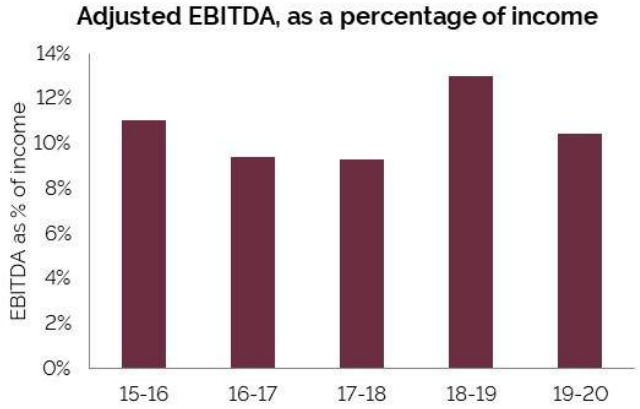
Measured against that metric, and given the challenges of the Covid-19 pandemic, we delivered a strong result that builds a solid platform to take into 2020-21. Adjusted EBITDA was £56.8m (10.4% of income) compared to £72.9m (12.8% of income) in 2018–19, a year which was boosted by the £13.1m monetisation of our Rubraca patents as well as significant capital grants.

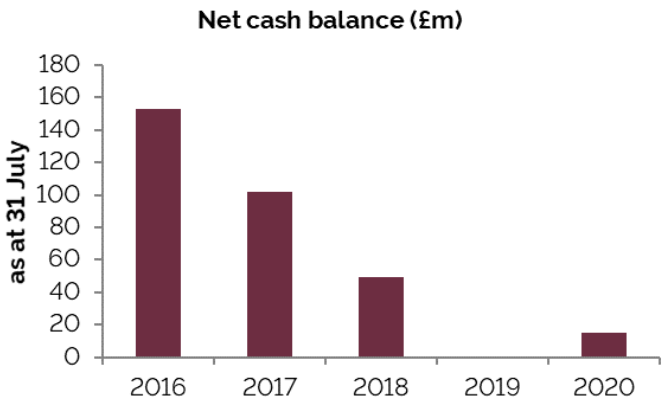
Total income fell by 5% from £570.6m to £544.2m, with the one-off items noted above in 2018-19 a significant factor, along with a 10% fall in research income as much of our on-campus research activity had to be halted. Within that overall income fall however, tuition fees rose by 9%, notably through growth in our international postgraduate student numbers, and our income from philanthropic donations rose by £2.1m. Total expenditure, excluding pension adjustments, fell 1% in 2019-20 as tight cost controls around recruitment and non-pay costs were implemented from March 2020 to preserve cash balances and protect the existing staff base.

As part of the review of operations and future academic viability of the INTO Newcastle University London LLP joint venture, we have made an onerous lease provision of £6.0m in relation to the London premises. See also Note 32 for subsequent events..

Capital additions during the year were £45.8m of land and buildings and £5.2m of equipment and infrastructure, with overall spend impacted significantly by pausing most of our capital projects in March 2020.

As a result of the expenditure controls introduced, gross cash and short term deposit balances increased from £127.2m to £140.3m and net balances, which include the impact of loans and finance leases, increased from £0.1m to £15.0m.





These strong results were further enhanced by a non-cash credit of £52.9m in relation to the USS pension scheme. This resulted from the agreement of the March 2018 valuation in September 2019 and reversed much of the £80.2m charge recorded in 2018-19. The financial sustainability of both of our pension schemes remains a key financial risk for us. Offsetting this was a £14.6m impairment of our investment in the Newcastle Helix site.

Due to actions taken in reaction to the Covid-19 pandemic, we were able to deliver a strong EBITDA result and preserve healthy year-end cash balances and job security for colleagues at a time when many other universities were considering redundancy programmes. The position in 2020-21 will be distinctly less healthy as we expect to see a significant reduction in the number of international students, although less severe than we had originally feared and planned for. We will continue to control expenditure and capital investment tightly in the year ahead whilst seeking to ensure the best and safest experience for our students and colleagues, Although it will take some years to fully recover, our underlying cash trading position is strong and we have confidence that student numbers will recover. In the longer term, we face uncertainties from potential changes to fees and funding for our students and the potential impact of Brexit.

Income

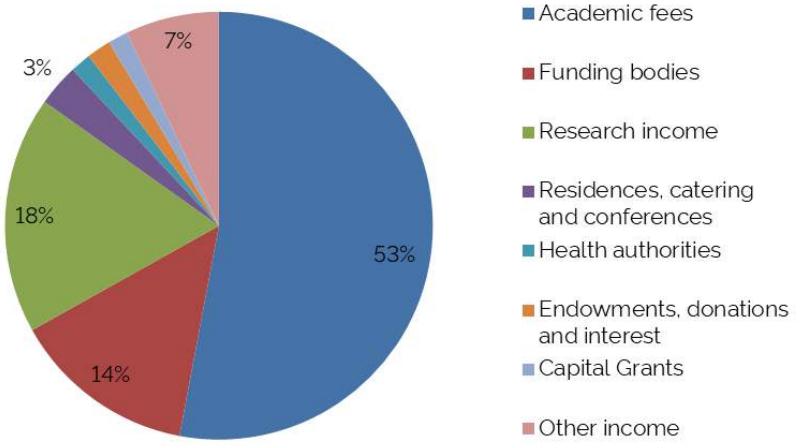
Total income in 2019–20 was £544.2m, decreasing by 5% from £570.6m in 2018–19, which included two notable non-recurring items from significant additional capital grants (net benefit £15.2m) to primarily fund the construction of the Catalyst building, and gross receipts from monetisation of our Rubraca payments of £23.6m. Excluding these items, underlying income grew by 2%, despite several streams being impacted by the Covid-19 pandemic.

A key component of this result was a 21% increase in our International postgraduate students, contributing to an overall 9% increase in tuition fee income, which at 53% increased significantly as a proportion of total income as other income streams were more severely affected by the pandemic.

The overall 9% growth in academic fees from £264.5m to £288.2m was underpinned by a 25% increase in income from international students, primarily those on postgraduate programmes, where student numbers rose by 21%, along with continued price increases as we repositioned ourselves in the market. Home and EU student numbers showed a 1% overall increase, delivering a 3% increase in income. Student numbers also increased by 15% at our London site and by 30% in Singapore, which contributed to a 4% rise in fees at our overseas campuses, Fees from part-time courses fell by £0.8m reflecting the impact of Covid-19 closures.

Funding body grants increased by 5% from £71.9m to £75.8m, primarily from increases in HEIF funding, additional UKRI funding research activity to support evidence-based policy making and government support for losses as a result of Covid-19. As a percentage of income, funding body grants increased to 13.9% after a decline in 2018-19.

Our income



Research income was significantly affected by the Covid-19 pandemic as many research projects had to halt as access to campus and research facilities was closed and staff placed on furlough where they were unable to continue to work. Overall, research income fell from £108.7m in 2018-19 to £97.7m, a decrease of 10% felt across all sources of research income. Funding of employment related activity grew by 3% from £51.9m to £53.6m, although contribution to overheads fell 6% from £19.8m to £18.7m. Most significantly, funding of non-pay activity fell for the second consecutive year decreasing 31% to £25.5m from £36.9m the previous year as laboratories were closed, capital purchases were deferred and travel and consumable costs ceased. Across a 12 month period to July 2020, applications for new grants increased significantly in volume, although value of new awards, which is a lead indicator for future income, decreased slightly from £116.1m to £113.1m.

As expected, the University realised a significant fall in other operating income from £117.0m to £72.5m due to last year's one off benefits of £23.6 gross receipts from monetisation of our Rubraca patents and a net £12.8m reduction in capital grants. Another impact of the Covid-19 pandemic was a reduction in our residences, catering and conferences income that decreased by 32% and included £5m of refunds to students leaving accommodation facilities early. The University also claimed £2.1m through utilisation of the Coronavirus Job Retention Scheme in order to protect our staff in areas that were unable to continue operating during the pandemic.

Donations and endowments increased by £2.1m from £6.0m to £8.1m, mainly due to a single unrestricted donation of £3.3m.

Expenditure

Total expenditure, excluding pension adjustments, in 2019–20 was £531.3m, a decrease of 1% from £534.6m in 2018–19 resulting primarily from a policy decision to pause non-essential non-pay expenditure in reaction to the Covid-19 pandemic.

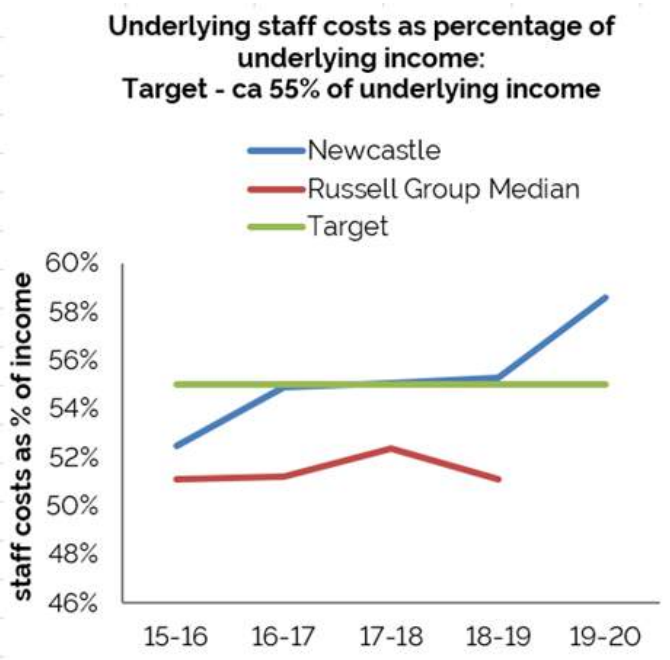
Underlying employment costs increased by 7% from £290.5m to £309.7m, as the University continued to invest in new and existing colleagues, and represented 57.8% of underlying income (2018–19: 55.2%). The University's target for this measure is 55%, which has been achieved consistently in recent years, however the Covid-19 impact on underlying income resulted in the ratio increasing as we sought to protect the existing staff base.

This can be demonstrated by the movement in full-time equivalent employment numbers throughout the year, which increased from 5,800 at 31 July 2019 to a high of 6,028 by 31 March 2020 with a subsequent fall through natural attrition to 5,966 by 31 July 2020, a year-on-year increase of 3%.

Non-academic salaries were increased by 1.8% from 1 August 2019 with higher increases for lower paid colleagues arising from implementation of the Real Living Wage. USS employer contributions increased from 18.0% to 19.5% and RBP employer contributions increased from 13.25% to 17.25% from 1 April 2019.

Accrued holiday pay increased significantly during the year due to colleagues having to cancel holidays because of Covid-19 travel restrictions.

Reported employment costs comprise:	2019–20 £m	2018–19 £m
Underlying costs	**309.7**	**290.5**
Increase in accrued holiday pay	4.7	0.6
Severance costs	0.7	0.8
Share of Rubraca monetisation proceeds	0.0	8.6
USS pension cost adjustment	(52.9)	80.2
Local scheme pension cost adjustment	7.7	7.1
Reported costs	**269.9**	**387.8**
Underlying income (see note 28)	536.1	526.1
Underlying costs as % of income	58%	55%



Strong cost control measures were implemented restricting all non-essential non-pay expenditure from March 2020, resulting in a 11% decrease in other operating costs from £199.4m in 2018-19 to £177.0m in 2019-20 with most categories of spend affected.

All building and estates related costs fell year-on-year as colleagues and students vacated campus due to the pandemic, with building maintenance falling from £13.5m to £7.5m and utilities expenditure falling by 12% to £9.6m. For similar reasons, year-on-year consumables and laboratory expenditure fell by a third, which has been reflected in a fall in research income, and equipment purchases and maintenance costs decreased by 28%. In addition, staff related expenses fell from £26.5m to £18.1m with significant reductions in travel and expenses and conference costs as a result of the lockdown.

Within our 2019-20 Access and Participation Plan, we committed expenditure of £16.5m to widening participation at the University, providing equality of opportunity across the entire student lifecycle, and ensuring continued commitment to improving fair access to higher education in general. We spent £17.9m in 2019-20 (see Note 31), including £0.4m funded by the OfS Premium to support successful student outcomes, £0.3m funded by the OfS Disabled students' premium, and £0.5m access activity funded by external partners.

Other items

Depreciation increased by 11% from £28.5m to £31.6m, reflecting continued investment in estate, equipment and infrastructure as well as the full year impact of significant capital spend in 2018-19.

The market value of our investments continued to grow, increasing by £5.8m over the financial year, Both our equity investment managers performed significantly better than benchmark during the year.

The results of our joint ventures and associates were significantly impacted by a £14.6m impairment to our investment in Newcastle Science Central Management LLP, which oversees the sale and lease of land on the Newcastle Helix site. This reflects an updated valuation of the site in light of the latest site masterplan and expected sale proceeds. INTO Newcastle University had a strong year with 25% growth in student volumes although the second half of the year was impacted by the pandemic.

Pensions

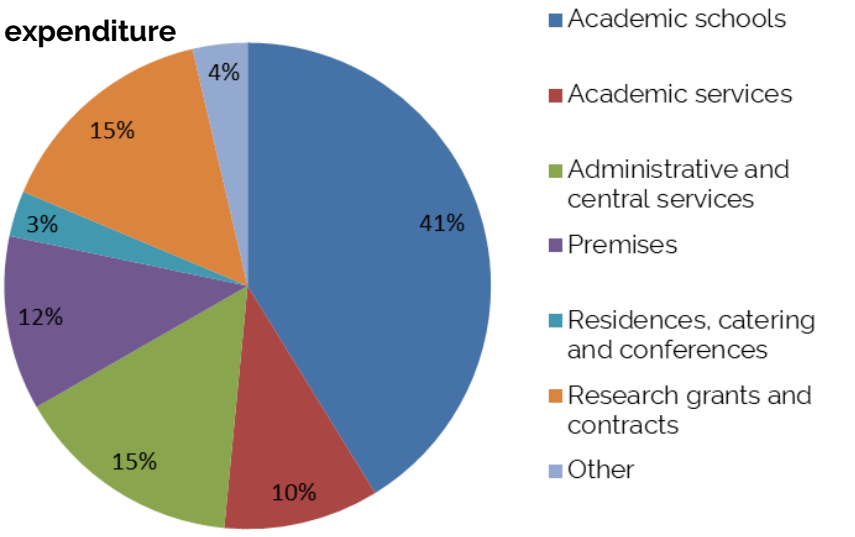
As the USS is a multi-employer scheme with no basis to identify accurately our share of the assets and liabilities, we do not make a balance sheet provision for our share of the deficit. However, as required by FRS 102, we make a balance sheet provision for the discounted future obligation to make deficit recovery payments.

This liability was impacted by the agreement during the year of a new statement of contributions as a result of the 31 March 2018 valuation. This valuation reported a technical provisions deficit of £3.6bn resulting in a 10 year deficit recovery plan with payments of 2% of relevant salary for two years from 1 October 2019 followed by payments of 8% for the following eight years. This replaced the March 2017 valuation which had shown a deficit of £7.5bn with a 17-year deficit recovery plan with payments of 5% of relevant salary. This resulted in a reduction in the balance sheet provision from £125.1m to £74.2m.

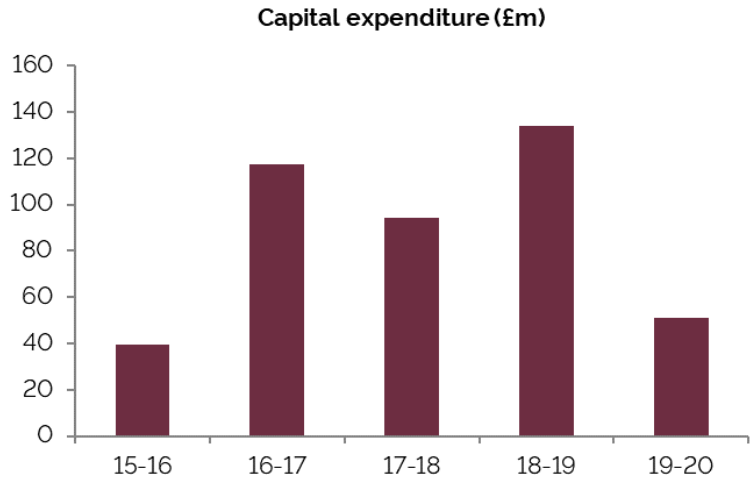
The next valuation will be as at 31 March 2020 and initial consultations have started on the technical provisions assumptions to be used for that valuation, together with other factors, which will affect the basis for the valuation. Although there will probably be a significant reduction in liabilities from recent mortality experience, this will be more than offset by further weakening of the discount rate to reflect recent market conditions. More details are provided in Note 29. The FRS 102 valuation, which is documented in Note 29, was impacted by an unexpected and short-lived spike in corporate bond yields, which led to a reduction in the deficit as measured on that basis.

The most recent triennial valuation of the RBP was at 1 August 2019. This recorded a surplus of £18.0m relative to the technical provisions (7% of liabilities), which reflects outstanding investment management in the past few years as well as recent mortality experience. The cost of future accrual is higher than current contributions and we expect to start consultations with impacted colleagues on how to address this increase. As required by FRS 102, employment costs were increased by £7.7m in 2019-20 (2018-19 £7.1m), net interest costs were increased by £3.6m (2018–19 £2.3m) and an actuarial loss of £8.1m (2018-19 £19.2m) was recognised to reflect the FRS 102 valuation of the scheme. The actuarial loss reflects a reduction in the discount rate from 2.1% to 1.55%.

Our expenditure



N.B. Chart excludes pension adjustments



Balance sheet

Capital additions during the year were £51.0m (2018–19 £133.8m), comprising £45.8m of land and buildings and £5.2m of equipment and infrastructure. All capital expenditure projects were halted as the impact of the Covid-19 pandemic became clear with work subsequently recommencing only for safety critical and existing work in progress schemes after review, as well as wholly funded research equipment.

Land and buildings expenditure within 2019-20 included:

- major redevelopment of the Henry Daysh and Dame Margaret Barbour buildings, with both projects recommencing after enforced lockdown
- completion of the Catalyst building and continued spend to improve sport centre facilities
- initial costs towards major redevelopment of the Stevenson building

In September 2019, the University disposed of the Leazes Terrace student accommodation building for £7.25m.

As at 31 July 2020, there were £23.9m of contracted capital commitments (2018: £59.9m). Authorised but not yet contracted projects totalled £91.9m (2019: £26.2m), an increase which reflects the pause on capital projects during the year.

As a result of measures taken to preserve cash balances from March 2020 onwards, gross cash and short-term deposit balances increased from £127.2m to £140.3m and net balances, which include the impact of borrowing activity and leases, increased from £0.1m to £15.0m.

Treasury

At 31 July 2020, we had £44.1m short-term liquid deposits (2019: £75.3m). The level of deposits fluctuates throughout the year with materially higher balances between September and December and between May and July due to the timing of tuition fees and OfS and Research England grants. Although this does not create short-term liquidity issues, it does restrict our flexibility on optimising investment returns. Our investments are controlled by our counterparty policy, which is agreed by Finance Committee with advice from brokers. We only place our money with banks and building societies which we consider to be secure, based on external benchmarks. We regularly review our investments and take rapid action if we believe there is any deterioration in risk.

Despite in year volatility, at 31 July 2020, we had £89.3m of endowment related investments (2019: £83.5m). We seek to invest 80% of our endowment funds in equities and 20% in other asset classes. For the bulk of 2019–20, we used Baillie Gifford and Royal London Asset Management (active equity managers) and Royal London and Aviva (ethical alternative asset funds) to manage our investments. During the year, investments held by Majedie and M&G were transferred to Royal London Asset Management.

We receive monthly performance reports from all our managers and Finance Committee meets formally with our active managers once a year to review progress. Our ethical investment policy provides a mechanism whereby students or colleagues can challenge how we invest our funds and also requires our investment managers to subscribe to the United Nations Principles for Responsible Investment (UNPRI). We give priority to investment managers who preferentially invest in progressive companies that are working towards low carbon solutions. Following extensive market research, we have agreed that all future selection processes for investment managers will require an exclusion on investment in fossil fuel extracting companies.

Outlook and going concern

Short-term

It is clear that the Covid-19 pandemic will continue to have a significant influence on both financial and operational performance in 2020-21.

Expectations of our financial performance for 2020-21 are understandably reduced from a normal operating year although we are cautiously optimistic that our financial results will be reasonable.

Home and EU student recruitment in autumn 2020 has been broadly on target (and slightly higher than last year). Non-EU student recruitment is expected to be about 20% lower than last year. This will have a material adverse impact on fee income in 2020-21, although much less than we had feared earlier in 2020.

We will receive additional Government support through increased grants from OfS and UKRI and the University Development Trust has agreed additional funding in 2020-21.

Recovery of our research income is expected to take some time to achieve, although the impact of this on EBITDA and surplus is limited and UKRI and some other funders are making additional support possible.

Continuing losses of income in student residences, commercial activities and, in particular, hospitality and catering services are also expected although we are able to take some actions to mitigate losses, for example through use of the Coronavirus Job Retention Scheme and successor schemes.

The move to greater levels of on-line teaching and remote working will require additional IT expenditure and the recent cyber security incident has shown the need for further investment in our security systems and processes. Creation of a Covid secure environment on the campus has also necessitated additional expenditure.

We will continue to maintain tight control of all areas of expenditure although there is a strong desire, should financial circumstances allow, to reinstate some of the development activities which have been paused as a result of the pandemic.

Our cash position is strong, partly due to the Student Loan Company accelerating £34m of funding which we would have expected to receive in February 2021 to October 2020 but also recognising work last year to improve our cash position and the better than feared levels of student recruitment. We were well within the current covenants for our bank loan in 2019-20 and our forecasts show that this will remain the case in 2020-21 and beyond.

Our key short-term risks are:

- student withdrawals through failure to deliver a high quality experience or a result of wider national and international restrictions on activity. Some mitigation of this will be available through the Government's support scheme for sustaining research activity
- students vacating University owned or nominated accommodation, either in response to concerns over their student experience or because of wider lockdown measures
- the potential impact of further lockdowns on our commercial income and our ability to maintain research activity

At this stage we are confident that our strategy and implementation of tight cost control measures will protect our financial position and enable delivery of the best possible experience for students under the current conditions.

Going concern

Council confirms that it has reasonable expectation 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 financial statements. In reaching this conclusion, Council has considered:

- the impact of actions taken in spring 2020 to minimise expenditure to enhance the University's cash reserves
- its approval of a robust and prudent baseline budget which would ensure continued financial strength and strong year-end cash balances
- the impact of past and forecast future financial performance on banking covenants
- student recruitment and registration results for 2020 and the potential availability of government financial support
- updated financial forecasts for 2020-21 and 2021-22 which show the outturn in 2020-21 will be better than budget
- the robust measures in place to monitor and manage cash balances
- consideration of the key financial risks including stress testing their cumulative impact on the University's cash balances

Council has reviewed the sustainability of the University and is satisfied that the strategies, plans and processes in place will help the University move towards the achievement of its strategy. In particular, it is satisfied that academic strategies take account of the environment in which the University is operating as an institution and are financially sustainable. The following are the key elements that give Council assurance in this area:

- regular reviews of performance using a number of key performance indicators in areas that are relevant to institutional sustainability
- an agreed long-term target adjusted EBITDA margin of 6% of income to reflect the need to generate cash to manage the University now and in the future
- regular review of the University's strategic risk register by Audit, Risk and Assurance Committee

Longer-term

We remain concerned about the impact of Brexit, the continued volatility in international student recruitment and potential changes to fees and funding for home undergraduate students. Work continues to understand and mitigate all these threats.

Despite the challenges, we believe the next few years also present us with significant opportunity. We have well developed plans for the future to invest in academic colleagues, student experience, research and IT infrastructure and new buildings. Opportunities to grow activity in social sciences, engineering and medical sciences are limited by estates constraints but building projects are underway to address these constraints.

The key strategic risks which may impact longer term financial sustainability are:

- failure to react effectively to the ongoing Covid-19 pandemic
- failure to maintain a financially sustainable pensions provision
- failure to respond effectively to the decision to leave the European Union which could impact student recruitment, research income and colleague recruitment and retention
- failure to meet student recruitment targets
- failure to maintain the estate as functionally suitable and have an appropriate information strategy and control of data
- failure to ensure proper conduct of business and be able to respond to severe business disruption events

Corporate Governance Statement

The Corporate Governance Statement (pages 56-61) provides an overview of the governance of the University, processes for ensuring the student voice is heard and for management of risk, Council's responsibilities and the arrangements to ensure sound internal controls are in place. As Chair of Council, I take a lead role in ensuring good governance is exercised by the University.

Paul Walker Chair of Council and Pro-Chancellor

Newcastle University conducts its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and with the guidance to universities from the Committee of University Chairs.

The University is an independent corporation whose legal status derives from the Universities of Durham and Newcastle upon Tyne Act 1963 which, with its supporting statutes and schedules, sets out the University's objectives, powers and framework of governance. The statutes require the University to have a number of separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities. Academic Board is a meeting of all academic and related staff and receives an annual report from the Vice-Chancellor and President. Convocation is a meeting of the alumni and is the body that appoints the Chancellor.

We were delighted that in October 2019 we appointed the distinguished poet, artist and video film-maker, Imtiaz Dharker as our new Chancellor, a role she commenced in January 2020.

The Registrar acts as secretary of Council and Senate.

Any enquiries about the constitution and governance of the University should be addressed to the Registrar. The University maintains a Register of Interests of Members of Council and Senior Officers, which may be consulted by arrangement with the Registrar.

I am proud to take on this role, especially when I think that this was the only University in the United Kingdom to give Dr Martin Luther King an honorary degree during his lifetime, and that he came and stood in this place to receive it.'

Imtiaz Dharker
Chancellor of Newcastle University.
Photograph by Ayesha Dharker

Senate

Senate is the academic authority of the University and draws its membership predominantly from the academic staff and the students of the institution. Its role is to direct and regulate the teaching and research work of the University. Senate met six times during 2019–20.

Court

Court is not part of the University's day-to-day decision-making processes, but plays an important and influential role on behalf of the University's stakeholders. Its membership is representative of the University, the local community and other organisations with an interest in the work of the University. It meets twice a year to receive a report from the Vice-Chancellor and President and to discuss any matters relevant to the interests and wellbeing of the University.

Council

Council is the supreme governing body, responsible for the finance, property, investments and general business of the University, and for setting the general strategic direction of the institution. It is also responsible for the University's system of internal control and for reviewing its effectiveness, including the appropriateness of its arrangements for risk management and value for money.

It keeps under regular review the performance of the University and makes use of key performance indicators to assist in this task. A statement of Council's primary responsibilities is provided on page 62.

Council undertakes regular reviews of its effectiveness using guidance given in The Higher Education Code of Governance published by the Committee of University Chairs in December 2018. A review of governance was conducted by Advance HE during 2018-19. This generally gave a positive assessment of the University's governance structures and operations together with a series of recommendations to make further improvements including a modest reduction to the size of Council, improving the induction process for new members of Council and strengthening the student voice in governance. A number of these recommendations were implemented immediately and most others during 2019-20 but some required changes to the statutes. These changes were approved by the Privy Council in July 2020.

The University complies with all seven primary elements in the code and the compulsory elements. Members of Council subscribe to the Office for Students' Public Interest Governance Principles.

Council has a majority of members from outside the University (lay members) including three lay officers; Chair, a Vice-Chair and Treasurer. Members also include staff of the University and the student body. None of the lay members receives any payment, apart from reimbursed expenses, for the work they do for the University.

Members of Council during 2019–20 were:

Paul Walker (Chair) [1]
Professor Caroline Austin [2]
Professor Catherine Biggs [2]
David Bird [1]
Tom Caulker [1]
Pablo Charro de la Fuente [3]
Linda Conlon [1]
Professor Nicola Curtin [2]
Professor Chris Day [2]
Dr Stacy Gillis [2]
Jonathan Glass [1]
Teresa Graham [1]
Stephen Lightley (Treasurer) [1]
Jeff McIntosh [1]
Dr Sara Maioli [2]
Claire Morgan [1]
Heidi Mottram (Vice-Chair) [1]
Dianne Nelmes [1]
Professor Sir Mike Rawlins [1]
Angela Russell [1]
Professor Julie Sanders [2]
Nitin Shukla[1]
Katie Smyth [3]
Angela Woodburn [1]
Vicky Wright [1]

[1] Lay member
[2] Employee of the University
[3] Student representative

Council met six times during 2019–20. Our normal joint meeting with Senate was cancelled because of the pandemic. Amongst other matters and, in consultation with Senate, Council agreed to:

- an update of the Education Strategy, which includes resources for a new virtual learning platform and increase use of blended learning – this was in October 2019 and helped provide some greater resilience for the pandemic
- seek a Race Equality Charter award as a way of focusing on and improving our approaches to race equality
- actions to reduce the gender pay gap including a review of the academic promotions process
- modifications to our strategic risk register in light of the pandemic and actions necessary to manage the ongoing provision of services
- take steps to improve our cybersecurity

Much of the detailed work is routed through committees of Council. The following five committees are formally constituted as committees of Council with written terms of reference and specified membership, including a significant proportion of lay members. The decisions of these committees are reported to Council and, where relevant, Senate.

Audit, Risk and Assurance Committee

Audit, Risk and Assurance Committee is a committee of Council, comprising three lay members of Council and additional lay members. It meets five times each year with the University's internal auditors (and, where relevant, external auditors) in attendance. The Committee reviews the University's strategic risk management and the effectiveness of internal control systems by considering detailed reports together with recommendations for improvement, management responses and implementation plans. As part of its annual opinion it also gives assurance about the management and quality of data to the OfS, Higher Education Statistics Agency and other public bodies.

Members during 2019–20 were:

Jonathan Glass (Chair) (lay member of Council)
David Bird (lay member of Council)
David Carroll (lay member – until January 2020)
Dr Mike Goodwin (lay member – from March 2020)
Angela Woodburn (lay member of Council)

Finance Committee

Finance Committee considers and recommends to Council the financial strategy for the University and advises on investments, determines the level of funding to be made available to support the annual budget allocations, approves the accounting policies and considers the financial statements. It also has overall responsibility for ensuring the appropriate management of taxation within the University.

Members during 2019–20 were:

Stephen Lightley (Chair)
(lay member of Council)
Professor Chris Day
Jeff McIntosh
(lay member of Council)
Angela Russell
(lay member of Council)
Professor Julie Sanders
Katie Smyth
(President of the Students' Union)
Paul Walker (Chair of Council)

Nominations Committee

Nominations Committee makes recommendations to Council in respect of the appointment of lay members of Council, the offices of Chair and Vice-Chair of Council, Honorary Treasurer and members of the committees of Council. Members during 2019–20 were:

Paul Walker (Chair) (Chair of Council)
Professor Chris Day
Heidi Mottram (Vice-Chair of Council
Dianne Nelmes (lay member of Council)
Fiona O'Connor (lay member)
Professor Julie Sanders
Sarah Stewart (lay member)
Rob Williamson (lay member)

Council has approved a strategy for the appointment of new lay members which Nominations Committee implements on its behalf. The intention is to appoint high-calibre individuals with specific skills that are of value to the University and a commitment to the principles and future success of the University. Prior engagement with the University via a committee or similar is an advantage before an individual joins the governing body. Council benefits from a diversity of members and actively seeks to promote equality and diversity throughout the institution. It is committed to the aim of the 30% Club – at least 30%, and preferably more, of its lay members to be women, a figure that we comfortably exceeded in 2019–20.

Remuneration Committee

Remuneration Committee considers the remuneration and terms and conditions of senior members of staff. More detail on the work of this committee is provided on pages 62-64.

University/Students' Union Partnership Committee

The University and the Students' Union have a joint Partnership Committee, constituted as a sub-committee of Council, chaired by a lay member of Council, which meets regularly to discuss matters of common interest. This committee also discharges the University's obligations with regards to the Students' Union under the terms of the Education Act 1994 on behalf of Council.

Executive Board

Executive Board is the senior management team of the University and is formally designated as a joint committee of Council and Senate. It keeps under review the University's strategy and makes recommendations on the development of the strategy to Senate and Council. It develops and regularly reviews the activities, assesses the risks related to the delivery of these and ensures that appropriate measures are in place to assure the financial sustainability of the University. Executive Board reports on these matters regularly to Council. Through the monitoring undertaken by its Financial Monitoring and Budget Scrutiny Group and Budget Setting Group, Executive Board is also responsible for the use of resources and financial performance of all budgetary units. It has particular responsibility for value for money.

The principal academic and administrative officer of the University is the Vice-Chancellor and President who has general responsibility for maintaining and promoting the efficiency and good order of the University. Under OfS registration conditions, the Vice-Chancellor and President is the accountable officer of the University. In that capacity he and the Chair of Council can be summoned to appear before the Public Accounts Committee of the House of Commons. The Vice-Chancellor and President is also responsible for assuring the quality and accuracy of University data provided to the OfS, The Higher Education Statistics Agency HESA and other public bodies. As chief executive of the University, the Vice-Chancellor and President exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments, and shaping of the institutional ethos. The Deputy Vice-Chancellor, Pro-Vice-Chancellors and senior administrative officers all contribute in various ways to these aspects of the work, but the ultimate responsibility for what is done rests with Council.

Members of Executive Board during 2019–20 were:

Professor Chris Day (Vice-Chancellor and President)

Professor Julie Sanders (Deputy Vice-Chancellor)

Professor David Burn (Pro-Vice-Chancellor – Medical Sciences)

Colin Campbell (Executive Director of Academic Affairs)

Professor Suzanne Cholerton (Pro-Vice-Chancellor – Education)

Richard Dale (Executive Director of Finance)

Professor Richard Davies (Pro-Vice-Chancellor – Global)

Professor Nigel Harkness (Pro-Vice -Chancellor – Humanities and Social Sciences)

John Hogan (Registrar)

Abi Kelly (Executive Director of Corporate Affairs until 13th March 2020)

Adrienne McFarland (Executive Director of People Services)

Professor Brian Walker (Pro-Vice-Chancellor – Research Strategy and Resources)

Professor Philip Wright (Pro-Vice-Chancellor – Science, Agriculture and Engineering)

Council: Statement of Primary Responsibilities

Council is the supreme governing body of the University, subject to the provisions of the University's statutes. The primary responsibilities of Council have been revised in light of the statement of primary responsibilities taken from The Higher Education Code of Governance published in December 2018 and are as follows:

- to approve the mission and strategic vision of the institution, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders
- to ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions
- to delegate authority to the head of the institution, as chief executive, for the academic, corporate, financial, estate and human resource management of the institution; and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the institution
- to ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest
- to establish processes to monitor and evaluate the performance and effectiveness of the governing body itself
- to conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life
- to safeguard the good name and values of the institution
- to appoint the head of the institution as chief executive, and to put in place suitable arrangements for monitoring his/her performance
- to appoint a Secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability
- to be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy
- to be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the institution's assets, property and estate
- to be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name
- to receive assurance that adequate provision has been made for the general welfare of students
- to act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution
- to ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen

Responsibilities of Council in the Preparation of the Financial Statements

In accordance with the University's statutes, Council is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

Council is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the University's statutes, the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and accounting instructions prepared by the OfS. The University prepares financial statements for each financial year, which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, Council has ensured that:

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- financial statements are prepared on the going concern basis

Council has taken reasonable steps to:

- ensure that funds from the OfS and Research England are used only for the purposes for which they have been given and in accordance with the OfS Terms and conditions of funding 2019-20 and any other conditions which the OfS or Research England 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 prevent and detect fraud
- secure the economical, efficient and effective management of the University's resources and expenditure

Health, safety and wellbeing

2019–20 saw a small increase in the total accident rates for colleagues and students with a small reduction in the RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) accident rate. There is an ongoing increase in the reporting of near misses.

Actions in the five year Health and Safety strategic pan have been completed bar one which has been carried forward. Health, safety and wellbeing has been a major focus during the Covid-19 pandemic. We have documented comprehensive guidance on how to control the risks of transmission and have many supporting documents including risk assessments and checklists to ensure controls identified are implemented. Inductions are in place for both colleagues and students and we have provided Covid secure premises to control risks to the health, safety and wellbeing of all. There has also been continued progress in health and wellbeing including developing a programme of initiatives during the pandemic and the provision of Wellbeing Ambassadors in Units.

Sickness absence rates decreased slightly from 2.3% for 2018–19 to 2.1% for 2019-20. The rate for operational colleague sickness decreased to 5.4% from 6.3% in 2018-19. It is anticipated that the implementation of the Health and Wellbeing Strategic Plan and support provided by our Employee Assistance Programme will continue to further assist sickness absence management.

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require us to collect and publish, on an annual basis, a range of data in relation to our usage of and spend on Trade Union facility time in respect of our colleagues who are Trade Union representatives. The following information relates to the 12 months ended 31 March 2020.

35 colleagues acted as trade union representatives during that period. All spent between 1% and 50% of their working hours on facility time, which was the same as the previous year. This totalled 2,616 hours and a total cost of £73,400 (0.02% of total staff costs). 1,404 hours were spent on paid trade union activities (53.67% of total facility time).

Slavery and Human Trafficking

The University has a responsibility to ensure that slavery and human trafficking are not taking place in our business or in our supply chains. Our Slavery and Human Trafficking Statement can be accessed on our external website at ncl.ac.uk/foi/publication-scheme/policies

Statement on Internal Control

Council is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible. The University's arrangements for the prevention and detection of fraud, bribery, corruption and other irregularities are designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance against material misstatement or loss.

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

- clear definitions of, and the authority delegated to, heads of academic units and heads of administrative services
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets
- clearly defined and formalised requirements for approval and control of expenditure
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by Council and Finance Committee
- key performance and risk indicators, which are monitored by the senior management team (through Executive Board) on a regular basis. Appropriate action is taken to address performance issues and the outcome reported to Council

The approach to internal control is risk-based. There is an ongoing process designed to:

- identify the principal risks (whether business, operational, compliance or financial) to the achievement of policies, aims and objectives
- evaluate the nature and likelihood of principal risks becoming a reality, and the potential impact
- take steps to manage risks efficiently, effectively and economically
- review high-ranking risks (in terms of likelihood and impact) during the year
- make regular reports on internal control and risk to Council (as well as Executive Board and Audit, Risk and Assurance Committee) to assure it that procedures are in place for the identified risks to be managed

The University requires colleagues and all its lay members to act honestly and with integrity and to safeguard the public resources for which they are responsible. The University has a Policy and Procedure on Public Interest Disclosure (Whistleblowing) which encourages and enables employees to call out when they encounter or suspect malpractice. It provides protection for those making such disclosures who act in good faith consistent with the Public Interest Disclosure Act. During 2019-20 there were no whistleblowing cases raised internally. There was one matter raised by a member of the public which has resulted in changes to the web profile of a colleague.

Council is of the view that the University's risk management response has been appropriate while recognising that some of the Covid-19 risks are beyond our ability to prevent and the mitigations might only be able to cover part of the impact arising.

The effectiveness of the system of internal control is regularly reviewed by Council and accords with the internal control guidance for directors in the Combined Code as deemed appropriate for higher education. It is informed also by a professional Internal Audit team, which complies with the professional standards of the Chartered Institute of Internal Auditors. Internal Audit co-ordinate their work appropriately with the External Auditors and other assurance providers to help improve our internal controls and support the delivery of value for money. Senior management and Audit, Risk and Assurance Committee have also reviewed the performance of Internal Audit and are satisfied with it.

The Internal Audit strategy and plan is approved by the Audit, Risk and Assurance Committee. The senior management team and Audit, Risk and Assurance Committee receive regular internal audit reports (which include recommendations and actions for improvement) and an Internal Audit annual report, which is provided to Council. The Internal Audit annual report for 2019–20 included a qualified opinion on the University's arrangements for risk management, internal control, corporate governance and value for money. Concerns were raised on the delay to completion of actions arising from the fraud investigation in 2018-19 (now largely addressed) and the impact of the cyber-security incident in August 2020.

We notified the OfS of six reportable events. Four related to changes in educational partnerships, one was about the changes required because of the pandemic and one concerned the decision not to admit new undergraduate degree students into our London joint venture. None of the other cases materially affects or could materially affect our legal form or business model, and/or our willingness or ability to comply with our conditions of registration.

Public Disclosure

Council membership, agenda, unreserved papers and minutes are all made publicly available on the University website.

Major incidents during the year

The Covid-19 virus is the greatest threat to the business continuity since the Second World War. Virtually every aspect of what we do had to be changed within an extraordinarily short period of time. We switched from a vibrant campus of 35,000 students and colleagues to a skeleton physical service, a couple of thousand students remaining in halls and on-line delivery of our academic programmes in just over a week in mid-March 2020. Our campuses in London, Malaysia and Singapore faced identical challenges and responded in similar ways. The crisis and response has been unprecedented.

Our Emergency Management Team met regularly from late January to focus on the Covid-19 crisis. Initially, our attention was on the spread of the virus in China, the subsequent lockdown of the country and the need to assist students and colleagues in leaving China and other countries.

In late February, reports came through of the virus causing severe concerns in Italy. On 25th February, Italian universities were instructed to operate in a remote fashion and not have students or staff on campus. At this stage, there were no indications that this approach would be required by the UK government in the immediate future and possibly not at all. The initial UK approach seemed to be based on development of a 'herd immunity' which would not require dramatic long-term adjustments to normal economic activity. However, as the scale of the crisis in Italy and elsewhere developed, it became clear that, under such an approach, infection rates would result in healthcare provision being overwhelmed and fatalities escalating to terrifying numbers.

An emergency meeting of Executive Board on Sunday 15th March agreed that we would move to online teaching provision, although at this stage the government advice was such an approach was not necessary. Having consulted the Chair of Council, the Vice-Chancellor and President informed the University of the decision on 16th March.

On the same evening, the Prime Minister effectively advised the country to avoid physical contact and those who could work at home effectively to do so. From 17th March we ceased person-to-person teaching for the remainder of the 2019-20 academic year.

We facilitated online working for most aspects of our normal activity. We were at pains to stress that the University was not 'closed' with the vast majority of colleagues working remotely. Meetings were typically held via Zoom or Teams, including all our key governance structures which continued to meet normally.

The ongoing challenges presented by the Covid-19 pandemic required a major change in our risk management approach. Our Emergency Management Team was increased to incorporate all aspects of the University's ongoing operations with its major focus on business continuity. It reported to Executive Board which also increased its meeting capacity to manage the significant challenges presented in devising control measures and overseeing their implementation working with Senate and Council.

We refocused our strategic risk register to inform our response to the pandemic. We paid particular attention to safety, wellbeing, academic delivery, student experience, student recruitment, finances and IT. This approach was discussed with and agreed by Council who paid special attention to issues of safe working, financial sustainability and cyber-security.

Our cyber-security arrangements were reviewed by Jisc prior to the pandemic. It found that the our overall external security posture was good but there were control weaknesses once inside the University's network. The University suffered a severe external attack on its IT systems in August 2020 which has taken some time to recover from. Long term damage appears to be limited and we are using the lessons learned to further strengthen our network security. There has been extensive discussion of the causes and restoration activity by Audit Risk and Assurance Committee and Council. These problems are being seen elsewhere in the sector.

Remuneration Report

For the year ended 31 July 2020

'This Remuneration Report (pages 62-64) provides an overview of our approach to rewarding the members of the Executive Board of Newcastle University and contains audited information now required in line with the Accounts Direction for the 2019–20 financial year issued by the Office for Students.

The report is compiled having regard to guidance from the Committee of University Chairs (CUC) regarding pay policies and practices in British universities in relation to senior colleagues.

The University has published its third Gender Pay Gap Report and developed a pay equality action plan to ensure that colleagues are not subjected to either conscious or unconscious gender bias in pay determination. The Remuneration Committee will continue to seek assurance that there is no gender bias in respect of pay of those higher paid colleagues within its remit.'

Vicky Wright
Chair of
Remuneration Committee

Unaudited information

Remuneration Committee

Remuneration Committee membership was revised to ensure alignment with the CUC Code. The members at the end of the financial year were:

Vicky Wright
Lay member of Council (Chair)
Paul Walker
Chair of Council
Stephen Lightley
Ex-officio member
Claire Morgan
lay member of Council
Nitin Shukla,
lay member of Council

Nitin Shukla joined the committee during the year. Adrienne McFarland, Executive Director of People Services is Secretary to the committee. The Vice-Chancellor and President is not a member of the committee, but regularly attends meetings by invitation.

Remuneration Policy for Executive Board

The Remuneration Committee sets the remuneration of the members of Executive Board. In doing so, the Committee takes account of a range of factors, including:

- roles and responsibilities
- university performance
- individual performance
- market conditions
- the negotiated remuneration settlement for colleagues
- internal pay relativities

The committee recognises the need for greater transparency of the approach to determining senior remuneration. The committee makes use of a number of reliable information sources to help guide decisions on Executive Board remuneration including:

- The annual Russell Group survey of senior pay (produced by Korn Ferry)
- The Universities and Colleges Employers Association Senior Salary Survey
- The annual CUC survey of Vice-Chancellors' remuneration

The work of the committee was restricted during 2019-20 as a result of the Covid-19 pandemic. However, it did consider:

- professorial pay levels and decisions reached in 2019 by the Merit Awards Committee
- 2019 Gender Pay Gap report
- trends in overall pay levels including available benchmarking data

Overall pay costs

The table below shows the growth in underlying colleague costs over the past three years (costs exclude agency staff but include the University's pension contributions). The significant increase in underlying costs as a percentage of income in 2019-20 was mostly due to the impact of the Covid-19 lockdown on research and commercial income. In the long term, the University aims to keep this at broadly 55% of underlying income but this is highly unlikely to occur in 2020-21 as we recover from the Covid-19 pandemic.

	Underlying colleague costs £m	**Total underlying income** £m	**Underlying colleague costs** as % of Income
2017–18	278.5	505.4	55.1%
2018–19	290.5	526.1	55.2%
2019-20	309.7	536.1	57.8%

Gender pay gap

We are in the third year of Gender Pay Gap reporting. Our 2019 report demonstrated the positive progress we continue to make with a reduction in our mean pay gap to 18.5% (2018-19: 20%) and median pay gap to 17.0% (2018-19: 18.1%). The mean bonus gap for bonuses awarded by the University is 42% and median is 46%. Our mean bonus pay gap, including clinical excellence awards made by the NHS to our FMS colleagues, has increased to 79% (2018-19: 53%) and median 47% (2018-19: 49%).

Actions taken to date to address the gender pay gap include the following:

- we secured renewal of our Athena Swan Silver accreditation which recognises excellence in Equality and Diversity, through a rigorous external validation review
- positive encouragement to all Faculties to review the banding levels of all their professors resulted in a reduction in hourly mean pay gap across all professors from 4.5% in 2017 to 1.3% in 2019
- the move away from Head of School nomination to colleague self–application helped reduce the pay gap with 34% of female professors securing a pay award compared to 20% of male professors
- introduced Real Living Wage in November 2019 and positively impacted 680 colleagues, 56% of whom were women
- introduced expected transition of Teaching and Scholarship colleagues between grades F and G positively impacting on 62% women and 38% men
- following the review of academic promotions we introduced a new academic pay review process which enabled academic colleagues to apply for pay progression where they considered they had demonstrated excellence in line with the University's Vision and values. Limited data is available on the success of this action due to the process being paused during the Covid-19 pandemic. Initial applications received show equal numbers from male and female colleagues which is promising
- active promotion of University's flexible working opportunities to support continued development and career progression of women across the University
- removal of service criteria for all family friendly policies as part of our For Families Project which will position our parental leave and pay policies towards the most generous in the sector and thereby positively contribute to the further reduction in our gender pay gap
- introducing a gender decoder tool for both job adverts and job descriptions and re-enforced gender balanced interview panels for senior appointments. Also work continues on developing unconscious bias training for all colleagues engaged in recruitment practices.

Audited Information

Higher paid colleagues

The number of colleagues with a basic salary of over £100,000 per annum (excluding the Vice-Chancellor and President), broken down into bands of £5,000, is shown in the table below.

Pay Band	Clinical	Non-Clinical	2019-20 Total	2018-19 Total
£100,000 - £104,999	12	18	30	35
£105,000 - £109,999	12	17	29	20
£110,000 - £114,999	12	5	17	15
£115,000 - £119,999	9	5	14	10
£120,000 - £124,999	3	4	7	8
£125,000 - £129,999	4	3	7	12
£130,000 - £134,999	8	2	10	11
£135,000 - £139,999	7	4	11	13
£140,000 - £144,999	4	4	8	5
£145,000 - £149,999	6	4	10	5
£150,000 - £154,999	1	2	3	1
£155,000 - £159,999	-	2	2	1
£160,000 - £164,999	-	1	1	2
£165,000 - £169,999	2	1	3	3
£170,000 - £174,999	-	1	1	1
£175,000 - £179,999	-	3	3	1
Total	**80**	**76**	**156**	**143**

Remuneration report

Remuneration for the Vice-Chancellor and President

The remuneration of the Vice-Chancellor and President is reviewed annually by the Remuneration Committee. This follows a review of personal and institutional performance undertaken by the Chair of Council. Professor Day's salary is determined according to a number of factors including but not limited, to:

- the breadth of leadership responsibilities for one of the UK's largest universities consisting of more than 28,699 students based in campuses across the UK, Malaysia and Singapore;
- the financial responsibilities of an institution with a turnover of more than £544m and 6,600 colleagues
- the accountability for sustaining a high quality educational experience for students and a world-leading research portfolio

	2019-20 £000	2018-19 £000
Salary	323.1	317.4
Payments in lieu of pension contributions	50.4	49.5
Benefits in kind	0.0	0.0
Employer Pension Contributions	6.5	6.7
Total staff costs	**379.9**	**373.6**
Salary Waived	-12.9	0.0
Net total	**367.0**	**373.6**

His salary was increased by 1.8% in August 2019 in line with the cost of living increase for all colleagues. During the Covid-19 pandemic he has taken a voluntary salary reduction of 20%. In accordance with accounting standards, this reduction is recorded as a donation under 'Other Income' in the financial statements,
From 1 January 2018, Professor Day ceased active membership of the USS under their enhanced opt-out arrangements. As a result, he receives an allowance equivalent to the employer's contribution for future accrual (subject to the normal deductions of income tax and National Insurance). The University is also required to pay a deficit recovery contribution of 2.1% of salary to USS (shown as pension contributions below).

The Vice-Chancellor and President's basic salary is 9.6 times the median basic salary of colleagues (2018-19: 9.7) where the median basic salary is calculated on a full-time equivalent basis for the salaries paid by the University of its colleagues.

The Vice-Chancellor and President's total remuneration is 9.4 times the median total remuneration of colleagues (2018-19: 9.7) where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the University of its colleagues. Published information available from the OfS indicates that this level is outside the top 10 pay ratios within the HE sector.

Payments to key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Colleague costs shown in the accounts include compensation paid to key management personnel. We define key management personnel as the members of our Executive Board. For the year ended 31 July 2020, Executive Board consisted of 13 full-time members (2019: 12) including the Vice-Chancellor and President.

	2019-20 £m	2018-19 £m
Key management personnel compensation: Salary and benefits (including employer's pension contributions)	2.6	2.5

Severance payments

We pay due regard to the Guidance on decisions taken about severance payments in HEIs published by the Committee of University Chairs (CUC). In 2019-20, we paid £0.7 million to 113 former colleagues in compensation for loss of office (2018–19: £0.8million to 86 former colleagues).

Independent Auditor's Report

to the Council of Newcastle University

Opinion

We have audited the financial statements of Newcastle University ('the parent institution') and its subsidiaries (the 'group') for the year ended 31 July 2020 which comprise the Consolidated and University Statement of Comprehensive Income, Consolidated and University Statement of Changes in Reserves, Consolidated and University Statement of Financial Position, Consolidated Cash Flow Statement and the related notes 1 to 32, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent institution's state of affairs as at 31 July 2020, and of the Group's and parent 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; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, relevant legislation and Office for Students requirements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent institution in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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.

Other information

The other information comprises the information included in the Integrated Annual Report 2019-20, other than the financial statements and our auditor's report thereon. The Council is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Office for Students

In our opinion, based on the work undertaken in the course of the audit, in all material respects:

- funds from whatever source administered by Newcastle University have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and UK Research and Innovation (including Research England) and the Department for Education have been applied in accordance with the applicable Terms and conditions attached to them; and
- the requirements of the Office for Students accounts direction for the relevant year's financial statements have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Office for Students require us to report to you where:

- the University's grant and fee income, as disclosed in note 1 to the financial statements, has been materially misstated; or
- the University's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Council

As explained more fully in the Statement of the Responsibilities of Council in the Preparation of the Financial Statements, set out on page 59, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council 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's and the parent 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 intend to liquidate the group or the parent institution or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

Ernst & Young LLP
Edinburgh
17th December 2020

Notes:

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

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

Statement of Principal Accounting Policies

1. General information

The University is registered with the Office for Students and its principal address is Newcastle University, King's Gate, Newcastle upon Tyne, NE1 7RU.

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 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the terms and conditions of funding for higher education institutions issued by the Office for Students and the terms and conditions of the Research England grant.

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

3. Basis of preparation

The financial statements are prepared under the historical cost convention (modified by the revaluation of certain financial assets and liabilities at fair value).

The University's principal operations, together with the factors likely to affect its future development and financial position are noted in the strategic review, materiality and risk, relationships and resources and financial review sections.

The Financial Review also describes the financial position of the University, its cash flows, liquidity position and borrowing facility. At 31 July 2020 the Group held cash, cash equivalents and short term deposits of £140.3m, which had increased to £223.7m at 30 November 2020. Net current assets were £42.7m and the only external borrowings are a loan from the European Investment Bank of £100m repayable between 2021 and 2046. At 30 November 2020, we had no further borrowing in place. We complied with all covenant requirements for existing borrowing at 31 July 2020 and forecast significant headroom in covenant compliance at 31 July 2021.

Council has reviewed financial forecasts, including plans for future student recruitment, and after reviewing the assumptions utilised in different forecast scenarios, it is satisfied that the University and Group is expected to be able to meet its commitments and obligations for at least the next twelve months from the date of the signing of this report, including under any plausible worst case scenario for future financial performance during this period. We are forecasting significant liquidity throughout the next 12 months to December 2021, with headroom under a plausible worst case scenario of £97m.

For budgetary control purposes in 2020-21, we have set initial spending levels using a severe but plausible downside scenario, containing a significant external shock to key revenue streams, which will unwind in subsequent years. Student recruitment in 2020 has turned out to be significantly better than this scenario which will allow some relaxation of spending limits as the year progresses.

On this basis, Council continues to adopt the going concern basis of accounting in preparing the annual financial statements.

The basis for that decision is described more fully on pages 54-55.

The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest one hundred thousand (£0.1m) except when otherwise indicated.

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. 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 year-end 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 results of Newcastle University Students' Union as the University does not exert control or dominant influence over policy decisions.

The consolidated financial statements do not include the results of the University of Newcastle upon Tyne

Development Trust as it is a separate charity which manages its funds independently of the University. Although the University nominates some of the trustees, it has no control over the Trust's decisions.

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

6. Income recognition

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

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated 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 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.

Grant funding

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

Donations and endowments

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

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

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

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

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

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.

Income from expendable endowments is recognised to the extent of the related expenditure during the year. Permanent endowments are managed on a total return basis. The entire investment return is included in the Statement of Comprehensive Income to the extent of the related expenditure during the year.

Capital grants

Capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

7. Accounting for retirement benefits

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of Newcastle upon Tyne Retirements Benefits Plan (1971) (RBP) which is an Exempt Approved Scheme under the Finance Act 1970. RBP is a defined benefit scheme. USS is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of both RBP and USS are held in trustee-administered funds. Each fund is valued every three years by professionally qualified independent actuaries.

A small number of staff remain in other pension schemes.

The USS is a multi-employer scheme. Due to the mutual nature of the scheme, it is not possible to identify the assets and liabilities of the scheme to University members on a consistent and reasonable basis. Therefore, as required by Section 28 of FRS 102 'Employee benefits', the scheme is accounted for as if it were a wholly defined contribution scheme. As a result, the amount charged to expenditure represents the contributions payable to the scheme in respect of the accounting period. Since the University has entered into a recovery plan agreement to fund

past deficits, a liability is recorded within provisions for the contributions payable that arise from the agreement, to the extent that they relate to the deficit, and the resulting expense is recognised as expenditure.

The RBP scheme's assets are included at market value and scheme liabilities are measured on an actuarial basis using the projected unit method; these liabilities are discounted at the current rate of return on AA corporate bonds. The post-retirement benefit surplus or deficit is included on the University's Statement of Financial Position, net of the related amount of deferred tax. Surpluses are only included to the extent that they are recoverable through reduced contributions in the future or through refunds from the scheme. The current service cost and any past service costs are included in expenditure within staff costs. The interest income on the scheme's assets, net of the impact of the unwinding of the discount on scheme liabilities, is included within investment income or interest and other finance costs. Actuarial gains and losses are recognised in Other Comprehensive Income.

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

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 and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

10. 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.

11. Foreign currency

University

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates. Foreign exchange differences arising on translation are recognised as a surplus or deficit.

Group

The assets and liabilities of foreign subsidiary undertakings are translated to sterling at the rate of exchange ruling at the year-end date. The revenues and expenses of foreign subsidiary undertakings are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. The exchange difference arising on the retranslation of opening net assets is taken to Other Comprehensive Income. All other exchange differences are recognised as a surplus or deficit for the year.

12. Property, plant and equipment

Land and buildings

Land and buildings are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses. Freehold land was revalued to fair value on transition to the 2015 SORP, and is measured on the basis of deemed cost, being the revalued amount at the 31 July 2014 transition date.

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

Freehold land is not depreciated as it is considered to have an indefinite useful life. Buildings and major refurbishments are depreciated on a straight line basis over their expected useful lives to the University, by components (where appropriate) as follows:

Structure	– 50 years
Fit-out	– 20 years
Mechanical/ electrical services	– 15 years

Expenditure relating to subsequent replacement of components is capitalised as incurred.

Short-leasehold buildings are depreciated over the shorter of the lease term and the expected life of the asset.

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

Equipment

Equipment costing less than £25,000 per individual item or group of related items and all software costs are recognised as expenditure. All other equipment is capitalised.

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

Research vessel	– 25 years
General equipment	– 4 to 10 years
Equipment acquired for specific research projects	- project life (generally 3 years)
Leased equipment	– period of lease

Depreciation methods, useful lives and residual values are reviewed at each year-end.

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.

Borrowing costs

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

13. Heritage assets

Where material, heritage assets purchased on or after 1 August 2007 are measured and recognised at their cost. Where reliable cost or valuation information is available, assets acquired prior to 1 August 2007 are included in tangible assets.

14. Intangible assets

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred. Intangible assets purchased are initially recognised at cost and amortised on a straight line basis over five years representing the estimated useful life of the assets. They are subject to periodic impairment reviews as appropriate.

15. Investments

Non-current asset investments that are not listed on a recognised stock exchange are carried at historical cost, less any provision for impairment in their value.

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

16. Stock

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

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

Cash and cash equivalents contain sums relating to endowment reserves which bear restrictions regarding use.

18. Short-term liquid deposits

Short-term liquid deposits are term deposits maturing more than three months after placement.

19. Provisions

Provisions are recognised in the financial statements when:

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

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

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 Consolidated Statement of Comprehensive Income.

21. Taxation

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

Deferred tax is provided in full on timing differences that exist at the reporting date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the reporting date. Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are not discounted.

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from UK corporation tax in respect of income or capital gains received within categories covered by Sections 478–488 of the Corporation Tax Act 2010 (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 (VAT). Irrecoverable VAT on expenditure (revenue and capital) is included in the costs of such expenditure. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

22. Financial instruments

The University applies the provisions of Sections 11 and 12 of FRS 102 in full. The University's financial assets and liabilities all meet the criteria for basic financial instruments prescribed within FRS 102 Section 11.8.

23. Reserves

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

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

24. Critical accounting estimates and judgements

The preparation of the University's financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These judgements, estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management consider the areas set out below to be those where critical accounting judgements have been applied and the resulting estimates and assumptions may lead to adjustments to the future carrying amounts of assets and liabilities:

RBP pension scheme

The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of the plan, such estimates are subject to significant uncertainty. The assumptions used by the actuary are included in note 29 to the accounts.

USS pension scheme

The University is satisfied that USS meets the definition of a multi-employer scheme and has therefore recognised a provision for the discounted fair value of the contractual contributions under the funding plan in existence at the year-end date. The provision is currently based on the funding plan agreed in September 2019 following completion of the 2018 valuation. It requires deficit contributions of 2% of salaries to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. These contributions will be reassessed with each triennial valuation of the scheme.

The University has used the deficit modeller provided by the British Universities Finance Director's Group (BUFDG) in order to calculate the liability. We have applied our own assumptions:

- future staff increases based on our five year forecast with nil growth after that period
- salary inflation based on our five year forecast with an annual 3% increase after that period
- discount rate 0.74% based on guidance produced for BUFDG by Mercer Limited

Holiday pay

The holiday pay accrual is calculated using a sample of schools and services.

Useful lives of property, plant and equipment

Property, plant and equipment represent a significant proportion of the University's total assets. Therefore, the estimated useful lives can have a significant impact on the depreciation charged and the University's reported performance. Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events.

Access and Participation Plan

Expenditure relating to the 2019-20 Access and Participation Plan has been reported in line with the four categories used in the plan for 2020-21 onwards.

The spend relates to work in support of underrepresented groups. This includes expenditure funded by the OfS Premium to support successful student outcomes and the OfS Disabled students' premium.

Staff costs have been included where these are intrinsic to the delivery of access and participation activities.

Work to improve access and participation is embedded in the core activities of the University, so judgement is required in apportioning some staff and non-staff costs. The University has apportioned some costs based on the proportion of home undergraduate students from underrepresented groups. The expenditure does not include overhead recovery or expenditure funded under the National Collaborative Outreach Programme (NCOP).

The expenditure on disability excludes expenditure on the estate where we have a duty to do this under the Equality Act.

Impairments

Management make judgements as to whether any indicators of impairment are present for any of the University's assets.

A valuation of the Newcastle Helix site was due this year following a three year cycle and the completion of a revised master plan for the site. A best estimate has been obtained by carrying out a review of the costs to complete land preparation for development and the likely proceeds from the sale of that land. The University's share of that reduction in value is £14.6m resulting in an impairment in the investment in Newcastle Science Central Management LLP.

Provisions

The calculation of the provision in relation to an onerous lease has been based on the discounted cash flows of future liabilities from that lease. Estimates are inherent in the discount rate used.

Consolidated and University Statement of Comprehensive Income

for the year ended 31 July 2020

	Note	Consolidated 2020 £m	Consolidated 2019 £m	University 2020 £m	University 2019 £m
INCOME					
Tuition fees and education contracts	2	288.2	264.5	273.2	250.0
Funding body grants	3	75.8	71.9	75.8	71.9
Research grants and contracts	4	97.7	108.7	97.7	108.7
Other income	5	72.5	117.0	76.1	121.3
Investment income	6	1.9	2.5	2.0	2.5
Donations and endowments	7	8.1	6.0	8.1	6.0
Total income		**544.2**	**570.6**	**532.9**	**560.4**
EXPENDITURE					
Staff costs	8	269.9	387.8	262.2	380.0
Other operating expenses	9	177.0	199.4	173.1	194.6
Depreciation	13	31.6	28.5	30.2	27.3
Interest and other finance costs	10	7.6	6.2	5.5	4.1
Total expenditure	11	**486.1**	**621.9**	**471.0**	**606.0**
Surplus/(deficit) before other gains/losses and share of deficit of joint ventures and associate		**58.1**	**(51.3)**	**61.9**	**(45.6)**
Gain on disposal of tangible assets		3.5	0.0	3.5	0.0
Loss on impairment of non-current assets		(1.7)	0.0	(16.5)	0.0
Gain on investments	21	3.6	4.9	3.6	4.9
Share of (deficit)/surplus in joint ventures	15	(11.7)	2.2	0.0	0.0
Surplus/(deficit) before tax		**51.8**	**(44.2)**	**52.5**	**(40.7)**
Taxation	12	(0.7)	(0.2)	0.0	0.0
Surplus/(deficit) for the year		**51.1**	**(44.4)**	**52.5**	**(40.7)**
OTHER COMPREHENSIVE INCOME					
Actuarial loss in respect of pension scheme	29	(8.1)	(19.2)	(8.1)	(19.2)
Total comprehensive income/(expenditure) for the year		**43.0**	**(63.6)**	**44.4**	**(59.9)**
Represented by:					
Endowment comprehensive income for the year	21	2.1	4.5	2.1	4.5
Restricted comprehensive expenditure for the year	22	0.0	0.0	0.0	0.0
Unrestricted comprehensive income/(expenditure) for the year		40.9	(68.1)	42.3	(64.4)
Attributable to the University		**43.0**	**(63.6)**	**44.4**	**(59.9)**

All items of income and expenditure arise from continuing operations.

Consolidated and University Statement of Changes in Reserves

for the year ended 31 July 2020

Consolidated	Endowment £m	Restricted £m	Unrestricted £m	Total excluding non-controlling interest £m	Non - controlling interest £m	Total £m
Balance at 1 August 2018	**80.6**	**0.6**	**381.4**	**462.6**	**0.1**	**462.7**
Deficit for the year	6.7	29.4	(80.5)	(44.4)	0.0	(44.4)
Other comprehensive income	0.0	0.0	(19.2)	(19.2)	0.0	(19.2)
Release of endowment and restricted funds spent	(2.2)	(29.4)	31.6	0.0	0.0	0.0
Total comprehensive income / (expenditure) for the year	4.5	0.0	(68.1)	(63.6)	0.0	(63.6)
Balance at 1 August 2019	**85.1**	**0.6**	**313.3**	**399.0**	**0.1**	**399.1**
Surplus for the year	5.4	12.1	33.6	51.1	0.0	51.1
Other comprehensive expenditure	0.0	0.0	(8.1)	(8.1)	0.0	(8.1)
Release of endowment and restricted funds spent	(3.3)	(12.1)	15.4	0.0	0.0	0.0
Total comprehensive income / (expenditure) for the year	2.1	0.0	40.9	43.0	0.0	43.0
Balance at 31 July 2020	**87.2**	**0.6**	**354.2**	**442.0**	**0.1**	**442.1**

University	Endowment £m	Restricted £m	Unrestricted £m	Total excluding non-controlling interest £m	Non - controlling interest £m	Total £m
Balance at 1 August 2018	**80.6**	**0.6**	**388.1**	**469.3**	**0.0**	**469.3**
Deficit for the year	6.7	29.4	(76.8)	(40.7)	0.0	(40.7)
Other comprehensive income	0.0	0.0	(19.2)	(19.2)	0.0	(19.2)
Release of endowment and restricted funds spent	(2.2)	(29.4)	31.6	0.0	0.0	0.0
Total comprehensive income / (expenditure) for the year	4.5	0.0	(64.4)	(59.9)	0.0	(59.9)
Balance at 1 August 2019	**85.1**	**0.6**	**323.7**	**409.4**	**0.0**	**409.4**
Surplus for the year	5.4	12.1	35.0	52.5	0.0	52.5
Other comprehensive expenditure	0.0	0.0	(8.1)	(8.1)	0.0	(8.1)
Release of endowment and restricted funds spent	(3.3)	(12.1)	15.4	0.0	0.0	0.0
Total comprehensive income / (expenditure) for the year	2.1	0.0	42.3	44.4	0.0	44.4
Balance at 31 July 2020	**87.2**	**0.6**	**366.0**	**453.8**	**0.0**	**453.8**

Consolidated and University Statement of Financial Position

As at 31 July 2020

	Note	Consolidated 2020 £m	Consolidated 2019 £m	University 2020 £m	University 2019 £m
NON-CURRENT ASSETS					
Tangible assets	13	616.3	606.5	596.7	583.8
Investments	14	89.6	84.5	93.3	103.0
Investment in joint ventures	15	5.8	16.3	0.0	0.0
Investment in associate	16	0.5	0.5	0.0	0.0
		712.2	**707.8**	**690.0**	**686.8**
CURRENT ASSETS					
Assets held for sale		2.5	0.0	2.5	0.0
Stocks in hand		1.0	0.9	1.0	0.9
Trade and other receivables	17	47.0	49.0	61.0	61.4
Short-term liquid deposits		44.1	75.3	44.1	75.3
Cash and cash equivalents	23	96.2	51.9	87.7	40.6
		190.8	**177.1**	**196.3**	**178.2**
CREDITORS: AMOUNTS FALLING DUE	18	(145.3)	(140.4)	(139.8)	(135.1)
PROVISIONS		(2.8)	0.0	(2.8)	0.0
NET CURRENT ASSETS		**42.7**	**36.7**	**53.7**	**43.1**
TOTAL ASSETS LESS CURRENT LIABILITIES		**754.9**	**744.5**	**743.7**	**729.9**
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	19	(139.8)	(142.1)	(116.9)	(117.2)
PENSION PROVISIONS	20	(169.8)	(203.3)	(169.8)	(203.3)
OTHER PROVISIONS	20	(3.2)	0.0	(3.2)	0.0
TOTAL NET ASSETS		**442.1**	**399.1**	**453.8**	**409.4**
RESTRICTED RESERVES					
Income and expenditure reserve - endowment reserve	21	79.9	78.0	79.9	78.0
Income and expenditure reserve - restricted reserve	22	0.6	0.6	0.6	0.6
UNRESTRICTED RESERVES					
Income and expenditure reserve - endowment reserve	21	7.3	7.1	7.3	7.1
Income and expenditure reserve - unrestricted reserve		354.2	313.3	366.0	323.7
		442.0	**399.0**	**453.8**	**409.4**
NON-CONTROLLING INTEREST		0.1	0.1	0.0	0.0
TOTAL RESERVES		**442.1**	**399.1**	**453.8**	**409.4**

The accompanying statement of principal accounting policies and notes 1 to 32 form part of these financial statements.

The financial statements were approved by Council on 14th December 2020 and signed on its behalf by:

CP Day
Vice-Chancellor and President

SJ Lightley
Treasurer

RC Dale
Executive Director of Finance

Consolidated Cash Flow Statement

for the year ended 31 July 2020

	Note	2020 £m	2019 £m
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus / (deficit) before taxation		51.8	(44.2)
Taxation		(0.7)	(0.2)
Surplus / (deficit) after taxation		51.1	(44.4)
Adjustment for non-cash items			
Depreciation	13	31.6	28.5
Gain on investments	21	(3.6)	(4.9)
Increase in stock		(0.1)	(0.1)
Decrease / (increase) in debtors		4.6	(2.1)
Increase in creditors		1.8	19.3
Increase in provisions		6.0	0.0
(Decrease) / increase in pension provision		(41.6)	89.6
Share of deficit/(surplus)in joint ventures	15	11.7	(2.2)
Adjustment for investing or financing activities			
Investment income	6	(1.9)	(2.5)
Interest payable		4.0	3.9
Endowment income	21	(0.9)	(0.9)
Gain on disposal of tangible assets		(3.5)	0.0
Impairment of non-current assets		1.7	0.0
Capital grant income		(12.2)	(29.9)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**48.7**	**54.3**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of tangible assets		7.2	0.0
Capital grants receipts		12.1	29.9
Proceeds from sale of endowment investments		27.2	22.8
Payments made to acquire endowment investments		(29.4)	(20.1)
Investment income		2.1	2.3
Profit distribution from joint venture		0.8	2.7
Payments made to acquire tangible assets		(51.0)	(133.8)
New investment in joint ventures and associate		(2.0)	(2.7)
Decrease in short-term liquid deposits		31.2	33.9
		(1.8)	**(65.0)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(1.9)	(1.9)
Interest element of finance lease		(1.6)	(2.1)
Endowment cash received	21	0.9	0.9
		(2.6)	**(3.1)**
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS IN THE YEAR		**44.3**	**(13.8)**
Cash and cash equivalents at beginning of the year	23	51.9	65.7
Cash and cash equivalents at end of the year	23	96.2	51.9

1 Source of grant and fee income

The source of grant and fee income, included in Notes 2 and 3 is as follows:

	Consolidated		University	
	2020 £m	2019 £m	2020 £m	2019 £m
Grant income from the OfS	28.2	28.0	28.2	28.0
Grant income from other bodies	47.6	43.9	47.6	43.9
Fee income for taught awards	266.9	246.7	252.0	232.3
Fee income for research awards	14.6	11.7	14.5	11.6
Fee income from non-qualifying courses	6.7	6.1	6.7	6.1
	364.0	**336.4**	**349.0**	**321.9**

2 Tuition fees and education contracts

	Consolidated		University	
	2020 £m	2019 £m	2020 £m	2019 £m
Full-time students	169.9	165.2	170.8	165.2
Full-time students charged overseas fees				
UK taught	94.6	75.9	94.8	75.9
Overseas taught	15.0	14.5	0.0	0.0
Part-time fees	2.0	2.8	0.9	2.8
Research training support grants	4.4	3.5	4.4	3.5
Short courses	2.3	2.6	2.3	2.6
	288.2	**264.5**	**273.2**	**250.0**

3 Funding body grants

	Consolidated and University	
	2020 £m	2019 £m
Recurrent grant	63.0	59.6
Specific grants	7.2	6.3
Capital Investment Framework (CIF) grants	5.5	6.0
National College for Teaching and Leadership specific grant	0.1	0.0
	75.8	**71.9**

4 Research grants and contracts

	Consolidated and University	
	2020 £m	2019 £m
Research Councils	34.2	36.0
UK charities	24.3	26.4
UK government	18.2	20.7
European Commission	11.2	12.6
Other grants and contracts	9.8	13.0
	97.7	**108.7**

5 Other income

	Consolidated		University	
	2020 £m	2019 £m	2020 £m	2019 £m
Residences, catering and conferences	17.3	25.3	17.3	25.3
Other services rendered	21.0	19.2	21.0	19.2
Health authorities	8.2	8.4	8.2	8.4
Other capital grants	8.1	20.9	8.1	20.9
Royalty monetisation	0.0	23.6	0.0	23.6
Other income	17.9	19.6	16.7	19.0
Income from subsidiary companies	0.0	0.0	4.8	4.9
	72.5	**117.0**	**76.1**	**121.3**

Contained within Other income is an amount of £2.1m which relates to income received under the Coronavirus Job Retention Scheme.

6 Investment income

	Consolidated		University	
	2020 £m	2019 £m	2020 £m	2019 £m
Investment income on endowments (note 21)	0.9	0.9	0.9	0.9
Other investment income	1.0	1.6	1.1	1.6
	1.9	**2.5**	**2.0**	**2.5**

7 Donations and endowments

	Consolidated and University	
	2020 £m	2019 £m
New endowments net of transfers out from expendable endowments (note 22)	0.9	0.9
Donations with restrictions	3.9	2.5
Unrestricted donations	3.3	2.6
	8.1	**6.0**

8 Staff

	Consolidated		University	
	2020 £m	2019 £m	2020 £m	2019 £m
Staff Costs				
Salaries	233.8	227.4	226.3	219.8
Social security costs	22.9	23.1	22.7	22.9
Other pension costs (Note 29)	58.4	50.0	58.4	50.0
Total before pension adjustments	**315.1**	**300.5**	**307.4**	**292.7**
Movement on USS provision (Note 20)	(52.9)	80.2	(52.9)	80.2
RBP Pension service cost adjustment (Note 20)	7.7	7.1	7.7	7.1
	269.9	**387.8**	**262.2**	**380.0**

Further audited information and disclosures as required by the OfS Accounts direction are included in the Remuneration Report on pages 62-64.

Staff Numbers	2020 Average FTEs	2019 Average FTEs
Academic	1,715	1,671
Support	3,189	3,059
Research	1,056	1,029
	5,961	**5,759**

9 Other operating expenses

	Consolidated		University	
	2020 £m	2019 £m	2020 £m	2019 £m
Professional fees and bought in services	49.6	48.9	49.1	48.1
Staff-related expenditure	18.1	26.5	16.9	25.7
Student scholarships, bursaries and prizes	25.2	26.1	25.1	26.0
Consumables and laboratory expenditure	12.5	18.1	12.2	17.8
Non-capitalised equipment purchases and maintenance	15.0	20.7	14.5	20.3
Operating lease rentals - land and buildings	13.1	8.6	12.9	8.5
Rents, rates and insurance	3.8	4.1	3.1	3.0
Heat, light, water and power	9.6	10.9	9.2	10.4
Building maintenance	7.5	13.5	7.4	13.4
Books and periodicals	6.9	7.1	6.8	7.0
NHS and agency staff	4.5	4.5	4.5	4.5
Communications, advertising and publicity	2.5	3.4	2.0	2.9
Students' Union annual subvention	2.2	2.1	2.2	2.1
Other expenditure	6.5	4.9	7.2	4.9
	177.0	**199.4**	**173.1**	**194.6**

Professional fees and bought in services include auditor's remuneration in respect of audit services for the Group of £199,686 to Ernst & Young LLP (2019: £103,786) and for the University of £118,200. (2019: £52,124). In respect of non-audit services remuneration amounted to £7,920 (2019: £8,842) for the Group and University.

Operating lease rentals - land and buildings includes an amount of six million pounds (2019: nil) in relation to a provision made in respect of an onerous lease at INTO Newcastle University London LLP.

10 Interest and other finance costs

	Consolidated		University	
	2020 £m	2019 £m	2020 £m	2019 £m
Loan interest	1.9	1.8	1.9	1.8
Finance lease interest	2.1	2.1	0.0	0.0
Net charge on pension schemes (note 29)	3.6	2.3	3.6	2.3
	7.6	**6.2**	**5.5**	**4.1**

11 Analysis of 2019-20 expenditure by activity

Consolidated	Staff Costs £m	Other Operating Expenses £m	Depreciation and Amortisation £m	Interest and other Finance Costs £m	Total £m
Academic schools	177.2	35.0	3.2	0.0	215.4
Academic services	29.9	24.5	0.9	0.0	55.3
Administration and central services	32.3	47.2	0.1	0.0	79.6
Premises	11.3	35.2	18.3	2.1	66.9
Residences, catering and conferences	4.6	7.3	4.1	0.0	16.0
Research grants and contracts	53.5	25.5	0.0	0.0	79.0
Other expenditure	(38.9)	2.3	5.0	5.5	(26.1)
Total per Statement of Comprehensive Income	**269.9**	**177.0**	**31.6**	**7.6**	**486.1**

Administration and central services and research grants and contracts include £23.0m (2019: £23.6m) and £2.2m (2019: £2.5m) respectively in respect of payments made for bursaries, prizes, scholarships or other similar awards.

11 Analysis of 2019-20 expenditure by activity (continued)

University	Staff Costs £m	Other Operating Expenses £m	Depreciation And Amortisation £m	Interest and other Finance Costs £m	Total £m
Academic schools	169.5	32.1	4.0	0.0	205.6
Academic services	29.9	24.5	0.9	0.0	55.3
Administration and central services	32.3	47.2	0.1	0.0	79.6
Premises	11.3	34.4	16.1	0.0	61.8
Residences, catering and conferences	4.6	7.3	4.1	0.0	16.0
Research grants and contracts	53.5	25.5	0.0	0.0	79.0
Other expenditure	(38.9)	2.1	5.0	5.5	(26.3)
Total per Statement of Comprehensive Income	**262.2**	**173.1**	**30.2**	**5.5**	**471.0**

Administration and central services and research grants and contracts include £23.0m (2019: £23.6m) and £2.2m (2019: £2.5m) respectively in respect of payments made for bursaries, prizes, scholarships or other similar awards.

12 Taxation

	Consolidated		University	
	2020 £m	2019 £m	2020 £m	2019 £m
Republic of Singapore corporation tax at 17%	(0.1)	0.0	0.0	0.0
Malaysian corporation tax at 24%	0.4	0.3	0.0	0.0
United Kingdom corporation tax at average rate of 19%	0.4	(0.1)	0.0	0.0
	0.7	**0.2**	**0.0**	**0.0**

13 Tangible assets

Consolidated	Land and Buildings					
	Freehold £m	Leasehold Long £m	Leasehold Short £m	Assets under Construction £m	Equipment £m	Total £m
Cost						
Balance at 1 August 2019	489.7	157.9	23.0	101.8	110.1	882.5
Additions	0.0	0.0	0.0	45.8	5.2	51.0
Foreign exchange retranslation	0.0	(1.8)	(0.1)	0.0	0.0	(1.9)
Transfers from assets under construction	102.7	0.0	0.0	(102.7)	0.0	0.0
Transfers to assets held for resale	(8.8)	0.0	0.0	0.0	0.0	(8.8)
Disposals	(5.1)	0.0	(1.4)	(0.2)	(2.7)	(9.4)
Balance at 31 July 2020	**578.5**	**156.1**	**21.5**	**44.7**	**112.6**	**913.4**
Depreciation						
Balance at 1 August 2019	103.2	74.2	11.9	0.0	86.7	276.0
Charge for year	15.9	4.4	1.1	0.0	10.2	31.6
Foreign exchange retranslation	0.0	(0.1)	0.0	0.0	0.0	(0.1)
Transfers to assets held for resale	(5.3)	0.0	0.0	0.0	0.0	(5.3)
Eliminated on disposals	(1.4)	0.0	(1.3)	0.0	(2.4)	(5.1)
Balance at 31 July 2020	**112.4**	**78.5**	**11.7**	**0.0**	**94.5**	**297.1**
Net Book Value						
At 31 July 2020	**466.1**	**77.6**	**9.8**	**44.7**	**18.1**	**616.3**
At 1 August 2019	386.5	83.7	11.1	101.8	23.4	606.5

At 31 July 2020, freehold land and buildings included £79.5m (2019: £84.5m) in respect of freehold land which is not depreciated.

The net book value of assets held under finance leases at 31 July 2020 is £17.3m (2019: £19.9m) and the related depreciation charge for the year was £0.9m (2019: £0.8m).

13 Tangible assets (continued)

University	Land and Buildings					
		Leasehold		Assets under		
	Freehold	Long	Short	Construction	Equipment	Total
	£m	£m	£m	£m	£m	£m
Cost						
Balance at 1 August 2019	488.6	133.4	20.8	101.7	108.4	852.9
Additions	0.0	0.0	0.0	45.8	5.1	50.9
Transfers from assets under construction	102.7	0.0	0.0	(102.7)	0.0	0.0
Transfers to assets held for resale	(8.8)	0.0	0.0	0.0	0.0	(8.8)
Disposals	(5.1)	0.0	(1.4)	(0.2)	(2.7)	(9.4)
Balance at 31 July 2020	**577.4**	**133.4**	**19.4**	**44.6**	**110.8**	**885.6**
Depreciation						
Balance at 1 August 2019	103.2	69.6	11.3	0.0	85.0	269.1
Charge for year	15.9	3.5	0.8	0.0	10.0	30.2
Transfers to assets held for resale	(5.3)	0.0	0.0	0.0	0.0	(5.3)
Eliminated on disposals	(1.4)	0.0	(1.3)	0.0	(2.4)	(5.1)
Balance at 31 July 2020	**112.4**	**73.1**	**10.8**	**0.0**	**92.6**	**288.9**
Net Book Value						
At 31 July 2020	**465.0**	**60.3**	**8.6**	**44.6**	**18.2**	**596.7**
At 1 August 2019	385.4	63.8	9.5	101.7	23.4	583.8

The University holds a number of collections, exhibits and artefacts, most of which have been donated or bequeathed to the University. These assets are not considered Heritage Assets as defined in the SORP and therefore have no value attributed to them in the financial statements.

14 Non-current investments

	Consolidated		University	
	2020	2019	2020	2019
	£m	£m	£m	£m
Shares in subsidiary undertakings at cost less amounts written off				
At 1 August	0.0	0.0	19.1	19.1
Additions	0.0	0.0	0.0	0.0
Other movements in the year	0.0	0.0	(15.5)	0.0
At 31 July	0.0	0.0	3.6	19.1
Other investments other than loans at cost				
At 1 August	1.0	0.4	0.4	0.4
Additions	0.0	0.0	0.0	0.0
Other movements in the year	(0.7)	0.6	0.0	0.0
At 31 July	0.3	1.0	0.4	0.4
Fixed interest stock and equities relating to endowments	89.3	83.5	89.3	83.5
Total fixed asset investments	**89.6**	**84.5**	**93.3**	**103.0**

14 Non-current investments (continued)

Shares In Subsidiary Undertakings

Details of the companies, all registered in England and Wales (unless otherwise stated), in which Newcastle University holds an interest are as follows:

Name of Company	Holding of Ordinary Shares %	Nature of Business
NUMed Malaysia sdn bhd	100	A company incorporated in Malaysia for the provision of tertiary courses focusing on medical education.
NUInternational Singapore pte Limited	100	A company incorporated in Singapore for collaborative teaching and research.
Newcastle Research & Innovation Institute pte Ltd.	100	A company incorporated in Singapore for postgraduate teaching and research.
Newcastle University Holdings Limited	100	Operates as a holding company only.
Newcastle University Ventures Limited	100	Provides support for the commercial development of research and consultancy.
Newcastle University Developments Limited	100	Provides construction services to the University.
Newcastle University Pension Trustee (1971) Limited	100	Provides a corporate trusteeship for the University Retirement Benefits Plan.
Newcastle ISC Limited	100	Acts as a holding company for the joint ventures INTO Newcastle University LLP and INTO Newcastle University London LLP.
Newcastle University Enterprises Limited (*)	100	This company is dormant.
NUINTO Limited	51	Provides teaching of English language skills.

(*) For the year ended 31 July 2020 Newcastle University Enterprises Limited (CRN:06331269) was exempt from the requirement to prepare individual accounts by virtue of section 394A of the Companies Act 2006 relating to dormant subsidiaries.

University membership in companies limited by guarantee:

The Russell Group
Newcastle Science Company Limited
Universities UK
North East Universities Purchasing Consortium (NEUPC)
Centre for Innovation Excellence in Livestock
Centre for Crop Health and Protection
The Academic Health Science Network for the North East and North Cumbria

Other investments other than loans

		Consolidated		University	
	Voting Rights	2020 £m	2019 £m	2020 £m	2019 £m
CVCP Properties PLC	1.3%	0.3	0.4	0.4	0.4
Demuris Limited Preference shares		0.0	0.6	-	-
		0.3	**1.0**	**0.4**	**0.4**

The University has direct minor shareholdings in a number of other companies, including spin outs, which are not material to these financial statements. Shares in associated undertakings and other investments held by subsidiary companies are disclosed in the financial statements of those companies.

15 Investments in joint ventures

INTO Newcastle University LLP is a joint venture between the University and INTO University Partnerships Limited. A 50% share of the LLP's net assets and liabilities is included in the University's Consolidated Balance Sheet and 50% of its operating profit or loss is reported in the University's Consolidated Statement of Comprehensive Income. INTO Newcastle University LLP's principal activity is the provision of pre-University education and residential accommodation for international students. At the year end an amount of £166,660 (2019: £nil) was due from INTO Newcastle University LLP to the University.

INTO Newcastle University London LLP is a joint venture between the University and INTO University Partnerships Limited. A 50% share of the LLP's net assets and liabilities is included in the University's Consolidated Balance Sheet and 50% of its operating profit or loss is reported in the University's Consolidated Statement of Comprehensive Income. INTO Newcastle University London LLP's principal activity is the provision of education and residential accommodation for students. At the year end an amount of £5,487,685 (2019: £4,601,229) was due from INTO Newcastle University London LLP to the University.

Newcastle Science Central LLP and Newcastle Science Central Management LLP are joint ventures between the University and Newcastle City Council. The principal activity of these joint ventures is the sale and lease of land for the development of the Newcastle Helix site. During the year the university made an impairment of £14.6m to its investment in the latter to reflect its share of its net assets and this is reported in the University's Consolidated Statement of Comprehensive Income and the University's interest in the net assets and liabilities of both LLPs is included in the University's Consolidated Balance Sheet. At the year end an amount of £nil (2019: £nil) and £39,569 (2019: £2,329,449) was due from each entity respectively to the University.

Newcastle Science Central Developments LLP is a joint venture between the University, Newcastle City Council and Legal & General which aims to market the Newcastle Heilx site to create a global centre for urban innovation in Newcastle.

	2020 £m	2019 £m
Share of operating surplus / (deficit):		
INTO Newcastle University LLP	2.8	2.9
INTO Newcastle University London LLP	0.2	(0.5)
Newcastle Science Central LLP	0.0	0.0
Newcastle Science Central Management LLP	(14.6)	0.0
Newcastle Science Central Developments LLP	(0.1)	(0.2)
	(11.7)	**2.2**
Share of gross assets:		
INTO Newcastle University LLP	11.6	13.3
INTO Newcastle University London LLP	2.4	2.3
Newcastle Science Central LLP	2.5	2.7
Newcastle Science Central Management LLP	5.7	18.2
Newcastle Science Central Developments LLP	0.6	0.5
	22.8	**37.0**
Share of gross liabilities:		
INTO Newcastle University LLP	(8.6)	(12.4)
INTO Newcastle University London LLP	(5.3)	(5.3)
Newcastle Science Central LLP	(2.3)	(2.3)
Newcastle Science Central Management LLP	(0.3	(0.3)
Newcastle Science Central Developments LLP	(0.5)	(0.4)
	(17.0)	**(20.7)**
Share of net assets / (liabilities):		
INTO Newcastle University LLP	3.0	0.9
INTO Newcastle University London LLP	(2.9)	(3.0)
Newcastle Science Central LLP	0.2	0.4
Newcastle Science Central Management LLP	5.4	17.9
Newcastle Science Central Developments LLP	0.1	0.1
	5.8	**16.3**

16 Investments in associate

The University has a 24% holding in Tyne Pressure Testing Limited, whose principal activity is the creation of a Centre of Excellence for Hyperbaric Testing in the Newcastle area. This holding has been treated as an associated undertaking. A 24% share of the company's losses to date is reported in the University's Consolidated Statement of Comprehensive Income and a 24% share of the company's net assets is shown in the University's Consolidated Balance Sheet. At the year end an amount of £500,000 (2019: £500,000) was due from Tyne Pressure Testing Limited to the University.

	2020 £m	2019 £m
Share of operating deficit	0.0	0.0
Share of gross assets	2.4	2.4
Share of gross liabilities	(1.9)	(1.9)
Share of net assets	**0.5**	**0.5**

17 Trade and other receivables

	Consolidated		University	
	2020 £m	2019 £m	2020 £m	2019 £m
Research grants receivable	15.1	15.2	15.1	15.2
Other trade receivables	19.4	22.1	19.2	22.2
Amounts owed by subsidiary undertakings	0.0	0.0	17.1	15.2
Prepayments and accrued income	10.5	10.5	8.7	8.2
Other debtors	2.0	1.2	0.9	0.6
	47.0	**49.0**	**61.0**	**61.4**

Contained within consolidated other debtors is an amount of £475,000 (2019: £500,000) due from Tyne Pressure Testing Limited which is repayable after more than one year

18 Creditors: amounts falling due within one year

	Consolidated		University	
	2020 £m	2019 £m	2020 £m	2019 £m
Obligations under finance leases (note 27)	2.6	2.2	0.0	0.0
Research collaborator creditors	23.3	21.0	23.3	21.0
Other creditors	3.5	5.3	3.6	5.3
Social security and other taxation payable	11.4	10.0	10.8	9.6
Accruals and deferred income	104.5	101.9	102.1	99.2
	145.3	**140.4**	**139.8**	**135.1**

Deferred income

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

	Consolidated		University	
	2020 £m	2019 £m	2020 £m	2019 £m
Research grants received on account	48.1	43.7	48.1	43.7
Tuition fees and education contracts	0.8	2.2	0.8	2.2
Funding body grants	1.3	0.3	1.3	0.3
Other income	11.6	10.3	11.6	10.3
Donations	0.2	0.0	0.2	0.0
	62.0	**56.5**	**62.0**	**56.5**

19 Creditors: amounts falling due after more than one year

	Consolidated		University	
	2020 £m	2019 £m	2020 £m	2019 £m
Fixed-term, unsecured loan repayable by 2046	100.0	100.0	100.0	100.0
Accruals and deferred income	17.1	17.2	16.9	17.2
Obligations under finance leases (note 27)	22.7	24.9	0.0	0.0
	139.8	**142.1**	**116.9**	**117.2**

The fixed term unsecured loan is repayable in accordance with the following profile:

	Effective Interest Rate %	Consolidated and University 2020 £m	2019 £m
Infrastructure and refurbishment loan due after one year but not more than five years	1.87%	16.0	12.0
Infrastructure and refurbishment loan due after more than five years	1.87%	84.0	88.0

20 Provisions

Pension provisions

	Consolidated and University		
	Obligations to fund deficit on USS Pension (note 29) £m	RBP defined benefit obligation (note 29) £m	Total pension provisions £m
At 1 August 2019	125.1	78.2	203.3
(Decrease) / increase in staff costs	(52.9)	7.7	(45.2)
Pension finance interest charge	2.0	1.6	3.6
Actuarial loss	0.0	8.1	8.1
At 31 July 2020 (note 29)	**74.2**	**95.6**	**169.8**

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme to make deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels and salary inflation for the duration of the contractual obligation.

The adoption of the new recovery plan following the 2018 actuarial valuation has given rise to a significant reduction in the deficit provision in 2019-20 which has decreased from £125.1m to £74.2m.

Other provisions

As part of the review of operations and future academic viability of the INTO Newcastle University London LLP joint venture, the University has made an onerous lease provision of £6.0m in relation to the London premises. £2.8m of this provision is due to be paid in the next 12 months.

21 Endowment reserves

	Consolidated and University					
	Unrestricted Permanent £m	Restricted Permanent £m	Restricted Expendable £m	Restricted Total £m	2020 Total £m	2019 Total £m
At 1 August						
Capital	2.6	18.5	16.1	34.6	37.2	37.0
Unapplied return	4.5	30.1	13.3	43.4	47.9	43.6
	7.1	48.6	29.4	78.0	85.1	80.6
New endowments	0.0	0.0	1.0	1.0	1.0	1.3
Transfer out from expendable endowments	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.4)
Increase in market value of investments	0.3	2.0	1.3	3.3	3.6	4.9
Income	0.1	0.5	0.3	0.8	0.9	0.9
Expenditure	(0.2)	(2.3)	(0.8)	(3.1)	(3.3)	(2.2)
	0.2	0.2	1.7	1.9	2.1	4.5
At 31 July	**7.3**	**48.8**	**31.1**	**79.9**	**87.2**	**85.1**
Analysis by type of purpose:						
Regional Chairs Benefaction	0.0	23.7	0.0	23.7	23.7	20.5
Chairs, fellowships, lectureships	0.0	5.7	1.8	7.5	7.5	10.4
Research support	0.0	2.6	5.1	7.7	7.7	8.0
Lectures	0.0	0.8	1.2	2.0	2.0	3.1
Scholarships and bursaries	0.0	7.8	15.1	22.9	22.9	18.1
Prizes and travel awards	0.0	4.1	5.5	9.6	9.6	13.6
General	7.3	4.1	2.4	6.5	13.8	11.4
	7.3	**48.8**	**31.1**	**79.9**	**87.2**	**85.1**

The Regional Chairs Benefaction is an endowment which funds medical school posts.

	2020 £m	2019 £m
Analysis by asset		
Fixed interest stock and equities	89.3	83.5
Cash and cash equivalents	0.0	0.4
Other current balances	(2.1)	1.2
	87.2	**85.1**

22 Restricted reserves

Reserves with restrictions are as follows:	Capital grants and donations £m	Other grants and donations £m	2020 Total £m	2019 Total £m
Balances at 1 August 2019	0.1	0.5	0.6	0.6
New grants	8.1	0.1	8.2	26.9
New donations	0.2	3.7	3.9	2.5
Capital grants utilised	(8.2)	0.0	(8.2)	(27.5)
Expenditure	0.0	(3.9)	(3.9)	(1.9)
Total restricted comprehensive income / (expenditure) for the year	0.1	(0.1)	0.0	0.0
At 31 July 2020	**0.2**	**0.4**	**0.6**	**0.6**

23 Cash and cash equivalents

	Consolidated		University	
	2020 £m	2019 £m	2020 £m	2019 £m
Cash at bank and in hand	22.7	29.8	14.2	18.5
Endowment bank balances	0.0	0.4	0.0	0.4
Investments maturing less than three months after placement	73.5	21.7	73.5	21.7
	96.2	**51.9**	**87.7**	**40.6**

24 Consolidated reconciliation of net cash

	At 1 August 2019 £m	Cash Flows £m	Other Changes £m	At 31 July 2020 £m
Cash at bank and in hand:				
Endowment asset investments (note 21)	0.4	(0.4)	0	0
Others	51.5	44.7	0.0	96.2
	51.9	44.3	0.0	96.2
Short-term investments	75.3	(31.2)	0	44.1
Debt due within one year	0.0	0.0	0.0	0.0
Debt due after one year	(100.0)	0	0	(100.0)
Finance leases due within one year	(2.2)	1.6	(2.0)	(2.6)
Finance leases due after one year	(24.9)	0	2.2	(22.7)
	0.1	**14.7**	**0.2**	**15.0**

25 Capital commitments

	2020 £m	2019 £m
Commitments contracted at 31 July	23.9	59.9

26 Contingent liabilities

The University has two nomination agreements relating to student accommodation. Both expire in 2021-22 and cover 586 bedrooms. It is impracticable to estimate the full financial effect of these agreements but it is considered to be zero as the cash outflows should be reimbursed by the receipt of student residential income.

27 Lease obligations

Amounts due under finance leases	Consolidated 2020 £m	2019 £m
Amounts payable		
Within one year	2.6	2.2
In two to five years	8.9	9.4
In more than five years	43.9	51.0
	55.4	62.6
Less: finance charges allocated to future periods	(30.1)	(35.5)
	25.3	27.1

Annual rentals under operating lease commitments are as follows:	2020 £m	2019 £m
Leases expiring:		
In two to five years	0.4	1.8
Over five years	5.6	5.4
	6.0	7.2

28 Adjusted EBITDA and underlying income

	Consolidated	
	2020	2019
Adjusted EBITDA	£m	£m
Surplus / (deficit) before tax	51.8	(44.2)
Gain on investments (note 21)	(3.6)	(4.9)
Movement on USS provision (note 20)	(52.9)	80.2
RBP Pension service cost adjustment (note 20)	7.7	7.1
Interest and other finance costs (note 10)	7.6	6.2
Depreciation (note 13)	31.6	28.5
Impairment of investment in joint venture (note 15)	14.6	0.0
Adjusted EBITDA	**56.8**	**72.9**

	2020	2019
Underlying income	£m	£m
Total income	544.2	570.6
Royalty monetisation	0.0	(23.6)
Capital grants	(8.1)	(20.9)
Underlying income	**536.1**	**526.1**

	2020	2019
Impact of royalty monetisation	£m	£m
Income	0.0	23.6
Staff costs	0.0	(8.6)
Other operating expenses	0.0	(1.9)
Net impact	**0.0**	**13.1**

29 Pension Arrangements

The University participates in two main pension schemes, the Retirements Benefits Plan (1971) (RBP) and Universities Superannuation Scheme Limited (USS).

The University also has a small number of staff in the National Health Service Pension Scheme (NHSPS) and in Nest (the Government's auto enrolment scheme). The total cost of NHSPS was £2.3m (2019: £2.2m). The total cost of Nest was £0.2m (2019: £0.1m).

The total pension cost for the University was:

	2020	2019
	£m	£m
Contributions to USS	48.2	40.5
Contributions to RBP	7.7	7.2
Contributions to other pension schemes	2.5	2.3
Other pensions cost (note 8)	58.4	50.0
Movement on USS provision	(52.9)	80.2
RBP Pension service cost adjustment	6.1	4.0
GMP equalisation	0.0	1.6
Administration costs *	1.6	1.5
Pensions costs included in staff costs	**13.2**	**137.3**
Pension finance interest (note 10)	3.6	2.3
Pension cost including pension finance interest	16.8	139.6
Actuarial loss relating to the RBP scheme	8.1	19.2
Total pension cost	**24.9**	**158.8**

* Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension prior to 6 April 1997. Historically, there was an inequality of benefits between male and female members who have GMP. A High Court case has confirmed that GMPs should be equalised. An estimated cost of £1.6m (0.5% of opening defined benefit obligation) for the potential cost of GMP equalisation was included as a past service cost in 2019.

29 Pension Arrangements (continued)

RBP

RBP is an Exempt Approved Scheme under the Finance Act 1970 and provides benefits based on final pensionable salary; it is established under irrevocable trusts and its assets are kept strictly separate from those of the University. It is a defined benefit scheme. The total pension cost (excluding interest) to the University was £15.4m (2019: £14.3m). The contribution payable by the University was 13.25% of pensionable salaries until 31 March 2019 and 17.25% from 1 April 2019. There were no outstanding contributions at the balance sheet date. The expected current service cost in the next accounting year is £17.3m.

A full actuarial valuation was carried out as at 1 August 2016 and updated to 31 July 2020 by a qualified independent actuary. The major assumptions used by the actuary were:

	31 July 2020	31 July 2019
Discount rate at year end	1.55%	2.1%
Future salary increases	2.9%	3.65%
RPI inflation	2.8%	3.15%
CPI inflation	2.2%	2.15%
Life expectancy of female current pensioners (age 65)	22.8	23.3
Life expectancy of male current pensioners (age 65)	19.5	20.7
Life expectancy of female future pensioners (age 45 currently)	24.0	24.6
Life expectancy of male future pensioners (age 45 currently)	20.6	21.7

The assets in the scheme were:

	Value at 31 July 2020 £m	Asset Allocation %	Value at 31 July 2019 £m	Asset Allocation %
Equities	116.5	37.0	112.1	38.0
Bonds	95.3	30.0	93.9	32.0
Property	11.2	4.0	11.7	4.0
Absolute return fund	64.7	21.0	58.6	20.0
Cash	25.1	8.0	18.0	6.0
Fair value of assets	**312.8**		**294.3**	
Present value of obligations	(408.4)		(372.5)	
Funded status	**(95.6)**		**(78.2)**	
Net pension liability	**(95.6)**		**(78.2)**	

Analysis of the amount shown in the Balance Sheet	2020 £m	2019 £m
Present value of obligations	408.4	372.5
Fair value of plan assets	312.8	294.3
Funded status	**(95.6)**	**(78.2)**

Analysis of the amount charged to operating surplus	2020 £m	2019 £m
Operating cost		
Current service cost	13.8	11.2
Administration costs	1.6	1.5
Past service cost	0.0	1.6
Financing cost		
Interest on net defined benefit liability	1.6	1.3
Total operating charge	**17.0**	**15.6**

Amounts recognised in Other Comprehensive Income (OCI)	2020 £m	2019 £m
Asset gains arising during the year	16.3	27.5
Liability losses arising during the year	(24.4)	(46.7)
Actuarial loss recognised in OCI	**(8.1)**	**(19.2)**

29 Pension Arrangements (continued)

Change in defined benefit obligation	2020 £m	2019 £m
Opening defined benefit obligation	372.5	313.4
Service cost	13.8	11.2
Interest cost	7.7	8.5
Actuarial losses	24.4	46.7
Past service cost	0.0	1.6
Contribution by members	0.4	0.4
Benefits paid	(10.4)	(9.3)
Closing defined benefit obligation	**408.4**	**372.5**

Change in fair value of plan assets	2020 £m	2019 £m
Opening fair value of plan assets	294.3	262.8
Gains on assets	16.3	27.5
Interest income on plan assets	6.1	7.2
Contributions by employer	7.7	7.2
Contributions by employees	0.4	0.4
Administration costs incurred	(1.5)	(1.5)
Benefits paid	(10.4)	(9.3)
Closing fair value of plan assets	**312.8**	**294.3**

USS

USS 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 scheme's 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 statement of comprehensive income represents the contributions payable to the scheme in respect of the accounting period. 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) and therefore an expense is recognised.

The latest available complete actuarial valuation of the Retirement Income Builder (defined benefits) section of the Scheme was at 31 March 2018 (the valuation date) which was carried out using the projected unit method. As at the year end, a valuation as at 31 March 2020 was underway but not yet complete.

Since the University cannot identify its share of the defined benefits section of the scheme assets and liabilities, the following disclosures reflect those relevant for the section 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. The assets therefore were sufficient to cover 95% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The key financial assumptions used in the 2018 valuation are described below.

Pension increases (CPI)	Term dependent rate in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% pa
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%

29 Pension Arrangements (continued)

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:

Pre retirement	
Male members' mortality	71% of AMC00 (duration 0)
Female members' mortality	112% of AFC00 (duration 0)
Post retirement	
Male members' mortality	97.6% of SAPS S1NMA 'light'
Female members' mortality	102.7% of RFV00

To allow for further improvements in mortality rates the CMI_ 2017 projections with a smoothing parameter of 8.5 and with a 1.8% pa long-term rate for males and a 1.6% pa long-term rate for females were also adopted. The current life expectancies on retirement at age 65 are:

	2018 valuation	2017 valuation
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

The funding position of the scheme has been updated on an FRS 102 basis:

	2020	2019
Scheme assets	£63.7bn	£67.4bn
Total scheme liabilities	£67.3bn	£79.2bn
FRS 102 total scheme deficit	£3.6bn	£11.8bn
FRS 102 total funding level	95%	85%

Key assumptions used are:

	2020	2019
Discount rate	0.74%	1.61%
Pensionable salary growth	3.02%	3.23%

A new deficit recovery plan was put in place as part of the 2018 valuation. This 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%. In accordance with the requirements of FRS 102 and the SORP, the University has made a provision for the contractual commitment to fund the past deficit.

The University has used the deficit modeller developed by the British Universities Finance Directors' Group (BUFDG) and USS to calculate the provision to be made for the future obligation to make deficit recovery payments. The liability has decreased from £125.1m to £74.2m as set out in Note 20.

The total pension contribution cost for the University was £48.2m (2019: £40.5m). There were £4.3m (2019: £3.8m) outstanding contributions at the balance sheet date.

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

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

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

30 Related Parties

Due to the nature of the University's operations and the composition of its 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 Council may have an interest. All transactions involving organisations in which a member of Council or Executive Board may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. Details of transactions, where material, are shown below.

Council members did not receive any remuneration in respect of their service to Council during the year. The amount paid to lay members of Council in respect of out of pocket expenses during the year amounted to £4,101 (2019: £10,560).

The University does not have any connected institutions, as defined by the Charities Act 2011, Schedule 3, paragraph 28..

	(Income) / Expenditure		Debtor / (creditor) balance		Nature of transaction / relationship
	2020 £m	2019 £m	2020 £m	2019 £m	
Joint ventures, associates and spin outs					
INTO Newcastle University LLP	0.7	0.9	0.2	0.0	Net fees for English language support and other services.
Newcastle University INTO London LLP	-0.1	-0.5	5.5	5.8	Start-up loan and trade debt.
Newcastle Science Central Management LLP	-0.8	-5.8	0.0	2.3	Recharges for Infrastructure works.
Demuris Limited	0.1	0.0	0.0	0.0	Loan to spin-out and trading.
Alcyomics Limited	-0.1	-0.1	0.0	0.1	Loan to spin-out and trading.
INEX Microtechnology Limited	0.0	-0.1	0.1	0.3	Loan to spin-out and trading.
Other organisations					
Newcastle University Students' Union	1.9	1.8	0.0	0.0	Students' Union subvention and fees for other services.
The University of Newcastle upon Tyne Development Trust	-2.2	-2.2	0.0	0.0	Endowment income distribution.
The Newcastle upon Tyne Hospitals NHS Trust	-6.9	-7.7	3.0	1.8	NHS/academic staff recharges.
International Centre for Life	3.1	2.9	0.0	0.0	Rentals payable.
Council and Executive Board members					
Russell Group	0.1	0.1	0.0	0.0	Subscription.
Universities UK	0.1	-0.1	-0.1	-0.1	Subscription/Science Without Borders.
Parkinson's UK	-0.2	-0.2	0.1	0.1	Research funding.
Northern Health Science Alliance Ltd	-0.9	-0.9	0.0	0.0	Research funding.
British Heart Foundation	-0.8	-0.7	0.2	0.0	Research funding.
Medical Research Council	-8.7	-8.6	0.1	0.0	Research funding.
EPSRC	-17.5	-24.0	0.0	0.0	Research funding.
Academy of Medical Sciences	-0.2	-0.2	0.0	0.0	Research funding.
Northumberland College	0.0	0.2	0.0	0.0	OfS funded North East Collaborative Outreach Project

31 Access and Participation Plan expenditure

	2020 £m
Access investment	4.7
Financial support	9.0
Disability support (excluding expenditure included in the two categories above)	1.6
Research and evaluation	2.6
	17.9

All of the expenditure is included in the financial statements and other notes. £6.5m of these costs are staff costs included within Note 8.

Research and evaluation expenditure includes £2.4m expenditure on student success and progression.

Our Access and Participation Plan for 2019-20 can be found on our website.

32 Events after the reporting period

On 25 November 2020, the University concluded agreements with INTO University Partnerships Limited (IUP), whereby IUP would retire as a member of Newcastle University INTO London LLP (NUL) with effect from 30 November 2020. The University intends to complete a teach out of the programmes offered by its London operation by the end of the 2020-21 academic year, at which point NUL will cease trading and be wound up. Students affected by the decision will be supported in accordance with the University's Student Protection Plan and consultations have commenced with affected employees and their recognised trade unions. The financial impact of these decisions will be reflected in the 2020-21 financial statements but is not expected to be materially different in quantum from the onerous lease provision recognised in 2019-20 (see Notes 9 and 20).

We would like to thank the following for the use of their photographic material:

Ayesha Dharker; John Donoghue; Tommy Howell; Zoe Martin

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