

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2020



LIVERPOOL  
JOHN MOORES  
UNIVERSITY



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# OPERATING AND FINANCIAL REVIEW

## Scope of the Financial Statements

These are the consolidated statutory accounts of Liverpool John Moores University and its subsidiaries for the year ended 31 July 2020.

## Our Strategic Plan for 2017-2022

### Our Vision

Our Vision is to be pioneering modern civic university, delivering solutions to the challenges of the 21st century.

### Our Four Strategic Pillars

**Outstanding Student Experience** – a University that places students at the heart of its endeavours and offers an enriching, supportive student experience offering dynamic opportunities to help expand their horizons.

**Excellence in Education** – a University that delivers a transformative education marked by inquiry, discovery and partnership between students and staff.

**Impactful Research and Scholarship** – A University that supports and develops targeted areas of world-leading research excellence, where scholarship is central to the personal development of every member of academic staff.

**Civic and Global engagement** – A University with strong roots in the city that enriches its social and cultural life, where innovation and enterprise drive economic growth in partnership with business and industry.

### Our Values

**Excellence** – We strive for the highest standards in everything we do

**Transformation** – We believe in the power of education to drive transformation across social, cultural and economic boundaries

**Innovation** – We are innovative and progressive with an entrepreneurial spirit; we think creatively about new ways to do things

**Partnership** – We believe that by working in partnership we can achieve strong and lasting results

**Leadership** – We believe in leading the way, challenging convention and breaking new ground

**Community** – We believe in the power of sharing expertise, and of people coming together with a common purpose.

The LJMU 2017-22 strategy as approved by the Board of Governors sets out what these mean for our life as a University. It means an outstanding student experience, which expands the horizons of students and offers rich opportunities for them to develop their confidence, skills and character. It means excellence in education, with contemporary curricula and innovative models of delivery that embed the knowledge and skills our students need. It means engaging in impactful research and scholarship that address the challenges of our day. And, it means

civic and global engagement that builds and deepens our connections - within the city and across the globe - where these enrich the lives of our students, our city, and the broader communities of which we are privileged to be part.

We are seeking to realise this vision in a challenging external climate. Patterns of demand are changing, competition is increasing, and the funding landscape is becoming more constrained. Yet this is also a moment of opportunity, one which will reward imagination, tenacity, relevance, conviction. We believe we are well-positioned to thrive in this environment, and to realise our ambitions.

## Operations

### Students

LJMU is one of the largest Universities in the UK with 23,900 students in Liverpool plus a further 2,900 students enrolled on accredited University courses overseas. Actual full time equivalent numbers for 2019/20 were 22,001. This represents an increase of 6% compared with 2018/19.

The 2019/20 recruitment was in line with the planning for 2019/20. This was achieved whilst maintaining intake quality.

As shown above, undergraduate student applications and recruitment via UCAS remains buoyant despite the very challenging environment that universities are facing. LJMU continues to operate very effective widening participation and outreach activities. The University is a partner in the Merseyside Collaborative Outreach Programme.

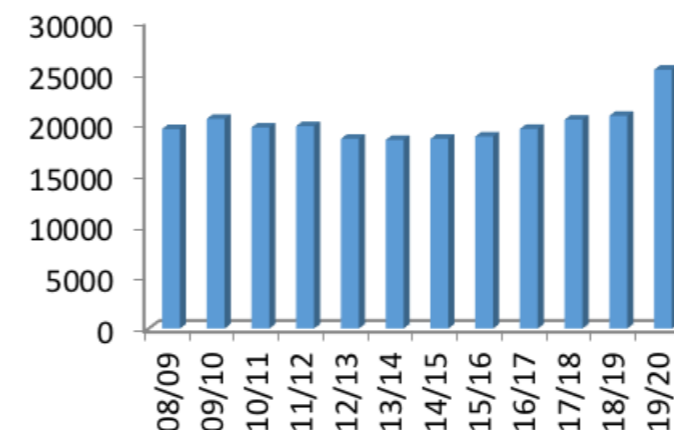
In total, 56 new programmes were approved for development in 2019/20 of which 21 were Postgraduate taught and 35 undergraduate.

The university continued to ensure that, wherever possible, programmes have Professional Statutory Regulatory Body accreditation. Of the 229 Key Information Set (KIS) course records 113 accreditations are recorded, including multiple accreditations on some programmes. There are 76 distinct KIS programmes with one or more accreditations representing 33% of KIS records.

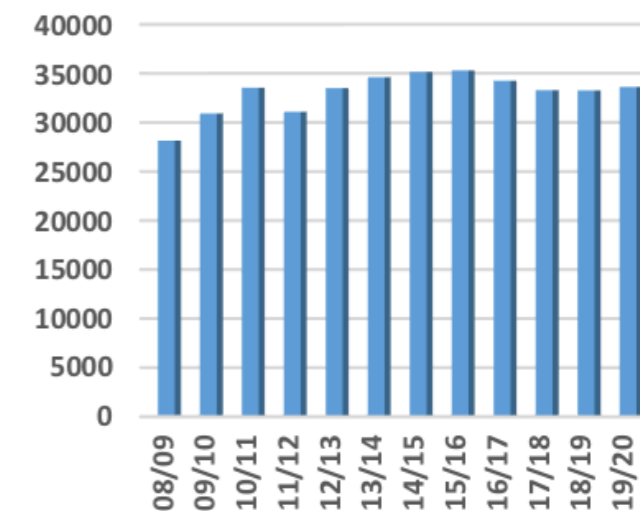
The Academic Registry continues to ensure a coherent and consistent approach to quality assurance and enhancement across the University. The University has built upon its exceptional outcome in the Higher Education Review by the Quality Assurance Agency (QAA), by further reviewing key processes.

An ambitious new Student Employability, Enterprise & Employment Strategy for the university was agreed by our Academic Board on 11 March, the product of extensive consultation with students and colleagues across LJMU. The Strategy takes a whole institution / whole lifecycle approach and, once fully implemented, will represent a gear change and reboot of LJMU's support for its students' & graduates' careers, employability & enterprise development. Outlining a broad range of actions under ten strategic themes, the Strategy is founded on two key principles. Firstly, that we will level the playing

## Student numbers



## Student applications



field and ensure that all of our students, regardless of background, have access to career-transforming experiences, professional networks and the means to secure & navigate a fulfilling future once they leave LJMU – this is important given a large proportion of our students come from backgrounds of disadvantage and lack the same levels of access and social capital as their peers elsewhere in Higher Education. Secondly, that we will lever our position as a pioneering modern civic university, making the boundaries between lecture theatre and workplace porous and establishing win-win partnerships with external partners that create opportunities for students to progress their skills & knowledge in-situ, whilst also making a strong positive contribution to our local economy and community.

The Strategy will act as the foundation and framework for Student Advancement's work of the next four years. Established in 2018/19, the Student Advancement directorate brought together for the first time our Careers service, Employer Engagement team and LJMU's award-winning Centre for Entrepreneurship, which offers a spectrum of support for students to research & develop new business ideas and progress them to start-up. During 2019/20, Student Advancement has been expanded to include Unitemps at Liverpool John Moores University (registered as LJMU Recruitment Agency). Launched in autumn 2019, Unitemps is LJMU's wholly-owned on-campus recruitment agency, through which we proactively support our students to find part-time work in support of their study and our graduates to transition into professional-level employment. Unitemps at Liverpool John Moores University will improve connections to degree-level talent for local employers and provide fresh structure to our internal student workforce. In the ten months Unitemps has been in operation, 2,520 students and recent graduates have registered for the service. 792 have been fully engaged in employment, receiving a total of £291,000 in pay. LJMU operates Unitemps under a franchise arrangement and the speed with which we have generated external business – rare within the franchise network, where new entrants usually take up to two years to go external - was acknowledged in the form of an Initiative award to the Branch Manager as part of the National Unitemps Awards ceremony on 20 August. Most recently, Unitemps has sourced over 500 marshals to help maintain safety & social distancing as LJMU's buildings reopen.

The number of students benefitting from a 1:1 advice & guidance appointment with one of Student Advancement's careers professionals increased again this year – up from 3,740 in 2018/19







to 4,347 in 2019/20. Upon entering national lockdown at the end of March, Student Advancement moved quickly to replicate our designated Careers Zones - on-campus spaces located in areas of high student footfall - as a virtual service. We are pleased to report, given how challenging a period this has been for new entrants to the graduate labour market, that the number of appointments provided remotely between June and August 2020 was 36% up on the same period last year.

A focused service improvement drive, utilising lean process principles, contributed to the above increases and our Employability Advisers have developed a series of self-service suites of digital content for launch in 2020/21, answering recurring questions at point of need around CV drafting, interview technique and application writing. Over spring / summer, our Careers Advisers also created 35 subject-specific pathways – bringing together bespoke digital tools and resources - in complement of LJMU's move to Active Blended Learning and more online provision, in the context of Covid-19.

The ongoing pandemic affords fresh importance to deployment of our Careers 24/7 platform of careers, employability & enterprise-related e-learning. A 'vanilla' version of this platform was introduced in 2017/18 and by the close of that year, 1,039 users had logged in 2,811 times to complete 5,367 activities. By the close of 2018/19, figures had risen to 7,424 users (a 615% increase from the previous year), 26,868 logins (855% increase) and 93,536 activities completed (1,643% increase). 2019/20 has seen further growth – in users (11,451 – a 154% increase), logins (66,095 – a 246% increase) and activities completed (206,406 – a 221% increase). In recognition that major employers have moved their recruitment & selection processes online due to Covid-19, we acquired and launched Shortlist Me this summer - a digital tool that allows students to practice & refine their video interviewing technique.

We continue to place emphasis on the importance of embedding careers, employability & enterprise development within the curriculum and the new Strategy will introduce fresh expectations for all courses – to reference and develop employability skills & mind-set; to provide opportunities for assessed work-based learning; and to guarantee there is an intervention at Level 6 that aims to ensure 'no student leaves without an onward plan'. During 2019/20, our team of Careers Advisors and Trainers delivered 987 hours of in-course delivery. Within this have been 'CareerSmart' workshops built into Level 4 of every undergraduate course, utilising specially-designed employability e-learning resources. This element has been extensively revisited ahead of 2020/21, and we will shortly be launching a new programme – 'Future Focus' - scaffolding personal insight, proactivity & resilience; introducing LJMU's shared employability skills & mind-set framework (part of the new Strategy); and expanding students' awareness of the career possibilities open to them.

Our Centre for Entrepreneurship successfully converted its Start-Up School to a four-day remote equivalent in May and has continued to award grants via our Bathgate Fund to prospective and existing student & graduate entrepreneurs who have been launching new ventures even during lockdown. Partnerships with The Princes Trust and NatWest have been expanded, increasing access for students to start-up funding, mentoring and digital resources related to NatWest's pre-accelerator programme. An exclusive partnership with Google Digital Garage has also been launched, through which live webinars on digital skills, career progression & business success will be delivered by Google Trainers to students, graduates and local businesses.





## Research & Scholarship

As the penultimate year ahead of submission to the Research Excellence Framework (REF), preparations intensified during 2019/20. The University formally notified Research England of its intentions to submit to REF units of assessment, including areas where previously it has not done so: Earth Systems & Environmental Sciences, and Business & Management. Submissions to REF2021 in these areas are a consequence of deliberate and strategic investment in staff and facilities over the current REF cycle 2013/14 to date. The University is also on-track to submit more than double the number of academic staff submitted to the REF in 2014 (which was 242.5 FTE). This is predominantly a reflection of the altered REF framework from REF2014, and the requirement for the University to submit all staff with "significant responsibility for research". However, it also signals the University's standing as an institution committed to driving a positive, broad and inclusive research culture.

To this end, the University continues to make longer-term investments aimed at enhancing its research performance. The vast majority of mainstream quality-related (QR; £6.1m) funding received by the University from Research England (based on REF2014 performance/outcomes) was allocated to faculties. It supported research facilities, researcher development initiatives and funded postgraduate research (PGR) studentships. Furthermore, centrally-held resources in Research & Innovation Services (RIS) and the Doctoral Academy (DA), have been competitively awarded to reward researchers delivering impact beyond academia (Strategic Priorities Funding from Research England; £126k), and to enhance the PGR experience (internal PGR conference travel fund).

The University received £274,271 in additional QR funding as part of UKRI's Global Challenges Research Fund (GCRF), a £1.5 billion initiative to provide international aid through cutting-edge, collaborative research within developing countries. Initially, 35 projects were selected, including international visiting scholarships, collaborative visits and networking awards, and major follow-on funding to consolidate the benefits from previous rounds of funding.

The onset of the COVID-19 pandemic had a major impact on this portfolio of projects, particularly with the sudden restrictions on international movement, as well as the closure of laboratory and other facilities. However, even with these restrictions, 14 projects managed to complete their work, either by completing before restrictions were imposed, or switching to online collaboration and in-country partners to carry out fieldwork in a COVID-19 secure manner. This diverse portfolio produced a range of impacts in developing countries, including a major health education project for pregnant women in Tanzania, low-cost hydropower turbine solutions in rural Kenya, interventions to mitigate drug and alcohol abuse within Palestinian refugee camps, and improving glaucoma case detection in India. Although a number of projects were postponed and unable to spend the funding as originally planned, the University was quick to adapt, and instead rapidly commissioned 6 research projects aiming to mitigate the effects of the COVID-19 pandemic among vulnerable populations in developing countries. In total, 6 projects were awarded over £110,000 of QR GCRF funding. These projects included: understanding the effect of COVID-19 restrictions on food security in Ghana; looking at COVID-19 and front-line

health workers in Ghana; mitigating the effects of physical inactivity within city-dwellers in Brazil; working on novel methods of detecting the early signs of COVID-19 to help protect the tourist industry in Indonesia; and improving emergency logistics for COVID-19 outbreaks with partners in China.

To date, Global Challenges Research Funding through the LJMU, has supported 60 projects with international partners, having

impacts in 30 countries within the Global South. As well as having a measurable impact on the lives of the most vulnerable people globally, these GCRF projects are helping the University to develop a sector-leading position in terms of international outputs. In 2019, 67% of journal outputs from JMU were co-authored with international collaborators.

In addition to the repurposing of GCRF funding for international COVID-19 projects, the University has also invested its own funds to launch a COVID-19 Rapid Response call in April. The scheme invited projects which would have a significant impact on the progression and/or broader understanding of the pandemic, including, but not limited to, social distancing, workforce changes, economic impact, big data, and virus detection and treatment. A total of £50,000 was committed to 6 projects. These included: a team developing novel methods of delivering smart materials for the treatment and prevention of COVID-19 induced lung injury; a team aiming to develop and implement measures to minimise exposure to the virus within dental practices; simulation research to optimise social distancing in public transport in Liverpool City Region; a collaborative project with the Liverpool Centre for Cardiovascular Sciences to investigate the decision-making behaviour of acute cardiac patients during the pandemic; additional support for the Phoenix Project, exploring how the Government's COVID-19 related restrictions are being understood, acted upon, and, in particular, their impacts on health and well-being across the North West; and a study of police reporting, recording and responses to domestic abuse during the pandemic.

The projects highlighted the strength and breadth of LJMU's research expertise, and our researchers' ability to work in partnership beyond the University in order to make real impacts on the most pressing issues facing society.

In accordance with the University's sustained commitment to the 2008 UK Concordat for the Career Development of Researchers, LJMU became a formal signatory to the new 2019 Researcher Development Concordat in July 2020. The University's researcher development provision (the ACTivator programme which is co-designed and co-delivered across professional service teams), and the skills and personal development training offered by the Doctoral Academy, continue to evolve and diversify. In November 2019, the ACTivator programme received national recognition from the Staff Development Forum for its approach to staff development through the award of a 'Developing Excellent Practice Award 2019'.

The University continues to act in accordance with the principles and commitments of the 2019 Universities UK Concordat to Support Research Integrity. The Concordat remains incorporated within our institutional Code of Practice for Research (last revised in 2020) and underpins the University's standards around research integrity. Related training delivered to staff and PGR students during the academic year featured (amongst other topics) research ethics; research governance; data management; and good publishing practice. In-line with previous years, there were no formal investigations of research misconduct during 2019-20. The University's process for the investigation of allegations of research misconduct is scheduled for review in 2020/21 to ensure it remains timely, robust and fair. Its re-launch will include communications to enhance the visibility of the process and accessibility to it for all staff, researchers and students.

Overall, LJMU's research environment is increasingly active and supported, as the 2019-20 highlights below demonstrate:

## Highlights

- Academic staff continue to submit substantive research grants bids to external organisations. 407 bids were submitted in 2019-20 with a combined value of £97m; this is an 11% increase in the number of submissions from the previous year. There has been a continued improvement in the guidance and support available to academic staff in preparing high quality bids and on the importance of peer review within the grants submission process.
- The number of research degrees awarded by the University in 2019-20 was 162. This total includes 151 PhDs.
- £13.3m in new HESA research grant funding was awarded to LJMU in 2019-2020; a substantial increase of 48% on 2018-2019 with grants awarded from a wide range of sponsors. UK Research Council Income (the most competitive source of research funding) at £5.5m was the single greatest source of new research awards in year.
- New awards from European Union funding, including Horizon 2020, the EU Research and Innovation funding programme and European Regional Development Fund (ERDF), totalled £1.68m.
- HESA Research Grant Income totalled £10m in 2019-20, which maintained the total from 2018-2019, and is expected to grow in 2020-2021. Income from UK Research Councils totalled £2.32m with European Union Funding at £3.28m providing the largest single source of income.
- At the end of July 2020 LJMU was managing a Research and Knowledge Exchange portfolio of £62m.

Awards in year include £408k from Engineering and Physical Sciences Research Council [EPSRC] for a proposal entitled Realistic fault modelling to enable optimisation of low power IoT and Cognitive fault-tolerant computing systems. Working with the University of Glasgow and a number of industrial partners including the chip manufacturers ARM, the project will look at solving the power consumption for Artificial Intelligence and Internet of Things applications, leading to sustainable low power devices to drive what has been hailed as the fourth Industrial Revolution.

The Astrophysics Research Institute was successful in securing £107k from a scheme run by Science and Technology Facilities Council (STFC) and the National Astronomical Research Institute of Thailand [NARIT] for a project using astronomy education as a motivator for long term capacity building in STEM. The project will help share the experience of the National Schools' Observatory in the UK with astronomy colleagues in Thailand, to use astronomy as a tool to get school children excited about a career in science and technology, engineering and mathematics.

LJMU continue to successfully bid for and deliver projects funded by a number of European Funding programmes including Horizon 2020 and European Structural and Investment Funds (ESIF).



The Liverpool Logistics, Offshore and Marine Research Institute in the Faculty of Engineering and Technology was awarded a Horizon 2020 European Research Council (ERC) Consolidator grant, TRUST: Towards Resilient and Sustainable ConTainer Supply Chains; to study risks to global shipping with a view to improving the resilience and sustainability of container transport.

ERC Consolidator grants are highly competitive, supporting scientists looking to consolidate their own independent research team or programme. Excellence is the sole criterion for funding, both of the Principal Investigator and the research project. This is LJMU's third Consolidator Grant, joining two current projects both from within the Astrophysics Research Institute; A holistic approach to large-scale structure cosmology and The Origin and Evolution of Globular Clusters.

Building on existing partnerships, two new European Regional Development Fund (ERDF) programmes commenced during the year; LCR 4.0 Start and Health Matters.

Working collaboratively with the University of Liverpool, Sensor City and the Liverpool City Region Local Enterprise Partnership LCR 4.0 Start will assist small to medium sized enterprise (SME) business leaders and companies to gain a competitive edge through the development of practical strategies for effective digital adoption.

Health Matters will work with SMEs developing innovations for the NHS and Health Care Sector in the Liverpool City Region. The Innovation Agency, the Academic Health Science Network for the North West Coast, will identify suitable businesses to work with LJMU, who will in turn provide tailored support to the SME's, to enable impactful innovations to enter the NHS and Health Care sector.



**European Union**  
European Regional  
Development Fund



LJMU's Grants and Projects system (GaP) is now fully operational and has allowed the new submission and award processes for Research and Knowledge Exchange projects to be embedded across the University. Research and Innovation Services, Finance and Faculty staff continue to support academic colleagues to cost and record their activities and the GaP Support Team continue to provide ongoing support in the shape of a new online training programme and GaP Clinics. Further developments in management information reporting capabilities and system functionality will be rolled out in the near future.

## Commercial Enterprise, Knowledge Exchange and Student Entrepreneurship

The University utilises income from the Higher Education Innovation Fund (HEIF) combined with core funds to ensure support for Commercial Enterprise, and Knowledge Exchange (KE) activity across the University. The support and co-ordination of these activities are delivered through the central professional service team, Research & Innovation Services (RIS). RIS use an integrated



approach to support both external clients and stakeholders along with our own staff.

In its full second year of operation, The Engagement Network (T.E.N), continues to enrich opportunities internally by encouraging cross discipline activity and externally to showcase the knowledge and expertise of our academic base to external stakeholders. In addition to key connections events T.E.N delivers drop in clinics; bespoke innovation events and training.

Research and Innovation Services (RIS) continue to deliver key activities to support a successful KE strategy; these activities include bespoke training and events to upskill and engage academics in the KE agenda; aligned activities to use KE as a vehicle for Impact from Research and a proactive move of lab to real life in technology transfer strategy.

The introduction of a new online portal for grant and project development (GaP system) during 2019 has enabled an easier space for collaborative working, giving RIS and the academic stakeholders a shared, consistent and open space for project proposal development, costing and pricing.

Student and graduate entrepreneurship is supported by the LJMU Centre for Entrepreneurship, which runs a suite of opt in startup training programmes for students and graduates. These include, in 2019-20: a switch to digital provision, including the first online funding panel and first digital start-up programme.

### Highlights

- Analysis of the Higher Education Business and Community Interaction survey (HE-BCI) for 2018-19 showed the total annual value of LJMU's interaction with business and the community was £9.5m. Overall LJMU is ranked 93rd from 165 HEIs for the value of their interaction.
- LJMU is ranked 14th for the number of active Graduate start-ups and 10th for the number still active after 3 years.
- LJMU is ranked 53rd in the UK for the number of disclosures filed and 56th for the number of new patents filed.
- LJMU is ranked 47th in the UK for income from Regeneration and Development programmes.
- Attendees to free public events totalled just over 37,000 in 2018-19. LJMU is ranked 36th in the UK for attendees to free public lectures.
- LJMU is ranked 63rd in the UK for income from Collaborative Research and 79th for income from Contract Research.
- The Faculty of Engineering Sensor team has developed hand-held sensors for the detection insecticide on building fabrics in resource-poor areas, initially rural India funded by the Bill and Melinda Gates Foundation in conjunction with LSTM. A research level device (TRL7) has been produced and a manufacturing partner identified. This technology will be extended to different insecticide classes for use in Africa.
- 3 projects have completed the Innovate/Department for Digital, Culture, Media and Sport (DCMS) funded Cyber Security Academic start-up programme. Two; TRNG and Cyberdesign, are currently in the commercialisation process. The US TRNG patent has been granted and the EU version is moving towards finalisation and grant. This technology has been the subject of a GCRF award in collaboration with a University hospital in Malaysia. Cyberdesign has been incorporated into the DCMS 5G create project in order to generate further evidence of utility to aid commercial negotiations are ongoing with large commercial organisations.

- The Logistics team within the Faculty of Engineering have been successfully awarded funding from Innovate UK to develop and trial a new station management technology. Drawing data together from a variety of publically available information databases, a software platform has been developed which provides enhance passenger information relating to the position and arrival times of trains into identified stations across a service network. The large information screens have been trialled at one of the station hubs belonging to our local train operating partner and very positive passenger feedback obtained. (COINS). We are currently extending this system for use by the station staff on hand held portable devices (IRIS). As part of the commercialisation aspect of this activity, other stations across the network will be investigated including those with underground sections.
- Contract Research highlights in 2019-20 include; a collaboration between the Public Health Institute and the Mainline Foundation in Amsterdam, funded by the Dutch Ministry of Health, to investigate women's experiences of drug treatment and gender based violence in Kenya, Sport and Exercise Sciences secured a 4 year project with The Ministry of Defence to determine the influence of psychological stress on Health and Performance in Army Recruits and the School of Justice Studies have worked with Merseyside Police exploring the impact of land search and weapon sweep activity being undertaken as part of Operation Target, a force strategy to reduce the threat and influence of knife crime in Merseyside.
- New consultancy projects in year include development of natural capital benchmarks for the circular economy in multiple projects with local organisations by the School of Biological and Environmental Sciences, the School of Engineering developed multimedia educational content around embedded systems design, Face Lab continued to provide specialist services including 2D and 3D facial depictions to a wide variety of national and international organisations and work is also proceeding for the EMCDDA on the development of new European risk communication guidelines for services who analyse the contents of drug materials in nightlife and festival environments.
- The University continues to develop and deliver professional development across multiple sectors including; specialist skills for Health Professionals around Endoscopy, Bowel Cancer Screening and Improving Access to Psychological Therapies, bespoke training for Maritime Professionals and an Operational Leadership Programme for the Public Sector.
- LJMU secured 6 new KTP projects in 2019-20 including the University's first Management KTP with the Used Kitchen Exchange. The project will focus on developing a scale up strategy for the used and ex-display kitchen business, creating best practice for sustainable business growth, and to capitalise on growth in new home furnishing markets. A project secured with Quay Pharmaceuticals is the first KTP for LJMU that is fully funded by the Welsh Government. The project will develop novel, industry-relevant methods of manufacturing enabled nanoparticle formulations of poorly soluble drugs to improve and enhance delivery of the drug to the gastro-intestinal tract.
- The Centre for Entrepreneurship is developing a new delivery strategy to support the development a culture of entrepreneurship for all LJMU communities – the Digital Incubation Hub. Brand partnerships with Bathgate, NatWest, Google Digital Garage and The Princes Trust are expected to add value to the student experience.

## RESOURCES

### Estates Plan to 2020

The primary link between the overall Property & Capital Development Strategy and the University's overarching Strategic Plan, is in the creation of a University whose estate and infrastructure are exemplars of a modern city-based campus. In creating this, the University will enhance the student, staff and research experience, further support social and economic engagement and relentlessly pursue excellence.

In addition, the University's Estate Strategy 2020 – 2030 will continue to assist in delivering the University's long term strategic objectives, as interpreted in a number of important themes. The University's current Property and Capital Development Strategy addresses these themes specifically by identifying and responding to the following issues:

- **The Student Experience:** in both learning, indoor and outdoor social, and environmental perspectives, and consequently adequate space will be provided for each.
- **Flexibility:** There is a requirement for the University to respond flexibly and quickly to changes in the competitive environment, so that the right type of space is made available when required. To ensure that the University estate is sufficiently flexible to adjust to changing circumstances and can respond to external initiatives.
- **ICT Infrastructure:** Digital technology will continue to enhance teaching, learning and research and the spaces in which these take place.
- **Operational Delivery:** There will be a need to implement effective and efficient service delivery and where and how these should take place will influence the University's Property and Capital Development Strategy.
- **Environmental Sustainability:** To guarantee that the University's 2020 carbon reduction targets are achieved and in the interests of sustainability, all new buildings and business practices will meet rigorous criteria regarding energy usage, carbon emissions and reduction of car usage.
- **Regional Growth:** To develop facilities that will maximise the University's potential and will contribute to the regional economy of Liverpool.
- **Physical Environment:** To create a sense of place within the city and through the medium of architecture and urban design reflect the University's academic ethos.
- **Health, Safety and Wellbeing:** To ensure that the University estate meets all Health & Safety, statutory, regulatory and Office for Students requirements.
- **Long Term Maintenance:** To ensure that the University's property portfolio is correctly maintained to an appropriate and agreed standard.
- **Fit for Purpose:** To ensure that the University estate is appropriate to deliver first class research, teaching and learning, academic, service and social needs.
- **Capital Development:** To provide a basis for capital planning and to identify priorities for property investments.
- **Delivery Programme:** To develop robust programme management systems to ensure that all development programmes are delivered to agreed time, cost and quality targets.

The University's ambition over the next ten years is to continue to invest in the creation of a series of new and refurbished buildings. This will combine ongoing investment in bricks and mortar with the delivery of high quality, innovative, cutting edge buildings that offer transformational learning, teaching, research and civic opportunities for the entire University.

The key projects within the Capital Development Strategy include:

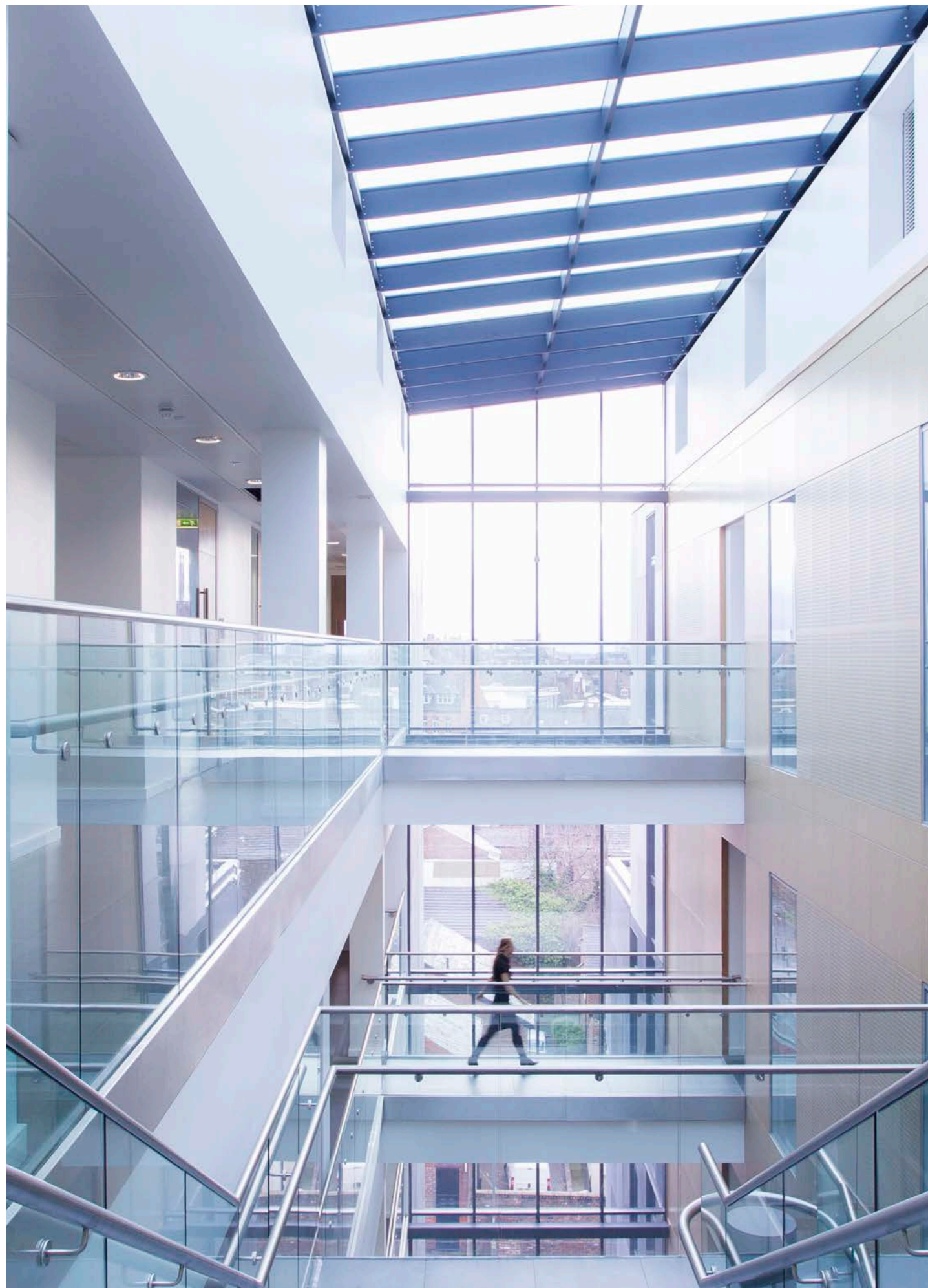
- The redevelopment of the Copperas Hill site as an environment that all students and staff will want to identify and connect to as a heart of the University campus. With a location next to Liverpool Lime Street Station, this presents a unique opportunity for the University to make a bold statement to staff, students, stakeholders and the public that LJMU is a place for excellence, transformation, innovation, partnership, leadership and community. The Student Life and Sport Buildings will be open from January 2021 which in turn will significantly enhance the services to students.
- A sustainable refurbishment programme that will ensure the University's entire property portfolio is fit for purpose, efficient and flexible.

Over the past twelve months the University has taken its major capital schemes (Copperas Hill, Library Refurbishments and Tithebarn Street) to a stage where these projects will complete during 2020/21. The university has also made a substantial investment in its property portfolio over the last year and has made excellent progress in delivering enhanced learning, teaching and research spaces. There has been a focus on replacing essential plant supported by a condition survey. Without this we cannot deliver the business of the University effectively and is fundamental to the student experience. The following progress has been made over the past twelve months:

- Lease of a new Education Building to facilitate the move of the School of Education from IM Marsh in 2020/21.
- Refurbishment of Science Laboratories in the James Parsons Building.
- Replacement boilers and boiler upgrades for the James Parsons, Peter Jost, John Foster Egerton Court and Henry Cotton buildings.
- Replacement chiller for Tithebarn Street.
- Upgrades to the Air Handling Unit for the Henry Cotton Building.
- Replacement roof for the Ian Newman Centre, IM Marsh.
- Façade remediation and associated works for the Redmonds Building.
- Designs for external envelope works at the John Foster and Rodney House buildings.
- Designs for the refurbishment of teaching and PGR spaces
- Completion of a Heating, Ventilation and Air Conditioning study for the James Parsons Building to inform the development of a strategy for the building.

These works were in addition to the annual redecoration programme and planned maintenance works that were undertaken across the estate.





## Estates Master Plan Post 2020

The University is in the process of developing its Estate Master Plan for 2020 – 2030. Commercial Property Advisers, Project Managers, and Legal Advisors have been procured in order to assist the University in bring its plans to fruition. Key goals for the 2020 – 2030 master plan are to create:

- A well planned strategy
- An affordable financial plan
- Cost effectiveness and value for money
- An estate strategy that integrates with other institutional policies

It is envisaged the next master plan will be launched in late 2020 following approval by the Board of Governors.

## Sustainable Development and Environmental Responsibility 2017-2022

Sustainable Development and Environmental Responsibility are about much more than meeting compliance drivers. The University will continue to play a positive, leading role across the Liverpool City Region and beyond.

### Sustainable development

The University's Sustainable Development agenda is incorporated in its Environment and Sustainability Policy, the key aims and objectives of which are to:

- Review the environmental aspects and impacts of its proposed refurbishment and development activities
- Improve the quality of campus life and the wellbeing of the University's student body, staff and visitors
- Sustainably operate and maintain its estate, provide a high quality teaching and learning environment and to identify operational cost improvement opportunities for reinvestment to the benefit of all its stakeholders
- Encourage collaboration and co-operation across the University, between its staff and students; and between Faculties, Schools, Divisions and Departments in order to promote sustainable development and the observance of environmental responsibility
- Recommend, develop, implement, monitor and review Sustainable Development and Environmental Management Policy, supporting Codes of Practice and actions to create a University which is proficient in its administration and observance of environmental issues and optimises its performance for the benefit of students, staff and the community.

### Environmental responsibility

Environmental responsibility is at the core of the institution's vision to be a pioneering modern civic university delivering solutions to the challenges of the 21st Century.

The aims and objectives of the University's environmental responsibility agenda are to:

- Regularly review activities to ensure that the institutional Environmental Aspects and Impacts register remains accurate and current
- Develop and maintain a University Environmental Legal Register

identifying environmental legislation applicable to institutional activities and arrangements for ensuring compliance

- Provide reassurance that the University complies with applicable statutory environmental obligations and strives to observe and embrace environmental best practice in all its activities
- Recommend, develop, implement, monitor and review LJMU's Environmental Management Policy, supporting Codes of Practice and actions to create a University which is proficient in its administration and observance of environmental issues
- To pro-actively manage and reduce the impact of institutional activities on the environment
- Regularly consult with stakeholders to jointly review the environmental aspects and impacts of institutional activities
- Maintain, continually improve and promote awareness of environmental standards and requirements across the University
- Improve the quality of campus life and the wellbeing of the University's student body, staff and visitors
- Encourage collaboration and co-operation across the University, between its staff and students; and between Faculties, Schools, Divisions and Departments in order to promote environmental responsibility.

### Sustainability initiatives

The University has maintained grid-supplied electricity from 100% naturally renewable product. Smartest Energy Ltd. provide LJMU's grid supplied electricity. The product uses UK registered origin certificates to evidence that all electricity supplied to LJMU originates from 100% renewable generation sources. The Carbon Trust provides independent certification of the Smartest products' quality criteria re compliance with Greenhouse Gas Protocol Scope 2 Guidance.

### 2020 Carbon vision and target

Carbon management is a key component of LJMU's response to the sustainable development and environmental challenges of the 21st Century. LJMU's 2015 – 2020 Carbon Management Plan (CMP) aligns with, HEFCE's 2020 sector carbon reduction target of -43% of 2005/06 academic year emissions arising from the direct combustion of fossil fuels and consumption of grid supplied electricity to heat and power buildings and fuels used in University vehicles.

LJMU scope 1&2 carbon emissions for all reporting metrics returned during the period demonstrate that both the 2020 institutional Carbon Management Plan target and HEFCE 2020 scope 1&2 emissions reduction target were realised some two years ahead of schedule.

Carbon managed is reviewed by the Environment and Sustainability Panel to ensure that institutional progress is maintained in so far as is practicable. This considers the implications of the Capital Development Programme to ensure that future capital investment initiatives incorporate carbon emission mitigation measures that, as a minimum, ensure that progress towards LJMU's 2020 target is not compromised.

The University will continue to identify and realise further operational reduction opportunities through reactive and planned maintenance activities.



## 2019/20 Carbon reduction opportunities and sustainable solutions

LJMU's carbon reduction target was achieved in 2018. We continue to implement reduction opportunities and sustainable solutions through our refurbishment and capital schemes. During 2019/20, the following reduction opportunities and sustainable solutions have been implemented:

- New high efficiency condensing boilers installed with external flues which will reduce heat gains from internal flues.
- To reduce overheating in the James Parsons Building, the following mitigation measures were implemented:
  - Installed solar film to all windows to alleviate solar gains
  - Altered window openings so they can be centre pivoted and increase the amount of natural ventilation.
  - Insulated heating pipework within main ducts on the ground floor.
  - New efficient cooling and ventilation systems have been installed to refurbished Science labs and spaces in the James Parsons Tower.
- The progression of the Copperas Hill project has enabled the following sustainable solutions to be included:
  - Photo panels on the Sports Hall Roof and LED lighting throughout the project with associated lighting controls.
  - Targeting a BREEAM very good rating for the buildings.

## Carbon Emissions and Energy Use

The Estate Management Return is submitted to HESA in March each year. This includes carbon emissions and energy use

The summary report and comparison from 2017/18 to 2018/19 is:

|                                     | 2017/18<br>(Submitted<br>March 2019) | 2018/19<br>(Submitted<br>March 2020) | Change<br>% |
|-------------------------------------|--------------------------------------|--------------------------------------|-------------|
| Electricity (kWh)                   | 14,631,918                           | 16,169,338                           | -9.5%       |
| Gas (kWh) (excluding small meters)  | 16,111,465                           | 15,732,770                           | -2%         |
| Onsite generation (kWh)             | 0                                    | 0                                    | 0%          |
| Emissions (tonnes CO <sub>2</sub> ) | 7,154                                | 7,071                                | -1%         |

## Streamlined Energy and Carbon Reporting (SECR)

The Department for Business, Energy and Industrial Strategy (BEIS) have introduced the new Streamlined Energy and Carbon Reporting (SECR) framework to replace the CRC scheme.

The SECR framework applies to all quoted companies and apply to large UK incorporated unquoted companies (with at least 250 employees or annual turnover greater than £36m and annual balance sheet total greater than £18m).

Qualifying companies are required to report carbon emissions and energy use in their annual report, from April 2019.

## I.T. Developments

### Customer Service

- We are continuing to exploit and make incremental improvements to the design and organisation of the helpdesk system, particularly its self-service portal, in tandem with significant recent changes to the IT Help pages on the corporate intranet.
- We have sustained a high quality and performant support service, responding to almost 17,000 support requests, in addition to over 13,000 enquiries dealt with immediately on the phone. March 2020 saw a 25% increase year on year in support request volumes, which declined during lockdown to approximately 60% of normal levels.
- The KPI for the percentage of incidents (faults) closed within a 3 working day period was exceeded throughout the year with an overall average of 91% of incidents resolved within that timeframe, and we have maintained high levels of customer satisfaction – averaging over 99% satisfaction with service throughout the year.
- We have now withdrawn the option for users to submit general help requests via email and most users are now entering their requests directly into the system where they can see them instantly rather than having to wait for a confirmation email. We have also worked with other departments such as Academic Quality, and the Doctoral Academy allowing them to utilise the same Helpdesk solution for their service fulfilment requirements. There are plans to expand use of the system in Academic Registry in 2020/21.
- We have replaced over 500 student-access PCs across the university, and offer our students an incredibly rich, curated experience that works to the same consistent high standard anywhere they go.
- To support working from home during the COVID19 lockdown we have
  - Repurposed a large number of student loan laptops and redistributed them for staff use
  - Procured, configured and distributed a further 320 additional laptops for staff use.
  - Written many user guides to assist staff with the complexities of a new way of working, as well as offering information as to how to access new and existing services
  - Held many education sessions (several hundred virtual attendees to date) to help colleagues use MS Teams
- We have continued to improve the provision of AV equipment across the University in line with the standard blueprint of kit developed by the AV IT group (a committee with representation from across the University). Significant improvements were made to rooms in Byrom Street as part of this programme.
- We continued a rolling programme to ensure our front of class PCs are never more than 2 years old and have continued to use higher specification PCs in these locations to allow a wider range of timetabling options for classes that require resource intensive software.
- We reported a set of overwhelmingly positive KPIs (some of which relate to services used on a 24\*365 basis) that predominantly surpassed targets for the entire academic year, highlighting exceptional levels of availability and service.

## Network & Infrastructure

- The key headline from the last academic year, is strategically and operationally, our production infrastructure and architecture has performed exceptionally well during “normal” operations and especially so during the pandemic period. Staff and students have been able to access their full range of services from any location that has an internet connection, and the tenet of our strategy to make our core services accessible through a variety of different channels, has enabled an almost exclusively campus based organisation to effectively work remotely for a prolonged period. The effort from colleagues to realise this has been huge and cannot be understated, where many complex solutions and services have been deployed from a standing

start in a matter of weeks and months, and sometimes days.

- Some of the most striking work has been an extensive redesign of services to support blended learning, and in particular, how students can access services remotely when off campus, by providing tools and technologies to access “free” PC’s in Libraries and specialist labs. This includes
  - Implementing a new VPN solution that will scale to support 1500 remote users.
  - Completely re-designing our Citrix Off Campus service to become an “app store” to support students being able to gain access to approx. 50 different software products used for Teaching and Learning, and enable remote connectivity to PC’s in specialist labs.





- Redesigning our “Free PC” service accessible either within our Student “My LJMU” app or from a stand-alone website to allow students to gain access to free PC’s in specialist labs (GIS, Screen School, Engineering, and Computer Science) as well as “free” Library PC’s.
- Purchasing specialist products, such as “Citrix Remote PC”, to support remote access to PC’s in Specialist Labs (e.g. GIS, Screen School) that render high definition graphical images
- At the start of the Lockdown period we deployed Microsoft Teams in a matter of days. This has proven to be a key system which has allowing anything like business as usual continue to operate.
- The University’s Email system (Microsoft Exchange) was upgraded and is now in a position to take advantage of Microsoft Office365
- All the University’s end-user computers have been upgraded to make OneDrive the user’s default My Documents area (default save location). This will facilitate the migration away from the M Drive. This facilitates much greater mobility.
- We have prepared over 80 specialist software packages (a 5 fold increase) to be used as part of blended learning, and are now deployed in a variety of ways for staff and students to access.
- As part of normal business operation:
  - We are delighted to have worked with the Astro Physics Research Institute (ARI) and the Faculty Pro VC for FET to facilitate the ARI using our data centre capability and operational model to house an extensive array of their research equipment that they had recently obtained research funding for. The represents a major step change for LJMU in that colleagues are now taking a “big picture” view to creating strategic “high power computer (HPC)” capability, and provides an excellent foundation to grow and scale this offering dependant on how successfully we win future research funding.
  - On behalf of the Research community, we have built a highly complex, internal-cloud based data storage array, primarily for their “active” research data. This will provide large amounts of “disk space” for use by researchers using an enterprise class leading product “Ctera”. The intension is for this to be used both on and off-campus and facilitate collaboration with colleagues from outside the University.
  - We continue to focus heavily on transforming our security architecture and working practices, and:
    - Have achieved Cyber Essentials + for the services that IT Services provide to the wider University.
    - We continue to exploit our new firewall capability and the additional layers of protection it offers provides as one of the key defensive layers that we need against the ongoing threat of cyber- attack.
    - Our new “SIEM” solution is now continually proactively monitoring our network to detect and alert suspicious behaviour.
    - Network Access Control – we now have the capability to manage the 20,000+ devices attached to our network, in a manner never previously possible.
    - Our newly implemented protection against computer malware (commonly known as antivirus software)

“Sofos” product is offering us a level of flexibility and agility never previously possible; and represents a significant step forward for the University’s overall cyber security.

- We are contributing to a wide range of projects in support of the Estates Master Plan, where for any new builds and major refurbishments, the installation of a “cat 6” network is the single most important technical component, which if not done to the correct standard will render a building inoperable.
- Our newly implemented telephony system offers the ability to support key business processes such as Clearing and Applicant conversation, with a flexibility and agility never previously possible.
- We have implemented a new network load balancer, which is a key infrastructure service that ensures the high demand for services across our data centres is optimally balanced across the entirety of infrastructure, with no single element being over loaded.
- As part of commitment to LJMU’s business continuity planning, we successfully conducted various failover tests.
- We completed a procurement to replace our backup solution, with the “VEAM” class leading product that will be implemented in the new academic year, and offers many operational and security benefits, including better protecting our backups from ransomware infection.

#### Project Delivery and Business Systems Support

During the pandemic we have implemented a variety of solutions with high agility to support new ways of working:

- On behalf of Student Recruitment we have implemented virtual applicant and open days
- Extended our newly developed registration process to upload photo id
- Developed a technical solution that applied new grade and progression rules, in line with the University’s No Detriment Policy
- By good fortune we had already committed to a piece of work to significantly develop the electronic release of results to students, resulting in the workload on Faculty offices to support this mission critical process being radically reduced.

#### As part of our portfolio we:

- Further developed our student app “My LJMU”. This academic year we launched it through the app stores. We have further extended the services used through it to include students registering using it, providing a mobile, excellent user experience. Functionally, we assess it as being one of the best apps covering student progression in the sector.
- Have almost completed our migration of Staff InfoBase (HR, Financials, and Payroll) reporting from an aging Oracle platform to a new architecture, involving a highly curated warehouse, with Power BI as the reporting tool. We envisage this as the foundation for our BI reporting going forwards, and will look to migrate key LJMU data stores into this architecture.
- Developing a “Degree Apprenticeship” solution that will radically transform how we manage such students, including giving their employer access to a portal with their key employee information visible.

- Health Screening Process – currently high numbers of applicants go through a convoluted and inefficient business process to verify their suitability to study and fulfil placements in the likes of Nursing. We are re-engineering this process, including developing the ability for the applicant to engage with the process via the applicant portal.
- Leaner Digital Engagement – we have completed the final parts of the “Director” view of their student cohort, in addition to extending the solution to students at all levels, including providing them access to their digital engagement relative to their cohort through My LJMU.
- LearnUpon Integration – we are integrating the Learn Upon compliance and mandatory e-modules with LJMU logon credentials and aspects of Staff InfoBase reporting, so as to aid compliance reporting and help staff to access the modules using their LJMU credentials.
- Admissions Decisions – we have built upon the streamlining of the business processes introduced in the last academic year, to further automate and simplify this critical business process.
- Clearing - a Clearing self-service portal was provided to applicants from July 2020. The portal supplemented the existing process and allowed applicants to search for courses, determine if they met entry requirements and register an interest.
- Employer Engagement – on behalf of our Careers team we are migrating all our key business contacts into our CRM system for that to act as a single repository, from where they can engage and communicate with employers
- Student Governance – we are migrating them off an old oracle CRM solution, onto our core CRM platform
- Unitemps – we have made various changes to support the introduction of the student employment offering
- Grants and Projects system (GaP) – as part of our contribution we are completing the BI reporting associated with Research funding.
- Applicant Accommodation booking solution that is mobile friendly, and more like the user experience they would associate with booking accommodation, in addition streamlining the process for the accommodation booking team.
- Curriculum Management – after external assessment of the marketplace we have formed a collective view that there is a product offering that will radically transform how we develop our academic curriculum and better support the development of it by our Academic colleagues.
- Postgraduate Research Management – Completed the implementation of a third-party system – eDoc – to manage PGR students’ progression. The system is now integrated with the Student Information System and rolled out, and replaces the Doctoral Academy’s current, paper-based processes and support LJMU’s new regulations for PGR students.
- 1:1 appointment booking for those applicants that are interview as part of our recruitment process.
- Applicant Open Day website – bringing together the key events associated with our Open Days, and allowing applicants to choose which events they attend, and help them get to those events.
- Developing a new UG template on the website for CMA compliance, also ‘look and feel’ to tie in with existing PG template

- Re-develop website in line with the new University ‘rebrand’ scheme. The re-development also encompasses changes to make our website fully accessible to meet the new accessibility regulations.

#### Sports Facilities

An agreement with Liverpool City Council’s Sports and Leisure Division continues to provide the following facilities to students and staff:

- The provision of general access to a range of sports and leisure facilities across the Life Style venues.
- To enable the Liverpool Students Union to provide facilities for its club and societies, presently provided either at IM Marsh or purchased from private providers.
- The provision of a new sport building in the city centre on the Copperas Hill site. This will be open from January 2021 for academic, student, and staff recreational activity.

#### GOVERNANCE AND RISK

- The University’s governance practices are consistent with the Higher Education Code of Governance by the Committee of University Chairs (CUC), published in December 2014.
- The University remains strongly committed to adopting best practice in terms of Governance and Management.
- Risk management is incorporated into the corporate planning and decision making process of the Institution. The Risk Management Policy contains a definition of the Institution’s risk appetite, reflecting informal advice from the University’s internal auditors and members of the Board with specific expertise in this area.

#### Modern Slavery Act

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person’s liberty by another in order to exploit them for personal or commercial gain.

Liverpool John Moores University is committed to improving its practices to combat slavery and human trafficking. As part of the annual statement, LJMU expresses its commitment to better understanding its supply chains and working towards greater transparency and responsibility towards people working on them. LJMU works with its suppliers in the product supply chains to encourage more of them to commit to the highest standards of business in dealing with Modern Slavery. LJMU publishes its Anti-Slavery and Human Trafficking policy and continues to ensure this is embedded into standard process and contractual controls. The University has provided basic and advanced training on Modern Slavery to staff working at various levels of the procurement process.

The University Statement is published annually on the University website. The next statement will be made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Liverpool John Moores University and its Group Companies slavery and human trafficking statement for the financial year ending July 2020.



# Financial results for the year

## Headlines and summary

The 2019/20 year is the third year of reporting under the Financial Reporting Standards 102 (FRS102).

- Group Surplus for the year £15.85m
- Capital expenditure £55.4m
- Consolidated Income £236.8m
- Total Expenditure £217.0m

The University's consolidated Income, Expenditure and Results for the year to 31 July 2020 are summarised as follows:

|   | 2019/20<br>£m | 2018/19<br>£m |
|---|---------------|---------------|
| <b>Income</b>   | 236.8         | 221.5         |
| <b>Expenditure</b>  | 217.0         | 219.8         |
| <b>Surplus after depreciation of assets at valuation and before tax</b> | 19.8          | 1.7           |
| <b>Gain/(Loss) on disposal of fixed assets</b>                          | –             | 1.8           |
| <b>Share of operating (deficit)/gain in joint venture</b>               | 0.3           | (0.2)         |
| <b>Surplus/(Deficit) before tax</b>                                     | 20.1          | 3.3           |
| <b>Taxation</b>   | –             | –             |
| <b>Surplus/(Deficit) for the year</b>                                   | 20.1          | 3.3           |
| <b>Other comprehensive income:</b>                                      |               |               |
| <b>Loss on impairment of investment in joint venture</b>                | (4.3)         | -             |
| <b>Actuarial (loss)/gain in respect of pension schemes</b>              | (16.8)        | (60.5)        |
| <b>Total comprehensive income for the year</b>                          | (1)           | (57.2)        |

### Income and Expenditure Account

As a result of the continuing strategic approach to the finances of the University, in addition to the significant changes as a result of the pandemic 2019/20 has given rise to a surplus of £20.2m (2018/19 £3.3m) for the year.

Total Income increased by 6.9% to £236.8m. The main change is a result of increase tuition fee related income arising from increased student numbers.

Expenditure decreased by 1.3% following an increase of over 6% across the previous two years. The decrease is related in the main to the changes as a result of the lockdown and restrictions on expenditure due to the pandemic.

### Balance Sheet

The Balance Sheet has maintained its strength with income and expenditure reserves decreasing slightly from £27.4m to £26.8m. This decrease is a direct result of the actuarial losses on the Local Government Pension Scheme valuation of £16.8m.

Fixed Assets has a net increase of £45.5m. This movement is after depreciation of £9.9m, includes £55.4m additions to work in progress and equipment with disposals of £1.1m relating to equipment.

Investments, Cash and Cash Equivalents have decreased by over £19m during the year providing the funding for the estate and capital development as noted above. The utilisation of the funds to develop the University wide estate masterplan has been part of the strategy across several years



### Future

The principal risks and uncertainties being faced by LJMU relate to the ongoing global pandemic, changing political and economic climate; including the ramifications of the potential changes as a result of Brexit, increased pensions contributions, any decisions as a result of the outcome of the government's review of tuition fees as well as the ever changing needs of students. These can impact future student recruitment as well as LJMU's ability to deliver the planned improvements for student experience and IT and Estate development. LJMU needs to ensure that investment opportunities continue to be created. LJMU has continued to be seen as an appealing and exciting place to study; meeting and exceeding its targeted student numbers for 2020/21 whilst maintaining its retention rates. LJMU will continue to work to rise to the challenges of these risks and uncertainties. Cash flow forecasts have been prepared for a period of at least 12 months from the date of these financial statements. The forecasts include scenario modelling and sensitivity analysis and they are reviewed by university committee and the Governors. The University is confident that it has sufficient funds to continue to meet all liabilities as they fall due.

The Institution will continue to work hard to ensure that a high level of success for its students is delivered in 2019/20 and onwards. This will be achieved by the successful implementation of the 2017-22 Strategic Framework. This clearly sets out our ambitions for the coming years.

### Conclusion

Despite the adversities faced, 2019/20 has been a successful year for LJMU. Continued significant investment for the enhancement of the student experience through the staffing establishment and infrastructure has enabled continued improvements in academic delivery.

This, coupled with the on-going delivery of the 2017-22 Strategic Framework places LJMU in a strong position to manage the challenges and difficulties currently facing Universities in the light of the global pandemic and changing financial climate ahead.

**Mr Mike Parker CBE**  
Pro-Chancellor and Chair of the Board



## Public Benefit Statement 2019/20

### 1. Public Benefit

- 1.1 The University is an exempt charity and as such is required to undertake activities in accordance with the charitable purpose of the advancement of education for the public benefit. The Board of Governors, as the charity trustees of the University, confirm that they have complied with the duty in section 17 of the Charities Act 2011, to have due regard to the public benefit guidance published by the Charity Commission for England and Wales, and the requirements of the Office for Students, the Principal Regulator 'Regulatory Advice 5: Exempt Charities'. The Board of Governors has received the Office for Students, Regulatory Framework (OfS 2018.1) and the 'Essential Guide for Trustees' (Charity Commission 2015).
- 1.2 The University achieves its charitable purposes through its vision "to be a pioneering modern civic University, delivering solutions to the challenges of the 21st century". The University's mission is to create and sustain a vibrant community for learning and knowledge where staff and students work together in an active and supportive partnership, providing opportunities to enrich our students, partners and wider society through education, training, research, scholarship and knowledge transfer.
- 1.3 Public benefit is embedded in the University's Strategy 2017-2022 through its aims to be:
- A University known for an outstanding student experience, which expands the horizons of students and offers rich opportunities for them to develop their confidence, skills and character.
  - A University known for excellence in education, with contemporary curricula and innovative models of delivery that embed the knowledge and skills our students need.
  - A University known for impactful research and scholarship that address the challenges of our day, and
  - A University known for its civic and global engagement that builds and deepens its connections within the City and across the globe – where these enrich the lives of our students, of the City, and the broader communities of which we are privileged to be a part.

### 2. Specific information is provided below about how the University delivers public benefit in all its activities:

#### 2.1 Student Access and Equal Opportunities

- 2.1.1 For over 180 years, LJMU has remained true to its original mission of creating and supporting opportunities for participation in quality higher education by under-represented groups and is proud of its tradition. The University's longstanding and successful track record of widening participation is evidenced by its performance against Higher Education Statistical Agency (HESA) widening participation indicators. 97.5% of LJMU's UK domiciled young students are from state schools (UK average 90%); 18.7% from lower participation neighbourhoods (UK average 11.6%) and the percentage of mature students with no previous higher education experience and from lower participation neighbourhoods is 22.6% (UK average 12.1%). 4.9% of LJMU's UK

full-time first-degree students are in receipt of the Disabled Students' Allowance and 12.7% of full-time, first-degree home students are from a BME background.

- 2.1.2 LJMU has a high proportion of under-represented students as evidenced by a variety of measurements and indicators of access performance. The University is above all the HESA performance benchmarks for attracting students from widening participation backgrounds (including location adjusted benchmarks). Its success in this area is also reflected in the number of students from lower-socio economic backgrounds.
- 2.1.3 The University remains committed to ensuring that all students that are able to participate in higher education can do so regardless of their financial circumstances and provides a holistic approach to financial support. The following support is offered:
- Progression Bursary of £500 per annum for eligible full-time home students paying the full tuition fee with a household income of £25,000 or less to support retention and student success;
  - Looked After Children Bursary: a minimum bursary of £1,500 per year to help care leavers with their living costs;
  - Students estranged from their families: a minimum bursary of £1,500 per year to help students estranged from their families with their living costs;
  - Sir Bert Massie Scholarship: £10,000 per year to reward an outstanding disabled student who has been recognised for campaigning for inclusion;
  - Young Adult Carers Bursary - £500 per year to help with their living costs;
  - Student Support Fund – University student support fund of £1m. This fund is directed at students who are most in need in order to aid their retention and progression. The fund is closely monitored and reviewed where necessary; and
  - Widening Participation Childcare Fund – the University allocates £50,000 to support students from Widening Participation backgrounds with Child Care costs.

- 2.1.4 LJMU's Access and Participation Plan (APP) identifies strategic measures to address unexplained gaps in the access, success and progression of underrepresented groups. It seeks to promote equal opportunities for all and facilitate inclusive academic practice.

LJMU's specific target groups are students who share the following characteristics:

- Those living in areas of low higher education participation, or from lower household income or lower socioeconomic status groups;
- Black, Asian and Minority ethnic (BAME) students;
- Mature students;
- Those with disability status;
- Care leavers.

#### 2.2 Careers, Employability and Enterprise

- 2.2.1 A Student Employability, Enterprise & Employment Strategy is in place to ensure that all of our students, regardless of background, have access to career-

transforming experiences, professional networks and the means to secure and navigate a fulfilling future once they leave LJMU – this is important given many of our students come from backgrounds of disadvantage and lack the same levels of access and social capital as their peers elsewhere in Higher Education.

- 2.2.2 Established in late 2019, Unitemps at Liverpool John Moores University – the University's wholly-owned student and graduate recruitment agency – is providing opportunities for CV-enhancing paid work before and throughout the current pandemic.
- 2.2.3 During the last 12 months the Student Advancement team has continued to provide public benefit as contributors to the regional Industrial Strategy of - and recovery plan for - the Liverpool City Region Combined Authority actively facilitating partnerships with the Chambers of Commerce; the Federation of Small Businesses; the local Civil Service; and by being proactive members of the Liverpool City Region LEP Careers Hub.
- 2.2.4 The Centre for Entrepreneurship supports LJMU students and recent LJMU graduates to start up in business or become self-employed. The Centre offers a range of services; including in-curricular support to modules and programmes that focus on business planning; co-curricular workshops on a range of start-up topics; and accelerator programmes. Complementing these activities is the Bathgate Start-Up Fund, which awards start-up grants of up to £2,000 to prospective student entrepreneurs.

#### 2.3 Outreach and Community Engagement

- 2.3.1 LJMU has a long-established and successful history of outreach activity designed to raise aspirations and attainment and encourage students from underrepresented groups to apply to higher education. All outreach activity is carefully planned and targeted based on a range of internal and external information sources and analyses. This includes UCAS data and research, OfS performance indicators, GCSE and A level attainment data, the higher education participation rates of learners from schools and colleges and LJMU's own institutional monitoring and research.
- 2.3.2 Equality and diversity is embedded within all aspects of the University's outreach work. Target groups include lower quintile groups, low participation neighbourhoods, pupils on free school meals, first generation into HE and mature students (age 21 plus) with level 2 and level 3 qualifications. The University also seeks to widen participation for disabled students, Looked after Children (LAC) and specific BAME groups that are under-represented in HE. LJMU is also committed to raising aspirations amongst young white males from lower socioeconomic groups. Given that the University is based within an area of high deprivation and the high percentage of students from the Liverpool City Region, widening participation outreach is largely targeted at local schools and communities.

- 2.3.3 LJMU invests in long term, well-targeted and sustained outreach programmes that work with potential applicants over a number of years rather than just one-off interventions. Specifically, the University strives to:
- Raise aspirations and attainment within local and

regional communities and provide high quality information, advice and guidance through a programme of outreach activity targeted at schools, colleges and parents. This includes activity delivered in schools and on LJMU premises reaching over 60,000 prospective students each year;

- Encourage access to HE via non-traditional routes. LJMU offers a range of pathways to support access to higher education. This includes the expansion of degrees with a foundation year across a broader range of subject areas as well as providing articulated progression from partner colleges. The University has also been at the forefront of degree apprenticeship development across a growing number of disciplines providing a more flexible, work-based route for students, including those that may have family or other commitments. LJMU now has over 1,000 learners engaged in apprenticeship training across all Faculties. Of the degree apprenticeship student population, 64% are aged 24+ and 64% are male. LJMU's outreach programme actively promotes such vocational routes with the aim of increasing participation and supporting social mobility;
- Support access to higher education for mature learners. LJMU works with local FE colleges and students undertaking Access programmes as well outreach work with community groups. This includes drop-in days and online chats throughout the year as well as specific student finance clinics. In addition, LJMU engages with Pre-Access students to help bridge the skills gap at Level 3 and advises students on their progression options. Promoting different and more flexible pathways to higher education is particularly important for mature students;
- Use current students as student advocates to inspire interest in Higher Education. Student advocates devise and deliver their own subject taster sessions, provide shadowing opportunities, mentor learners and assist with campus tours and taster day;
- Continue a sustained programme of longer-term, targeted and sustained outreach that works with potential applicants over a number of years to support progression through key stages 3 to 5 with the aim of improving access and participation in higher education. LJMU has invested substantial resource in this programme to deliver over 200 interactions each year directed at 7,500 pupils. The University delivers this programme with local schools identified as those with a high proportion of students on free school meals and learners from low participation neighbourhoods;
- LJMU has successfully supported the Single Investment Funding bid for Public Science Engagement with Catalyst Science Centre and Museum and is a key partner in the co-creation of the Eureka! Science Centre in Merseyside. Academic staff from the University's Research Institute for Sport and Exercise (RISES) are working with school children to determine their wants and needs for a 21st century science experience to increase knowledge and enthusiasm for STEAM;
- Improve attainment at Key Stage 4. Recognising that underperformance at key stage 4 impacts





significantly on access to higher education, LJMU delivers a mentoring programme specifically aimed at improving academic attainment and to support and encourage an individual who needs it the most at a pivotal interchange in their life. Mentor Me, is an LJMU programme for young people in care with objectives to improve self-confidence, raise aspirations and improve attainment through monitoring of GCSE performance. Mentees are paired with LJMU student advocates to provide one to one support. The institutional mentoring delivered is complemented by an LJMU led collaborative Shaping Futures funded project specifically focusing on raising attainment of GCSE Maths for those in areas of low participation; and

- Provide opportunities for young people to engage in residential events at LJMU. Research by the Sutton Trust demonstrates the impact that University summer schools can have on higher education progression and social mobility more broadly. LJMU's summer residential programme provides the opportunity for over 200 students from underrepresented groups to attend a summer school to help raise aspirations and to gain experience of higher education and student life. LJMU also offers a pioneering Summer University specifically for Year 10 care experienced pupils. LJMU tracks the success of these programmes both in terms of monitoring applications to higher education and gaining access to a participant's university of choice. Due to Covid 19, in 2020 the residential events were replaced by a series of on-line summer support sessions.
- 2.3.4 LJMU's world-leading Astrophysics Institute (ARI) leads research collaborations with premier UK and international universities. The ARI also owns and operates the World's largest Robotic Telescope, based in the Canary Islands, and time on this telescope is made available to the National Schools' Observatory (NSO) alongside its function as a National Facility for research. The NSO is a major internet-based outreach and education project and now has over 130,000 active users of the telescope in UK and Irish schools. Since the NSO was launched, nearly 180,000 observations have been requested by users. The NSO project is funded by LJMU and is offered free to registered users.
- 2.3.5 Outside of the NSO, Astrophysics delivers an extensive programme of public engagement through talks, workshops and other school and public activities in a wide variety of venues in Merseyside and around the country. Many of these focus on audiences under-represented in science and technology careers, including partnerships with schools in lower socio-economic areas. In addition, ARI have curated special exhibitions and in the last few years at national venues, including: Tate Liverpool, Foundation for Art and Creative Technology (FACT); the Science Museum; and the London Design Biennale at Somerset House which has showcased ARI/LJMU research to a total estimated audience in excess of 50,000. The Astrophysics Research Institute also helped found, and continues to provide knowledge input to 'Spaceport', a locally based major tourist attraction owned by Mersey Travel and attracting around 80,000 customers per year.
- 2.3.6 The University has an established arts and cultural partner's framework which has strong links to the world class cultural and arts establishments within the city, the key driver being to improve both the student and the wider community's creative life. Staff posts have been embedded in organisations such as Liverpool Biennial, the largest contemporary art festival in the UK, which in 2018 engaged over half a million attendees. The University has also been a principal sponsor of LiteNight, Liverpool's one-night arts and culture festival since 2014 with staff and students hosting cultural and educational activities, exhibitions and performances for the public across the city.
- 2.3.7 The School of Sport and Exercise Sciences's external engagement portfolio includes public engagement events held in the University, hospitals, public spaces, within national corporations, and national and local museums. The School has previously collaborated with key partners on award-winning public engagement projects including Wellcome Trust, BBC, ITV, Sky, Universities UK, Comic Relief, The Royal Society, Big Bang North West and Sport Relief. The School also holds partnerships and collaborations with international organisations committed to health and physical activity promotion. Professor Greg Whyte is one of the top 10 Science Council Communicators in the UK and was the lead author of the guidance paper for musculoskeletal and physical therapy for COVID-19 patients in ICU and beyond.
- 2.3.8 In November 2019, the School of Sport and Exercise Sciences was awarded the Mission 2030 Academia Award by The Association for International Sport for All (TAFISA). TAFISA stated that Liverpool John Moores University has, for many years, escorted the development of the Global Active City Programme and focused on the creation of key development indicators to measure the contribution of physical activity in the City of Liverpool.
- 2.3.9 The School's external engagement events enable the public to explore the wonders of sport and exercise science and to inspire the public to be physically active and make healthy choices. The School's external engagement activity reaches populations from the elite athlete to the patient, children and young people to older adults, the able to those less able and hard-to-reach groups. The School of Sport and Exercise Sciences actively supports staff and students to engage in STEM Ambassador activities. The University's 'Here Come the Girls - The Future of Sport and Exercise Scientists' event linked to International Women's Day set a blueprint for national rollout in 2021.
- 2.3.10 The School of Pharmacy and Biomolecular Sciences launched the esteemed Royal Society of Chemistry (RSC) outreach project 'Chemistry for All' which is aimed at understanding the impact of longitudinal interventions in chemistry by promoting the significance of chemistry to school children. A couple of years ago, the School also launched its unique community focused outreach drive, 3Es (Engage, Educate and Enhance), and the 3Es team has been working towards raising awareness among the local communities about skin cancer.
- 2.3.11 Since its establishment in 2014, the University's Legal Advice Centre (LAC) has provided £0.5M+ worth of free advice to more than 500 clients, upskilling a similar number of volunteer students in the process. A roster of 30 local volunteer solicitors supervise students' work and we have a growing team of in-house solicitor staff. The University undertakes national and international policy research as well as giving local information sessions to community groups



on a wide range of topics. LJMU students work alongside Support Through Court as lay assistants in the Liverpool Civil and Family Court whilst aiming to coordinate pro bono work with that of other third sector agencies and clinics, and local legal aid firms, to maximise support for vulnerable, unrepresented litigants. The LAC is a member of the Liverpool Law Society's Access to Justice Committee, the national Clinical Legal Education Organisation, the European Network of Clinical Legal Education and the Global Alliance for Justice Education. The University believes that not only should our students gain the best possible legal education for their own benefit, but also that every lawyer – even the most junior – has a moral duty to use their knowledge to inform and assist their wider community. The School is committed to improving access to justice, and supporting the rule of law.

- 2.3.12 The School of Law has also developed 'Learning Together', which is the first nationally delivered programme of this type delivered in a community setting. The programme has been developed in collaboration with the User Voice organisation, Merseyside CRC and HMP Liverpool. The project aims to develop a community of praxis, through collaborative learning and co-production between individuals who have been or are currently subject to supervision within the criminal justice system. Each service user is allocated a learning mentor from the MA Criminal Justice programme. A bespoke programme of ten sessions is delivered by members of the Criminal Justice Team to allow participants to question and challenge their own beliefs, opinions, stereotypes and misconceptions relating to key issues in criminal justice. The programme is currently offered on a non-fee paying basis for those service users participating.
- 2.3.13 The University's Liverpool Centre for Advanced Policing Studies, in conjunction with Liverpool FC's Foundation, secured funding from the Premier League's Community Fund to develop a mass participation movement with grassroots football, physical activity and social outcomes at its core. The project involves volunteers from LJMU working alongside qualified LFC Foundation coaches providing family friendly, high quality, pop up football /physical activity sessions across Merseyside's parks, open spaces and traditional FA Park-life pitches. The project is designed to engage with Liverpool's children and young people with personal development opportunities through pitch side teachable moments, especially those socially excluded young people who are suffering from a lack of physical activity in areas which lack social cohesion. Amongst other aims, the project is designed to increase young people's positive attitude towards sports and their involvement in significant physical activity. The goal is to engage tens of thousands of local young people and their families in physical activity over several years.
- 2.3.14 The Public Health Institute (PHI) has a strong history of co-producing research with local and global public health communities, including the United Nations, European Union, and World Health Organisation. During the COVID-19 pandemic, PHI has been working extensively to support the Liverpool City Region to develop COVID-19 recovery plans, including leading the reporting of the Health and Equity in Recovery Plans Working Group on behalf of local public health leader and other stakeholders. Globally, PHI conducted a rapid assessment of the impacts of COVID-19 on violence against women and children across the European Region, including communities in the UK, and this

has been used in the development of country's prevention and response efforts

- 2.3.15 PHI is a World Health Organization (WHO) Collaborating Centre for Violence Prevention. As part of a four-year work programme PHI is collaborating with the WHO and its partners on innovative research and education programmes, and to advocate and implement violence prevention programmes. Locally, PHI are working in partnership with a number of Violence Reduction Units across England and Wales to provide evidence to inform service delivery. PHI also continues to work with partners to inform the delivery of evidence-based policies, systems, and services to support young people affected by Adverse Childhood Experiences (ACEs). We work with a range of organisations (including local authorities, the NSPCC and Barnardo's) across the UK, and our work has informed the design and delivery of workforce development programmes and directly supported service and practitioners caring for young people affected by ACEs.
- 2.3.16 PHI has developed a Work Related Learning programme for Undergraduate and Postgraduate students. Students have the opportunity to gain valuable experience working with local statutory and non-statutory organisations, including local authorities, charities and voluntary services. Most recently, students have carried out work to inform health and social care service provision within services including the NSPCC, Sahir House (an organisation offering HIV support, prevention, information and training across Merseyside) and the Turnaround Project (a safe female only service offering a drop in, individual and group work support and counselling to adult female offenders). Work carried out by students has been used to inform the development and delivery of services across the Liverpool City Region and beyond.
- 2.3.17 Staff in the School of Psychology are actively involved in a range of community-linked activities. Many of these involve interventions to improve health and wellbeing in different communities. One project involves the role of community theatre in the process of recovery from drugs and alcohol. Another is focused on evaluating James' Place's clinical intervention for men in suicidal crisis and how this impacts on individuals and the community.
- 2.3.18 Staff from the School of Psychology deliver an extensive range of public engagement activities through talks, workshops and other public events in a wide variety of venues in Merseyside and around the country. These activities are typically linked with underpinning research on issues such as obesity, diabetes, autistic spectrum disorders, dementia, chronic pain, and learning during early childhood.
- 2.3.19 The Centre for Collaborative Innovation in Dementia is a European accredited living lab working with Liverpool City Region (LCR) citizens, the business sector – SMEs and multinational companies, other academics, and commissioners and providers of services to co-create health related innovations and solutions. The centre has also worked with the LCR health ecosystem to collaboratively influence the content of the Local Industrial Strategy and to identify and disseminate at a European level the good practices (innovations) developed within LCR.
- 2.3.20 The School of Nursing and Allied Health provides education in health and social care to the future and existing workforce of the NHS and local councils, focusing on the particular needs of services in the North West. The School engages

with around 90 public and private sector organisations and works with external colleagues in 900 placement sites.

- 2.3.21 Two European funded projects have been secured within the School, namely the HELIUM project, and the Health Enterprise Hub Innovation Exchange (HEHIE) project. The HELIUM project is Interreg Europe funded and the HEHIE project is ERDF funded. Both projects focus on public engagement in the health and wellbeing sector through a citizen-led approach to innovation – a City Region Living Lab. This approach is shaped by the City Region's innovation strategy and the needs of the Region's £23 billion economy; hence, the Liverpool Local Enterprise Partnership (LEP) is the UK partner on the HELIUM project. Public engagement takes the form of a series of open innovation events and corresponding 'co-creation' groups which focus on solving health challenges.
- 2.3.22 School staff are also actively involved in the development of two new city wider research centres, the Liverpool Centre for Cardiovascular Science and the Liverpool Centre for Alcohol Research. These two centres bring together academics, clinicians, public health professionals, local councils and third sector organisations from across the city region with a primary aim of undertaking real-world research that will provide the evidence that will help improve the health outcomes of our local population.
- 2.3.23 The School is host to The Liverpool Health Commission that aims to make evidence-based contributions to the topic of marginalised women and children. The focus is on the first 1,000 days of life (the time from conception to the end of the second year of infancy), as this provides the foundations for optimum health, growth, and neurodevelopment across the lifespan. Work has already begun on a UK-wide series of critical and hard-hitting inquiries into some of those marginalised groups that are most adversely affected by poverty. It will derive recommendations of local and national significance for women from as early as possible in pregnancy, through until the second birthday of their children. The work of the Commission also addresses the United Nations Sustainable Development Goals, all of which are directly related to women and children's health.
- 2.3.24 Students across the School of Education are involved in a range of activities including:
  - A Natural Curriculum Hub for primary schools across the Liverpool City region was established during the last year. This is focused on professional development of teachers and support staff in schools to enhance and extend outdoor learning and health for children and families in our local communities;
  - Our students (trained as Forest School Rangers) delivered onsite activity for children with emotional and behavioural difficulties and SEN;
  - All Shaping Futures university based sessions and public engagement sessions involved trainee teachers alongside staff and students from other areas of LJMU to deliver successful STEAM day which specifically targeted disadvantaged and BAME primary aged learners; and
  - Trainee teachers were involved in designing and supporting remote learning during the Covid 19 'lock down' period when schools were closed. Others remained in schools that remained open to support the children of key workers.

- 2.3.25 The Foundation for Citizenship acts as a bridge between LJMU and the community. In this role it is able firstly, to play an ambassadorial advocacy role, and secondly, to facilitate relationships both internally, and between the University and community organisations. Its engagement with schools throughout the North West helps raise aspiration and promote good citizenship in the belief that schools should be leading the way in encouraging young people to become caring, compassionate and tolerant individuals with a real sense of civic responsibility. The Foundation also supports the prestigious Roscoe Lecture series, which secures high profile speakers from the national and international community to present thought-provoking public lectures that are free and open to the community in the North West. Audiences typically number around 1000 and tickets are free of charge. Speakers have included notable people from the fields of national and international politics and diplomacy, academia, religion and belief, journalism and entertainment. Through the Roscoe Lectures, LJMU is able to give people from different walks of life the opportunity to exchange ideas, forge connections and hopefully gain greater understanding in a time of increasing diversity and change.
- 2.3.26 Volunteering is an integral component of the University's Community Engagement in 2019/20 students and staff completed over one million hours of voluntary support to the community across the Liverpool City Region and the North West. During 2019/20 the autumn University wide Volunteer Fair provided the opportunity for not for profit organisations to showcase their work to students. The range of organisations was wide and varied providing opportunities for students to engage in activity that resulted in mutual benefit.

Volunteering activities included:

- working as volunteers or fundraising for charitable organisations;
- working as volunteers in sports clubs and coaching;
- serving as trustees or other representatives in voluntary organisations;
- providing care in a voluntary capacity (all ages);
- delivering other voluntary activities providing advice, listening and befriending or counselling services; and
- volunteering as school governors.

The current Covid restrictions have required a more virtual approach in encouraging volunteering and the John Moores Student Union has established a volunteering platform for students to access volunteer opportunities.

The University works directly with a number of staff nominated charities. These partnerships provide a range of opportunities for the University and individual staff to contribute time, skills and resource for community benefits.

The University actively encouraged staff to consider volunteering for the national Covid volunteer scheme during lockdown.

### 3. Sustainability

LJMU is a modern civic University aware of its social economic and environmental responsibilities and continually strives to improve its sustainability and environmental performance. Specifications for the University's new



buildings and refurbishment require accommodation to align with and complement LJMU's sustainability vision, to be constructed to high environmental standards, and to support and enhance sustainable operating models. The University has since 1 February 2017 purchased all its grid supplied electricity from 100% Carbon Trust certified natural renewable generation sources and closely monitors and regularly reports on all utility consumption and waste resource management performance. LJMU has a sustainable communications presence on its website and uses social media channels to communicate information on the University's environmental performance, sustainability initiatives and travel plans to mitigate the effects of student and staff commuting.

**4. Summary**

Having had regard to the public benefit guidance published by the Charity Commission for England and Wales, the Board of Governors is assured that the University has met its charitable purpose of the advancement of education for the public benefit for the year 2019/20.





## BOARD OF GOVERNORS

The University is an independent Higher Education Corporation whose authority derives from the Education Reform Act 1988, and the Further and Higher Education Act 1992.

The Board of Governors derive their authority from the University's Instrument and Articles of Government which was approved by the Privy Council on 5 March 1993, and revised in 1995 and 2002.

The Instrument and Articles of Government state that the Board shall consist of not less than twelve and not more than twenty-four appointed members. The Board must decide what size it wishes to be. The Board currently consists of twenty members, of whom up to thirteen would be independent members, two nominees from the Academic Board and two students, two staff governors and two co-opted members. The membership of the Board is completed by the Vice-Chancellor, who is the Chief Executive.

In the period from 1 August 2019 up to the date of this report membership of the Board of Governors has been as follows:

| <b>Ex-officio Members</b>           |  |
|-------------------------------------|--|
| Mr Mark Power                       | Vice-Chancellor & Chief Executive (resigned 14th September 2018)<br>Interim Vice-Chancellor & Chief Executive (appointed 15th September 2018) (resigned 13th October 2019) |
| Professor Ian Campbell              | Interim Vice-Chancellor & Chief Executive (resigned 13th October 2019)   |
| <b>External Independent Members</b> |  |
| Ms Nicky Benson                     | Deputy Chair of the Board (resigned 8th March 2020)<br>Chair of Remuneration Committee (resigned 8th March 2020)   |
| Ms Kerry Byrne                      | Chair of Finance Committee (resigned 31st December 2019)   |
| Mr Mike Parker                      | Pro-Chancellor and Chair of the Board<br>Chair of Nominations Committee<br>Chair of Chairs' Group  |
| Mr Brian McCann                     | Chair of Audit Committee (resigned 1st January 2020)<br>Chair of Finance Committee (appointed 1st January 2020)  |
| Mr Eliot Ward                       | Deputy Chair of the Board (appointed 9th March 2020)<br>Chair of Remuneration Committee (appointed 9th March 2020)   |
| Ms Wendy Williams                   | Chair of Employment Committee  |
| Mr Anthony Akaraonye                |  |
| Mr Garry Banks                      |  |
| Mr Lee Gilmore                      |  |
| Mr Gareth McIntegart                |  |
| Mr Chris Airey                      | (appointed 25th November 2019)   |
| Ms Shirley Anderson                 | (appointed 25th November 2019)   |
| Mr Charles Oddy                     | Chair of Audit Committee (appointed 1st January 2020)  |
| <b>External Co-opted Members</b>    |  |
| Mrs Lesley Davies                   | Co-opted member of Finance Committee (appointed 30th March 2020)   |
| <b>Nominee Members</b>              |  |
| Miss Julia Daer                     | Student Governor (Student President) (resigned 1st July 2020)  |
| Miss Mollie Foster                  | Student Governor (Student Vice President) (resigned 1st July 2020)   |
| Miss Lila Tamea                     | Student Governor (Student President) (appointed 2nd July 2020)   |
| Miss Emily Roxbee-Cox               | Student Governor (Student Vice President) (appointed 2nd July 2020)  |
| <b>Staff Members</b>                |  |
| Ms Sarah MacLennan                  | Staff Governor (Teaching Staff) (resigned 31st March 2020)   |
| Mrs Yvonne Turnbull                 | Staff Governor (Teaching Staff)  |
| Professor Dhiya Al-Jumeily          | Staff Governor (Teaching Staff) (appointed 21st April 2020)  |
| <b>Academic Board Nominees</b>      |  |
| Dr David McIlroy                    | (appointed 25th November 2019)   |
| Professor Catherine Cole            | (appointed 25th November 2019)   |

## OFFICERS AND ADVISORS OF THE UNIVERSITY

### Vice-Chancellor and Chief Executive

Professor Ian Campbell  
(appointed 14th October 2019)

### Interim Vice-Chancellor and Chief Executive

Mark Power  
(resigned 13th October 2019)

### Bankers

Barclays Bank plc.  
1st Floor Octagon House  
Gadbrook Park  
Northwich  
Cheshire  
CW9 7RB

### External Auditors

KPMG LLP  
1 St Peters Square  
Manchester  
M2 3AE

### Solicitors

Davies Wallis Foyster  
5 St Pauls Square  
Old Hall Street  
Liverpool  
L3 9AE

### Internal Auditor

RSM UK  
9th Floor  
3 Hardman Street  
Manchester  
M3 3HF

## STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Governors are responsible for preparing the financial statements in accordance with the requirements of the Office for Students' Terms and conditions of funding for higher education institutions and Research England's Terms and conditions of Research England grant and applicable law and regulations.

They are required to prepare group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students. The Board of Governors are required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

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

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

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

The Board of Governors are also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the university's resources and expenditure.

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



**Mr Mike Parker CBE**

Chair of the Board of Governors



## 1. Corporate Governance Statement 2019/20

- 1.1 The University is committed to adopting good practice in all aspects of corporate governance. It aims to conduct its business in accordance with the principles identified in the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and the Committee of University Chairs' (CUC's) Higher Education Code of Governance. The Board of Governors has adopted the CUC's Higher Education Code of Governance and works to ensure that governance practice remains consistent with the principles of the Code. It is the opinion of the Board of Governors that the governance practices of the University are consistent with and satisfy the seven primary elements contained in the Higher Education Code of Governance.
- 1.2 The following processes for governance have been in place throughout the year ended 31 July 2020 and up to the date of approval of the financial statements.

## 2. Status of the University

- 2.1 Liverpool John Moores University is a Higher Education Corporation as defined under the Education Reform Act 1988. The University has exempt charitable status as defined in the Charities Act 2011, with the Office for Students (OfS) acting as its principal regulator. The charitable purpose of the University, as defined in the Charities Act 2011, is the advancement of education for the public benefit. The members of the University's Board of Governors are the charity trustees and are responsible for ensuring compliance with charity law.
- 2.2 The University's objects, powers and framework of governance are set out in the Articles of Government approved by the Privy Council in 2002. The Articles and associated Instrument of Government set the governance framework for the University.

## 3. Summary of the University's Structure of Corporate Governance

- 3.1 The University's Board of Governors is comprised of lay, academic, students and staff appointed under the provisions of the Education Reform Act 1998, the majority of whom are independent and non-executive. The composition of the Board of Governors can be found at: <https://www.ljmu.ac.uk/about-us/structure/governance-and-charitable-status>. The role of Chair of the Board of Governors is separate from the role of the University's Vice-Chancellor & Chief Executive. The Vice Chancellor is the designated Accountable Officer for the purposes of the OfS terms and conditions of funding and is supported by an Executive Leadership team. The Chair is supported by the Deputy Chair of the Board. The matters reserved specifically to the Board of Governors for decision are set out in the Articles of Government of the University; the Terms of Reference of the Board and its Committees; and are in accordance with OfS requirements.
- 3.2 The Board of Governors holds to itself the responsibilities for the educational character, the financial solvency of the University and its strategic direction in accordance with its Strategic Plan 2017-2022 which can be found at <https://www.ljmu.ac.uk/about-us/our-vision>.
- 3.3 In addition to its formal Board and Committee meetings, the Board holds a strategic workshop and a strategic event each year, affording the opportunity to consider, contribute



to and influence strategic issues at an early stage in their development. The Board is also responsible for approval of all major developments, including capital developments. Governors are also in receipt of regular reports from Executive Officers on the day-to-day operations of the University's business and its subsidiary operations.

- 3.4 The Board of Governors has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Board is independent of management and free from any business or other relationship which could interfere materially with the exercise of its independent judgement.
- 3.5 The Board of Governors is committed to continuous monitoring of its performance and has reviewed its terms of reference, programme of business, and the effectiveness of all its sub-committees, including the Academic Board during 2019. A new Chair of the Board was appointed in October 2018 and a performance review was undertaken in the latter part of 2019 with the conclusion being that he remained effective in his conduct and management of governance arrangements.
- 3.6 New governors participate in an induction programme. Each year all governors are given the opportunity to attend training and development activities provided by the Leadership Foundation for Higher Education, receive regular bulletins regarding the activities across the University and the Higher Education sector and receive regular governance briefings on particular relevant topics.
- 3.7 Upon commencing appointment, governors are required to declare any pecuniary, family or other personal interest, direct or indirect, and this is noted in the publicly available Register of Members' Interests. Governors are advised and expected to update their declaration as and when their circumstances change and the University also conducts an annual update in accordance with recommendations from the CUC.
- 3.8 In accordance with the requirements of the Bribery Act 2010, governors have taken responsibility for establishing an anti-corruption culture formulated around the six general principles of: Proportionate procedures; Top-level commitment; Risk Assessment; Due Diligence; Communication (including training); and Monitoring and Review. A statement of commitment from the Chair of the Board of Governors outlines that the Board of Governors expects all staff, associates and agents to conduct business in accordance with the highest standards of ethical behaviour and that any bribery, or any form of corruption, by a member of staff of the University will be considered as gross misconduct and the member of staff may face dismissal. To ensure awareness of the Bribery Act a mandatory e-learning module, giving an overview of the legislation, is completed by all staff to help them understand their corporate and individual duties and responsibilities. The module response rate is monitored at the Employment and Audit Committees throughout the year. Agents, consultants and business partners who work with, or on behalf of, the University must act with integrity and behave ethically. The University will terminate agreements with such agents, consultants and business partners in the event of any breach of anti-bribery law, corruption or unethical behaviour of which it becomes aware.

- 3.9 The Board of Governors meets a minimum of four times a year and maintains a committee structure comprising:

- Audit Committee;
- Employment Committee;
- Finance Committee;
- Infrastructure Committee;
- Nominations Committee; and
- Remuneration Committee

All of the above committees are formally constituted with terms of reference and comprise lay members of the Board of Governors. The Vice-Chancellor and Chief Executive is a member of the Employment, Finance, Infrastructure and Nominations Committees and attends Audit Committee and Remuneration Committee by invitation. The Chair and Deputy Chair of the Board are not members of the Audit Committee and there is no overlap in membership of the Audit and Finance Committees. On the Audit Committee there is a co-opted member with the relevant audit qualifications and expertise.

- 3.10 The Board of Governors and its Committees review their terms of reference on an annual basis to ensure that they are embedding risk management effectively into their work and that the terms of reference align with the Higher Education Code of Governance and the requirements of the OfS. The Chair of the Board is Mike Parker who took up office on 1 October 2018. The Deputy Chair of the Board is Eliot Ward. The full Board of Governors, in the last financial year, met four times and held a Workshop and separate Strategy Day.
- 3.11 In addition to the Board's Committees, the Board also works closely with the University's Academic Board. The Academic Board meets at least four times a year and has 29 members comprising the Vice-Chancellor and Chief Executive as Chair, the Pro-Vice-Chancellors, the Registrar & Chief Operating Officer, academic and professional services staff and students. The Academic Board is established as the principal academic body of the University, overseeing the overall planning, co-ordination, development and supervision of the academic work of the University and providing assurance to the Vice-Chancellor and Chief Executive and the Board of Governors for the quality and standards of its awards. The Academic Board, in the last financial year, met four times.
- 3.12 The Audit Committee is responsible for overseeing the work of the external auditors (currently KPMG) and internal auditors, (currently RSM). It is comprised of four independent members. The Committee provides assurance on governance, accounting integrity, internal controls, data integrity, risk management, and the efficient use of resources. In line with government regulations, the Audit Committee has a member with the appropriate financial expertise and qualifications. Whilst the Vice-Chancellor and Chief Executive and other senior managers attend meetings of the Audit Committee as necessary, they are not members of the Committee. Both the external and independent internal auditors also attend the Committee. The Committee meets the external and internal auditors at least annually without management, for independent discussions in line with best practice. The Committee also meets regularly with the Vice Chancellor and Chief Executive and the Registrar and Chief Operating to discuss



- emerging issues. The Committee's minutes are presented to the full Board meetings. The Audit Committee met four times during the year.
- 3.13 The Employment Committee considers issues related to staffing and employment. The responsibilities of the Committee also encompass equality and diversity monitoring and the oversight and review of HR policies. The Committee's minutes are presented to the full Board meetings. In the last financial year, the Employment Committee met three times.
- 3.14 The Finance Committee oversees the financial solvency and sustainability of the University. It also keeps under review all significant income and expenditure and at each meeting it receives reports on the University's performance in relation to approved budgets, estate related capital investment plans and treasury management, and financial reports from the John Moore's Students' Union (JMSU).The Committee's minutes are presented to the full Board meetings. The Finance Committee met five times in the last financial year.
- 3.15 The Nominations Committee considers membership issues and appointments to vacancies on the Board for non-executive members, based on a skills and diversity analysis. The Committee's minutes are presented to the full Board meetings. In the last financial year, the Nominations Committee met three times.
- 3.16 The Infrastructure Committee supports the development of an infrastructure strategy including but not limited to, the estates strategy and/or the review of the existing estates masterplan along with those elements of the IT/Digital strategy that are related to either the physical or virtual infrastructure or in some cases both. The Committee's minutes are presented to the full Board meetings. The Infrastructure Committee, in the last financial year, met three times.
- 3.17 The Remuneration Committee considers the performance and annual remuneration of the Vice-Chancellor and Chief Executive, the Executive Leadership team and the annual remuneration of the Directorate and Professoriate. The Committee also has oversight of the University's policy framework on severance payments for senior staff. The Committee's minutes are presented to the full Board meetings. The Chair of the Remuneration Committee, in line with best practice, is the Deputy Chair of the Board. The Committee met six times during the year.

**4. Governance Monitoring and Review**

In accordance with the Higher Education Code of Governance, the Board of Governors keeps its effectiveness under regular review. A full and robust governance effectiveness review took place during 2015/16 culminating in a detailed action plan which was implemented during 2016/2017. The review concluded that the University had a high level of satisfaction in the effectiveness of the Board and outlined a number of actions for reviewing the Board's policies and terms of reference, and building upon relationships with the Academic Board. In accordance with good practice, a further Governance Effectiveness review is currently in progress and being undertaken by external consultants.

**5. Internal Control**

- 5.1 The Board of Governors is responsible for reviewing the effectiveness of the University's system of internal control.

The system is designed to support the achievement of operational activities and to manage and limit the risk of failure to achieve policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the University's Instrument and Articles and the regulatory requirements of the OfS.

- 5.2 The system of internal control is based on an ongoing risk management process designed to identify the principal risks to the achievement of the organisation's objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. It can therefore only provide reasonable and not absolute assurance of effectiveness. It is underpinned by compliance with the requirements of the core standards in:

- Governance;
- Management;
- Quality;
- Reputation;
- Financial Management; and
- Risk Management

- 5.3 The Board of Governors is committed to the continuous development of a comprehensive process for identifying, evaluating and managing the University's significant risks, both financial and non-financial, in line with OfS requirements. The Risk Management Policy is linked to the University's Strategy and the Board of Governors regularly discusses risk and related reports from its Committees, in particular the Audit Committee.

- 5.4 The Board of Governors, both directly and through its Finance and Audit Committees, is responsible for ensuring the economical, efficient and effective management of the University's resources, income and expenditure, and for safeguarding its assets. The system of internal financial control provides for comprehensive financial planning processes, assessments of annual income, expenditure, capital and cash flow budgets in conjunction with regular reporting to the Finance Committee and the Board of Governors in relation to five-year forecasts and reporting of variances and the projection of out-turns.

- 5.5 LJMU is registered with the OfS (subject to the OfS ongoing conditions of registration) and is therefore deemed to have satisfied the quality and standards outcome for APR 19/20. Furthermore the positive APR outcome confirms LJMU's eligibility for the Teaching Excellence and Student Outcomes Framework (TEF)

**6. Processes and Control Arrangements**

- 6.1 The following monitoring and review arrangements covering corporate governance, business, operational and compliance as well as financial risk have been in place throughout the year ended 31 July 2020 and up to the date of approval of the financial statements:

- 6.2 The Audit Committee, on behalf of the Board of Governors, receives a report annually from the Executive Leadership Team regarding their review of the effectiveness of the system of internal control and which provides a statement of assurance to the Board of Governors signed by the Vice-Chancellor and Chief Executive. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors; by the executive managers

within the University structure who have responsibility for the maintenance of the internal control framework; and by the opinions and recommendations of the external auditors in their management letter and other reports.

- 6.3 The University recognises that robust risk management is a key element of good governance, and its system of internal control incorporates a risk management framework encompassing strategic, operational, financial, and commercial risks; also matters of governance and compliance. The University has articulated a process for the identification, assessment, mitigation and review of corporate risks, and has operated this process throughout the year ended 31 July 2020.

- 6.4 The University has an agreed Risk Management Policy and a Risk Appetite Statement. The University is committed to embedding risk management into the corporate planning and decision-making processes of the Institution. Responsibility for identifying and evaluating the major risks faced by the University, and for ensuring that appropriate mitigating measures are in place, sits with the Executive Leadership Team, which has considered the institutional register three times in the year ended 31 July 2020. The institutional Risk Register is reviewed by the Audit Committee throughout the year and the Finance Committee reviews the high-level financial risks annually. The Board of Governors' agenda includes a standard item for consideration of relevant or emerging risks, and the Board and ELT remain committed to the review and refinement of risk management procedures.

- 6.5 The Audit Committee receives regular reports from the independent internal auditors, RSM, on specific areas of internal control together with agreed management actions for improvement. Audit planning arrangements and the methodology and approach of internal audit conforms to the latest professional standards reflecting the adoption of risk management techniques. A tracking record is presented to the Audit Committee at each of its meetings to monitor the implementation of audit management actions.

- 6.6 The University remains committed to good practice in Governance and Management. The principles of 'excellence and quality in all its activities and a commitment to a programme of continuous enhancement and monitoring' underpin the University's Strategy (2017-2022).

- 6.7 The Strategic Plan 2017-2022 sets out the aims of the University under four core aims:

- Outstanding student experience – which expands the horizons of students and offers rich opportunities for them to develop their confidence, skills and character;
- Excellence in education – with contemporary curricula and innovative models of delivery that embed the knowledge and skills our students need;
- Impactful research and scholarship – that address the challenges of our day; and
- Civic and global engagement – that builds and deepens our connections – within the city and across the globe – where these enrich the lives of our students, of the City, and of the broader communities of which we are privileged to be a part.

- 6.8 In September 2018, the University received confirmation that its application to register with the Office for Students (OfS)

had been successful. Registration with the OfS confirmed that a provider satisfied the conditions of registration relating to quality and standards. Academic year 2018-19 saw the launch of the Quality Assurance Agency's (QAA) revised UK Quality Code for Higher Education. In July 2019, the Quality Assurance and Enhancement Committee (QAEC) received a paper confirming how the University meets each of the Code's Core practices. In relation to the QAA's monitoring and intervention activity, guidance governing the operation and requirements of Quality and Standards Reviews was published in March 2019. Quality and Standards reviews are utilised by the QAA to provide evidence to the OfS about whether a registered provider, referred by the OfS to the QAA, meets one or more of the Code's Core practices.

At the beginning of academic year 2019-20, the University's partnership with YPC International College was reviewed by the QAA as part of their review of UK Transnational Education (TNE) in Malaysia. The review was conducted in-line with the revised UK Quality Code for Higher Education, and focussed upon how the University, as the UK Degree Awarding Body, delivers its responsibilities for quality and standards in relation to its provision at YPC International College. Whilst QAA TNE Reviews only result in the identification of recommendations and good practice, rather than a formal judgement on an Institution's ability to manage its TNE provision, the resultant report did note the effectiveness of the University's key mechanisms to assure the academic standards and quality of its programmes.

During the second half of 2019-20, in response to the COVID-19 crisis, it was necessary to review the operation of the University's quality assurance arrangements, to enable the University to facilitate appropriate capacity for academic colleagues to support students, whilst also ensuring it continued to robustly manage quality and academic standards. Temporary adaptations to the University's quality management processes were cognisant of QAA COVID-19 guidance published from March 2020 onwards. In May 2020 QAEC received a paper on these temporary adaptations.

In response to a Statement of Intent by the UK Standing Committee for Quality Assessment (UKSCQA) the University produced and published its Degree Outcomes Statement. The Statement analysed the Institutional degree classification profile over a reporting period spanning 2014-15 to 2018-19, with the intention of providing assurances that the University meets the Expectations of the UK Quality Code for Higher Education that relate to protecting the value of qualifications, and the OfS's ongoing conditions of registration on academic standards (B4 and B5). The Degree Outcome Statement was considered by QAEC in May 2020, by the Executive Leadership Team (ELT) in June 2020, and was approved by the Board of Governors in July 2020.

- 6.9 The Executive Leadership Team ensures a regular review of the University's strategic direction and performance. Progress against the strategy is the responsibility of the Director of Strategic Planning, who has specific responsibility for oversight of the performance and delivery of the University's strategy, as well as strategy-related risk management.

- 6.10 The Internal Audit Plan 2019/20, approved by the Audit Committee held on 10 June 2019, continued to be derived from oversight of the University's control systems, with consideration of emerging sector issues and clear linkage



to the University's risk register. Alongside audit planning meetings with the University management, consultation took place with the Audit Committee on the proposed Internal Audit Plan prior to its commencement. The Internal Audit Plan's progress and requirements was considered at each Audit Committee to ensure the plan remained appropriate and allowed for flexibility on assurances to meet governors' needs.

- 6.11 The Executive Leadership Team and the Audit Committee, on behalf of the Board of Governors, received internal audit reports from the independent internal auditors throughout the year. The reports were presented to the Audit Committee alongside a detailed progress paper summarising the collective outcomes of management actions and levels of assurance and thereby signposting the year-end annual opinion on work completed. The internal auditors' assignment reports have provided a clear opinion on the level of assurance provided on the specific review, with categorised and agreed management actions, subsequently followed up on a cycle of follow up audits. The internal auditors submitted a progress report summarising their audit plan delivery to each Audit Committee alongside the detailed assignment reports summarising the design and application of the controls reviewed. In addition, the Internal Auditors presented sectorial briefings to the Audit Committee throughout 2019/20, focussing on both control matters and sectorial matters, as well as holding regular meetings with Committee members "in camera".
- 6.12 Based on the work the Internal Auditors have undertaken on the University's system of internal control, they do not consider that there are any issues that needed to be flagged as significant control issues. Several high priority recommendations were notified but they have not affected their overall 'positive' opinion. The Internal Auditors also confirmed that the outcomes of their assurance reviews and risk management procedures assessments, conducted during the course of the year indicated strong governance and risk managements processes.
- 6.13 Assessment grading for audits in 2019/20 were in the main either substantial or reasonable and all recommendations made by the Internal Auditors during the year were accepted by management. The internal auditors advised that they were satisfied that the University was implementing the appropriate policies and meeting the management actions and recommendations from the internal audit fieldwork.
- 6.14 The Annual Assurance Return is signed by the Vice-Chancellor & Chief Executive and received by the Audit Committee and the Board of Governors at its November meeting for oversight whereby it is then signed on behalf of the Board of Governors by the Chair of the Board. The Return confirms that the University's Accountable Officer, the Vice-Chancellor & Chief Executive, has met his obligations to OfS and that all relevant accountability returns are accurate, adhere to the published requirements and have been through the appropriate approval process.
- 6.15 The University has an established mechanism to ensure better utilisation of staff resource through the Staff Resource Management Group (SRMG). This approach provides the opportunity to redirect resources to ensure alignment with the Institution's strategy and to support particular projects and initiatives whilst also taking into account matters such as staff-student ratios and recruitment trends. In addition, the

Group considers other aspects relevant to the Institution's staff establishment, eg requests for flexible working, end of probation reports, requests for sessional staff, job re-gradings, and redundancy payments. The SRMG provides oversight to the staff establishment, and ensures a robust, rigorous and auditable process is observed in terms of changes to the establishment. Moreover, the work of the Group ensures a consistent and evidence based approach is employed for changes to the staff establishment.

- 6.16 The University's Recruitment Policy is designed to facilitate effective staff recruitment and selection in order to achieve its strategic aims, namely that staff are of the requisite standard to meet the needs of work and its control as defined by the University's objectives and plans. Recruitment is a critical activity, crucial to organisational performance and every staff vacancy is considered an opportunity to raise the bar of performance. All those involved in recruitment activity undertake mandatory training prior to involvement in the process. It is the responsibility of the Chair of recruitment panels to ensure that all panel members have completed the training and that there are no conflicts of interest between a Panel member and candidates.
- 6.17 Appropriate training is provided to maintain the competence of staff through a set of training guidelines for managers and staff, formally through the personal development and performance review appraisal process. The University has now developed the Leadership and Development Foundation delivering personal development and training, leadership and organisational development to complement the work of the Learning and Teaching Academy.
- 6.18 The University has an Equality and Diversity Policy that underpins all activity. It is committed to promoting equal opportunities and inclusivity for all those involved within the University community, whether staff, students, visitors, contractors or clients. This commitment is to ensure that people's individual qualities are recognised and celebrated; and that people are treated with dignity and respect. An Equality and Diversity mandatory training module is also completed by all staff on a three yearly basis with completion recorded through the personal development and performance review appraisal process. Completion rates are also monitored by the Executive Leadership Team and the Audit and Employment Committees
- 6.19 An online expense claim system allows those staff who claim expenses (approximately 800 staff) to make such claims and provides for the reconciliation of credit card transactions fully online. These claims go through a workflow approvals process to budget holders and all approvals queries and comments are recorded against the transaction. All expense claims continue to be audited by the Finance Department.
- 6.20 The University's Finance, HR and payroll systems continue to undergo optimisation reviews to ensure that the University is reducing risk and managing controls effectively. The enhancements in this area include:
- The development of security improvements to employee self-service functionality to ensure controls around bank account amendments;
  - Compliance with regulatory changes such as enhancements to the Local Government Pension Scheme; Teachers' Pension; and changes to Higher Education Statistical Agency (HESA) reporting requirements;





- A full review of the Oracle tax module, to ensure it is used in line with the latest statutory requirements. This included the implementation of the Making Tax Digital bridging tool;
  - The implementation of Power BI as the main reporting tool within e-Business Suite. This will allow the phasing out of the Oracle Discoverer reporting tool which is now out of support;
  - Enhancements have also been made within the GaP system, including automating of Project setup within Oracle and adding projects to the payroll system. This has replaced labour intensive manual processes; and
  - To ensure we continue to receive full premier support from Oracle, plans are in place to upgrade to R12.2. This will take place during the Financial Year 20/21.
- 6.21 The University ensures that all procurement processes fully comply with the University's financial regulations, and the Public Procurement Regulations (PCR 2015). All procurement (where applicable) is subject to competitive tender. If an individual tender process exceeds the current threshold for compliance with public sector procurement legislation, the tender process will follow EU guidelines and will be advertised in the Official Journal for the European Union (OJEU) and the UK Government Contracts Finder system.
- 7. Particular Indicators of the Effectiveness of the Internal Control Systems during 2019/20**
- These include:**
- 7.1 Best practice involves regular market testing of internal audit services to maintain quality and cost effectiveness. In March 2014, the University re-tendered its internal audit service provision resulting in the appointment of new Internal Auditors, RSM, from 1 August 2014 until 31 July 2017, with the option for the University of extending for a further three years. The Audit Committee has considered the re-appointment of the Internal Auditors on an annual basis since 2017 and on each occasion agreed that RSM should continue to be the University's auditors for a further year. At its meeting in June 2020 the Audit Committee agreed, as an exceptional measure, to extend for one further year, beyond the agreed tender period because of exceptional circumstance caused by the Covid 19 Pandemic and in order to maintain stability of service provision.
- 7.2 The Audit Committee received the University's central monitoring log of statutory returns at each of its committee meetings. The log provides assurance on the management and quality of data and that returns are submitted in a timely and effective manner. The Executive Leadership Team also had oversight of the log on a monthly basis.
- 7.3 The ELT, the Board's Finance Committee and its Audit Committee, and the Board of Governors, have received regular financial reports and updates including budgets, monitoring, half year and outturn forecasts in addition to the end of year financial statements. In causing the financial statements to be prepared and in compliance with Office for Students regulations, the Board of Governors has ensured that:
- The financial statements give a true and fair view of the state of the University's affairs, and of its income and expenditure, recognised gains and losses, changes
- in reserves and cash flows for the year. Judgements and estimates have been reasonable and prudent. The financial statements have taken into account relevant statutory and other mandatory disclosure and accounting requirements;
- The financial statements have been properly prepared in accordance with UK general accepted accounting principles and the Statement of Recommended Practice: Account for Further and Higher Education, and relevant legislation;
  - Financial statements are prepared on the going concern basis and the Board is satisfied that the University has adequate resources to continue in operation for the foreseeable future;
  - Funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
  - Funds provided by the Office for Students and Research England have been applied in accordance with terms and conditions attached to them; and
  - The requirements of the Office for Students accounts direction have been met.
- 7.4 The Executive Leadership Team and the Finance Committee approved the sector target for carbon reduction. This requires a reduction of 3,130 CO2 which is a 26.71% reduction from the 2014/15 baseline emissions. The target was informed by the University's advisors INENCO taking due consideration of performance by the University and across the sector. The target was validated by a Sub-Group of the Executive Leadership Team that was established to provide assurance that the target was both realistic and affordable. The delivery of the plan is overseen by the Estate and Facilities Management Department including Executive Leadership Team representation and is governed by the University's Environment and Sustainability Panel. During 2019/20 there was regular reports on progress to the Executive Leadership Team and Board of Governors' Infrastructure Finance Committee.
- 7.5 In furtherance of the University's policies activity is regularly undertaken to raise awareness in connection with the topics of Fraud, Anti-Money Laundering, Anti-Bribery and Due Diligence. Staff are required to complete the online Bribery Act E-Learning Module on induction and thereafter on a three yearly basis. When conducting PDPR (appraisal) sessions, line managers have a responsibility to ensure staff complete the module and to follow up with the relevant member of staff if the module has not been undertaken. Reports of staff completion rates are produced upon request by the Staff Development Team and completion rates are reported to the Executive Leadership Team, Audit and Employment Committees on a regular basis. The Audit Committee received an annual report on Anti-Bribery, Anti-Fraud and Anti-Corruption at its meeting held on 22 June 2020 and was assured that there had been no instances of bribery or corruption during 2019/20.
- 7.6 To support the management of the UKVI (UK Visas and Immigration) Tier 4 sponsor licence the University UKVI Compliance Officer has continued to undertake internal audits to ensure Tier 4 activity complies with current sponsor guidance. The University has continued to subscribe to the UKVI premium service, which provides information to the University in relation to the core measurable rates and works

- continuously with the University's UKVI account manager to ensure that UK immigration policy changes are reflected in the way that Tier 4 activity is managed.
- The University was subject to a full audit by UKVI in January 2018. The audit UKVI concluded that the University is fully compliant in all five areas. The Board can take substantial assurance that the controls upon which the University relies are suitably designed, consistently applied and operating effectively.
- 7.7 The University has met the reporting requirements of both the Freedom of Information Act and the Data Protection Act for requests received, including handling the requests effectively and within the legal timeframe. Staff are required to complete a mandatory online Data Protection and Records Management E-Learning Module on an annual basis which is monitored by managers via the Personal Development and Performance Review appraisal process
- 7.8 The University managed its occupational safety and health risks effectively during 2019/2020. The total number of accidents resulting in minor injuries in 2019/2020 fell in comparison to 2018/2019, from 61 to 60. The number of accidents reported to the Health and Safety Executive (HSE), in accordance with the Reporting of Diseases and Dangerous Occurrences Regulations 2013, reduced from five to one. The corresponding incidence rate for reportable accidents per 1,000 staff fell from 1.29 to 0.42. This compares with 0.89 for the most recent data for the sector (2018/2019) and the UK-wide figure of 2.54 (2018/2019).
- 7.9 The Business Continuity Management Group (BCMG) was established to oversee the implementation, operation and embedding of the University's Business Continuity Management (BCM) arrangements, and to raise the profile of BCM activity. Chaired by the Registrar and COO, it is constituted to include all members of the Incident Management Team (IMT), which has met on a regular basis since before Covid-19 reached the UK, with upward report to the VC and the Executive Leadership Team (ELT). The IMT has overseen the University's operation during lockdown; its recovery planning and implementation; communication with students, staff and other key stakeholders; and collaboration with other HEIs and civic authorities, to ensure an effective, efficient and aligned response to the local context and evolving government guidance.
- 7.10 After exhausting all of the University's internal complaint/appeal procedures, students are issued with a Completion of Procedures (COP) letter and may refer their complaint to the Office of the Independent Adjudicator (OIA). Following receipt of the COP letter, students have a maximum of 12 months in which to refer their complaint to the OIA. As the OIA's published statistics relate to calendar years rather than academic years, the 12-month period has not yet expired for students issued with COP letters in the latter part of 2019. As at 31 July 2020 58 COP letters had been issued resulting in 6 cases being submitted to the OIA with the remaining 52 still within deadline to do so. This remains in line with sector averages.
- 7.11 As part of the Digital/IT Strategy, major system development projects that require financial (revenue or capital) investment, are subject to a detailed business case and presented to the Planning and Resources Committee for approval. A IT / Digital Group, chaired by the Pro-Vice-Chancellor (Education), has responsibility for the prioritisation and monitoring of IT development requests deemed to be of a sufficient scale to warrant formal project management. As a working protocol, developments requiring more than 15 days of human effort across all teams are deemed to be a 'project', and are prioritised and monitored through the IT/Digital Group. Any projects requiring financial spend are prioritised by the IT/Digital Panel and then presented to the Planning and Resources Committee. Developments of less than 15 days across all teams are deemed operational in nature and prioritisation and implementation progress is monitored through Information Technology Services.
- 7.12 The Academic Board receives an update on all medium and large-scale IT/Digital development projects and IT/Digital related initiatives designed to enhance the student experience at each meeting.
- 7.13 At its meeting on 17 February 2020 the Audit Committee received an annual report highlighting the major initiatives undertaken by the staff of the Procurement Services Team and information about the University's significant purchasing activity. The report identified a variety of value for money, contractual and operational activities undertaken by the Team.
- 7.14 The University ensures that all procurement processes fully comply with the University's financial regulations and the Public Procurement Regulations (PCR 2015). All procurement (where applicable) is subject to competitive tender. If an individual tender process exceeds the current threshold for compliance with public sector procurement legislation, the tender process will follow EU guidelines and will be advertised in the Official Journal for the European Union (OJEU) and the UK Government Contracts Finder system.
- 7.15 The P2P (Procure to Pay) e-market system is used across the whole University. All requisitions across the University are processed through the i-Buy system. P2P has a major benefit in strengthening the control of budgets and authorisation of purchase orders and improves the efficiency of purchasing, receipting and invoice matching.
- 7.16 The Procurement Maturity Assessment (PMA) is an independent detailed assessment of a University's procurement function and provides the University with a bespoke action plan for improvement, a baseline to measure improvements, as well as benchmark scores against similar institutions. The purpose of the assessment is to help institutions to understand and improve the efficiency and effectiveness of their procurement functions, which can, in turn, lead to significant efficiency savings. The annual report provided to the Audit Committee highlighted some of the areas where the procurement team had been able to, following the review develop and assist the University to implement the recommendations leading to some additional savings and greater VfM through better supplier contract management.
- 7.17 The Diamond Report (2011) on Collaborative procurement has recommended a savings target of 30% for individual HEI spend via existing national or regional agreements. LJMU's collaborative spend for 2018/19 was £ 19.44m (33.0%) compared to £13.2m (23.0%) in 2017/18. The increase was primarily due to an increase in the use of public frameworks for goods and services and works by the Estates department. Further work is being conducted across the University to encourage the use of public frameworks in order to maintain the good collaborative spend. The University reported that the use of collaborative agreements contributed to £0.6m



towards the savings reported in the Procurement Value Survey (PVS) return.

- 7.18 The University has articulated Key Performance Outcomes (KPOs) core to delivery of the pillars of its strategic framework; these are formally reported to the Board of Governors on an annual basis in the context of a broader progress assessment against top-level objectives. Beneath these indicators, ELT and its reporting committees review through the year a wide range of metrics designed to monitor and manage the academic and financial sustainability of the institution.
- 7.19 Following the implementation of the Counter-Terrorism and Security Act 2015, the University is now required to comply with the Prevent Duty; a key component of the Government's anti-terrorism strategy CONTEST. This duty places responsibility onto the University to 'have due regard to the need to prevent people from being drawn into terrorism'. Responsibilities fall into six broad categories around Leadership, Partnership, Staff Training, Welfare/Pastoral Care and Support, IT Policies and Student Unions. A Risk Log and associated Action Plan have been developed identifying all relevant areas of risk, methods of mitigation and areas of responsibility. This document is reviewed by the Executive Leadership Team on a regular basis throughout the year. An annual monitoring process is in place with reporting scheduled for December each year. The University has maintained compliance with the duty since the inception of the reporting requirement in 2016 (initially with HEFCE and latterly with OfS). The University submitted its annual data and report in December 2019 and the OfS response indicated continued compliance.
- 7.20 The University's Transparent Approach to Costing Return (TRAC) allows the University to fully cost its external research and other activities. The return is submitted to OfS by the end of January each year, and is signed by the Vice-Chancellor & Chief Executive, after having been reviewed by the University's Costing and Pricing Steering Group. The process for the review and approval of the TRAC returns changed for the 2018/2019 return and additional Finance Committee meetings were arranged at the end of January 2020 for the TRAC return and February for the TRAC(T) return. This enabled compliance with OfS requirements to ensure that the returns were reviewed and approved by the Governor committees prior to submission.

## 8. Opinion

The Board of Governors is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks: that internal control systems have been in place for the year ended 31 July 2020 and up to the date of approval of the financial statements; that it is regularly reviewed by the Board of Governors; and that it accords with internal control guidance for directors on the UK Corporate Governance Code as deemed appropriate for HE. The Risk Management Policy and Framework has been reviewed and updated to reflect and align closely with the University's strategic plan 2017-2022.

## 9. Going Concern

After making appropriate enquiries, the Board of Governors considers that the University has adequate resources to continue its operational existence for a period of at least 12 months from the approval of these financial statements. See accounting policy 3 page 41 for full details. For this reason, the Board continues to adopt the 'going concern' basis in preparing the financial statements.





## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF LIVERPOOL JOHN MOORES UNIVERSITY

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Liverpool John Moores University ("the University") for the year ended 31 July 2020 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, Consolidated and University Balance Sheets, Consolidated Statement of Changes in Reserves, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2020, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

#### Basis for opinion

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

#### Going concern

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

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

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

is not a guarantee that the Group or the University will continue in operation.

#### Other information

The Board of Governors is responsible for the other information, which comprises the Operating and Financial Review, the Corporate Governance Statement and the Public Benefit Statement.. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

#### Board of Governors responsibilities

As explained more fully in their statement set out on page 29, the Board of Governors is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's articles of government for post 1992 institutions; and
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions.

#### Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where

the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in Note 9b has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in notes 1 to 3 to the financial statements has been materially misstated.

We have nothing to report in these respects.

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

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



Timothy Cutler 4th December 2020

for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
1 St Peter's Square  
Manchester



## STATEMENT OF ACCOUNTING POLICIES for the year ended 31 July 2020

### 1. General Information

The Institution of Liverpool John Moores University is registered with the Office for Students in the United Kingdom. The address of the registered office is:

Egerton Court, 2 Rodney Street, Liverpool L1 2UA

### 2. Statement of compliance

The Consolidated and Institution 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 issued in 2019. 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 Research England Grant.

The Institution 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

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS) 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention.

The Group and parent University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Operating and Financial Review, which forms part of the Board of Governors' Report. The Operating and Financial Review also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the Board of Governors consider to be appropriate for the following reasons;

Cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements have been prepared. After reviewing these forecasts the Board of Governors is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19 the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). Specifically, the Board of Governors has considered the possible impacts of COVID-19 on cash inflows and outflows during the going concern assessment period, and consider that with the application of appropriate sensitivities there remains adequate headroom for the Group and parent University to continue to meet their liabilities as they fall due. These sensitised forecasts indicate that mitigations to improve liquidity, such as delays or reductions in capital expenditure, or the arrangement of additional lending



facilities, are not expected to be required during this period. The University has in place financial covenants in connection with its existing secured borrowings, and these forecasts indicate that the University will continue to be compliant with these covenants.

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

#### 4. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2020. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

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

#### 5. Income recognition

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

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

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

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

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

#### Donations and endowments

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

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

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

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

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

#### Capital grants

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

#### 6. Accounting for retirement benefits

The three principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the Teachers' Pension Scheme (TPS) and the Merseyside Pension Fund (MPF). The schemes are defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P). The funds are valued every three years (MPF) and every five years (TPS) by professionally qualified independent actuaries.

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

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

#### Defined Contribution Plan

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

#### Defined Benefit Plan

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

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

#### 7. 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.

#### 8. Service Concession Arrangements

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

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

#### 9. 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.

#### 10. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit [except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in Other Comprehensive Income]. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

#### 11. Joint Venture Entities and Associates

The institution's share of assets and liabilities in associate entities and joint ventures is recognised in the institution's balance sheet in accordance with FRS102 to the extent of the University's investment in that entity. The gross equity method is used when consolidating joint venture entities and associate entities are consolidated using the equity method entities in accordance with FRS102.

#### 12. Fixed assets

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

#### Land and buildings

Land and Buildings are measured using a previous UK GAAP valuation taken on 31 May 2013 as deemed cost.

Costs incurred in relation to land and buildings after initial purchase or construction, and post 31 May 2013 valuation, are capitalised to the extent that they increase the expected future benefits to the University.

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

|                |               |
|----------------|---------------|
| Buildings      | 50 years      |
| Refurbishments | 10 – 20 years |

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

Leasehold land is depreciated over the life of the lease up to a maximum of 50 years.

#### Equipment

Equipment, including computers and software, costing less than £15,000 per individual item is recognised as expenditure. All other equipment is capitalised.

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

|  |   |
|--|---|
| <b>Computer Equipment</b>                                | 4 years                                   |
| <b>Equipment acquired for specific research projects</b> | 4 years or life of project if appropriate |
| <b>Other Equipment</b>                                   | 4 years                                   |
| <b>Motor Vehicles</b>                                    | 4 years                                   |
| <b>Telescope</b>   | 20 years                                  |



Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

#### Borrowing costs

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

### 14. Investments

Noncurrent asset investments are held on the Balance Sheet at amortised cost less impairment.

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

Current asset investments are held at fair value with movements recognised in the Surplus or Deficit.

### 15. Stock

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.

### 16. Cash and cash equivalents

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. The University considers cash investments with less than 90 days left to maturity as being cash equivalent.

### 17. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

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

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

### 18. 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 Income and Expenditure.

### 19. Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance

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

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

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

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

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

### 20. Financial Instruments

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

The University's financial assets and liabilities all meet the criteria for basic financial instruments prescribed within FRS102 Section 11.8. All financial assets and liabilities are initially recognised at the transaction price plus any additional directly attributable transaction costs. They are subsequently measured as follows:

#### Investments

Investments within the scope of Section 11 of FRS 102 (therefore excluding investments in subsidiaries, associates and joint ventures) are recognised initially at fair value which

is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through the statement of comprehensive income). Subsequently, they are measured at fair value if the investment is publicly traded or their fair value can otherwise be measured reliably with the changes in fair value recognised in the statement of comprehensive income. All other investments are measured at cost less impairment.

#### Short term debtors and creditors

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

### 21. Significant estimates and judgements

In the process of applying these accounting policies, the University is required to make certain estimates, judgements and assumptions that management believe are reasonable based on the information available. These are reviewed on a regular basis by the University's senior management team. Significant estimates and material judgements used in the preparation of the financial statements are as follows:

#### Recoverability of debtors

The provision for doubtful debts is based on our estimate of the expected recoverability of those debts. Assumptions are made based on the level of debtors which have defaulted historically, coupled with current economic knowledge. The provision is based on the current situation of the customer, the age profile of the debt and the nature of the amount due.

#### Impairments

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

#### Provisions

Management apply judgement to arrive at the best estimate for any obligation required. The amount recognised as a provision is management's best estimate of the present value of the amount required to settle the obligation. To arrive at this amount management assess the likelihood and extent of any future settlement and make judgements based on these.

#### Retirement benefit obligations

The University operates within three pension schemes. Two of these schemes are accounted for as defined benefit schemes. These are the Merseyside Pension Fund (MPF) and the Teacher's Pension Scheme (TPS). Pension costs under FRS 102 are based upon the latest actuarial valuation, which is based on assumptions agreed by management following actuarial advice. These assumptions are documented within note 30. Estimation of the net MPF liability depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Asset values are reported using estimated asset allocations prepared by the scheme Actuary. This asset value is calculated at each triennial valuation. Thereafter it is rolled forward for accounting valuation purposes using investment returns, contributions received, and benefits paid out. During each annual reporting period between triennial valuations asset returns are estimated using 11 months of market experience and one month of extrapolation being assumed. However, for the year ended 31 July 2020 the pension valuation was calculated using

asset returns as at that date. Actual investment returns over a full year might deviate from those reported by the Actuary in the FRS102 valuation.

The University also operates the Universities Superannuation Scheme (USS). These are accounted for as defined contribution schemes as insufficient information is available to identify the Universities share of the underlying assets and liabilities. As the University is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The USS deficit recovery plan defines the deficit payment required as a percentage of future salaries until 2031. These contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflations, changes in staff numbers and the prevailing discount rate.

With respect to the Merseyside Pension Fund liabilities at 31 July 2020, in order to reflect the impact of proposals by the UK Chancellor and the UK Statistics Authority (UKSA) to align RPI with CPIH (a variant of the Consumer Prices Index that includes an estimate of housing costs), the CPI assumption methodology was reassessed. In particular, the assumed long term gap between RPI inflation and CPI inflation was reduced from 1.2% at the prior year end to 0.8% at this year end. The impact of this change is expected to have resulted in an approximate £44m increase in the University's MPF liabilities since the prior year end.

### 22. 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.

### 23. Changes in accounting policies

Following the 2017 triennial review of FRS 102, the Institution is preparing its financial statements in accordance with the revised provisions of FRS 102 and the 2019 edition of the SORP from the previous 2015 version, for the first time in 2018/19.



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Consolidated and Institution Statement of Comprehensive Income

|  | Note | Consolidated<br>2020<br>£000 | University<br>2020<br>£000 | Consolidated<br>2019<br>£000 | University<br>2019<br>£000 |
|--|------|------------------------------|----------------------------|------------------------------|----------------------------|
| <b>Income</b>  |      |                              |                            |                              |                            |
| Tuition Fees and Education Contracts   | 1    | 198,289                      | 198,029                    | 185,421                      | 185,337                    |
| Funding Body Grants  | 2    | 21,061                       | 21,061                     | 21,211                       | 21,211                     |
| Research Grants and Contracts  | 3    | 10,019                       | 9,779                      | 9,544                        | 9,483                      |
| Other Income   | 4    | 6,834                        | 6,900                      | 4,169                        | 3,974                      |
| Investment Income  | 5    | 476                          | 523                        | 952                          | 995                        |
| Donations and Endowments   | 6    | 109                          | 109                        | 261                          | 261                        |
| <b>Total Income</b>  |      | <u>236,788</u>               | <u>236,401</u>             | <u>221,558</u>               | <u>221,261</u>             |
| <b>Expenditure</b>   |      |                              |                            |                              |                            |
| Staff Costs  | 7    | 142,211                      | 142,169                    | 140,434                      | 140,434                    |
| Other operating expenses   | 9    | 58,477                       | 57,776                     | 64,100                       | 63,580                     |
| Depreciation   | 10   | 9,881                        | 9,831                      | 9,621                        | 9,571                      |
| Interest and other finance costs   | 8    | 6,444                        | 6,616                      | 5,646                        | 5,818                      |
| <b>Total Expenditure</b>   |      | <u>217,013</u>               | <u>216,392</u>             | <u>219,801</u>               | <u>219,403</u>             |
| <b>Surplus/(deficit) before other gains losses and share of operating surplus/(deficit) of joint ventures and associates</b> |      | 19,775                       | 20,009                     | 1,757                        | 1,858                      |
| Gain/(loss) on disposal of fixed assets  | 10   | -                            | -                          | 1,809                        | 1,809                      |
| Share of operating surplus/(deficit) in associate  | 13   | 652                          | -                          | -                            | -                          |
| Share of operating (deficit)/surplus in joint venture  | 13   | (245)                        | -                          | (224)                        | -                          |
| <b>Surplus/(deficit) for the year</b>  |      | <u>20,182</u>                | <u>20,009</u>              | <u>3,342</u>                 | <u>3,667</u>               |
| <b>Other comprehensive income</b>  |      |                              |                            |                              |                            |
| Loss on impairment of investment in joint venture  | 13   | (4,317)                      | -                          | -                            | -                          |
| Actuarial (loss)/gain in respect of pension schemes  | 30   | (16,816)                     | (16,816)                   | (60,531)                     | (60,531)                   |
| <b>Total comprehensive income for the year</b>   |      | <u>(951)</u>                 | <u>3,193</u>               | <u>(57,189)</u>              | <u>(56,864)</u>            |
| <b>Represented by:</b>   |      |                              |                            |                              |                            |
| Restricted comprehensive income/(expenditure) for the year   |      | 1,192                        | 1,192                      | (500)                        | (500)                      |
| Unrestricted comprehensive income for the year   |      | (2,143)                      | 2,001                      | (56,689)                     | (56,364)                   |
|  |      | <u>(951)</u>                 | <u>3,193</u>               | <u>(57,189)</u>              | <u>(56,864)</u>            |
| <b>Surplus for the year attributable to:</b>   |      |                              |                            |                              |                            |
| University   |      | <u>15,865</u>                | <u>20,009</u>              | <u>3,342</u>                 | <u>3,667</u>               |
| <b>Total Comprehensive income for the year attributable to:</b>  |      |                              |                            |                              |                            |
| University   |      | <u>(951)</u>                 | <u>3,193</u>               | <u>(57,189)</u>              | <u>(56,864)</u>            |

All items of income and expenditure relate to continuing activities.

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Consolidated and Institution Statement of Changes in Reserves

| Consolidated   | Income and expenditure account |                      | Revaluation reserve<br>£000 | Total<br>£000 |
|--|--------------------------------|----------------------|-----------------------------|---------------|
|  | Restricted<br>£000             | Unrestricted<br>£000 |                             |               |
| <b>Balance at 1 August 2019</b>                                  | 1,549                          | 25,814               | 28,134                      | 55,497        |
| Surplus/(deficit) from the income and expenditure statement      | 1,192                          | (2,143)              | -                           | (951)         |
| Transfers between revaluation and income and expenditure reserve | -                              | 374                  | (374)                       | -             |
| <b>Total comprehensive income for the year</b>                   | <u>1,192</u>                   | <u>(1,769)</u>       | <u>(374)</u>                | <u>(951)</u>  |
| <b>Balance at 31 July 2020</b>                                   | <u>2,741</u>                   | <u>24,045</u>        | <u>27,760</u>               | <u>54,546</u> |
| <b>University</b>  |                                |                      |                             |               |
| University   | Income and expenditure account |                      | Revaluation reserve<br>£000 | Total<br>£000 |
|  | Restricted<br>£000             | Unrestricted<br>£000 |                             |               |
| <b>Balance at 1 August 2019</b>                                  | 1,549                          | 27,411               | 28,134                      | 57,094        |
| Surplus/(deficit) from the income and expenditure statement      | 1,192                          | 2,001                | -                           | 3,193         |
| Transfers between revaluation and income and expenditure reserve | -                              | 374                  | (374)                       | -             |
| <b>Total comprehensive income for the year</b>                   | <u>1,192</u>                   | <u>2,375</u>         | <u>(374)</u>                | <u>3,193</u>  |
| <b>Balance at 31 July 2020</b>                                   | <u>2,741</u>                   | <u>29,786</u>        | <u>27,760</u>               | <u>60,287</u> |



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

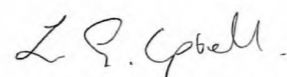
## Consolidated and Institution Statement of Financial Position

|   | Note | Year ended 31 July 2020 |                    | Year ended 31 July 2019 |                    |
|---|------|-------------------------|--------------------|-------------------------|--------------------|
|   |      | Consolidated<br>£000    | University<br>£000 | Consolidated<br>£000    | University<br>£000 |
| <b>Non-Current Assets</b>                               |      |                         |                    |                         |                    |
| Fixed Assets  | 10   | 247,697                 | 246,030            | 202,226                 | 200,510            |
| Investments   | 13   | 39                      | 39                 | 3,039                   | 19,029             |
| Investment in associate                                 | 13   | 652                     | -                  | -                       | -                  |
| Investment in Joint Venture                             | 13   | 457                     | -                  | 5,019                   | -                  |
|   |      | <u>248,845</u>          | <u>246,069</u>     | <u>210,284</u>          | <u>219,539</u>     |
| <b>Current Assets</b>                                   |      |                         |                    |                         |                    |
| Stock   | 14   | 31                      | 31                 | 39                      | 39                 |
| Trade and other receivables                             | 15   | 24,623                  | 25,232             | 17,235                  | 18,041             |
| Investments   | 16   | 6,000                   | 21,990             | 47,000                  | 47,000             |
| Cash and cash equivalents                               | 21   | 82,718                  | 82,639             | 60,819                  | 60,695             |
|   |      | <u>113,372</u>          | <u>129,892</u>     | <u>125,093</u>          | <u>125,775</u>     |
| Less: Creditors amounts falling due within one year     | 17   | (47,806)                | (55,809)           | (42,849)                | (42,599)           |
| <b>Net current assets/(liabilities)</b>                 |      | <u>65,566</u>           | <u>74,083</u>      | <u>82,244</u>           | <u>83,176</u>      |
| <b>Total assets less current liabilities</b>            |      | <u>314,411</u>          | <u>320,152</u>     | <u>292,528</u>          | <u>302,715</u>     |
| Creditors: amounts falling due after more than one year | 18   | (37,454)                | (37,454)           | (38,796)                | (47,386)           |
| <b>Provisions</b>                                       |      |                         |                    |                         |                    |
| Pension provisions                                      | 19   | (216,999)               | (216,999)          | (191,958)               | (191,958)          |
| Other provisions  | 19   | (5,412)                 | (5,412)            | (6,277)                 | (6,277)            |
| <b>Net Assets</b>                                       |      | <u>54,546</u>           | <u>60,287</u>      | <u>55,497</u>           | <u>57,094</u>      |
| <b>Restricted Reserves</b>                              |      |                         |                    |                         |                    |
| Income and expenditure reserve                          | 20   | 2,741                   | 2,741              | 1,549                   | 1,549              |
| <b>Unrestricted Reserves</b>                            |      |                         |                    |                         |                    |
| Income and expenditure reserve                          |      | 24,045                  | 29,786             | 25,814                  | 27,411             |
| Revaluation reserve                                     |      | 27,760                  | 27,760             | 28,134                  | 28,134             |
| <b>Total Reserves</b>                                   |      | <u>54,546</u>           | <u>60,287</u>      | <u>55,497</u>           | <u>57,094</u>      |

The financial statements were approved by the Board of Governors on 23<sup>rd</sup> November 2020 and were signed on its behalf on that date by:



Mr Mike Parker CBE  
Pro-Chancellor and Chair of the Board



Professor Ian G Campbell BSc, MSc, PhD  
Vice-Chancellor and Chief Executive





## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Consolidated Statement of Cash Flows

|   | Note | Year ended<br>31 July 2020 | Year ended<br>31 July 2019 |
|---|------|----------------------------|----------------------------|
|   |      | £000                       | £000                       |
| <b>Cash flow from operating activities</b>                          |      |                            |                            |
| Surplus for the year  |      | 15,865                     | 3,342                      |
| <b>Adjustment for non-cash items</b>                                |      |                            |                            |
| Depreciation  | 10   | 9,881                      | 9,621                      |
| Decrease/(increase) in stock  | 14   | 8                          | (2)                        |
| (Increase)/decrease in debtors                                      | 15   | (7,551)                    | (4,229)                    |
| Increase/(decrease) in creditors                                    | 17   | 5,002                      | 2,124                      |
| Increase/(decrease) in pension provision                            | 19   | 4,448                      | 9,960                      |
| (Decrease)/increase in other provisions                             | 19   | (865)                      | 652                        |
| Share of operating (surplus)/deficit in associate                   | 13   | (652)                      | -                          |
| Share of operating deficit/(surplus) in joint venture               | 13   | 4,562                      | 224                        |
| <b>Adjustment for investing or financing activities</b>             |      |                            |                            |
| Investment income   | 5    | (476)                      | (952)                      |
| Interest payable  | 8    | 6,444                      | 5,646                      |
| Loss on the sale of fixed assets                                    | 10   | -                          | (759)                      |
| <b>Net cash inflow from operating activities</b>                    |      | <b>36,666</b>              | <b>25,627</b>              |
| <b>Cash flows from investing activities</b>                         |      |                            |                            |
| New deposits  |      | (83,000)                   | (40,000)                   |
| Withdrawn deposits  |      | 127,000                    | 40,500                     |
|   |      | 44,000                     | 500                        |
| Investment income   | 5    | 476                        | 952                        |
| Payments made to acquire fixed assets                               | 10   | (55,352)                   | (23,122)                   |
|   |      | (10,876)                   | (21,670)                   |
| <b>Cash flows from financing activities</b>                         |      |                            |                            |
| Interest paid   | 8    | (2,598)                    | (2,705)                    |
| Repayments of amounts borrowed                                      | 17   | (1,293)                    | (1,460)                    |
|   |      | (3,891)                    | (4,165)                    |
| <b>Increase/(decrease) in cash and cash equivalents in the year</b> |      | <b>21,899</b>              | <b>(208)</b>               |
| Cash and cash equivalents at beginning of the year                  | 21   | 60,819                     | 61,027                     |
| Cash and cash equivalents at end of the year                        | 21   | 82,718                     | 60,819                     |

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

| 1. Tuition Fees and Education Contracts      | Year ended 31 July 2020 |                    | Year ended 31 July 2019 |                    |
|--|-------------------------|--------------------|-------------------------|--------------------|
|  | Consolidated<br>£000    | University<br>£000 | Consolidated<br>£000    | University<br>£000 |
| Full-time home & EU students                 | 165,184                 | 165,184            | 152,910                 | 152,910            |
| Full-time international students             | 17,302                  | 17,302             | 15,502                  | 15,502             |
| Part-time students                           | 8,094                   | 8,094              | 6,713                   | 6,713              |
| Other fees & NHS contracts                   | 7,709                   | 7,449              | 10,296                  | 10,212             |
|  | <u>198,289</u>          | <u>198,029</u>     | <u>185,421</u>          | <u>185,337</u>     |
| <b>2. Funding Body Grants</b>                |                         |                    |                         |                    |
|  | Consolidated<br>£000    | University<br>£000 | Consolidated<br>£000    | University<br>£000 |
| <b>Recurrent grants</b>                      |                         |                    |                         |                    |
| Office for Students                          | 12,605                  | 12,605             | 11,533                  | 11,533             |
| Research England                             | 6,975                   | 6,975              | 7,232                   | 7,232              |
| Education and Skills Funding Agency          | 11                      | 11                 | 35                      | 35                 |
| National College for Teaching and Leadership | 13                      | 13                 | (63)                    | (63)               |
| Capital Grants                               | 1,457                   | 1,457              | 2,474                   | 2,474              |
|  | <u>21,061</u>           | <u>21,061</u>      | <u>21,211</u>           | <u>21,211</u>      |
| <b>3. Research grants and Contracts</b>      |                         |                    |                         |                    |
|  | Consolidated<br>£000    | University<br>£000 | Consolidated<br>£000    | University<br>£000 |
| Research Councils                            | 2,333                   | 2,333              | 2,925                   | 2,925              |
| Research Charities                           | 1,036                   | 1,016              | 762                     | 761                |
| Research Government (UK and Overseas)        | 5,438                   | 5,402              | 4,656                   | 4,646              |
| Research Industry and Commerce               | 741                     | 580                | 644                     | 644                |
| Research Other                               | 471                     | 448                | 557                     | 507                |
|  | <u>10,019</u>           | <u>9,779</u>       | <u>9,544</u>            | <u>9,483</u>       |

The source of grant and fee income, included in notes 1 to 3 is as follows:

|  | Consolidated<br>£000 | University<br>£000 | Consolidated<br>£000 | University<br>£000 |
|--|----------------------|--------------------|----------------------|--------------------|
| Grant income from the OFS              | 12,605               | 12,605             | 14,007               | 14,007             |
| Grant income from other bodies         | 18,171               | 17,931             | 16,442               | 16,381             |
| Fee income for research awards         | 304                  | 304                | 306                  | 306                |
| Fee income from non qualifying courses | 1,579                | 1,319              | 1,857                | 1,773              |
| Fee income from taught awards          | 196,710              | 196,710            | 183,564              | 183,564            |
|  | <u>229,369</u>       | <u>228,869</u>     | <u>216,176</u>       | <u>216,031</u>     |



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 4. Other income

|                                      | Consolidated<br>£000 | University<br>£000 | Consolidated<br>£000 | University<br>£000 |
|--------------------------------------|----------------------|--------------------|----------------------|--------------------|
| Residences, catering and conferences | 1,057                | 1,057              | 1,378                | 1,378              |
| Other revenue grants                 | 162                  | 162                | 296                  | 296                |
| Other income                         | 5,615                | 5,681              | 2,495                | 2,300              |
|                                      | <u>6,834</u>         | <u>6,900</u>       | <u>4,169</u>         | <u>3,974</u>       |

## 5. Investment income

|  | Year ended 31 July<br>2019 |                    | Year ended 31 July<br>2019 |                    |
|--|----------------------------|--------------------|----------------------------|--------------------|
| Note                                     | Consolidated<br>£000       | University<br>£000 | Consolidated<br>£000       | University<br>£000 |
| Investment income on restricted reserves | 20                         | 7                  | 7                          | 8                  |
| Other investment income                  |                            | 469                | 516                        | 987                |
|  |                            | <u>476</u>         | <u>952</u>                 | <u>995</u>         |

## 6. Donations and Endowments

|                             | Consolidated<br>£000 | University<br>£000 | Consolidated<br>£000 | University<br>£000 |
|-----------------------------|----------------------|--------------------|----------------------|--------------------|
| Donations with restrictions | 109                  | 109                | 256                  | 256                |
| Unrestricted donations      | 20                   | -                  | 5                    | 5                  |
|                             | <u>109</u>           | <u>109</u>         | <u>261</u>           | <u>261</u>         |

## 7. Staff costs

|  | Consolidated<br>£000 | University<br>£000 | Consolidated<br>£000 | University<br>£000 |
|--|----------------------|--------------------|----------------------|--------------------|
| Salaries                               | 103,639              | 103,602            | 99,855               | 99,855             |
| Social security costs                  | 10,747               | 10,743             | 10,611               | 10,611             |
| Apprenticeship Levy                    | 540                  | 540                | 448                  | 448                |
| Movement on USS provision              | (1,857)              | (1,857)            | 1,946                | 1,946              |
| Movement on Enhanced Pension Provision | (647)                | (647)              | 1,527                | 1,527              |
| Other pension costs                    | 28,990               | 28,989             | 24,786               | 24,786             |
| <b>Sub-total</b>                       | <u>141,412</u>       | <u>141,370</u>     | <u>139,173</u>       | <u>139,173</u>     |
| Restructuring costs                    | 799                  | 799                | 1,261                | 1,261              |
| <b>Total</b>                           | <u>142,211</u>       | <u>142,169</u>     | <u>140,434</u>       | <u>140,434</u>     |

A further breakdown of pension costs has been included in note 30.

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 7. Staff costs (continued)

| Compensation for loss of Office | Consolidated<br>£000 | University<br>£000 | Consolidated<br>£000 | University<br>£000 |
|---------------------------------|----------------------|--------------------|----------------------|--------------------|
| Notice pay                      | 167                  | 167                | 376                  | 376                |
| Redundancy pay                  | 486                  | 486                | 424                  | 424                |
| Ex-gratia payments              | 98                   | 98                 | 79                   | 79                 |
| Pension payments                | 48                   | 48                 | 382                  | 382                |
|                                 | <u>799</u>           | <u>799</u>         | <u>1,261</u>         | <u>1,261</u>       |

The payments above were made in respect of 77 people (2019 46 people).

## Emoluments of the Vice Chancellor:

|                               | Year ended 31 July<br>2020 |               | Year ended 31 July<br>2019 |                        |
|-------------------------------|----------------------------|---------------|----------------------------|------------------------|
|                               | £                          | £             | £                          | £                      |
|                               | Prof. Ian Campbell         | Mark Power    | Mark Power                 | Prof. Nigel Weatherill |
| Basic salary                  | 187,621                    | 46,371        | 206,634                    | 31,816                 |
| Emoluments                    | -                          | 5,704         | 11,788                     | 4,365                  |
| Pay in lieu of notice         | -                          | -             | -                          | 148,000                |
| Benefits                      | -                          | -             | -                          | 171                    |
| Pension contributions to USS  | 39,588                     | -             | -                          | 22,434                 |
| Pension contributions to LGPS | -                          | -             | 18,153                     | -                      |
|                               | <u>227,209</u>             | <u>52,075</u> | <u>236,575</u>             | <u>206,786</u>         |

On 14th September 2018 Professor Nigel Weatherill resigned from the position of Vice Chancellor and Chief Executive. He received a payment of £148,000 in lieu of a notice period.

On 15th September 2018 Mr Mark Power was appointed Acting Vice Chancellor and Chief Executive. The emoluments included in the table above are only in relation to the role of Acting Vice Chancellor and Chief Executive, and do not include the salary paid to this individual in his previous role or current role at the University.

On 14th October 2019 Professor Ian Campbell was appointed as the Vice Chancellor and Chief Executive.

## Vice Chancellor's remuneration

## The Remuneration Committee

The purpose of the Remuneration Committee, as set out in the Terms of Reference approved by the Board, is to determine all matters relating to the salary and terms and conditions of employment of designated Senior Post-holders. The Remuneration Committee also maintains oversight of the University's policy framework for the remuneration and reward of other senior staff on the Directorate level management contracts and the Professoriate. Membership comprises of the Chair (also Deputy Chair of the Board), the Chair of the Board, and the Chairs of Audit, Employment and Finance Committees. The Vice-Chancellor is not a member of the committee but



**LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020**

**Notes to the accounts**

**7. Staff costs (continued)**

attends as required. Other attendees, as required, include the Executive Director of HR and Director of Finance. The committee is serviced by the University’s Secretariat. Staff, including the Vice-Chancellor, are not permitted to be present when matters concerning their own performance and salaries are reviewed and discussed.

The Committee has met five times during 2019/20 and maintained an excellent level of attendance.

| Name       | Position                                      | 29 Aug       | 9 Sep        | 14 Oct       | 28 Oct       | 9 Mar        | 14 Jul       |
|------------|---|--------------|--------------|--------------|--------------|--------------|--------------|
| N Benson   | Committee Chair and Deputy Chair of the Board | ✓            | ✓            | ✓            | ✓            | Not a member | Not a member |
| E Ward     | Committee Chair and Deputy Chair of the Board | Not a member | Not a member | Not a member | Not a member | ✓            | ✓            |
| W Williams | Chair of Employment Committee                 | ✓            | ✓            | ✓            | ✓            | ✓            | ✓            |
| M Parker   | Chair of the Board                            | ✓            | ✓            | ✓            | ✓            | ✓            | ✓            |
| B McCann   | Chair of Audit Committee                      | ✓            | ✓            | ✓            | ✓            | ✓            | ✓            |
| C Oddy     | Chair of Audit Committee                      | Not a member | Not a member | Not a member | Not a member | ✓            | ✓            |

**The University’s practice in relation to Remuneration**

The University continues to operate within a highly competitive market. It is important that the University’s policies and practice in relation to remuneration support its ability to recruit and retain the best staff.

The University offers an excellent working environment and scores very highly in staff surveys for staff engagement, suggesting that remuneration is only one of a number of factors that impact individual employee decisions to work here.

**1. The key principles of Remuneration**

- a) The University has adopted the CUC Remuneration Code and with it a commitment to ensuring, a fair, appropriate and justifiable level of remuneration within a framework of transparency and accountability.
- b) There is an ongoing commitment to annual Performance Review across the University and the opportunity for staff to develop.
- c) Gender Pay Gap reporting focussing on the mean and median salary of male and female staff.

**2. Staff employed on the National Pay spine**

The University appoints staff to specific roles. Roles are evaluated using the Higher Education Role Analysis (HERA) scheme with each role assigned to an identified grade boundary (which specifies the minimum and maximum salary for each grade and the incremental progression points) on the nationally agreed 51 point pay spine.

**LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020**

**Notes to the accounts**

**7. Staff costs (continued)**

Staff employed on grades 2-10 receive annual incremental progression within the specified grade as well as a pay award agreed through national bargaining.

**3. Senior staff employed on Manager and Professorial Grades**

Senior management and Professorial staff are appointed on the Hay and Professorial pay scales. The point on the scale is determined having regard to benchmarking, experience, expertise and market forces. The annual pay award for staff on these pay scales is determined by the Remuneration Committee operating within an overall sum agreed for staffing as set out through the University’s budget process – this sum being guided by the annual national pay award agreed for the main body of staff. Based on the performance of the University, and the national pay award for all staff, the Directorate and Professoriate were awarded a 1.8% pay increase with effect from 1st August 2019. Exceptional payments were made to the Director of Legal and Governance Services and the Acting Finance Director recognise the additional level of responsibility in the absence of a permanent University Secretary and a permanent Finance Director.

**4. Designated Senior Post-holders**

In determining the individual salaries and any discretionary payments for which the Remunerations Committee has direct responsibility, a guidance note provided to the Committee highlights that any pay review shall take account of:

- Likely national pay award levels and the University’s financial position
- The principles set out in the CUC Senior Staff Remuneration Code
- Comparative benchmarking data for similar roles in the UCEA Remuneration Survey of institutions comparable in size and income to the University Benchmarking to be in a range that does not exceed the upper quartile of the UCEA Survey
- The outcomes of performance review against agreed objectives
- The need to reduce the gender pay gap
- External advice where deemed appropriate

In addition to such guidance the Committee also takes advice from an independent expert with sector knowledge commissioned for this purpose.

**Remuneration of Senior staff (Excluding the Vice-Chancellor)**

During the early party of 2019/20 the Remuneration Committee met several times to determine the appropriate salaries for the University’s restructured Executive Leadership Team. In doing so it took into account the criteria set out in the aforesaid guidance note together with external advice commissioned for such purposes.

**Remuneration of the Vice-Chancellor**

In agreeing the base salary for the Vice-Chancellor the Remuneration Committee takes into consideration the depth, breadth and complexity of the role. The Remuneration Committee undertakes benchmarking across the Higher Education sector, including comparative information relating to the relevant contribution and income groups. The University subscribes to the UCEA



**LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020**

**Notes to the accounts**

**7. Staff costs (continued)**

Senior Staff Remuneration Survey and this data is analysed and a report provided utilising the benchmarking data as it represents the most comprehensive and reliable source of data within the sector, enabling cross intuitional comparisons to be made. The University also participates in the Committee of University Chairs' Vice-Chancellors Salary Survey and this data is reviewed. External advice is also commissioned for such purposes. Any other elements of the total remuneration package for the Vice-Chancellor are reviewed by the Remuneration Committee alongside the annual individual performance review. The annual objectives are set by the Chair of the Board and following a formal review the Chair provides an assessment of progress against the objectives to Remuneration Committee. The Vice Chancellor took up his position on 14 October 2019 and the Remuneration Committee took the opportunity before appointment to consider and benchmark an appropriate remuneration package in conjunction with external advisers.

**Pay Ratio**

In disclosing the Vice Chancellor's pay ratios the University includes within 'all other employees' all employees who are required to be included in real-time reporting to HMRC.

During the year ended 31 July 2020 there was a change of personnel in the role of Vice Chancellor. Mark Power was in position from 1 August 2019 to 13 October 2019, and from 14 October 2019 the post was occupied by Professor Ian Campbell. In the previous year Professor Nigel Weatherill was in position from 1 August 2018 to 14 September 2018, and from 15 September 2018 the post was occupied by Mark Power.

In calculating the pay ratio the full time equivalent salary for each person has been included assuming they had been in post for the whole financial year. The employers pension contributions for both have been assumed as follows:

Mark Power ceased to contribute to the Local Government Pension Scheme from 1 March 2019, and was in receipt of an emolument in lieu of the employers contributions to the scheme. This scenario has been applied to the whole period in calculating the full time equivalent.

The University was contributing reduced rate employers pension contributions to the Universities Superannuation Scheme in respect of Professor Nigel Weatherill at 2.1%. In calculating the full time equivalent for the year ended 31 July 2019 this has been applied to the full time equivalent basic pay and emoluments. The payment in lieu of notice made to Professor Weatherill has been excluded from the calculation, as has the associated employer's pension contribution.

| Pay ratios               | Year ended 31 July 2020 |            | Year ended 31 July 2019 |                        |
|--------------------------|-------------------------|------------|-------------------------|------------------------|
|                          | Prof. Ian Campbell      | Mark Power | Mark Power              | Prof. Nigel Weatherill |
| Basic pay ratio          | 6.95                    | 6.81       | 7.13                    | 8.08                   |
| Total remuneration ratio | 6.81                    | 6.18       | 6.97                    | 8.15                   |

**LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020**

**Notes to the accounts**

**7. Staff costs (continued)**

**Basic Pay Ratio**

The Vice Chancellor's basic salary is expressed in the table above as a ratio of the median of the salaries paid by Liverpool John Moores University to its staff. The median pay is calculated on a full-time equivalent basis for the salaries paid to staff who are returned to HMRC through real time information (RTI). The median basic pay is calculated as £33,797 (2019 £32,236) which includes all full and part time staff, fixed term and temporary staff.

**Total remuneration pay ratio**

The Vice Chancellor's total remuneration is expressed in the table above as a ratio of the median of the total remuneration paid by Liverpool John Moores University to its staff. The median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid to staff who are returned to HMRC through real time information (RTI). The median total remuneration is calculated as £41,800 (2019 £37,066) which includes all full and part time staff, fixed term and temporary staff. Total remuneration includes basic pay, emoluments, overtime paid to full time employees and employer's pension contributions.

The number of staff with a basic salary of over £100,000 per annum has been included below. Payments made on behalf of the NHS in respect of its contractual obligations to institutional staff under separate NHS contracts of employments are not included within remuneration.

|                      | Year ended 31 July 2020 Consolidated No. | Year ended 31 July 2020 Institution No. | Year ended 31 July 2019 Consolidated No. | Year ended 31 July 2019 Institution No. |
|----------------------|--|---|--|---|
| £100,000 to £104,999 | 2  | 2                                       | 5  | 5                                       |
| £105,000 to £109,999 | 3  | 3                                       | 2  | 2                                       |
| £110,000 to £114,999 | -  | -                                       | 1  | 1                                       |
| £115,000 to £119,999 | 1  | 1                                       | -  | -                                       |
| £120,000 to £124,999 | 2  | 2                                       | 1  | 1                                       |
| £125,000 to £129,999 | -  | -                                       | 1  | 1                                       |
| £130,000 to £134,999 | -  | -                                       | 3  | 3                                       |
| £135,000 to £139,999 | 5  | 5                                       | 4  | 4                                       |
| £140,000 to £144,999 | -  | -                                       | 1  | 1                                       |
| £145,000 to £149,999 | 1  | 1                                       | 2  | 2                                       |
| £150,000 to £154,999 | -  | -                                       | -  | -                                       |
| £155,000 to £159,999 | -  | -                                       | -  | -                                       |
| £160,000 to £164,999 | -  | -                                       | -  | -                                       |
| £165,000 to £169,999 | -  | -                                       | -  | -                                       |
| £170,000 to £174,999 | -  | -                                       | -  | -                                       |
| £175,000 to £179,999 | -  | -                                       | -  | -                                       |
| £180,000 to £184,999 | -  | -                                       | -  | -                                       |
| £185,000 to £189,999 | 1  | 1                                       | -  | -                                       |
|                      | <u>15</u>                                | <u>15</u>                               | <u>20</u>                                | <u>20</u>                               |



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 7. Staff costs (continued)

## Average staff numbers by major category:

|              | 2020<br>No.  | 2019<br>No.  |
|--------------|--------------|--------------|
| Academic     | 1,361        | 1,322        |
| Non Academic | 1,115        | 1,150        |
|              | <u>2,476</u> | <u>2,472</u> |

## Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Institution. The University has identified these people as the Vice Chancellor and Chief Executive, the Registrar and Chief Operating Officer, Pro Vice Chancellors, the Executive Director Human Resources and the Finance Director. Staff costs includes compensation paid to key management personnel.

[Note that compensation consists of salary, employers national insurance contributions and benefits including employers pension]

|                                       | Year ended<br>31 July 2020<br>£000 | Year ended<br>31 July<br>2019<br>£000 |
|---------------------------------------|------------------------------------|---------------------------------------|
| Key management personnel compensation | <u>2,318</u>                       | <u>2,943</u>                          |

Included in the above is £0.170m (2019 £0.523) paid to two (2019 five) key management personnel in respect of loss of office.

## 8. Interest and other finance costs

| Note  | Year ended 31 July<br>2020 |                    | Year ended 31 July<br>2019 |                    |
|---|----------------------------|--------------------|----------------------------|--------------------|
|   | Consolidated<br>£000       | University<br>£000 | Consolidated<br>£000       | University<br>£000 |
| Loan interest                               | 2,598                      | 2,598              | 2,705                      | 2,705              |
| Other interest                              | -                          | 172                | -                          | 172                |
| Unwind of discount on USS<br>pension scheme | 69                         | 69                 |                            |                    |
| Net cost on pension scheme                  | <u>3,777</u>               | <u>3,777</u>       | <u>2,941</u>               | <u>2,941</u>       |
|   | <u>6,444</u>               | <u>6,616</u>       | <u>5,646</u>               | <u>5,818</u>       |

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the Accounts

## 9a. Analysis of other operating expenses

|   | Year ended 31 July<br>2020 |                    | Year ended 31 July<br>2019 |                    |
|---|----------------------------|--------------------|----------------------------|--------------------|
|   | Consolidated<br>£000       | University<br>£000 | Consolidated<br>£000       | University<br>£000 |
| Academic departments and services       | 23,890                     | 24,232             | 27,170                     | 27,305             |
| Administration and central services     | 13,299                     | 12,907             | 13,449                     | 13,433             |
| Premises                                | 14,462                     | 14,462             | 14,774                     | 14,774             |
| Residences, catering and<br>conferences | 743                        | 743                | 1,150                      | 1,150              |
| Research grants and contracts           | 4,788                      | 4,140              | 7,557                      | 6,918              |
| Covid resumption                        | 1,292                      | 1,292              | -                          | -                  |
|   | <u>58,474</u>              | <u>57,776</u>      | <u>64,100</u>              | <u>63,580</u>      |

Other operating expenses  
include:

|   | Year<br>ended 31<br>July 2020 | Year<br>ended 31<br>July 2019 |
|---|-------------------------------|-------------------------------|
| Fees payable to the company's auditor for the audit of the<br>company's annual accounts | 60                            | 42                            |
| Audit of the accounts of subsidiaries   | 17                            | 7                             |
| External auditors remuneration in respect of non-audit services                         | 63                            | 66                            |
| Grant audits  | 11                            | 9                             |
| Internal audit services   | 85                            | 78                            |
| Operating lease rentals - vehicles  | 71                            | 77                            |
| Operating lease rentals - Land and buildings  | 1,009                         | 1,173                         |

## 9b. Access and Participation

|                         | Year ended 31 July<br>2020 |                    |
|-------------------------|----------------------------|--------------------|
|                         | Consolidated<br>£000       | University<br>£000 |
| Access Investment       | 1,883                      | 1,883              |
| Financial Support       | 4,781                      | 4,781              |
| Disability Support      | 821                        | 821                |
| Research and Evaluation | 248                        | 248                |
|                         | <u>7,733</u>               | <u>7,733</u>       |

Included in the above are staff costs totalling £2.37m which are already included in the overall staff cost figures reported in note 7.

The University's Access and Participation plan can be accessed [here](#).

To assess whether costs incurred by the University meet the criteria for disclosure as Access and Participation the University undertakes a detailed review of those areas that play a



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 9b. Access and Participation (continued)

significant part in meeting the Access and Participation agreement with service heads and directors. There is a process of engaging the Access and Participation multi-disciplinary team that allows for information to be updated and tested for reasonableness. The methodology and rationale for apportioning and allocating costs follows an activity based costing approach and accounts for both direct and indirect costs across the university following the prescribed guidance from OfS.

## 10. Fixed Assets

| Consolidated                           | Freehold land and Buildings | Leasehold land and Buildings | Telescope | Equipment | WIP     | Total   |
|--|-----------------------------|------------------------------|-----------|-----------|---------|---------|
| <b>Cost or valuation</b>               |                             |                              |           |           |         |         |
| At 1 August 2019                       | 195,471                     | 704                          | 5,183     | 33,549    | 20,351  | 255,258 |
| Additions                              | -                           | -                            | -         | 2,696     | 52,656  | 55,352  |
| Transfers                              | 8,731                       | -                            | -         | -         | (8,731) | -       |
| Disposals                              | -                           | -                            | -         | (1,102)   | -       | (1,102) |
| At 31 July 2020                        | 204,202                     | 704                          | 5,183     | 35,143    | 64,276  | 309,508 |
| <b>Consisting of valuation as at :</b> |                             |                              |           |           |         |         |
| 31 May 2013                            | 170,996                     | 665                          | -         | -         | -       | 171,661 |
| Cost                                   | 24,475                      | 39                           | -         | -         | -       | 24,514  |
|  | 195,471                     | 704                          | -         | -         | -       | 196,175 |
| <b>Depreciation</b>                    |                             |                              |           |           |         |         |
| At 1 August 2019                       | 24,421                      | -                            | 4,074     | 24,537    | -       | 53,032  |
| Charge for the year                    | 5,284                       | -                            | 268       | 4,329     | -       | 9,881   |
| Disposals                              | -                           | -                            | -         | (1,102)   | -       | -       |
| At 31 July 2020                        | 29,705                      | -                            | 4,342     | 27,764    | -       | 61,811  |
| <b>Net book value</b>                  |                             |                              |           |           |         |         |
|  | Freehold land and Buildings | Leasehold land and Buildings | Telescope | Equipment | WIP     | Total   |
| At 31 July 2020                        | 174,497                     | 704                          | 841       | 7,379     | 64,276  | 247,697 |
| At 31 July 2019                        | 171,050                     | 704                          | 1,109     | 9,012     | 20,351  | 202,226 |

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 10. Fixed Assets (continued)

| University                             | Freehold land and Buildings | Leasehold land and Buildings | Telescope | Equipment | WIP     | Total   |
|--|-----------------------------|------------------------------|-----------|-----------|---------|---------|
| <b>Cost or valuation</b>               |                             |                              |           |           |         |         |
| At 1 August 2019                       | 193,677                     | 704                          | 5,183     | 33,549    | 20,351  | 253,464 |
| Additions                              | -                           | -                            | -         | 2,696     | 52,656  | 55,352  |
| Transfers                              | 8,731                       | -                            | -         | -         | (8,731) | -       |
| Disposals                              | -                           | -                            | -         | (1,102)   | -       | (1,102) |
| At 31 July 2020                        | 202,408                     | 704                          | 5,183     | 35,143    | 64,276  | 307,714 |
| <b>Consisting of valuation as at :</b> |                             |                              |           |           |         |         |
| 31 May 2013                            | 170,996                     | 665                          | -         | -         | -       | 171,661 |
| Cost                                   | 22,671                      | 39                           | -         | -         | -       | 22,710  |
|  | 193,667                     | 704                          | -         | -         | -       | 194,371 |
| <b>Depreciation</b>                    |                             |                              |           |           |         |         |
| At 1 August 2019                       | 24,344                      | -                            | 4,074     | 24,537    | -       | 52,955  |
| Charge for the year                    | 5,234                       | -                            | 268       | 4,329     | -       | 9,831   |
| Disposals                              | -                           | -                            | -         | (1,102)   | -       | (1,102) |
| At 31 July 2020                        | 29,578                      | -                            | 4,342     | 27,764    | -       | 61,684  |
| <b>Net book value</b>                  |                             |                              |           |           |         |         |
|  | Freehold land and Buildings | Leasehold land and Buildings | Telescope | Equipment | WIP     | Total   |
| At 31 July 2020                        | 172,830                     | 704                          | 841       | 7,379     | 64,276  | 246,030 |
| At 31 July 2019                        | 169,333                     | 704                          | 1,109     | 9,012     | 20,351  | 200,510 |

At 31 July 2020, land and buildings included £27.588m (2019 - £27.588m) in respect of land that is not depreciated.

During the year ended 31 July 2019 the University entered into a development agreement which included the sale of land at the site of the former Haigh building. The site was sold for £2m resulting in a profit on disposal of £1.81m which was charged to the income and expenditure account in that year. Of the £2m sale proceeds, £950k has been deferred and is included in prepayments and deferred income.



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 11. Heritage Assets

The University holds heritage assets, donated to the University with an insurance value of £0.061m and loaned to the University with an insurance value of £0.107m. Heritage assets include paintings, vases and ceremonial maces. These assets are not recognised on the balance sheet as they are not material in value.

## 12. Service Concession Arrangements

The University has no minimum guaranteed payment and therefore no asset and liability to recognise on the Balance Sheet.

## 13. Non-Current Investments

|                                | Year ended 31 July 2020 |                    | Year ended 31 July 2019 |                    |
|--------------------------------|-------------------------|--------------------|-------------------------|--------------------|
|                                | Consolidated<br>£000    | University<br>£000 | Consolidated<br>£000    | University<br>£000 |
| Investment in subsidiaries (a) | -                       | -                  | -                       | 15,990             |
| Other investments (b)          | 39                      | 39                 | 3,039                   | 3,039              |
|                                | <u>39</u>               | <u>39</u>          | <u>3,039</u>            | <u>19,029</u>      |

## (a) Investment in subsidiaries

The University owns 100% of the share capital of JMU Services Limited, JMU Property Development Company Limited, JMU Learning Resource Centre Development Limited, JMU Building Services and Maintenance Limited, Liverpool Business School Limited, Standard Trace Metal Quantification Limited, and LJMU Recruitment Agency Limited. All University subsidiary companies are registered in the United Kingdom. All of the trading subsidiaries have been consolidated. As at 31 July 2020 the directors of JMU Property Development Company Limited, JMU Learning Resource Centre Development Limited and JMU Building Services and Maintenance Limited advised of the intention to wind those companies up in the next 12 months. As a result of this, these investments have been moved to current assets.

## (b) Other investments

| University and Consolidated | Year ended<br>31 July 2020<br>£000 | Year ended<br>31 July 2019<br>£000 |
|-----------------------------|------------------------------------|------------------------------------|
| At 1 August 2019            | 3,039                              | 15,039                             |
| Disposals                   | <u>(3,000)</u>                     | <u>(12,000)</u>                    |
| At 31 July 2020             | <u>39</u>                          | <u>3,039</u>                       |

£0.039m (2019 £0.039m) other investments are in respect of shares in CVCP Properties PLC (1.0%) and Amaze Ltd (250,000 preference shares, redemption value £nil).

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 13. Non-Current Investments (continued)

£nil (2019 £3m) other investments are in respect of deposits held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than twelve months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement. The fair value of these deposits was not materially different from the book value.

## (c) Investment in joint venture

The University holds a 50% interest in Sensor City Liverpool Limited, a company limited by guarantee. This is a joint venture company owned equally by Liverpool John Moores University and University of Liverpool. The arrangement is treated as a joint venture and is accounted for using the gross equity method. The net assets of the company have been restated using the University's accounting policy for valuing assets as this differs from the accounting policy of the company. For the year ended 31 July 2020 the net assets of the company were £0.915m (31 July 2019 £10.049m), the group share of these being £0.457m (2019 £5.025m). An external valuation, carried out by RICS qualified valuer's CBRE, of the Sensor City building obtained by management as at 31 July 2020 reported the value of the building as £0.467m based on fair value in accordance with FRS102. This valuation indicated that the recoverable amount was below the existing carrying value held in the financial statements and as such the asset was impaired in line with accounting policy resulting in a £1.548m charge to other comprehensive income in that company.

The company's financial year end is 31 July 2020.

The Sensor City reported figures have been adjusted to reflect the University accounting policy with respect to land and buildings. The value of net assets in Sensor City have fallen considerably since inception, and although the University has not previously not recognised this, the further impairment of the value of the building has triggered an impairment in the value of the University's investment of £4.317m.

|  | Year ended 31 July 2020 |                | Year ended 31 July 2019 |              |
|--|-------------------------|----------------|-------------------------|--------------|
|  | £000                    | £000           | £000                    | £000         |
| <b>Income and expenditure account</b>    |                         |                |                         |              |
| Income                                   |                         | 523            |                         | 940          |
| Deficit before tax                       |                         | <u>(4,562)</u> |                         | <u>(224)</u> |
| <b>Balance Sheet</b>                     |                         |                |                         |              |
| Fixed Assets                             | 254                     |                | 4,823                   |              |
| Current Assets                           | <u>269</u>              |                | <u>441</u>              |              |
|  |                         | 523            |                         | 5,264        |
| Creditors: amounts due within 1 year     |                         | <u>(66)</u>    |                         | <u>(245)</u> |
| <b>Share of net assets/(liabilities)</b> |                         | <u>457</u>     |                         | <u>5,019</u> |



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 13. Non-Current Investments (continued)

## (d) Investment in Associate

The University owns 25% of the share capital of Sciontec Developments Limited a private limited company limited by its shares. The company was incorporated on 14 September 2018, and has an accounting reference date of 30 September. Sciontec Developments Limited is a spin-out company of KQ Liverpool, a strategic and placemaking organisation which is overseeing a £2bn development programme in the city's first Mayoral Development Zone. At 31 July 2020 the company had net assets of £2.608m, the University share of this being £0.652m, which has been consolidated in these financial statements. Sciontec Developments Limited owns 100% of Liverpool Science Park Limited, a company which is limited by guarantee and has no share capital. The company aims to promote, deliver, sponsor, co-ordinate sponsor, co-ordinate and, where appropriate, fund the establishment and continued operation, development and management of Liverpool Science Park. At 31 July 2020 the company had net liabilities of £0.033m, the University share of the being £0.008m. This has not been included in the consolidated figures as the University does not consider this to be material.

## 14. Stock

|                     | Year ended 31 July 2020 |                    | Year ended 31 July 2019 |                    |
|---------------------|-------------------------|--------------------|-------------------------|--------------------|
|                     | Consolidated<br>£000    | University<br>£000 | Consolidated<br>£000    | University<br>£000 |
| General consumables | 31                      | 31                 | 39                      | 39                 |

## 15. Trade and other receivables

|                                       | Year ended 31 July 2020 |                    | Year ended 31 July 2019 |                    |
|---------------------------------------|-------------------------|--------------------|-------------------------|--------------------|
|                                       | Consolidated<br>£000    | University<br>£000 | Consolidated<br>£000    | University<br>£000 |
| Amounts falling due within one year:  |                         |                    |                         |                    |
| Research grants receivables           | 2,054                   | 2,054              | 2,021                   | 2,021              |
| Other trade receivables               | 8,663                   | 8,188              | 5,715                   | 5,470              |
| Other receivables                     | 611                     | 581                | 180                     | 168                |
| Prepayments and accrued income        | 13,087                  | 13,060             | 8,964                   | 8,964              |
| Amounts due from subsidiary companies | -                       | 1,141              | -                       | 1,063              |
| Amounts due from associate companies  | 170                     | 170                | 169                     | 169                |
| Amounts due from joint venture        | 38                      | 38                 | 186                     | 186                |
|                                       | <u>24,623</u>           | <u>25,232</u>      | <u>17,235</u>           | <u>18,041</u>      |

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 16. Current Investments

|                                | Year ended 31 July 2020 |                    | Year ended 31 July 2019 |                    |
|--------------------------------|-------------------------|--------------------|-------------------------|--------------------|
|                                | Consolidated<br>£000    | University<br>£000 | Consolidated<br>£000    | University<br>£000 |
| Investment in subsidiaries (a) | -                       | 15,990             | -                       | -                  |
| Short term deposits (b)        | 6,000                   | 6,000              | 47,000                  | 47,000             |
|                                | <u>6,000</u>            | <u>21,990</u>      | <u>47,000</u>           | <u>47,000</u>      |

## Investment in subsidiaries (a)

As at 31 July 2020 the directors of JMU Property Development Company Limited, JMU Learning Resource Centre Development Limited and JMU Building Services and Maintenance Limited advised of the intention to wind those companies up in the next 12 months. Liverpool John Moores University owns 100% of the share capital of these companies. As a result of this decision, these investments have been reclassified from non current to current assets.

## Short term deposits (b)

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

At 31 July 2020 the weighted average interest rate of these fixed rate deposits was 0.46% (2019 0.94%) per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 36.79 days (2019 135 days). The fair value of these deposits was not materially different from the book value.

## 17. Creditors: amounts falling due within one year

|  | Year ended 31 July 2020 |                    | Year ended 31 July 2019 |                    |
|--|-------------------------|--------------------|-------------------------|--------------------|
|  | Consolidated<br>£000    | University<br>£000 | Consolidated<br>£000    | University<br>£000 |
| Secured loans                              | 1,341                   | 1,341              | 1,292                   | 1,292              |
| Trade payables                             | 4,821                   | 4,820              | 6,977                   | 6,968              |
| Social security and other taxation payable | 5,270                   | 5,258              | 5,089                   | 5,089              |
| Amounts due to subsidiary companies        | -                       | 8,792              | -                       | 399                |
| Accruals and deferred income               | 36,319                  | 35,543             | 29,372                  | 28,732             |
| Other Creditors                            | 55                      | 55                 | 119                     | 119                |
|  | <u>47,806</u>           | <u>55,809</u>      | <u>42,849</u>           | <u>42,599</u>      |



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 17. Creditors: amounts falling due within one year (continued)

## Deferred income

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

|                                     | Consolidated<br>£000 | University<br>£000 | Consolidated<br>£000 | University<br>£000 |
|-------------------------------------|----------------------|--------------------|----------------------|--------------------|
| Research grants received on account | 7,597                | 7,346              | 5,087                | 5,087              |
| Grant income                        | 1,441                | 1,441              | 208                  | 208                |
| Other income                        | 1,285                | 803                | 476                  | 476                |
|                                     | <u>10,323</u>        | <u>9,590</u>       | <u>5,771</u>         | <u>5,771</u>       |

## 18. Creditors: amounts falling after more than one year

|                   | Year ended 31 July<br>2020 |                    | Year ended 31 July<br>2019 |                    |
|-------------------|----------------------------|--------------------|----------------------------|--------------------|
|                   | Consolidated<br>£000       | University<br>£000 | Consolidated<br>£000       | University<br>£000 |
| Secured loans     | 37,454                     | 37,454             | 38,796                     | 38,796             |
| Intercompany loan | -                          | -                  | -                          | 8,590              |
|                   | <u>37,454</u>              | <u>37,454</u>      | <u>38,796</u>              | <u>47,386</u>      |

The remaining intercompany loan is between the university and JMU Property Development Company Limited and is respect of a loan agreement dated 25th April 1996. At 31 July 2020 the directors of JMU Property Development Company Limited gave notice of the intention to wind up the company in the next 12 month, therefore this loan has been moved to creditors due within one year.

| Analysis of secured loans:                        | Consolidated<br>£000 | University<br>£000 | Consolidated<br>£000 | University<br>£000 |
|---|----------------------|--------------------|----------------------|--------------------|
| <b>Due within one year or on demand (note 17)</b> | <u>1,341</u>         | <u>1,341</u>       | <u>1,292</u>         | <u>1,292</u>       |
| Due between one and two years                     | 1,333                | 1,333              | 1,341                | 1,341              |
| Due between two and five years                    | 12,189               | 12,189             | 12,498               | 12,498             |
| Due in five years or more                         | 23,932               | 32,522             | 24,957               | 33,547             |
| <b>Due after more than one year</b>               | <u>37,454</u>        | <u>46,044</u>      | <u>38,796</u>        | <u>47,386</u>      |
| <b>Total secured and unsecured loans</b>          | <u>38,795</u>        | <u>47,385</u>      | <u>40,088</u>        | <u>48,678</u>      |

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 18. Creditors: amounts falling after more than one year (continued)

Included in the loans are the following:

| Lender       | Amount<br>£000 | Term<br>years   | Interest<br>rate % | Borrower   |
|--------------|----------------|-----------------|--------------------|------------|
| Barclays Plc | 7,450          | 25              | 7.99               | University |
| Barclays Plc | 3,000          | 25              | 0.83               | University |
| Barclays Plc | 3,000          | 25              | 0.83               | University |
| Barclays Plc | 20,000         | 25 from<br>2013 | 6.07               | University |
| Barclays Plc | 10,000         | 18 from<br>2015 | 6.36               | University |
| Barclays Plc | 10,000         | 12 from<br>2011 | 6.68               | University |
|              | <u>53,450</u>  |                 |                    |            |

## 19. Provisions for liabilities

| University<br>and<br>Consolidated | Obligation<br>to fund<br>deficit on<br>USS<br>Pension | Enhanced<br>Pension<br>Scheme | Defined<br>Benefit<br>Obligations<br>(note 30) | Total<br>Pension<br>Provisions | Other        | Total<br>Other |
|-----------------------------------|---|-------------------------------|--|--------------------------------|--------------|----------------|
| At 1 August<br>2019               | 3,015   | 12,043                        | 176,900  | 191,958                        | 6,277        | 6,277          |
| Utilised in<br>year               | (50)  | (839)                         | -  | (889)                          | (669)        | (1,558)        |
| Transfer<br>from I&E              | (1,738)   | (647)                         | 28,315   | 25,930                         | (196)        | 25,734         |
| At 31 July<br>2020                | <u>1,227</u>  | <u>10,557</u>                 | <u>205,515</u>                                 | <u>216,999</u>                 | <u>5,412</u> | <u>222,411</u> |

Included within other provisions are provisions for dilapidation costs of £3.040m (2019 £2.852m) and provisions for bursaries and scholarship of £1.401m (2019 £1.727m). Other provisions include contractual obligations in relation to student activity £0.4m (2019 £0.515m), a provision for a legal claim £0.094m (2019 £0.094m), provision for uninsured losses £0.179m (2019 £0.121m) and provisions for clawback of grants £0.299m (2019 £0.299m). Dilapidations charged to the Income and Expenditure account in the current year totalled £0.188m (2019 £0.164m).

## Pension enhancement

The enhanced pension provision is in respect of pension enhancements payable to staff that have taken early retirement. The provision has been re-valued at 31 July 2020.



**LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020**

**Notes to the accounts**

**19. Provisions for liabilities (continued)**

The assumptions for calculating the provision for pension enhancements on termination under FRS 102, are as follows:

|               | <b>Consolidated</b> |
|---------------|---------------------|
| Discount rate | 2.0%                |
| Inflation     | 2.2%                |

**USS deficit**

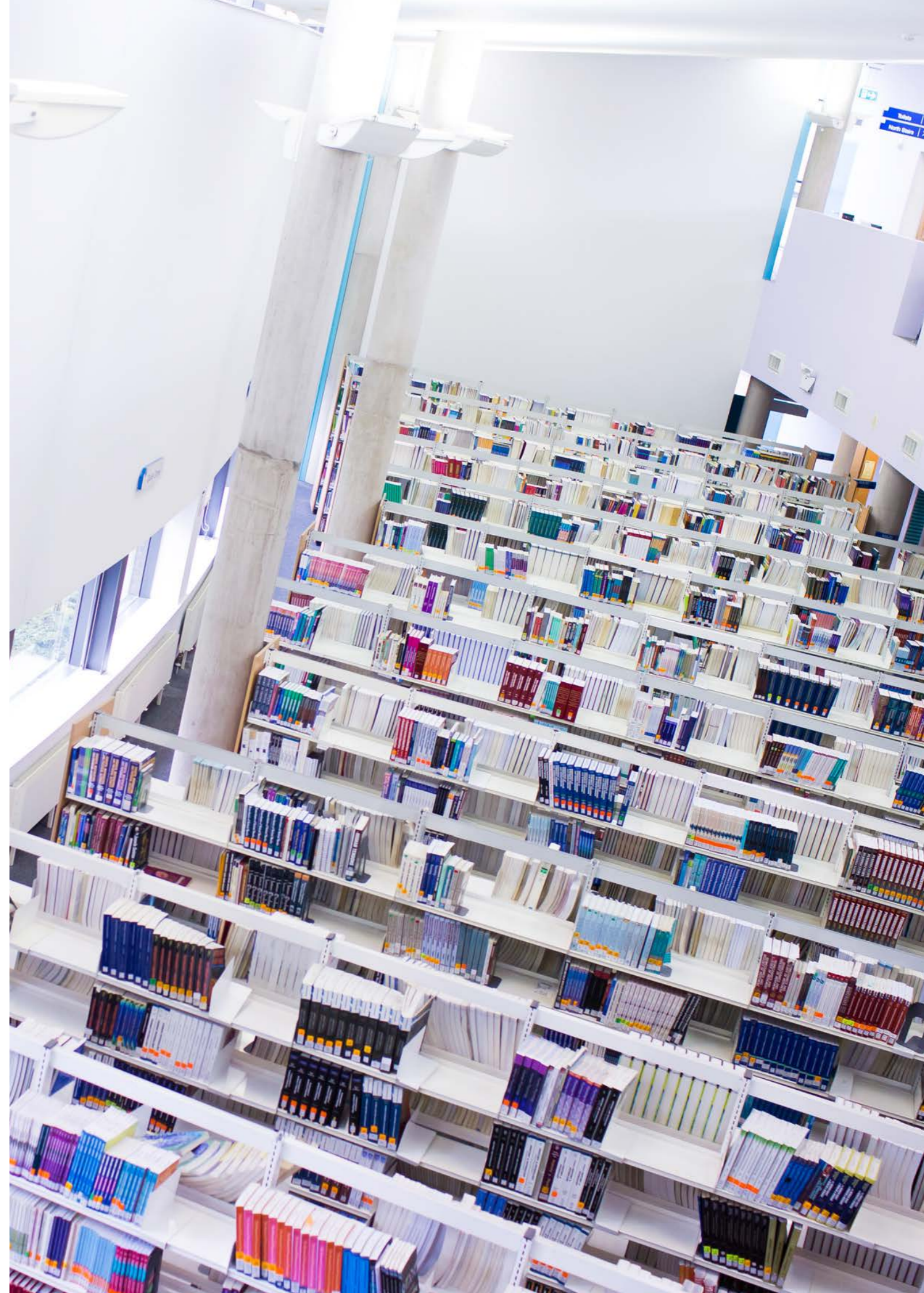
The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for payments relating to total benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

**20. Restricted Reserves**

|                         | <b>Unspent<br/>capital<br/>grants<br/>£000</b> | <b>Donations<br/>£000</b> | <b>Total<br/>£000</b> |
|-------------------------|--|---------------------------|-----------------------|
| <b>At 1 August 2019</b> | 517  | 1,032                     | 1,549                 |
| New capital grants      | 1,457  | -                         | 1,457                 |
| New donations           | -  | 109                       | 109                   |
| Investment income       | -  | 7                         | 7                     |
| Capital grants utilised | (268)  | -                         | (268)                 |
| Expenditure             | -  | (113)                     | (113)                 |
| <b>At 31 July 2020</b>  | <u>1,706</u>                                   | <u>1,035</u>              | <u>2,741</u>          |

**Analysis of other restricted funds/donations by type of purpose:**

|                            | <b>2020<br/>Total<br/>£000</b> | <b>2019<br/>Total<br/>£000</b> |
|----------------------------|--------------------------------|--------------------------------|
| Scholarships and bursaries | 206                            | 235                            |
| Student support            | 531                            | 499                            |
| Research support           | 18                             | 18                             |
| Prize funds                | 192                            | 207                            |
| General                    | 88                             | 73                             |
|                            | <u>1,035</u>                   | <u>1,032</u>                   |





## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 21. Cash and Cash equivalents

|  | At 1<br>August<br>2019<br>£000 | Cash<br>Flows<br>£000         | At 31<br>July<br>2020<br>£000 |
|--|--------------------------------|-------------------------------|-------------------------------|
| <b>Consolidated</b>                                    |                                |                               |                               |
| Cash and cash equivalents                              | <u>60,819</u>                  | <u>21,899</u>                 | <u>82,718</u>                 |
| <b>University</b>                                      |                                |                               |                               |
| Cash and cash equivalents                              | <u>60,695</u>                  | <u>21,944</u>                 | <u>82,639</u>                 |
| <b>22. Consolidated reconciliation of net debt</b>     |                                |                               |                               |
|  |                                | Year<br>ended 31<br>July 2020 | Year<br>ended 31<br>July 2019 |
| <b>Net debt 31 July 2019</b>                           |                                | (20,731)                      | (19,708)                      |
| Movement in cash and cash equivalents                  |                                | 21,899                        | (208)                         |
| <b>Net debt 31 July 2020</b>                           |                                | <u>1,168</u>                  | <u>(19,916)</u>               |
| <b>Change in net debt</b>                              |                                | <u>(23,192)</u>               | <u>(1,023)</u>                |
| <b>Analysis of Net debt</b>                            |                                |                               |                               |
| <b>Cash and cash equivalents</b>                       |                                | 82,718                        | 60,819                        |
| <b>Borrowings: amounts falling due within one year</b> |                                |                               |                               |
| Secured loans  |                                | <u>1,341</u>                  | <u>1,292</u>                  |
| <b>Borrowings: amounts falling due after one year</b>  |                                |                               |                               |
| Secured loans  |                                | <u>37,454</u>                 | <u>38,796</u>                 |
| <b>Net Debt</b>  |                                | <u>(43,923)</u>               | <u>(20,731)</u>               |

## 23. Capital and other commitments

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

|                            | 31 July 2020         |                    | 31 July 2019         |                    |
|----------------------------|----------------------|--------------------|----------------------|--------------------|
|                            | Consolidated<br>£000 | University<br>£000 | Consolidated<br>£000 | University<br>£000 |
| Commitments contracted for | <u>30,986</u>        | <u>30,986</u>      | <u>80,360</u>        | <u>80,360</u>      |

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 24. Contingent liabilities

The University has considered the existence of any Contingent Liabilities for the group as at 31 July 2020 and concludes that there are none.

## 25. Lease obligations

|  | 31 July 2020                  |                                |               | 31 July<br>2019 |
|--|-------------------------------|--------------------------------|---------------|-----------------|
|  | Land and<br>Buildings<br>£000 | Plant and<br>Machinery<br>£000 | Total<br>£000 | £000            |
| <b>Payable during the year</b>               | 1,009                         | 121                            | 1,130         | 1,265           |
| <b>Future minimum lease payments due:</b>    |                               |                                |               |                 |
| Not later than 1 year                        | 1,745                         | 83                             | 1,828         | 1,148           |
| Later than 1 year and not later than 5 years | 6,845                         | 26                             | 6,871         | 3,716           |
| Later than 5 years                           | <u>22,893</u>                 | <u>-</u>                       | <u>22,893</u> | <u>2,252</u>    |
| <b>Total lease payments due</b>              | <u>31,483</u>                 | <u>109</u>                     | <u>31,592</u> | <u>7,116</u>    |

## 26. Events after the reporting period

In September 2020, the Trustees 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. Based on the proposals put forward, the Trustees have indicated that the fund's deficit at 31 March 2020 could range from between £9.8bn and £17.9bn. This would represent a significant deterioration from the £3.6bn deficit established under the 2018 valuation (and against which the current recovery plan is set) and a return to the levels of shortfall experienced under the previous 2017 valuation (£11.8bn). At this stage, an outcome is far from agreed and the USS Trustees have until 30 June 2021 to conclude the valuation. For the 2019/20 financial year however, this is considered a non-adjusting event.



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 27. Subsidiary Undertakings

All subsidiary companies, are registered in England and Wales and are wholly owned or effectively controlled by the University, as follows:

| Company                                      | Status     | Principal Activity   |
|--|------------|--|
| JMU Property Development Company Ltd         | 100% owned | Property Development Company   |
| JMU Services Ltd                             | 100% owned | Academic enterprise  |
| JMU Learning Resource Centre Development Ltd | 100% owned | Leasing of the Avril Roberts Learning Resource Centre                                  |
| JMU Building Services and Maintenance Ltd    | 100% owned | Promotion of the advancement of education by provision of funds to the University      |
| Liverpool Business School Ltd                | 100% owned | Dormant  |
| Standard Trace Metal Quantification Ltd      | 100% owned | Producing a standard referencing material for provision to the pharmaceutical industry |
| LJMU Recruitment Agency Limited              | 100% owned | Recruitment agency   |

The University exercises a significant influence over the operations of JMU Building Services and Maintenance Limited, a company limited by guarantee. The University is the guarantor and the directors of the company must be appointed from officers or governors of the University, or members of the Company.

## 28. Related party transactions

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. In accordance with FRS102 these are disclosed where members of the University's board of Governors disclose an interest in a body with whom the University undertakes transactions which are considered material to the University's financial statements and/or to the other party. All such transactions involving organisations in which members of the Board of Governors may have an interest are declared and undertaken at 'arms' length in accordance with the University's normal procurement procedures.

An updated register of interests of the Board of Governors and members of the Executive Leadership Team (ELT) and Strategic Delivery Forum (SDF) is maintained.

The University has taken advantage of the exemption allowed under FRS102 not to disclose transactions between wholly owned group companies.

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 28. Related party transactions (continued)

Included within the financial statements are the following transactions with related parties:

|  | Income  | Expenditure | Balances at 31 July 2020 due (from)/to the University |
|--|---------|-------------|---|
|  | £       | £           | £   |
| Sensor City Liverpool Limited                                  | 292,935 | 13,371      | 24,841  |
| Liverpool Science Park Limited                                 | -       | 563,563     | -   |
| Ove Arup and Partners Limited                                  | -       | 500         | -   |
| FACT   | -       | 31,766      | -   |
| Gilmour Junior School  | -       | 7,000       | -   |
| Adlib Audio Limited  | -       | 2,970       | -   |
| Northern Consortium  | -       | 32,142      | -   |
| Society of College, National and University Libraries (SCONUL) | -       | 7,088       | -   |
| Liverpool and Sefton Chamber of Commerce                       | -       | 3,000       | -   |
| UK Council for Graduate Education                              | -       | 895         | -   |

**Sensor City Liverpool Limited** is a company that is jointly owned by the University whose objective is to manage and operate a sensor technology innovation centre to be based at the gateway of Liverpool's Knowledge Quarter. The income relates to the recharge of seconded staff costs and a charge for the provision of financial services. The expenditure relates to revenue funding in accordance with the joint venture agreement. A member of ELT is a director of the company.

**Liverpool Science Park Limited** provides Grade A commercial office and laboratory space in the centre of Liverpool's Knowledge Quarter. Expenditure relates to the rental of space within Liverpool Science Park. 2 members of ELT are directors of this company.

**Ove Arup Limited** is a professional services firm which provides engineering, design, planning, project management and consulting services for all aspects of the built environment. The expenditure is in respect of Degree Apprenticeships. A member of the Board of Governors is an employee of the company.

**FACT** is a Liverpool-based cinema, art gallery and the UK's leading organisation for the support & exhibition of film, art and new media. The expenditure relates to facilitating educational workshops and the hire facilities. A member of ELT is a Board member of the organisation.

**Gilmour Junior School** is a junior school located in Garston, Liverpool. Expenditure relates to costs incurred in the normal course the provision of education. A member of SDF is a Governor of the school.



**LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020****Notes to the accounts****28. Related party transactions** (continued)

**Northern Consortium UK** provides university preparation and pathway qualifications for international students as preparation for study outside of their home country. The expenditure relates to commission for student recruitment and a recruitment fair. A member of ELT is a Director of the company.

**UK Council for Graduate Education** is a not for profit organisation that promotes post graduate education. Expenditure relates to University membership. A member of SDF is a trustee of the organisation.

**SCONUL** represents all university libraries in the UK and Ireland. Expenditure relates to University membership and conference attendance. A member of SDF is a trustee of this organisation.

**Liverpool & Sefton Chamber of Commerce** promotes and enables the region to be the best place to start or locate a business in the UK. Expenditure relates to annual membership. A member of the Board of Governors is a Non-Executive director and Chair of this organisation.

**Adlib Audio Limited** supports the live events industry, theatres, performance spaces, venues and schools to educate and entertain audiences. The expenditure relates to AVIT equipment. This company is a significant client of a member of the board

**29. Financial Instruments****Risk Management**

The University's treasury management function monitors and manages the financial risks faced by the University. These risks are managed within the parameters of the University's Treasury Management Policy as approved by the Board of Governors.

Compliance with policies and exposure limits is reviewed by the Finance Committee on a continuous basis. The University does not enter into or trade financial instruments, including derivative financial instruments.

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

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the University.

The University's credit risk arises from bank balances, investments, student debtors and commercial organisations as customers. Management of credit risk is a prime objective of the

Treasury Management Policy. At 31 July 2020, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

**LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020****Notes to the accounts****29. Financial Instruments** (continued)

The credit risk of liquid funds and financial instruments is limited because the counterparties are banks with investment grade credit ratings assigned by international credit-rating agencies. The University's exposure and the credit ratings of its counterparties are monitored regularly. The credit exposure is limited by counterparty limits and minimum counter party credit ratings set within the treasury management policy.

Student and commercial debtors are reviewed on an-ongoing basis and a bad debt provision is made if recovery becomes uncertain. If a debtor is deemed irrecoverable it is written off. The concentration of risk is limited due to a large number of diverse customers across both students and commercial customer populations.

**Liquidity Risk**

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

Cash flow forecasts form part of the University 5 year planning process and are revised during the financial year when 2 re-forecasts are made. The University policy is to maintain a minimum of £15m in on-call cash balances. Excess funds are invested to maximise the return whilst observing the Treasury Management Policy limits.

**Foreign currency risk**

Foreign currency risk refers to the risk that unfavourable movement in exchange rates may cause financial loss to the University. The University's principal foreign currency exposure is to the euro. On an annual basis after satisfying euro denominated liabilities the University is left with a nil balance of Euros.

**Interest rate risk**

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of balance sheet items (i.e. price risk) or changes in interest income or expenses (i.e. re-investments risk).

The University's main financing relates to its 6 secured loans (see note 18). The interest rates attached to these range from 0.83 to 7.99%, with two being floating and the remaining being fixed over the term of the loans.

**30. Pension Schemes**

The University's staff belong to three post-employment benefit plans:

- Universities' Superannuation Scheme (USS)
- Local Government Pension Scheme (LGPS)
- Teachers Pension Scheme (TPS)

The three schemes, being USS, LGPS and TPS, are all defined-benefit schemes contracted out of the State Second Pension (S2P) the assets of which are held in separate trustee administered funds.



**LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020**

**Notes to the accounts**

**30. Pension Schemes (continued)**

| <b>Total pension cost for the year</b> | <b>Year ended<br/>31 July<br/>2020<br/>£000</b> | <b>Year ended<br/>31 July<br/>2019<br/>£000</b> |
|--|---|---|
| USS                                    | 637   | 624   |
| LGPS                                   | 6,165   | 5,978   |
| TPS                                    | 12,088  | 8,209   |
|  | 18,890  | 14,811  |

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2016.

**The Universities' Superannuation Scheme**

The Universities' Superannuation Scheme (USS) provides benefits based on final pensionable salary. The University participates in the Universities' Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities' Superannuation Limited.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual Universities and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other University's employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102(28), accounts for the scheme as if it were a defined contribution scheme.

As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. The total cost charged to the profit and loss account is £0.637m (2019 £0. 624m). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions.

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

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

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

**LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020**

**Notes to the accounts**

**30. Pension Schemes (continued)**

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

|                               |   |
|-------------------------------|---|
| Pension increases (CPI)       | Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.                                   |
| Discount rate (forward rates) | Years 1-10: CPI – 0.14% reducing linearly to CPI – 7.73%<br>Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55%<br>by year 21 Years 21 +: CPI + 1.55% |

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

The mortality assumptions used in these figures are as follows:

| <b>Mortality base table</b>      | <b>At 31 July<br/>2020</b>   | <b>At 31 July<br/>2019</b>   |
|----------------------------------|--|--|
| Pre-retirement                   | 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females   | 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females   |
| Post retirement                  | 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females  | 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females  |
| Future Improvements to mortality | CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females | CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females |

The current life expectancies on retirement at age 65 are:

|                                   | <b>At 31 July<br/>2020</b> | <b>At 31 July<br/>2019</b> |
|-----------------------------------|----------------------------|----------------------------|
| Male (females) currently aged 65  | 24.4 (25.9)<br>years       | 24.6 (26.1)<br>years       |
| Males (females) currently aged 45 | 26.3 (27.7)<br>years       | 26.6 (27.9)<br>years       |



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 30. Pension Schemes (continued)

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

|                           | 31 July<br>2020 | 31 July<br>2019 |
|---------------------------|-----------------|-----------------|
| Discount Rate             | 2.59%           | 2.44%           |
| Pensionable salary growth | 4.20%           | 2.11%           |

The scheme-wide contribution rate increased on 1 October 2019 to 22.5% from 19.5% and to 24.2% on 1st April 2020.

With effect from 1 October 2015, new joiners to the scheme join the new revalued benefits section rather than the existing final salary section.

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

## Local Government Pension Scheme (LGPS) - Merseyside Pension Fund

The LGPS is funded defined benefit scheme, with the assets held in separate trustee administered funds.

The total contributions made by the University for the year ended 31 July 2020 was £6,164,770 (2019 £5,978,039). The agreed contribution rates for future years are 16.3% for employers and range from 5.5% to 12.5% cent for employees, depending on salary.

## Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2017 updated to 31 July 2020 by a qualified independent actuary.

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

|                              | At 31 July<br>2020<br>%pa | At 31 July<br>2019<br>%pa |
|------------------------------|---------------------------|---------------------------|
| Price Inflation (CPI)        | 2.3                       | 2.2                       |
| Rate of increase in salaries | 3.8                       | 3.7                       |
| Rate of increase of pensions | 2.4                       | 2.3                       |
| Discount rate                | 1.6                       | 2.2                       |

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 30. Pension Schemes (continued)

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

|                             | At 31 July<br>2020 | At 31 July<br>2019 |
|-----------------------------|--------------------|--------------------|
| <i>Retiring today</i>       |                    |                    |
| Males                       | 20.9               | 22.2               |
| Females                     | 24                 | 25                 |
| <i>Retiring in 20 years</i> |                    |                    |
| Males                       | 22.5               | 25.2               |
| Females                     | 25.9               | 27.9               |

## Scheme assets and expected rate of return for LGPS

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

The University's share of the assets in the scheme and the expected rates of return were:

|                     | Long term rate of<br>return expected at<br>31 July 2020 | Value at 31<br>July 2020 | Long term rate of<br>return expected at<br>31 July 2019 | Value at 31<br>July 2019 |
|---------------------|---|--------------------------|---|--------------------------|
| Equities            | 52%   | 153,127                  | 39.3%   | 114,357                  |
| Government<br>bonds | 1.6%  | 4,712                    | 6.8%  | 19,787                   |
| Corporate<br>bonds  | 9.7%  | 28,564                   | 22.8%   | 66,344                   |
| Property            | 9.6%  | 28,270                   | 7.6%  | 22,115                   |
| Cash                | 3.8%  | 11,190                   | 5.4%  | 15,713                   |
| Other               | 23.3%   | 68,613                   | 18.1%   | 52,668                   |
| Total               |   | <u>294,476</u>           |   | <u>290,984</u>           |

The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

|   | Year<br>ended 31<br>July 2020<br>£000 | Year<br>ended 31<br>July 2019<br>£000 |
|---|---------------------------------------|---------------------------------------|
| Fair value of plan assets                       | 499,691                               | 290,984                               |
| Present value of plan liabilities               | (294,476)                             | (467,884)                             |
| <b>Net pensions (liability)/asset (Note 19)</b> | <u>(205,215)</u>                      | <u>(176,900)</u>                      |



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 30. Pension Schemes (continued)

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

|   | Year<br>ended 31<br>July 2020<br>£000 | Year<br>ended 31<br>July 2019<br>£000 |
|---|---------------------------------------|---------------------------------------|
| <b>Amounts included in staff costs</b>                  |                                       |                                       |
| Current service cost                                    | (14,754)                              | (11,323)                              |
| Effects of curtailments                                 | (77)                                  | (7)                                   |
| Total operating charge                                  | <u>(14,831)</u>                       | <u>(11,330)</u>                       |
|   | Year<br>ended 31<br>July 2020<br>£000 | Year<br>ended 31<br>July 2019<br>£000 |
| <b>Amounts included in investment income</b>            |                                       |                                       |
| Interest cost   | (10,236)                              | (10,838)                              |
| Expected return on assets                               | 6,459                                 | 7,897                                 |
| <b>Net charge to other finance income</b>               | <u>3,777</u>                          | <u>(2,941)</u>                        |
| <b>Amounts recognised in Other Comprehensive Income</b> |                                       |                                       |
| Gain on assets  | (6,440)                               | 8,515                                 |
| Experience (gain)/loss                                  | 6,936                                 | -                                     |
| (Loss)/gain on assumptions                              | (17,312)                              | (69,046)                              |
| <b>Amount recognised in Other Comprehensive Income</b>  | <u>(16,816)</u>                       | <u>(60,531)</u>                       |

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 30. Pension Schemes (continued)

## History of experience gains and losses

|   | Year<br>ended 31<br>July 2020<br>£000 | Year<br>ended 31<br>July 2019<br>£000 |
|---|---------------------------------------|---------------------------------------|
| <b>Difference between actual and expected return on scheme assets:</b>                      |                                       |                                       |
| Amount  | (6,440)                               | 8,515                                 |
| % of assets at end of year  | 2.2%                                  | 2.9%                                  |
| <b>Assumptions (gains)/losses on scheme liabilities:</b>                                    |                                       |                                       |
| Amount  | (17,312)                              | (69,046)                              |
| % of liabilities at end of year   | 3.5%                                  | 14.8%                                 |
| <b>Experience (gains)/losses on scheme liabilities:</b>                                     |                                       |                                       |
| Amount  | 6,936                                 | -                                     |
| % of liabilities at end of year   | 1.4%                                  | -                                     |
| <b>Total amount recognised as Comprehensive Income</b>                                      |                                       |                                       |
| Amount  | 16,816                                | 60,531                                |
| % of liabilities at end of year   | 3.4%                                  | 12.9%                                 |
|   | Year<br>ended 31<br>July 2020<br>£000 | Year<br>ended 31<br>July 2019<br>£000 |
| <b>Cumulative actuarial loss recognised as other comprehensive income for LGPS pensions</b> |                                       |                                       |
| Cumulative actuarial gains recognised at the start of the year                              | (60,531)                              | 35,961                                |
| Cumulative actuarial losses recognised at the end of the year                               | (16,816)                              | (60,531)                              |
| <b>Analysis of movement in surplus/(deficit) for LGPS pensions</b>                          |                                       |                                       |
| Deficit at beginning of year  | (176,900)                             | (106,080)                             |
| Contributions or benefits paid by the University  | 8,930                                 | 9,427                                 |
| Current service cost  | (14,754)                              | (11,323)                              |
| Other finance charge  | (209)                                 | (202)                                 |
| Past service cost   | (1,612)                               | (5,243)                               |
| Effect of curtailments  | (77)                                  | (7)                                   |
| Gain recognised in other comprehensive income   | (3,777)                               | (2,941)                               |
| Deficit at end of year  | <u>(205,215)</u>                      | <u>(176,900)</u>                      |



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 30. Pension Schemes (continued)

## Asset and Liability Reconciliation

|  | Year<br>ended 31<br>July 2020<br>£000           | Year<br>ended 31<br>July 2019<br>£000           |
|--|---|---|
| <b>Analysis of movement in the present value of LGPS liabilities</b> |   |   |
| <b>Present value of LGPS liabilities at the start of the year</b>    | 467,884   | 375,933   |
| Current service cost (net of member contributions)                   | 14,754  | 11,323  |
| Curtailments   | 77  | 7   |
| Interest Cost  | 10,236  | 10,838  |
| Actual member contributions (including notional contributions)       | 2,949   | 2,845   |
| Experience (gain)/loss   | (6,936)   | -   |
| Actuarial loss/(gain)  | 17,312  | 69,046  |
| Past service cost  | 1,612   | 5,243   |
| Actual benefit payments  | (8,197)   | (7,351)   |
| <b>Present value of LGPS liabilities at the end of the year</b>      | <b>499,691</b>                                  | <b>467,884</b>                                  |
|  | <b>Year<br/>ended 31<br/>July 2020<br/>£000</b> | <b>Year<br/>ended 31<br/>July 2018<br/>£000</b> |
| <b>Analysis of movement in the fair value of scheme assets</b>       |   |   |
| Fair value of assets at the start of the year                        | 290,984   | 269,853   |
| Expected return on assets  | 6,459   | 7,897   |
| Actuarial gain on assets   | (6,440)   | 8,515   |
| Actual contributions paid by University                              | 8,930   | 9,427   |
| Administrative expenses  | (209)   | (202)   |
| Actual member contributions (including notional contributions)       | 2,949   | 2,845   |
| Actual benefit payments  | (8,197)   | (7,351)   |
| <b>Fair value of scheme assets at the end of the year</b>            | <b>294,476</b>                                  | <b>290,984</b>                                  |
|  | <b>Year<br/>ended 31<br/>July 2020<br/>£000</b> | <b>Year<br/>ended 31<br/>July 2019<br/>£000</b> |
| <b>Actual return on Scheme assets</b>                                |   |   |
| Expected return on Scheme assets                                     | (6,440)   | 8,515   |
| Experience (gain)/loss   | 6,936   | -   |
| Asset gain/(loss)  | (17,312)  | (69,046)  |
|  | <b>(16,816)</b>                                 | <b>(60,531)</b>                                 |

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020

## Notes to the accounts

## 30. Pension Schemes (continued)

## Additional information - LGPS

## Guaranteed minimum pension benefits (GMP)

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits (GMP). In response to this ruling HM Treasury stated that "public sector schemes already have a method to equalise GMP benefits, which is why we will not have to change our method as a result of this judgement". This implies that the Government (who have the overall power to determine benefits provision) believe the judgement itself will not affect the benefits. Therefore the natural conclusion for the main public service pension schemes including the Local Government Pension Scheme is that it is not appropriate for any provision to be included for the effect of the Lloyds Bank judgment, at least at the present time. Therefore no allowance has been made for GMP equalisation within the updated valuation to 31 July 2019.

## Post retirement increases on GMP

At present public service pension schemes are required to provide full CPI pension increases on GMP benefits for members who reach State Pension Age between 6 April 2016 and 5 April 2021. The UK Government may well extend this at some point in the future to include members reaching State Pension Age from 6 April 2021 onwards. In due course there may be a further cost to LGPS and its employers when the Government confirms its overall approach to equalisation and indexation. In particular, there is a possibility that all public sector schemes will be required to index-link GMP benefits in respect of those members who reach their State Pension Age after April 2021.

Liverpool John Moores University directed Mercers to increase in past service liabilities as a 'past service' cost within the valuation for the year ended 31 July 2020. The impact of this is a past service cost of £1.612m (2019 £nil) which has been charged to the I&E in the year.

## McCloud ruling

In December 2018 the decisions in the Court of Appeal cases Sargeant and McCloud (generally referred to as McCloud) ruled that the transitional protections, which were afforded to older members when the reformed Public Service Pension Schemes were introduced in 2015 constituted unlawful age discrimination.

The Government is attempting to appeal the cases, but it is not known at this stage whether an appeal will even be possible. If the Government ultimately loses these cases, then remedial action in the form of increases in benefits for some members is likely to be required. There may well also be knock-on effects for the other public service schemes which implemented transitional protections when the latest reforms were introduced, including the LGPS and action may be required. At this stage it is uncertain whether remedial action will be required, nor is it clear what the extent of any potential remedial action might be.



**LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020****Notes to the accounts****30. Pension Schemes** (continued)

Liverpool John Moores University directed Mercers to provide a valuation for the year ended 31 July 2020 assuming the McCloud ruling applies to LGPS schemes. The impact of this is a past service cost of £nil (2019 £5.192m) which has been charged to the I&E in the year.

**Teachers' Pension scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

**The Teachers' Pension Budgeting and Valuation Account**

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

The latest actuarial review of the TPS was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (as amended). The valuation report was published by the Department for Education (the Department) on 5 March 2019. The key results of the valuation are:

- employer contribution rates were set at 23.68% of pensionable pay effective from 1 September 2019
- total scheme liabilities for service to the effective date of £218.1 billion, and notional assets of £196.1 billion, giving a notional past service deficit of £22 billion;
- an employer cost cap of 7.3% of pensionable pay.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

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

**LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020****Notes to the accounts****30. Pension Schemes** (continued)

The pension costs paid to TPS in the year amounted to £12,088,363 (2019 – £8,208,745).

From 1 September 2019, the employer contribution rate was increased to 23.68% from 16.48%.

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

Accordingly, the University has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The University has set out above the information available on the plan and the implications for the University in terms of the anticipated contribution rates.





LIVERPOOL  
JOHN MOORES  
UNIVERSITY