



University of
Sheffield

Annual Report & Financial Statements

2022–23



The Wave

The new home for our Faculty of Social Sciences and our most sustainable building ever.



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President and Vice-Chancellor's introduction



Professor Koen Lamberts,
President and Vice-Chancellor of the University of Sheffield

The University of Sheffield is a special place, with ambitious plans for the future. This annual report presents some of the highlights from the past year, and shows how we are striving towards our vision of delivering life-enhancing research, innovation and education.

Of course, a document like this cannot capture everything. This is just a snapshot of some of our many achievements - all of which are a testament to the expertise, talent and commitment of our staff and students. I would like to take this opportunity to thank them all for the important role that they continue to play.

The University's reputation as a research and innovation powerhouse has continued to grow, with increasing recognition of the national and global significance of our translational facilities.

In July, our Advanced Manufacturing Research Centre (AMRC) announced its largest ever research and development project, COMPASS (Composites at Speed and Scale). The new facility at our Innovation District will help to solve composites manufacturing challenges needed to help the aviation industry reach net zero. With our Energy Institute leading the UK's Sustainable Aviation Fuels (SAF) Clearing House, and its involvement in the world's first 100% SAF transatlantic flight later this year, the University is quickly becoming a go-to place for sustainable aviation research and development.

COMPASS was also the first major announcement of the new South Yorkshire Investment Zone — the first investment zone in the UK — and establishes the region as the best place to start, scale or relocate a business. The University's expertise in advanced manufacturing was critical in securing it for the region and we look forward to working with our partners to ensure its success.

Our research continues to find solutions to the most pressing challenges facing society today. To give just a few examples from the last 12 months: our researchers led a successful clinical trial of a new genetically targeted therapy that could be used to treat a rare form of motor neurone disease (MND); developed robotic technology that can provide remote medical treatment to casualties in high-risk emergency environments; and identified how stress memory in plants could hold the key to growing disease-resistant crops.

We continue to provide excellent research-led teaching and offer the outstanding student experience for which Sheffield is known. We are very proud that we were placed top of the Russell Group in the 2023 National Students' Survey, receiving the most positive responses to questions about academic experience, mental wellbeing, resources and support. Our Students' Union was named the best SU at the Whatuni Student Choice (WUSCA) Awards for the sixth year running. Supporting our students through difficult circumstances remains a key priority for the University, and we have implemented specific support to respond to the rising cost of living in the UK.

This year has seen the official opening of our newest building on campus, The Wave — the new home for our Faculty of Social Sciences. This will be transformational for our students and staff, with its innovative education and learning spaces. It is also our most sustainable building ever.

As we continue to make progress in delivering our sustainability strategy, we were pleased to be ranked 8th in the UK and 42nd in the world for sustainable development in our inaugural entry to the Times Higher Education's Impact Rankings, which assess universities' work towards achieving the UN's Sustainable Development Goals.

The UK higher education sector continues to face challenges and the University has navigated these well and maintained a sound financial position. However, to ensure the long-term sustainability and resilience of the sector, it is clear that an alternative funding model is required, and I continue to raise the urgent need for reform.

The One University pillar of our vision underpins everything we do, and we are committed to nurturing a supportive environment where everyone in our University community can thrive. This year, we have launched two new equality strategies, our LGBT+ strategy and Religion, Belief and No-Belief strategy, and are proud to be one of only seven universities awarded the University Mental Health Charter Award from Student Minds — the UK's student mental health charity.

Over the last 12 months, the University has made significant progress in delivering its vision. In the year ahead, we will continue to focus on enhancing the global impact and reputation of Sheffield as a leader in research and innovation, and the outstanding education and student experience we provide.

Foreword by the Chair of Council



Mr Martin J. Temple CBE,
Chair and Pro-Chancellor

I am delighted to introduce the Annual Report and Financial Statements on behalf of the University Council in my first year as Chair of Council. The financial statements cover a period of challenge for all universities with the erosion of the unit of resource, ongoing high levels of inflation and increasing costs of living. Against this difficult backdrop, the University has performed strongly. The achievements highlighted in this report would not exist without the dedication and commitment of our students and staff during what has proved to be another challenging year. I would like to start by putting on record my thanks to them.

It is a pleasure to reflect on all that the University has accomplished over the past twelve months. There is so much of which to be proud. A particular highlight was the announcement that the University of Sheffield Advanced Manufacturing Research Centre (AMRC) had secured £50m to establish the COMPASS (Composites at Speed and Scale) facility in Sheffield to enable a groundbreaking research programme with Boeing at the centre. We are proud too of our researchers and their achievements this year including the development of a new genetically targeted therapy to target motor neurone disease which showed significant physical benefits for patients after 12 months in Phase 3 clinical trials. On the education front, we were placed top of the Russell Group in the 2023 National Students' Survey, receiving the most positive responses to 27 questions asking students to rate their academic experience, mental wellbeing, resources and support. Supporting our students is at our core and this year we were one of only seven universities awarded the University Mental Health Charter Award from Student Minds — the UK's student mental health charity.

The University continues to respond to the challenging operating environment, ensuring its future sustainability and long-term prospects, and delivering the necessary initiatives

“The University continues to respond to the challenging operating environment, ensuring its future sustainability and long-term prospects”

and positive change to deliver on the strategic objectives set out in our Vision. The Council has overseen the delivery of the Vision and the strategic plan including monitoring key performance indicators. The Corporate Governance statement later in this report sets out how the Council oversees the discharge of the University's legal and regulatory responsibilities as well as the strategic development and overall performance of University business.

The Council meetings were augmented this year by information sessions enabling Council to focus on specific areas including: Free Speech and Regulation; Equality, Diversity and Inclusion; Council Effectiveness; Industrial Relations in the Higher Education Sector; and Academic Success and Challenges in the Faculty of Health and the Faculty of Arts and Humanities.

I would also like to take the opportunity to record my thanks for my colleagues who chair and serve on Council's various committees and provide vital support for Council across the full range of its responsibilities as governing body. I would particularly like to thank those members of Council whose terms ended in 2023, notably: Adrian Belton, who in addition to his period on Council served as Interim Pro-Chancellor and Chair of Council; Tony Wray, who in addition to his time on Council served as Interim Chair of the Audit and Risk Assurance Committee; and David Bagley.

The University has delivered a sound underlying financial performance in the 12 months to 31 July 2023. This is of fundamental importance to the University because it provides financial stability and resilience whilst also creating the capacity to finance our future ambitions. This investment will benefit current and future students and staff and our local community.

We are reporting an underlying surplus of £44m (2022: £56m) and a year end cash position of £235m (2022: £229m), being key financial performance targets to demonstrate our financial sustainability. Further detailed discussion is set out in the Financial Review on pages 20-22.

The University of Sheffield continues to be a place of discovery and learning. We face external challenges but there are exciting opportunities. The Council and I are confident that we have the strategy, leadership and governance to achieve our ambitions and fulfil our mission for the benefit of this and future generations.

Highlights of the year



August 2022

We twinned with Igor Sikorsky Kyiv Polytechnic Institute (KPI), one of Ukraine's largest and oldest universities, to provide resources and support for staff and students affected by the war.



September 2022

We celebrated 10 years of Festival of the Mind, an 11-day programme of events in which Sheffield's creative industries bring our research to life.

We were ranked within the top 20 best universities in the UK, and 2nd in 'The North' in The Times and The Sunday Times Good University Guide 2023.

October 2022

The Knowledge Exchange Framework (KEF) recognised us as one of the best universities in the country for working with businesses, developing IP, commercialising research and public and community engagement.

Our students dedicated more than 30,000 hours to support charities, schools and businesses across our region over the last academic year.

As part of our commitment to support those seeking sanctuary, we launched the Sanctuary International Visitors Support Scheme, allowing academics to continue their research in Sheffield if they have been displaced or affected by conflict or persecution in their home country.

November 2022

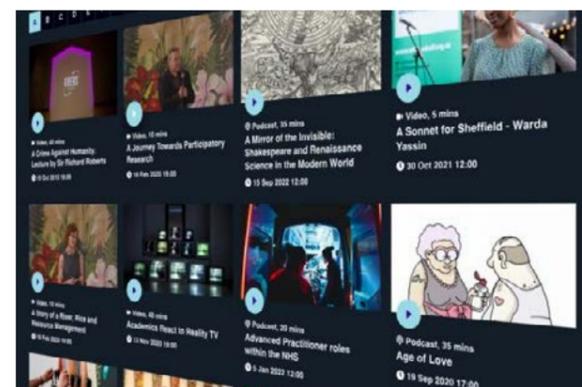
We launched a cost of living hub to highlight the range of support available to our community. As part of this package, we added extra funds to our Financial Support Fund for students facing financial hardship, and an additional payment of £1,000 to all employees.

December 2022

We announced that we were part of a pioneering research project to deliver the world's first net zero transatlantic flight.

January 2023

We launched the University of Sheffield Player, the UK's biggest research streaming platform, bringing together videos, podcasts and digital exhibitions showcasing our pioneering research, in one place for anyone, anywhere to explore.



We were named one of the top 50 most international universities in the world by Times Higher Education.

We affirmed our commitment to an open research and scholarship culture, by approving new policies that will ensure our research is accessible to as many people as possible, and encouraging the use and creation of open educational resources throughout our teaching programmes.

February 2023

We launched two new Ukrainian language courses, one of which was a first in the UK.

We refreshed our LGBT+ strategy, helping to create an inclusive university for our LGBT+ community.

March 2023

With Sheffield Hallam University, we launched the Innovation Network to boost growth and innovation throughout South Yorkshire.

We introduced our Religion, Belief and No-Belief Strategy and Action Plan, outlining our commitment to ensuring that all staff and students, for whom religion, belief and no-belief forms an important part of their identity, feel a sense of belonging.

April 2023

Our Students' Union was voted best in the UK for the sixth year running.

We became a member of the Turing University Network, a partnership which will allow us to grow our research community and collaborations with The Alan Turing Institute and its broader networks, while building on our expertise in applying data science and AI to real-world challenges.

May 2023

The UK Council for International Student Affairs (UKCISA), relaunched #WeAreInternational, a campaign we're proud to have founded jointly with our Students' Union, to celebrate the contributions international students make to the UK.

A new report revealed Sheffield as one of the UK cities that benefits the most from international students.

June 2023

The same month we were ranked as one of the top 50 in the world and top 10 in the UK for our work on sustainable development, the South Yorkshire Sustainability Centre was launched. It is the first centre of its kind in the UK, connecting world-leading academic research with local businesses, public sector organisations and charities, to overcome challenges like decarbonisation and helping the region meet its net-zero targets.

We announced that we're leading the South Yorkshire Digital Health Hub, which will bring together partners from across the region and drive the development of innovative digital technologies to improve the way diseases are treated and diagnosed.



July 2023

We announced a groundbreaking new research and development facility at our Advanced Manufacturing Research Centre as part of the new South Yorkshire Investment Zone, that will drive new investment into the UK's aerospace sector.

We were awarded the University Mental Health Charter Award by Student Minds, demonstrating our commitment to and investment in high-quality mental health support for both students and staff.



Our vision and strategy

Our vision

We will deliver life-enhancing research, innovation and education that not only transforms the lives of our graduates, but shapes the world in which we live. We believe the best way to achieve this is by fostering an ambitious, inclusive, collaborative community.

Our values

We are, and will always be, guided by our values:

- We are ambitious and strive for excellence in all that we do.
- We believe in collaborative working.
- We champion an inclusive and diverse community.
- We are responsible – for our people and the wider world.
- We are open and transparent about the decisions we make.

Our pillars

Our University's core purpose is to deliver world-class research, innovation and education. We will do this by working as One University. These equally important four pillars underpin our vision:

Research

Our distinctive and innovative research will be world-leading and world-changing. We will produce the highest quality research to drive intellectual advances and address global challenges.

Innovation

Our transformative research and enterprise will find solutions to problems facing society. We will enable and promote a culture of excellence in innovation and entrepreneurship across the University.

Education

Our teachers will deliver research-led programmes that inspire, enthuse and challenge a diverse community of outstanding students. Our graduates will be equipped to stand out as confident global citizens guided by strong values, ethics and standards – able to make meaningful contributions to society.

One University

We will build a diverse community of staff and students from a broad range of backgrounds, demographics and cultures, to create an inclusive, supportive and collaborative environment in which they can succeed and flourish.

Delivering our vision

A cohesive strategy framework underpins the delivery of our vision and strategy.

We have Strategy Delivery Plans for each of our pillars. These plans lay out the actions that we will take to achieve our vision and the timeframes for their completion. An overview of our performance, achievements and challenges this year is provided in each pillar section of this annual report.

Our Strategy Delivery Plans inform our department framework and faculty and department medium-term planning. The framework helps academic departments think about their contribution to the vision and targets as part of our annual planning through to 2027.

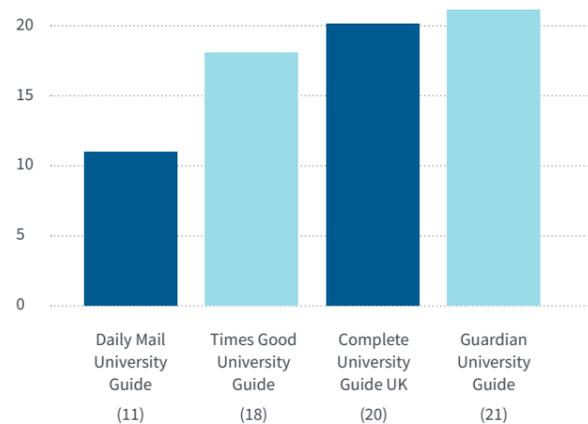
Measuring our progress

To assess our progress towards the ambitions outlined in the Vision 2020-2027, we have a suite of performance indicators and targets. The indicators inform target setting across the University and are regularly reviewed in the context of the changing internal and external environment. The performance indicators use a mixture of comparative and absolute measures to assess the University's performance.

Our performance against these key performance indicators is provided alongside the narrative overviews of each pillar in our Annual Report to provide a rounded picture of the University's performance, achievements and challenges.

We aim to be recognised as one of the top universities in the UK and a world top 100 university. We look at our performance holistically across the pillars, alongside our performance in recognised league tables to monitor our progress.

Ranking in UK league tables



We ranked 104th in the QS World University Rankings and 117th in the Times Higher Education World University Rankings.



Research

Aim: Our distinctive and innovative research will be world-leading and world-changing. We will produce the highest quality research to drive intellectual advances and address global challenges.

Priority one: Excellence

We enable and actively promote a culture of research excellence across our University community, delivering internationally recognised outputs, supported by sector-leading research income and facilities.

The Research Excellence Framework (REF) 2021 confirmed that our research is changing lives and shaping the world around us but we are always looking at how we can better support research excellence for the future.

We know that excellent research requires an excellent research environment, and over the past 12 months we have increased our focus on creating an environment in which all researchers and research support colleagues can thrive and achieve research excellence.

We have developed a shared definition of research excellence that not only values high-quality outputs and outcomes but that also places equal value on rigour, integrity, openness, collaboration, generous leadership and inclusivity.

With the definition as our anchor, we are continuously listening to and learning from our community. We are also investing in dedicated research culture projects to explore new and innovative approaches to open research, Equality, Diversity and Inclusion (EDI), and researcher and professional career development. To advocate for and oversee interventions and policies aimed at improvements in our research culture, we've established a research culture steering board.

We are using our definition of excellence to consider the achievements of our diverse range of research centres and other entities, offering improved support to those which are ambitious and productive and meet the hallmarks we expect of a university or faculty research centre.



17th
Ranked in the UK for
Research Excellence
Outputs.

24% increase in the number
of new research grants awarded
compared to last year.



Transforming our research culture: Fostering cultures of open qualitative research

With funding from Research England's Enhancing Research Culture fund, in 2022–23 we invested in 14 projects across our academic faculties, professional services and cross-faculty teams to develop our research culture. One such project is being carried out by our [iHuman team](#) who are examining the real and perceived barriers to making qualitative research open access.

[Read more about how we are transforming our research culture for the better.](#)

We have also undertaken a review of our research support structures to allow us to better prioritise larger and/or interdisciplinary applications, whilst continuing to enable early career researchers to apply for funds appropriate to their career stage.

All of this work will be a key part of our REF 2028 preparations as research culture is proposed to be an increased and more significant part of the assessment for the next exercise.

Our outstanding research environment underpins our research and innovation excellence. In an environment where everyone involved in our research endeavour can thrive, we are better able to create a demonstrable impact on society, the economy, health, the environment, and on cultural life.



44% increase over the past three years in the proportion of **postgraduate research students submitting their thesis within their tuition fee-paying period.**



92% of our research is rated in the highest two categories of the Research Excellence Framework 2021, meaning it is classed as **world-leading or internationally excellent.**

Priority two: Postgraduate research students

Our research excellence, innovative training, and commitment to researcher development and wellbeing makes us the institution of choice for postgraduate research students (PGRs).

Our commitment to offering an excellent research experience is our priority in relation to our PGRs. We're continuously working to better understand their unique experiences of our research culture and to create a better future together.

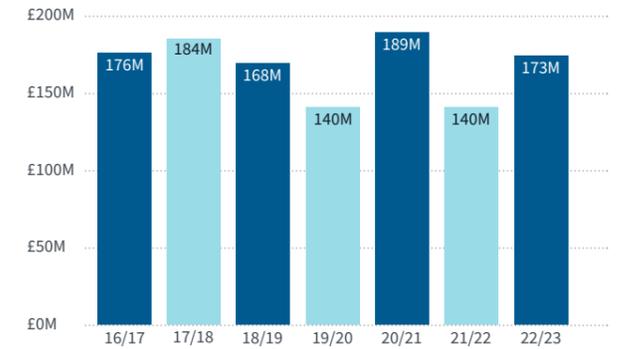
This year we have continued our focus on postgraduate research student wellbeing by ensuring that they undertake a research project which they can complete during the period of their funding; we know that working without funding is the single biggest cause of poor wellbeing.

We developed a definition of Widening Participation for PGRs as part of our commitment to inclusivity and diversity. We are lead, or are partners, in three Office for Students-funded projects exploring how we can improve access and participation for UK students from a BAME background. We have also worked with students to undertake a project to examine the barriers to undertaking a PhD for students with a disability and will implement the findings to improve their experiences.

We worked with the University of Manchester to design a PGR Voice survey to develop a detailed understanding of what works well and less well so that we can implement actions to continuously improve.

Measuring our progress

Research income

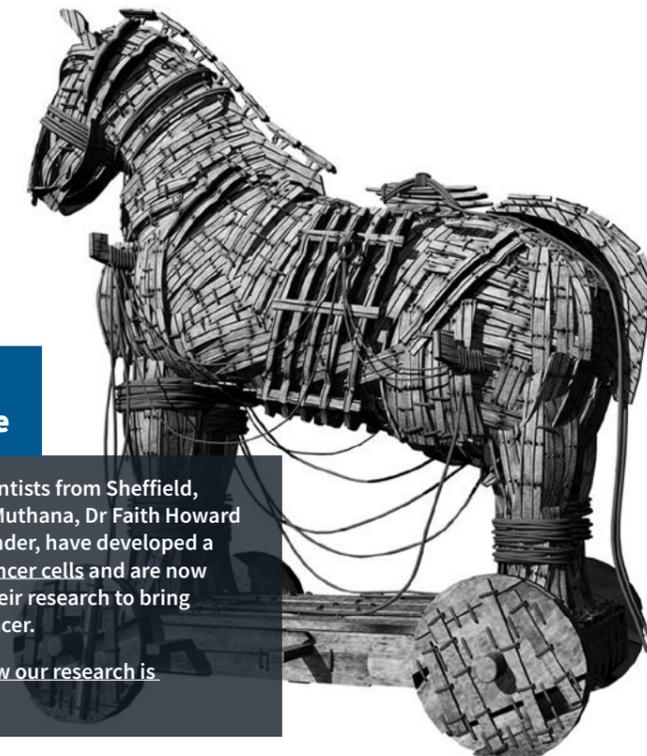


[Read more about our **Research pillar** and explore related case studies](#)

Killing cancer cells with a Trojan horse

An enterprising team of scientists from Sheffield, Senior Lecturer Dr Munitta Muthana, Dr Faith Howard and PhD student Natalie Winder, have developed a novel approach to killing cancer cells and are now looking to commercialise their research to bring it closer to patients with cancer.

[Read more stories about how our research is changing lives](#)



Innovation

Aim: Our transformative research and enterprise will address the world’s most pressing challenges. We will enable and promote a culture of excellence in innovation and entrepreneurship across the University.

Priority one: Impact

We continue to grow and strengthen our impact, knowledge exchange and innovation activity.

At Sheffield, we define impact as the long-term, sustained and significant effect on, change or benefit to society, valued and verified by our partners beyond academia. We create this impact through the continuous delivery of excellent research, innovation and education.

This definition of impact in its widest sense is important to us and supports us to champion and value the diversity of impact created by individuals, teams and across disciplines.

This year, we have committed to further enhance the impact we make as an institution, with a specific focus on three areas of activity: demonstrating the value of impact from research, education and innovation locally, regionally, nationally and globally; integrating impact into our work from the beginning, through planning and developing strong relationships with mutually interested parties; and fostering an environment for impact by celebrating and recognising the efforts to engage in impact activities alongside the impact delivered.

Working with partners across the sectors is one important pathway to impact. Last year’s Knowledge Exchange Framework (KEF) confirmed that we are one of the top universities in England for collaborating with business, working with the public and third sectors, commercialising our research and intellectual property (IP) and for public and community engagement.

Building on this success, in May we launched our new Partnerships and Knowledge Exchange Service to develop and strengthen our relationships with non-academic partners.

More recently, we have launched our innovator-focused Commercialisation Journey to accelerate the translation of academic research outputs into commercial ventures, such as spinout companies and intellectual property licences, and to further enhance our partnership with Northern Gritstone - a new investment company to facilitate the commercialisation of university science and technology-related IP in the north of England.



Priority two: Advanced Manufacturing Group

We are developing and extending the Advanced Manufacturing Group model for collaborative working across the UK, and using the approach as an exemplar of good practice across the University.

This summer we announced the largest ever research and development project for the University of Sheffield Advanced Manufacturing Research Centre (AMRC). COMPASS (Composites at Speed and Scale) will be built as an extension to the AMRC’s Factory 2050 to drive new investment into the UK’s aerospace sector.

COMPASS was the first major announcement of the new South Yorkshire Investment Zone — the first investment zone in the UK — and the University’s expertise in advanced manufacturing was critical in securing it for the region. The new South Yorkshire Investment Zone will build on the success of our region’s Advanced Manufacturing Innovation District, expanding it to include city and town centres in Sheffield and Rotherham to reflect the growing presence of urban start-ups and scale-ups. It will also further our strengths in areas including aerospace, power and energy, life sciences, digital and creative and engineering across all sectors.

Our Faculty of Engineering has entered into a partnership with The United Kingdom Atomic Energy Authority (UKAEA) that will see us appoint two Chairs in fusion research and development. Both roles will establish new research programmes to address global fusion challenges.

We continue to create new courses to meet the skills demands from industry. For example, The Nuclear Scientist and Nuclear Engineer degree apprenticeship has been developed by the AMRC Training Centre with the support of the Nuclear AMRC and industry partners including the UK Atomic Energy Authority (UKAEA), Westinghouse, Rolls-Royce, Sellafield and Jacobs, to produce graduate professionals who can work across the UK’s current and future civil nuclear programmes.

Making our mark on the world

We’re curious about the world and know our vital role in creating positive change within it. Our ideas and expertise make a tangible difference to communities, policy, our partners and wider society.

[Read more about how we are making an impact.](#)



Helped secure **£37.3m** of levelling-up funding to support city projects through our partnership with Sheffield City Council.



One of the **best** universities in the country for working with businesses, developing IP, commercialising research and public and community engagement (Knowledge Exchange Framework 2022).

Priority three: South Yorkshire

We use our excellence in research, education and knowledge exchange to play a leading role in the whole of South Yorkshire, including: its economy; the health and wellbeing of its people and its environment; and its cultural richness and diversity.

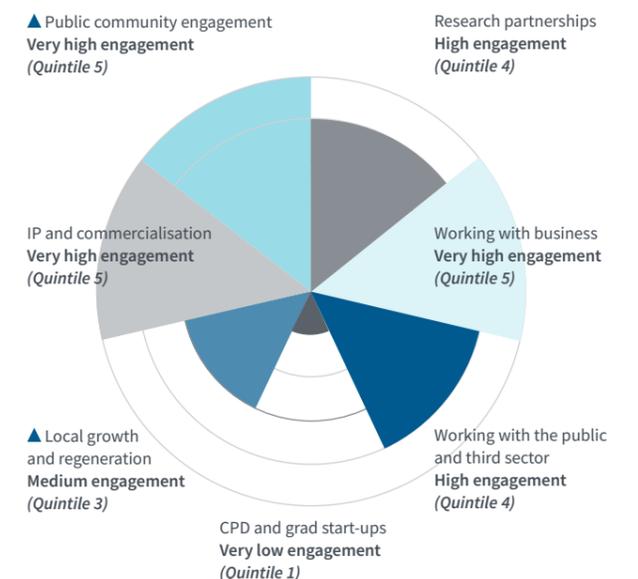
Over the past two decades, our research and innovation has helped to transform our region by attracting inward investment and creating highly skilled jobs. With the announcement of the South Yorkshire Investment Zone in July, we are building on our innovation assets on the University of Sheffield Innovation District to help establish the region as the best place to start, scale or relocate a business.

One major development will be the Sheffield Innovation Spine, which will promote and maximise the benefits of clustering innovation-led companies, such as spinouts, in Sheffield city centre through creating incubation and scale-up space in partnership with other city stakeholders.

Working with organisations and individuals across South Yorkshire our Made Together programme has also seen some major successes this year, including the creation of the South Yorkshire Sustainability Centre to support the delivery of the region’s net-zero targets, the reinvention of city centre spaces through supporting Sheffield City Council with the delivery of Event Central as part of Future High Street Funding and supporting regional skills and research through partnering with Doncaster and Bassetlaw Teaching Hospitals.

Measuring our progress

Knowledge Exchange Framework - our strengths when compared with other similar universities.



[Read more about our Innovation pillar and explore related case studies](#)

Pioneering detailed lung MRI scans without radiation

Our transformative research, enterprise and state-of-the-art facilities at Sheffield are united in addressing the world’s most pressing challenges. Take our new lung scanning technology for example. Led by Professor Jim Wild, a group of Sheffield scientists have developed a novel and safe MRI scan to pick up on lung abnormalities previously undetected with routine tests.

[Read more about how we’re driving cutting-edge technologies and solutions](#)

Education

Aim: Our research-led programmes will inspire, enthuse and challenge a diverse community of outstanding students. Our graduates will be equipped to stand out as confident global citizens guided by strong values, ethics and standards, able to make meaningful contributions to society.

Priority one: Portfolio

We are shaping a balanced, research-informed portfolio of programmes, which serves the needs of students and develops graduates with the knowledge and skills for successful careers.

Programme Level Approach is guiding how we deliver this – with a relevant, attractive and engaging portfolio of programmes at the heart of our offer. We are carrying out a detailed Portfolio Review across academic departments, looking at what prospective students want, and in turn how we can build quality programmes in each area.

We continually listen to the student voice to shape our portfolio, continually improving our mechanisms for listening and integrating feedback from multiple sources. We're also engaging the student voice in our programme design and development is key to ensuring we provide quality assessment and feedback which prepares students for their next steps.

This detailed work will give us clarity when speaking to prospective students about studying at Sheffield, assuring them of its quality and capacity to equip them for a bright future.



Top in the Russell Group for student experience (National Student Survey 2023).



68% Student engagement with mySkills has increased by year-on-year.



Ranked **best** in the Russell Group for the percentage of students recruited from low participation neighbourhoods for four years running.

Priority two: Employability

We are delivering a sector-leading vision for employability, which captures the value of learning and development experiences in and beyond the curriculum.

We are equipping our students with the skills to kick-start their career. We are enhancing our placement offer and our aim is that placement years will become part of all our undergraduate programmes.

We have a powerful, global network of over 300,000 graduates and are bringing this community together for the first time with our new online mentoring platform, Sheffield Connect. The new platform provides students and alumni with opportunities to develop their professional and personal networks.

What our alumni go onto is a key area of focus, and the results of the Higher Education Statistics Agency (HESA) Graduate Outcomes survey, which is sent fifteen months after graduation, gives us an indication of this.

mySkills, a unique portfolio tool which helps our students reflect on the attributes they are gaining, is seeing consistently growing engagement from our cohorts thanks to some improvements and increased integration into programmes and co-curricular activities.

We've introduced a standard model for study abroad to enable more undergraduate students to benefit from the experience of spending time abroad as part of their degree; this includes an improved package of student support which will be enhanced by the introduction of a new digital platform to manage the student study abroad journey.

Top in the Russell Group for student experience

The latest [National Student Survey \(NSS\)](#) placed us top in the Russell Group for student experience. The survey provides us with valuable and extensive feedback from final-year undergraduate students. We will use the survey responses to further develop the student experience we offer here at Sheffield.



Students helping to shape our curriculum

Student feedback is incredibly important and we continue to listen to our students and make changes to our courses and programmes. For example, in our Faculty of Engineering, students provided valuable insight and worked collaboratively with lecturers to make changes to the aerospace programme. In the Faculty of Health, colleagues in the Sheffield Centre for Health and Related Research (ScHaRR) are running three student-led projects to get student input on digital inclusivity, student wellbeing and embedding employability in the curriculum.

Priority three: Digital experience

We are designing a rich and inclusive digital environment that will support excellent and inspiring teaching, enabling all students to engage effectively in their learning.

We continue to use digital learning and teaching to support our excellent and inspiring teaching. Our Digital Core Essentials programme ensures that every student gets the same digital access and support, and provides our staff with valuable resources and enables the sharing of good practice.

Our Virtual Learning Environment (VLE) is the backbone of how we deliver our teaching at Sheffield. It provides the infrastructure behind our programmes and enables us to give our students a consistent and coherent learning experience. We are working to launch a new VLE by September 2025. Blackboard Ultra is much more advanced than our current system, and brings with it a wealth of opportunities to better underpin our students' education and continue on our digital learning journey.

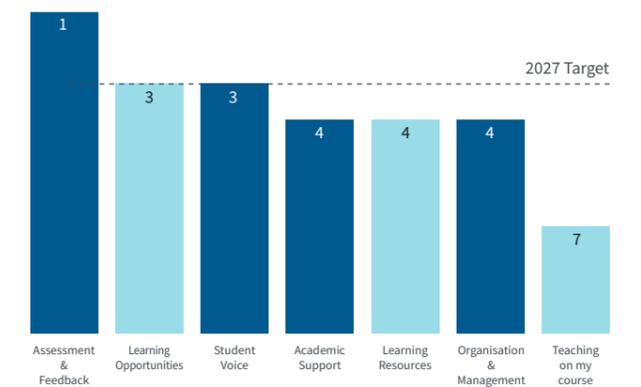
We are developing some really exciting and novel on-campus learning activities. We have launched an ambitious trial in our physical estate which, if successful, could provide a model that shifts our reliance on fixed computer labs. Our Department of Computer Science is putting this to the test, trialling technology-enabled adaptable teaching space to modernise the learning experience for their students.

We have also provided laptops to those students who don't own one, with every student now having access to a device above a certain specification. This means we can also provide tailored support to those students who need it and our one-device model means we are also being considerate of our environment.

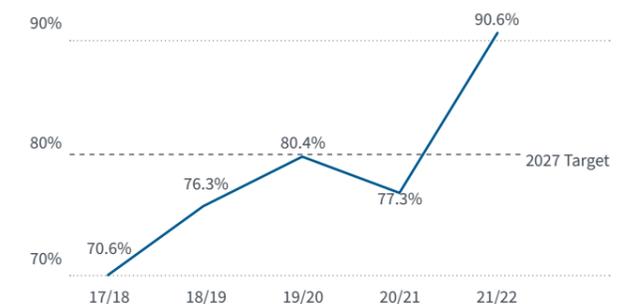
Recent breakthroughs in generative Artificial Intelligence (IA) open up both opportunities and challenges for the higher education sector. We know that AI will be a part of our students' lives, both now and in the future, and we're committed to being an AI-positive institution. Our focus is currently on how AI interacts with the process of education, but we also need to consider how it changes what and how we teach students – and we are seeking to include it in our learning and teaching practices where we think it can be of educational benefit to our students. We have established a working group to discuss the potential impacts, how we can respond to them in the short term, and plan for them in the future.

Measuring our progress

2022/23 rank within Russell Group on National Student Survey measures



% New undergraduate students achieving ABB+ in A level or equivalent by year



Read more about our **Education pillar** and explore related case studies

One University

We will build a diverse community of staff and students from a broad range of backgrounds, demographics and cultures, and create an inclusive, supportive and collaborative environment in which they can succeed and flourish.

Priority one: Collaborative & supportive culture

We foster a collaborative culture where staff and students are all active participants in the success of the University.

In collaboration with staff groups and our campus trade unions, we developed a new staff [Code of Conduct](#). This new code translates our values into practical day-to-day expectations and guides how we work with each other, our students and our external partners.

A huge area of focus for this year has been improving progression and development opportunities for colleagues and postgraduate research students. We launched a new learning management system, myDevelopment, providing a central hub for all learning, development and training.

Our new Shared Skills Framework sets out the skills and behaviours colleagues can expect to demonstrate at different grades. We also introduced our first professional services career routes that outline the specialist skills of roles and the development activities to help colleagues acquire them. Together, the new framework and career routes provide guidance for colleagues on navigating their career and progression at the University.

Measuring our progress

Rank in Russell Group for % Black, Asian & Minority Ethnic staff by year



180+
Staff and students represent over 180 different countries and nationalities.

Priority two: Diversity & Inclusion

We continue to build a diverse community of staff and students that recognises and values the abilities, backgrounds, beliefs and ways of living for everyone. Our culture ensures all members of the University community feel they belong and are treated with respect.

Our diversity and inclusion work focuses on creating a supportive environment where everyone in our University community can thrive.

Building on our strong foundations, we launched our [Religion, Belief and No-Belief strategy](#), setting out how we will create a sense of belonging for those whose religion, belief and no-belief forms an important part of their identity. We also refreshed our [LGBT+ strategy](#), helping to create an inclusive university for our LGBT+ community and address the challenges experienced by lesbian, gay, bi and trans staff and students.

We continue to progress our work to tackle racial inequalities. We are submitting an application for the [Race Equality Charter Bronze Award](#) to benchmark our progress to date and identify actions for tangible change.

Since the launch of our [Disability Equality Strategy and Action Plan](#), we have been focused on improving the experiences of our disabled staff and students. We have recruited a Staff Disability Advisor, who provides specialist advice and guidance about disability in the workplace to all colleagues; introduced a new Reasonable Adjustments Passport, a living record of adjustments agreed between a staff member and their manager to support them at work; and joined the [Hidden Disabilities Sunflower scheme](#) to raise awareness about invisible disabilities.

As we look ahead, we will continue to work with colleagues and students to progress the activities set out in all our action plans. This will include implementing new Inclusive Design Principles which will set out our commitment to inclusive design for newbuild and major refurbishment projects, how we will continue to go beyond building regulations, and what best practice looks like for us at Sheffield.

Over **30,000** sessions and courses completed on the new myDevelopment platform since its launch.



Mental Health Charter Award

In July, we were awarded the [University Mental Health Charter Award from Student Minds](#) – the UK’s student mental health charity. Sheffield is one of seven universities recognised with the Charter Award. The Charter Award recognises universities that promote good mental health and demonstrate excellent practice. Student Minds commended several areas as examples of excellent practice, including our [University Health Service](#).

Priority three: Wellbeing

We continue to create a positive environment that supports and encourages the wellbeing of our staff and students, whilst empowering individuals to be responsible for their own wellbeing.

An area of focus has been on mental health and providing staff and students with appropriate support and advice. Our One University Mental Health strategy focuses on providing effective and accessible mental health services and proactive interventions.

Our model of mental health support focuses on tailored interventions for each individual’s circumstances. Utilising this approach, we’ve established an in-house Staff Mental Health Adviser Service to provide specialist and tailored advice and support to colleagues. As part of the service, we have appointed a Staff Mental Health Adviser to support colleagues in accessing supportive interventions.

Building on our previous work, we have undertaken the assessment process as part of the [Student Minds Mental Health Charter Framework](#), allowing us to identify the strengths of practice and the areas for development. Using the findings from this process we will translate these into activities that will form an action plan outlining our continued improvement of support for colleagues and students.

We know that workload is a very real issue for some colleagues. We have agreed a set of workload allocation principles and these are now being adopted by every academic department, and have set up a working group to help address some of the issues faced by professional services colleagues. We are also taking steps to address the issue of workload volume and have provided strategic investment for academic departments that have recruited large numbers of additional students.



One University (continued)

Priority four: Sustainability

We are continuing our work to make Sheffield one of the most sustainable research-intensive universities in the country.

Over the past year, we have opened new pocket parks built with recycled materials, planted an additional 400 trees on campus and invested in efficiency measures in our buildings to save around 2,000MWh of energy per year, roughly equivalent to 135 UK homes.

We have also secured over £2.5 million of external funding to progress a pipeline of carbon reduction projects that will eliminate gas combustion entirely from selected properties on our estate.

We opened our most sustainable building ever. The Wave, which is the new home for our Faculty of Social Sciences, operates with 'net zero' emissions. Ground-source heat pumps will provide heating in the winter and cooling in summer and solar panels are used to generate electricity. This, and all other new buildings on campus, are now driven by our Sustainable Buildings Standard, developed in-house to ensure that all future developments on campus abide by strict sustainability standards.

We are encouraging staff and students to live more sustainably through schemes such as Vytal, a reusable cup hire app available in our cafes, and Betterpoints, which rewards users for cycling, walking and taking public transport to and around campus. Betterpoints users have walked over one million miles and cycled over six million miles, to help save around 700 tonnes of CO₂.

The app has been so successful at the University that Sheffield City Council have now joined the scheme and are in the process of rolling the programme out to the entire city.

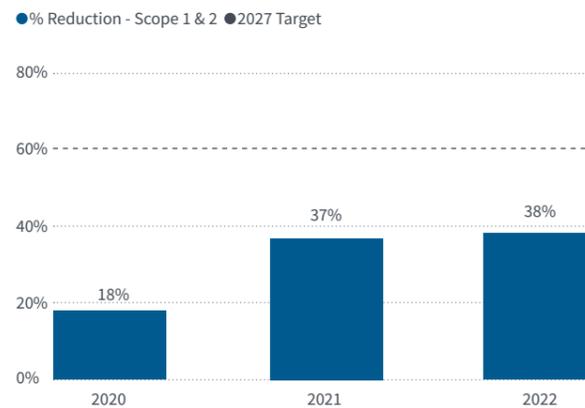
Most of our campus is still reliant on natural gas for heating. It is both an environmental and security imperative that this reliance is reduced and we switch to electric heating systems. A decarbonisation strategy and plan is currently being developed and will be published later in 2024.

Top 50 in the world and top 10 in the UK for action on sustainability

We were ranked 8th in the UK and 42nd in the world for our work on sustainable development in the 2023 Times Higher Education (THE) Impact Rankings. The rankings assess universities' work towards achieving the UN's Sustainable Development Goals. We scored full marks on a range of metrics, including support for student and community food programmes, high percentage of students with disabilities and its work to embed sustainability topics into the curriculum.

Measuring our progress

% Reduction in Scope 1 & 2 emissions since 2019



Working with students to reduce waste at our residences

We are working closely with students on a number of exciting initiatives to reduce waste on campus. We installed two community fridges at our residences to help students share excess food, created a new Recycling Hub for hard-to-recycle items, and held a Free Shop in February for short-term students arriving at the University's city centre accommodation. Our end-of-term donations scheme, which has run since 2013, has now raised over £1 million for the British Heart Foundation, while also helping to improve relations with the local community.

Priority five: Philanthropy

We will launch the University's first multi-million-pound fundraising and engagement campaign, to increase and diversify philanthropic income and help create a sense of belonging and participation amongst our staff, students and alumni.

400 students will start at Sheffield in September on donor-funded scholarships - three times as many as a decade ago. 2022-23 saw a milestone gift of £3.75 million from alumnus Mark Crosbie and his wife Sarah. This is the second largest single commitment from an alumnus and will be used to support the expansion of our translational neuroscience facilities and the development of modern teaching facilities for our medics in the Faculty of Health.

Thanks to over 5,000 donations to the University's Genetic Disease Research appeal, we installed a new state-of-the-art bioreactor at the University's new Gene Therapy Innovation and Manufacturing Centre (GTIMC), located at the Innovation District. The bioreactor will be used by countless researchers and scientists as they progress research into treatments for genetic diseases such as motor neurone disease.

We continue to increase alumni engagement and we have alumni involved in a range of University activities with a core focus on improving student employability with a large number of alumni and friends mentoring students. We are also ensuring our offer to alumni is strong and are currently piloting Sheffield Connect, a platform that connects students to alumni, and alumni to one another.

We are developing our first major fundraising and engagement campaign, Forged in Sheffield, which will be launched publicly in the summer of 2024. The campaign will help step up philanthropic income to benefit all areas of University life, accelerate research and provide greater support to students, grow alumni volunteering activity in areas of strategic importance, and increase alumni and supporter engagement.

▶ Read more about our **One University pillar** and explore related case studies



Top 50 in the world and **top 10** in the UK for action on sustainability (2023 Times Higher Education Impact Rankings).



Saved around **2,000MWh** of energy per year, roughly equivalent to 135 UK homes.



400 students will start at Sheffield in September on donor-funded scholarships.



Over **5,000** donations to the University's Genetic Disease Research appeal.

Financial review

Overview of the year

We have delivered a strong financial performance, with an underlying surplus¹ of £44m (2022: £56m). This is, in the face of an unstable macroeconomic environment, with high levels of inflation and the cost of living crisis continuing. Our results are a slight reduction from the 'covid years' and this change is largely driven by inflationary pressures driving up expenditure growth.

Despite this, we have been able to grow income and provide additional financial support to our students and staff. The economic backdrop looks set to remain in the medium term, and our performance solidly places us to successfully navigate ongoing financial challenges alongside realising our ambitions and strategy.

Financial performance

Income

Total income has seen an 8% increase year on year, with increases across most categories of income, and our underlying income has increased by 10% to £851m. Throughout the year we benefited from several unbudgeted income events, a combination of one-off and recurrent.

Tuition fee income remains our single largest source of income and has increased by 5% to £398m, being equally attributable to volume and price increases. This is in line with our overall strategy of maintaining student numbers whilst driving continued institutional quality through higher entry requirements.

Funding body grants are £112m, an increase of 17% from the prior year. £9m of this increase is additional recurrent funding which will continue into future years.

Research grants are broadly in line with the prior year being only a 3% decrease to £199m (2022: £205m), however, this decrease is mainly due to a reduction in capital grants recognition. When capital grants are excluded, underlying research income has increased by 5% (£9m).

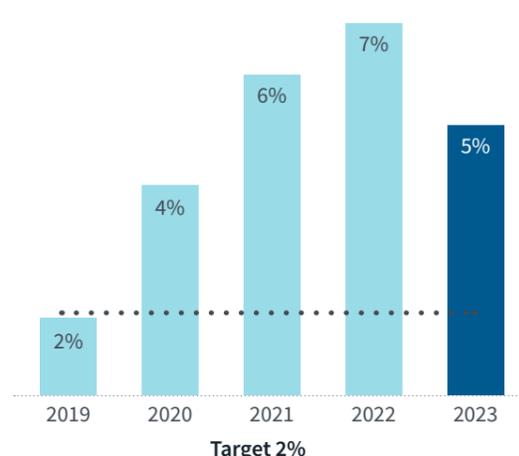
Other income increased 17% to £155m and is mainly driven by patents and licences as we continue to promote a culture of excellence in innovation, including the commercialisation of intellectual property which demonstrates the global impact and application of our research.

Investment income has increased by £11m to £13m, a benefit of the market interest rates.

Donation and endowment income has increased to £12m, with the University receiving £5m in June for cancer research.

Our performance solidly places us to successfully navigate ongoing financial challenges alongside realising our ambitions and strategy

Underlying surplus¹



Expenditure

Total expenditure has decreased by 11%, year-on-year, however this is skewed by the movement in the USS provision. Excluding this movement expenditure has increased by £95m (13%). We have continued with tight cost controls both as sound financial practice and also to mitigate inflationary pressures, yet inflation has undoubtedly had an impact on our cost base.

Staff costs, excluding the movement in the USS provision, increased by £57m (14%) to £454m. During the year we have recognised the impact of inflation upon our staff and made a £1,000 one-off payment to each member of staff, equating to an investment of £8m. This is in addition to an average increase to pay spine points of 5%, which includes the early implementation of part of the 2023-24 national pay award in February 2023 to further support staff with increasing living costs due to high inflation. This early implementation of part of the national pay award, which afforded overall increases to pay points of between 5% and 7% for our staff in Sheffield, is itself in addition to the work undertaken at the end of the previous financial year on redefining grade boundaries.

Other operating expenses increased by 10% (£25m) driven in part by the continuing inflationary pressures coupled with the return to 'pre-pandemic' activities, with travel and professional fees increasing by £6m and £7m respectively. During covid we increased our student support spend, which has continued, and has been supplemented with a £3 million support fund for students to access to help with the cost of living crisis. In addition, we have provided £10m of scholarships for overseas students and £8m of research services support for post graduate students. We have continued to invest in improving equal opportunities for underrepresented student groups with the provision of £6m of financial hardship support and bursaries.

Cash balances



Cash and liquidity

We have healthy cash balances of £235m which will be instrumental in delivering our financial strategy in the coming years, following several years of consciously bolstering cash balances to build resilience. We remain comfortably in excess of Office for Student liquidity targets and have generous headroom with lender covenants.

We have unsecured fixed rate loans of £61m, and a service concession in respect of our student residences of £93m, which combined with cash balances gives us an overall net cash position of £81m.

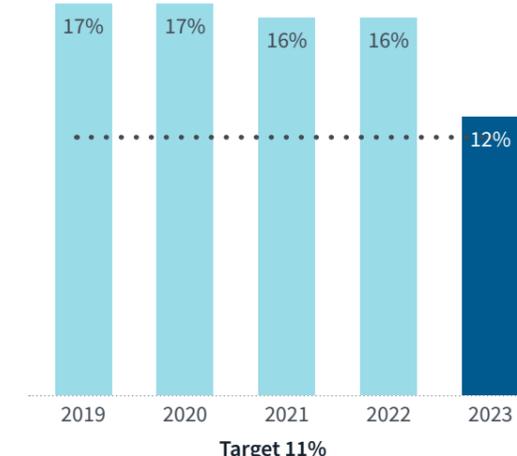
During the year we undertook a review of the cash balance target and have set a minimum year end target for our cash balances of £175m, which ensures we have sufficient flexibility to face economic uncertainty and informs how much of our cash we can comfortably utilise without creating any risk.

Consequently, we do not require additional borrowings to deliver our capital priorities and associated sustainability agenda. This is a strong position to be in as it avoids taking on additional long-term debt during a period of higher inflation, and our debt to underlying income ratio is at 18% (including the service concession) compared to the 2021-22 Russell Group average of 38%.

Our treasury management policy seeks to develop funding strategies to meet our short and long-term requirements including all aspects of cash flow management. This includes objectives of treasury risk management, efficient cash management, securing the most flexible and efficient approach toward capital financing, and managing liquidity requirements.

These objectives are to be achieved in a manner that facilitates maximum flexibility for the University within acceptable risk parameters and within the University's approved financial strategy.

EBITDA %



Endowments

The University holds endowments of £47m and is committed to investing its funds on a socially responsible basis. The University's investment managers publish an annual Impact Report that provides information on the active investment approach undertaken, aligned to the values of the University. There are a number of holdings that have a positive impact on society, operating in areas such as renewable energy and healthcare innovation (£6m as at 31 July 2023).

Pensions

Universities Superannuation Scheme (USS)

USS is a multi-employer scheme where our provision for future deficit contributions is £230m at 31 July 2023 (2022: £258m). The primary reason for the liability decrease is due to the increase in the discount rate, reflective of the interest rate environment.

The movement in the USS provision has resulted in a credit of £37m compared to a charge of £155m in the prior year.

University of Sheffield Pension Scheme (USPS)

Our in-house scheme, USPS, has moved from a scheme liability of £27m (as at 31 July 2022) to a scheme surplus of £18m as at 31 July 2023, measured on an FRS102 basis. The primary reason for the change from a liability to a surplus position is due to the increase in the discount rate.

Recognition of the surplus is driven by accounting standards and has no impact on the benefits payable by the Scheme. Actuarial gain/(loss) in respect of USPS is treated below operating profit.

We are confident we can meet future challenges, seize opportunities, and emerge even stronger

Financial review (continued)

Digital and infrastructure investment

We have invested £101m in total on digital and infrastructure during the year, with digital investment of £23m and infrastructure investment of £78m. Digital investment is increasingly reportable as a revenue item (£14m) as opposed to capital (£9m), and this adds a degree of pressure on our surplus.

We have continued to design and build critical digital products and services to help the University to achieve its vision to deliver life-enhancing research, innovation, and education. We launched Data Connect, a new academic-led secure data service which aims to provide better access for health and social care data for researchers and aspiring academics in order that the sharing of data will improve treatments, patient care and the delivery of research in a supportive and collaborative way.

The most significant infrastructure project completed this year is The Wave, with a total project value of £93m. This is our campus' most sustainable development to date, and the first that operates with 'net-zero' emissions. Ground source pumps will provide heating in winter and cooling in summer and solar panels will generate electricity. This is a flagship building and is home to most of the Faculty of Social Sciences and their Research Institutes, having new collaborative teaching and open learning spaces and has become a research hub, bringing together cross-cutting research centres.

Looking forward we have a disciplined capital programme that supports delivery of our strategy. This includes significant investment in our environmental sustainability priorities to meet our net-zero goals.

Outlook for the year ahead

2024 is going to be another challenging year for the global economy and the sector. Geopolitical tensions create volatility, impacting upon our international activity and student recruitment. The legacy of Brexit and covid both remain.

The static cap on the £9,250 home student fees combined with rising inflation will continue to add pressure, however it is clear that an alternative funding model for the sector is required and there is presently no sustainable funding model for the sector. Future government funding remains susceptible to changes in government policy. International student recruitment is becoming increasingly competitive as many universities seek to grow this market to offset the impact of the fixed home undergraduate fee and inflationary pressures.

The sector faces ongoing industrial action in respect of pay and working conditions which will require a nationwide resolution, and we remain committed to minimising the impact on our students.

Inflation remains high, and we continue to seek to mitigate the impact of inflation through tight cost control and income diversification.

Despite the tough economic environment, we are optimistic. Amongst the challenges there are opportunities to embrace and so much that excites us. We are a truly international University with strong student demand, and we are proud of our recent performance in the 2023 National Student Survey which will only serve to strengthen our reputation. Our distinctive and innovative research will continue to make exciting scientific breakthroughs to shape the world in which we live.

We have maintained our strong S&P Global credit rating of A+ with a positive outlook, reflecting our strong student demand and tight cost control. We have healthy cash balances, having seen these grow throughout covid when we deliberately slowed expenditure to create more resilience given the uncertainty. These cash balances are now allowing us to deliver strategic investment priorities, including on our sustainability agenda, without the need for costly additional borrowings.

We will continue to invest strategically to deliver our vision, and in our IT and digital infrastructure and environmental policies.

We will continue to face external risks and uncertainties, but we are in robust financial health with strong liquidity, and we are confident we can meet future challenges, seize opportunities, and emerge even stronger.

Going concern

The University has prepared cash flow forecasts, including consideration of downside scenarios, for the going concern period, being 12 months from the date of approval of these financial statements. The University is confident that it will be able to meet all its obligations and commitments over the going concern period. Therefore, the financial statements have been prepared on a going concern basis.

¹ Reconciliation of underlying surplus

	2023 £m	2022 £m
Surplus*	92	(71)
Less: capital grant income	(34)	(47)
Less: endowment income (excl donations)	(1)	(0)
Add back: pension provision movements and related interest costs	(30)	157
Add back: employee leave accrual movement	1	(2)
Add back: research depreciation	17	18
Underlying surplus	44	56

* before other gains/(losses) and share of operating (deficit)/surplus of joint ventures and associates

Principal risks and uncertainties

Council is responsible for ensuring that a robust system exists for identifying, evaluating and managing risk within the University, and that this process is subject to regular review.

University appetite for risk

The University takes a varied approach to risk across the full range of its activities. The appetite for risk varies across the pillars of our vision:

- The University has a high risk appetite in its pursuit of excellence in research and innovation, recognising that achieving excellence in research outputs, impact and income requires risks to be taken;
- The University has a moderate risk appetite for the delivery of quality education. Our aim is to balance the disciplinary autonomy required to deliver great education with the need to achieve a level of consistency in the academic and student experience;
- The University has a low risk appetite for changes that could have a negative impact on University employees or students, but a high risk appetite for making changes which will clearly improve the experience of staff and students;
- The University has a low risk appetite for financial risks, failing external compliance standards and any risks to our external reputation.

How we manage risk

The University manages risks through a Corporate Risk Register, which is reviewed regularly throughout the year and is considered by Council and Audit and Risk Assurance Committee. The register is maintained by a subgroup of the University Executive Board (UEB) - Risk Review Group; to assess and manage corporate risks, agree the risk owners and the agreed mitigating processes, actions and controls.

Each department (academic or professional services) has a risk register which feeds into the Faculty, Advanced Manufacturing Group or Professional Services Risk register. In turn, these feed into the Corporate Risk Register. This helps Risk Review Group to ensure there is an effective and proactive system of risk management in place by which risks are rigorously assessed, understood and effectively managed across the organisation.

The Corporate Risk Register and annual planning process is complemented by a Risk Management Policy and this is approved by Risk Review Group on an annual basis.

Alongside, and complementary to the Corporate Risk Register, the University Secretary maintains a register of legal and regulatory duties placed on the University, with the responsible owners, and how compliance is reported and to whom, which is kept up to date, agreed by UEB and reported to Council Audit and Risk Committee and Council.



Risk summary	Risk statement	Examples of processes, actions and controls	University vision pillar
Ensuring high-quality research	If we do not implement our research excellence agenda, delivering fewer but higher quality research outputs, we will not maintain our performance in Research Excellence Framework 2028 for our current high performing units and will not increase the number of top five units with reputational and financial implications.	An established definition of research excellence relating to both individuals and research entities such as centres and institutes, is in place for the 5-year period of the University vision. Support and investment has been agreed for research areas where the University wishes to grow capacity or capability over the next three years.	Research
Developing strategic partnerships	If we do not develop a critical mass of mutually-beneficial partnerships to underpin our research and innovation ambitions, we will not increase and diversify our collaborative research income and will be less able to scale real-world impact arising from our research.	The Advanced Manufacturing Group centres have clear strategies for engagement with partners and are building capacity and systems to improve this area. Faculties each have Knowledge Exchange and Impact teams in place to build partnerships at local level.	Innovation
Internationalisation and security risks	If we do not manage the security-related risks associated with the University's internationalisation activities in a coordinated way, then legal, financial, and reputational risks may be realised with impacts on staff, students, visitors, research, partnerships and the campus.	The University actively engages with sector bodies and fora to ensure it accesses and responds to ongoing advice and guidance on the practical management of the security risks associated with internationalisation activities. Robust processes and procedures are in place to ensure due diligence complies with the existing requirements of external research funders or partners.	Research
Ensuring a high-quality education	If we do not address areas of poor Teaching Excellence Framework performance (National Student Survey (NSS), continuation, completion and progression) and improve the academic experience, then students will not receive a high-quality education and this may result in poor student feedback, applicant concerns, regulatory and reputational issues.	Metrics relating to discipline level performance are reviewed annually and discussed with academic departments (in addition to routine review via annual reflection processes) where there are more urgent issues. Performance issues that are not discipline-specific are being addressed via Themes 2-4 of the Portfolio Review work. The Student Experience and Digital Education Boards ensure that investment in tech solutions are prioritised to mitigate these risks. Ongoing development and promotion of Elevate as a platform for delivering resources, training and development opportunities for programme teams and individual academic staff to improve their academic skills and to enhance their educational offer.	Education
Changing student expectations	If we do not understand and adapt to rapidly changing student expectations for their academic experience in a regulated sector, then we will see a decline in student satisfaction, potentially resulting in claims for fee refunds and a negative impact on student recruitment.	The use of 'TellUS' as a pan-institutional mechanism for seeking student feedback on programmes and modules, in a way that complements external surveys and in particular the NSS and is consistent across disciplines. Digital access and improved usage of digital platforms to design, deliver and enhance the student experience remain priorities, coupled with the need to address digital poverty through the provision of remote access to specialist software, hardship grants and reliable broadband.	Education

Risk summary	Risk statement	Examples of processes, actions and controls	University vision pillar
Student recruitment overdependence on specific markets	If we do not reduce our dependence on specific international student recruitment markets, then we may struggle to achieve our student population and financial strategies if there are major changes in geopolitics, applicant behaviour, league table position or internal focus on this issue.	Strategic objectives for the student population are in place and aim to diversify student recruitment. University Executive Board (UEB) has agreed a series of practical actions following the work of an international diversification sub group.	Education
Balancing student population size and quality	If we do not implement our strategic objectives for the student population, then we may recruit student intakes that are too large or small to deliver a high-quality education, are poor quality and do not meet income requirements leading to poor educational experience and reputational damage.	The Strategic Advisory Group to UEB on Student Recruitment and Population maintains oversight of the student recruitment performance, including the performance of the portfolio within target markets, and monitors the trajectory on delivering on the target student population. A portfolio review programme is in place under the aegis of the Education Strategy Delivery Plan, which brings together market relevance, programme delivery, curriculum and pedagogy and employability, and which will ensure the competitiveness and attractiveness of the University's offer.	Education
Industrial action	If the University does not effectively manage the impacts of industrial action (driven by national or local issues), then students in some departments will be directly impacted resulting in a poor student academic experience, alongside negative impacts on staff morale.	Regular consultation is undertaken with Trade Union colleagues at a joint union committee to maintain constructive relationships as a result of any changes in pensions benefits and legislation and/or organisational change. The University has proactive communication plans and channels in place (including with the Students' Union) to ensure staff are updated, particularly in respect of disputes around pensions and pay. We continue to engage through national forums both in terms of influencing and sharing information.	One University
Workload pressure	If we do not address workload concerns and issues of complexity, bureaucracy and duplication, as raised through the staff survey, then staff satisfaction may decline and wellbeing issues increase leading to higher turnover, challenges of talent attraction and managing absence.	Work in this area is multifaceted and complex - there is no single solution, so it requires ongoing work to simplify and improve efficiency of activity. Some examples of work in train are below: Assess causes of professional services staff workloads via survey to inform action plan to reduce duplication and remove bureaucracy from processes (this work is in train). Review structures to help reduce the volume of work needed to be produced and enable staff to focus on core teaching/research activities. Continued portfolio review of teaching programmes to reduce burden of teaching and admin for small cohort programmes and over assessment.	One University

Risk summary	Risk statement	Examples of processes, actions and controls	University vision pillar
Fit-for-purpose digital infrastructure	If our digital infrastructure is not improved over the medium term, whilst we also maintain critical business as usual systems, then our ability to deliver our University vision, a high-quality student academic experience and excellence in research will be adversely affected.	The University Executive Board (UEB) IT Sub Group oversees IT priorities, risks and scope of services. A Technology Enabled Strategic Framework is in place to support the prioritisation and funding of digital infrastructure.	Education Research
Managing changes to structure	If we do not effectively manage the delivery of proposed changes to the University's structure, then we may experience heightened resistance from staff, students and external bodies that could impact negatively on our realisation of the new structure and its intended benefits, our reputation and overarching academic aims.	University Executive Board are overseeing progress and Council will approve any changes. A detailed project plan is in place and engagement plan is in place, including plans for each faculty with change resources allocated.	All
Financial sustainability	If the University does not secure income in excess of its costs and which is balanced across the institution, and sufficient cash flow for strategic investment, then there may be adverse impacts on operations, capacity, academic excellence, reputation and financial sustainability.	Regular financial reporting enables close monitoring of changes in expenditure commitments, including the forecasting, scenario analysis and sensitivity analysis to such changes. Cash forecasts and associated covenants are updated regularly to ensure that the University remains cash-resilient in the long term.	One University
Maintaining cyber and information security	If sufficient cyber and information security assurance, governance and practice is not maintained, then there might be detrimental impacts on the University's ability to operate, reputation and financial stability.	Information Asset Registers are in place for all departments. A Student Information Security & Cyber Safety online training course has been developed and will be embedded as a mandatory requirement in the student enrolment process.	One University
Data governance	If data is not governed effectively and fails to meet compliance or legislative requirements, we may be subject to operational issues, significant financial penalties and/or reputational damage.	UEB Information Management and Security group oversees the data governance roadmap and agrees annual priorities. The Data Futures Project is in place to ensure the University continues to meet external statutory requirements whilst improving data quality and governance.	One University
Sustainability targets	If we are unable to adequately plan, fund and achieve our net-zero targets by 2030, then the University's reputation for sustainability with students, staff and external stakeholders will be damaged.	Sustainability Steering Group is in place with a net-zero buildings group also established to investigate and prioritise reducing building emissions. The University is establishing a baseline and understanding of the composition of our Scope 3 emissions and developing a prioritisation plan.	One University

Governance



Public benefit and responsibility

The University is an independent corporation whose legal status derives from a Royal Charter, granted in 1905. It holds charitable status as an exempt charity regulated by the Office for Students. Under the terms of the Royal Charter the University's objects are to advance education through teaching and research. Public benefit is integral to the University's culture.

Members of Council are the University's charitable trustees, who are listed on page 29 and include the President and Vice-Chancellor and other staff and student members. The Council and senior management have due regard to the Charity Commission's public benefit guidance in setting institutional objectives and monitoring performance towards achieving them. Members of Council do not receive any remuneration in respect of their role on Council but are eligible to claim reasonable expenses incurred in carrying out their role. Expenses payments to Members of Council are stated in the notes to the financial statements and accounts.

The Charity Commission requires there to be an identifiable benefit and that this benefit must be to the public or to a sufficient section of the public. The University's beneficiaries include its undergraduate and postgraduate students and research funders but we believe that education and research are not just a private good. By producing world-class graduates, undertaking research to drive innovation and address global and societal issues, and working in partnership, including with other regional anchor institutions, the University believes that sections of the public and society at large benefit from its range of activities. For our University,

social and public responsibility is integral to our education, research, partnerships and place-making. The University has a proud history of discovery, innovation and positive social change. All our activity is geared towards improving the world's thought, creativity, invention, and store of knowledge.

Our values arise from our conviction that the purpose of a university is to contribute to the enlargement of the parameters of global understanding and change lives for the better.

We foster a socially engaged approach that seeks to help the society we serve, as well as supporting and growing the appetite for volunteering that exists in our staff and students. We continue to work with our Students' Union to identify and inform globally essential conversations and reforms, especially those that support a socially inclusive and open society.

We create a coordinated articulation of our research and its impact, so that all staff and students can act as proud advocates for the University. Our curricular and extracurricular activities provide staff and students with the knowledge and skills to be active global citizens.

We value open, inclusive and honest dialogue about the many conflicted choices we and the rest of the world face, and welcome our duty of public service to the society of which we are a part. We support students and staff in creating an inclusive, open society that encourages the free exchange of ideas in a mutually respectful atmosphere. Our diverse and inclusive community brings together different views, approaches and insights, leading to richer, more creative and innovative teaching and research.

Pages 10-19 provide examples of how our work delivers public benefit in accordance with our strategic objectives and institutional values.

How the University is managed

Officers of the University Session 2022–23

The Chancellor

The Rt Hon Lady Justice Rafferty, DBE, PC, QC, LBB, Hon LLD

The Pro-Chancellors

A Belton (Interim, as Chair of Council, to 21 November 2022)

C Brownlie

A J Stone (from 22 November 2022)

M J Temple CBE (Chair of Council from 22 November 2022)

A P Wray (Interim to 21 November 2022)

The Treasurer

R W Memmott

The President and Vice-Chancellor

Professor K Lamberts

The Provost and Deputy Vice-Chancellor

Professor G Valentine

The Cross Cutting Vice-Presidents

Education: Professor M T Vincent

Innovation: Professor D N Petley (to 31 August 2022)

Research: Professor S E Hartley OBE

The Faculty Vice-Presidents

Arts and Humanities: Professor S Fitzmaurice

Engineering: Professor J D Litster

Medicine, Dentistry and Health: Professor C Newman (to 30 September 2022), Professor A W Blom (from 1 October 2022)

Science: Professor J Derrick

Social Sciences: Professor C A Watkins

University Secretary

Dr A J Strike (to 30 September 2022)

J Strachan (from 1 October 2022)

The Council of the University Session 2022–23

Ex-officio members

The Pro-Chancellors

The Treasurer

The President and Vice-Chancellor

Persons appointed by the Council

D J Bagley, A Belton, B Gilvary, A Kay, P Rodrigo, A J Stone (to 21 November 2022), M J Temple CBE (to 21 November 2022), Dr P Tenney (from 28 February 2023), A P Wray

Not fewer than two and not more than three Senior Academic Officers appointed annually by the Chair of Council in consultation with the President and Vice-Chancellor

Professor G Valentine

Professor M T Vincent

Professor S E Hartley OBE

Three members of the Senate elected by the Senate

Professor G Gee

Professor J Kirby

Dr W Kitchen (to December 2022), Dr C Nic Dháibhéid (from January 2023)

The President of the Students' Union

L Hand (to 30 June 2023)

L Byrne (from 1 July 2023)

One person who is not a member of the academic or academic-related staff

G Greenup

Secretary to the Council

Dr A J Strike (to 30 September 2022)

J Strachan (from 1 October 2022)

Faculties and departments

Arts and Humanities

East Asian Studies, English, History, Languages and Cultures, Music, Philosophy

Engineering

Automatic Control and Systems Engineering, Civil and Structural Engineering, Chemical and Biological Engineering, Computer Science, Electronic and Electrical Engineering, Materials Science and Engineering, Mechanical Engineering

Medicine, Dentistry and Health

Clinical Dentistry, Health and Related Research, Health Sciences, Infection, Immunity and Cardiovascular Disease, Medical School, Neuroscience, Oncology and Metabolism

Science

Chemistry, Mathematics and Statistics, School of Biosciences, Physics and Astronomy, Psychology

Social Sciences

Architecture, Economics, Education, Geography, Information School, Journalism Studies, Landscape Architecture, Law, Management, Politics and International Relations, Sheffield Methods Institute, Sociological Studies, Urban Studies and Planning

Extra-Faculty

Advanced Manufacturing Group Lifelong Learning



Corporate governance and internal control

The following statement is intended to provide an understanding of the governance and legal structure of the University of Sheffield.

The University is an independent corporation whose legal status derives from a Royal Charter granted in 1905. It is an educational charity, with exempt status, regulated by the Office for Students (OfS) in its capacity as Principal Regulator. The University has charitable purposes and applies them for the public benefit (see page 28). It must comply with the general law of charity. The University's charity number is X1089. The University's objectives, powers and governance framework are set out in its Charter and supporting Statutes and Regulations.

This statement relates to the year ended 31 July 2023.

The University of Sheffield has a public interest duty to conduct its affairs in a transparent and responsible way, in accordance with the Nolan principles, to meet the regulatory requirements of relevant statutory bodies, in particular the ongoing conditions of registration with the OfS, and complies with the OfS' Public Interest Governance Principles and the Higher Education Code of Governance published by the Committee of University Chairs (CUC). The University's governing body, the Council, regularly reviews its operation against the OfS Regulatory Framework and the revised CUC Higher Education Governance Code. The findings of the latest Council effectiveness review, which reported in 2020-21, confirmed compliance and identified a number of areas of good practice. Council has not identified any areas in which it needs to explain any non-compliance with the CUC Code and the findings of the Council Effectiveness Review supported this conclusion. The Council will continue to undertake a review of effectiveness in accordance with the Code, every three years. The next such review will take place in 2023-24. In the years between formal Council Effectiveness reviews, members of Council complete a self-assessment questionnaire in relation to their individual role and performance and the collective performance and effectiveness of Council itself. Council uses the findings of this exercise to enhance its operation, and that of its committees, in the spirit of continuous improvement.

The University makes the confirmed minutes of each Council meeting publicly available via its website, together with all supporting papers, that are not confidential or otherwise contain sensitive material. Council approves the list of papers to be published as a standing agenda item at each meeting. A report on the proceedings of Council is provided to each meeting of the Senate. The confirmed minutes of the University Executive Board (UEB) and the Senate are also published online, with confidential or sensitive items redacted.

Leadership

The President and Vice-Chancellor is the University's Chief Executive Officer, and principal academic officer. The President and Vice-Chancellor is also the designated Accountable Officer with the OfS, for the purposes of the Higher Education and Research Act 2017.

Under powers delegated by the Council, the President and Vice-Chancellor exercises a key role in terms of the development of institutional strategy, the identification and planning of new developments and the shaping of institutional ethos. The President and Vice-Chancellor is a member of the Council and Chair of the Senate. A University Executive Board, comprising senior academic and professional services members, is appointed by and acts in an advisory capacity to the President and Vice-Chancellor. Ultimate responsibility for the management of the University and the conduct of its business rests with the Council.

Governance

The Council

The University's Council is the governing body of the University and its board of charitable trustees, responsible for the strategic development and overall achievement of the University's mission and purposes. Subject to the delegation of powers under University Regulations, including those delegated to the Senate, it has ultimate responsibility for all areas of operation.

The Council's membership, listed on page 29, comprises lay and professional and academic persons, including the President of the Students' Union, appointed under the Statutes of the University, the majority of whom are non-executive and have time-limited terms of office. Members of the governing body provide a register of interests and a declaration that they are fit and proper persons, as defined by the OfS, which is reviewed and updated on at least an annual basis.

The role of the Chair of the Council is held by a non-executive and is separate from that of the University's Chief Executive, the President and Vice-Chancellor. The performance of the President and Vice-Chancellor is monitored through the provisions of Section 6 of the Statutes and Regulation II:5.11 and through the existence and application of the Staff Review and Development Scheme, carried out by the Chair of the Council.

The appointment of the University Secretary with appropriate separation in the lines of accountability is through the provisions of Regulation VI: 8. The University Secretary is appointed by and responsible to the Council for the operation and conduct of the University's overall governance structures, ensuring the University acts in accordance with its governance documents, that effective processes are in place to provide assurance and to ensure legal and regulatory compliance. The University Secretary is the Secretary to the Council and the Senate and reports to the Chair of the Council and to the President and Vice-Chancellor, who is Chair of the Senate.

The powers and functions of Council are set out in Regulation II:4-5. The matters specially reserved to the Council for decision are set out in Regulation II:6. Among the powers the Council holds to itself are those relating to appointing the President and Vice-Chancellor, the approval of the University's strategic plan and the approval of financial forecasts, annual budgets, approving the annual audited accounts and appointing the University's auditors. The public interest governance principles are reflected in the provisions of the Regulations of Council. Council delegates its powers to other bodies and individuals as appropriate and in accordance with the Scheme of Delegation set out in Regulation III, which is reviewed annually.

In addition to the Nominations Committee, which is a formally constituted committee of the Council, much of the work of the Council is carried out through the following principal committees, all of which have terms of reference approved by Council and which report formally to Council:

The Audit and Risk Assurance Committee has formally adopted the Higher Education Audit Committee Code of Practice, published by the Committee of University Chairs and comprises both lay members of the University Council and external co-optees with special expertise. Whilst senior executives attend meetings, they are not members of it. Both the external and internal auditors have independent access to the Committee, and vice versa. The Audit and Risk Assurance Committee is responsible for making recommendations to the governing body on the appointment of both the internal and external auditors to the University. The Committee meets with the external auditors to discuss their audit findings, and to review and approve the audit aspects of the annual financial statements; and it provides the governing body with its own opinions. It also guides and approves the annual audit plan prepared by the University's internal auditors, and considers completed audit reports dealing with recommendations for the improvement of the University's systems of internal control. The Committee also reviews management responses to audit reports and monitors implementation of recommendations. The Committee receives and considers reports from external funding and regulatory bodies as they affect the University's business and monitors adherence to the regulatory requirements. The Committee's role in relation to risk oversight and assurance is outlined below.

The Finance Committee is the body responsible for advising the Council on all matters relating to the finances of the University, including ensuring there are adequate and effective arrangements in place to ensure regularity and propriety in the use of public and other funding and to provide transparency about value for money. The committee recommends to the Council the University's Financial Statements for approval, annual revenue and capital budgets, monitors performance in relation to the approved budgets and monitors the execution of financial policies adopted by the Council, including overseeing the University's Financial Regulations.

The Senior Remuneration Committee is responsible for overseeing the appointments of executive and other senior members of staff, balancing the needs of the University in a competitive environment with the appropriate use of funds. The Committee operates in accordance with the CUC Higher Education Code of Governance and its operation has been reviewed to ensure compliance with the CUC's Remuneration Code and related OfS requirements in relation to senior pay.

The Equality, Diversity and Inclusion Committee develops strategies, monitors equality and diversity matters in the University, evaluates actions and progress and provides support and guidance in relation to the University's equality and diversity policies and action plans.

The Senate

The Senate is the academic authority of the University, whose role is to oversee the teaching and research of the University, responsible for academic quality and standards and for the admission and regulation of students on behalf of the Council. Chaired by the President and Vice-Chancellor, its membership is drawn mainly from the academic staff of the University and also includes student representatives. The Senate reports to Council and is required to provide assurance to Council that academic governance is effective. Senate has an Academic Assurance Committee, which tests the arrangements Senate has in place to ensure quality and standards, and Senate makes an annual report and presentation to Council, to permit testing of the assurances it receives.

Full statement of internal control

As the governing body of the University of Sheffield, the Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the governing body in the Charter, Statutes and Regulations and the public interest governance principles set out in the regulatory framework for Higher Education in England.

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

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2023 and up to the date of the approval of the annual report and financial statements. The process is regularly reviewed by the Council and accords with the relevant Financial Reporting Council guidance.



The University has formally applied the CUC (Committee of University Chairs) Higher Education Code of Governance, which is principally committed to identifying the key values and practices on which the effective governance of UK HE providers is based. The University manages risks through a Corporate Risk Register, which is reviewed regularly throughout the year by a UEB Risk Review Group and is considered by Council and its Audit and Risk Assurance Committee. There are also Faculty and Professional Services Risk Registers, and Departmental Risk Registers for both academic and professional service departments. The University also maintains a register which sets out its ongoing registration conditions with the OfS and this is used to ensure and monitor compliance. A separate register exists to monitor compliance with the full range of other legal and regulatory requirements to which the University is subject. The Risk Review Group (a subgroup of the UEB) oversees these different levels of risk. The University's risk management policy is reviewed annually by the Risk Review Group and by Council.

The following processes have been established:

- The performance, plans and strategic direction of the University are specifically considered at one of the regular meetings of the Council each year. Interim reports and additional information is provided to other meetings to coincide with appropriate points in the University's strategic planning cycle.

- The University Council agrees and annually reviews performance, linked to strategic objectives in the University vision, and has oversight of the outcomes achieved, direction of travel and distance from ambition, as set out in the vision and related Strategic Delivery Plans.
- The Council undertakes an annual assessment for the purpose of making its public statement on internal controls. This assessment considers issues dealt with in the periodic reports received.
- The Council receives periodic reports and a comprehensive annual report from the Chair of the Audit and Risk Assurance Committee concerning internal control and risk management, including in relation to University subsidiary companies.
- The Council oversees the management of strategic risks and receives regular reports from Audit and Risk Assurance Committee and the Risk Review Group.
- The Audit and Risk Assurance Committee receives regular reports from Internal Audit, which include Internal Audit's independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement. The Audit and Risk Assurance Committee may also request additional reports to gain assurance from other parties on areas of concern. A Data Assurance Group supports the Committee in its evaluation of the management and quality assurance of the external reporting of data to statutory and regulatory bodies.

- A risk prioritisation methodology based on risk ranking has been established and applied.
- An organisation-wide risk register is maintained for corporate level risks, including the ability of the University to continue to comply with all of its conditions of registration with the OfS.
- A reporting structure has been implemented whereby high-level strategic opportunities and risks are overseen by the Risk Review Group and reported to the Audit and Risk Assurance Committee and Council. The University Executive Board receives reports on the action taken on all corporate level risks, along with suggestions for additions to and deletions from the risk register.
- Council has approved a Code of Ethics and receives periodic reports on its operation following a review conducted on its behalf by the University Secretary. The Research Ethics Committee of Senate provides specific assurance to Senate over ethical matters associated with research activities.
- The University commissioned a review of Council effectiveness during 2019-20, which reported in 2020-21, using an external third party law firm to advise and report. These reviews will be carried out at three-year intervals as required by the CUC Higher Education Code of Governance. Annual reviews based on feedback from Council members are also undertaken.
- The responsibility of Council to maintain and protect the principle of academic freedom is enshrined in the University Charter and appropriate references made during the induction of new members of Council.
- Sub-committees of the Senate Education Committee oversee the totality of the University's collaborative provision, reporting major developments or significant institutional risks through to Council as appropriate.
- The University keeps under regular review the policies, procedures and powers delegated by the Council to other bodies and individuals, including the President and Vice-Chancellor.
- The Secretary to Council is responsible for ensuring that the University's constitution is followed at all times, taking advice where appropriate.

The University has contracted its internal audit function to an external provider. The provider's supervising partner for the assignment functions as the University's Head of Internal Audit. The internal auditors submit regular reports, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the University's system of internal control, with recommendations for improvement.

Our review of the effectiveness of the system of internal control is informed by the work of Internal Audit and by senior officers within the University, who have responsibility for the development and maintenance of the internal control framework, and by the comments made by the external auditors in their management letter and other reports. In considering reports from the Internal Auditor, the Audit and Risk Assurance Committee receives assurance that satisfactory management actions plans have been agreed and are being implemented. The Committee regularly monitors progress against these plans. Audit and Risk Assurance Committee has welcomed the University's approach to internal audit in terms of directing activity at areas where there are known or suspected performance issues in order to improve the internal control environment, including delivering value for money and looking beyond process compliance to institutional culture. The Internal Auditors take account of value for money (VfM) issues as part of their routine system-based auditing, with any relevant issues being examined and reported. Internal audit reports explicitly address, and report on, VfM, with increasing emphasis on the delivery of value to the University's students. No internal control issues have been identified that would require inclusion in the Statement of Corporate Governance and a number of areas of good practice have been identified in the Internal Auditor's annual report. The University encourages managers to treat internal audit as a management tool that should be used positively.

The Audit and Risk Assurance Committee considers the findings of the External Auditor and endorses the annual External Audit Strategy, which identifies key financial and control risks in order to provide assurance and inform improvements in the control environment and delivery of value for money. The Committee regularly monitors progress made against recommendations arising from the External Auditors' audit highlights memoranda and is assured about the high evidential standard to which actions owners are held in order to formally close a recommendation. The External Auditors findings are prioritised to enable the University to focus on issues that represent more significant risks or will deliver the most significant improvements.

Responsibilities of the Council of the University of Sheffield

The Council is responsible for preparing the Annual Report and the financial statements in accordance with the requirements of the Office for Students' Terms and Conditions of Funding for higher education institutions and Research England's Terms and Conditions of Research England grant and applicable law and regulations.

It is required to prepare the 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 requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction') and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

The Council is required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period. In preparing each of the group and parent University financial statements, the Council 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 and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education 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 the going concern
- 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 Council is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Council 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
- income has been applied in accordance with the University's Statutes funds provided by the Office for Students, UK Research and Innovation (including Research England) and the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the terms and conditions attached to them
- there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- securing the economical, efficient and effective management of the University's resources and expenditure

The Council 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.

Financial statements

2022–23



Independent auditor's report to the Council of the University of Sheffield

Report on the audit of the financial statements

Opinion

We have audited the financial statements of The University of Sheffield ("the University") for the year ended 31 July 2023 which comprise the Consolidated and University statement of comprehensive income; Consolidated and University statement of changes in reserves; Consolidated and University statement of financial position; Consolidated statement of cash flow; and related notes, including the accounting policies.

In our opinion the financial statements

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2023, and of the Group's and of the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended
- 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*

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

- we consider that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

- we have not identified, and concur with the Council's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University's ability to continue as a going concern for the going concern period.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- enquiring of directors, the Audit Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud
- reading University Executive Board, Audit Committee, and Council minutes
- using analytical procedures to identify any unusual or unexpected relationships

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

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular

- the risk that Group management may be in a position to make inappropriate accounting entries
- the risk that research income and tuition fee income generated from flexible provision (for example online or distance learning courses) are overstated through recording revenues in the wrong period

We did not identify any additional fraud risks.

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

We also performed procedures including

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by the Chief Finance Officer of the Director of Finance
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

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

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

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

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

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following area as most likely to have such an effect: compliance with regulatory requirements of the Office for Students. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on the University's use of funds in the section of our audit report dealing with other legal and regulatory requirements.

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

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

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

Other information

The Council is responsible for the other information, which comprises the Strategic Report and the Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

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

Council responsibilities

As explained more fully in its statement set out on page 34, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

Report on other legal and regulatory requirements

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

In our opinion, in all material respects

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation
- income has been applied in accordance with the University's Statutes
- 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
- the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students

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 11 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 4 to the financial statements has been materially misstated.

We have nothing to report in these respects.

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

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

Timothy Cutler
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 St. Peter's Square
Manchester
M2 3AE

Date

Principal accounting policies

1. Basis of preparation

The financial statements have been prepared in accordance with United Kingdom accounting standards, including Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition), the Higher Education and Research Act 2017, the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the terms and conditions of funding for higher education institutions issued by the OfS and the terms and conditions of the Research England Grant.

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

The financial statements have been prepared under the historical cost convention, modified by the revaluation of some fixed assets and investments.

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

The financial statements are prepared in sterling, which is the functional currency of the group and rounded to the nearest £0.1 million.

2. Going concern

The University has prepared cash flow forecasts, including consideration of downside scenarios, for the going concern period, being 12 months from the date of approval of these financial statements. After reviewing these forecasts, the Council is of the opinion that, taking account of severe but plausible downsides, the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the going concern period. Therefore, these financial statements have been prepared on a going concern basis.

3. Exemptions under FRS102

The University has taken the exemption Under 1.12 (b) of FRS 102 to not produce a cash flow statement for the University as it is the ultimate parent entity.

4. Basis of consolidation

The consolidated financial statements include the financial statements of the University and its main subsidiaries together with the share of the results of joint ventures and associates for the financial year to 31 July 2023. The results of subsidiaries acquired or disposed of during the year 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.

Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated. Balances between the University and its associates and joint ventures are not eliminated. Normal trading transactions that are not settled by the reporting date are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity, the part relating to the University's share is eliminated.

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

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

5. Income recognition

Income from the sale of goods or services is credited to the statement of comprehensive income when the goods or services are supplied to the external customers, or the terms of the contract have been satisfied.

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

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

Grant funding

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

Donations and endowments

Non-exchange transactions without performance-related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised

in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions, at which point the income is released to general reserves through a reserve transfer.

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

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or other 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 two principal schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of Sheffield Pension Scheme (USPS). In addition, for some clinical staff, contributions are paid to the National Health Service Pension Scheme (NHSPS).

Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme (USS). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a defined contribution scheme. Since the institution has entered into an agreement

(the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the profit and loss account.

University of Sheffield Pension Scheme (USPS)

The scheme is a cash balance defined benefit scheme. The scheme is valued at least every three years by professionally qualified independent actuaries.

USPS is accounted for as a defined benefit scheme under FRS 102.

National Health Service Pension Scheme (NHSPS)

A small number of staff have joined the NHS Pension Scheme (NHSPS) - a multi-employer defined benefit scheme, which the University has accounted for as a defined contribution scheme. The amount charged to the Consolidated statement of comprehensive income represents the contributions payable to the scheme in respect of the accounting period.

Defined contribution schemes

A defined contribution scheme is a post-employment benefit scheme 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 schemes are recognised as an expense in the Consolidated statement of comprehensive income in the periods during which services are rendered by employees.

Defined benefit schemes

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

The University recognises a liability for its obligations under defined benefit schemes 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets,

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

Asset-backed funding of University of Sheffield Pension Scheme

The University has created a Scottish Limited Partnership in order to operate an asset-backed funding scheme for the University of Sheffield Pension Scheme. The wholly owned companies within this partnership are consolidated in the group accounts. The partnership is exempt from audit (as allowed by Section 7 of the Partnership Regulations 2008).

7. Employment benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

8. 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.

9. Service concession arrangements

Fixed assets held under service concession arrangements are initially recognised on the Statement of Financial position at the present value of the minimum lease payments when the assets are brought into use, with a corresponding financial liability. Subsequently fixed assets are shown at valuation less accumulated depreciation.

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.

10. Operating leases

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

11. Foreign currency

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 reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated statement of 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.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Sterling, at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

12. Intangible fixed assets

Software development and acquisition costs are capitalised where certain criteria are met and amortised on a straight-line basis over the estimated useful life of between three and ten years.

13. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

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

Land and buildings

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to fair value. The University has a policy of ensuring an external revaluation takes place at regular intervals as required. Depreciation and impairment losses are subsequently charged on the revalued amount.

A valuation of academic, office, ancillary and support buildings was carried out as at 31 July 2023 by Gerald Eve LLP, Chartered Surveyors.

A valuation of investment properties was carried out as at 31 July 2023 by Gerald Eve LLP, Chartered Surveyors.

A valuation of the Student Village properties held as a service concession was carried out as at 31 July 2023 by Gerald Eve LLP, Chartered Surveyors.

A valuation of the University's owned halls of residence and other residential properties was carried out as at 31 July 2023 by valuers Saxton Mee Commercial.

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

Freehold land is not depreciated as it is considered to have an indefinite useful life.

For new build projects greater than £10 million and refurbishment projects greater than £5 million the project is split into the following components:

- Structure - 50 years
- Windows and doors - 30 years
- Mechanical and engineering – 25 years
- Industrial kitchen and specialist lab furnishings - 25 years
- Finishes - 15 years

Assets that have not been componentised are depreciated over its expected useful life as follows:

- Freehold buildings - up to 50 years
- Leasehold land and buildings - over the life of the lease up to 50 years
- Refurbishments - up to 20 years
- Specialised short-life assets, for example synthetic sports pitches - up to 7 years

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

Impairment

A review for potential indicators of impairment is carried out at each reporting date. If events or changes in circumstances indicate that the carrying amount of the fixed assets may not be recoverable, a calculation of the impact is completed and arising impairment values charged against the asset and to the statement of comprehensive income.

Equipment

Individual items of equipment and groups of functionally dependent items costing more than £20,000 are capitalised at cost. All other items of equipment are recognised as expenditure and are written off to the statement of comprehensive income in the year of acquisition.

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

- General equipment – up to 10 years
- Equipment acquired for specific research project - over the life of the project, up to 10 years

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

Borrowing costs

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

Assets held for resale

Tangible fixed assets surplus to requirements are held at the lower of cost and net realisable value.

14. Heritage assets

The University is in possession of a small number of heritage assets. An independent valuation was conducted in 2008, which showed the value of these items was not material, and accordingly no heritage assets have been capitalised.

15. Investment properties

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

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Consolidated statement of comprehensive income. Properties are not depreciated but are revalued on a regular basis.

Investment properties are disclosed within fixed assets in Note 14.

16. Investments

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

Other non-current asset investments and current asset investments are held at fair value with movements recognised in the Consolidated Statement of Income.

17. Stock

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell.

18. Cash and cash equivalents

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

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

19. Provisions, contingent liabilities, and contingent assets

Provisions are recognised in the financial statements when

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

Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes.

20. Accounting for joint operations, jointly controlled assets, and jointly controlled operations

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

The University accounts for its share of transactions from joint operations and jointly controlled assets in the Consolidated statement of comprehensive income.

21. Taxation

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

Deferred tax is provided in full on timing differences that exist at the reporting date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the reporting date. Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal

of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are not discounted.

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

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

22. Financial instruments

The University has chosen to apply the provisions of sections 11 and 12 of FRS 102 in respect of the recognition and measurement of financial instruments. Financial assets and financial liabilities are recognised when the University becomes party to the contractual provisions of the instrument, and they are classified according to the substance of the contractual arrangements entered into.

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.

Most of the University's financial assets and liabilities all meet the criteria for basic financial instruments prescribed within FRS 102. Basic financial assets and liabilities are 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.

Debtors and creditors

Debtors and creditors are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses.

Loans

Loans which are basic financial instruments are initially recorded at the transaction price, net of transaction costs. Subsequently, they are measured at the transaction price net of transaction costs.

23. Reserves

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

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

24. Accounting 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 judgements used in the preparation of the financial statements are as follows:

Key areas of estimation uncertainty are:

Pension schemes

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

2) The University of Sheffield Pension Scheme (USPS) is accounted for as a defined benefit scheme. Estimation uncertainty over defined benefit obligations is explained within the accounting policies on pages 40-45. There is also a level of estimation uncertainty over the assets; the total assets include assets amounting to £82.0 million (2022: £80.0 million) classified as level 3 financial assets, which are not quoted on an active market, are considered to be the

least liquid and hardest to value and are therefore subject to a higher degree of estimation. Pension costs under FRS 102, and the amount of the provision in the Statement of Financial Position, are based upon the latest actuarial valuation, and assumptions, including the appropriate discount rate, agreed by management following actuarial advice. These assumptions are detailed in Note 35.

3) The University's land and buildings are held at fair value. Valuations are carried out at regular intervals by professionally qualified external valuers. Management make judgements as to whether any indicators of impairment are present for these assets, and whether there are indications that an adjustment is required to the useful economic lives of the buildings.

Service concession

4) In 2005-06 the University entered into a 41-year contract with a third-party provider for the provision and maintenance of student accommodation. Under FRS 102 this arrangement has been accounted for as a service concession. The University's liability has been brought onto the Statement of Financial Position at a value based on the present value of the minimum lease payments. Payments made by the University to the third-party provider are apportioned between the finance charge and repayment of the liability.

Annual leave accrual

5) The University's liability for staff annual leave not taken as at the reporting date has been based on information available for staff who record their annual leave usage on the University's online system. This information has been extrapolated to obtain an estimate for all staff.

Key areas subject to judgement are:

Impairments

The University's land and buildings are held at fair value. Valuations are carried out at regular intervals by professionally qualified external valuers. Management makes judgements as to whether any indicators of impairment are present for these assets, and whether there are indications that an adjustment is required to the useful economic lives of the buildings.

Consolidated and institution statement of comprehensive income

Year ended 31 July 2023

	Notes	Consolidated		University	
		2023 £m	2022 £m	2023 £m	2022 £m
Income					
Tuition fees and education contracts	1	397.5	379.3	397.5	379.3
Funding body grants	2	111.5	95.1	111.5	95.1
Research grants and contracts	3	198.6	204.8	198.6	204.8
Other income	5	155.1	132.7	148.4	127.2
Investment income	6	12.6	2.3	12.5	2.4
Donations and endowments	7	11.7	8.2	11.7	8.2
Total income		887.0	822.4	880.2	817.0
Expenditure					
Staff costs - excluding movement in USS provision	8	453.8	396.8	449.5	393.5
Staff costs - movement in USS provision	8	(37.2)	155.4	(37.2)	155.4
Other operating expenses		275.6	251.1	275.1	250.6
Depreciation, amortisation and impairment of fixed assets	13, 14	80.7	74.0	80.6	73.9
Interest and other finance costs	9	22.1	15.7	22.5	16.1
Total expenditure	10	795.0	893.0	790.5	889.5
Surplus/(deficit) before other gains/(losses) and share of operating (deficit)/surplus of joint ventures and associates		92.0	(70.6)	89.7	(72.5)
Gain/(loss) on disposal of fixed assets		1.2	(0.1)	1.2	(0.1)
Loss on investments	16, 28	(0.9)	(0.6)	(0.9)	(0.8)
Share of operating (deficit)/surplus in joint venture	17	(0.9)	0.1	-	-
Share of operating deficit in associate	18	(0.3)	(1.3)	-	-
Gift Aid		-	-	1.5	1.4
Surplus/(deficit) before tax		91.1	(72.5)	91.5	(72.0)
Taxation	12	-	-	-	-
Surplus/(deficit) after tax		91.1	(72.5)	91.5	(72.0)
Other comprehensive income					
Unrealised surplus on revaluation of land and buildings	14	100.4	141.2	100.4	141.2
Actuarial gain in respect of pension schemes	35	43.7	95.8	43.7	95.8
Total comprehensive income for the year		235.2	164.5	235.6	165.0
Represented by:					
Endowment comprehensive income/(expenditure) for the year		0.7	(0.2)	0.7	(0.2)
Restricted comprehensive expenditure for the year		(0.6)	(0.6)	(0.6)	(0.6)
Unrestricted comprehensive income for the year		167.4	36.1	167.8	36.6
Revaluation reserve comprehensive income for the year		67.7	129.2	67.7	129.2
		235.2	164.5	235.6	165.0

All items of income and expenditure relate to continuing activities.
The accompanying notes and policies on pages 40 to 45 form part of these financial statements.

Consolidated and institution statement of changes in reserves

Year ended 31 July 2023

	Income and expenditure account			Revaluation reserve	Total
	Endowment £m	Restricted £m	Unrestricted £m	£m	£m
Consolidated					
Balance at 1 August 2021	46.7	6.8	525.7	649.3	1,228.5
(Deficit)/surplus for the year	(0.2)	1.5	(73.8)	-	(72.5)
Other comprehensive income	-	-	95.3	141.7	237.0
Transfers between revaluation and income and expenditure reserve	-	-	12.5	(12.5)	-
Release of restricted funds spent in year	-	(2.1)	2.1	-	-
Balance at 1 August 2022	46.5	6.2	561.8	778.5	1,393.0
Surplus for the year	0.6	1.2	89.2	-	91.1
Other comprehensive income	-	-	43.7	100.4	144.1
Transfers between revaluation and income and expenditure reserve	-	-	32.7	(32.7)	-
Release of restricted funds spent in year	-	(1.8)	1.8	-	-
Balance at 31 July 2023	47.1	5.6	729.2	846.2	1,628.1
University					
Balance at 1 August 2021	46.7	6.8	527.0	649.3	1,229.8
(Deficit)/surplus for the year	(0.2)	1.5	(73.3)	-	(71.9)
Other comprehensive income	-	-	95.3	141.7	237.0
Transfers between revaluation and income and expenditure reserve	-	-	12.5	(12.5)	-
Release of restricted funds spent in year	-	(2.1)	2.1	-	-
Balance at 1 August 2022	46.5	6.2	563.6	778.5	1,394.9
Surplus for the year	0.6	1.2	89.7	-	91.5
Other comprehensive income	-	-	43.7	100.4	144.1
Transfers between revaluation and income and expenditure reserve	-	-	32.7	(32.7)	-
Release of restricted funds spent in year	-	(1.8)	1.8	-	-
Balance at 31 July 2023	47.1	5.6	731.5	846.2	1,630.4

Consolidated and institution statement of financial position

Year ended 31 July 2023

	Notes	Consolidated		University	
		2023 £m	2022 £m	2023 £m	2022 £m
Non-current assets					
Intangible assets	13	8.6	7.4	8.6	7.4
Tangible assets	14	1,753.6	1,651.1	1,753.3	1,651.0
Investments	16	6.9	7.1	44.0	44.1
Investment in joint venture	17	(1.6)	(0.6)	-	-
Investments in associate	18	(2.3)	(2.0)	-	-
Debtors and prepayments due in more than one year	20	20.9	2.0	35.1	19.5
		1,786.1	1,665.0	1,841.0	1,722.0
Current assets					
Stock		0.5	0.4	0.3	0.3
Trade and other receivables	21	115.7	94.9	116.3	96.3
Investments	22	122.8	81.2	120.8	81.2
Cash and cash equivalents	23	235.1	229.2	229.0	222.1
		474.1	405.7	466.4	399.9
Less: Creditors: amounts falling due within one year	24	(242.9)	(231.6)	(243.3)	(233.5)
Net current assets		231.2	174.1	223.1	166.4
Total assets less current liabilities		2,017.3	1,839.1	2,064.1	1,888.4
Creditors: amounts falling due after more than one year	25	(159.4)	(160.7)	(203.9)	(208.1)
Provisions					
Pension provisions	26	(229.6)	(285.2)	(229.6)	(285.2)
Other provisions	26	(0.2)	(0.2)	(0.2)	(0.2)
Total net assets		1,628.1	1,393.0	1,630.4	1,394.9
Restricted reserves					
Income and expenditure reserve - endowment reserve	28	47.1	46.5	47.1	46.5
Income and expenditure reserve - restricted reserve	29	5.6	6.2	5.6	6.2
Unrestricted reserves					
Income and expenditure reserve - unrestricted		729.2	561.8	731.5	563.7
Revaluation reserve		846.2	778.5	846.2	778.5
Total reserves		1,628.1	1,393.0	1,630.4	1,394.9

The financial statements on pages 40 to 75 were approved by the Council on 27 November 2023 and were signed on its behalf by:

Mr Martin J. Temple CBE, Chair and Pro-Chancellor

Professor K. Lamberts, President and Vice-Chancellor

The University of Sheffield

Consolidated statement of cash flow

Year ended 31 July 2023

	Notes	2023	2022
		£m	£m
Cash flows from operating activities			
Surplus/(deficit) for the year before tax		91.1	(72.5)
Adjustment for non-cash items			
Depreciation	14	78.4	74.0
Amortisation of intangibles	13	2.4	-
Gain on investments	16, 28	0.9	0.8
Decrease in stock		-	(0.1)
Decrease in debtors	20, 21	(39.7)	(3.5)
Increase in creditors	24, 25	20.4	18.6
(Decrease)/increase in pension provision	26	(12.0)	156.6
Decrease in other provisions	26	-	(1.0)
Share of operating surplus/(deficit) in joint venture	17	0.9	(0.1)
Share of operating surplus in associate		0.2	1.2
Adjustment for investing or financing activities			
Investment income	6	(12.6)	(2.3)
Interest payable	9	13.9	14.8
Endowment income		(1.2)	(0.1)
(Loss)/gain on disposal of fixed assets		(1.2)	0.1
Capital grant income		(34.4)	(46.5)
Cash flows from operating activities		107.1	140.0
Taxation		-	-
Net cash inflows from operating activities		107.1	140.0
Cash flows from investing activities			
Proceeds from sales of fixed assets		4.6	5.1
Capital grants receipts		28.3	22.2
Investment income	6	12.6	2.3
Payments made to acquire fixed assets	14	(83.8)	(103.6)
Payments made to acquire intangible assets	13	(3.5)	(2.7)
New non-current asset investments		-	(0.1)
New deposits		(42.4)	(35.2)
		(84.3)	(112.0)
Cash flows from financing activities			
Interest paid	9	(4.3)	(5.8)
Interest element of finance lease and service concession payments	9	(9.6)	(9.0)
Endowment cash received		1.3	0.1
Repayments of amounts borrowed		(1.2)	(3.2)
Capital element of finance lease and service concession payments		(2.9)	(2.7)
		(16.7)	(20.6)
Increase in cash and cash equivalents in the year			
		5.9	7.4
Cash and cash equivalents at beginning of the year	23	229.2	221.8
Cash and cash equivalents at end of the year	23	235.1	229.2

Notes to the financial statements

Note 1 Tuition fees and education contracts

	Consolidated		University	
	2023 £m	2022 £m	2023 £m	2022 £m
Full-time home and EU undergraduate students	138.7	132.3	138.7	132.3
Full-time home and EU postgraduate students	13.8	14.1	13.8	14.1
International students	206.3	195.9	206.3	195.9
Home and EU part-time students	3.3	3.8	3.3	3.8
NHS education contracts	3.4	3.2	3.4	3.2
Research Training Support Grant and other contracts	32.0	30.0	32.0	30.0
	397.5	379.3	397.5	379.3

Note 2 Funding body grants

	Consolidated		University	
	2023 £m	2022 £m	2023 £m	2022 £m
Recurrent grant				
Office for Students	27.3	25.6	27.3	25.6
UK Research and Innovation (Research England)	55.2	47.0	55.2	47.0
Capital grant	11.2	7.0	11.2	7.0
Specific grants				
Higher Education Innovation Fund	6.7	5.9	6.7	5.9
Skills Funding Agency	7.0	7.1	7.0	7.1
Other specific grants	4.1	2.5	4.1	2.5
	111.5	95.1	111.5	95.1

Note 3 Research grants and contracts

	Consolidated		University	
	2023 £m	2022 £m	2023 £m	2022 £m
Government UK and overseas	74.0	53.0	74.0	53.0
Research councils	70.7	66.4	70.7	66.4
Research charities	21.1	20.0	21.1	20.0
Industry and commerce	27.8	61.8	27.8	61.8
Other grants and contracts	5.0	3.6	5.0	3.6
	198.6	204.8	198.6	204.8

Notes to the financial statements

Note 4 Grant and fee income

	Consolidated		University	
	2023 £m	2022 £m	2023 £m	2022 £m
Grant income from the OfS	27.5	25.9	27.5	25.9
Grant income from other bodies	84.0	69.2	84.0	69.2
Fee income for taught awards (exclusive of VAT)	347.6	329.3	347.6	329.3
Fee income for research awards (exclusive of VAT)	17.7	16.8	17.7	16.8
Fee income from non-qualifying courses (exclusive of VAT)	32.2	33.2	32.2	33.2
	509.0	474.4	509.0	474.4

Note 5 Other income

	Consolidated		University	
	2023 £m	2022 £m	2023 £m	2022 £m
Residences, catering and conferences	40.5	37.7	34.4	32.6
Patents and licences income	55.5	41.5	55.5	41.5
Other services rendered	22.7	19.1	22.7	19.1
Health authorities	12.0	9.8	12.0	9.8
Other income	24.4	24.6	23.8	24.2
	155.1	132.7	148.4	127.2

Note 6 Investment income

	Notes	Consolidated		University	
		2023 £m	2022 £m	2023 £m	2022 £m
Investment income on endowments	28	1.1	1.1	1.1	1.1
Other investment income		11.5	1.2	11.4	1.3
		12.6	2.3	12.5	2.4

Note 7 Donations and endowments

	Notes	Consolidated		University	
		2023 £m	2022 £m	2023 £m	2022 £m
New endowments	28	1.2	0.1	1.2	0.1
Donations with restrictions		1.0	1.2	1.0	1.2
Unrestricted donations		9.5	6.9	9.5	6.9
		11.7	8.2	11.7	8.2

Notes to the financial statements

Note 8 Staff costs

	Consolidated		University	
	2023 £m	2022 £m	2023 £m	2022 £m
Staff costs:				
Salaries	331.1	286.0	326.8	283.1
Social security costs	34.5	30.0	34.5	29.8
Movement on USS past service cost on pensions (Note 35)	(37.2)	155.4	(37.2)	155.4
Other pension costs	88.2	80.8	88.2	80.6
Total	416.6	552.2	412.3	548.9

	Consolidated		University	
	2023 full-time equivalents	2022 full-time equivalents	2023 full-time equivalents	2022 full-time equivalents
Staff numbers:				
Academic departments	3,113	2,824	3,113	2,824
Academic services	1,074	1,037	1,074	1,037
Central administration and services	678	639	678	639
Premises	562	551	562	551
Research grants and contracts	1,365	1,468	1,365	1,468
Other external	474	458	454	439
Residences, catering and conferences	246	226	121	119
Staff and student facilities	274	253	274	253
Total	7,786	7,456	7,641	7,330

Higher Education Senior Staff Remuneration Code:

The University of Sheffield is committed to transparency in its approach to the remuneration of its senior leadership team, including its President and Vice-Chancellor, and is fully committed to the new Higher Education Senior Staff Remuneration Code, which sets out principles to ensure fair and appropriate senior remuneration. The University's annual Remuneration Report and Statement as required by the Higher Education Senior Staff Remuneration Code is available at www.sheffield.ac.uk/govern/committees/senior-remuneration.

Number of staff with a University funded FTE basic salary of £100,000 or more:

	Consolidated		University	
	2023 number	2022 number	2023 number	2022 number
£100,000 to £104,999	30	17	30	17
£105,000 to £109,999	11	15	11	15
£110,000 to £114,999	22	16	22	16
£115,000 to £119,999	15	4	15	4
£120,000 to £124,999	5	5	5	5
£125,000 to £129,999	4	4	4	4
£130,000 to £134,999	4	5	4	5
£135,000 to £139,999	4	3	4	3
£140,000 to £144,999	3	1	3	1
£145,000 to £149,999	2	3	2	3
£150,000 to £154,999	-	3	-	3
£155,000 to £159,999	7	2	7	2
£160,000 to £164,999	2	1	2	1
£165,000 to £169,999	1	1	1	1
£170,000 to £174,999	1	1	1	1
£175,000 to £179,999	1	-	1	-
£180,000 to £184,999	1	-	1	-
£185,000 to £189,999	-	1	-	1
£190,000 to £194,999	1	-	1	-
£290,000 to £294,999	-	1	-	1
£305,000 to £309,999	1	-	1	-
Total	115	83	115	83

Notes to the financial statements

Note 8 Staff costs (continued)

Remuneration of the President and Vice-Chancellor

	2023	2022
	£	£
Salary	306,350	294,482
Employer USS pension contributions	19,300	91,829
Salary sacrifice	-	(28,761)
Pension salary supplement	36,762	-
Total	362,412	357,550

The Senior Remuneration Committee is responsible for reviewing the performance and determining the remuneration of the University's Executive Board, including the President and Vice-Chancellor. The Committee is independent, consisting of lay members of Council and chaired by the Chair of Council. In line with the principles of the HE Senior Staff Remuneration Code, the Chair is assumed by another lay member when any decision on the remuneration of the President and Vice-Chancellor is made. The members of the Senior Remuneration Committee bring a wealth and breadth of remuneration expertise from different sectors. They take into account the University's progress, independent job evaluation using Hay methodology, external benchmarking data, individual performance and other information to help determine senior levels of pay.

The President and Vice-Chancellor's salary continues to reflect the size, scale and complexity of the organisation, which has over 30,000 students, 8,600 staff, an annual turnover of £886 million and strategic partnerships with many stakeholders, including local, national and global organisations. In addition to his role as President and Vice-Chancellor, Professor Koen Lamberts is a respected leader in education nationally and internationally, and represents the University and the sector with a number of external leadership roles including holding the Chair of UKCISA's Board of Trustees and Deputy Chair and Board Member of the Russell Group: www.sheffield.ac.uk/vc/biography.

The performance of the President and Vice-Chancellor is formally reviewed annually in line with institutional and individual objectives set and agreed at the beginning of the academic year by both the Senior Remuneration Committee and the University's Council.

In 2022-23, the President and Vice-Chancellor's basic salary was increased by 3% on 1 August 2022 and 2% on 1 February 2023, in line with the national pay award applied to all staff.

The President & Vice-Chancellor has opted out of the Executive Performance (Bonus) Scheme and does not receive remuneration for any other roles or payment for any other contractual benefits.

2022-23 Note: Pension

With effect from 1 August 2022, the President & Vice-Chancellor elected to opt-out of the Universities Superannuation Scheme (USS) on an Enhanced Opt Out (EOO) basis. EOO is an option within the USS, available to members who are impacted by pension taxation limits, so that members can stop building up retirement benefits but retain life and ill-health cover. The enhanced opt-out contribution rate for employers in 2022-23 was 6.3%, compared to the full contribution rate of 21.6%.

From the same date, the Senior Remuneration Committee agreed to pay the President & Vice-Chancellor a 12% pension salary supplement in line with the University's Pension Salary Supplement Policy. The policy was introduced in 2017 so that the University was able to offer an alternative reward package to individuals who are adversely affected by pension taxation limits, subject to them meeting certain eligibility criteria. Offering an alternative to pension contributions enables the University to remain competitive in the external market and to attract and retain high-calibre individuals.

The 12% salary supplement rate is cost-neutral, taking into account National Insurance costs and employer deficit costs. It is also in line with supplements paid by other Universities. The policy and the salary supplement rate are reviewed regularly by the Senior Remuneration Committee.

Pay multiples

Pay ratios show the relationship between the President and Vice-Chancellor's remuneration and all other employees (University and subsidiary), expressed as a multiple.

The total salary multiple includes: basic full-time equivalent pay at 31 July 2023 plus the total value of the following paid in the financial year: allowances, bonus, employer pension contributions, overtime, benefits in kind and recognition awards.

The salaries of atypical employees/workers paid through the University's payroll are included in the pay multiple. The pay rates for the University's atypical workforce are in line with the University's grading structure. Atypical workers typically work in a variety of roles, attracting different pay rates and are normally for one-off or irregular assignments. External agency staff are excluded.

Basic salary

In 2022-23 the basic salary of the President and Vice-Chancellor was 8.5 times greater than the median basic salary of all other employees (2021-22 8.8).

Total salary

In 2022-23 the total salary of the President and Vice-Chancellor was 8.6 times greater than the median total salary of all other employees (2021-22 9.4).

Notes to the financial statements

Note 8 Staff costs (continued)

Compensation for loss of office

	Consolidated		University	
	2023 £m	2022 £m	2023 £m	2022 £m
Total amount of compensation payable	0.9	0.9	0.9	0.9
	Number	Number	Number	Number
Number of staff to whom this was payable	129	152	128	152

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University.

Key management personnel are defined as the University Executive Board, which is the President and Vice-Chancellor's executive group and is comprised of the President and Vice-Chancellor, the Provost and Deputy Vice-Chancellor, six Faculty Vice-Presidents, Vice-President for Education, Vice-President for Research and Innovation, Chief Financial Officer, Chief Operating Officer and Director of Human Resources.

Note that compensation consists of salary and benefits, including any employer's pension contributions.

	2023 £m	2022 £m
Key management personnel compensation	2.7	2.6

Note 9 Interest and other finance costs

	Notes	Consolidated		University	
		2023 £m	2022 £m	2023 £m	2022 £m
Loan interest		3.5	3.8	3.5	3.8
Finance lease interest (including service concession finance charge)	15	9.2	9.0	9.6	9.4
Unwind of discount on USS pension provision		8.5	0.9	8.5	0.9
Net interest cost on University of Sheffield Pension Scheme	35	0.8	2.0	0.8	2.0
		22.0	15.7	22.4	16.1

Notes to the financial statements

Note 10 Analysis of total expenditure by activity

	Consolidated		University	
	2023 £m	2022 £m	2023 £m	2022 £m
Academic departments	276.7	239.3	276.7	239.3
Academic services	74.5	71.7	74.5	71.7
Central administration and services	45.7	36.8	45.7	36.8
General educational expenditure	38.3	40.6	38.3	40.6
Staff and student facilities	23.1	19.0	23.1	19.0
Research grants and contracts	136.7	127.5	136.7	127.5
Residences, catering and conferences (including service concession cost)	47.3	44.9	41.3	40.1
Premises	97.3	88.7	97.3	88.7
Other expenses	55.4	224.5	56.9	225.8
	795.0	893.0	790.5	889.5

Other expenses include the movement on USS past service cost on pensions of a credit of £37.2m (2022: debit of £155.4m) as detailed in Note 35.

Other operating expenses include payments under operating leases, which are detailed in Note 33.

	Consolidated		University	
	2023 £m	2022 £m	2023 £m	2022 £m
Included within other operating expenses are the following costs:				
Auditors' remuneration	0.4	0.3	0.3	0.2
Auditors' remuneration in respect of non-audit services	0.1	0.1	0.1	0.1
	0.5	0.4	0.4	0.3

Note 11 Access and participation expenditure

	Consolidated		University	
	2023 £m	2022 £m	2023 £m	2022 £m
Access investment	3.5	3.2	3.5	3.2
Financial support	6.6	5.8	6.6	5.8
Disability support	2.3	2.1	2.3	2.1
Research and evaluation	0.2	0.1	0.2	0.1
	12.6	11.2	12.6	11.2

£4.5m of the costs shown above are staff costs, and are included in Note 8 of the financial statements.

The University's current access and participation plan is shown at this link: www.sheffield.ac.uk/finance/access-and-participation.

Notes to the financial statements

Note 12 Taxation

	Consolidated		University	
	2023 £m	2022 £m	2023 £m	2022 £m
Recognised in the statement of comprehensive income				
Current tax expense	-	-	-	-
Deferred tax expense	-	-	-	-
Total tax expense	-	-	-	-

Note 13 Intangible assets

	Consolidated		University	
	2023 £m	2022 £m	2023 £m	2022 £m
Software				
Opening balance	7.4	6.0	7.4	6.0
Additions in the year	3.6	2.7	3.6	2.7
Amortisation charge for the year	(2.4)	(1.3)	(2.4)	(1.3)
Closing balance	8.6	7.4	8.6	7.4

Notes to the financial statements

Note 14 Tangible assets

	Land and buildings	Service concession arrangement (Note 15)	Fixtures, fittings and equipment	Assets in the course of construction	Total
	£m	£m	£m	£m	£m
Consolidated					
Cost or valuation					
At 1 August 2022	1,313.5	192.7	370.1	123.5	1,999.8
Additions	28.6	-	20.4	34.7	83.7
Transfers	99.7	-	5.5	(105.2)	-
Surplus on revaluation	72.8	32.8	-	-	105.6
Loss on revaluation	(55.5)	-	-	-	(55.5)
Disposals	(3.4)	-	(1.8)	-	(5.2)
At 31 July 2023	1,455.7	225.5	394.2	53.0	2,128.4
Consisting of:					
Valuation	281.0	61.8	-	-	342.8
Cost	1,174.7	163.7	394.2	53.0	1,785.6
	1,455.7	225.5	394.2	53.0	2,128.4
Depreciation					
At 1 August 2022	32.2	-	316.5	-	348.7
Charge for the year	47.0	4.3	25.4	-	76.7
Impairment write down	1.6	-	-	-	1.6
Written back on revaluation	(46.1)	(4.3)	-	-	(50.4)
Disposals	-	-	(1.8)	-	(1.8)
At 31 July 2023	34.7	-	340.1	-	374.8
Net book value					
At 31 July 2023	1,421.0	225.5	54.1	53.0	1,753.6
At 31 July 2022	1,281.3	192.7	53.6	123.5	1,651.1
University					
Cost or valuation					
At 1 August 2022	1,313.5	192.7	369.2	123.5	1,998.9
Additions	28.6	-	20.1	34.7	83.4
Transfers	99.7	-	5.5	(105.2)	-
Surplus on revaluation	72.8	32.8	-	-	105.6
Loss on revaluation	(55.5)	-	-	-	(55.5)
Disposals	(3.4)	-	(1.8)	-	(5.2)
At 31 July 2023	1,455.7	225.5	393.0	53.0	2,127.2
Consisting of:					
Valuation	286.5	61.8	-	-	348.3
Cost	1,169.2	163.7	393.0	53.0	1,778.9
	1,455.7	225.5	393.0	53.0	2,127.2
Depreciation					
At 1 August 2022	32.2	-	315.7	-	347.9
Charge for the year	47.0	4.3	25.3	-	76.6
Impairment write down	1.6	-	-	-	1.6
Written back on revaluation	(46.1)	(4.3)	-	-	(50.4)
Disposals	-	-	(1.8)	-	(1.8)
At 31 July 2023	34.7	-	339.2	-	373.9
Net book value					
At 31 July 2023	1,421.0	225.5	53.8	53.0	1,753.3
At 31 July 2022	1,281.3	192.7	53.5	123.5	1,651.0

At 31 July 2023, freehold land and buildings included £33.1m (2022 - £31.5m) in respect of freehold land which is not depreciated.

In addition, one investment property valued in total at £6.4m (2022 - three properties - £7.9m) were included above.

A valuation of the University's Academic and Administration buildings was carried out as at 31 July 2023 by an independent external valuer Gerald Eve LLP.

A valuation of the University's residential property held under a service concession arrangement was carried out as at 31 July 2023 by an independent external valuer Gerald Eve LLP.

A valuation of the University's residential property (excluding property in the Service concession arrangement) was carried out as at 31 July 2023 by an independent external valuer Saxton Mee Commercial.

Notes to the financial statements

Note 15 Service concession arrangements

The University has one arrangement where service delivery has commenced.

Movement in service concession arrangement assets

The asset value of the service concession as at 31 July 2023 is £225.5m (31 July 2022: £192.7m).

The increase of £32.8m in the year is calculated as follows:

	£m
Opening balance	192.7
Depreciation in the year	4.3
Writeback of depreciation on valuation	(4.3)
Gain on revaluation	32.8
Closing balance	225.5

Movement in service concession arrangement liabilities

The total liabilities relating to the service concession as at 31 July 2023 were £93.2m (31 July 2022: £96.1m).

The sum of £2.9m was repaid during the year.

Future commitments

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

	Payable in 1 year	Payable in 2-5 years	Payable in more than 5 years	Total
	£m	£m	£m	£m
Liability repayments	3.3	10.4	79.5	93.2
Finance charge	4.8	17.7	42.8	65.3
Service charge	6.0	31.9	166.5	204.4
	14.1	60.0	288.8	362.9

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

During 2005-2006, the University entered into a 41-year contract with a third party provider for the provision and maintenance of student accommodation. Service commenced in 2006 and the contract will end in 2047.

The assets and liabilities relating to this scheme are recognised on the University's statement of financial position.

Annual rental payments made to the provider are recorded in other operating expenses.

Notes to the financial statements

Note 16 Non-current investments

	Subsidiary companies	Other fixed assets investments	Total
	£m	£m	£m
Consolidated			
At 1 August 2022	-	7.1	7.1
Impairment	-	(0.2)	(0.2)
At 31 July 2023	-	6.9	6.9
University			
At 1 August 2022	4.2	39.9	44.1
Impairment	-	(0.1)	(0.1)
At 31 July 2023	4.2	39.8	44.0

Investments that are listed are held at fair value.

Note 17 Investment in joint venture

The University holds an equal share in N8 Ltd (12.5%) and in Stem Learning Ltd (25%). The arrangements are treated as joint ventures and accounted for using the equity method, such that 12.5% and 25% of the companies gross assets and liabilities respectively are incorporated into the consolidated balance sheet of the University and 12.5% and 25% of net income is reported in the University's consolidated income and expenditure account.

	2023		2022	
	£m	£m	£m	£m
Income and expenditure account				
Income		9.1		10.5
(Deficit)/surplus before tax		(0.9)		0.1
Statement of financial position				
Fixed assets	-		-	
Current assets	2.9		3.5	
		2.9		3.5
Creditors: amounts due within one year	(2.8)		(3.3)	
Creditors: amounts due after more than one year	(1.7)		(0.8)	
		(4.5)		(4.1)
Share of net liabilities		(1.6)		(0.6)

Notes to the financial statements

Note 18 Investment in associates

The University has holdings in the following companies:

Company	Principal activity	%
Aeqora Limited	Semantic based solutions for knowledge sharing	37.6%
Blastech Limited	Blast, impact and ballistic testing services	24.9%
Evolutor Limited	Research and experimental development on biotechnology	24.0%
High Value Manufacturing Catapult	Grants management	*
IFRF Limited	Non-profit research	*
Keapstone Therapeutics Limited	Virtual biotechnology	36.0%
Knowledge Flo Limited	Holding company	45.0%
Leonardo Testing Services Limited	Testing services for research and development	33.3%
Limitstate Limited	Computational limit analysis and software design	25.0%
MetalloBio Limited	Research and experimental development on biotechnology	40.0%
Modulus Oncology Limited	Research and experimental development on biotechnology	22.1%
Plume Biotechnology Limited	Research and experimental development on biotechnology	28.0%
Pyroptik Instruments Limited	Manufacture of electronic industrial process control equipment	23.1%
Redbrick Molecular Limited	Chemistry research and development	*
Rinri Therapeutics Limited	Research and experimental development on biotechnology	28.6%

* Limited by guarantee

All companies are incorporated in Great Britain.

Note 19 Subsidiary undertakings

The subsidiary companies wholly owned or effectively controlled by the University are as follows:

Company	Principal activity	%
Epi Genesys Limited	Custom software solutions and web applications	100.00%
Escafeld Estates Limited	Property disposal for student residences strategy	100.00%
FaraPack Polymers Limited	Innovative packaging solutions	100.00%
Sheffield Advisory Services Sdn Bhd	University Malaysian office	100.00%
Suel Limited	Business and management consultancy	100.00%
The National Metals Technology Centre	Licensing of NAMTEC name to the University	*
TUOS Parking Limited	Car park services	100.00%
Unicus Sheffield Limited	Hotel services	100.00%
UOS LP Limited	Partner in asset backed funding of the University pension scheme	100.00%
UOS GP Limited	Partner in asset backed funding of the University pension scheme	100.00%

* Limited by guarantee

Apart from Sheffield Advisory Services Sdn Bhd, which is incorporated in Malaysia, all companies are incorporated in Great Britain.

Notes to the financial statements

Note 20 Debtors and prepayments due in more than one year

	Consolidated		University	
	2023 £m	2022 £m	2023 £m	2022 £m
Amounts falling due in more than one year:				
Prepayment: ABF lease	-	-	14.2	17.3
Prepayment: IT services	1.4	1.0	1.4	1.0
University of Sheffield Pension Scheme asset (Note 35)	18.3	-	18.3	-
Loans to Group companies	-	0.9	-	1.1
Loans to other companies	1.2	0.1	1.2	0.1
	20.9	2.0	35.1	19.5

Note 21 Trade and other receivables

	Consolidated		University	
	2023 £m	2022 £m	2023 £m	2022 £m
Amounts falling due within one year:				
Research grants accrued income	26.4	26.4	26.4	26.4
Prepayments and other accrued income	38.0	24.0	39.0	24.0
Other receivables	51.3	44.5	49.2	44.5
Amounts due from subsidiary companies	-	-	1.7	1.4
	115.7	94.9	116.3	96.3

Note 22 Current investments

	Consolidated		University	
	2023 £m	2022 £m	2023 £m	2022 £m
Short-term investment in shares	39.8	40.6	39.8	40.6
Short-term deposits	83.0	40.6	81.0	40.6
	122.8	81.2	120.8	81.2

Notes to the financial statements

Note 23 Cash and cash equivalents

	2022 £m	Cash flows £m	2023 £m
Consolidated			
Cash and cash equivalents	229.2	5.9	235.1
	229.2	5.9	235.1
University			
Cash and cash equivalents	222.1	6.9	229.0
	222.1	6.9	229.0
Consolidated movement in net debt			
Net debt 1 August 2022			(70.6)
Movement in cash and cash equivalents			(5.9)
Other non-cash changes			(4.4)
Net debt 31 July 2023			(80.9)
Change in net debt			(10.0)
Analysis of net debt:		2023	2022
		£m	£m
Cash and cash equivalents		235.1	229.2
Borrowings: amounts falling due within one year			
Service concession arrangements		3.3	2.9
Unsecured loans		0.5	1.2
		3.8	4.1
Borrowings: amounts falling due after more than one year			
Service concession liabilities due after one year		89.8	93.2
Unsecured loans		60.6	61.2
		150.4	154.4
Net cash and cash equivalents		80.9	70.6

Notes to the financial statements

Note 24 Creditors: amounts falling due within one year

	Consolidated		University	
	2023 £m	2022 £m	2023 £m	2022 £m
Bank loans	-	0.7	-	0.7
Unsecured loans	0.5	0.5	0.5	0.5
Obligations under finance leases	-	-	2.9	2.7
Service concession arrangements (Note 15)	3.3	2.9	3.3	2.9
Trade payables	20.7	16.6	20.3	16.1
Social security and other taxation payable	9.6	9.1	9.1	8.9
Accruals and deferred income	162.6	164.4	161.9	163.2
Other creditors	46.2	37.4	45.3	38.5
	242.9	231.6	243.3	233.5

Deferred income

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

	Consolidated		University	
	2023 £m	2022 £m	2023 £m	2022 £m
Research grants received on account	60.5	64.2	60.5	64.2
Other income	16.8	30.6	16.8	30.6
	77.3	94.8	77.3	94.8

Note 25 Creditors: amounts falling due after more than one year

	Consolidated		University	
	2023 £m	2022 £m	2023 £m	2022 £m
Service concession liabilities due after one year	89.9	93.2	89.9	93.2
Obligations under finance lease	-	-	44.5	47.4
Long-term creditor	0.4	0.4	0.4	0.4
Deferred income	8.5	6.0	8.5	6.0
Bank and other loans	0.8	1.3	0.8	1.3
Private placement	59.8	59.8	59.8	59.8
	159.4	160.7	203.9	208.1
Analysis of loans, private placement and finance lease				
Due within one year or on demand (Note 23)	0.5	1.1	-	3.8
Due between one and two years	0.5	0.5	3.6	3.4
Due between two and five years	0.3	0.8	11.2	10.9
Due in five years or more	59.9	59.9	90.4	94.2
Due after more than one year	60.7	61.2	105.2	108.5
Total unsecured loans and finance leases	61.2	62.3	105.2	112.3
Unsecured loans repayable by 2047	61.1	62.3	61.1	62.3
	61.1	62.3	61.1	62.3

Included in loans and private placement are the following:

Lender	Amount £m	Term	Interest rate %	Borrower	Date
Unifund Plc	59.8	40 years - bullet repayment	5.33 - fixed	University	31 May 2007
Salix Finance Ltd	1.3	4 years - biannual repayment	interest free	University	
Total	61.1				

Notes to the financial statements

Note 26 Provisions for liabilities

	Obligation to fund deficit on USS pension	USPS defined benefit obligation (Note 35)	Total pensions provisions	Other	Total provisions
	£m	£m	£m	£m	£m
Consolidated					
At 1 August 2022	258.2	27.0	285.2	0.2	285.4
Utilised in year	(37.2)	-	(37.2)	-	(37.2)
Additions in year	8.6	-	8.6	-	8.6
Unused amounts reversed in year	-	(27.0)	(27.0)	-	(27.0)
At 31 July 2023	229.6	-	229.6	0.2	229.8
University					
At 1 August 2022	258.2	27.0	285.2	0.2	285.4
Utilised in year	(37.2)	-	(37.2)	-	(37.2)
Additions in year	8.6	-	8.6	-	8.6
Unused amounts reversed in year	-	(27.0)	(27.0)	-	(27.0)
At 31 July 2023	229.6	-	229.6	0.2	229.8

USS pension deficit provision

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

Key assumptions are set out below and further information is provided in Note 35 (i).

Following the completion of the 2020 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in Note 35 (i). This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021, no deficit contributions from 1 October 2021 to 31 March 2022, payments of 6.2% of salaries from 1 April 2022 to 31 March 2024 and then payments of 6.3% of salaries from 1 April 2024 to 30 April 2038.

The major assumptions used to calculate the obligation are:

	Year ended 31 July 2023	Year ended 31 July 2022
Discount rate	5.52%	3.31%
Salary growth	Year 1: 9% increase Year 2: 5% increase Years 3-5: 5% increase Years 5+: 3% increase	Year 1: 9.4% increase Year 2: 5.7% increase Years 3-5: 4.6% increase Year 4+: 3% increase

Sensitivity analysis:

As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below:

Change in assumptions at 31 July 2023:	Approximate impact
	£m
0.5% pa decrease in discount rate	8.5
0.5% pa increase in salary inflation over duration	8.6
0.5% pa increase in salary inflation year 1 only	1.1
0.5% increase in staff changes over duration	8.2
0.5% increase in staff changes year 1 only	1.1
1% increase in deficit contributions	36.5

Other provisions

Other provisions include the final disposal costs of sealed sources as defined by the High Activity Sealed Source regulations of 2005 (S12005 No. 2686). The current estimate for the provision is £0.2 million for the disposal of a large Sr-90 source and for the disposal of two IBL 437C irradiators. The guarantee is in place until December 2023 at this value.

Notes to the financial statements

Note 27 Financial instruments

	Consolidated		University	
	2023 £m	2022 £m	2023 £m	2022 £m
Measured at fair value				
Non-current investments held at fair value (Note 16)	6.9	7.1	39.8	39.9
Endowment investments held at fair value (Note 22)	39.9	40.6	39.9	40.6
Measured at cost				
Trade and other receivables (Note 21)	115.7	94.9	116.3	96.3
Trade payables (Note 24)	(20.7)	(16.6)	(20.3)	(16.1)
Social security and other taxation payable (Note 24)	(9.6)	(9.1)	(9.1)	(8.9)
Accruals and deferred income due in one year (Note 24)	(162.6)	(164.4)	(162.0)	(163.2)
Accruals and deferred income due in more than one year (Note 25)	(8.5)	(6.0)	(8.5)	(6.0)
Other creditors due in one year (Note 24)	(46.2)	(37.4)	(45.3)	(38.5)
Other creditors due in more than one year (Note 25)	(0.4)	(0.4)	(0.4)	(0.4)
Bank and other non-secured loans (Note 24)	(0.5)	(1.2)	(0.5)	(1.2)
Bank and other non-secured loans (Note 25)	(0.8)	(1.3)	(0.8)	(1.3)
Private placement (Note 25)	(59.8)	(59.8)	(59.8)	(59.8)
	(146.6)	(153.6)	(110.7)	(118.6)

Notes to the financial statements

Note 28 Endowment reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Unrestricted permanent endowments	Expendable endowments	2023 Total	2022 Total
	£m	£m	£m	£m	£m
Balances at 1 August 2022					
Capital	24.1	9.4	7.0	40.5	41.2
Accumulated income	4.9	-	1.1	6.0	5.5
	29.0	9.4	8.1	46.5	46.7
New endowments	-	-	1.2	1.2	0.1
Investment income	0.6	0.3	0.2	1.1	1.1
Expenditure	(0.5)	(0.2)	(0.2)	(0.9)	(0.8)
Realisations	-	-	0.1	0.1	-
Reclassification	-	-	-	-	-
Decrease in market value of investments	(0.5)	(0.2)	(0.2)	(0.9)	(0.6)
Total endowment comprehensive income for the year	(0.4)	(0.1)	1.1	0.6	(0.2)
	28.6	9.3	9.2	47.1	46.5
At 31 July 2023	28.6	9.3	9.2	47.1	46.5
Represented by:					
Capital	23.7	9.3	7.9	40.9	40.5
Accumulated income	5.0	-	1.2	6.2	6.0
	28.7	9.3	9.1	47.1	46.5
Analysis by type of purpose:					
Lectureships	4.8	-	0.1	4.9	5.0
Scholarships and bursaries	17.6	-	5.9	23.5	22.8
Research support	1.7	-	0.7	2.4	2.4
Prize funds	2.0	-	1.8	3.8	3.8
General	2.5	9.3	0.7	12.5	12.5
	28.6	9.3	9.2	47.1	46.5
Analysis by asset					
Current and non-current asset investments				39.8	40.6
Cash & cash equivalents				7.3	5.9
				47.1	46.5

Notes to the financial statements

Note 29 Restricted reserves

Reserves with restrictions are as follows:

	2023 Total	2022 Total
	£m	£m
Balances at 1 August 2022	6.2	6.8
Research grant income	0.3	0.4
Other restricted income	0.9	1.1
Expenditure	(1.8)	(2.1)
Total restricted comprehensive expenditure for the year	(0.6)	(0.6)
At 31 July 2023	5.6	6.2
Analysis of other restricted funds/donations by type of purpose:		
Lectureships	-	-
Scholarships and bursaries	1.8	1.7
Research support	3.0	3.6
Prize funds	-	-
General	0.8	0.9
	5.6	6.2

Note 30 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2023:

	July 2023	July 2022
	Total £m	Total £m
Consolidated and University		
Commitments contracted for	30.3	34.9
Commitments not contracted for	35.3	53.6
	65.6	88.5

Note 31 Contingent liabilities

The University has given written undertakings to support these subsidiary companies at twelve months from the date of approval of these financial statements:

Unicus Sheffield Limited

The management of the University believe it is not practicable, at the time of signing of these accounts, to calculate the financial effect and/or timing of any requirement for funding that could arise from the letters of support, but believe that any support required would not be considered a material liability to the University.

On 13 July 2023 a claim was lodged by Yorkshire Cancer Research (YCR) at the Chancery Court in relation to breach of contract. At present, the University cannot estimate either the amount or timing of the contingent liability.

Notes to the financial statements

Note 32 Linked charities

Included in the endowments in Note 28 are a small number of linked (paragraph (w)) charities:

	Opening balance	Realisations	Income	Expenditure	Change in market value	Closing balance
	£m	£m	£m	£m	£m	£m
Consolidated						
4 funds and charities each with income below £100,000:	0.4	-	-	-	-	0.4
	0.4	-	-	-	-	0.4

The funds and charities with income below £100,000 comprise two lecture funds, a prize fund, a fund to support scholarships and small projects.

Note 33 Lease obligations

Total rentals payable under operating leases:

	2023			2022
	Land and buildings	Vehicles	Total	Total
	£m	£m	£m	£m
Consolidated and University				
Payable during the year	10.6	-	10.6	9.7
Future minimum lease payments due:				
Not later than 1 year	11.5	-	11.5	10.4
Later than 1 year and not later than 5 years	47.4	-	47.4	43.5
Later than 5 years	12.5	-	12.5	11.7
Total lease payments due	71.4	-	71.4	65.6

Note 34 Events after the reporting period

There have been no events after the end of the reporting period.

Notes to the financial statements

Note 35 Pension schemes

The two principal schemes for the University's staff are the Universities' Superannuation Scheme (USS), and the University of Sheffield Pension Scheme (USPS). In addition, for some clinical staff, contributions are paid to the National Health Service Pension Scheme (NHSPS).

	2023	2022
	£m	£m
Statement of comprehensive income - net pension cost in year		
USS contributions	86.1	72.0
USPS service costs	6.7	6.8
NHSPS contributions	1.8	1.8
Movement on USS provision in staff costs (Note 8)	(37.2)	155.4
USS pension finance cost (Note 9)	8.5	0.9
USPS and ex-gratia pensions net interest charge (Note 9)	0.8	2.0
USPS administration cost in other operating expenses	2.0	1.6
	68.7	240.5
Other comprehensive income - actuarial gain in respect of pension schemes		
USPS including FRS 102 adjustments	(43.7)	(95.8)
Statement of financial position - pension scheme liability/(asset)		
USS (Note 26)	229.6	258.2
USPS including FRS 102 adjustments (Note 20)	(18.3)	27.0
	211.3	285.2

(i) The Universities Superannuation Scheme

The total amount released to the income and expenditure account is £28.7m (2022: charge of £156.3m).

The latest available completed actuarial valuation of the Scheme is at 31 March 2020 (the valuation date), which was carried out using the projected unit method.

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 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles (www.uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles).

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.1% p.a. to 2030 reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040.
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post-retirement: 1.00% p.a.

The main demographic assumptions used relate to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

2020 valuation	
Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females.
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

Notes to the financial statements

Note 35 Pension schemes (continued)

The current life expectancies on retirement at age 65 are:

	2023	2022
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	26.0	25.9
Females currently aged 45 (years)	27.4	27.3

A deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate will increase to 6.3%. The 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2023	2022
Discount rate	5.52%	3.31%
Pensionable salary growth	Year 1: 9% increase Year 2: 5% increase Years 3-5: 5% increase Years 5+: 3% increase	Year 1: 9.4% increase Year 2: 5.7% increase Years 3-5: 4.6% increase Years 4+: 3% increase

(ii) University of Sheffield Pension Scheme

Disclosure for the accounting period ending 31 July 2023

The last formal triennial actuarial valuation of the scheme was performed as at 1 April 2020 by a professionally qualified actuary. The University engaged an independent actuary to provide a valuation for accounting purposes at 31 July 2023. The benefit obligations have been rolled-forward from the corresponding valuation for accounting purposes as at Prior Year End (which itself was based on a projection from the Statutory Funding Valuation) to the Year End measurement date allowing for interest on the liabilities, the accrual of further benefits by active members, the actual benefits paid out and an estimate of the effect of any changes in the actuarial assumptions. A valuation at 1 April 2023 is currently ongoing.

During the accounting period, the University paid contributions to the scheme in accordance with the tiered contribution structure that had been effective from 1 December 2011.

The University also provides ex-gratia pension benefits to certain employees and former employees who previously did not join other pension arrangements. Ex-gratia benefits have now ceased accruing for all such employees. The University currently pays ex-gratia pensions of £0.4m p.a. These liabilities are not separately funded.

Under the Schedule of Contributions the University has agreed to pay deficit contributions of £500,000 per year from 1 April 2022 to 31 March 2027 (inclusive), payable quarterly in equal instalments by 31 July, 31 October, 31 January and 30 April each year, with the last payment being due by 31 January 2027.

Assumptions

The financial assumptions used to calculate scheme liabilities under FRS 102 are:

	2023	2022
	%pa	%pa
Price inflation (RPI)	3.10	3.15
Price inflation (CPI)	2.70	2.70
Rate of increase in salaries	3.40	3.40
Cash balance revaluation	2.50	2.50
Pension increases - CPI (scheme members excess benefits)	2.70	2.70
Pension increases - CPI max 3% (post 88 GMP)	2.00	2.10
Pension increases - RPI (ex-gratia academic staff)	3.10	3.15
Pension increases - 3% fixed (ex-gratia academic staff)	3.00	3.00
Discount rate	5.20	3.50

In the current year, the post-retirement mortality table used is the CMI_2022 with a long-term rate of improvement of 1.5% p.a., a smoothing parameter (δ -kappa) of 7.0 and initial addition parameter of zero, no weight to 2020 and 2021 data and 25% weight to 2022 data.

In both the previous year, the post-retirement mortality table used is the S3 normal CMI_2019 projection with 1.5% p.a. long-term trend rate.

Notes to the financial statements

Note 35 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.

	Males		Females	
	Pensioner	Non-pensioner (currently aged 45)	Pensioner	Non-pensioner (currently aged 45)
At 31 July 2023	21.3	22.1	23.8	25.5
At 31 July 2022	22.1	23.1	24.5	26.2

Scheme assets and expected rate of return for USPS

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

The assets in the scheme were:

	Fair value as at		
	31 July 2023	31 July 2022	31 July 2021
	£m	£m	£m
Equities	15.4	89.3	103.3
Government bonds	78.3	10.2	7.8
Corporate bonds	71.1	76.2	75.3
Property	15.9	20.2	18.5
Cash	6.5	3.3	7.1
Other	42.6	42.6	39.0
Total	229.8	241.8	251.0

Other assets include insure annuities of £9.2m (2022: £11.4m).

The tables below include, where applicable, disclosures for the USPS and ex-gratia pensions combined to enable clear presentation. The ex-gratia pensions account for £2.8m of the total liabilities of £211.6m (2022: £3.4m of £268.8m) and £0m of the total assets of £229.9m (2022: £0m of £241.8m).

	2023	2022
	£m	£m
Analysis of the amount shown in the balance sheet for USPS and ex-gratia pensions:		
Scheme assets	229.8	241.8
Scheme liabilities	(211.5)	(268.8)
Surplus/(deficit) in the scheme – net pension asset/(liability) recorded within pension provisions	18.3	(27.0)
Amount charged to income and expenditure for USPS		
Current service cost	6.7	6.8
Administration expenses	2.0	1.6
Total operating charge	8.7	8.4
Analysis of the amount charged to interest payable for USPS and ex-gratia pensions		
Interest cost	8.8	5.9
Expected return on assets	(8.1)	(3.9)
Net charge to interest payable	0.7	2.0
Analysis of other comprehensive income for USPS and ex-gratia pensions		
(Loss)/gain on assets	(15.1)	13.1
Experience (loss)/gain on liabilities	(11.4)	6.9
Gain on liabilities	70.2	112.0
Total other comprehensive income before deduction for tax	43.7	132.0

Notes to the financial statements

Note 35 Pension schemes (continued)

	2023	2022
	£m	£m
Cumulative actuarial loss recognised as other comprehensive income for USPS and ex-gratia pensions		
Cumulative actuarial losses recognised at the start of the year	0.4	96.2
Cumulative actuarial losses recognised at the end of the year	(43.3)	0.4
Analysis of movement in deficit for USPS and ex-gratia pensions		
Deficit at beginning of year	27.0	122.6
Contributions or benefits paid by the University	(11.0)	(10.1)
Current service cost	6.7	6.8
Administration charge	2.0	1.6
Net interest cost	0.8	2.0
Loss recognised in other comprehensive income	(43.7)	(95.9)
(Surplus)/deficit at end of year	(18.2)	27.0
Analysis of movement in the present value of USPS and ex-gratia liabilities		
Present value of USPS and ex-gratia liabilities at the start of the year	268.8	373.6
Current service cost (net of member contributions)	6.7	6.8
Interest expense	8.8	5.9
Actual member contributions (including notional contributions)	0.4	0.4
Actuarial gain	(63.2)	(108.9)
Actual benefit payments	(10.1)	(9.0)
Present value of USPS and ex-gratia liabilities at the end of the year	211.4	268.8
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	241.8	251.0
Expected return on assets	8.1	3.9
Actuarial gain on assets	(19.5)	(13.1)
Actual contributions paid by University	11.1	9.7
Expenses paid from scheme assets	(2.0)	(1.7)
Actual member contributions (including notional contributions)	0.4	0.4
Actual benefit payments	(10.1)	(8.4)
Fair value of scheme assets at the end of the year	229.8	241.8
	2023	2022
	£m	£m
Actual return on scheme assets		
Expected return on scheme assets	8.1	3.9
Actuarial gain on assets	(19.5)	(13.1)
Actual return on scheme assets	(11.4)	(9.2)

Estimated contributions for USPS in the Financial Year 2023–2024 is £11.3m.

Notes to the financial statements

Note 36 Related party disclosure

Due to the nature of the University's operations and the composition of its Council (being drawn from local public and private sector organisations) and Senior Leadership Team, it is inevitable that transactions will take place with organisations in which a member of Council or the Senior Leadership Team may have an interest. All such transactions are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. The University has taken advantage of the exemption within FRS 102 Section 33 'Related Party Disclosures' and has not disclosed transactions with other wholly owned group entities.

The University of Sheffield Pension Scheme (USPS) is a post-employment benefit plan for the benefit of employees of the University of Sheffield, and as such is defined as a related party under FRS102.

Transactions between the University and USPS are disclosed in Note 35.

Entities over which the University has control, joint control or significant influence:

	Income from related party	Expenditure to related party	Balances due from the related party	Income from related party	Expenditure to related party	Balances due from the related party
	2023	2023	2023	2022	2022	2022
	£m	£m	£m	£m	£m	£m
Aeqora Limited	-	-	-	-	0.1	-
Evolutor Limited	-	0.2	-	-	0.1	-
MetalloBio Limited	0.1	0.1	-	-	0.1	-
N8 Limited	0.4	0.1	-	0.4	0.1	-
Phlux Technology Ltd	-	-	-	-	0.1	-
Plume Biotechnology Limited	-	-	-	-	0.1	-
Rinri Therapeutics Limited	0.7	-	-	0.9	-	-
Sheffield Advisory Services Sdn Bhd	-	0.2	-	-	0.2	-
Sheffield University Student's Union	1.2	0.4	0.1	1.0	0.7	0.1
The Russell Group of Universities	-	0.1	-	-	0.1	-

Members of Council and senior management hold a variety of senior positions at organisations which undertake transactions with the University on a regular basis. Such transactions are undertaken on an 'arm's length' basis. Annual declarations are made confirming the positions they hold in these organisations. These organisations do not meet the definition of related parties, but the existence of the relationship is included here in the interest of transparency. Therefore, full details of the value of such transactions, or balances outstanding between The University of Sheffield and these organisations, are not provided.

Council Members

Expenses were paid to four Council members totalling £771 in respect of their duties as Council members in the year to 31 July 2023 (2022: £300). No remuneration was paid to or waived by Council members in connection with their duties as Council members (2022: £0).

Notes to the financial statements

Note 37 US Department of Education financial responsibility supplemental schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the University is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedules have been:

- Prepared under the historical cost convention, subject to the revaluation of certain fixed assets;
- Prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- Presented in pounds sterling.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

Description - supplemental schedule	Description - UK GAAP accounts	Notes	31 July 2023	31 July 2022
			£m	£m
Primary reserve ratio				
Expendable net assets				
Net assets without donor restrictions	Income and expenditure reserve - unrestricted reserves	Balance sheet	1,575.4	1,340.3
Net assets with donor restrictions	Income and expenditure reserve - endowment reserve	Note 28	47.1	46.5
Net assets with donor restrictions	Income and expenditure reserve - restricted reserve	Balance sheet	5.6	6.2
Related party receivable and related party note disclosure	Amounts owed by related parties	Note 20, 36	(0.1)	(3.0)
Property, plant and equipment, net	Fixed assets consolidated net book value	Note 14	(1,528.1)	(1,458.4)
Property, plant and equipment - pre-implementation	Fixed assets consolidated net book value at 1 August 2019 less depreciation and disposals, excluding service concessions	Note 14	(933.0)	(1,010.4)
Property, plant and equipment - post-implementation without outstanding debt for original purchase	Freehold land and buildings and equipment additions and transfers since 1 August 2019, excluding service concessions	Note 14	(410.4)	(298.1)
Construction in progress	Assets in the course of construction	Note 14	(184.7)	(150.0)
Lease right-of-use assets, net	Service concession arrangements	Note 14	(225.4)	(192.7)
Lease right-of-use asset pre-implementation	Service concession arrangements at 1 August 2019 less subsequent depreciation and disposals	Note 14	(222.9)	(222.9)
Lease right-of-use asset post-implementation	Service concession arrangements - additions since 1 August 2019	Note 14	(2.6)	30.2
Intangible assets	Software	Note 13	(8.6)	(7.4)
Post-employment and pension liabilities	Pension provisions	Note 26	229.6	285.2
Note payable and line of credit for long-term purposes (both current and long term) and line of credit for Construction in process	Borrowings	Note 25	61.1	62.3
Lease right-of-use asset liability	Service concession liabilities	Note 25	89.8	93.2
Lease right-of-use asset liability - pre-implementation	Service concession liabilities at 1 August 2019	Note 25	101.8	101.8
Lease right-of-use asset liability - post-implementation	Service concession liabilities movement since 1 August 2019	Note 25	(11.9)	(8.6)
Perpetual funds	Endowment reserve - restricted permanent endowments	Note 28	(28.7)	(29.0)

Notes to the financial statements

Note 37 US Department of Education financial responsibility supplemental schedule (continued)

Description - supplemental schedule	Description - UK GAAP accounts	Notes	31 July 2023	31 July 2022
			£m	£m
Total expenses and losses				
Total operating expenses	Total expenditure	CSCI	795.0	893.0
Investment return appropriated for spending	Investment income	CSCI	(12.6)	(2.3)
Investments, net of annual spending gain (loss)	Loss on investments	CSCI	0.9	0.6
Pension-related changes other than net periodic pension costs	Actuarial gain on pension scheme	CSCI	(43.7)	(95.8)
Other gains (loss)	Share of operating surplus/(deficit) of joint ventures and associates	CSCI	99.2	140.0
Investments, net of annual spending, gain (loss)	Net investment losses	CSCI	(11.7)	(1.7)
Pension related changes other than periodic pension	Pension-related changes other than net periodic costs	CSCI	-	-

Equity ratio

Modified net assets

Net assets without donor restrictions	Net assets without donor restrictions	Balance sheet	1,575.4	1,340.3
Total net assets with donor restrictions	Net assets with donor restrictions	Balance sheet	52.8	52.7
Intangible assets	Software	Note 13	8.6	7.4
Related party receivable and related party note disclosure	Amounts owed by related parties	Note 20	0.2	3.0

Modified assets

Total assets	Non-current assets	Balance sheet	1,767.3	1,665.0
Total assets	Current assets	Balance sheet	493.0	405.7
Lease right-of-use asset pre-implementation	Service concession arrangements at 1 August 2019	Note 14	222.9	222.9
Lease right-of-use asset liability pre-implementation	Service concession liabilities at 1 August 2019	Note 14	101.8	101.8
Intangible assets	Software	Note 13	8.6	7.4
Related party receivable and related party note disclosure	Amounts owed by related parties	Note 20	0.2	3.0

Net income ratio

Change in net assets without donor restrictions	Total comprehensive income for the year	CSCI	235.1	165.3
Total operating revenue and other additions and sale of fixed assets, gains (losses)	Total income and loss on disposal of fixed assets, less investment income	CSCI	875.6	820.0

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