



University of Dundee

Reports and
Financial Statements
2019/20

2019/20

A high performance community...

transforming lives
locally and globally

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Statement by the Chair of Court



Even in a world where hyperbole is too often used to describe the commonplace this has been an extraordinary year for the University of Dundee. The global pandemic of course changed daily life for everyone, impacting all of our activities in some way, but we also saw the departure of our Principal after only a few months in post, just two of the challenges we faced.

Yet, I look forward to the new academic year with real optimism founded on the resourcefulness, resilience and excellence of our University community. Those qualities have been in evidence as never before during the Covid pandemic. Our staff and students have lived and breathed the One Dundee spirit and, as a result, we will emerge from this a strong and healthy institution.

I could not be more proud of the efforts staff have made to ensure teaching continued online, assessments were conducted fairly and support was provided wherever it was needed. There are many heartwarming stories also of how staff and students have found ways of supporting each other and the wider community through the last six months. Everyone has their own story to tell whether it be international students unable to return home but receiving help from across the community, or staff continuing to work despite difficult combinations of accommodation, broadband speeds and caring responsibilities. We have all been deprived of much of the human interaction on which so many of us thrive. I look forward to the day when we can hear these stories over a cup of tea or as we are at last able to fully celebrate the graduations of the class of 2020. Those will be happy days indeed.

In amongst all this we have continued to progress on several fronts. Giving our students some of the best years of their lives is something we pride ourselves on, so to be named 2020 University of the Year for Student Experience by The Times and Sunday Times was particularly pleasing. That is a status boosted by the Gold standard teaching we offer.

Our reputation as a centre of excellence across our research activity, particularly in Medicine and Life Sciences but also extending across other areas, has again helped attract some several very large research grants.

As we emerge from Covid society and governments look to Universities to help rebuild the economy and reskill the workforce, we are well placed as one of the leading institutions in widening access to Higher Education, a particularly important role given the well documented economic difficulties which the Tayside region, and Scotland as a whole, are facing.

We are excited to welcome our new Principal Professor Iain Gillespie from 1 January 2021. Iain has an outstanding record in bringing together academia and industry to the benefit of both and wider society.

In the meantime we as Court are focused on ensuring that we have a financially sustainable platform on which Iain and colleagues can build. The economics of Higher Education in Scotland are not easy. The grants from the Scottish Funding Council don't cover the full costs of teaching home students. Despite our own research efficiency the funding of research falls well short of its costs. It seems bizarre that everyone wants a cure for Covid but no-one is prepared to pay the full cost of finding that cure. So the balance sheet can only be squared by recruiting international and RUK students, who in turn will only be attracted by outstanding teaching and a wonderful student experience. So excellence needs to be maintained. This is a challenge faced by all Scottish institutions to a greater or lesser extent but, as one of Scotland's most research-intensive universities, the challenge for us is particularly great.

Nonetheless we have a clear route to that elusive combination of excellence, financial sustainability and societal impact.

The fact that this is so is testament again to the efforts of all colleagues within the University. I do want to point particularly to the Executive Group, who have worked tirelessly to ensure that all the other efforts were properly led, coordinated and managed. In particular I wish to thank our Interim Principal, Professor David Maguire. David joined us in February in circumstances which would have been difficult at any time but which, because of Covid, immediately became much more so. Despite the fact that he has had to conduct his leadership almost entirely remotely from University House, David has not only led the University with a quiet, confident assurance but has done so with warmth and humanity. We have been truly blessed to have his leadership at this difficult time.

Lastly I wish to thank my fellow Court members for their tireless unpaid commitment to the University. I have lost count of the number of meetings, briefings, panels and other business which has taken place this year, all in support of ensuring that this great institution thrives and prospers.

I look forward with confidence to the year ahead.

A handwritten signature in blue ink, appearing to read 'Ron Bowie', written in a cursive style.

Ronald Bowie
Chair of Court



City population
148,000

→ Another 300,000
people live within
a 30min drive

1 in 7

→ Dundee population
currently in full-time
education

90%

→ of Scotland is within
a 90min drive

League tables and other rankings

Guardian University Guide 2021

We are ranked 19th in the UK in the Guardian University Guide 2021. Dundee was rated 3rd in the UK for satisfaction with teaching and 8th for course satisfaction, which point to the quality of education and training we provide, and the commitment of staff and students across the University community. In the subject rankings, we are top for Medicine and in the top five for Dentistry (3rd), Design & Crafts (4th) and Education (4th).

Sunday Times Good University Guide 2021

The most recent Sunday Times Good University Guide placed us at 23rd= in the UK and 4th in Scotland.

We were ranked joint top in the UK for Pharmacology and Pharmacy (equal with Cambridge), while the other subjects where we earned a top five place were Dentistry (2nd), Archaeology and Forensic Science (5th), Anatomy and Physiology (3rd), Biological Sciences (4th) and Subjects Allied to Medicine (3rd).

Complete University Guide 2021

We rank joint 1st in the UK for Medicine (equal with Glasgow) and for Medical Technology in the Complete University Guide 2021 rankings.

This caps a strong performance across our wider life and medical sciences with the University also in the UK top five for Dentistry (2nd), Forensic Science (2nd), Pharmacology & Pharmacy (2nd) and Biological Sciences (3rd).

The University also featured in the subject ranking top tens for Anatomy & Physiology (6th), Education (7th), General Engineering (7th), Social Work (8th) and Art & Design (9th). There was a dramatic rise in the tables for Nursing, which surged 22 places to sit 24th in the table.

In the overall league table, Dundee is at 31st in the UK, out of 130 universities, for the third consecutive year.

Times Higher Education University Impact Rankings (April 2020)

The University placed in the top 50 in the world in the 2020 edition of the Times Higher Education University Impact Rankings.

The rankings include more than 800 universities worldwide. Dundee is ranked 44th overall and 9th in the world against the Sustainable Development Goal of Good Health & Wellbeing.

Dundee was also ranked inside the top 50 against the SDGs of Climate Action, Responsible Consumption and Production, Peace, Justice and Strong Institutions, and Partnership for the Goals.

National Student Survey

Dundee ranked 11th among UK universities for overall student satisfaction in the 2020 National Student Survey (NSS). We recorded overall satisfaction of 87.4% for full time students on undergraduate degrees, well above the sector average and placing Dundee 4th in Scotland for overall satisfaction.

International Student Barometer (Autumn 2019)

We recorded one of the highest satisfaction rates in the Autumn 2019 International Student Barometer (ISB).

The results of the ISB's survey showed overall average satisfaction of 89.1% among Dundee's EU and international students, the highest percentage of any participating Scottish universities, 4th in the UK and 14th out of the 183 institutions participating across the world.

Dundee's Enquiry Centre had the 2nd highest satisfaction rating globally, highlighting the great work of our student support services.

Graduate Outcomes survey published by the Higher Education Statistics Authority (HESA) June 2020

Dundee is the 4th-placed university in the UK for graduates entering professional occupations (this excludes specialist higher education providers).

64.5% of Dundee graduates were working in professional occupations within 15 months of graduating.

The University is also top in Scotland, and 14th in the UK, for the proportion of graduates entering high skilled employment (87.4%), while more Dundee graduates in full-time professional employment agreed with the statement "my current activity is meaningful" (92%) than those from any other Scottish university.



Teaching Gold

Our teaching received the highest possible award of Gold in the inaugural Teaching Excellence Framework, the major assessment of teaching quality in UK higher education.





Strategy to 2022

Our strategy supports the core purpose, vision and values of the University.

Our core purpose

The University's core purpose is to transform lives, locally and globally through the creation, sharing and application of knowledge.

Our values

Our core values determine how we will achieve this ambitious vision. We will do this by valuing people, working together and with integrity, making a difference and pursuing excellence.

Our vision

We will be recognised as Scotland's leading university.

Our community

We will achieve our goals by working as a community committed to excellence. In doing so we will benefit our city and region by acting as a key gateway to the world. Our impact will be felt around the globe.

We are working towards our 25 year vision in five year strategies. To give an indication of what can be achieved in the next five years we need only look at our progress from 2012 to 2017.

- We have improved our position across all of the major university rankings.
- We have increased our income from teaching and broadened our horizons, welcoming students from more countries than ever before.
- We have progressed further than any other Scottish university in widening access to higher education.
- We have improved our student retention and graduate employment and are now among the top institutions in the UK.
- We have been named among Europe's most innovative universities, reflecting the strength of our research. In the Research Excellence Framework we ranked first in the UK for biological sciences and top for the STEM subjects (Science, Technology, Engineering and Maths) and Art and Design in Scotland.

All of this has taken us significantly towards our goal of becoming Scotland's leading university. In these next five years we will climb even higher.

Our strategy to 2022, launched in September 2017, has at its heart the idea of a 'high performance community'. Developing our community over the next five years will ensure that we can achieve far more than the sum of our parts. We will work together across disciplines to deliver research with impact, teaching that develops enterprising and employable graduates, and teams of problem solvers drawn from our academic and professional service groups.

Dundee is an extraordinary university, making a significant economic, social and cultural impact. Our Strategy to 2022 can set us on the path to doing many more great things and have a transformative effect on the wider community around us.

We expect to use the knowledge we create and share to drive innovation and social transformation in our region, winning international recognition. If we can capitalise on the collaborative advantage within our community and with our partners, we will be a focal point for wider social, cultural and economic transformation.

An international institution

With around 17,000 students from over 140 countries, and 3,000 staff from over 70 countries, Dundee is a truly global institution, with a thriving international community.

The results of Autumn 2018 International Student Barometer survey showed overall average satisfaction of 89.6% among Dundee students, the second highest score in the UK and 6th globally.



Our organisational structure

The University is organised into ten schools together with professional services. Each school is led by a Dean supported by a number of Associate Deans and a School Manager. The activity in the schools is supported by the Professional Services Group which includes Information Technology, Human Resources, Research and Innovation Services, Estates and Campus Services, Library and Learning Centre, Finance, Student Services and External Relations.

	Staff Numbers	Student Numbers (Headcount)	Student Numbers (FTE) ¹	Expenditure £m
School of Art and Design	132	1,371	1,239	9.0
School of Business	59	1,421	1,342	4.8
School of Dentistry	72	396	382	6.7
School of Education & Social Work	108	1,975	1,533	7.1
School of Humanities	72	1,666	1,192	4.9
School of Life Sciences	650	941	919	46.8
School of Medicine	526	2,444	1,586	41.3
School of Health Sciences	100	2,681	1,783	6.7
School of Science & Engineering	247	1,968	2,018	13.8
School of Social Sciences	148	2,433	2,448	10.7
Professional Services	920	792	412	74.9
Other	1	-	-	4.1
	3,035	18,088	14,854	230.8

¹ Student FTE is shown on a teaching school basis so reflects the relative proportion of teaching of each student done by each school.

Student Partnership

Students are at the heart of what we do, which is illustrated by our sector-leading approach to student representation. Students form a part of our governing bodies, committees and appointing panels for important posts such as the Chair of Court, the Principal, Vice-Principals, Deans and Directors. Student opinion is central to our community and we are committed to responding to their feedback and driving enhancement. This is reflected in our consistently strong record for student experience, as seen in the major surveys of student opinion such as the National Student Survey and the Times Higher Student Experience Survey.

Each year DUSA and the University sign a Student Partnership Agreement setting out key priorities for the year ahead and the overarching principles we agree. We will continue to agree and set our priorities in this way. We will develop and enhance our approach to Student Partnership Agreements to ensure impact for the student body across the Schools and disciplines. We will continue to work together to further strengthen and develop student representation and the student voice across the University.

Financial Review

Results for the year

The Group reported an underlying deficit (excluding USS pension adjustments) of £9.4m (2019: £5.7m). The reported surplus for the year (including the USS adjustment) is £21.1m (2019 deficit: £54.1m).

Total comprehensive income for the year is (£8.2m) and includes a £29.4m remeasurement of the University of Dundee Superannuation Scheme (UODS) liability.

Performance in the first half of the year was encouraging and aligned closely to budget, however the outbreak of Covid-19 had a major impact on the operations of the University in the second half of the year. The University acted quickly to respond to this challenge including reducing costs and discretionary expenditure to offset reductions in income during the year.

In common with other participating employers under the Universities Superannuation Scheme (USS), the results for the year ended 31 July 2020 include a substantial adjustment in relation to the completion of the 2018 actuarial valuation. This adjustment significantly reverses the £48.4m USS provision increase reported at 31 July 2019. The adoption of the deficit recovery plan for the 2018 actuarial valuation has given rise to a deficit provision reduction of £30.5m. The impact on the Statement of Comprehensive Income is a £31.6m credit to staff costs offset by interest payable of £1.1m.

The underlying deficit position is as follows:

	Year ended 31 July 2020	Year ended 31 July 2019
	£000	£000
Reported surplus/(deficit) for the year	21,138	(54,079)
Impact of 2017/2018 USS valuation	(30,540)	48,362
Underlying deficit for the year	(9,402)	(5,717)

This major item is a movement on the USS provision and does not represent an inflow or outflow of cash. The completion of the 2018 USS actuarial valuation, the agreement of the new deficit recovery plan and the anticipated impact on the 2019/20 financial outcome was reported as an 'event after the reporting period' in the Financial Statements for the year ended 31 July 2019.

More information on the USS and UODS position is provided in the Pensions section of this review and in note 32 to the Financial Statements.

The Group reports net assets of £139.3m at 31 July 2020, a decrease of £8.3m in the year, with the impact of the USS adjustment largely offset by the UODS adjustment.

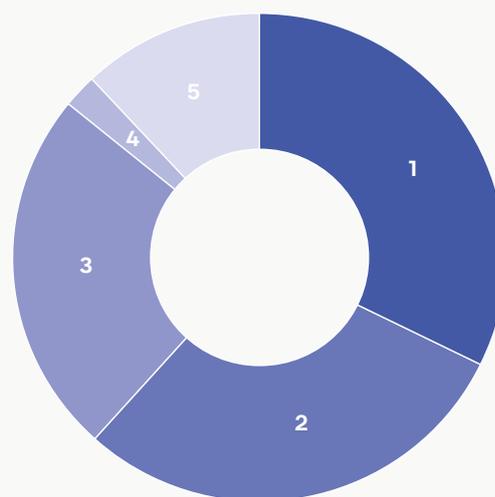
The cash balance has increased to £27.9m (2019: £25.7m). Net cash from operating activities was an inflow of £11.2m against a £3.3m outflow in 2018/19. £7.5m of this reported improvement is as a result of creditor movements described in more detail in the Cashflow and Treasury section of this review.

The Group did not take any additional bank loan finance during the year and continues to hold minimal levels of long-term loans relative to the majority of the Higher Education sector.

Income

Total income reduced by 1.2% to £253.3m.

1	SFC grants	£82.1m	32.4%
2	Tuition fees	£74.1m	29.3%
3	Research Grants and Contracts	£61.9m	24.4%
4	Donations	£5.4m	2.1%
5	Other	£29.8m	11.8%



Source: Consolidated and Institution Statement of Income and Expenditure

Total grant income from the Scottish Funding Council increased by 1.2% to £82.1m. This was attributable to small increases in funding for Teaching and Research and Innovation.

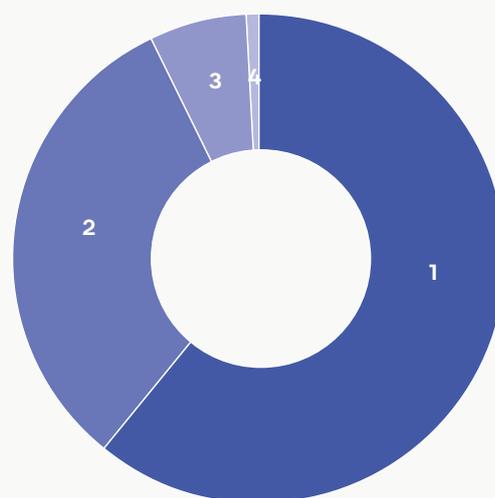
Tuition fee income has grown by 10.8%, increasing by £7.2m to £74.1m. Increasing tuition fee income, both in absolute terms and as a proportion of the University's income is one of the essential foundations of its future financial sustainability. It is a positive indication that a significant rate of growth has been sustained for the fifth successive year, in a challenging market characterised by strong competition for international students and for non-Scottish students from the rest of the UK. This performance is being primarily driven by overseas tuition fees, where the University has been able to apply price increases to match market pricing and drive growth in volume, with total overseas tuition fees up by 20.6% or £6.4m. Pre COVID, the University was budgeting for further growth over the next five years. The impact of COVID on student recruitment is being closely monitored with mitigating actions and strategies planned.

Research income continues to reduce, decreasing by 11.3% or £7.9m to £61.9m with significant reductions in Research Council and UK Charity funded research activity. Although research activity was impacted by COVID, many areas of research work continued uninterrupted and the University was successful in obtaining COVID related research awards. Overhead recovery from research activity increased in the year despite reduced income reflecting a positive shift in overall percentage cost recovery. The University continues to be one of the most research-intensive institutions in the UK, reflecting the quality of its research in many areas.

Expenditure

Total expenditure (excluding the impact of the USS adjustment to staff costs and interest) reduced by 0.6%, a reduction of £1.8m, to £261.3m (2019: £263.1m).

1	Staff costs	£159.1m	60.9%
2	Operating expenses	£83.7m	32.0%
3	Depreciation and amortisation	£16.9m	6.5%
4	Interest	£1.6m	0.6%



Source: Consolidated and Institution Statement of Income and Expenditure

Staff costs have risen by 5.6%, increasing by £8.4m to £159.1m. Staff numbers remained broadly stable during the year, with an increase of twenty-one to 3,035 FTE. Expenditure increased due to incremental progression by staff within the pay scale, the 1.8% cost of living pay award, the impact of living wage increases and increased pension contributions. Staff costs as a percentage of total income increased to 62.8% (2019: 58.8%) as staff costs have increased while overall income sees a reduction.

Other operating expenses decreased by 9.4% to £83.7m, with the reduction in research volume driving a £6.7m reduction and the partial lockdown of the campus reducing academic and services spend in the latter part of the year.

Depreciation and amortisation decreased by 7.1% to £16.9m. This includes an impairment of £2.0m as described in Note 12.

Other gains and losses

The Group made a loss on its endowment investments of £1.4m in the year. Endowment investments are held at market value with the loss mainly reflecting the turbulent market conditions experienced in the latter half of the financial year. These investments are managed on its behalf by external fund managers.

Remeasurement of pension scheme liability

This figure relates to the University of Dundee Superannuation Scheme (UoDS). In addition to employer contribution rates the University continues to make additional annual cash payments of £1.9m plus 3% inflation as agreed in September 2018. The additional cash payments for 2019/20 totaled £2.0m.

The FRS102 valuation shows an overall £29.4m decline, largely as a result of bond yields used to calculate the liabilities, partially offset by increased scheme assets.

Net assets

At 31 July 2020 the University net assets were £139.3m, a decrease of £8.3m on the prior year as a result of the underlying deficit combined with the USS and UoDS pension adjustments and the loss on investments.

Capital expenditure of £12.2m included refurbishment of laboratory and teaching space across a number of Schools to meet student and research needs and continued investment in research and teaching equipment and IT systems and infrastructure.

Net current liabilities increased by £3.9m during the year to £30.9m.

The pension scheme liability relates primarily to the USS and UoDS pension arrangements, which reduce slightly overall this year from £136.0m to £135.8m based on actuarial advice.

Cashflow and treasury

Cash and cash equivalents increased by £2.2m over the year, closing at £27.9m. Net cash inflow from operating activities was £11.2m, which was £14.5m higher than the £3.3m outflow reported in 2018/19. A key factor in the improvement reported is an increase in the trade creditors balance, an expected reversal of the low closing balance at 31 July 2019 where suppliers were paid early to aid the transition to a new finance system. This shift accounts for around £7.5m of the operating cash flow improvement taking the underlying improvement in operating cash inflow closer to £7.0m.

The University has in place a £40m revolving credit facility, originally expiring in May 2021 and extended after the year end to May 2022, against which there have been no drawings since its inception.

Endowment assets of £24.6m continue to be managed by independent fund managers whose performance is monitored by the University's Finance and Policy Committee.

Supplier payments

The University supports the Prompt Payment Code in its relationship with suppliers. It is the University's policy that payments to suppliers are made in accordance with the terms and conditions agreed between the University and its suppliers, providing that all trading terms and conditions have been complied with. At 31 July 2020 the University had an average of 40 days purchases outstanding in trade creditors (2019: 5 days). The 2019 position reflected a planned low year end trade creditor balance in preparation for a system change. The position at 2020 coincided with an increase in spend as campus activities started to increase but set against a reduced operating expenses figure impacted by the partial lockdown of the campus.

Interest paid under the Late Payment of Commercial Debts (Interest) Act 1998 was £639 (2019: £18).

Pensions

The University contributed to two main pension schemes for its employees during the year, the Universities Superannuation Scheme (USS) and the University of Dundee Superannuation Scheme (UoDS). Both schemes were subject to formal triennial valuations at 2017. A subsequent actuarial revaluation of USS at 2018 was completed in 2019 and is the basis of the provision calculation at 31 July 2020. Both USS and UoDS are subject to actuarial valuations in 2020. A detailed analysis of these schemes is given at note 32 of the financial statements.

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

The 2017 valuation, the basis for the provision calculation at 31 July 2019, reported the value of the assets of the scheme at £60.0 billion and the value of the scheme's technical provisions at £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee Benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged in the Consolidated Statement of Comprehensive Income in financial year 2019/20 represents the contributions payable to the scheme of £18.2m together with a reduction of £30.5m in the provision.

Since the institution has entered into an agreement (the Deficit Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the

agreement (to the extent that they relate to the deficit) and therefore an expense is recognised. This plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028.

The 2017 valuation for UoDS was completed in September 2019 which included agreement to increase cash funding to address the scheme deficit. This resulted in a one-off payment of £5m in 2018/19, plus additional payments of £1.9m pa until 2031, inflated at 3% pa, with additional payments of £2.0m being made in 2019/20.

Future financial outlook

The University of Dundee, in common with other Higher Education institutions, continues to face a challenging and uncertain financial environment and this has been compounded by uncertainty around the impact of the COVID global pandemic and Brexit on overseas student recruitment. The numbers of

Scottish students that we are able to recruit remains capped by the Scottish government and funding levels are unlikely to increase and may be at risk depending on the economic outlook. The University has continued to deliver excellent growth in its unregulated income, however competition for international students is fierce, both from within the UK and abroad, and the impact of COVID on our ability to recruit students is not yet clear. Additionally, the cost base continues to grow at a similar or higher rate to income. The future cost of pensions remains a high risk to financial sustainability and both USS and UoDS have actuarial valuations in 2020. Pensions risk is a concern shared across the Higher Education sector.

A key aim within the University's Strategy to 2022 is to deliver sustainable ambition, enhancing financial performance to enable investment in the estates and infrastructure required to deliver our core purpose. We will focus on improving productivity and efficiency whilst continuing to drive profitable income growth in order to continue to progress towards our 25-year vision to be recognised as Scotland's leading university.



Equality and Diversity

The University of Dundee is committed to advancing equality, diversity and inclusion for all its students, staff and members of the community. Through achieving a positive and supportive environment for our stakeholders, we strive to achieve our overarching strategic aim of being a high-performance community. The University is also committed to providing and maintaining an environment that is free from unlawful discrimination and any forms of harassment, bullying or victimisation of individuals because of age, disability, gender identity, marriage and civil partnership, pregnancy or maternity, race, religion or belief, sex or sexual orientation.

The University's strategic goals and indicators demonstrate our overarching alignment with the Scottish Funding Council Outcome Agreement and the Public Sector Equality Duty (PSED) requirements.

Last April we published a number of reports that show how we are fulfilling and progressing our obligations under the Specific Duties Regulations of the Equality Act, and we are currently preparing reports for April 2021 to demonstrate how we are continuing to fulfil and progress our statutory obligations. These reports include: an equality mainstreaming and outcomes update report, a revised set of equality outcomes that will cover the next four years, pay gap information in relation to gender, race and disability, statements on equal pay and occupational segregation for gender, race and disability, and employee monitoring information.

Our Mainstreaming and Equality Outcome Plans progress reports demonstrate embedding of Equality and Diversity into our processes and practices to effect an institutional cultural change. Our policies and practices that promote EDI include our Equality and Diversity Policy, activities related to gender and transgender (Athena SWAN), LGBT (Stonewall Workplace Equality Index), BME staff and race (Race Equality Charter) and formal staff networks and initiatives and actions through our commitment to the Concordat for the Career Development of Researchers.

This year we have:

- Increased the number of women holding roles at grades 9 and 10 (up 3% and 9% respectively from 2016 to 2020)
- Improved our overall gender pay gap from 22.26% in 2016 to 19.25% in 2020
- Supported the School of Health Sciences and the School of Social Sciences to achieve Athena SWAN Bronze awards
- Progressed our commitment to the Race Equality Charter by establishing a Self-Assessment Team who will have the remit to develop our institutional application and oversee our programmes of work to improve racial equality
- Continued to support the institution and Schools/Directorates, to raise awareness of celebration days and history months including Black History Month, Ramadan and Eid, LGBT History Month, Dundee Pride, Disability History Month and International Women's Day

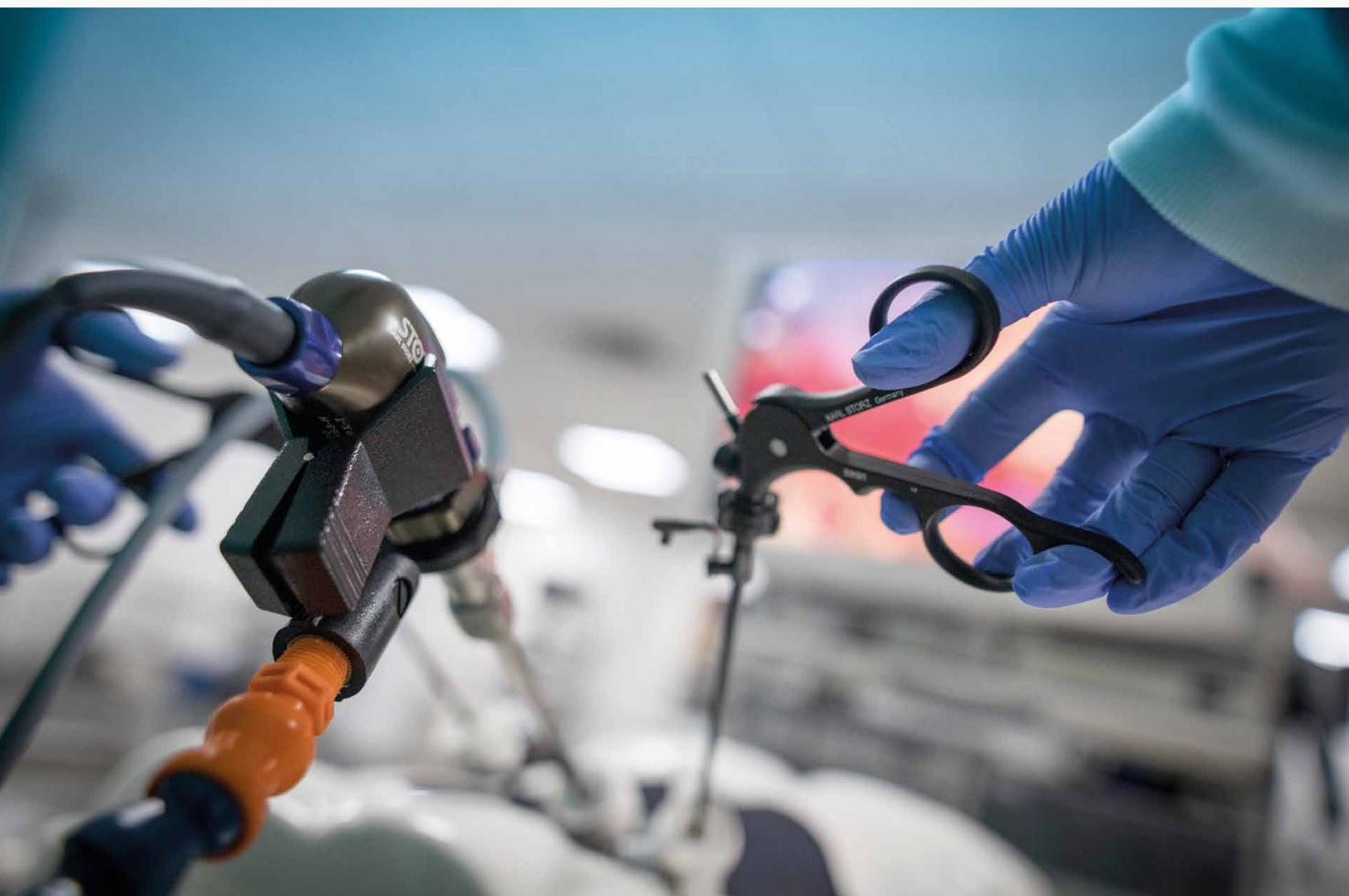
- Developed new and revised staff related policies to further promote equality and inclusion and our Family Friendly and leave policies have been updated to reflect gender neutral language, supporting our inclusion of LGBT + staff and students and contributing to our Stonewall ambitions
- Developed strategies, policies and reporting mechanisms for students and staff to be able to challenge and report gender-based violence and harassment
- Developed EDI specific training courses for staff on Unconscious Bias and Equality Impact Assessments and increased the number of staff at all levels within the University who have completed their EDI training
- Supported the University to develop the move to online and blended learning during the COVID-19 pandemic, by advising on digital accessibility of teaching modules, health and wellbeing of staff and students and effective and inclusive communications through Equality Impact Assessment
- Provided practical advice and support on any EDI implications arising from the COVID-19 pandemic and working from home
- Developed and implemented the Research Excellence Framework (REF) Code of Practice to support REF 2021

Last year - Disability Services

Our Disability Services continues to provide confidential support for students and staff with a range of disabilities. They provide not only support for our own staff and students, but also carry out needs assessments for other Universities and Colleges through their Access Centre. During the Covid period, most services were provided remotely, e.g. appointments with clients. Some services were delivered on the campus in line with Covid-19 restrictions, e.g. loan equipment service, support of students unable to use other ways of communication due to their disabilities. The Service also offered a range of Teams events for students and staff to support mental health and wellbeing when working remotely. Development of the University's mental health strategy continues through the University's Health and Wellbeing Steering Group.

Key Facts and Figures

- 1785 students registered with Disability Services for additional support; an increase of 11% compared to the previous year and of 115% in last 5 years
- Over 4000 individual student appointments were provided during the year
- Specific learning difficulty (38%) and mental health (31%) remained the largest disability categories among registered students



- Continuation of rises in numbers of students having mental health difficulties (31%) and students with multiple disabilities (18%) compared to previous year. The number of registered students disclosing multiple disabilities has increased by 190% over the past five years and those disclosing mental health difficulties has increased by 160%
- 318 students had a Disabled Student Allowance study needs assessment through our Access Centre service that generated net income of £50k
- Over 120 disabled staff registered with Disability Services for confidential advice and support

Dr James McGeorge
University Secretary and Chief Operating Officer

Ronald Bowie
Chair of Court

Research with impact, changing lives around the world

Over the past 50 years we have pioneered innovations as diverse as flatscreen technology and minimally-invasive, or 'keyhole', surgery.

That spirit of innovation and impact continues. We are home to one of the United Kingdom's largest life sciences research complexes and an internationally renowned medical school based within one of Europe's largest teaching hospitals.



A great students' union

Dundee University Students' Association (DUSA) is consistently ranked among the best student unions in the UK. With over 180 societies within DUSA, there's something for everyone.

Corporate Governance

This report covers the period from 1 August 2019 to 23 February 2021

Compliance with the Scottish Code of Good Higher Education Governance

A revised Scottish Code of Good Higher Education Governance was published in 2017 and replaced the 2013 version. In the opinion of the Court (the University's governing body), the University is fully compliant with all the principles and provisions of the Code.

Charter and Statutes

The University is an independent corporation and a registered Scottish charity (SC015096). Its legal status derives from a Royal Charter originally granted in 1967 and its objects, powers and framework of governance are set out in the Charter and its supporting Statutes, as amended from time to time with the approval of the Privy Council. The core purpose of the University, as set out in the 'Strategy to 2022' document (dundee.ac.uk/strategy), is 'to transform lives, locally and globally through the creation, sharing and application of knowledge'. This statement of purpose, supported by a vision to be recognised as Scotland's leading university, builds on and cements the formal original objects of the University, as laid out in the Charter, which are to 'advance and diffuse knowledge, wisdom and understanding by teaching and research and by the example and influence of its corporate life'.

The Charter and Statutes require the University to have two separate bodies to oversee and manage its activities, as follows:

- a. **Court** is the governing body, responsible for the finance, property, investments, employment of staff and general business of the University, and for setting the general strategic direction of the institution. The statement of Primary Responsibilities adopted by the Court can be found at: dundee.ac.uk/governance/governance/court/

It has a total membership of 24, with a majority of lay members from outside the University. Members also include representatives of the student body and the staff of the University, including two members nominated by the recognised trade unions. The Chair of Court for the 2019/20 academic year, Mr Ronald Bowie, was appointed to the position by the Court in August 2016 following external advertisement, shortlisting and interview by a panel comprising lay, student and staff members of Court. The Chair reached the end of his first term of office on 31 July 2019 and in line with the Higher Education Governance (Scotland) Act ('the Act') an election was held in March 2019 to identify the Chair of Court to serve from 1 August 2019. As a result Mr Ronald Bowie was elected as the Chair of Court for the

period to 31 July 2022. The Deputy Chair of Court is appointed by the Court on the recommendation of the Governance & Nominations Committee. The lay members are all considered to be independent. The Governance & Nominations Committee appoints ten such members following an external advertisement and interview. This process takes into account the skills and diversity of existing Court members as well as future requirements and issues of succession, for example, to convenerships of Court Committees. The Court uses a skills matrix developed to inform lay appointments to the Court and has agreed a statement setting out its goals in relation to the balance of its membership in terms of equality and diversity. With the exception of the Chair of Court from 1 August 2019, none of the lay members receives any payment other than eligibility for the reimbursement of expenses for the work they undertake for the University. From 1 August 2019 the Chair of Court was entitled to be remunerated at a gross per diem rate equivalent to the Band 1 minimum for chairs set by the Scottish Government in its technical guide for the remuneration of chairs of Non-Departmental Public Bodies. For 2019/20 this was equivalent to a gross daily rate of £327, although Mr Bowie has elected to waive his remuneration, inviting the University to use what would have been paid in remuneration for the benefit of current students. As a result, the University has decided to make a payment of £25,179 to one of its own endowed funds in support of student hardship.

The powers reserved to Court and those it has delegated to its Committees, to Senate and to the Principal and other senior officers, are set out in a Schedule of Delegation and Decision-making Powers.

- b. Subject to the general control and approval of Court, **Senate** is the academic authority of the University and draws its membership entirely from the staff (mainly academic staff) and the students of the institution. The membership conforms to the requirements of the Act: more than half of its membership comprises elected staff and students, and students comprise more than 10% of the total membership. Its role is to direct and regulate the teaching, learning and research work of the University and is supported in this respect by a number of its committees including the Learning & Teaching Committee, Research & Knowledge Exchange Committee, Quality & Academic Standards Committee, and Internationalisation Committee. Senate is chaired by the Principal and Vice-Chancellor. The Court receives regular reports from the Senate and the Chair of the Senate highlighting matters of decision, interest and noting. On an annual basis the Court, on the recommendation of its Governance & Nominations Committee, approves the submission of the Annual Report to the Scottish Funding Council (SFC) on Quality for the previous year.

Committees

Although Court meets at least five times each academic year, including an annual strategic retreat, much of its detailed work is handled by committees: Finance & Policy Committee, People & Organisational Development Committee, Governance & Nominations Committee, Remuneration Committee and Audit & Risk Committee. These committees have written remits, which are reviewed annually, and their decisions and recommendations are formally reported to Court. They each have a specified membership, including lay members and a lay convener, which is approved on an annual basis.

In line with the University's Business Continuity Framework (approved by the Audit & Risk Committee) the University's response to the COVID pandemic has been led by Gold, Silver and Bronze COVID Executive Groups with extensive executive and operational membership and student representation. These Groups were themselves supported by Sub-Groups constituted at various stages of the pandemic to respond to specific themes: the delivery of education to students (Towards 2020/21), Research, Staff, International, Operations, Business Recovery, Financial Sustainability, with comprehensive reporting to the University Executive Group and onward consideration by the Court. The approach was risk-based and included the development and ongoing review of a COVID specific risk register, the RAG rating of prioritised actions and their ongoing tracking. The Court also instigated a programme of monthly virtual meetings at which the Principal reported on the current position with respect to the University's response to the pandemic, following which members had the opportunity to ask questions and highlight issues. In addition, the Court approved the formation of an Emergency Committee to enable the University to remain responsive to urgent Court level decisions as may be required during the pandemic. This Emergency Committee has a clear membership and scope which was approved by the Court in accordance with the established Emergency Business protocol and Court Resilience Plan. This Emergency Committee of the Court has been called upon to make two decisions during the period of the pandemic to date.

During the pandemic, the University Court and its committees continued to meet as scheduled, although these became virtual, online meetings using Microsoft Teams. Support was provided to individual Court members to ensure they were able to participate fully in the meetings using the new format.

The composition of Court and its committees, along with the attendance of members at meetings during the session 2019/20, is set out in the table below. In summary the committees operate as follows:

On an annual basis the **Governance & Nominations Committee** has general oversight of the governance framework of the institution, considers changes to the governing instruments and makes recommendations to Court on Court and committee membership. It considers the contributions and commitment of members to the work of the Court and its Committees and more generally to the life of the University. The Committee takes particular interest in ensuring the overall effectiveness of the Court and its committees in providing support and challenge to the University Executive Group in achieving the University's

strategic objectives. The Committee also engages with aspects of quality assurance both in learning and teaching and in research, and this enables the Committee to advise Court, along with regular reports from the Senate, on its obligations in relation to academic quality.

The **Remuneration Committee** determines the remuneration of the members of the University Executive Group, including the Principal and oversees the University Executive Group's decision-making in relation to the remuneration of other grade 10 staff across the University. In preparation for this role, it is guided by the Court on the policy it wishes the Committee to adopt in reaching its decisions with regard to senior executive pay. In the year in question the Committee comprises four lay members of Court, a student and a staff member. The Chairperson of Court is included within this membership but is not the Convener of the Committee. Whilst the Principal is invited by the Committee to attend in order to advise on the remuneration of members of the University Executive Group, the Principal is not present at any meeting of the Committee that considers his own remuneration. To improve transparency over decisions on remuneration, the Committee has introduced an annual report to the Court which provides further detail on the operation of the Committee and policy and approach to the review of senior pay. The Committee has reviewed its Remit, Terms of Reference and Severance Policy in light of sectoral reports and works closely with the People & Organisational Development Committee to ensure the robustness of practice.

The **Audit & Risk Committee**, which has an entirely lay membership including two additionally co-opted non-Court members, is chaired by a lay member of Court and meets four times a year, with the University's internal and external auditors in attendance. The Committee considers detailed reports from the internal and external auditors, together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans.

The Audit & Risk Committee's role is one of high-level review of the arrangements for internal control, risk management and value for money. It also makes recommendations to the Court on the appointment of both internal and external auditors. It has authority to investigate any matters within its terms of reference. Whilst senior university officers attend meetings of the Committee, as necessary, they are not members of the Committee. In order to safeguard the independence of the University's external auditors, provision by them of any non-audit services is subject to the approval of the Audit & Risk Committee.

The Audit & Risk Committee also has a general responsibility for monitoring the operation and effectiveness of the University's Public Interest Disclosure and Anti-Bribery policies and arrangements.

The **Finance & Policy Committee** advises Court on all matters pertaining to the financial health and sustainability of the University and makes recommendations to Court on the adoption of financial forecasts, annual budgets and the financial statements (this last with the Audit & Risk Committee). The Committee also reviews and monitors the Estates Strategy, including providing scrutiny of major capital developments.

The **People & Organisational Development Committee** oversees all policies, strategies and procedures relating to the staff of the University other than those for which the Remuneration Committee is responsible. This includes performance; organisational development; reward and recognition; leadership and management; equality and diversity; health, safety and wellbeing; and retention and recruitment.

Full remits for all committees of Court are available from the University's webpages at:
dundee.ac.uk/governance/governance/court

Effectiveness

Members of the Court are encouraged to participate in training and development sessions offered by Advance HE as part of its Governor Development Programme. In addition, training sessions are organised from time to time throughout the year by the University on issues of relevance and briefing presentations have been introduced prior to every meeting of the Court to provide members with training and contextual information of relevance to items on the agenda. Members of the Audit & Risk Committee are also encouraged to attend external training sessions provided by the audit sector, with additional training on matters of interest being arranged when appropriate.

The Court reflects annually on the effectiveness of both the Chair and of the Court itself, and each committee also reflects annually on its own effectiveness and general operation, with outputs from these committee reviews being considered by the Court. In addition, the effectiveness of Court and of its Committees is evaluated formally at least every five years using external facilitation. The last such review was concluded in November 2019 and the implementation of recommendations is being tracked by the Governance & Nominations Committee. The Audit & Risk Committee carries out formal self-assessments and the most recent was carried out in spring 2017, and a number of recommendations for enhancement were subsequently adopted. The Chairperson of Court and Deputy Chairperson of Court meet with other Court members on an individual and informal basis at least annually to discuss their contribution and development needs and provide guidance and support if needed. A Continuing Professional Development Framework was introduced in 2018/19 to capture the training requirements of members as identified in these meetings. The meetings also provide an opportunity for the Chairperson to assess whether members continue to have confidence in the conduct of Court business as well as in the performance of the Principal and the University Executive Group. An annual summary of these meetings is provided to the Governance & Nominations Committee to inform discussions regarding, for example, the renewal of lay members' appointments.

The Chairperson is responsible for ensuring that the University is well connected with, and responsive to, key stakeholder groups – many of whom are represented on Court. In doing so, the Chairperson from time to time attends meetings of the Senate, the University Executive Group and other senior management groups. The Court has now held two annual public meetings of the Court, which were open to all and saw the Chair of Court and the Principal & Vice-Chancellor present and take questions with regard to the performance of the University and the operation of the Court over the previous 12 month period. The President of the Dundee University Students' Association (DUSA) also presented on both the activities of DUSA and the consideration of student issues by the Court.

Executive

The Principal & Vice-Chancellor is the chief academic and administrative officer of the University, who has a general responsibility to Court for maintaining and promoting the efficiency and good order of the University. As de facto Chief Executive, the Principal exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments, and shaping of the institutional ethos. Under the terms of the formal Financial Memorandum between the University and the Scottish Funding Council, the Principal is also the accountable officer of the University.

The Principal & Vice-Chancellor chairs the University Executive Group (UEG) and presents a written report on its work to each meeting of Court. The UEG also comprises the Vice-Principals, the University Secretary & Chief Operating Officer, the Director of Finance, the Director of Human Resources & Organisational Development and the Director of External Relations.

Remuneration levels of the members of the UEG as at 31 July 2020, excluding employer's pension contributions, were as follows:

Title	Banding
Interim Principal - Professor David Maguire	£230,000 - £239,999
Interim Vice-Principal (Academic Planning and Performance)	£120,000 - £129,999
Vice-Principal (International)	£150,000 - £159,999
Vice-Principal (Education)	£110,000 - £119,999
Vice-Principal (Research, Knowledge Exchange and Wider Impact)	£120,000 - £129,999
University Secretary	£150,000 - £159,999
Director of Finance	£110,000 - £119,999
Director of External Relations ¹	£100,000 - £109,999
Director of Human Resource and Organisational Development	£120,000 - £129,999

¹ Director of External Relations was 0.9 FTE at 31 July 2020.

Strategic Planning and Monitoring

In 2017 the University approved a new framework which set out its strategic goals and objectives for the next planning period: Strategy to 2022. In measuring its progress in achieving these goals and objectives, Court receives regular reports from the Director of Strategic Planning on action plans and performance indicators, which are supported by access to online dashboards. The indicators cover a range of measures from undergraduate entry requirements and graduate employment rates to fee income levels, volume of research, income per academic full time equivalent (fte), and space and energy efficiency. An annual summary of performance relative to key performance indicators and progress towards strategic objectives is published on the Court web pages:

dundee.ac.uk/governance/governance/court

Statement of Responsibilities

The University maintains a register of interests of members of Court and senior officers, which may be consulted by arrangement with the University Secretary. The interests of individual members are also published on the University's web pages.

Court is responsible for keeping proper accounting records setting out the financial position of the University and which enable it to ensure that the financial statements are prepared in accordance with the Charter and Statutes, the Statement of Recommended Practice (Accounting for Further and Higher Education Institutions) and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed with the Scottish Funding Council (SFC), Court is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, Court has to ensure that:

- suitable accounting policies are selected and applied consistently
- judgement and estimates are made that are reasonable and prudent
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. Court is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements

Court also has a responsibility to:

- ensure that funds from the SFC are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the SFC and any other conditions which the SFC may from time to time prescribe
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguard the assets of the University and hence to take reasonable steps to prevent and detect fraud
- ensure reasonable steps have been taken to secure the economical, efficient and effective management of the University's resources and expenditure

The University's system of internal financial control includes the following key elements:

- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets
- Regular reviews of financial results, involving variance reporting and updates of forecast out-turns
- Clear definitions of the responsibilities of, and authority delegated to, budget-holders in academic Schools and the professional services
- Detailed financial operating procedures for the authorisation and control of expenditure, whose provisions are approved by the Finance and Policy Committee and monitored by the Audit & Risk Committee
- A professional internal audit team whose annual programme is approved by the Audit & Risk Committee on Court's behalf and which submits to the Audit & Risk Committee an annual report on internal audit activity and on the adequacy and effectiveness of the University's system of internal financial and other controls. Any system of internal financial control, however, only provides reasonable, not absolute, assurance against material misstatement or loss.

The University Executive Group, Court and the Audit & Risk Committee formally review the risk register regularly, and at least twice a year.

Any enquiries about the constitution and governance of the University should be addressed to the University Secretary.

The principles and practice set out in this statement on corporate governance hold true for the full financial year reviewed in the financial statements as well as for the period up to the date of approval of the statement by the University Court.

Dundee - a great place to live, work and study

Dundee is Scotland's most student-friendly city with around one in seven of the population in higher or further education. GQ called us 'Scotland's coolest city', with the city's profile boosted by the presence of the V&A Dundee, the UK's first design museum outside of London, sitting at the heart of the waterfront. The University is a founding partner of V&A Dundee.



Court and Committee Attendance 2019/20

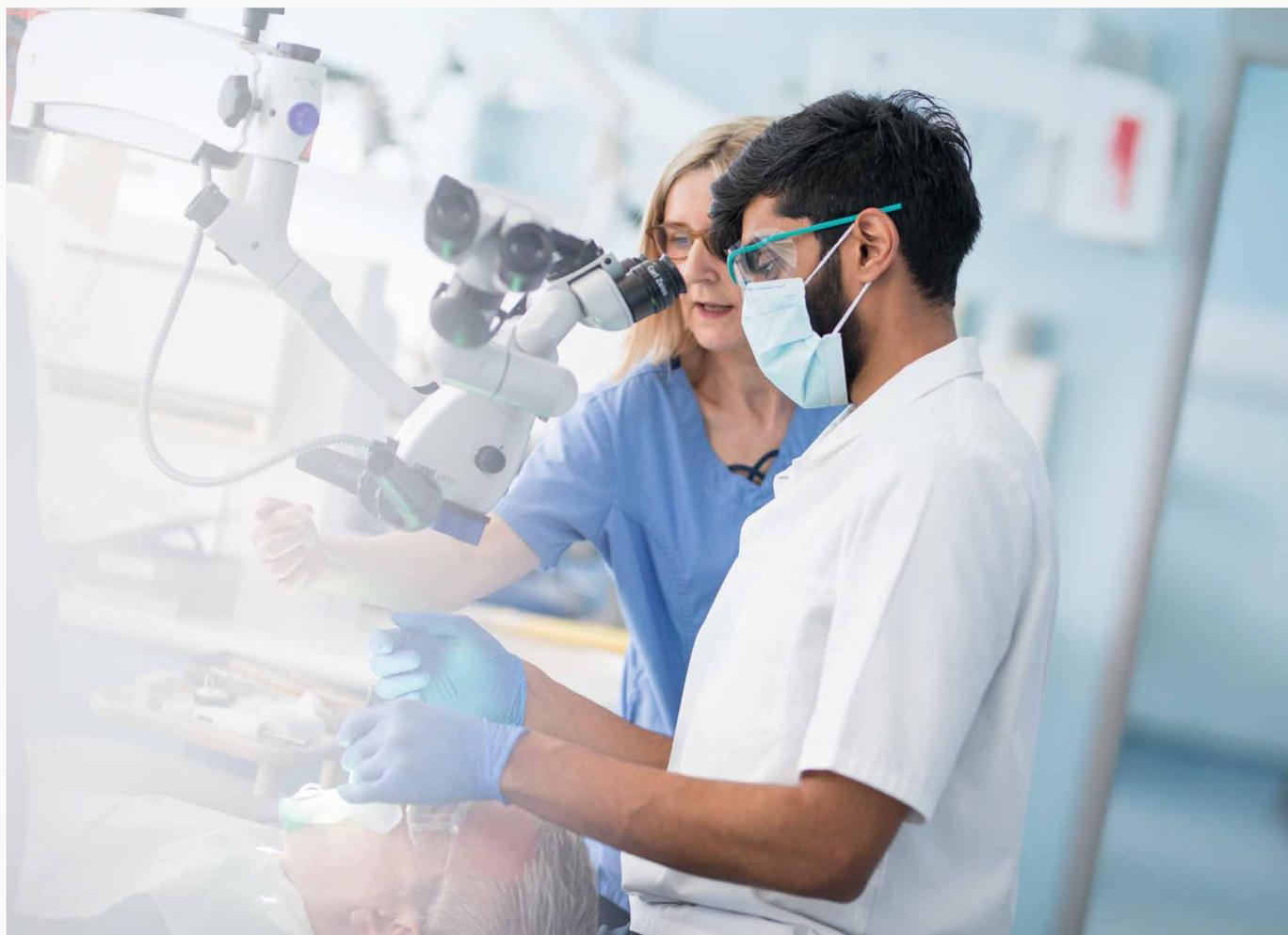
(up to 31 July 2020 - from 23 March 2020 all meetings were conducted online using Microsoft Teams)

		Court (of 7)	F&PC (of 5)	G&NC (of 5)	PODC (of 3)	Audit ¹ (of 4)	Rem Com (of 4)
Janice Aitken		6		5			
Professor Andrew Atherton	To 08/11/2019	1 (of 1)	0 (of 2)				
Alan Bainbridge*		7	5				
Richard Bint*		7	5			4(a)	4
Tricia Bey*	From 01/08/2020	-					
Lord Provost Ian Borthwick*		1					
Ronald Bowie*, Chairperson		7	5	5			4
Dr William Boyd*		7	5		3		
Shirley Campbell*	To 31/07/2020	6			2(c)		3
Catherine Cavanagh		5			2		
Lady Lynda Clark*		6				4	
Josh Connor	To 31/06/2020	5	4				
David Dorward*	From 18/12/2020	4 (of 4)	2 (of 3)				
Rumana Kapadia	To 31/07/2020	7		1			4
Professor Lynn Kilbride		6			2		
Rebecca Leiper		5			2		
Professor David Maguire	From 23/01/2020 to 31/12/2020	3 (of 3)	2 (of 2)				
Bernadette Malone*, Deputy Chairperson		7	4 (a)	5	2		4
Jane Marshall*		6		5	3		
Dr David Martin		6			2		
Allan Murray*	To 04/09/2020	0 (of 1)	1 (of 1)				
Karen Reid*	To 22/06/2020	5				4(c)	
Ron Mobed*	From 01/08/2020	-					
Professor Mairi Scott		6	5	5			
Jay Surti*		7	1 (of 1)		2		
Sharon Sweeney		6	5				3
Karen Thompson*	From 01/08/2020	-					
Keith Winter		7				3	

(a) The Convener of the Finance & Policy Committee is invited to attend meetings of the Audit & Risk Committee and a reciprocal arrangement is in place for the Convener of the Audit & Risk Committee to attend meetings of the Finance & Policy Committee. The Deputy Chair of Court is also invited to attend meetings of the Finance & Policy Committee. This arrangement does not confer voting rights on the Committee of which they are not the Convener.

(c) Convener

*Lay Members



An internationally renowned university

We take Dundee to the world, and bring the world to Dundee. We are home to students and staff from almost 150 different countries and we have distance learning students on every continent.

Notes:

In addition to the major committees reported above, attendance of members of Court is also recorded for meetings of the Welfare and Ethical Use of Animals Committee, Endowments Sub-Committee and the Pensions Sub-Group.

F&PC	= Finance & Policy Committee
G&NC	= Governance & Nominations Committee
PODC	= People & Organisational Development Committee
AC	= Audit & Risk Committee
RC	= Remuneration Committee

¹ The Audit & Risk Committee has two/three additional co-opted members, who are not members of Court: Karen Bassett who attended 4 meetings and Colin Clunie and Gordon Weir who attended 2 meetings each. Gordon Weir resigned from the Committee in July 2020.

Risks

How risks are managed

The Scottish Funding Council (SFC) requires all institutions to confirm they have an effective system of internal control. This includes an ongoing process for identifying, evaluating and managing significant risks.

The University Court has therefore approved a Risk Management Framework which aims:

- to define the organisation's appetite for risk in its different areas of activity
- to embed a culture of risk management throughout the University
- to motivate staff to take ownership of risks
- to control the organisation's risk management programme through monitoring, audit and other techniques

A Risk Management Oversight Group implements the policy and accompanying risk management framework. The Group is chaired by the University Secretary with representation from the Schools and Professional Services and provides a regular report to the Audit & Risk Committee.

In accordance with the framework, the University has developed an Institutional Risk Register which is under regular review. It has also devolved the process of risk identification and evaluation to all Schools and Professional Services in the University which produce their own local risk registers.

As part of the University's response to the COVID-19 Pandemic, the University implemented its Business Continuity Planning framework and constituted Gold, Silver and Bronze-level committees to provide oversight and governance of the response. These were supported by individual, more specialised sub-groups. Through this mechanism the University developed a COVID-19 Risk Register which has been reviewed on a regular basis by the University Executive Group, the Audit & Risk Committee and the University Court.

Identified key risks

Risk area	Risk description	Risk management
COVID-19	Failure to ensure health and wellbeing of staff and students, recruit new cohorts of students and deliver continuity of teaching and research	<ul style="list-style-type: none"> → COVID-19 response structure in place including specialist sub-groups and business recovery planning → Work ongoing to mitigate the risks of further incidents including but not limited to COVID-19 outbreaks, return to lockdown and cybersecurity, estate or other people-related incidents
Financial sustainability	Failure to generate sufficient surpluses to maintain and develop the University's existing infrastructure (physical, IT and human)	<ul style="list-style-type: none"> → Five year financial plans and annual budgets are used to quantify risks and the impact of remedial action → Budgetary control is exercised by Court through the Finance & Policy Committee, and by the University Executive Group → F&PC monitors the condition of the estate and the implementation of major new systems → F&PC, through a sub-committee, contributes to the debate on the affordability of pensions within the Higher Education sector → Brexit Oversight Group in place to maintain oversight of financial impact of Brexit → Financial Sustainability Project Team set up to look at budget savings measures and consider financial sustainability following impact of COVID-19
Student experience	A decline in the quality of the student experience could adversely affect the University's reputation with a consequent reduction in student recruitment	<ul style="list-style-type: none"> → There is student representation on all the major University committees and a formal Student Experience Oversight Group monitors all aspects of student experience → There is a formal partnership agreement between the University and Dundee University Students' Association

Identified key risks - continued

Risk area	Risk description	Risk management
Research excellence	A reduction in the quality of research could adversely affect the University's reputation and could lead to a loss of staff and students	<ul style="list-style-type: none"> → Annual Research Review measures research quality and provides data for strategic management of research activity → Recruitment focusses on research excellence → COVID-19 Research Group managing business recovery in relation to research
Process and systems efficiency	Processes and systems provide inadequate information for effective decision making while incurring unnecessary costs	<ul style="list-style-type: none"> → The Transformation Project, which will see the replacement of most corporate systems with a new Integrated Business System, will simplify and standardise processes while providing one source of accurate data → A new network has improved the performance and robustness of the IT infrastructure → Cyber Essentials Accreditation
Estate	Degradation of the estate could lead to the failure of key services and have an adverse impact on teaching and research	<ul style="list-style-type: none"> → The capital programme is prioritised to the most important areas for the University, with an emphasis on ensuring compliance and health and safety of users. Elements are on hold due to COVID-19 → Additional funds have been provided to increase expenditure on maintenance and investment over the next three years
Staff	Inability to attract, retain or develop staff could result in a loss in performance in key areas	<ul style="list-style-type: none"> → The People & Organisational Development Committee focuses on staff issues → Increased focus on feedback, succession planning and staff development and also a wider marketing strategy is in place to raise the profile of the University with potential staff → Investment in Athena Swan and other equality and diversity and inclusion measures → Policies revised for the COVID-19 incident to ensure staff receive adequate support
Government policy and legislation	Failure to meet the requirements of the University's outcome agreement with the SFC	<ul style="list-style-type: none"> → Strong alignment between the requirements of the outcome agreement and the University's own strategy → Revised recruitment procedures for MD20 students
Environmental sustainability	Failure to reduce impact on climate change could lead to reputational damage, financial penalties and a reduction in student recruitment	<ul style="list-style-type: none"> → Ethical Investment Policy reviewed → Recycling and electric vehicle initiatives → Environmental Task Group aims to improve environmental performance

Independent Auditor's Report to the University Court of the University of Dundee

Opinion

We have audited the financial statements of the University of Dundee ('the parent institution') and its subsidiaries (the 'group') for the year ended 31 July 2020 which comprise the Consolidated and Institution Statement of Comprehensive Income, the Consolidated and Institution Statement of Changes in Reserves, the Consolidated and Institution Statement of Financial Position, the Consolidated Statement of Cash Flows and the related notes 1 to 33, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent institution's affairs as at 31 July 2020, and of the Group's and parent institution's income and expenditure, gains and losses and changes in reserves and of the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, and relevant legislation; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

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

Emphasis of matter - effects of COVID-19

We draw attention to Note 1 in the financial statements, which describes the financial and operational consequences the University is facing as a result of Covid-19 which is impacting the financial and operational position and performance during 2020/21 and beyond. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report set out on pages 2 to 27, other than the financial statements and our auditor's report thereon. The University Court is responsible for the other information.

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Scottish Funding Council's Financial Memorandum with Higher Education Institutions

In our opinion, in all material respects:

- the requirements of the Scottish Funding Council's accounts direction have been met;
- funds from whatever source administered by the institution for specific purposes have been applied properly to those purposes and, if relevant, managed in accordance with relevant legislation, and any other terms and conditions attached to them; and
- funds provided by Scottish Funding Council have been applied in accordance with the requirements of the Scottish Funding Council Financial Memorandum with Higher Education Institutions.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Operating and Financial Review is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the parent institution financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the University Court

As explained more fully in the Statement of the University Court's Responsibilities set out on page 19, the University Court is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the University Court determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the University Court is responsible for assessing the group's and the parent institution's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the University Court either intend to liquidate the group or the parent institution or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder

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

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities
This description forms part of our auditor's report.

Use of our report

This report is made solely to the University Court of the University of Dundee, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the University Court 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 of Dundee and the University Court as a body, for our audit work, for this report, or for the opinions we have formed.



Statutory Auditor
Edinburgh

Date 24 February 2021

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Financial Statements

Year ended 31 July 2020

Consolidated and Institution Statement of Income and Expenditure

Year ended 31 July 2020

	Notes	Year ended 31 July 2020		Year ended 31 July 2019	
		Consolidated £000	Institution £000	Consolidated £000	Institution £000
Income					
Scottish funding council grants	1	82,055	82,055	81,069	81,069
Tuition fees and education contracts	2	74,082	74,082	66,903	66,903
Research grants and contracts	3	61,894	61,894	69,755	69,755
Other income	4	29,222	28,828	32,757	32,216
Investment income	5	709	709	1,104	1,104
Donations and endowments	6	5,381	5,372	4,765	4,852
Total income		253,343	252,940	256,353	255,899
Expenditure					
Staff costs	7	127,470	127,054	198,641	198,198
Other operating expenses	8	83,691	83,867	92,442	92,514
Depreciation and amortisation	12, 13	16,895	16,808	18,169	18,084
Interest and other finance costs	9	2,700	2,700	2,214	2,214
Total expenditure		230,756	230,429	311,466	311,010
Surplus/(deficit) before other gains and share of operating loss in associate		22,587	22,511	(55,113)	(55,111)
Gain/(loss) on disposal of tangible assets		-	-	-	-
(Loss)/gain on investments		(1,426)	(1,426)	1,011	1,011
Share of operating gain/(loss) in associate	21	(23)	-	23	-
Surplus/(deficit) before tax		21,138	21,085	(54,079)	(54,100)
Taxation	10	-	-	-	-
Surplus/(deficit) for the year		21,138	21,085	(54,079)	(54,100)
Remeasurement of pension scheme liability	32	(29,374)	(29,374)	(8,032)	(8,032)
Total comprehensive (loss)/income for the year		(8,236)	(8,289)	(62,111)	(62,132)
Represented by:					
Endowment comprehensive (loss)/income for the year		(1,104)	(1,104)	1,671	1,671
Restricted comprehensive (loss)/income for the year		(132)	(132)	(364)	(364)
Unrestricted comprehensive (loss)/income for the year		(7,000)	(7,053)	(63,418)	(63,439)
		(8,236)	(8,289)	(62,111)	(62,132)

All items of income and expenditure relate to continuing activities
The accompanying notes and policies on pages 37 to 74 form part of these financial statements.

Consolidated and Institution Statement of Changes in Reserves

Year ended 31 July 2020

Consolidated	Income and expenditure reserve			Total
	Endowment	Restricted	Unrestricted	
	£000	£000	£000	
Balance at 1 August 2018	29,604	3,633	176,425	209,662
Surplus/(deficit) from the income and expenditure statement	2,761	979	(57,819)	(54,079)
Other comprehensive income/(loss)	-	-	(8,032)	(8,032)
Release of restricted funds spent in year	(1,090)	(1,343)	2,433	-
Total comprehensive income for the year	1,671	(364)	(63,418)	(62,111)
Balance at 1 August 2019	31,275	3,269	113,007	147,551
Surplus/(deficit) from the income and expenditure statement	8	296	20,834	21,138
Other comprehensive income	-	-	(29,374)	(29,374)
Other reserve movements	-	-	-	-
Release of restricted funds spent in year	(1,112)	(428)	1,540	-
Total comprehensive income for the year	(1,104)	(132)	(7,000)	(8,236)
Balance at 31 July 2020	30,171	3,137	106,007	139,315
Institution	Income and expenditure reserve			Total
	Endowment	Restricted	Unrestricted	
	£000	£000	£000	
Balance at 1 August 2018	29,604	3,633	181,445	214,682
Surplus/(deficit) from the income and expenditure statement	2,761	979	(57,840)	(54,100)
Other comprehensive income	-	-	(8,032)	(8,032)
Release of restricted funds spent in year	(1,090)	(1,343)	2,433	-
Total comprehensive income for the year	1,671	(364)	(63,439)	(62,132)
Balance at 1 August 2019	31,275	3,269	118,006	152,550
Surplus/(deficit) from the income and expenditure statement	8	296	20,781	21,085
Other comprehensive income	-	-	(29,374)	(29,374)
Other reserve movements	-	-	131	131
Release of restricted funds spent in year	(1,112)	(428)	1,540	-
Total comprehensive income for the year	(1,104)	(132)	(6,922)	(8,158)
Balance at 31 July 2020	30,171	3,137	111,084	144,392

Consolidated and Institution Statement of Financial Position

Year ended 31 July 2020

	Notes	As at 31 July 2020		As at 31 July 2019	
		Consolidated £000	Institution £000	Consolidated £000	Institution £000
Non-current assets					
Intangible assets	12	5,359	5,359	4,659	4,659
Tangible assets	13	281,730	279,683	287,157	285,799
Investments	15	25,129	25,129	25,977	25,977
		312,218	310,171	317,793	316,435
Current assets					
Stock		226	226	192	192
Trade and other receivables	16	30,059	32,082	29,329	30,785
Cash and cash equivalents	17	27,869	27,408	25,739	25,007
		58,154	59,716	55,260	55,984
Less: Creditors: amounts falling due within one year	19	(89,064)	(88,932)	(82,212)	(81,986)
Net current liabilities		(30,910)	(29,216)	(26,952)	(26,002)
Total assets less current liabilities		281,308	280,955	290,841	290,433
Creditors: amounts falling due after more than one year	20	(654)	(654)	(1,334)	(1,334)
Provisions					
Pension provisions	21	(135,753)	(135,753)	(136,038)	(136,038)
Other provisions	21	(5,586)	(156)	(5,918)	(511)
Total net assets		139,315	144,392	147,551	152,550
Restricted Reserves					
Income and expenditure reserve - endowment reserve	22	30,171	30,171	31,275	31,275
Income and expenditure reserve - restricted reserve	23	3,137	3,137	3,269	3,269
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		106,007	111,084	113,007	118,006
Total Reserves		139,315	144,392	147,551	152,550

Consolidated and Institution Statement of Financial Position

Year ended 31 July 2020

The accompanying notes and policies on pages 37 to 74 form part of these financial statements.

The financial statements were approved by the Court on 23 February 2021 and were signed on its behalf on that date by:



Ronald Bowie
Chairman of Court



Professor Iain Gillespie
Principal and Vice-Chancellor



Carol Prokopyszyn
Director of Finance

Consolidated Statement of Cash Flows

Year ended 31 July 2020

		Year ended 31 July 2020	Year ended 31 July 2019
		Consolidated	Consolidated
	Notes	£000	£000
Cash flow from operating activities			
Surplus/(deficit) for the year		21,138	(54,079)
Adjustment for non-cash items			
Depreciation	13	14,202	15,546
Amortisation and impairment of intangible assets	12	2,693	2,623
(Loss)/gain on endowments and investments		1,426	(1,011)
Decrease/(increase) in stock		(34)	7
Decrease/(increase) in debtors	16	(730)	(2,170)
Increase/(decrease) in creditors		7,174	(1,131)
(Decrease)/increase in pension provision		245	1,469
(Decrease)/increase in other provisions	21	(355)	(1,827)
Pension costs less contributions payable		(32,451)	41,228
Share of operating (gain)/loss in associate	21	23	(23)
Adjustment for investing or financing activities			
Investment income	5	(709)	(1,104)
Interest payable	9	2,700	2,214
Endowment income	6	(750)	(789)
(Gain)/loss on the sale of tangible assets		-	-
Gain on sale of investments		-	-
Capital grant income	6	(3,388)	(4,265)
Net cash inflow/(outflow) from operating activities		11,184	(3,312)
Cash flows from investing activities			
Proceeds from sales of tangible assets		-	72
Capital grants receipts	6	3,388	4,265
Disposal of non-current asset investments		10,295	6,334
Investment income	5	709	1,104
Endowment funds invested	6	(750)	(789)
Withdrawal of deposits		750	789
Payments made to acquire fixed assets	13	(8,775)	(12,058)
Payments made to acquire intangible assets	12	(3,393)	(5,392)
New non-current asset investments	15	(10,873)	(5,449)
		(8,649)	(11,124)
Cash flows from financing activities			
Interest paid	9	(110)	(110)
Interest element of finance lease	9	(43)	(88)
New endowments		750	789
New unsecured loans	20	-	-
Repayments of amounts borrowed	20	(273)	(241)
Capital element of finance lease		(729)	(705)
		(405)	(355)
Increase/(decrease) in cash and cash equivalents in the year		2,130	(14,791)
Cash and cash equivalents at beginning of the year	17	25,739	40,530
Cash and cash equivalents at end of the year	17	27,869	25,739

Statement of Principal Accounting Policies

Year ended 31 July 2020

1. Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with applicable Financial Reporting Standards in the United Kingdom. These are the first statements prepared in accordance with this SORP. No restatements were required as a result of conversion to the new SORP. No changes to accounting policies have arisen as a result of moving from the 2015 edition.

The Institution is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements have also been prepared in accordance with the Accounts Direction issued by the Scottish Funding Council.

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

These financial statements are prepared on a going concern basis.

The impact and uncertainty as a result of Covid-19 on the future financial performance and cashflows of the University have been considered as part of the University's adoption of the going concern basis in these financial statements. Covid-19 has impacted all of the activities of the University in some way, however the most significant changes from a financial perspective have been to the delivery of teaching and to the ability and desire of international students to travel to the UK. The University has considered the risks and potential impact of these in producing its financial plans and forecasts. These financial statements have been prepared on a going concern basis which University management believe to be appropriate for the following reasons:

- The University is well-established and renowned internationally for its research and teaching excellence. The demand for learning at the University remains strong with student intake for the 2020/21 academic year holding well despite the impact of Covid-19. The University has a strong reputation for student experience and is committed to a blended learning approach which provides students with both face-to-face and online delivery of teaching. Where students were unable to travel to Dundee, they have been able to fully study remotely. This approach has been successful in mitigating the risk of Covid-19 on learning and teaching.
- At 31 July 2020 the University held net assets of £139m, and net current liabilities of £30.9m. Net current liabilities include £61.2m of deferred income and the nature of the University's grant activity indicates that we do not expect a significant reversal of this funding pattern. Borrowings were minimal at £0.9m of unsecured loans, equivalent to 0.4% of turnover in the year. In addition, the University held cash and cash equivalents and investments of £27.9m and a Revolving Credit Facility capability of £40m expiring in May 2022, which is undrawn. The Revolving Credit Facility is subject to financial covenants which were met at 31 July 2020 and forecast to be met through the going concern assessment period under all plausible scenarios.
- The University has a financial plan for 2020/21 through to 2024/25 which takes into consideration the anticipated ongoing impact of Covid-19, recognising the significant impact it has had on the University, in particular on international student recruitment and tuition fee income. This plan also assumes required additional savings of £3m and increases in pension contributions to both the USS and UODS schemes. In support of this plan, cashflow projections have been prepared for twelve months from the date of approval of these consolidated financial statements, up to February 2022. On this basis, the University is forecast to operate within its available committed facilities, meeting all financial covenants, with significant forecast cash headroom of at least £28m throughout the going concern period.
- The University carefully monitors the impact of Covid-19 on its financial position regularly. University management have considered various scenarios in assessing the impact of Covid-19 on future financial performance and cashflows. The ability to deliver our blended teaching approach mitigates risk in this respect against any further government enforced restrictions.
- In order to test the resilience of the University's financial position, we have modelled a severe downside scenario. This pessimistic scenario assumes the Covid-19 impact continues to be severe and the University is unable to improve the international student intake – with international tuition fees for 2021/22 reduced by £14.5m against the University's budgeted income. Additionally, this scenario assumes a downturn in research funding and other income of £1m in 2021/22, with a higher level of ongoing costs incurred. In this pessimistic scenario, the most critical impact is on tuition fees income and this would be known early in the year 2021/22, enabling the University to take further mitigating actions, including reducing capital expenditure, reviewing staffing pay increases and considering the sale of assets. As a result, even in this severe scenario the University would have forecast borrowing headroom of £25m and would forecast to continue to operate within its available committed facilities, meeting all financial covenants. Throughout the going concern period and severe downside scenario all financial covenants are forecast to be met.
- If a severe downside scenario does occur, a range of further mitigating actions are available to University management depending on the severity of the situation. This includes further limiting discretionary spend and restricting non-essential and non-committed capital expenditure. The University also has the option to dispose of non-core assets and investments. The University has successfully demonstrated the use of mitigating actions during the second half of 2019/20, with significant cash savings against planned expenditure.

→ The extension of the Revolving Credit Facility during the year demonstrates the ongoing support of our banking partners and the credit worthiness of the University. The University did not apply for any of the UK Government backed debt facilities during 2020 but has an investment grade credit status which would make it eligible to apply in the future.

Based on the above analysis, the University's view is that it remains entirely appropriate to prepare the consolidated financial statements on a going concern basis.

2. Basis of consolidation

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

Entities, other than subsidiaries, in which the Group has a participating interest and over who's operating and financial policies the Group exercises a significant influence are treated as associates. In the consolidated Financial Statements, associated companies and joint ventures are accounted for using the equity method, including the appropriate share of the results and reserves of each associate. The Consolidated Statement of Comprehensive Income and Expenditure includes the Group's share of the profit or loss of Dundee Student Villages (DSV), an associated undertaking, and the consolidated balance sheet similarly includes the Group's share of the net assets or liabilities of DSV.

The consolidated financial statements do not include those of the Dundee University Students' Association as it is a separate organisation over which the Institution has no control or significant influence over policy decisions.

Business combinations that are not mergers are accounted for in accordance with Financial Reporting Standard 7 Fair Values in Acquisition Accounting. For acquisition accounting to be applicable the acquired entity will normally consist of more than a collection of assets and liabilities and will have its own processes distinct from those of the Institution.

3. Income recognition

Grant funding including Scottish Funding Council block grant and income from the Coronavirus Job Retention Scheme, research grants from government sources, grants (including research grants) from non-government sources are recognised as income when the Institution is entitled to income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which the 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 not deducted from income.

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

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

Investment income is credited to the Consolidated Statement of Comprehensive Income on a receivable basis.

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 Institution 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 Institution 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.
3. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the Institution 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.

Capital grants

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

4. Accounting for retirement benefits

The two principal pension schemes for the Institution's staff are the Universities Superannuation Scheme (USS) and the University of Dundee Superannuation and Life Assurance Scheme (UODS). Both schemes are defined benefit schemes. Each fund is valued every three years by professionally qualified independent actuaries.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities attributable to the members of the Institution due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

The Institution participates in a number of other defined benefit pension schemes. Where the scheme is a multi-employer scheme and it is not possible to identify the University's share of the underlying assets and liabilities, it is accounted for on a defined contribution basis and contributions are included in expenditure in the period in which they are payable.

Defined Contribution Plan

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

Defined Benefit Plan

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

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

5. 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.

6. Finance leases

Leases in which the institution 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 leases 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.

Expenditure on fixed assets acquired under finance leases and the related lease obligations is capitalised in so far as the costs exceed the Institution's capitalisation threshold.

7. Service concession arrangements

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

8. Operating leases

Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

9. Foreign currency

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at the rate ruling at the month end prior to the transaction taking place. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at month or year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

10. Property, plant and equipment

Land and buildings

Land and buildings are stated at deemed cost less accumulated depreciation. Donated land and buildings are stated at fair value at the date of receipt.

Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the Institution from the existing tangible fixed asset beyond its previously assessed standard of performance; the costs of any such enhancements are added to the gross carrying amount the tangible fixed asset concerned.

Depreciation

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

The component items of buildings, and alterations and additions to buildings, are depreciated over their estimated useful lives on a straight line basis as follows:

Structure	50 years
Mechanical and electrical	25 years
Fit-out	15 years

Assets in the course of construction are not depreciated until they are brought into use.

Repairs and maintenance

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred. The Institution has a planned maintenance programme, which is reviewed on an annual basis.

Assets used by the Institution

The Institution occupies various premises owned by the NHS. The main locations are subject to service charges which are reflected in the income and expenditure account but are not subject to formal rentals. It is not possible to attribute value to these arrangements and hence these assets are not included in the financial statements.

Assets held for resale

Assets for resale are land and buildings which are no longer in use by the Institution and which the Institution is committed to sell and not replace. These assets are valued at the lower of net book value and net realisable value and included in current assets.

Equipment

Equipment, including computers and software, costing less than £25,000 per individual item or group of related items is recognised as expenditure in the year of acquisition. All other items of equipment are capitalised and depreciated on a straight line basis over their expected useful lives as follows:

Plant	20 years
Computer equipment	4 - 12 years
Research equipment	Shorter of 4 years or project life
Other equipment	4 years

Impairment

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

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

11. Intangible Assets

All intangible assets are considered to have finite lives which will be determined by the assessed useful economic life and the period of any contractual or legal rights (including any renewal periods where the cost of renewal is not significant). Intangible assets in the course of development are not depreciated until they are brought into use.

12. Investments

Non-current asset investments are included in the balance sheet at market value except for investments not listed on a recognised stock exchange, which are carried at historical cost less any provision for impairment in their value.

Investments in subsidiaries are carried at cost less impairment in the University's balance sheet.

Investments in associates are shown in the consolidated balance sheet at attributable share of net assets.

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

Interests in land and/or buildings held for their investment potential are included in the balance sheet at their market value without charging depreciation.

13. Stocks

Stocks comprise mainly building maintenance, catering and laboratory supplies, and are brought into the financial statements at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

14. Cash and cash equivalents

Cash includes cash in hand, sterling and foreign currency bank balances, deposits repayable on demand and overdrafts.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. Typically, they will have a maturity of less than three months.

Short-term deposits include deposits with recognised banks and building societies and government securities held as part of the University's treasury management activities.

15. Provisions, contingent liabilities and contingent assets

Provisions are recognised when:

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

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

The attributable share of net liabilities in associates is shown as a provision in the consolidated balance sheet.

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 resource will be required or the amount of the obligation cannot be measured reliably.

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

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

16. Taxation

The University is a charity within the meaning of part 1, chapter 2, section 7 of the Charities and Trustee Investment (Scotland) Act 2005, and is considered to pass the tests set out in paragraph 1, schedule 6, Finance Act 2010 and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity Number SC015096) and therefore it meets the definition of the charitable company for UK corporation tax purposes.

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

The University's subsidiaries, with the exception of the charitable company, University of Dundee Nursery Limited, are liable to Corporation Tax in the same way as any other commercial organisation.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted. Deferred taxation for subsidiaries is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that taxation will be payable.

17. Derivatives

Derivatives are held on the balance sheet at fair value with movements in fair value recorded in the Consolidated Statement of Comprehensive Income and Expenditure.

18. 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.

19. Critical accounting estimates and judgements

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

Notes to the Financial Statement

Year ended 31 July 2020

	Notes	Year Ended 31 July 2020		Year Ended 31 July 2019	
		Consolidated	Institution	Consolidated	Institution
		£000	£000	£000	£000
1. Scottish funding council grants					
General fund – Teaching		53,928	53,928	53,332	53,332
General fund – Research and Innovation		22,837	22,837	22,542	22,542
Strategic Funding		1,902	1,902	1,653	1,653
Capital Funding		3,388	3,388	3,542	3,542
		82,055	82,055	81,069	81,069
2. Tuition fees and education contracts					
Home/EU domicile Fees		20,738	20,738	20,622	20,622
RUK domicile Fees		11,866	11,866	11,010	11,010
Non-EU domicile fees		37,446	37,446	30,977	30,977
Non-credit bearing course fees		592	592	816	816
Other contracts		3,440	3,440	3,478	3,478
		74,082	74,082	66,903	66,903
3. Research grants and contracts					
Research councils		14,740	14,740	17,650	17,650
UK charities		16,510	16,510	20,665	20,665
European commission		4,529	4,529	4,322	4,322
Other grants and contracts		26,115	26,115	27,118	27,118
Research and development expenditure credit		-	-	-	-
		61,894	61,894	69,755	69,755

Notes to the Financial Statements

Year ended 31 July 2020

	Notes	Year Ended 31 July 2020		Year Ended 31 July 2019	
		Consolidated £000	Institution £000	Consolidated £000	Institution £000
4. Other income					
Residences, catering and conferences		7,557	7,557	9,030	9,030
Other services rendered		8,789	8,872	10,534	10,623
Health authorities		6,850	6,850	6,249	6,249
Coronavirus Job Retention Scheme		2,469	2,406	-	-
Other income		3,557	3,143	6,944	6,314
		29,222	28,828	32,757	32,216

The Coronavirus Job Retention Scheme is a UK government grant to cover a proportion of the salaries of furloughed staff during the COVID-19 pandemic.

5. Investment income					
Investment income on endowments	22	612	612	964	964
Other investment income		97	97	140	140
		709	709	1,104	1,104

6. Donations and endowments					
Capital grants		-	-	723	723
New endowments	22	750	750	789	789
Donations with restrictions	23	184	184	108	108
Other income with restrictions	23	112	112	148	148
Unrestricted donations		4,335	4,326	2,997	3,084
		5,381	5,372	4,765	4,852

Notes to the Financial Statements

Year ended 31 July 2020

	Notes	Year Ended 31 July 2020		Year Ended 31 July 2019	
		Consolidated £000	Institution £000	Consolidated £000	Institution £000
7. Staff costs					
Staff Costs :					
Wages and salaries		123,056	122,707	118,838	118,442
Social security costs		11,791	11,771	11,581	11,578
Other pension costs	32	(7,377)	(7,424)	68,222	68,178
Sub-total		127,470	127,054	198,641	198,198
Restructuring costs		-	-	-	-
Total		127,470	127,054	198,641	198,198

A further breakdown of pension costs has been included in note 32.

Staff costs by major category:

Academic departments	65,933	65,933	100,579	100,579
Academic services	10,497	10,497	16,579	16,579
Research grants and contracts	27,927	27,927	44,615	44,615
Administration and central services	15,558	15,142	24,327	23,884
Premises	3,995	3,995	6,116	6,116
Other	3,079	3,079	5,702	5,702
Catering and residences	481	481	723	723
	127,470	127,054	198,641	198,198
Restructuring costs	-	-	-	-
	127,470	127,054	198,641	198,198

Notes to the Financial Statements

Year ended 31 July 2020

7. Staff costs - continued

	2019/20
	£000
Total remuneration of the Principal & Vice-Chancellor/ Accountable Officer:	
Professor David Maguire (Interim Principal and Vice-Chancellor from 1 February 2020)	
Annual salary	117
Bonus	-
Taxable benefits in kind	-
Non-taxable benefits in kind	-
Pension contributions to USS	-
Supplement in lieu of employer's pension contributions	-
Total	117

	2019/20
	£000
Dr James McGeorge (Accountable Officer from 9 November 2019 to 31 January 2020)	
Annual salary	36
Bonus	-
Taxable benefits in kind	-
Non-taxable benefits in kind	-
Pension contributions to USS	8
Supplement in lieu of employer's pension contributions	-
Total	44

Notes to the Financial Statements

Year ended 31 July 2020

7. Staff costs - continued

	2019/20	2018/19
	£000	£000
Professor Andrew Atherton (Principal and Vice Chancellor to 8 November 2019)		
Annual salary	69	146
Bonus	-	-
Taxable benefits in kind	-	-
Non-taxable benefits in kind	-	-
Disruption allowance - taxable	-	35
Disruption allowance - non-taxable	-	8
Pension contributions to USS	14	28
Supplement in lieu of employer's pension contributions	-	-
Contractual notice payment	127	-
Pension contributions to USS on termination	27	-
Payment in lieu of leave	9	-
Recovery of relocation payment	(23)	-
Total	223	217

Professor Andrew Atherton resigned as Principal and Vice-Chancellor on 8 November 2019. A termination payment was paid in line with the University published severance policy, comprising a contractual notice payment of £127,250, employer USS pension contributions of £26,903 and payment in respect of outstanding leave entitlement of £8,565. In line with University policy 13/24ths of the taxable and non-taxable disruption payments (£23,419) were deducted from the termination payment. The policy states that 1/24th of relocation payments will be recovered for each full month if an employee leaves the University within 24 months of employment. The disruption allowance paid to Professor Andrew Atherton in 2019/20 was a non-recurring payment.

Remuneration for Dr Jim McGeorge is shown only for the period during which he was Accountable Officer. Dr Jim McGeorge was University Secretary and Chief Operating Officer for the full year from 1 August 2019 to 31 July 2020.

Professor David Maguire was appointed Interim Principal and Vice-Chancellor on 1 February 2020.

The emoluments of the Principal are shown on the same basis as that for higher paid staff.

The pay multiple of the Principal to the median earnings of the whole workforce is 6.2 calculated using the Universities and Colleges Employers Association methodology. The Principal's remuneration is approved by the Remuneration Committee.

Notes to the Financial Statements

Year ended 31 July 2020

7. Staff costs - continued

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

	31/07/2020	31/07/2020	31/07/2019	31/07/2019
	Number	Number	Number	Number
	Non-clinical	Clinical	Non-clinical	Clinical
£100,000 to £109,999	12	3	9	6
£110,000 to £119,999	7	10	7	4
£120,000 to £129,999	4	5	4	9
£130,000 to £139,999	-	12	-	10
£140,000 to £149,999	3	6	5	4
£150,000 to £159,999	3	2	3	3
£160,000 to £169,999	-	4	-	7
£170,000 to £179,999	1	6	-	3
£180,000 to £189,999	-	-	1	1
£190,000 to £199,999	1	1	-	-
£200,000 to £209,999	-	-	-	-
£210,000 to £219,999	-	-	-	-
£220,000 to £229,999	-	-	-	-
£230,000 to £239,999	-	-	-	-
	31	49	29	47

	31 July 2020	31 July 2019
	Number	Number
Average staff numbers by major category:		
Academic departments	1,349	1,401
Academic services	274	276
Research grants and contracts	667	662
Administration and central services	429	410
Premises	169	168
Other	127	79
Catering and residences	20	18
	3,035	3,014

Compensation for loss of office payable to senior post-holders:

	£000	£000
Compensation payable recorded within staff costs	-	-

The percentage of the total pay bill spend on trade union facility time was 0.063%.

Notes to the Financial Statements

Year ended 31 July 2020

	Notes	Year Ended 31 July 2020		Year Ended 31 July 2019	
		Consolidated	Institution	Consolidated	Institution
		£000	£000	£000	£000
8. Other operating expenses					
Academic departments		9,407	9,407	13,516	13,553
Academic services		8,655	8,744	7,617	7,617
Research grants and contracts		17,263	17,263	23,924	23,924
Administration and central services		23,935	23,880	22,983	22,913
Premises		11,180	11,322	11,429	11,533
Other		3,481	3,481	4,394	4,395
Catering and residences		9,770	9,770	8,579	8,579
		83,691	83,867	92,442	92,514

Other operating expenses include:

External auditors remuneration in respect of audit services		220		111
External auditors remuneration in respect of non-audit services		126		16
Internal auditors remuneration		53		74
Operating lease rentals:				
Plant and machinery	26	-		-
Office equipment	26	467		555
Agency staffing costs		992		901

	Notes	Year Ended 31 July 2020		Year Ended 31 July 2019	
		Consolidated	Institution	Consolidated	Institution
		£000	£000	£000	£000
9. Interest and other finance costs					
Loan interest repayable within 5 years		110	110	110	110
Finance lease interest		43	43	88	88
Net charge on pension schemes	32	2,547	2,547	2,016	2,016
		2,700	2,700	2,214	2,214

Notes to the Financial Statements

Year ended 31 July 2020

	Year Ended 31 July 2020		Year Ended 31 July 2019	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
10. Taxation				
Recognised in the statement of comprehensive income:				
Current tax				
UK corporation tax	-	-	-	-
Foreign tax	-	-	-	-
Total tax expense	-	-	-	-
	2020		2019	
	£000		£000	
11. Surplus/(deficit) on continuing operations for the year				
University surplus/(deficit) for the year	21,085		(54,100)	
Deficit generated by associate and subsidiary undertakings	53		21	
Surplus/(deficit) on continuing operations for the year	21,138		(54,079)	
12. Intangible assets				
	Assets in Use	Assets in the Course of Construction		Total
	£000	£000		£000
Consolidated and University				
Cost				
At 1 August 2019	432	11,095		11,527
Additions	932	2,461		3,393
Transfers	3,197	(3,197)		-
At 31 July 2020	4,561	10,359		14,920
Depreciation and Impairment				
At 1 August 2019	208	6,660		6,868
Charge for the year	742	-		742
Impairment loss	-	1,951		1,951
At 31 July 2020	950	8,611		9,561
Closing balance	3,611	1,748		5,359

The additions during the year relate to costs incurred in the development phases of a software project.

The impairment of £1,951k relates to a software project.

Notes to the Financial Statements

Year ended 31 July 2020

13. Property, plant and equipment

	Land and Buildings	Plant and Machinery	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£000	£000	£000	£000	£000
Consolidated					
Cost or valuation					
At 1 August 2019	371,408	3,181	90,636	2,585	467,810
Additions	5,249	-	1,334	2,192	8,775
Transfers	2,442	-	45	(2,487)	-
Disposals	-	-	-	-	-
At 31 July 2020	379,099	3,181	92,015	2,290	476,585
Depreciation and impairment					
At 1 August 2019	94,956	2,259	83,438	-	180,653
Charge for the year	10,564	65	3,573	-	14,202
Impairment loss	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 July 2020	105,520	2,324	87,011	-	194,855
Net book value					
At 31 July 2020	273,579	857	5,004	2,290	281,730
At 1 August 2019	276,452	922	7,198	2,585	287,157

Notes to the Financial Statements

Year ended 31 July 2020

13. Property, plant and equipment - continued

Institution	Land and Buildings £000	Plant and Machinery £000	Fixtures, Fittings and Equipment £000	Assets in the Course of Construction £000	Total £000
Cost or valuation					
At 1 August 2019	370,848	-	90,563	2,585	463,996
Additions	5,249	-	1,324	1,426	7,999
Transfers	2,443	-	44	(2,487)	-
Disposals	-	-	-	-	-
At 31 July 2020	378,540	-	91,931	1,524	471,995
Depreciation and impairment					
At 1 August 2019	94,812	-	83,385	-	178,197
Charge for the year	10,553	-	3,562	-	14,115
Impairment loss	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 July 2020	105,365	-	86,947	-	192,312
Net book value					
At 31 July 2020	273,175	-	4,984	1,524	279,683
At 1 August 2019	276,036	-	7,178	2,585	285,799

A full valuation of the University's academic, office, ancillary and support buildings was carried out on assets held at 1 August 2014 by Gerald Eve LLP.

At 31 July 2020, freehold land and buildings included £8.9m (2019 - £8.9m) in respect of freehold land and is not depreciated.

The University's halls of residence are subject to a service concession arrangement described in Note 14 and are not included in fixed assets.

Notes to the Financial Statements

Year ended 31 July 2020

14. Service Concession Arrangements

On 5 July 2004, the University entered into a 35-year contract with Dundee Student Villages Limited, a company limited by guarantee and with charitable status, whereby certain of the University's halls of residence were sold, or leased, in part or full, to that company.

The agreement provides that the company shall operate and maintain the residences to agreed standards and that the University shall continue to market and allocate rooms to students, and provide them with pastoral care.

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

15. Non-Current Investments

	Subsidiary companies	Other fixed asset investments	Endowment asset investments	Total
	£000	£000	£000	£000
Consolidated				
At 1 August 2019	-	662	25,315	25,977
Additions	-	6	10,867	10,873
Disposals	-	(66)	(10,229)	(10,295)
Increase in market value of investments	-	(72)	(1,354)	(1,426)
At 31 July 2020	-	530	24,599	25,129

Institution

At 1 August 2019	-	662	25,315	25,977
Additions	-	6	10,867	10,873
Disposals	-	(66)	(10,229)	(10,295)
Impairment	-	-	-	-
Increase in market value of investments	-	(72)	(1,354)	(1,426)
At 31 July 2020	-	530	24,599	25,129

Other non-current investments consist of:

	Consolidated and University
	£000
Listed investments	-
Index linked government stocks and investment trusts	474
Other	56
	<u>530</u>

Listed investments are held at fair value.

Notes to the Financial Statements

Year ended 31 July 2020

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
16. Trade and other receivables				
Amounts falling due within one year:				
Trade receivables	9,341	9,347	9,362	9,313
Prepayments and accrued income	20,718	20,529	19,967	19,746
Amounts due from subsidiary companies	-	2,206	-	1,726
	30,059	32,082	29,329	30,785

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
17. Cash and cash equivalents				
Short term deposits	20,337	20,337	20,478	20,478
Bank	7,479	7,018	5,212	4,480
Cash on hand	53	53	49	49
	27,869	27,408	25,739	25,007

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority as instant access or with less than three months maturity at the balance sheet date.

Notes to the Financial Statements

Year ended 31 July 2020

	£000	
18. Consolidated reconciliation of net debt		
Net debt at 1 August 2019	28,054	
Movement in cash and cash equivalents	2,130	
Repayment of unsecured loans	(272)	
Movements in finance leases	(729)	
Net debt at 31 July 2020	29,183	
Change in net debt	1,129	
Analysis of net debt:	31 July 2020	31 July 2019
	£000	£000
Cash and cash equivalents	27,869	25,739
Borrowings: amounts falling due within one year		
Unsecured loans	273	273
Obligations under finance leases	387	708
	660	981
Borrowings: amounts falling due after more than one year		
Unsecured loans	654	926
Obligations under finance leases	-	408
	654	1,334
Net debt at 31 July	29,183	28,054

Notes to the Financial Statements

Year ended 31 July 2020

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
19. Creditors: amounts falling due within one year				
Unsecured loans	273	273	273	273
Obligations under finance leases	387	387	708	708
Trade payables	5,901	6,049	1,237	1,239
Social security and other taxation payable	3,269	3,269	3,160	3,160
Accruals and deferred income	79,234	78,954	76,834	76,606
	89,064	88,932	82,212	81,986

Deferred income

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

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
Research grants received on account	36,705	36,705	35,819	35,819
Other income received on account	24,454	24,437	24,048	24,024
	61,159	61,142	59,867	59,843

Notes to the Financial Statements

Year ended 31 July 2020

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
20. Creditors: amounts falling due after more than one year				
Deferred income	-	-	-	-
Unsecured loans	654	654	926	926
Obligations under finance leases	-	-	408	408
	654	654	1,334	1,334
Analysis of secured and unsecured loans:				
Due within one year or on demand	272	272	273	273
Due between one and two years	233	233	273	273
Due between two and five years	421	421	654	654
Due in five years or more	-	-	-	-
	926	926	1,200	1,200
Due within one year or on demand	(272)	(272)	(273)	(273)
Total secured and unsecured loans	654	654	927	927
Unsecured loans repayable by 2022	926	926	1,200	1,200
	926	926	1,200	1,200

There are four loans from Salix Limited amounting to £1,574k (2019 £1,574k) repayable in six-monthly, interest-free instalments until April 2026 to fund energy efficient lighting projects of which £684k (2019 £914k) remains outstanding at 31 July 2020.

There is a loan from the Scottish Funding Council carbon reduction programme amounting to £295k (2019 £295k) repayable in monthly, interest-free instalments until December 2025 to fund energy saving projects of which £242k (2019 £284k) remains outstanding at 31 July 2020.

The University also has a revolving credit facility of £40 million repayable in May 2022. The interest rate is based on LIBOR and at 31 July 2020 the amount drawn down was £nil (2019 £nil). Loan covenants are met at 31 July 2020.

Notes to the Financial Statements

Year ended 31 July 2020

21. Provisions for liabilities

	Obligation to fund deficit on USS Pension £000	Pension enhancement on termination £000	Pension scheme provision under FRS102 (note 32) £000	Total Pensions Provisions £000	Other £000	Associated Company £000	Total Associated and Other £000
Consolidated							
At 1 August 2019	71,290	5,174	59,574	136,038	511	5,407	5,918
Utilised in year	(18,209)	(455)	(5,861)	(24,525)	(276)	-	(276)
Additions in 2019/20	-	124	35,962	36,086	-	23	23
Unused amounts reversed in 2019/20	(12,331)	485	-	(11,846)	(79)	-	(79)
At 31 July 2020	40,750	5,328	89,675	135,753	156	5,430	5,586
Institution							
At 1 August 2019	71,290	5,174	59,574	136,038	511	-	511
Utilised in year	(18,209)	(455)	(5,861)	(24,525)	(276)	-	(276)
Additions in 2019/20	-	124	35,962	36,086	-	-	-
Unused amounts reversed in 2019/20	(12,331)	485	-	(11,846)	(79)	-	(79)
At 31 July 2020	40,750	5,328	89,675	135,753	156	-	156

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating 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 32.

The adoption of the new deficit recovery plan following the 2018 actuarial valuation has given rise to a significant reduction in the deficit provision which has reduced from £71.3m to £40.8m. See also note 7 in respect of significant one-off pension costs/gains. More details on the 2018 actuarial valuation are set out in note 32.

Pension enhancement on termination

This reflects the University's commitment to pay pension benefits to existing and former employees where a separate scheme is not in place. A valuation of the existing pension provision at 31 July 2020 was carried out by the University's appointed independent actuary, XPS Pensions Group.

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

	Consolidated
Discount rate net of CPI inflation	-0.39%
Inflation	1.90%

Notes to the Financial Statements

Year ended 31 July 2020

21. Provisions for liabilities - continued

UODS deficit

The obligation to fund the deficit on the University of Dundee's Superannuation Scheme (UODS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. The deficit within the scheme at 31 July 2020 was assessed by the University's appointed independent actuary, XPS Pensions Group.

The assumptions for calculating the provision are described in Note 32.

Other provisions

Other provisions include amounts relating to:

	£000
VAT	78
Other	78
	156

The exact amount and timing of these outflows is uncertain.

Associated Company

The University has a 33.3% holding in Dundee Student Villages (DSV), a company limited by guarantee, which operates and maintains University residences

Proportion of voting rights held	33.3%
Nature of business	Residences
Date of financial information	31 July 2020

	DSV Limited £000	University share of DSV Limited £000
Total funds	(16,293)	(5,431)
Deficit for the year	(69)	(23)
Total income	7,026	2,342
Total fixed assets	28,473	9,491
Total current assets	13,959	4,653
Liabilities less than one year	(1,305)	(435)
Liabilities more than one year	(57,420)	(19,140)

Notes to the Financial Statements

Year ended 31 July 2020

22. Endowment Reserves

	Restricted permanent endowments £000	Unrestricted permanent endowments £000	Expendable endowments £000	2020 Total £000	2019 Total £000
Balances at 1 August					
Capital	18,474	7,227	3,787	29,488	27,939
Accumulated income	1,787	-	-	1,787	1,665
	20,261	7,227	3,787	31,275	29,604
New endowments	491	-	259	750	789
Investment income	481	121	10	612	964
Expenditure	(383)	(121)	(608)	(1,112)	(1,090)
Increase in market value of investments	(975)	(379)	-	(1,354)	1,008
Total endowment comprehensive income for the year	(386)	(379)	(339)	(1,104)	1,671
At 31 July	19,875	6,848	3,448	30,171	31,275
Represented by:					
Capital	17,989	6,848	3,448	28,285	29,488
Accumulated income	1,886	-	-	1,886	1,787
	19,875	6,848	3,448	30,171	31,275
Analysis by type of purpose:					
Lectureships	6,329	-	-	6,329	6,669
Scholarships and bursaries	8,931	3,572	179	12,682	14,726
Research support	1,113	-	2,975	4,088	1,979
Prize funds	2,858	-	62	2,920	3,441
General	644	3,276	232	4,152	4,460
	19,875	6,848	3,448	30,171	31,275
Analysis by asset:					
Current and non-current asset investments				24,599	25,315
Cash and cash equivalents				5,572	5,960
				30,171	31,275

Notes to the Financial Statements

Year ended 31 July 2020

23. Restricted Reserves

Reserves with restrictions are as follows:

	Unspent capital grants	Donations	2020 Total	2019 Total
	£000	£000	£000	£000
Balances at 1 August	260	3,009	3,269	3,633
New grants	-	-	-	723
New donations	-	184	184	108
Other income	-	112	112	148
Capital grants utilised	(33)	-	(33)	(1,056)
Expenditure	-	(395)	(395)	(287)
Total restricted comprehensive income for the year	(33)	(99)	(132)	(364)
At 31 July	227	2,910	3,137	3,269

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

Lectureships	-	-
Scholarships and bursaries	9	10
Research support	1	1
Prize funds	-	-
General	2,900	2,998
	2,910	3,009

24. Capital and other commitments

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

	31 July 2020		31 July 2019	
	Consolidated	Institution	Consolidated	Institution
	£000	£000	£000	£000
Commitments contracted for	2,454	2,454	13,753	13,753
Authorised but not contracted for	6,756	6,756	740	740
	9,210	9,210	14,493	14,493

Notes to the Financial Statements

Year ended 31 July 2020

25. Contingent liabilities

The University, through its agreement with Dundee Student Villages (DSV), has the potential obligation to purchase the West Park Conference Centre (WPCC) should the DSV board decide to cease the WPCC business.

The University, jointly with six other universities, has provided a pension guarantee to the Universities Superannuation Scheme (USS) in the event of the cessation of membership of the USS by Advanced Procurement for Universities and Colleges (APUC).

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

26. Lease obligations

Total rentals payable under operating leases:

	31 July 2020			31 July 2019
	Plant and Machinery	Office Equipment	Total	Total
	£000	£000	£000	£000
Payable during the year	-	467	467	555
Future minimum lease payments due:				
Not later than 1 year	-	467	467	555
Later than 1 year and not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Total lease payments due	-	467	467	555

27. Events after the reporting period

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

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

At this stage, an outcome is far from agreed and the USS Trustee has until 30 June 2021 to conclude the valuation. As an early indication of the scale of impact though, it has been estimated that the cost of continuing to offer current benefits in this context could reach between 40.8% to 67.9% of payroll. However, this range is purely an illustration and is before any other measures are considered to reduce the deficit and is still being widely debated across the sector and by the Trustee of the Pension Scheme. For the 2019-20 financial year however, this is considered a non-adjusting event.

Notes to the Financial Statements

Year ended 31 July 2020

28. Bursaries and other student support funds

	2019/20 Childcare £000	2019/20 Nursing £000	2019/20 Discretionary £000	2019/20 Total £000	2018/19 Total £000
Balance b/fwd	3	1	-	4	1
Refund to Scottish Funding Council	(3)	(1)	-	(4)	-
Allocation received in the year	422	55	1,212	1,689	1,012
Expenditure	(259)	(55)	(813)	(1,127)	(982)
University contribution to funds	-	-	1	1	-
Virements	(4)	-	4	-	-
Balance c/fwd	159	-	404	563	31
Repayable as clawback				-	31
Retained by University for students				563	-

Scottish Funding Council grants are available solely for students: the University acts only as paying agents. The grants and related disbursements are therefore excluded from the statement of comprehensive income. 2019/20 allocations include 2020/21 funding provided to institutions early to support students facing hardship as a result of the pandemic.

29. Disclosure of related party transactions

Members of University Court

The members of University Court are the trustees for charitable law purposes. Due to the nature of the University's operations and the membership of University Court being drawn from the public and private sectors, it is inevitable that transactions will take place with organisations in which a member of University Court may have an interest. All transactions involving organisations in which a member of University Court may have an interest, including those identified below, are conducted at arms length and in accordance with the University's Financial Regulations and usual procurement procedures.

From March 2020 the Interim Principal David Maguire rented a residential property from the University at a cost of £800 per month, based on a comparable commercial market rent for the area. At the year end there was no outstanding balance on payments due for this arrangement, with a credit balance being held relating to advance payment of the August 2020 rent.

Previously, former Principal Andrew Atherton rented a residential property from the University at a cost of £800 per month, based on a comparable commercial market rent for the area. The property was vacated on 29 February 2020 and there is no outstanding balance for this arrangement.

A review of the register of interests of Court members was made and no material interests were identified.

Balances due from related parties not disclosed on the balance sheet at 31 July were as follows:

	2020 £000	2019 £000
Due to Dundee Student Villages	-	(16)

In accordance with the agreement with Dundee Student Villages, the University transferred £9.1m of student rental income to Sanctuary Housing Association.

Conference and room hire amounting to £64k was purchased from West Park Centre Limited, a trading subsidiary of Dundee Student Villages.

Notes to the Financial Statements

Year ended 31 July 2020

30. Subsidiary undertakings

The subsidiary companies wholly-owned or effectively controlled by the University and registered in Scotland are as follows:

Company	Purpose	Number of Shares	Percentage Owned
Dundee University Utility Supply Company Limited SC124982	To generate heat and power solely for the University.	2	100%
Dundee University Project Management Limited SC157081	To manage professional fees on major capital build projects.	1	100%
University of Dundee Nursery Limited SC230105	To promote the care and education of children of staff and students of the University.	Limited by Guarantee	100%
Dundee University Press Limited SC243332	The company is no longer trading. Formerly, it operated as a specialist publishing company, producing academic and specialist titles for student, library, research and other professional markets.	150,000	70.1%
Dundee University Incubator Limited SC176751	To support new ventures by managing incubator units.	147,000	100%

Notes to the Financial Statements

Year ended 31 July 2020

31. Connected charitable institutions

Two charitable institutions are administered by or on behalf of the University and have been established for special purposes. One of the connected institutions is included as a subsidiary undertaking in these consolidated financial statements; the other is not included in the consolidation since the University does not have control over its activities.

The movement in the year to 31 July 2020 on the total funds of the University of Dundee Nursery Limited, as reported in its financial statements, was as follows:

	At 1 August 2019	Income	Expenditure	Change in market value	At 31 July 2020
	£000	£000	£000	£000	£000
Consolidated (see note 30)					
University of Dundee Nursery Limited (SC032969)	43	443	(516)	0	(30)

The movement in the year to 31 July 2020 on the total funds of the Centenary Trust of Duncan of Jordanstone College of Art, as reported in its financial statements, was as follows:

	At 1 August 2019	Income	Expenditure	Change in market value	At 31 July 2020
	£000	£000	£000	£000	£000
Not consolidated					
Centenary Trust of Duncan of Jordanstone College of Art (SC020617)	122	1	0	0	123

The Centenary Trust was established in 1991 to award scholarships, grants and other financial support to students, graduates or staff of Duncan of Jordanstone College of Art and Design.

Notes to the Financial Statements

Year ended 31 July 2020

32. Pension Schemes

Different categories of staff were eligible to join one of three different schemes:

- Universities Superannuation Scheme (USS)
- University of Dundee Superannuation and Life Assurance Scheme (UODS)
- National Health Service Pension Scheme (NHS)

In addition, contributions are paid in respect of members of the following schemes which are closed to new employees:

- Tayside Superannuation Fund (TSF)
- Strathclyde Pension Fund (SPF)
- Scottish Teachers Superannuation Scheme (STSS)
- Medical Research Council Pension Scheme (MRC)

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of Dundee Superannuation and Life Assurance Scheme (UODS).

The STSS is an unfunded, multi-employer, defined benefits scheme. As there are no underlying assets and liabilities, the University has accounted for its contributions as if it were a defined contribution scheme.

For reasons of materiality, the University has accounted for its contributions to the two local government schemes, TSF and SPF, and the MRC as if these were defined contribution schemes.

The total pension cost for the University and its subsidiaries was:

		Year Ended	Year Ended
		31 July 2020	31 July 2019
	Note	£000	£000
USS		(13,457)	63,359
UODS including FRS 102 adjustments		5,076	3,974
Other pension schemes		1,004	889
	7	(7,377)	68,222

Notes to the Financial Statements

Year ended 31 July 2020

32. Pension Schemes - continued

1. Universities Superannuation Scheme (USS)

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

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 directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements.

The total cost charged to the profit and loss account is -£12.0m (2019: £63.4m)

Deficit recovery contributions due within one year for the institution are £1.8m (2019 £1.4m).

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

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

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

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

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

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

Notes to the Financial Statements

Year ended 31 July 2020

32. Pension Schemes - continued

1. Universities Superannuation Scheme (USS) - continued

Mortality base table

2018 valuation

Pre-retirement:

71% of AMC00 (duration 0) for males and
112% of AFC00 (duration 0) for females.

Post-retirement:

97.6% of SAPS SINMA 'light' for males and
102.7% of RFV00 for females.

Future Improvements to mortality

CMI_2017 with a smoothing parameter of 8.5
and a long term improvement rate of 1.8% pa
for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2020	2019
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

Notes to the Financial Statements

Year ended 31 July 2020

32. Pension Schemes - continued

1. Universities Superannuation Scheme (USS) - continued

Based on the current schedule of contributions

The assumptions used to determine the provision and the amounts to be recognised in comprehensive income are set out below.

For years 2020/21 to 2027/28

Pensionable payroll growth assumptions	3%-4%
Staff changes	0%
Effective deficit contribution rate	2%-6%
Discount rate for high quality corporate bond	0.73%

The amounts recognised in comprehensive income are:

	Year Ended 31 July 2020	Year Ended 31 July 2019
Staff costs:	£000	£000
Employer contribution allocated to scheme deficit	(1,460)	(1,172)
Difference between expected and actual contributions	(30,206)	49,039
	(31,666)	47,867
Employer contributions payable	18,209	15,492
	(13,457)	63,359

Net interest expense:

Unwinding of discount rate	1,126	495
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Movement in provision (Note 21):

Utilised in year:		
Employer contributions payable	(18,209)	(15,492)
Additions in year:		
Employer contributions adjusted for FRS 102	0	63,359
Unwinding of discount rate	1,126	495
	1,126	63,854

Unused amounts reversed:	(13,457)
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A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan.

Notes to the Financial Statements

Year ended 31 July 2020

32. Pension Schemes - continued

2. University of Dundee Superannuation Scheme (UODS)

The University of Dundee ("the University") sponsors The University of Dundee Superannuation and Life Assurance Scheme ("the Scheme"), a funded defined benefit pension scheme in the UK. The Scheme is set up on a tax relieved basis as a separate trust independent of the University and is supervised by independent Trustees. The Trustees are responsible for ensuring that the correct benefits are paid, that the Scheme is appropriately funded and that Scheme assets are appropriately invested.

Active members of the Scheme pay contributions at the rate of 7.75% of salary and the University pays the balance of the cost as determined by regular actuarial valuations. The University currently pays 17.1% of salary in respect of future accrual, and £1.96m per annum (over the 2019/20 year) increasing at 3% per annum to fund the deficit disclosed at the last formal valuation as at 31 July 2017. The Trustees are required to use prudent assumptions to value the liabilities and costs of the Scheme whereas the accounting assumptions must be best estimates.

A formal actuarial valuation was carried out as at 31 July 2017. The results of that valuation have been projected to 31 July 2020 with an allowance for member movements since the valuation. The figures in the following disclosure were measured using the Projected Unit Method.

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

Under the definitions set out in FRS 102(28), UODS is a defined benefit pension scheme. The disclosures for the determination of the net pension liability by the actuary are set out below

The amounts recognised in the statement of financial position are as follows:

	Year Ended 31 July 2020	Year Ended 31 July 2019
	£000	£000
Defined benefit obligation	(219,627)	(179,398)
Fair value of plan assets	129,952	119,824
Net amount recognised at year end	(89,675)	(59,574)

The amounts recognised in comprehensive income are:

The current and past service costs, settlements and curtailments, together with the net interest expense for the year are included in profit or loss. Remeasurements of the net defined benefit liability are included in other comprehensive income.

Service cost:

Current service cost (net of employee contributions)	5,076	3,974
Loss on plan introductions, changes, curtailments and settlements	91	1,736
Net interest expense	1,421	1,521
Charge recognised in profit or loss	6,588	7,231

Remeasurements of the net liability:

Return on scheme assets (excluding amount included in net interest expense)	(4,550)	(7,040)
Actuarial loss	33,924	15,072
Charge recorded in other comprehensive income	29,374	8,032
Total defined benefit cost/(credit)	35,962	15,263

Notes to the Financial Statements

Year ended 31 July 2020

32. Pension Schemes - continued

2. University of Dundee Superannuation Scheme (UODS) - continued

The principal actuarial assumptions used were:

	Year Ended 31 July 2020	Year Ended 31 July 2019
	£000	£000
Liability discount rate	1.50%	2.40%
Inflation assumption - RPI	2.80%	3.20%
Inflation assumption - CPI	1.90%	2.20%
Rate of increase in salaries	2.90%	3.20%
Revaluation of deferred pensions:		
Benefits accrued prior to 1 August 2011	1.90%	2.20%
Benefits accrued after 1 August 2011	1.90%	2.20%
Increases for pensions in payment:		
Benefits accrued prior to 6 April 1997	3.00%	3.00%
Benefits accrued after 5 April 1997	3.40%	3.60%
Benefits accrued after 1 August 2009	2.80%	3.20%
Proportion of employees opting for early retirement	0.00%	0.00%
Proportion of employees commuting pension for cash	N/A	N/A
Expected age at death of current pensioner at age 65:		
Male aged 65 at year end	85.5	85.5
Female aged 65 at year end	88.6	87.6
Expected age at death of future pensioner at age 65:		
Male aged 45 at year end	86.8	86.5
Female aged 45 at year end	90.0	88.8

Notes to the Financial Statements

Year ended 31 July 2019

32. Pension Schemes - continued

2. University of Dundee Superannuation Scheme (UODS) - continued

Reconciliation of scheme assets and liabilities

	Assets	Liabilities	Total
	£000	£000	£000
At start of period	119,824	(179,398)	(59,574)
Benefits paid	(4,944)	4,944	-
Current service cost	-	(5,076)	(5,076)
Contributions from the employer	5,861	-	5,861
Contributions from the employees	1,753	(1,753)	-
Interest income/(expense)	2,908	(4,329)	(1,421)
Return on assets (excluding amount included in net interest expense)	4,550	-	4,550
Actuarial gains/(losses)	-	(33,924)	(33,924)
Gain/(loss) on plan introductions and changes	-	(91)	(91)
Assets distributed/liabilities extinguished on settlements	-	-	-
At end of period	129,952	(219,627)	(89,675)

The return on plan assets was:

	Year Ended 31 July 2020	Year Ended 31 July 2019
	£000	£000
Interest income	2,908	3,080
Return on plan assets (excluding amount included in net interest expense)	4,550	7,040
Total return on plan assets	7,458	10,120

The major categories of scheme assets are as follows:

UK Equities	1,485	40,737
Overseas Equities	21,771	16,785
Corporates	14,455	6,959
Gilts	34,483	4,183
Index Linked	868	22,311
Property	10,121	3,245
Insureds	242	252
Other	39,544	17,309
Cash	6,983	8,043
Total market value of assets	129,952	119,824

Notes to the Financial Statements

Year ended 31 July 2019

32. Pension Schemes - continued

2. University of Dundee Superannuation Scheme (UODS) - continued

	Year Ended 31 July 2020	Year Ended 31 July 2019
	£000	£000
Level 1	2,690	23,472
Level 2	125,386	93,237
Level 3	1,876	3,115
Total market value of assets	129,952	119,824

The Scheme has no investments in the University or in property occupied by the University.

33. Accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

a) Pensions - University of Dundee Superannuation Scheme (UODS)

The liability for the UODS scheme is shown in Note 32. A formal actuarial valuation has been carried out as at 31 July 2017. The liabilities for these accounting disclosures have been calculated by projecting the preliminary results of that valuation to 31 July 2020 by the actuary, XPS Pensions Group, using payroll and benefit information provided by the University. The resulting liabilities have then been adjusted to reflect the different assumptions used. The accounting disclosures are therefore heavily dependent on the results of the 31 July 2017 valuation and this approach is not as accurate as if the actuary had used actual census information as at 31 July 2020, but it is appropriate for the purpose of these disclosures and is in accordance with the provisions of FRS 102. Material changes to the membership profile since the 31 July 2017 valuation could result in the approximate approach producing materially inaccurate figures for the purpose of FRS 102.

The results are highly sensitive both to the actuarial assumptions used and to market conditions. The pension cost disclosures under FRS 102 are likely to remain volatile in future years. This is because the liabilities are discounted by reference to corporate bond yields whereas the scheme invests a significant proportion of its assets in equities and other return-seeking investments.

The key actuarial assumptions as at 31 July 2020 are set out in Note 32.

33. Accounting estimates and judgements - continued

b) Pensions - Universities Superannuation Scheme (USS)

USS is a multi-employer scheme and the University has entered into an agreement with the scheme that determines how the deficit will be funded. It results in 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 is recognised in profit or loss. The University has recognised the discounted fair value of the contractual contributions under the funding plan and level of contributions in existence at the date of approving the financial statements, as disclosed in Note 32.

The University has chosen to use the modelling tool provided to members by the British Universities Directors of Finance Group (BUFDG) to calculate the FRS 102 provision. In order to calculate the present value of future contributions to the deficit recovery, the modelling tool requires a single discount rate input variable. FRS 102 requires that the discount rate should be based on the yield on "high quality corporate bonds". This is often taken to be a bond that has been rated at the level of AA status.

The appropriate discount rate depends on the level of pensionable salaries in each future year of the recovery plan. Sensitivity of the results to the salary growth rate has been tested at 5% p.a. uniform salary growth over the recovery period and it shows that the discount rate is not particularly sensitive to rate of pensionable salary increases.

The single discount rate used based on a constant salary roll is 0.73%.

c) Provisions and contingent liabilities

The University exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

Provisions and contingent liabilities are disclosed in notes 21 and 25 respectively.

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