Jisc Trustees' Report and Financial Statements

Year ended 31 July 2020

Charity registration number: 1149740

Company registration number: 05747339

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Report from the Chair

This time last year, as I reflected on the changes we had navigated, and the uncertainty ahead, never did I imagine that I'd be writing about the unprecedented challenges we have all faced this year. I'm immensely proud of the commitment, dedication and hard work shown by Jisc colleagues who, whilst juggling the personal impact of COVID-19, have continued supporting our members and customers to deliver learning, teaching and research.

Our university and college member needs remain at the heart of what we do, as we work together to understand what the future of Higher and Further Education might look like. In June 2020, we launched our learning and teaching reimagined initiative in partnership with Universities UK (UUK), Advance HE and Emerge Education, to prepare university leaders for the inevitable digital transformation in the delivery of learning and teaching. In response to the shift to online working and studying in FE, we also launched our shaping the digital future of FE and Skills research project with the Association of Colleges (AoC). Both initiatives brought a significant number of sector colleagues together in the spirit of true collaboration to share the challenges that they have encountered and good practice that exists across the sectors.

In response to the pandemic, we have played an important role in enabling the vital work being undertaken by NHS staff and researchers in their attempt to find a vaccine. We have provided single sign-on access to NHS workers at home so that those organisations involved in the development of a vaccine have good access to a robust and secure network.

With the move to a greater reliance on online operations, universities and colleges are seeing an increase in the number of cyber-attacks. We have worked with members to respond to the recent spate of ransomware attacks and provided guidance and online briefings, enabling them to keep users and systems protected. We are continuing to expand and enhance our capabilities in cyber security in anticipation of the continuing challenges facing universities and colleges.

As the financial pressures facing the sector intensify, we have held our 2020-21 subscription charges at 2019-20 levels and are planning to only increase 2021-22 subscriptions by inflation. We are continuing to invest in our Janet Access Programme to improve and update the network, making it more efficient to run. Keeping Jisc financially sustainable so our members can continue to access the products, services and support they need remains a top priority for our board of trustees.

Following the integration of HESA enterprise colleagues last year, to create a combined source of higher education data and intelligence, we have developed dashboard suites to help universities with their COVID-19 recovery plans. Discussions are ongoing to explore a potential merger with the remaining part of HESA to provide more responsive, timely and cost-effective data and services.

In May, we merged with HECSU (Higher Education Careers Services Unit), bringing together all our student-facing services into a new student services directorate. This provides us with a fantastic opportunity to build on existing relationships with graduate recruiters and employers and offer a comprehensive suite of services for the student journey beyond graduation.

The coming year looks set to bring more challenges and uncertainty, with the impact of the pandemic still being felt and a potential no-deal Brexit. We do not expect any no-deal Brexit scenario to have an immediate impact on our ability to support members and customers and all our key products and services will be accessible without major interruption including continued access to the secure, world-class connectivity provided by the Janet network.

Through all the challenges of the past year, member satisfaction remains high – at 91% for both HE and FE – with consistently positive feedback about the support we've given our members through the pandemic. We never take the support of universities and colleges for granted and we will continue to drive forward to develop the products and services that our members need in our changing world. Our goal is to remain a trusted partner by supporting our members as they navigate the path to digital transformation.

This report will be my final one as my second term as Jisc Chair will come to an end in May 2021. In the last six years Jisc has come a long way as an organisation. At the start of my tenure, Jisc was still in a state of transition following the recommendations of Sir Alan Wilson's review which suggested that Jisc should concentrate on its core technology and shared services functions, stop being a funder of research and development, and integrate the various distributed parts into a coherent organisation. More recently, following Sir David Bell's review of higher education sector agencies, we have merged with Eduserv (not strictly within Bell's recommendations), HECSU and parts of HESA, with the prospect of the rest of HESA coming soon. In the past six years Jisc has considerably improved the world leading Janet network and expanded its work in cyber security to protect users. There has been major expansion in the range and volume of digital resources now available through Jisc Collections. Other highlights include the creation of a world first national learning analytics shared service and, most recently, the well-received learning and teaching reimagined project that has supported universities and colleges through the COVID-19 pandemic and on towards profound digital transformation. It has also been good to see that Jisc's support for FE and Skills has grown very significantly.

The main reason for this success has been the quality of the hard-working staff at Jisc who have been superbly led by CEO Dr Paul Feldman. It has been rewarding and pleasurable for me to work with a succession of very able and committed board trustees. As Chair I could not have been better served by the trustees, executives and staff. I thank you all and wish you every continued success.

David Maguire

Professor David Maguire, Jisc Chair

21 December 2020

Strategic Report

The trustees present their strategic report for the year ended 31 July 2020.

Our vision and aim

We are the UK's digital agency for lifelong learning and research.

Our vision
For the UK to be world leaders in technology for education and research

Our mission

To power and empower our members with the technology and data they need to succeed

Our work is UK wide, providing services and support to universities, colleges, schools, research institutes and many other national institutions. We are a membership organisation, working to deliver considerable collective digital advantage, financial savings and efficiencies for our members, ensure these benefits are sustained and enhanced and to do all this as affordably, efficiently and as cost effectively as possible.

Our services

We provide a range of services to our members including:

e-infrastructure services	•Janet Network, access and authentication, cybersecurity, cloud services, data centres
Solutions to enable education and research	•Open science/Research, data and analytics, library and learning resources, student experience
Advice and guidance	•Guides, training, consultancy
New solutions through research & development	•Flexible teaching and learning, analytics and insight, digital enablement, Artifical intelligence/virtual reality/augmented reality, Edtech, Education and Research 4.0

Activities and achievements 2019-20

COVID-19 pandemic

Supporting universities, colleges and customers involved in learning and research to make the best use of technology is at the heart of Jisc. When the COVID-19 pandemic began, we quickly took steps to ensure that our members were supported through the immediate changes that were driven by lockdown, recognised the range of levels of digital maturity across the sector. We delivered an updated web-presence, guidance and thought leadership, webinars, drop-in sessions and new community channels for members to connect and share both challenges and best practice. We created data dashboard suites to help members develop their COVID-19 recovery plans. We provided enhanced network security for organisations working on COVID-19 research and developing a vaccine. Further examples of our activity can be found in the Achievements section 2019-20 on page 8.

At the core of our response has always been what our members need. Now more than ever, we can provide the support that our members need to look to the future and understand the steps that they need to take to deliver learning and teaching post-COVID.

In June 2020, in partnership with UUK, Advance HE and Emerge Education, we launched the Learning and teaching reimagined initiative[1] to prepare university leaders for the inevitable digital transformation in learning and teaching. With this initiative, we are looking to inspire and be inspired by visions of university in 2030, in order to help university leaders prepare for strategic change by 2021-22. The initiative quickly drew a huge amount of attention and active engagement from a wide range of universities. The initiative published an interim report[2] in August 2020 which drew on the views and experiences of members to identify challenges, share best practice from across the sector and recommend where institutions may need to focus.

The final report of the Learning and teaching reimagined initiative was published in November 2020. The report is the result of engagement with more than 1,000 sector leaders, staff and students through webinars, roundtables, consultations, focus groups, surveys, interviews and case studies. 'Learning and teaching reimagined: A new dawn for higher education?'[3] explores the experience of 2020 as a result of the pandemic, changing aspirations of the nature and shape of learning and teaching for 2021-22 and a vision for 2030.

Working together with AoC, we also launched a cross-sector research project in response to the shift to online working and studying in FE as a result of the pandemic. We brought together college leaders, teachers, learners, sector bodies and edtech experts to discuss best-practice in innovative teaching, learning and assessment practice demonstrated during the pandemic and established a consensus of

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1 **https://www.jisc.ac.uk/learning-and-teaching-reimagined**

2 'Change and challenge for students, staff and leaders' **https://www.jisc.ac.uk/reports/learning-and-teaching-reimagined-change-and-challenge**

3 'Learning and teaching reimagined: A new dawn for higher education' **https://www.jisc.ac.uk/reports/learning-and-teaching-reimagined-a-new-dawn-for-higher-education**

what "good" looks like. The first report from the project[4] includes a series of recommendations to government, sector bodies and colleges in order to realise the potential of technology to benefit the FE and skills sector now and into the future. The next phase of the project will build on the report's recommendations, particularly focusing on sharing best practice, advice and guidance and carrying out further research into digital leadership and the development of guidelines for learner engagement online.

Internally, a crisis management team was established to oversee the response to the pandemic. In line with government guidance, our offices closed in March, with colleagues supported in working from home and collaborating remotely cross a number of different platforms. Our offices began to reopen in June, working strictly in accordance with government guidelines and with the priority on providing a safe working space for those most in need. A significant focus was placed on supporting the wellbeing of staff through the pandemic.

HECSU merger

On 1 May 2020 we completed a full merger with HECSU (Higher Education Careers Services Unit). HECSU's mission was to provide all students with expert careers information, advice and opportunities. Bringing HECSU and Jisc together means that we can benefit from HECSU's relationships with graduate recruiters and employers and can offer a more comprehensive student journey, even after graduation. The merger enables HECSU services like HEDD, the degree verification hub, to benefit from input from the trust and identity directorate to make further improvements. Colleagues transferring in from HECSU joined our new Student Services directorate, which brings together all of our student-facing services.

A Jisc Student Services Advisory Board has been established to guide the work of the student services directorate to ensure that there is a strong focus on the careers space and employment opportunities to support early careers. The Advisory Board is chaired by Professor Mark Smith, a Jisc trustee and previous chair of HECSU.

The COVID-19 pandemic has had an impact on the income expected to be generated from HECSU's services. The impact of the lockdown on the employer advertising and verification markets was swift and significant, though these areas are recovering and are expected to return to at least pre-COVID levels.

HESA

In September 2019, a number of colleagues comprising HESA Enterprise transferred into Jisc to form our new data analytics directorate. The directorate supports members and customers by providing data analytics which enrich the student experience, and advance higher and further education with business intelligence and analysis. As a single combined source of higher education data and intelligence, we are better placed to serve our members and customers with a competitive, trusted offer of unparalleled data expertise. The new data analytics directorate delivered a positive return of £285k in 2019-20.

[4] 'Shaping the digital future of FE and skills' **https://www.jisc.ac.uk/reports/shaping-the-digital-future-of-fe-and-skills**

Discussions are also ongoing with HESA regarding a potential merger. HESA have a clear ambition to find new innovative ways of supporting higher and further education institutions to better understand their students and stakeholders and their business models, improve the student experience and drive greater value for learners and the taxpayer. As a merged organisation there are clear opportunities for Jisc to support this ambition, which would enable us to further support our world class HE sector in a post-COVID environment with new, more responsive and timely data and services.

Achievements 2019-20

Some of the highlights of our activities and achievements, based on our 2019-20 objectives are summarised below.

<u>Satisfy members and funders</u>

- **Satisfied our members with 91% customer satisfaction for HE** (from the leadership survey) **and 91% for FE** (from events, products and services feedback as a survey was not conducted this year)
- Secured **100% renewal for English FE members** following their initial one-year subscriptions
- Received **consistently positive feedback from members** regarding the value and impact of the support they received through the pandemic
- Continued to **deliver a range of online events** throughout the pandemic, including Connect More which had a delegate satisfaction score of 95% and virtual careers fairs with record attendances
- **Successfully engaged the Government**, with AoC, for funding to provide disadvantaged learners with access to devices and connectivity
- Made **significant contributions to the digital plans** for the FE and skills sectors in Scotland and Wales

<u>Deliver world class core services and offer value added services</u>

- Progressed the programme to **upgrade and rearchitect Janet access** to provide members with a cost effective and responsive network which will meet their future demands – despite being interrupted by the lockdown
- Upgraded the capacity of our **direct peering connections with BT and VirginMedia** to support the increase in traffic resulting from lockdown and the use of home broadband by Janet connected organisations' users
- Maintained a heightened focus on the **security of the network**, including the monitoring and protection for organisations involved in analysing the COVID-19 virus and in the development of a vaccine
- Set up a **security information and event management (SIEM) service** to help members proactively manage cyber security threats and respond quickly to security issues
- In collaboration with Alibaba Cloud and with the support of UCISA, UUK International and the British Council, launched a pilot **giving Chinese students quality access to online education at home**

- Received thanks from the UK Cabinet Office for continuing to run the **gov.uk domain for the nation** and worked with the NHS to implement gov.uk in support of the Nightingale hospitals, where OpenAthens was also deployed
- Reached 1117 user institutions around the world with OpenAthens, the service which also allowed NHS administrators to **extend single sign-on access to NHS workers at home** and **all UK Pharmacies to have access to Medicine Direct and other key content** during the pandemic
- Worked with suppliers during the pandemic to provide **unfettered access to key texts** and issued a collective call to digital content and software providers to **open up their content** to members
- Successfully negotiated the largest **transitional open access agreement in the UK with Wiley** which reduced sector spend by £2million, whilst dramatically increasing open access publishing
- Launched **Library hub discover** giving researchers and library staff access to a wealth of library data with over 165 participating universities
- Saw a record number of users in June (over 18,000) investigating graduate labour market analysis on **Jisc Luminate** to support short- and medium-term planning due to lockdown
- Rolled out the **Student voter registration service** providing a simple way for students to register to vote at the same time as helping members to be compliant with the Office for Students (OfS). We reached 98 local authorities in England, Wales and Scotland
- Developed **dashboard suites** to help universities develop their COVID-19 recovery plans by providing data on four areas: postgraduate recruitment, offshore student provision; international student impact and UNESCO international student flow

<u>Inspire with thought leadership</u>

- Rapidly **delivered guidance and insights** on a range of topics such as staff and student wellbeing, scaling up online learning, the implications of assessment, virtual and online recruitment support etc, to enable members to continue to deliver remote teaching, learning, research, careers and business operations
- Launched a **learning and teaching reimagined initiative**, in partnership with UUK, Advance HE and Emerge Education, to provide university leaders with inspiration on what the future might hold for education and guidance on how to respond and thrive in those environments
- Initiated, with AoC, the **Shaping the digital future of FE and skills project**, aimed at realising the potential of technology to benefit the FE sector now and into the future by building on the best examples of innovative teaching, leaning and assessment demonstrated during the pandemic
- Ran a series of roundtables on the impact of **advanced technologies on research** in conjunction with the Royal Society, British Academy, Research England and Universities Scotland
- Worked with the UUK cross-sector taskforce to **deliver recommendations to Government for a recovery plan** to counter the sudden and sharp reduction in internships, apprenticeships and jobs to support students and new graduates

Transform Jisc

- Refined our approach to product development across the organisation with the implementation of a **product lifecycle management process**
- Introduced a **new operating model** with sector and product focussed teams which has already made a real difference and realised the intended benefits of greater financial transparency and prioritisation of the increasing demands on our shared services
- Developed a new **cultural framework** supported by a set of guiding principles

Provide financial leadership

- **Controlled costs**, whilst increasing revenue and undertaking mergers, significantly reducing the net expenditure position
- **Maintained our investment portfolio** despite COVID-19, largely due to the protections built into the strategy of diversification of investments and investment return rate
- Implemented a **sales enablement programme** which underpins our account management approach and is improving our sales processes, including improved content and campaigns, competitor analysis and the use of our customer relationship management system
- Continued to **improve the performance of Jisc Commercial** with a corresponding strengthening of the balance sheet which saw total sales of £7.2m (contract value) being recorded for the financial year

Strategy 2019-22

Jisc's strategy remains unchanged for 2020-21, with Education 4.0 and Research 4.0 as cornerstones. The challenges posed by the COVID-19 pandemic serve to reinforce what we are seeking to achieve - to exceed the expectations of our members and funders by delivering outstanding service and products, developing new products that truly make a difference to members, providing pioneering thought leadership that stimulates transformation in members and ensuring that our people and the way we do things make Jisc a shining example within our sector.

Satisfy members
Deliver a great member experience with a long-term aim of 95% satisfaction.

Satisfy funders
Grow our funders' confidence even further so our grants increase above inflation or, at a minimum, remain at current levels.

Deliver world-class core services
Provide the UK's HE, FE and research communities with best-in-class e-infrastructure, content and data services.

Offer value-added service
Develop vibrant new services that are co-designed and driven by the needs of members in HE, FE and research, and are distinct from the commercial market.

Inspire with thought leadership
Provide thought leadership that inspires members to transform.

Transform Jisc
Strive to be the best sector agency in the world with the right people, culture and processes – and to be one that constantly transforms in order to excel.

Provide financial leadership
Guarantee the financial wherewithal to realise our vision and achieve our strategy.

Within this framework, we will continue listening and investing in our core offer to ensure our highly respected service and capability levels remain fit for members' future needs. This investment will be thoughtfully directed with a well-defined road map of improvements in each key product area, driven by our understanding of members' requirements and priorities. We will deliver a suite of new core products each year, guided by our sector strategies (in HE, FE, Research and Non-member). Our matrix operating model (see the Internal organisation section on page 38) will support our approach, making sure the products and services being developed stimulate the transformations needed by the sector and shape the future of learning, teaching and assessment.

The foundation of our strategy is a strong financial basis that enables us to maintain the best quality service and deliver our product and thought leadership strategies, while ensuring our membership subscription is kept low. We took a decision to hold subscription levels for 2020-21 at 2019-20 levels to help our members given the impact of the pandemic on the financial health of the HE and FE sectors. We plan to only increase subscriptions by inflation in 2021-22.

To help mitigate the financial impact of this decision, we will continue to run ourselves efficiently, ensuring costs as a proportion of revenue grow less than inflation. Our aim is to be regarded as the best-run HE/FE sector agency, with a people strategy that ensures we have the right culture, the right skills and the right internal processes.

We measure members' satisfaction through surveys and we aim to achieve advocacy in our members' senior leadership, which means growing this to 95%. As reflected in the Achievements section on page 8, we have made good progress with an increase in both HE and FE member satisfaction to 91% in 2019-20.

With the support that we are able to give our members to overcome the challenges of online learning and teaching as a result of COVID-19, we are confident that we can demonstrate our value to our funders and retain our core funding income despite the inevitable funding challenges, particularly in the HE sector.

The impact of our learning and teaching reimagined and digital FE initiatives have brought increased attention to, and recognition of Jisc and the value it can bring to institutions. We have shared our findings with Sir Michael Barber to inform his review of the quality of online learning and teaching on behalf of OfS.

Stakeholder engagement

Engaging with Jisc's members and stakeholders is fundamental to ensuring that their requirements are understood and the services and products required are delivered. Jisc uses a variety of mechanisms to ensure full engagement, including regional and audience specific events as well as a formal account manager structure. We partner and engage with a range of individuals within our member organisations as necessary to share information or gather feedback.

In 2019-20 we launched a new approach, with a series of stakeholder forums in each nation. These were designed to allow a more intimate, region specific focus to discussions amongst key stakeholders including members, funders and sector bodies. These events were well received. We will continually review the most effective approach to our stakeholder engagements, in discussion with our funders and guarantors. Further information about engagement with our funders is included in the Openness and accountability section of the Governance and management report from page 25.

Companies Act 2006 section 172 statement

The key decisions taken by the board in the year have been associated with mergers with sector agencies (HECSU, HESA Enterprise and the decision to continue discussions regarding merging with HESA the statutory entity). Discussions associated with these mergers have been held at each board meeting through the year and have focussed on the strategic case including the impact of these mergers on various groups of stakeholders, including our funders, our members and employees of each organisation. In each case, the board has reflected on how a merger will support the delivery of our strategy and ensure Jisc's long-term success. At an appropriate time in each discussion, we shared our plans with our funders and consulted with our Representative members, receiving their full support for the direction of travel.

Key drivers for the mergers have been to improve the services that we can provide to members, including extending our provision to include student services, and bringing existing sector services together with the opportunity to invest and grow services to better meet the needs of our members.

In the case of HECSU, our combined information, advice and guidance to students in moving into employment also directly underpins the key theme of student outcomes in the OfS Strategy. Our Data Analytics activity, significantly driven forward by the merger with HESA Enterprise staff, allows much greater interrogation of data gathered from the sector as part of HESA's statutory data function funded by OfS and other funders.

Further, the mergers have helped deliver the recommendations from the Bell review of sector agencies in 2017, to seek improved coordination of activities and demonstrate value for money for members. Combining organisations has brought efficiencies in back office functions and as described in the Streamlined Energy and Carbon Reporting section on page 34, bringing together colleagues into shared accommodation has reduced the carbon impact of the combined organisation.

In the case of each decision, a strategic case for merger was developed, which ensured that the benefits and risks were clear, along with the short and long-term impact of the merger. A decision to proceed was made in each case only once due diligence had been completed and the board were comfortable that a decision to proceed was in the best interests of the organisation as a whole. A full communications plan was developed to ensure that key stakeholder groups received appropriate and timely information.

In relation to employees of affected organisations, careful consideration was given to the impact of a merger on individuals in both organisations. With transferring colleagues, every effort was made to ensure that individuals would receive opportunities for growth, learning and development in the merged organisations and received the information they required at each step of the merger. The issue of pensions was a key issue, to ensure that transferring colleagues would maintain or improve the pension positions. Existing Jisc colleagues received timely and regular communications about the planned mergers and how they may be affected, and provided with opportunities to develop as a result of the necessary reorganisations post-merger.

Charitable purpose and public benefit

As a charity, our purposes must be exclusively charitable[5]. Our charitable objectives are the advancement of education, lifelong learning and research for the public benefit through the provision of services to those within higher education, further education, research communities and charitable and not for profit organisations. How we do this is explained through this report. In everything they do, our trustees are aware of the public benefit requirements of our charitable status. An amendment to our Articles of Association was made in November 2019 to ensure that our objects encompassed the charitable activity transferred to Jisc as a result of the HECSU merger. The amendment was approved by the Charity Commission. Our articles of association can be found on our website[6].

[5] A charitable purpose is a purpose which comes within the descriptions listed in the Charities Act 2011 and which is for the public benefit.
[6] **https://www.jisc.ac.uk/about/corporate/company-and-charity-details**

Financial performance and strategy

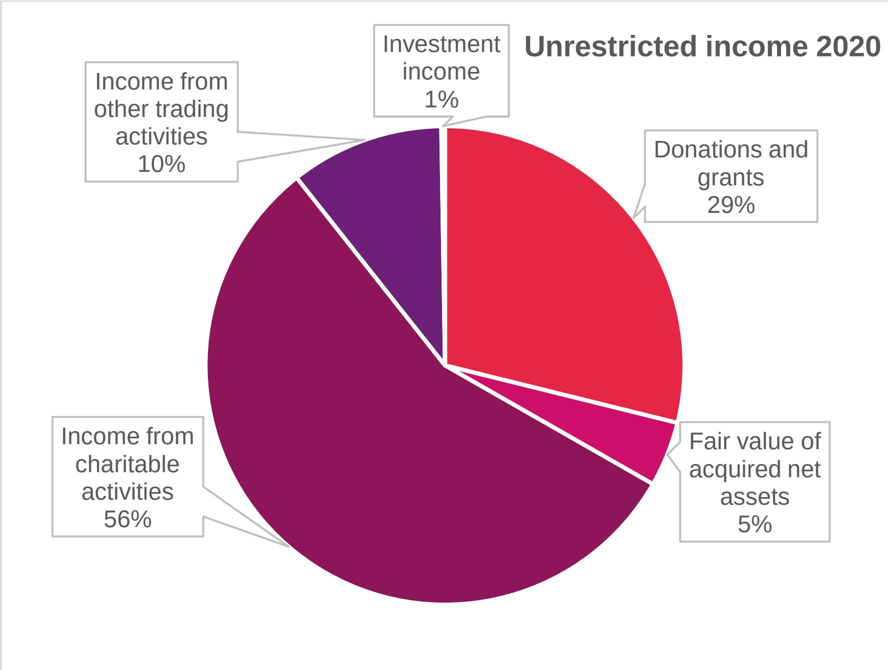
This report and the accompanying financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) and the Charities SORP.

Consolidated Income and Expenditure

	Unrestricted funds 2020 £'000	**Restricted funds 2020 £'000**	**Total Funds 2020 £'000**	Total funds 2019 £'000
Donations and grants	46,521	21,261	**67,782**	69,697
Fair value of acquired net assets	7,288	-	**7,288**	2,196
Income from charitable activities	90,415	1,521	**91,936**	70,749
Income from other trading activities	16,748	194	**16,942**	11,756
Investment income	400	-	**400**	713
Income	**161,372**	**22,976**	**184,348**	**155,111**
Charitable activities	157,673	19,775	**177,448**	159,647
Commercial trading operations	4,224	-	**4,224**	1,475
Grants	150	108	**258**	956
Other losses	400	-	**400**	171
Expenditure	**162,447**	**19,883**	**182,330**	**162,249**
Net income/(expenditure) before movement in pension provision	**(1,075)**	**3,093**	**2,018**	**(7,138)**
Movement in pension provision	7,785	-	**7,785**	(15,269)
Net income/(expenditure)	6,710	3,093	**9,803**	(22,407)
Transfers between funds	6,050	(6,050)	**-**	-
Other unrealised (losses)/gains	(1,988)	**-**	**(1,988)**	3,044
Net movement in funds for the year	**10,772**	**(2,957)**	**7,815**	**(19,363)**

	2020 £'000	**2019 £'000**
Fixed assets	**90,286**	**86,926**
Current assets	88,147	82,922
Creditors falling due in less than one year	(73,302)	(65,858)
Provisions for liabilities	(2,047)	(633)
Net current assets	**12,798**	**16,431**
Provisions for liabilities falling due in more than one year	13,886	21,974
Total net assets	**89,198**	**81,383**
Restricted reserves	**12,266**	**15,223**
Unrestricted reserves	**76,932**	**66,160**
	89,198	**81,383**
Cash & cash equivalents	**36,206**	**38,221**

Total income for the year has increased by 18% from £155.1m in 2019 to £184.3m in 2020, £1.1m restricted and £28.1m unrestricted. £7.3m relates to the value of assets acquired on the merger with HECSU and £0.7m relates to the three months of post-merger trading. This year's income also includes 11 months of income from HESA Enterprise activity which moved from HESA in September and a full year of activity, compared to seven months in 2019, of ex-Eduserv trading.

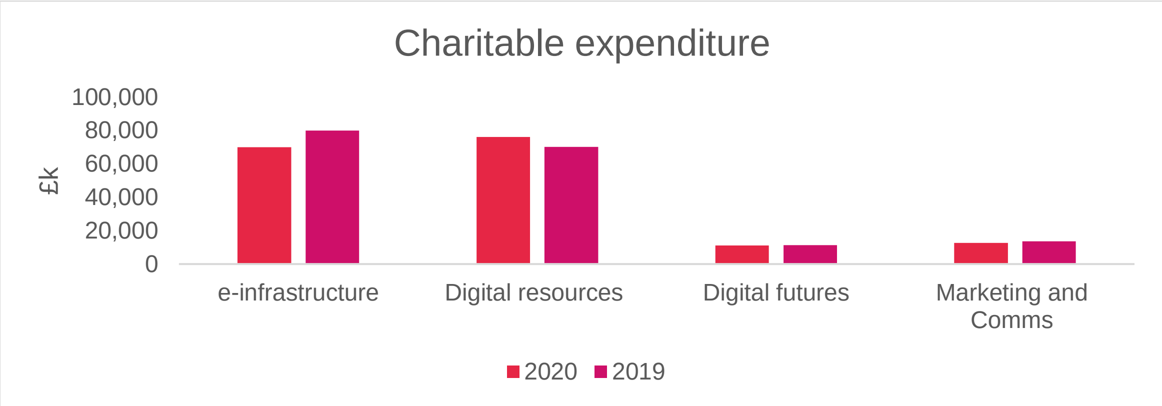


Donations and grant income consist of restricted and unrestricted funding from the higher and further education funding bodies across the United Kingdom. Unrestricted funding has decreased from £49.4m to £46.5m (6%), with the majority of the decrease being in the funding from the Department for Education for further education. From 2019-20, further education colleges have paid a subscription for services received from Jisc.

Income from charitable activities, including flow through from Jisc into Jisc Services Limited, consists of licensing income (which is generally matched against spend with publishers) as well as income from delivering additional resilient connections into our members and customers. We continue to provide value to our members by negotiating an increasing number of agreements and during the COVID crisis have worked with suppliers to deliver even greater value as online content becomes even more important.

Trading activity includes subscriptions from members and customers, consultancy and rental income as well as income from Graduate Prospects, the trading subsidiary of HECSU. In total, this has increased by 46%, from £11.5m to £16.7m. Of this increase, £4m relates directly to subscriptions from further education colleges for whom 2019-20 was the first year that a subscription model was in place.

Expenditure for the year, excluding the movement in the pension's provision, was £182.3m, an increase of 13% from 2019 (£162.2m). Of this increase, £15.5m was unrestricted and £4.6m was restricted. £63.5m directly relates to licensing costs which are matched by an increase in licensing income. Network costs decreased by £3.3m, netted off by an increase in technical and development as the costs of cyber security are classified differently this year - we are investing in the Janet Access Programme to improve and update the network which will make it more efficient to run and lead to lower running costs in future. Over £2m of costs relate to the activities which have been brought into Jisc as a result of mergers. Of this total, £157.9m related to charitable activities and £4.9m to other activities including grants given to third parties.



Staff costs have increased from £39.3m to £47.0m with staff numbers increasing from 663 to 779 as a result of the merger with HECSU in May and the staff of HESA Enterprise joining Jisc in September 2019.

The 2018 revaluation of the Universities Superannuation Scheme (USS) was finalised in 2019. This reduced the cost of paying for past benefits and therefore the provision which is held on the balance sheet for Jisc’s share of this cost has reduced from £22.2m to £14.4m.

In compliance with the Charities SORP, a transfer between restricted and unrestricted funds to account for assets purchased in year using those funds has been shown separately in the Consolidated Statement of Financial Activities (page 50). This amounts to £6.1m (2019: £7.3m).

In 2019 a large proportion of Jisc’s cash reserves were invested for the first time in managed funds (see note 17) with an unrealised gain of £3.0m accounted for in 2018-19. In 2019-20, the financial markets have been more volatile and an unrealised loss of £2.0m has been booked, leaving the funds £1m higher than the amount originally invested.

The surplus on unrestricted activities after this transfer is £10.7m (2019: deficit of £18.6m) which is due to the decrease in the USS pension provision of £7.8m, movement from unrestricted funds and an operating deficit of £1.1m.

There was a reduction in the restricted funds of £3.0m (2019: £0.8m) due to expenditure being incurred on projects for which funds had been previously received.

Balance Sheet

Intangible assets have increased from £3.1m to £10.2m as a result of the merger with HECSU in May 2020.

Tangible fixed assets have increased by £2.2m, with additions of £8.6m being offset by disposals of £5.4m and net depreciation of £1.0m. The majority of additions, as expected, relate to the network as we roll out the Janet Access Programme, along with the costs of refurbishing Portwall Lane, our property in Bristol which came into Jisc as part of the merger with Eduserv in 2019.

As noted above, we invested excess cash in 2019 for the first time in non-cash funds. In 2019, the value of this investment increased by £3.0m (unrealised), however in 2020, with volatility in the capital markets, this has partially reversed with an unrealised loss of £2.0m, with the total funds still being £1m higher than the initial investment at £56.2m.

Whilst total debtors have increased by £4.9m, trade debtors have decreased by £2.1m. Prepayments have increased by £9.1m which relates to connection charges for the Janet backbone (£2.2m), a denial of service (DNS) solution purchased up to 2025 (£1.3m) and growth in Collections subscriptions where costs are paid for upfront (£1.6m).

Creditors due in less than one year have increased by £7.8m mainly due to growth in activity, trade creditors and accruals.

The provision falling due in more than one year is mainly the provision for USS pension which is discussed in more detail in note 30 and as noted above has decreased as a result of the finalisation of the 2018 valuation.

Jisc has total funds of £89.2m (2019: £81.4m), investments of £56.4m (2019: £58.1m) and a cash balance of £36.2m (2019: £38.2m) at 31 July 2020.

The funds of £89.2m comprise £76.9m of unrestricted funds (2019: £66.1m) and £12.3m of restricted funds (2019: £15.2m). Of the unrestricted funds, £41.5m (2019: £35.4m) is within designated funds, such as grant funded assets. The remaining £35.4m (2019: £30.8m) can be deemed as general unrestricted funds.

Restricted Funds

Jisc has consolidated restricted funds of £12.3m (2019: £15.2m). These funds, which are subject to special terms specified by the grantors can only be used for the purpose to which they are given, and the trustees fully intend to utilise these funds over the next two years as part of the long term financial plan approved by the board. They do not form part of Jisc's reserves available for day to day use. Jisc sets aside cash to cover these funds. A full breakdown is provided in note 22 (page 76).

Unrestricted funds

The starting point for assessing the amount of reserves held by any charity, including Jisc, is normally the amount of unrestricted funds it holds. Jisc's policy for the designation for unrestricted funds is that they are comprised as follows:

Tangible assets: the Charities SORP specifically allows funds held against grant-funded tangible fixed assets for charity use to be excluded from general unrestricted reserves. This recognises that certain assets will be used operationally, and their disposal may adversely impact on a charity's ability to deliver its aims. At 31 July 2020 these amounted to £23.4m (2019: £27.8m).

Programme-related investments (paid prepayments): where a charity makes programme-related investments solely to further its charitable purposes, then such investments can be excluded from unrestricted reserves. At 31 July 2020 these amounted to £8.5m (2019: £6.9m).

Designated funds: where unrestricted funds are earmarked or designated for essential future spending, for example, to fund a project that could not be met from future income alone they can be excluded from general unrestricted reserves. For Jisc on a consolidated basis, at 31 July 2020, these elements amounted to £0.6m (2019: £0.7m) in respect of restructuring funds.

To cover short-term self-funding in the event that normal funding receipts were delayed, our policy is to have 4 months cover of our normal operating costs. At 31 July 2020, the balance of our unrestricted reserves was £44.4m (2019: £30.8m) which equates to 4 months (2019: 4 months) of our normal operating costs.

Cash

The Group's cash position for 31 July 2020 was £23.9m (2019: £23.0m), excluding restricted funds. The balance of the cash reserves is held in managed funds, as summarised in note 17.

2020-21 Budget and Financial Forecast

A three-year financial forecast has been prepared and approved by the board, which included the new activities which HESA Enterprise and HECSU brought into Jisc as part of mergers during 2019-20.

The budget for 2020-21 took account of the current economic climate and the pressures which the COVID crisis has placed upon our members and customers. For members, we have not included inflation on subscriptions and our budget had to take account of a decrease in funding from OfS of £0.8m which we have absorbed.

The plan has built-in efficiencies and savings which will be needed to deliver ongoing surpluses, although the challenges of next year, particularly in Student Services, mean that we have planned to spend some of our reserves and budgeted for a deficit of £1m. We will aim to overdeliver on income targets and bring savings forward with the aim to close the deficit to a breakeven position.

As noted in previous years, management and the board have agreed a plan to spend the restricted reserve by the end of this planning period and deliver value to the sector by upgrading services and products.

Going Concern

On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organisation.

Jisc's funding streams are from a number of diverse sources and our services have been well received over the period of lockdown and as our members and customers start to return to normal (see Activities and achievements 2019-20, page 6). Revenues within Student Services did see a downturn, however this has started to recover in 2020-21 and earlier than expected, and renewals and subscriptions remain strong across the rest of Jisc in 2020-21.

Due to the nature of much of our business, high value costs are often flow through to members and customer with low margins (collections and connections) and other costs have been well controlled.

Management have undertaken a review of the business, including a three-year financial forecast, looking at a number of scenarios, including reduction in income and savings not being delivered, and how that impacts our financial sustainability. Given the strong balance sheet and healthy reserves position which Jisc has, management believe that Jisc is financially sustainable over the next three years and after that.

Overall, COVID-19 is not expected to have a significant impact on Jisc or its subsidiaries. Management has determined that there is no material uncertainty that casts doubt on Jisc's ability to continue as a going concern.

Principal risks and uncertainties

In 2019-20, we developed a new strategic risk register to complement our Strategy Assurance framework (see the Governance and management section from page 25 for further information). Our key risks can be summarised as follows:

Area of strategy	Risk area	Key mitigations
Sustainable financial performance Exceed funder expectations	Failure to retain 100% member subscriptions, subscriptions not viewed as best value for money by members and funders Balance of surplus-generating products with free or at-cost services unsustainable Cost efficiency targets not achieved	Continue to develop services to support our financial sustainability Grow the contribution from sales of services to non-member customers Continue to demonstrate our value to funders Continue to drive cost efficiencies across the business
Exceed member expectations Deliver outstanding core products and services Develop new value-added services	Failure to deliver consistent high-quality member and customer service with quick resolution of issues High satisfaction with products and services not maintained Member demand for new products and services not met	Ensure we have ongoing meaningful conversations with members, act on what we hear and share learning Ensure each product line has a vibrant development pipeline Continue our approach to ensure a range of innovative ideas are developed at an appropriate pace

Area of strategy	Risk area	Key mitigations
Thought leadership	Consideration of Jisc as the driver of technology in HE/FE not fulfilled	Continue our programmes of work and ensure appropriate communications and marketing to support our thought leadership
	Consolidation of increased recognition as a result of Covid-19 response not maintained	Continue working in partnership with members, sector agencies and other key organisations to drive forward thought leadership

Trustees' Report

The trustees present their report and audited consolidated financial statements for the year ended 31 July 2020.

Legal and administrative information

Registered and principal office address
4 Portwall Lane
Bristol
BS1 6NB

Company registration number: 05747339
Charity registration number: 1149740
Registered in England and Wales
Company secretary: Alice Colban

Independent auditors
Grant Thornton UK LLP
Seacourt Tower
Botley
Oxford
OX2 0JJ

Bankers
HSBC
186 Broadway
Didcot
OX11 8RP

Lloyds Bank plc
Threadneedle Street
London
EC2R 8AU

Solicitors
DAC Beachcroft
25 Walbrook
London
EC4N 8AF

Veale Wasborough Vizards
Narrow Quay House
Narrow Quay
Bristol
BS1 4QA

Jisc is a company limited by guarantee and a charity registered in England and Wales[7]. We operate under bespoke Articles of Association[8].

[7] An application to register as a charity in Scotland is on hold until all potential mergers are complete
[8] https://www.jisc.ac.uk/about/corporate/structure-and-governance

Executive Leadership Team

The following members of the Executive Leadership Team are responsible for managing the day to day activities of the charity:

Name	Role
Dr Paul Feldman	Chief executive
Nicola Arnold (from 13 January 2020)	Chief financial officer
Jonathan Baldwin (from 14 April 2020)	Interim Managing Director, higher education
Mike Brooksbank	Executive director, trust and identity
Alice Colban	Deputy chief executive and chief operating officer (company secretary)
Keith Cole (until 31 July 2020)	Executive director, business process improvement
Jayne Davies (from 14 April 2020)	Interim director for sales enablement
Liam Earney	Executive director, digital resources
Karen Foster (from 16 September 2019)	Executive director, data and analytics
Robin Ghurbhurun (from 23 September 2019)	Managing director, further education and skills
Robert Haymon-Collins (until 6 November 2020)	Executive director, marketing and communications
Steve Kennett	Executive director, e-infrastructure
Steve Masters	Chief technology officer
Dr Phil Richards	Chief innovation officer (until 1 December 2019)
Jayne Rowley (from 1 May 2020)	Executive director, student services
Jon Tucker (until 31 July 2020)	Chief commercial officer
Andrew Wood	Interim chief financial officer (until 27 January 2020) Chief of staff (from 28 January 2020)

Membership

Our constitution allows for two classes of membership:

1. Representative members – these are the Association of Colleges (AoC), GuildHE and Universities UK (UUK) (each hold 30% of voting rights)

2. Institutional members – these are limited to UK education, learning and research providers for which Jisc receives central funding from the UK further and higher education funding bodies (together hold 10% of voting rights)

VAT-exempt Cost Sharing Group (CSG)

With Jisc institutional membership comes automatic membership of the VAT-exempt Cost Sharing Group (CSG), which means that members will not pay VAT on a range of optional services that Jisc provides. In order to become and remain a member of the CSG, an organisation must meet a small number of membership conditions[9].

At 31 July 2020, there were 152 HE members and 114 FE, Sixth Form or Specialist college members in the UK[10], along with our Representative Members.

We will be reviewing how we use the CSG in future in line with HMRC guidance.

Role of members

Institutional Members are represented by the most appropriate Representative Member (AoC, GuildHE or UUK) to act on their behalf in governance matters of Jisc. Institutional Members are free to choose to represent themselves, though none have elected to do so. Jisc's Representative Members therefore also act in the interests of their nominating members.

The liability of each member (both Institutional and Representative) is limited to a maximum of £1. This liability will apply for the duration of membership of the charity and for one year beyond the end of membership.

Jisc's members have the rights afforded to them by the Companies Act 2006. Each Representative Member is the same class of member, each having one vote on resolutions proposed to members. Representative Members also have one vote on behalf of all the Institutional Members they represent. Further information on the types of decision that can be proposed to members and the thresholds to pass resolutions is included in our Articles of Association.

Group structure

Jisc is the parent company of the Jisc Group which currently includes seven subsidiary companies:

- Jisc Services Limited (JSL)
- Jisc Commercial Limited (JCL)
- Jisc Liberate Managed Services Limited (JLMSL)
- Eduserv
- Eduserv Commercial Limited (ECL)

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[9] These are detailed on the Jisc website at **https://www.jisc.ac.uk/membership/vat-exempt-cost-sharing-group**.

[10] Compared to 117 FE, Sixth Form or Specialist college members in 2018-19. The reduction in members is due to a series of college mergers. A full Register of Members is available at **https://www.jisc.ac.uk/membership/vat-exempt-cost-sharing-group**.

- Higher Education Careers Services Unit (HECSU)
- Graduate Prospects Limited (GP)

Eduserv, ECL, HECSU and GP joined the Jisc Group as a result of recent mergers.   Our planned rationalisation of companies in the Group means that we envisage that five of the above companies will be closed in 2020-21, leaving Jisc with just two subsidiary companies – JSL and JCL.

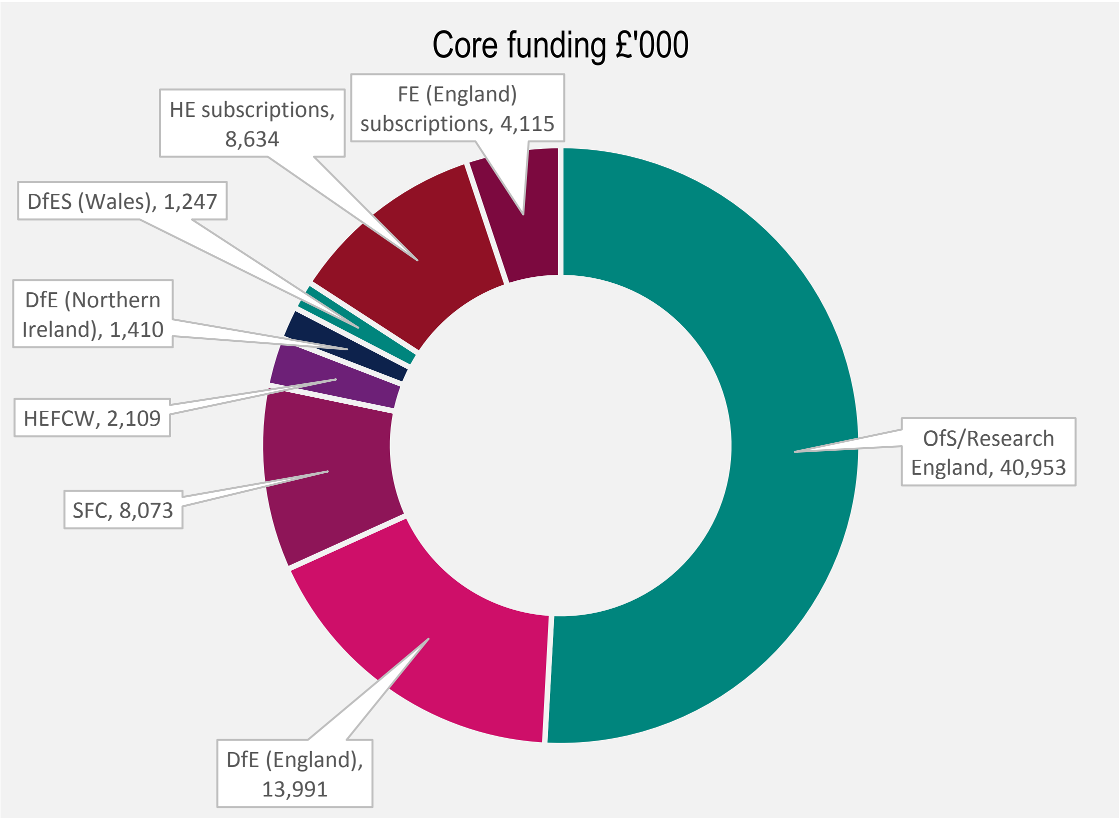
All Jisc Group companies are registered in England and Wales and operate under bespoke Articles of Association. Each company prepares its own Annual Report and Financial Statements. We also hold equity shares in other companies. Further information can be found in Note 17 - Investments.

Funding model

We receive core funding from the funding bodies responsible for HE and FE across the UK. These are:

- **Research England**
- **Office for Students** (OfS)
- **Department for Education (England)** (DfE)
- **Scottish Further and Higher Education Funding Council** (SFC)
- **Higher Education Funding Council for Wales** (HEFCW)
- **Department for the Economy (Northern Ireland)** (DfE Northern Ireland)
- **Department for Education and Skills, Wales** (DfES)

A subscription fee is also paid by HE institutions across the UK and by FE colleges in England. The chart below shows the different elements of our core funding in 2019-20:



Governance and management

Trustees

The trustees of the charity who were in office during the year and up to the date of signing the financial statements were:

Trustee name	Role	
Professor David Maguire (chair)	Interim principal and vice chancellor, University of Dundee (from 1 February 2020)[11]	Appointed by AoC, GuildHE and UUK
Professor Elizabeth Barnes CBE	Vice chancellor and chief executive, Staffordshire University	Nominated by UUK
Jonny Bourne (until 22 July 2020)	Chief operating officer, Interserve Saudi Arabia	
Susan Bowen	President, Aptum Technologies (UK) Limited	
Dr Paul Feldman	Chief executive, Jisc	
Professor Anthony Forster (from 2 November 2020)	Vice chancellor, University of Essex	
Debra Gray (from 8 November 2019)	Principal and deputy chief executive, Grimsby Institute Group	Nominated by AoC
Professor Philip Gummett CBE (until 31 December 2019)	Retired chief executive, Higher Education Funding Council for Wales	Nominated by Jisc's core funders
Professor Paul Layzell (until 31 December 2019)	Principal, Royal Holloway, University of London	
Robert McWilliam	Chief financial officer, ASDA	
Dr David Pilsbury (from 3 August 2020)	Deputy vice chancellor (international development), Coventry University	
Professor Nigel Seaton (until 31 December 2019)	Principal and vice chancellor, Abertay University	Nominated by GuildHE
Jude Sheeran (until 28 February 2020)	Cloud innovation, Amazon Web Services	
Professor Mark E Smith CBE	Vice chancellor, University of Southampton[12]	
Dr Ken Thomson OBE (until 8 December 2020)	Principal and chief executive, Forth Valley College	
Professor Anne Trefethen (deputy chair)	Pro vice chancellor for people & gardens, libraries and museums, University of Oxford	
Ashley Wheaton (from 1 January 2020)	Principal, University College of Estate Management	Nominated by GuildHE

[11] Until 30 November 2019, Professor David Maguire was Vice chancellor, University of Greenwich
[12] Until 1 October 2019, Professor Mark E Smith was Vice chancellor, Lancaster University

Charity Governance Code

This report explains our approach to governance in line with the principles and recommended practice in the Charity Governance Code ("Code"). A further review will be undertaken during 2020-21 to consider whether any changes to our governance are necessary as a result of the refresh of the Code.

Organisational purpose

The board has a rolling three-year strategy which is reviewed annually. Discussion of a number of possible sector mergers during 2019-20 means that Jisc's charitable purposes have been consistently high on the board's agenda. A change was made to Jisc's charitable purposes in December 2019 to ensure that the purposes were appropriate in the context of the merger with HECSU.

The board has held a number of discussions across the year focusing on strategic direction including the rationale and potential for mergers with sector bodies (see the Strategy section on page 8 for further information). A statement on the section 172 responsibilities of trustees of a charitable company (in accordance with the requirements of the Companies Act 2006) can be found in the Stakeholder engagement section of this report on page 12.

We track member satisfaction in a number of ways, including surveys of leaders in HE and FE which are conducted annually. The results of the latest survey are reported in the Achievements section on page 8.

The board are aware of the risk factors associated with Jisc's income streams. One of our strategic priorities is to ensure we continue to have a strong and stable financial performance and a number of targets are in place to help achieve this, such as diversification of income streams. The HECSU merger completed on 1 May 2020 will support Jisc's financial sustainability in the longer term.

Jisc recognises its broader responsibilities towards communities, stakeholders, society and the environment. A Corporate Social Responsibility (CSR) strategy was agreed by the board in June 2020 and will be launched to the organisation in 2020-21. The strategy has three strands – business ethics, environment and community. A CSR statement is agreed by the board each year which describes the work of the organisation across these strands. Our 2020 statement is available at **https://www.jisc.ac.uk/about/corporate/corporate-social-responsibility**.

Leadership

The board take collective responsibility for decisions. The chair provides leadership and ensures that Jisc's strategy and priorities are clear. The roles of the chair and deputy chair are clearly defined.

Jisc has a number of subsidiary companies, each with their own bespoke Articles of Association. The relationship between Jisc and each subsidiary is governed by a Management and Supervision Agreement (which includes a list of matters reserved for the Jisc board) and an Intra-Group Operating Agreement (which describes the services that Jisc provides to the subsidiary and vice-versa). These documents were reviewed in 2019-20 and updated, with new versions in place from 1 August 2020. An annual business plan and budget for each subsidiary is prepared and agreed by the Jisc board and regular progress reports are provided to the board. Each of the board's committees (Audit and Risk Management, Finance and Treasury, Nominations and Governance, Remuneration) operate across all companies in the Jisc Group.

The board recognises and respects differing views amongst trustees and constructive challenge is welcomed by senior leaders. A supportive relationship exists between the board and senior leaders based on openness and trust. This is evident from the results of the annual board effectiveness review which reflects positive views of trustees and senior leaders about the relationship.

The time commitment expected of trustees is detailed during the recruitment process and in the appointment documentation. Additional time commitments as a result of involvement in committees or stakeholder events are outlined when these roles are appointed. Attendance of trustees and committee members at meetings is recorded and the statistics reported to the Nominations and Governance committee for review annually. Attendance of trustees at board meetings is as follows:

Trustee name	Eligibility to attend	Actual attendance
Professor David Maguire (chair)	4	4
Professor Elizabeth Barnes CBE	4	3
Jonny Bourne	4	3
Susan Bowen	4	2
Dr Paul Feldman	4	4
Debra Gray	4	3
Professor Philip Gummett CBE	1	1
Professor Paul Layzell	1	1
Robert McWilliam	4	3
Professor Nigel Seaton	1	1
Jude Sheeran	2	0
Professor Mark E Smith CBE	4	2
Dr Ken Thomson OBE	4	3
Professor Anne Trefethen (deputy chair)	4	4
Ashley Wheaton	3	3

The board lead the process to appoint the chief executive and participate in the appointment process for executive leadership team appointments where required.

Integrity

Trustees are expected to abide by the Nolan Principles of public life – selflessness, integrity, objectivity, accountability, openness, honesty and leadership. A programme of work to address organisational culture is underway with staff engagement activities taking place through 2020-21. More information is available in the Internal organisation section of this report from page 38.

In discharging their responsibilities, trustees must act solely in the interests of the charitable company - they are not the delegates or representatives of any nominating body.

A register of interests is maintained for trustees and updated when new trustees are appointed and as changes are reported. A full review is undertaken annually. The declaration of interests is a standing item at the beginning of each board meeting. A Conflict of Interest policy was launched in 2019-20 along with a Gifts and Hospitality policy and register. All staff must complete Anti-Bribery and Corruption training through Fuse, our online training platform.

The nature of Jisc's business, and its relationship with UK higher education institutions and further education colleges through institutional membership and the delivery of services, means that Jisc does have a relationship with the employing organisations of several trustees. However, this is reflective of the membership structure of the organisation and the purposeful approach to ensuring Jisc's activities are guided by the customers we exist to serve and does not affect the independence of trustees. Our trustees, with the exception of our chief executive, are all considered to be independent non-executive directors.

We are committed to preventing and mitigating exploitation, bribery and corruption. We will not accept modern slavery, forced labour and human trafficking anywhere within our operations or supply chain. Our commitment is set out in further detail in our Modern Slavery policy and our annual statement on our website[13].

Decision-making, risk and control

The role of the board can be found on the website at **https://www.jisc.ac.uk/about/corporate/board**.

We have four standing committees (Audit and Risk Management; Finance and Treasury; Nominations and Governance; Remuneration), each of which operates across the Jisc Group. Our Articles of Association define areas of responsibility that cannot be delegated by the board to a committee. Each committee operates under terms of reference agreed by the board and which are reviewed annually. The terms of reference and committee memberships can be found on the Jisc website at **https://www.jisc.ac.uk/about/corporate/structure-and-governance**. Each committee is chaired by a trustee with at least one further trustee as a member of each committee. The appointment of committee chairs and members falls under the auspices of the Nominations and Governance committee. Each committee reports to the board regularly. Attendance at meetings by committee members is recorded and reviewed by the Nominations and Governance committee annually.

The board consider key documents such as the Financial Scheme of Delegation, Reserves policy and Treasury policy regularly following detailed discussion by the appropriate committee. A Governance Scheme of delegation was agreed in November 2019 to ensure clarity of decision-making across the governance structure.

The board is ultimately responsible for the charitable company's system of internal control and for reviewing its effectiveness. Our internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance of effectiveness. Internal control processes include:

- a Jisc strategy, approved by the board;
- a set of strategic targets underpinned by a Group-wide operating plan;

[13] **https://www.jisc.ac.uk/about/corporate/slavery-and-human-trafficking-statement**

- a risk appetite statement approved by the board;
- an annual budget approved by the board;
- consideration of the financial results of the group by the board including variance from budgets;
- delegation of authority and segregation of duties;
- identification and management of risks or potential risks through a strategic risk register;
- an internal auditor reporting to the Audit and Risk Management committee and trustees;
- processes in place for identifying and managing compliance with relevant legislation and with the requirements of regulatory bodies; and;
- operational policies and procedures for staff.

The board receives reports at each meeting on progress against our strategic targets, our financial performance and strategic risks. The board has responsibility for overseeing risk management within Jisc as a whole with the Audit and Risk Management committee having detailed oversight of the risk management framework.

Through 2019-20, a new Strategy Assurance Framework was developed, which maps risk areas against our strategy, identifies early warning indicators as well as success indicators. Our strategic risk register is underpinned by risk registers created and maintained for each specific part of the business, as well as for other specific activities such as individual mergers. Regular reviews are held with all strategic risk owners to check progress of mitigating actions and position of early warning indicators, evaluate their impact on the risk status and check the relevance and focus of the risk in question.

Comprehensive risk management training and supporting documentation is available to all staff. A risk management system is in use across the organisation, which is also used for tracking progress against organisational targets as well as actions arising from internal audits.

The board considers the risk appetite annually. We encourage a well-managed risk appetite, tailored to each area of our activity which supports the development and delivery of new services to meet the needs of our customers through our research and development work, while ensuring that we maintain oversight for parts of the business with less tolerance for risk. The risk appetite was reviewed and updated in June 2020.

Each year, the Audit and Risk Management committee receive an assurance map for a series of planned audits, approve the annual internal audit plan and receive reports of all internal audits undertaken by the Group Internal Audit Manager.

Audit and Risk Management opinion 2019-20

Based on the work of the Audit and Risk Management committee, internal audits conducted during the reporting year and in the context of materiality:

Audit and Risk Management committee opinion 2019-20 (including Group internal audit manager opinion)

Having taken account of:

a. consideration of reports from the chief executive and Jisc officers on a number of activities
b. consideration of a range of audits and the opinion of Jisc's Group Internal Audit Manager
c. discussions with the Jisc executive leadership team and others regarding risk management across the Group, and the assurance we have received as to the beneficial impact of those discussions on Jisc's system of risk management
d. the Jisc risk management framework including the Jisc risk appetite

It is the opinion of the Audit and Risk Management committee that:

- Further work is required to improve the control framework with Finance & Commercial, including fraud prevention controls. However, in most instances the key business controls should be sufficient to detect and mitigate the impact of the weaknesses identified
- Further focus is required to ensure that audit recommendations are completed effectively
- With the exception of the fraud prevention controls, the overall control environment is adequate and effective
- The Jisc Group arrangements for corporate governance, risk management and value for money are adequate and effective
- The chief executive and the Jisc board may place reasonable reliance on these processes and systems in carrying out their respective roles and providing assurances to Jisc's funders and members.

The Audit and Risk Management committee also manages the process to appoint external auditors. A procurement process for external auditors for the Jisc Group was conducted in Autumn 2019 and Grant Thornton UK LLP appointed. Auditors have the opportunity to meet the committee without staff present and this right was exercised in November 2020 in respect of the reporting year.

Board effectiveness

The board usually meets 4 times a year with one additional strategy-focussed awayday. In April 2020, a planned board awayday was cancelled as a result of the pandemic, and a formal board meeting was held in its place. Board meetings in April and June 2020 were held online with no interruption to the decision-making of the board as a result of COVID-19 disruption. The board has a clear agenda at every meeting and a forward look agenda plan. Additional items can be added to future agendas at the request of trustees.

Our trustees include senior leaders working in UK further and higher education and individuals with the business skills and expertise that help shape Jisc for the future. Individuals are drawn from across the UK to provide an appropriate balance of experience from the respective countries and from the sectors we serve, and in accordance with our defined skills set for trustees.

Trustees are permitted to access independent professional advice should they feel it is necessary to support the discharge of their duties as a trustee. There have been no requests for such advice in the reporting year.

Our chair is appointed by our Representative Members (AoC, GuildHE and UUK). The role of chair is separate to that of chief executive. A deputy chair is also appointed by the board on the recommendation of the Nominations and Governance committee. Our current chair, Professor David Maguire, reaches the end of his second term in May 2021. A process to recruit a new chair for the organisation was initiated in Autumn 2020.

As at 31 July 2020, the composition of the board was as follows:

- Chair – appointed by AoC, GuildHE and UUK
- One trustee nominated by AoC
- One trustee nominated by GuildHE
- One trustee nominated by UUK
- One trustee nominated by our funders
- Up to eight trustees appointed by the board
- Jisc chief executive

The number of board appointed trustees reduced during 2019-20 as trustees reached the end of their appointment terms. However, a recruitment process for additional trustees was initiated in August 2020 to fill some skills gaps on the board and to assist succession planning.

The skills matrix for trustees is reviewed when a vacancy arises to identify the skills and experience that we wish to see in new trustee appointments. A process to identify a new nominee by GuildHE was undertaken and a new trustee appointed.

Details of all trustees appointed as a result of these processes can be found in the list of Trustees on page 25.

Trustees are appointed for a maximum term of six years – a three-year initial term and an extension of up to a further three years subject to a positive performance review and subject to the agreement of appointing organisations where this applies. In exceptional circumstances, an extension of up to one further year is permitted[14].

Trustees receive an induction when taking up a role with Jisc. This includes the provision of background and supporting documents relating to the Jisc Group and resources from the Charity Commission ("The Essential Trustee"). Meetings are held with the chief executive and members of the Executive Leadership Team to give a detailed overview of our activities.

A board and committee effectiveness review is conducted each year, which also includes discussions with trustees and committee members about their contributions to the role of the board or committee. The recommendations arising from the reviews are considered and agreed by the Nominations and

[14] Professor Mark E Smith was extended for a further year (beyond his six-year term) to December 2021. This extension was given to help facilitate discussions of a potential merger with HESA, of which Professor Smith is also a trustee.

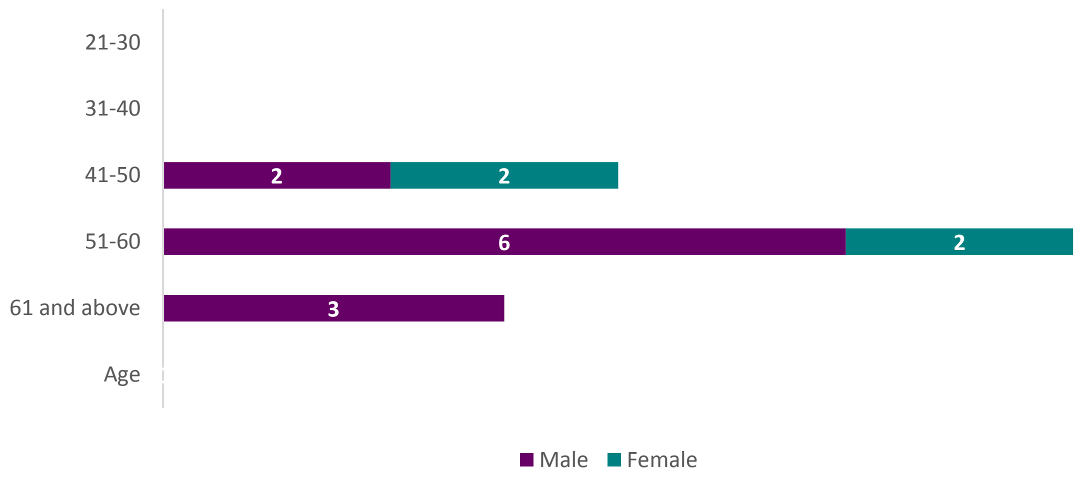
Governance committee and the relevant board or committee. An external review was last conducted in 2017-18. The Nominations and Governance committee agreed that the 2020-21 review would be conducted internally, given the changes to trustees this year. The expectation is that the 2021-22 review will be conducted by an external consultant.

Diversity

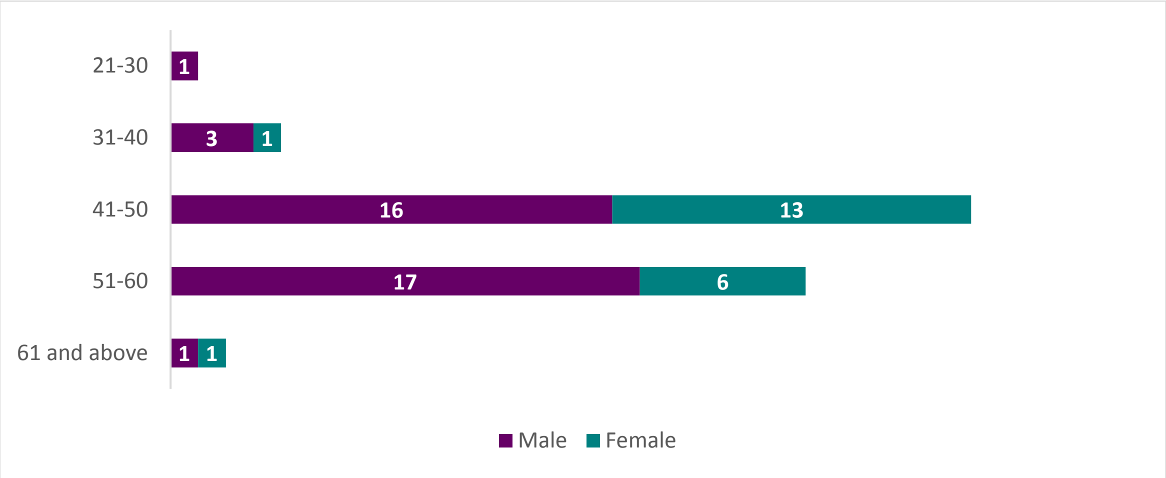
The board and the Nominations and Governance committee are keen to increase diversity within the governance structure, both at board and executive level. Candidates from diverse backgrounds are sought and encouraged whenever a vacancy for a trustee arises, including when an appointment is the result of the nomination by our funders or Representative Members. We are committed to removing, reducing or preventing obstacles to people becoming trustees. A Jisc-wide programme of activity to explore diversity is also reviewing the diversity of the board.

As at 31 July 2020, our board comprised 40% female and 60% male trustees. Two further male trustees were appointed in the period August - October 2020.

The Executive leadership team comprises the chief executive and executive directors. The age and gender distribution of this group is as follows:



The age and gender distribution of senior leaders (those reporting to Executive leadership team members) is as follows:



60% of the Executive Leadership Team and 65% of senior leaders have provided ethnicity data. Only two people have declared a non-white background.

Diversity across the Jisc executive is covered in more detail in the Internal organisation section on page 32.

Openness and accountability

Further information about engagement with our members can be found in the stakeholder engagement section of the Strategic report on page 12.

Regular reporting is provided to each of our core funders to describe our activities and how we have supported the priorities of our funders. Meetings of our Funders and Owners Group are held three times annually, which consists of representatives from each of our funders and Representative Members. The meetings are chaired by the Jisc chair and attended by senior Jisc officers.

The board receives reports based on feedback from member organisations or other stakeholders. The board discusses lessons learned from any errors that have occurred as appropriate in the context of the board's strategic role.

In the year to 31 July 2020, remuneration has been paid to Dr Paul Feldman (as Chief executive) and Professor David Maguire as Jisc chair. This remuneration is paid for these additional roles undertaken on behalf of Jisc and not in their capacity as trustees. The details of the remuneration are shown in note 13 of the Financial Statements on page 63. The level of remuneration has been approved by the Remuneration committee and Jisc's Articles of Association give authority for this payment. No other trustees are remunerated.

The remuneration of the Executive leadership team is set within a framework agreed by the Remuneration committee. Details of this remuneration can be found in note 13 of the Financial Statements on page 63.

A travel and subsistence policy is available for trustees and committee members. Travel and subsistence costs are refunded to trustees and committee members on submission of a claim with supporting receipts and payment is subject to compliance with the policy. These costs are included in the note relating to trustees' expenses in note 9 of the Financial Statements on page 61.

Jisc

Trustee indemnity insurance provides insurance cover for trustees against claims which may arise from their legitimate actions as trustees. Insurance is in place for all trustees through the course of their appointment with Jisc. There have been no claims against this insurance in the reporting year.

Streamlined Energy and Carbon Reporting

In accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, Jisc is presenting its first greenhouse gas emissions and energy use report covering the 2019-20 financial year. As this is the first such report, there is no comparison reporting data from the previous year.

Greenhouse gas emissions and energy use data for period 1 August 2019 to 31 July 2020

	UK and offshore	
Energy consumption used to calculate emissions: /kWh –optional to provide separate figures for gas, electricity, transport fuel and other energy sources	Electricity from properties	805,045 kWhs
	Total kms travelled using hire cars	73,674 kms
	Total kms travelled using personal vehicles	448,298 kms
	Total kms travelled using long-lease van	12,772 kms
Emissions from combustion of gas tCO2e (Scope 1)	Jisc does not use natural gas to fuel its properties.	
Emissions from combustion of fuel for transport purposes (Scope 1)	Emissions from combustion of fuel for transport purposes have been included in Scope 3 calculations following guidance: "*Where a vehicle is used by an organisation, but it isn't owned by the organisation, then the emissions from the vehicle can be reported in Scope 3 instead of Scope 1, using the same factors. These factors can also be found in the Scope 3 under 'Business travel-land' or 'managed assets- vehicles').*"	
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	Emissions from hire cars	12.56 tCO2e
	Emissions from personal vehicle use	76.84 tCO2e
	Emissions from long-lease van	1.90 tCO2e
	Total	91.30 tCO2e
Emissions from purchased electricity (Scope 2, location-based)	Broadhurst House	20.49 tCO2e
	Fetter Lane	15.12 tCO2e
	Lumen House	115.40 tCO2e
	Portwall Lane	28.04 tCO2e
	Castle Park	8.64 tCO2e
	Total	187.69 tCO2e
Total gross CO2e based on above	**278.99 tCO2e**	
Intensity ratio: tCO2e gross figure based from mandatory fields above/ e.g. £100,000 revenue	*Chosen intensity ratio: tCO2e per £m of income* 278.99 tCO2e / £114.503m = 2.437 tCO2e per £m of income	

Energy efficient actions

Our CSR strategy and statement (see the Governance and Management section from page 25) affirm our commitment to reducing the environmental impact of Jisc's business and services and supporting our members to attain their own environmental goals over time.

UK universities and colleges are adopting Net Zero goals and in common with others around the world, some have already declared a climate emergency. Our services support this and already have a positive impact on the environment, such as ebooks, Jisc Collections, and the Janet network which allows members to collaborate remotely rather than face-to-face.

Our office at Portwall Lane, Bristol includes features such as solar panels, repurposed furniture from our previous office, and energy efficient lighting and heating will be more energy-efficient than our previous Bristol office. The merger with HECSU included bringing HECSU's staff into our Manchester office, reducing the carbon impact of the combined organisations. Hosting teams from other organisations in our offices including QAA and Emerge Education allows them to directly reduce their carbon impact with only minimal increase to our own.

We encourage staff to use public transport wherever possible. All the emissions from our travel are offset via a tree planting scheme. We are Gold Partners with Trees for Life, who to date have planted 3,133 trees in the Scottish Highlands on our behalf and provide opportunities for team building events and tours of their Dundreggan Estate. Even before COVID-19, we have been actively encouraging our staff to reduce their travel through initiatives such as the use of videoconferencing, as well as working from home where this is practical. We operate a cycle to work scheme and provide cycle racks and shower facilities to encourage and support cyclists.

Consumables such as cleaning products and tea/coffee, where possible, are low impact. We promote recycling at each site and collect hard-to-recycle items for example crisp packets, pens and bottle tops. We endeavour to allow staff to make their own lives less impactful through a review of the benefits package offered, for example discounts on solar panels and electric vehicles.

The uncertainties surround the continuing impact of COVID-19 throughout 2020-21 mean we cannot make any assumptions or set highly specific targets based on 2019-20 as a baseline; we will work towards the longer-term goals set out in our CSR strategy, such as Net zero for Jisc by 2025 with all energy use from renewable sources (where we own the building) and the prioritisation of environmental responsibility throughout the design and execution of future refurbishments.

Our methodology for this reporting is as follows:

	Methodology
Conversion factors	Through, we have used the Government's conversion factors: **https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting**.
Properties general	Wherever possible, data from actual meter readings was used to calculate kWhs. Where this was not possible; for example where Jisc did not receive responses from landlords by the deadline date, other methodologies were used. The breakdown of methodology relating to specific properties is listed below.
Broadhurst House (Manchester)	Meter data was unavailable for the months of April, June and July 2020. Meter readings from May 2020 were compared to those from May 2019 and it was observed that the electricity consumption had decreased to ~68% of the previous year's value due to COVID-19 restrictions. This percentage was then applied to the kWhs used in April, June and July 2019 to provide approximate electricity usage for April, June and July 2020.
Fetter Lane (London)	All meter data was available for Fetter Lane.
Lumen House (Harwell)	Meter data for March and June 2020 was unavailable. An estimation of 40,000 kWhs was used for March 2020 taking into account lower staff presence due to COVID-19 restrictions for the latter part of the month. An estimation of 35,000 kWhs was used for June 2020 in line with figures for April, May and July 2020
Portwall Lane (Bristol)	Portwall Lane used no electricity in the month of August 2019 as it was a new property, employees did not start using Portwall Lane until November 2019. Meter data was unavailable for June and July 2020. Due to COVID-19 restrictions, the pattern of declining electricity use of the office was observed from February to May 2020. As April and May 2020 saw figures plateau at ~7,000 kWhs, it was decided that this figure would also be used as an estimate for June and July 2020.
Castle Park (Bristol)	The Castle Park office closed to staff on 29th November 2019 and was replaced with the Portwall Lane office. Although Castle Park is no longer used by staff, Jisc still hold the lease and are therefore remain responsible for the energy consumption of this property. Meter readings were not available for April - July 2020. An average has been taken of the energy consumption between December 2019 to March 2020 and this figure has been substituted for the months April – July 2020.
Vehicles general	As Jisc does not own any vehicles, it was decided that vehicle emissions should be included within Scope 3 calculations.
Hire car use	Reports were produced by Enterprise and Nexus detailing all hire cars used within the financial year. Fuel type was provided but we did not have access to any information regarding size or market segment of cars. The conversion factors under Business travel – land for an Average Car were used, alongside the related fuel type.

	Methodology
Personal vehicle use	Details for personal vehicle use by own employees was taken from our expenses system, therefore only those journeys that were claimed on the expense system were included in this calculation. Data relating to car size or market segment was not available. The conversion factors for Business travel – land for an Average car with unknown fuel type were used.
Long-lease van use	The emissions produced by Jisc's long-lease van were included under Managed assets – vehicles. The conversion factors used were that for a Class I diesel van.

Financial policies and risks

Financial policies

A number of financial policies are in place for the Jisc Group:

- Treasury – this describes the nature of the investments that Jisc holds. Neither Jisc nor its subsidiaries have a requirement for external borrowings. Any borrowings are not permitted to be taken out without the prior consent from OfS under the terms of the grant funding agreement.
- Reserves - this describes the categories of reserves that Jisc holds and the reasons for each.

Both policies were reviewed by the Finance and Treasury committee in 2019-20 and approved by the board.

Credit risk

The Jisc Group's activities are primarily with state-funded education and research bodies and, as such, has minimum credit risk.

Liquidity risk

In its cash management, Jisc ensures that there are sufficient cash balances to meet day-to-day needs of the organisation. This is reflected in our Investment strategy (see Financial performance and strategy section on page 14).

Grant-making policies

In some cases, we provide grants to organisations to provide services on our behalf or to participate in projects. Grants are managed through specific agreements, which set out the conditions of the grant, including reporting requirements and when and how disclosure will happen. The agreement also outlines our responsibilities. Grants are usually disbursed in instalments to ensure that agreed timings and results are being met and managed. Our staff, monitor and evaluate progress throughout the period of the grants. The nature of these activities will depend on the size and complexity of the grant and the perceived level of risk.

Payment practices

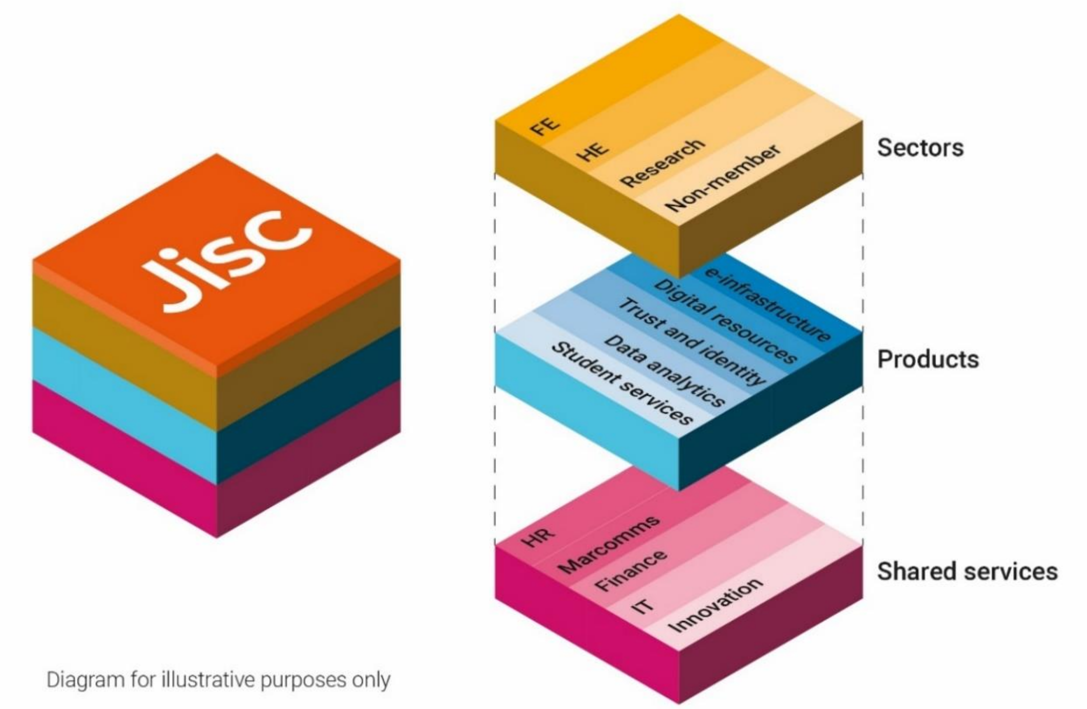
In accordance with regulations in the Small Business, Enterprise and Employment Act 2015, we have prepared and submitted payment practices reports for each 6-month period[15].

Internal organisation

Operating model

In January 2020, a new operating model was launched. The model is based on sectors and products as the key dimensions of a matrix structure underpinned by supporting shared services.

The model ensures we are increasingly strategically driven, continue to drive efficiencies and increase effectiveness in our member engagement and support.



Each sector is led by a managing director, who develop and execute our sector strategies in their area. Product areas are led by Executive directors who develop and deliver products and services in line with our sector strategies that meet our members' needs. The operating model also brings together shared service functions that support the effective and efficient delivery of products and the sector strategies and for undertaking activities that deliver organisational benefit to Jisc.

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[15] Our payment practices reports are available online at **https://check-payment-practices.service.gov.uk/company/05747339/reports**.

The executive directors and managing directors together form the Executive leadership team (see the Legal and administration section from page 21). The operating model spans all companies in the Jisc Group.

Staff numbers

Our headcount has increased by 18.5% over the past 12 months to 890 employees as at 31 July 2020. Of these, 8% (57 employees) were on fixed term contracts (compared with 12% in 2018). The total turnover rate for the period 1 August 2019 to 31 July 20120 was 8.5% compared to 14% in 2019.

Whilst part of this increase in headcount is through recruitment activity, 119 employees transferred into Jisc as a result of the TUPE transfer of HESA Enterprise and QAA staff and the merger with HECSU. Headcount will be likely to increase further over the next 12 months if the proposed merger with HESA proceeds.

People Strategy

Our People strategy sets out an ambitious plan to build, grow and align our employee experience to match the ambitions we have around our Members and Customers' experience. The strategy is based on 'because we CARE' and CARE forms the key elements of the strategy as outlined below.

Culture

An organisation-wide programme has been underway in 2019-20, with a wide range of colleagues from across the business engaging in meetings, Yammer discussions and workshops to support the development of our new guiding principles. The principles were launched to the organisation in

September 2020 and we'll be working across the business to make sure these principles are brought to life in everything that we do.

Inclusion and diversity

Diversity, inclusion and wellbeing forms a key pillar of our People strategy. In 2018-19 and 2019-20 we made significant progress, updating our careers web pages and our recruitment processes to reflect our objective to be a modern, progressive, inclusive employer. We have further developed our apprentice programme, increasing numbers significantly.

Now is the time to take stock and build a new, sustained strategy which will enable us to realise our longer-term ambitions. We have engaged Involve[16], a specialist in championing diversity and inclusion in organisations, that drive culture transformation and create inclusive workplaces. Over the summer of 2020 we have undertaken their flagship RADAR assessment in which we are assessed in the areas of Recruitment, Attraction, Development, Accountability and Resources. The assessment requires an audit of policy and practice, a survey and focus groups. By partnering with Involve we are able to access expertise and benchmark ourselves against organisations leading the way in this area. There has been excellent engagement by employees in the survey and focus groups, so we will have a valid picture of the lived experiences of our employees. This means we will understand the areas our strategy needs to focus on if we are to deliver a step change in our aspirations to achieve a more diverse workforce and inclusive culture.

Gender pay gap report

Our most recent Gender bonus and pay gap report[17] is based on a snapshot of earnings taken at 5 April 2019. We published our report even though the government removed the requirement due to the pandemic. The report shows that our mean gender pay gap has remained largely static at 17.7% but our median gap has increased to 14.1% from 10.2%. This has been driven by higher salary posts predominantly being taken by males. This year's bonus figures are affected by a group-wide bonus, given in 2018. It reduced the median gap to 0% but increased the mean to 51.4% as more people received a bonus. We're reviewing our approach to bonuses, including eligibility criteria.

We're committed to building on our successes this year. We're growing in areas where women are typically underrepresented - technical roles. We want to seize that challenge and believe our commitment to developing a diverse workforce can have a positive influence on the wider sector. We're going to keep working hard, under our new diversity strategy, to continue to create a truly progressive, inclusive and diverse organisation.

Whilst our aspirations are of course wider than gender - addressing the gender pay gap is a key part of the picture. We believe that actions to address gender will also have a positive impact on all areas of diversity. Further information on our work in this area can be found in our CSR statement[18].

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[16] **https://www.involvepeople.org/**
[17] The full report is available at **https://www.jisc.ac.uk/sites/default/files/gender-and-bonus-pay-gap-report-2019.pdf**
[18] Our Corporate Social Responsibility statement can be found at **https://www.jisc.ac.uk/about/corporate/corporate-social-responsibility**

Diversity data

Age and gender

Jisc continues to employ people across a broad age group, with the age of new starters over the past year ranging between 19 and 64 - with the average age for a new starter being 38 years old. The average age of our people remains at 42 years old.

Compared to last year, the proportion of women in post has increased, from 43% at the end of July 2019 to 44.95% at the end of July 2020. Our business partner team will continue to monitor these figures and work with teams across the business so that we can address any issues as they are identified.

Equalities information

Equalities information is held on our HR system in accordance with GDPR principles. We continue to encourage all staff to provide this data, though this is voluntary. We will continue to look carefully at our data to understand patterns and implications for strategy, both in term of tracking success and identifying areas of focus. Our new diversity strategy and HR system provides good opportunities to do this.

Ethnicity

To date approximately, 60% of staff in post at 31 July 2020 have provided information about their ethnic origin, 52% their religion, 54% their sexual orientation and 54% an indication of whether they regarded themselves as disabled.

Diversity varies across teams. Further details of ethnic diversity are shown in the table below. The number of staff recording themselves as White is a higher proportion than the general population based on the 2011 census (86%).

Asian or Asian British	Black or Black British	Chinese	Mixed Heritage	White	Preferred not to say
2%	0.6%	0.5%	1.3%	89.1%	1.6%

Religion

Approximately 19% of the returns identified with Christianity as their belief system, with an additional 5.6% specifically Catholic. The number of staff who have no religious belief has increased by 10% to 59%. At 1.7%, slightly fewer staff than last year practice Hinduism, and there has been an increase to 2.8% in the number of staff who practice Taoism, Islam, Rastafarianism, Spiritualism, Unitarianism, Jainism, Buddhism or identify themselves as Muslim or Jewish.

Sexual orientation

54% of staff responded to the question regarding sexual orientation, 1% less than year. 9% preferred not to say (compared to 11% in 2018). The majority of staff (83%) indicate that they are heterosexual (compared to 81% last year), 6% identify as lesbian, gay or bisexual. We now have an LGBTQ+ group, for anyone who identifies as LGBTQ+ and their allies, which provides support.

Supporting staff with disability

Jisc supports individuals with disabilities by providing appropriate support and/or adjustments and has 42 staff (compared with 32 in 2019) who have reported that they consider themselves to have a disability, representing 4.8% of our organisation.

Jisc works with an independent occupational health provider to support the health and wellbeing of our people, and to determine if there are any measures or reasonable adjustments to be considered to support the individual in the workplace. All new members of staff complete a pre-employment health questionnaire that is reviewed by our occupational health providers to help ensure that we are supporting appropriately staff from the start of their employment. In line with our commitment to an inclusive and diverse workforce, disabled employees have equality of access to training, development and progression. Support is also given to encourage return to work and retention of newly disabled employees, providing where required a period of rehabilitation, support and training.

Mental health related disabilities are becoming more common place and talked about in the workplace and society in general. We have a network of Mental Health First Aiders who provide support to colleagues and can direct colleagues to further sources of support, including our employee assistance programme. We are also providing training to managers on supporting employees with mental health issues, regardless of whether or not they are a disability.

This approach is driven by our iMatter Strategy and the work is being overseen by the health, safety and wellbeing committee. This forms part of our commitment to a holistic approach to health and safety and wellbeing.

Pay, benefits and recognition

Our objective is to ensure that we have salaries and reward packages that are competitive in the markets in which we operate and offer an attractive range of benefits including agile working that focus our support on employee wellbeing. We have a set of guiding reward principles which include a single pay framework which covers all staff except the Executive leadership team, whose salaries are determined by the Remuneration committee. Pay decisions focus on performance and the market and pay progression for all staff is predominately focussed on performance underpinned by a performance development scheme. A bonus is in place for members of the Executive leadership team, and there are fully governed commission schemes for account managers and other sales employees. These schemes are reviewed annually to ensure alignment to business priorities and fully linked to performance. The Remuneration committee considers the annual pay review proposals for all staff across the organisation and the resulting overall level of increase in the wage bill in the context of business performance and the need to ensure good pay governance to ensure money from funding is spent and focussed in the right way.

A Reward and Recognition project was initiated in 2019-20 to explore further opportunities for rewarding staff. The outcomes of the project will be implemented in 2020-21, including a new Recognition Scheme to support our culture programme.

The Remuneration committee reports to the board, providing sufficient detail to enable the board to assure themselves that rigorous, fair and defensible processes have been undertaken in all reward decisions as overall responsibility remains with the board.

Employment policies

A core set of employment policies are in place and are periodically reviewed to ensure that they meet employment legislation, our values and support an inclusive and diverse workforce. Our approach to our HR policies is intended to be light touch providing a framework to support people managers and their teams.

Workforce engagement

We use a number of communications channels to engage staff and encourage two-way communication across the organisation. These include the following:

- Joint Negotiating Committee with the University and College Union (UCU), our recognised trade union
- Employee Voice Forum (EVF), available to all staff to enable all employees to have a voice, and to share their concerns and views
- Equality, diversity and inclusion network to raise awareness, highlight barriers, celebrate where we are doing well and influence actions that can help further reduce the pay gap
- Fortnightly staff update and monthly all staff briefing on key issues
- Intranet
- Regular briefing sessions, both at directorate level and organisation wide via ‘all hands’ briefings with the chief executive and location wide briefings
- Jisc wide staff conference
- Targeted emails where a group of staff are specifically affected by an issue
- Open consultation processes
- Regular blogs, podcasts and webinars
- Yammer Groups

Responsibilities of the board in relation to the Trustees' report

The trustees (who are also directors of Jisc for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland") and applicable law. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees' responsibilities regarding the Office for Students grant reporting

The Trustees are responsible for ensuring that all terms of The Funding Agreement have been complied with or varied in writing with the Office for Students. The trustees are also responsible for providing relevant financial information to the Office for Students.

In the case of each trustee in office at the date the Trustees' Report is approved:

- so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Appointment of Independent Auditors

A procurement process was undertaken in Autumn 2019 to appoint external auditor for the 2019-20 audit. Grant Thornton UK LLP were successful in this process and were appointed as our external auditor. Grant Thornton UK LLP are deemed reappointed pursuant to section 487 of the Companies Act 2006.

The Strategic Report and Trustees' Report have been approved, authorised for issue and signed on behalf of the board by:

David Maguire

Professor David Maguire, Jisc chair

21 December 2020

Jisc

Independent auditor's report to the members of Jisc

Opinion

We have audited the financial statements of Jisc (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 July 2020, which comprise Consolidated Statement of Financial Activities (including income and expenditure account), the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, 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 Financial Reporting Standard 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 state of the group's and parent charitable company's affairs as at 31st July 2020 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Charities Act 2011.

Basis for opinion

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. 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. We are independent of the group and the parent charitable company 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the trustees and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group's and charitable parent company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group associated with these particular events.

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

In our evaluation of the trustees' conclusions, we considered the risks associated with the group and charitable company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the group and charitable company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group and charitable parent company will continue in operation.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

- In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Directors' Report, prepared for the purpose of company law, included in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report included in the **Trustees' Report** have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included in the Trustees' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit, Responsibilities of the trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 44, the trustees (who are also the directors of the charitable company for the purposes of company law) are 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 trustees determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company'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 trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **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 charitable company's members and trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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 charitable company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Mark Bishop FCA

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Oxford

21 December 2020

Consolidated Statement of Financial Activities (including income and expenditure account) for the year ended 31 July 2020

	Note	**Unrestricted funds 2020 £'000**	**Restricted funds 2020 £'000**	**Total Funds 2020 £'000**	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Total funds 2019 £'000
INCOME							
Donations and grants	4	46,521	21,261	**67,782**	49,360	20,337	69,697
Fair value of acquired net assets	0	7,288	-	**7,288**	2,196	-	2,196
Income from charitable activities	5	90,415	1,521	**91,936**	69,439	1,310	70,749
Income from other trading activities	6	16,748	194	**16,942**	11,502	254	11,756
Investment income	7	400	-	**400**	713	-	713
TOTAL INCOME		161,372	22,976	**184,348**	133,210	21,901	155,111
EXPENDITURE							
Charitable activities before USS pension change		157,673	19,775	**177,448**	144,666	14,981	159,647
USS pension provision change	30	(7,785)	-	**(7,785)**	15,269	-	15,269
Total charitable activities	8	149,888	19,775	**169,663**	159,935	14,981	174,916
Other trading activities		4,224	-	**4,224**	1,475	-	1,475
Grants	11	150	108	**258**	634	322	956
Other losses		400	-	**400**	171	-	171
TOTAL EXPENDITURE		154,662	19,883	**174,545**	162,215	15,303	177,518
Net income / (expenditure)	12	6,710	3,093	**9,803**	(29,005)	6,598	(22,407)
Transfers between funds	22	6,050	(6,050)	**-**	7,335	(7,335)	-
Other unrealised (losses) / gains	17	(1,988)	-	**(1,988)**	3,044	-	3,044
Net movement in funds for the year		10,772	(2,957)	**7,815**	(18,626)	(737)	(19,363)
Reconciliation of funds							
Total funds brought forward		66,160	15,223	**81,383**	84,786	15,960	100,746
Total funds carried forward		**76,932**	**12,266**	**89,198**	66,160	15,223	81,383

The accompanying notes are an integral part of these financial statements.

All results in the year to 31 July 2020 and in the prior year derive from continuing operations.

The consolidated statement of financial activities includes all gains and losses for the year and includes the income and expenditure of the group.

Consolidated & Charity Balance Sheets as at 31 July 2020

	Note	**Group 2020 £'000**	Group 2019 £'000	**Charity 2020 £'000**	Charity 2019 £'000
Fixed assets					
Intangible assets	15	**10,228**	3,051	**1,700**	-
Tangible assets	16	**23,634**	25,808	**10,949**	9,832
Investments	17	**56,424**	58,067	**88,313**	83,456
Total fixed assets		**90,286**	86,926	**100,962**	93,288
Current assets					
Debtors	0	**51,941**	44,701	**6,176**	6,090
Cash and cash equivalents	26	**36,206**	38,221	**25,091**	34,052
Total current assets		**88,147**	82,922	**31,267**	40,142
Liabilities					
Creditors: amounts falling due within one year	19	**73,302**	65,858	**35,884**	36,660
Provisions for liabilities	21	**2,047**	633	**991**	629
Total liabilities		**75,349**	66,491	**36,875**	37,289
Net current assets		**12,798**	16,431	**(5,608)**	2,853
Total assets less current liabilities		**103,084**	103,357	**95,354**	96,141
Provisions for liabilities: amounts falling due after one year	21	**13,886**	21,974	**13,809**	21,766
Net assets		**89,198**	81,383	**81,545**	74,375
The funds of the Group / Charity:					
Restricted income funds	22	**12,266**	15,223	**30,156**	13,870
Unrestricted income funds	23	**76,932**	66,160	**51,389**	60,505
Total Group / Charity funds		**89,198**	81,383	**81,545**	74,375

The Charity only net surplus for the year was £7,170k (2019: deficit of £12,784k) – refer to note 28. The accompanying notes are an integral part of these financial statements. The financial statements on pages 50 to 88 were approved and authorised for issue by the board and signed on its behalf by:

Dr Paul Feldman
Chief Executive
21 December 2020
Registered number: 05747339

Consolidated Cash Flow Statement for the year ended 31 July 2020

	Note	**2020 £'000**	2019 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	26	**6,616**	15,697
Cash flows from investing activities:			
Interest received	7	**400**	713
Proceeds from the sale of property, plant and equipment	16	**-**	9
Purchase of property, plant and equipment	16	**(8,578)**	(10,315)
Purchase of investments	17/26	**(545)**	(52,716)
Net cash used in investing activities		**(8,723)**	(62,309)
Cash flows from financing activities:			
Repayment of borrowing acquired		**-**	(2,469)
Net cash provided by financing activities		**-**	(2,469)
Net cash acquired	0	**92**	3,552
Change in cash and cash equivalents in the reporting year		**(2,015)**	(45,529)
Cash and cash equivalents at the beginning of the reporting year		**38,221**	83,750
Cash and cash equivalents at the end of the reporting year		**36,206**	38,221

Notes to the financial statements

1. Statement of compliance

The group and individual financial statements of Jisc have been prepared on a going concern basis in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - ("Charities SORP (FRS 102)"), the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006 and the Charities Act 2011.

2. Principal accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). After reviewing the group's forecasts and projections, the trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

b) Gifted assets related to the merger

On 1 May 2020 Jisc became the sole member of HECSU, a registered charity that operates in the education sector, and as consequence Jisc gained control of HECSU without transfer of any consideration. The transaction has been accounted for as an acquisition (in accordance with section 34 of FRS 102). Accordingly, the excess of the fair value of the assets received from HECSU over the fair value of the liabilities assumed is recognised as a gain in the Statement of Financial Activities (SOFA).

c) Group financial statements

The consolidated financial statements and the consolidated cash flow statement include the financial activities of the charity, its wholly owned subsidiaries Jisc Services Limited, Jisc Commercial Limited, Eduserv (Charity) and Eduserv Commercial Limited and its now wholly owned subsidiary Jisc Liberate Managed Services Limited, the latter up to 31 July 2020, at which point the Liberate entity will be dormant. The financial activities of HECSU for the three months post-merger have been included, with those activities falling outside the Jisc charitable objects being transferred to the Jisc trading subsidiary JCL, in return for a fair consideration. Intra-group transactions and balances are eliminated fully on consolidation. The proportion of equity not attributable to the group ('non-controlling interests') is recognised as a separate component of funds of the group. Where non-controlling funds would give rise to an asset, the asset is only recognised to the extend the group has a legal right of recovery.

A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. Jisc as a standalone company as permitted by FRS102 as a qualifying entity has taken advantage of the available exemption to not prepare a statement of cash flows [Section 7 of FRS102 and para 3.17 (d)].

d) Fund structure

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor, such as where funding is for specific projects or is capital in nature. Unrestricted funds comprise those funds which the charity is free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose.

e) Income

Income is recognised when the group has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the group has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred.

Income for services, including higher education subscriptions, is recognised over the period when the relevant service is provided, or in line with the work being performed, whichever is most appropriate.

Licensing income is recognised over the period when the relevant service is provided except for Chest licencing income. Chest licensing income is recognised in full as an agency fee at the start of the licensing agreement period in line with the contract structure.

Interest income is recognised as earned.

Income is deferred where services have not been or are partially provided. In addition, performance-related grants that are conditional upon the delivery of a specific level of service have been deferred where the conditions have not yet been met.

Grants that are capital in nature are recognised in accordance with the terms of relevant agreement and when either expenditure is incurred, or if an approved plan is already in place and the expectation of receipt is probable, or cash is received, whichever is soonest.

f) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to that category of activity within the group. Expenditure is classified under the following activity headings:

- Costs of commercial trading and their associated support costs.
- Expenditure on charitable activities includes the costs of activities undertaken to further the purposes of the charity and their associated support costs.
- Grants payable are payments made to third parties in the furtherance of the charitable objects of the group. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the group agrees to pay the grant without conditions, or the conditions attached to the grant are outside the control of the group.

- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged against the expenditure category of resources expended for which it was incurred.

g) Allocation of overhead and support costs

Support costs are those functions that assist the work of the group but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support Jisc's projects and activities. These costs have been allocated between commercial trading operations and expenditure on charitable activities.

h) Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the SOFA on a straight-line basis over the period of the lease.

i) Lease incentives

Incentives received to enter into an operating lease are credited to the SOFA, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 August 2014) and continues to credit such lease incentives to the SOFA over the period to the first review date on which the rent is adjusted to market rates.

j) Intangible fixed assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Electronic content 10 years

Amortisation is charged to the Statement of Financial Activities.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired on an annual basis.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

k) Tangible fixed assets and depreciation

All assets are capitalised and recorded at historic cost including any incidental costs of acquisition. Where appropriate, provision has been made for impairment in the value of tangible fixed assets.

Depreciation is charged on a straight-line basis to write off the cost of the tangible fixed assets over their estimated useful life. Items with a total cost of less than £1,000 are expensed in the period in which they occur.

- Land Non-depreciating
- Freehold property 50 years
- Freehold improvements 10 years
- Leasehold improvements over the life of the lease
- Fixtures and fittings 10 years
- IT equipment 3 years
- Network equipment 3 years

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in SOFA.

l) Investments

Investments in subsidiaries and associates are stated at cost, less provision for impairment.

An investment in a jointly controlled entity exists when there is a contractually agreed sharing of control over an economic activity of a separate legal entity, between Jisc and third party(s). A jointly controlled entity is initially recognised at the transaction price and subsequently adjusted for the investors' share of the profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the assets are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

m) Pensions

The organisation participates in Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The organisation 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 organisation therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the organisation has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the organisation 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.

n) Contingent liabilities

In accordance with the Charities SORP (FRS102) contingent liabilities are disclosed for those grants, which do not represent liabilities, but where there is a possible obligation, which arises from past events, which will only be confirmed by one or more future events, not wholly within the Trustees' control.

o) Foreign currency

Transactions denominated in foreign currencies are translated at the rate of exchange at the end of the month in which the transaction occurred. Foreign currency balances are re-translated at the rate of exchange prevailing at the balance sheet date. Any gain or loss arising is charged to the SOFA.

The majority of foreign currency income transactions have a corresponding cost of sales transaction in the same currency, where a surplus is generated this is used to settle ad-hoc purchases in currency throughout the year.

All forward contracts were cleared at the year end.

p) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

q) Cash and cash equivalents

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

r) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are recognised at their settlement amount after allowing for any trade discounts due. Provisions are recognised at amortised cost.

s) Financial instruments

Jisc only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their amortised cost. All financial assets and financial liabilities are carried at amortised cost.

3. Critical accounting judgements and estimation uncertainty

a) Critical judgements in applying the entity's accounting policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Multi-employer defined benefit pension scheme

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 the financial statements (note 30).

(ii) Timing of grant revenue recognition

Revenue from restricted grants (note 4) can vary in its terms and conditions, specified years to which it relates and cash payment profile. Judgement about the most appropriate financial year in which to recognise revenue can be required together with the amount of revenue to be recognised in that year, with reference to the specifications of a grant letter.

b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic life of tangible and intangible assets

The annual depreciation charge for tangible and intangible assets (note 16 and 15) is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 15 and 16 for the carrying amount of the intangible and fixed assets respectively, and page 56 for the useful economic lives for each class of assets.

(ii) Impairment of debtors

The company makes an estimate of the recoverable value of trade, intercompany and other debtors (note 18). When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

(iii) Multi-employer defined benefit pension scheme

The costs of the USS deficit recovery plans have been estimated based on a model devised by USS and the British Universities Finance Directors Group. The model uses the additional costs included in the deficit recovery plan, management's judgement of estimated changes in staffing levels and pay increases and is discounted based on corporate bond levels having a maturity of a similar length to the recovery plan. The scheme actuary reviews the funding of the USS every year and undertakes a formal actuarial valuation every three years, at which time the deficit recovery plan may be amended (note 30).

(iv) Impairment of fixed asset investments

In assessing whether the carrying value of fixed asset investments has suffered a permanent impairment, the company considers a number of indicators which include the comparing the market value of the underlying net assets to the cost of the investment, the trading history of the entity and the forecast cash flows of that entity.

4. Donations and grants

During the year to 31 July 2020 £67,782k (2019: £69,698k) of funding was received from the United Kingdom funding bodies for higher and further education.

	Unrestricted	**Restricted**	**2020 Total**	Unrestricted	Restricted	2019 Total
Funding Body:	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
OfS/Research England	20,000	20,953	**40,953**	20,000	20,000	40,000
DfE - England	13,991	-	**13,991**	16,830	-	16,830
Scottish Funding Council	8,073	-	**8,073**	8,073	-	8,073
HEFCW	2,001	108	**2,109**	2,001	139	2,140
DEL / DfE Northern Ireland	1,410	-	**1,410**	1,410	-	1,410
Welsh Government	1,046	200	**1,246**	1,046	198	1,244
	46,521	**21,261**	**67,782**	49,360	20,337	69,697

Due to the merger with HECSU in the year the gift of £7,093k representing the fair value of net assets transferred have been included as a donation but shown separately on the Consolidated Statement of Financial activities.

5. Income from charitable activities

	e-infrastructure	Digital resources	Digital futures	Marketing and Comms	**2020 Total**
	£'000	£'000	£'000	£'000	**£'000**
Licensing income	-	60,276	-	-	**60,276**
Chest licensing income	-	281	-	-	**281**
Service income	23,951	2,864	1,581	9	**28,405**
Project contributions	2,154	141	453	-	**2,748**
Events income	-	2	-	156	**158**
Consultancy income	-	16	27	25	**68**
Training income	-	-	-	-	**-**
	26,105	**63,580**	**2,061**	**190**	**91,936**

	e-infrastructure	Digital resources	Digital futures	Marketing and Comms	2019 Total
	£'000	£'000	£'000	£'000	£'000
Licensing income	-	47,958	-	-	47,958
Chest licensing income	-	281	-	-	281
Service income	18,235	823	317	121	19,496
Project contributions	2,247	106	205	-	2,558
Events income	-	28	-	416	444
Consultancy income	-	-	6	-	6
Training income	6	-	-	-	6
	20,488	49,196	528	537	70,749

The Group is domiciled in the UK.

Income for the year to 31 July 2020 from external customers that are non-UK based was £6,029k (2019: £2,871k) with the remainder generated in the UK.

Of the above 2020 total, £90,415k was unrestricted (2019: £69,439k) and £1,521 restricted (2019: £1,310k).

6. Income from other trading activities

The group has received £16,942k (2019: £11,756k) of income from other activities, mostly arising from membership subscriptions totalling £12,738k (2019: £8,475k).

7. Investment income

All of the group's investment income of £400k (2019: £713k) arises from money held in interest bearing deposit accounts and distributions from cash equivalent investments.

8. Charitable activities

	e-infrastructure	Digital resources	Digital futures	Marketing and Comms	**2020 Total**
	£'000	£'000	£'000	£'000	**£'000**
Network operations & services	60,596	-	-	-	**60,596**
Content and acquisition	-	6,267	-	-	**6,267**
Support and liaison	-	-	-	11,085	**11,085**
Technical and development	3,590	-	9,816	-	**13,406**
Other cost of sales	-	-	-	-	**-**
Licensing payments	-	63,321	-	-	**63,321**
Governance costs (note 9)	607	607	607	609	**2,430**
Support costs (note 10)	5,218	5,640	798	902	**12,558**
	70,011	**75,835**	**11,221**	**12,596**	**169,663**

	e-infrastructure	Digital resources	Digital futures	Marketing and Comms	2019 Total
	£'000	£'000	£'000	£'000	£'000
Network operations & services	63,910	73	-	-	63,983
Content and acquisition	-	6,339	-	-	6,339
Support and liaison	-	-	-	10,586	10,586
Technical and development	411	1,494	8,651	-	10,556
Other cost of sales	-	546	-	-	546
Licensing payments	-	47,921	-	-	47,921
Governance costs (note 9)	550	550	550	551	2,201
Support costs (note 10)	15,069	13,208	2,027	2,480	32,784
	79,940	70,131	11,228	13,617	174,916

Of the above 2020 total £149,888k was unrestricted (2019: £159,935k) and £19,775k was restricted (2019: £14,981k).

Expenses on e-infrastructure are the operating costs associated with the Janet network, network related services and development. Digital resources are mainly the costs associated with the trading activities of Jisc Collections. Digital futures expenditure relates to activities on behalf of the sector undertaken in a co-design process, but also now includes Data analytics. Marketing and Comms expenditure relates to customer engagement and communications activities on behalf of the sector. All expenditure includes irrecoverable VAT, where it has been incurred.

9. Governance costs

	2020 £'000	2019 £'000
External audit	**147**	180
Senior management salaries	**1,942**	1,644
Trustee expenses	**11**	18
Support costs	**330**	359
	2,430	2,201

The costs relating to the governance function are equally apportioned between the four key charitable activities undertaken in the year.

10. Support costs of charitable activities

	2020 £'000	2019 £'000
Wages and pension	**1,750**	22,588
Travel and subsistence	**401**	608
Consumables, post, printing, phone and stationery	**393**	712
Computer	**3,139**	2,865
Rent and rates	**3,422**	3,173
Temporary staff	**433**	542
Advertising	**64**	50
Consultancy and training	**1,979**	2,018
Insurances	**(13)**	41
Professional fees and audit fees	**963**	648
Bank charges	**31**	17
Support service	**72**	278
Exchange (gains) / losses	**(76)**	(756)
	12,558	32,784

Support costs of Jisc are allocated where possible directly to the charitable activity and where this direct allocation is not possible costs are allocated in line with the number of direct staff working in each charitable activity type. Wages and pension costs include a liability for paid annual leave accrued but not taken of £941k (2019: £1,025k).

The reduction in wages and pensions to £1,750k (2019: £22,588k) is due to credit in the year to adjust the pension provision, reducing cost in 2020 by £7,785k (2019 saw an increase in cost of £15,269k due to pension provision). This is shown as a separate line in the consolidated statement of financial activities.

11. Grants

	e-infrastructure £'000	Digital resources £'000	Digital futures £'000	**2020 Total £'000**
Grants paid to third parties	**62**	**104**	**92**	**258**

	e-infrastructure £'000	Digital resources £'000	Digital futures £'000	2019 Total £'000
Grants paid to third parties	62	550	344	956

In 2020 no grants were awarded to individuals (2019: Nil); all grants were to institutions. Of the total grants paid to third parties during 2020, £108k were unrestricted (2019: £634k) and £150k were restricted (2019: £322k). A detailed list of grants paid on a per institution basis can be found in note 33 of these financial statements.

Grant payments have fallen from £956k last year to £258k in the current year. No grants were committed to the University of Edinburgh in relation to EDINA in the current year (2019: £532k).

12. Net income/ (expenditure)

Net income/ (expenditure) is stated after charging / (crediting):

	2020 **£'000**	2019 £'000
Amortisation of intangible assets	**1,023**	1,479
Depreciation of tangible assets	**10,721**	12,174
Loss on sale of tangible fixed assets	**39**	9
Exchange differences	**(218)**	(817)
Operating lease rentals: Property	**1,703**	1,882

During the year the Group obtained the following services from the Group's auditors and its associates:

	2020 **£'000**	2019 £'000
Audit of all entities and consolidated financial statements		
Current auditors	**122**	-
Previous auditors	**29**	180
Tax compliance services	**-**	6
Tax advisory services	**-**	34
Services relating to taxation	**-**	40
Other non-audit services	**-**	14
Total	**151**	234

13. Transactions with Trustees and the cost of key management personnel

Remuneration and benefits

Recipient	**2020** **£**	2019 £
Dr Paul Feldman	218,400	210,000
Professor David Maguire	15,000	14,000
	233,400	224,000

The remuneration of Dr Paul Feldman and Professor David Maguire are for their roles as Chief Executive Officer and Chair respectively, rather than as Trustees. The level of remuneration has been approved by the Remuneration committee, and the articles of association of Jisc give express authority for their employment.

The charity Trustees were not paid nor received any other benefits from employment with Jisc or its subsidiaries in the year (2019: £nil); neither were they paid for professional or other services supplied to the charity (2019: £nil).

Reimbursement of expenses

Expenses were paid to 9 (2019: 6) Trustees during the year. Below is a breakdown by expenditure type:

	2020	2019
	£	£
Travel and subsistence	**11,083**	17,814

Key management personnel

The key management personnel of the Group comprise the Trustees, the Chief Executive, and 15 (2019: 10) members of Executive Leadership Team. The total remuneration and employee benefits of the key management personnel of the Group were £2,068,397 (2019: £1,644,074). Remuneration and pension contributions paid to members of the Executive Leadership Team during the year by role performed are shown below:

	Remuneration	**Employer Pension**	**2020 Total**
Role	**£**	**£**	**£**
Chief executive	218,400	-	218,400
Chief technology officer	200,722	-	200,722
Chief commercial officer	165,819	25,171	190,990
Deputy chief executive and chief operating officer	128,278	36,067	164,345
Executive director, trust and identity	132,967	25,705	158,672
Executive director, marketing and communications	110,786	21,417	132,203
Executive director, data and analytics	104,887	21,888	126,775
Interim chief financial officer, chief of staff from 28/01/20	104,875	21,068	125,943
Executive director, digital resources to 31/07/20	101,478	20,417	121,895
Executive director, Jisc technologies	98,314	19,792	118,106
Managing director, further education and skills	94,203	19,730	113,933
Executive director, digital resources	82,441	15,078	97,519
Chief financial officer	76,962	16,239	93,201
Interim managing director, higher education	64,198	-	64,198
Interim director, sales enablement	41,400	8,735	50,135
Chief innovation officer to 01/12/19	41,920	7,192	49,112
Executive director, student services	22,500	4,748	27,248
Chair of the Jisc board	15,000	-	15,000
	1,805,150	**263,247**	**2,068,397**

	Remuneration	**Employer Pension**	**2019 Total**
Role	£	£	£
Chief executive	210,000	-	210,000
Deputy chief executive, chief operating officer	125,664	30,548	156,212
Executive director, Janet	84,674	13,475	98,149
Executive director, e-infrastructure	123,396	20,808	144,204
Executive director, member engagement	173,800	21,913	195,713
Chief financial officer	109,688	18,615	128,303
Chief innovation officer	119,952	20,408	140,360

Role	Remuneration £	Employer Pension £	2019 Total £
Executive director, digital resources	118,320	19,625	137,945
Executive director, marketing and communications	107,559	18,464	126,023
Group chief technology officer	190,500	-	190,500
Chair of the Jisc board	14,000	-	14,000
Interim chief financial officer	16,410	3,200	19,610
Executive director, trust and identity	69,878	13,177	83,055
	1,463,841	180,233	1,644,074

The remuneration policy for the executive leadership team is the same as the rest of the Jisc Group (i.e. it is related to performance with increments ranging from 0% to 4% for top performers).

The annual increase in total executive leadership remuneration was 26% (2019: 18.5%) and this was higher than individual pay awards due to changes in membership of the executive leadership team. Remuneration also includes bonus payments. In the year to 31 July 2020, the remuneration of the Chief Executive equates to 5.7 times the mean gross pay of Jisc group employees (2019: 4.5 times) due to growth in staff numbers and the consequent change to average staff pay over the year.

14. Staff and wages

	Group		Charity	
	2020 £’000	2019 £’000	**2020 £’000**	2019 £’000
Wages and salaries	36,571	30,861	22,918	22,336
Social security costs	3,598	3,106	2,244	2,245
Other pension costs	6,679	5,208	4,153	3,655
Redundancy and termination payments	104	126	104	126
	46,952	39,301	**29,419**	28,362

In addition, temporary staff costs of £505k (2019: £625k) for the group were incurred during the year.

By activity, the average monthly number of persons employed by the group and charity during the year is:

	Group		Charity	
	2020	2019	**2020**	2019
Management	43	79	35	73
Technical	552	472	280	313
Administrative	184	112	177	109
	779	663	**492**	495

Staff numbers have been reported on the basis of full-time equivalent hours.

The number of staff and gross salary and emoluments of staff whose remuneration was over £60,000 were in the following ranges:

	2020	2019
£60,001 - £70,000	53	41
£70,001 - £80,000	20	20
£80,001 - £90,000	15	14
£90,001 - £100,000	4	2
£100,001 - £110,000	5	1
£110,001 - £120,000	3	2
£120,001 - £130,000	2	3
£130,001 - £140,000	2	0
£160,001 - £170,000	1	0
£170,001 - £180,000	0	1
£180,001 - £190,000	0	1
£190,001 - £200,000	0	1
£200,001 - £210,000	1	1
£210,001 - £220,000	1	0
	107	87

The number of staff whose remuneration was over £60,000 to whom retirement benefits are accruing under:

	2020	2019
Money purchase schemes	1	1
Defined benefit schemes	101	82
	102	83

15. Intangible assets

Group

	Customer contracts £000	Rights to electronic content £'000	Total £'000
Cost			
As at 1 August 2019	-	19,023	19,023
Additions	7,093	1,107	8,200
Disposals	-	-	-
As at 31 July 2020	**7,093**	**20,130**	**27,223**
Accumulated amortisation			
As at 1 August 2019	-	15,972	15,972
Disposals	-	-	-
Charge for the year	-	1,023	1,023
As at 31 July 2020	**-**	**16,995**	**16,995**
As at 31 July 2019	-	3,051	3,051
As at 31 July 2020	**7,093**	**3,135**	**10,228**

The addition is the HECSU customer list acquired at fair value on 1st May.

Assets were assessed for impairment indicators in the year. The reduced income from May to July from business transferred from HECSU is considered temporary and therefore no impairment has been made to the value of the customer contracts obtained.

16. Tangible assets

Group

	Freehold property £'000	Network Equipment £'000	IT Equipment £'000	Fixtures and Fittings £'000	Leasehold Improvements £'000	Total £'000
Cost						
As at 1 August 2019	5,625	52,317	2,616	1,026	5,418	**67,002**
Additions	1,430	6,395	376	377	-	**8,578**
Reclassification	214	-	-	-	(214)	**-**
Disposals	-	(5,121)	(205)	(57)	-	**(5,383)**
As at 31 July 2020	**7,269**	**53,591**	**2,787**	**1,346**	**5,204**	**70,197**
Accumulated Depreciation						
As at 1 August 2019	22	36,341	2,064	498	2,269	**41,194**
Charge for the year	222	9,682	349	94	374	**10,721**
Eliminated on disposal	-	(5,118)	(223)	(10)	(1)	**(5,352)**
As at 31 July 2020	**244**	**40,905**	**2,190**	**582**	**2,642**	**46,563**
Net book value at 31 July 2019	5,603	15,976	552	528	3,149	25,808
Net book value at 31 July 2020	**7,025**	**12,686**	**597**	**764**	**2,562**	**23,634**

Leasehold improvements for the group and the charity in the prior year included the fair value of acquired assets of a data centre of £1,146k (2020: nil) and a subsequent depreciation charge of £146k up to 30 April 2019 (2020: nil). No further depreciation has been charged after this date as these assets are held for re-sale and have a net book value of £1,000k at the 31 July 2020 (2019: £1,000k).

Assets were assessed for impairment indicators in the year. No impairment indicators were noted.

Charity

	Freehold property £'000	IT Equipment £'000	Fixtures and Fittings £'000	Leasehold improvements £'000	Total £'000
Cost					
As at 1 August 2019	5,625	3,859	1,273	5,899	**16,656**
Additions	1,430	376	377	-	**2,183**
Reclassification	214	-	-	(214)	**-**
Disposals	-	(205)	(57)	-	**(262)**
As at 31 July 2020	**7,269**	**4,030**	**1,593**	**5,685**	**18,577**
Accumulated Depreciation					
As at 1 August 2019	22	3,307	745	2,750	**6,824**
Charge for the year	222	349	94	374	**1,039**
Eliminated on disposal	0	(223)	(10)	(1)	**(234)**
As at 31 July 2020	**244**	**3,433**	**829**	**3,123**	**7,629**
Net book value as at 31 July 2019	5,603	552	528	3,149	9,832
Net book value as at 31 July 2020	**7,025**	**597**	**764**	**2,562**	**10,948**

17. Investments

The Group held investments at 31 July 2020 of £56,424k (2019: £58,067k) made up of investments in funds of £56,169k (2019: £57,812k) and investment in affiliates of £255k (2019: £255k).

An unrealised loss of £1,988k (2019: gain of £3,044k) has been reported due to the change in value of investment funds held during the year

Group

	Total £'000
Investment funds	
As at 1 August 2019	57,812
Additions	345
Unrealised gain/(loss) on investments	(1,988)
Investment funds as at 31 July 2020	**56,169**
Investments in affiliates	
As at 1 August 2019	255
Additions	-
Provision for impairment	-
Investments in affiliates as at 31 July 2020	**255**
Total investments as at 31 July 2019	58,067
Total investments as at 31 July 2020	**56,424**

Charity

	Total £'000
Investment funds	
As at 1 August 2019	57,812
Additions	345
Unrealised gains on investments	(1,988)
Investment funds as at 31 July 2020	**56,169**
Investments in subsidiaries and affiliates	
As at 1 August 2019	25,644
Additions	6,700
Provision for impairment	(200)
Investments in subsidiaries and affiliates as at 31 July 2020	**32,144**
Total investments as at 31 July 2019	83,456
Total investments as at 31 July 2020	**88,313**

Investment Funds

As at 31 July 2020 Jisc and the Group held the following investments funds which are stated at their market value at the balance sheet date:

Fund	No. of units	Price /£	Total 2020 £'000
Managed by Mercer Limited:			
L&G Future World Climate	70,300,128	0.54030	37,983
Ruffer Global Funds	5,760,056	1.43350	8,257
Savills Investment Management	5,739,140	1.22730	7,044
Managed by Rathbone Investment Management Limited:			
UK Government Treasury Bonds	186,000	1.343	250
Overseas Index Linked Govt Bonds	520,000	0.62	322
Rathbone UK Unit Trust Ethical	220,000	1.049	231
Brown Advisory Funds US	14,000	13.516	189
Other Rathbones managed funds <£150k			1,382
Other equity investments			511
			56,169

Holdings as at 31 July 2019 were as follows:

Fund	No. of units	Price /£	Total 2019 £'000
Managed by Mercer Limited:			
L&G Future World Climate	70,300,129	0.573	40,303
Ruffer Global Funds	5,760,056	1.332	7,675
Savills Investment Management	5,739,139	1.292	7,414
Managed by Rathbone Investment Management Limited:			
UK Government Treasury Bonds	85,000	3.587	305
Overseas Index Linked Govt Bonds	520,000	0.590	307
Rathbone UK Unit Trust Ethical	160,000	1.022	164
Liontrust Fund Partners UK	36,000	4.436	160
Brown Advisory Funds US	16,711	11.310	189
Janus Henderson Investments	40,000	3.741	150
Invested cash			21
Other Rathbones managed funds <£150k			958
Other equity investments			166
			57,812

The investments managed by Rathbone Investment Management Limited were transferred at fair value following the merger with Eduserv.

Investment in subsidiaries and affiliates

Jisc holds investments in subsidiaries and affiliates as part of its charitable activities. Investments in subsidiaries and affiliates are accounted for at the lower of cost or underlying net realisable value.

Throughout the year, Jisc held investments in its subsidiaries, Jisc Services Limited, Jisc Commercial Limited, and Eduserv Commercial Limited.

During the year Jisc also acquired the following interests: Jisc became the sole member of HECSU (charity and company limited by guarantee) for consideration of nil. All assets and liabilities of HECSU were transferred to Jisc on the 1 May 2020 (see note 0).

From the date of acquisition former HECSU activities have generated income of £658k and incurred expenditure of £463k resulting in a net surplus of £194k. These amounts are included in the consolidated statement of financial activities.

Furthermore, an additional investment of £200k was made in Jisc Liberate Managed Services Limited bringing the total investment to £895k (shareholding then at 100%). Jisc subsequently provided against the cost of the investment in Jisc Liberate Managed Services Limited in full bringing the net book value to nil (2019: £695k).

The registered office addresses of all the charity's investments are:

Name	Registered office address
Eduserv	4 Portwall Lane, Bristol, BS1 6NB
Eduserv Commercial Limited	4 Portwall Lane, Bristol, BS1 6NB
Jisc Services Limited	4 Portwall Lane, Bristol, BS1 6NB
Jisc Commercial Limited	4 Portwall Lane, Bristol, BS1 6NB
Jisc Liberate Managed Services Limited	4 Portwall Lane, Bristol, BS1 6NB
Placer Limited	Studio 10 Tiger House, Burton Street, London, WC1H 9BY
Unitu Limited	Unit 4 Bramber Road, London, W14 9PW
Higher Education Careers Services Unit	Prospects House, 25 Booth Street East, Manchester M13 9EP
Graduate Prospects Limited	Prospects House, 25 Booth Street East, Manchester M13 9EP

The charity holds greater than 20% interests in the following companies:

	Country of registration	Activity	% Holding of Issued Share Capital or guarantees	Turnover £'000	Expenditure interest & tax £'000	Operating surplus / (deficit) £'000	Assets £'000	Liabilities £'000	Funds £'000
Eduserv	England & Wales	Charity that provides information technology service activities	100.00%	-	-	-	-	-	-
Eduserv Commercial Limited	England & Wales	Provides information technology service activities	100.00%	3,948	(3,782)	166	3,378	(2,876)	502
Jisc Services Limited	England & Wales	Development and maintenance of the Janet network and connected services and provision of digital content for the education and research sector	100.00%	147,945	(147,931)	14	128,218	(121,605)	6,613
Jisc Commercial Limited	England & Wales	Provides public enterprise with access to JISC's infrastructure	100.00%	2,632	(1,956)	676	7,294	(1,484)	(5,810)
Jisc Liberate Managed Services Limited	England & Wales	Provides information technology service activities	100.00%	-	(787)	(787)	25	(32)	(7)
Placer Limited	England & Wales	Provides a national platform for student work placements	36.80%	26	(271)	(245)	110	(338)	(228)
Unitu Limited	England & Wales	Provides information technology service activities	22.00%	98	(121)	(23)	57	(8)	49
HECSU	England & Wales	Student services	100.00%	658	464	194	991	(2,098)	(1,107)

Eduserv has been fully integrated within Jisc and JSL. Post-merger income and surplus from HECSU is 3 months of trade, £658k less direct costs of £464k. Included in HECSU liabilities is an intercompany creditor of £853k, being post-merger funding provided by Jisc. The Jisc Liberate Managed Services operating result is due to the write back (credit to P&L) of an intercompany loan of £895k ahead of this entity becoming dormant. This loan has been written off in Jisc.

18. Debtors

	Group		Charity	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Trade debtors	11,551	11,253	1,165	2,434
Amounts owed by group undertakings	-	-	963	405
Other debtors	557	975	247	457
Prepayments	37,662	28,614	2,534	1,764
Accrued income	2,171	3,859	1,267	1,030
	51,941	44,701	**6,176**	6,090

Amounts owed by group undertakings:

	Charity	
	2020	2019
	£'000	£'000
Jisc Commercial Limited	**166**	405

Included in the Jisc Commercial Limited total above is an intercompany loan with a balance at the end of the year of £nil (2019: £250k). An amount of £250k was repaid during the financial year (2019: £1,000k repaid). This loan carried an interest rate of 4% above the UK base rate and each drawing of the loan was repayable within 3 years of the relevant drawing date.

At the end of the year, Jisc Liberate Managed Services Limited owed Jisc £nil (2019: £795k), having been fully written off at the end of the financial year. This loan carried an interest rate of 4% above the UK base rate and each drawing of the loan was repayable within 3 years of the relevant drawing date.

No provisions for impairment are recognised against Group or Charity trade debtors (2019: £nil). Trade debtors and amounts owed by group are presented at their amortised cost.

19. Creditors: amounts falling due within one year

	Group		Charity	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Trade creditors	11,733	8,934	1,077	741
Amounts owed to group undertakings	-	-	31,270	12,342
Other taxation & social security	(6,941)	2,382	(5,425)	1,594
Other creditors	1,422	1,004	1,293	742
Accruals	20,096	15,233	6,339	8,315
Deferred income (note 20)	36,779	29,000	1,330	3,621
Net Chest creditor	10,213	9,305	-	9,305
	73,302	65,858	**35,884**	36,660

Included within other creditors is an amount owed to pension funds of £533k (2019: £708k).

The debit balance on other taxation & social security is a repayment due from HMRC of VAT on electronic material which is now zero-rated.

Amounts owed to group undertakings:

	Charity	
	2020	2019
	£'000	£'000
Jisc Services Limited	29,265	12,044
Eduserv Commercial Limited	2,005	298
	31,270	12,342

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

20. Deferred income

Income has been deferred where services or goods issued to beneficiaries have not been or are partially provided. In addition, performance-related grants that are conditional upon the delivery of a specific level of service have been deferred where the conditions had not yet been met.

	Group		Charity	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Deferred income brought forward	29,000	24,331	3,621	976
Released in year	(29,000)	(24,331)	(3,621)	(976)
Deferred in year	36,779	29,000	1,330	3,621
	36,779	29,000	**1,330**	3,621

21. Provision for liabilities

	Group		Charity	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Pension provision (note 30)	14,548	22,448	14,447	22,236
Other provisions	1,385	159	353	159
	15,933	22,607	**14,800**	22,395
The above is analysed as follows:				
Due within one year	2,047	633	991	629
Due after more than one year	13,886	21,974	13,809	21,766
	15,933	22,607	**14,800**	22,395

Pension provision

The pension provision represents the group and charity recognising a liability in relation to its contractual obligation to contribute to covering the USS deficit.

The pension provision arises as follows:

	Group		Charity	
	31/07/2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Due within one year	662	474	638	470
Due after more than one year	13,886	21,974	13,809	21,766
	14,548	22,448	**14,447**	22,236

Other provisions

	Group		Charity	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Brought forward	159	94	159	94
Additions	1,226	65	194	65
Balance carried forward	**1,385**	159	**353**	159

Provision has been made for £150k of property lease dilapidations (2019: £150k), £94k for other property costs, £95k for legal costs and £30k of payroll taxes now due following a review of the group expenses policy.

22. Restricted income funds

Group

	2020 £'000	2019 £'000
Balance brought forward	15,223	15,960
Incoming resources	22,976	21,901
Resources expended	(19,883)	(15,303)
Fixed assets purchased and transferred to unrestricted funds	(6,050)	(7,335)
Balance to carry forward	**12,266**	15,223

Charity

	2020 £'000	2019 £'000
Balance brought forward	13,870	9,886
Incoming resources	22,165	21,373
Resources expended	(5,879)	(17,389)
Balance to carry forward	**30,156**	13,870

Restricted balances are held in cash. The cash is held within the subsidiary company bank accounts as during the financial year it acted as a central treasury management facility.

Analysis of group restricted funds by type of purpose:

	2020 £'000	2019 £'000
General capital funds	11,486	13,694
Electronic infrastructure	-	680
Regional network funds	172	629
Other restricted funds	608	220
Total restricted funds	**12,266**	15,223

General capital funds are held for future capital project spend.

Electronic infrastructure funds relate to specifically identified high bandwidth network upgrades.

Regional network funds relate to nation-specific network capital improvements.

23. Unrestricted income funds

Group

	Total	Unrestricted fund	Designated funds: Grant funded assets	Designated funds: Paid pre-payments	Restructuring fund
	£'000	£'000	£'000	£'000	£'000
Balance b'fwd 1 August 2019	**66,160**	30,732	27,783	6,943	702
Net incoming resources	**6,710**	6,710	-	-	-
Transfers to / (from) unrestricted to designated	**-**	2,895	(4,372)	1,607	(130)
Unrealised gains	**(1,988)**	(1,988)	-	-	-
Transferred from restricted	**6,050**	6,050	-	-	-
Balance c'fwd 31 July 2020	**76,932**	**44,399**	**23,411**	**8,550**	**572**

The designated fund labelled "Grant funded assets" reflects the net book value of assets purchased using grants.

The designated fund labelled paid prepayments reflects the value of the prepayments which had been paid at the year-end where this income had been deferred in the subsidiary Jisc Services Limited under UK GAAP.

The restructuring fund is designated for future restructuring expenditure across the group.

Charity

	Total	General unrestricted fund	Designated funds	
			Grant funded assets	Restructuring fund
	£'000	£'000	£'000	£'000
Balance b'fwd 1 August 2019	**60,505**	51,047	8,756	702
Net expenditure	**(9,116)**	(9,116)	-	-
Transfers (from)/to general unrestricted to designated	**-**	(363)	493	(130)
Balance c'fwd 31 July 2020	**51,389**	**41,568**	**9,249**	**572**

24. Analysis of net assets between funds

Group

	Unrestricted Funds £'000	**Restricted Funds £'000**	**Total 2020 £'000**	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000
Fixed assets	90,286	-	**90,286**	86,926	-	86,926
Current assets	75,881	12,266	**88,147**	67,699	15,223	82,922
Current liabilities	(75,349)	-	**(75,349)**	(66,491)	-	(66,491)
Non-current liabilities	(13,886)	-	**(13,886)**	(21,974)	-	(21,974)
Total	**76,932**	**12,266**	**89,198**	66,160	15,223	81,383

Charity

	Unrestricted Funds £'000	**Restricted Funds £'000**	**Total 2020 £'000**	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000
Fixed assets	100,962	-	**100,962**	93,288	-	93,288
Current assets	9,513	30,156	**39,669**	26,272	13,870	40,142
Current liabilities	(45,277)	-	**(45,277)**	(37,289)	-	(37,289)
Non-current liabilities	(13,809)	-	**(13,809)**	(21,766)	-	(21,766)
Total	**51,389**	**30,156**	**81,545**	60,505	13,870	74,375

25. Operating lease commitments

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group		Charity	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Land and buildings				
Not later than one year	1,510	800	1,510	800
Later than one year and not later than five years	5,032	3,641	5,032	3,641
Later than five years	3,348	3,422	3,348	3,422
	9,890	7,863	**9,890**	7,863

26. Reconciliation of net expenditure to net cash inflow from operating activities

	2020 £'000	2019 £'000
Net expenditure for the reporting period (as per Statement of Financial Activities)	**9,803**	(22,407)
Adjustments for:		
Interest	(400)	(713)
Loss on disposal of fixed assets	39	9
Write off investments	200	400
Depreciation on tangible fixed assets	10,720	12,174
Amortisation of intangible assets	1,023	1,479
Increase in debtors	(6,784)	(8,241)
(Decrease)/increase in creditors and provisions	(697)	35,192
Gift of new entity (at fair value of net assets)	(7,288)	(2,196)
Net cash provided by operating activities	**6,616**	15,697

Analysis of net funds

	Group		Charity	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Cash at bank and in hand	**17,195**	16,324	**6,080**	12,155
Cash equivalents	**19,011**	21,897	**19,011**	21,897
Total cash and cash equivalents	**36,206**	38,221	**25,091**	34,052

The investment write off relates to Liberate, ahead of this entity becoming dormant.

27. Members liability

Jisc is a charitable company limited by guarantee (CLG). The constitution allows for two classes of membership. One class comprises Representative Members, which includes the original members and guarantors - the Association of Colleges, Guild HE and Universities UK. Each of these Representative Members holds 30% of the voting rights. The other class of membership, in place from 1 August 2014, comprises Institutional Members, who together hold 10% of the voting rights. The liability of each member (both Institutional and Representative) is limited to a maximum of £1. This liability will apply for the duration of membership of the charitable company and for one year beyond the end of membership.

28. Results of the charity

	Unrestricted fund £'000	**Restricted fund £'000**	**Total 2020 £'000**	Total 2019 £'000
Total incoming resources	**69,158**	**22,165**	**91,323**	91,077
Net (deficit) / surplus	**(9,114)**	**16,286**	**7,170**	(12,784)

29. Related parties

Year ended 31 July 2020	**Jisc Services Limited**		**Jisc**		**Grants**	**Balance sheet**		
	Income	Expenditure	Income	Expenditure	Expenditure	Debtors	Creditors	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Abertay University	127	-	9	-	-	-	65	
Advance HE	6	-	10	-	-	12	-	a)
Amazon Web Services	-	739	-	-	-	-	-	
Aptum Techologies (previously Cogeco Peer 1)	-	-	-	-	-	7	-	b)
Association of Colleges	-	-	-	-	-	-	3	a)
Association of Graduate Careers Advisory Services (AGCAS)	-	106	-	-	-	-	-	
Birkbeck College	123	-	29	-	-	31	48	c)
EPSRC	-	-	1,304	-	-	-	-	
Forth Valley College	20	-	-	-	-	-	1	
GEANT	671	1,586	-	1	-	6	32	
Grimsby Institute of Further and Higher Education	39	-	19	-	-	6	1	
HEANet	131	-	-	-	-	29	-	
Higher Education Funding Council for Wales (HEFCW)	29	-	1,968	-	-	-	-	*
HESA Services Limited	407	556	-	3	-	438	66	d)
Higher Education Policy Institute (HEPI)	1	-	-	-	-	-	-	
Jisc Commercial Limited	-	-	48	-	-	-	-	
Jisc Services Limited	-	12	-	29,132	51,723	-	5	
Lancaster University	767	6	74	-	-	124	457	e)

Year ended 31 July 2020	Jisc Services Limited		Jisc		Grants	Balance sheet		
	Income	Expenditure	Income	Expenditure	Expenditure	Debtors	Creditors	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Leeds Beckett University	154	15	49	-	-	206	19	f)
National Science Museum	7	-	-	-	-	-	3	
Office for Students	45	-	28,223	-	-	-	1	
Oxford Brookes University	236	7	50	-	-	100	168	g)
Painless Security LLC	-	-	-	-	-	1	1	h)
Pearson College Governing Body	6	27	1	-	-	11	211	i)
Richmond Upon Thames College	2	-	15	-	-	5	-	
Royal Holloway, University of London	423	-	3	-	-	35	264	
Scottish Qualifications Authority (SQA)	-	-	1	-	-	-	-	
Shibboleth Consortium	38	-	-	-	62	-	-	
Staffordshire University	133	16	34	2	-	5	41	
The Russell Group of Universities	1	-	-	-	-	-	-	
The Universities and Colleges Employers Association	6	-	-	-	-	-	-	
Tribal Group	-	-	4	-	-	-	-	
University College of Estate Management	16	-	1	-	-	3	-	
University of Dundee	596	43	66	-	-	183	290	
University of Greenwich	245	9	55	-	-	115	103	
University of London	62	4	41	-	-	20	38	j)
University of Oxford	1,414	31	426	-	-	83	919	k)
University of South Wales	348	-	55	1	-	12	156	
University of Southampton	1,052	-	159	-	-	272	620	l)
Universities UK	1	-	2	9	-	1	-	
	7,106	**3,157**	**32,646**	**29,148**	**51,785**	**1,705**	**3,512**	

Footnotes

EPSRC, HEFCW and Office for Students are listed as Related Parties. They provide grant funding as Jisc's funding bodies. EPSRC pay the Jisc grant from Research England.

The above group debtor and creditor balances relate wholly to Jisc Services Limited unless otherwise stated below:

a) Jisc debtor or creditor only.

b) Jisc Commercial Limited has £16k of income from Aptum Technologies. The debtors of £7k include JSL debtors of £4k and Jiscom debtors of £3k.

c) Birkbeck College debtors of £31k include Jisc debtors of £2k.

d) HESA Services Limited debtors of £438k include Jisc debtors of £25k and creditors of £66k include Jisc creditors of £8k.

e) Lancaster University debtors of £124k include Jisc debtors of £9k.

f) Leeds Beckett University debtors of £206k include Jisc debtors of £2k.

g) Oxford Brookes University debtors of £100k include Jisc debtors of £1k.

h) Jisc Liberate Management Services to Painless Security LLC debtors and creditors relate to Jisc Liberate debtors of £1k and Jisc creditors of £1k.

i) Pearson College debtors of £11k include Jisc debtors of £5k.

j) University of London debtors of £20k include a Jisc debtors of £1k and creditors of £38k include Jisc creditors of £2k.

k) University of Oxford debtors of £83k include Jisc debtors of £3k.

l) University of Southampton debtors of £272k include Jisc debtors of £1k.

Year ended 31 July 2019	**Jisc Services Limited**		**Jisc**		**Grants**	**Balance sheet**		
	Income	**Expenditure**	**Income**	**Expenditure**	**Expenditure**	**Debtors**	**Creditors**	
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	
Abertay University	128	-	13	2	-	8	43	
Advance HE	-	-	10	4	-	12	3	**a**
Amazon Web Services	-	-	-	229	-	-	52	**a**
Association of Colleges	-	-	-	30	-	-	-	
Birkbeck College	110	-	38	-	-	53	58	**b**
BPP University	-	-	3	-	-	-	-	
Cogeco Peer 1	-	-	-	-	-	3	-	**c**
EPSRC	-	-	2	-	-	-	-	
Forth Valley College	12	-	5	-	-	10	-	
GEANT	609	1630	1	5	-	379	568	**d**
Guild HE	-	-	-	-	-	-	-	
Higher Education Careers Services Unit	-	-	-	20	-	-	-	
HEFCW	13	-	2,140	-	-	-	-	
HESA Limited	29	-	32	32	-	-	-	
Higher Education Policy Institute (HEPI)	-	-	-	14	-	-	-	
Jisc Commercial Limited	-	-	68	-	-	-	-	
Jisc Services Limited	-	-	27,786	-	47,211	-	-	
Lancaster University	642	66	82	1	-	31	285	
National Science Museum	9	-	-	-	-	-	6	
National Star College	-	-	6	-	-	-	-	
Oxford Brookes University	166	-	106	-	-	15	92	**e**
Painless Security LLC	-	37	-	-	-	-	-	**f**
Placer Limited	-	-	-	-	-	-	-	
Richmond Upon Thames College	6	-	-	-	-	-	4	

Year ended 31 July 2019	Jisc Services Limited		Jisc		Grants	Balance sheet		
	Income	Expenditure	Income	Expenditure	Expenditure	Debtors	Creditors	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Royal Holloway, University of London	296	-	82	-	-	27	152	g
Shiboleth Consortium	38	-	-	-	62	-	-	
Staffordshire University	101	23	62	-	-	2	34	
Universities UK	-	2	2	27	-	2	10	
University of Greenwich	196	29	154	-	16	22	67	h
University of London	33	-	46	-	-	1	28	i
University of Oxford	951	-	428	18	-	40	393	
	3,339	**1,787**	**31,066**	**382**	**47,289**	**605**	**1,795**	

Footnotes

The above group debtor and creditor balances relate wholly to Jisc Services Limited unless otherwise stated below:

a) Jisc debtor or creditor only

b) Birkbeck College creditor of £111k includes a Jisc creditor of £2k and debtor of £53k includes Jisc debtor of £33k.

c) Jisc Commercial Limited has related party transactions of £16k of income with Cogeco Peer 1, including a debtor balance of £3k.

d) GEANT creditors of £568k includes a Jisc creditor of £3k

e) Oxford Brookes University creditor of £92k includes a Jisc creditor of £3k.

f) Expenditure of £385k was through the Jisc Liberate Managed Services Limited.

g) Royal Holloway creditor of £152k includes a Jisc creditor of £3k.

h) University of Greenwich creditor of £67k includes a Jisc creditor of £3k and grant creditor of £16k.

i) University of London creditor of £28k includes a Jisc creditor of £3k as well as Jisc debtor of £1k.

The institutions, suppliers and customers shown within the note have been declared as interests by the Trustees of Jisc, members of Executive Leadership Team and the Board of directors of its subsidiaries.

In addition to the above, during the year, Jisc Liberate Managed Services Limited (JLMSL) was charged £nil (2019: £15k) in respect of management charges from Jisc Services Limited. There was no charge (2019: no charge) to Jisc Services Limited from JLMSL.

Included in the related party table above are the following transactions with Charity's subsidiaries:

Jisc Commercial Limited

During the year Jisc received £36k (2019: £33k) of income from Jisc Commercial Limited in recharges for providing corporate services. Jisc Commercial Limited was also charged £12k (2019: £34k) of interest on its intercompany loan.

Jisc Services Limited

Jisc paid grants totalling £51,723k (2019: £47,112k) to Jisc Services Limited during the year. In addition, Jisc charged Jisc Services Limited £15,478k (2019: £17,254k) of management charges under the 2015

Business Transfer Agreement covering costs for a variety of services. Finally, Jisc charged Jisc Services Limited £13,654k (2019: £10,532k) for staff members providing services to Jisc Services Limited.

Jisc Liberate Managed Services Limited

Amounts due from group companies are presented in note 18.

30. Pension

Universities Superannuation Scheme

The company participates in the Universities Superannuation Scheme (the scheme). The assets of the scheme are held in a separate Trustee-administered fund. The company is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102, accounts for the scheme as if it were a defined contribution scheme.

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.

Contributions for the year were £6,679k (2019: £4,952k). However, as the USS scheme is in deficit, the group recognises a liability in relation to its contractual obligation to contribute to covering this deficit. A provision of £14,548k (2019: £22,448k) was recognised on the group's balance sheet, a provision of £14,447k (2019: £22,236k) was recognised on the company's balance sheet.

The following table shows the movement in the USS pension provision:

	Group		Charity	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Brought forward	22,448	6,094	22,236	6,036
Fair value of acquired pension provision acquired	59	1,317	38	1,317
Deficit contribution paid	(534)	(393)	(531)	(389)
Unwinding of discount	360	161	357	159
Change in expected contributions	(7,785)	15,269	(7,653)	15,113
Balance carried forward	**14,548**	22,448	14,447	22,236

The deficit contribution paid represents Jisc's contribution to the reduction of the USS pension deficit per annum.

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

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

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

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:

2018 valuation	
Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females Post retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2018 valuation	**2017 valuation**
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

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

	2020	2019
Discount rate	0.73%	1.60%
Pensionable salary growth	n/a	n/a

The reduction in the term of the deficit recovery plan has given rise to a substantial reduction in the deficit provision which has decreased from £22.4m to £14.5m as set out in note 21. £7.9m of this decrease is attributable to the change in the deficit contributions contractual commitment.

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

Civil Service pensions

Pension benefits, for a small number of employees who transferred from HEFCE, are provided through the Civil Service pension arrangements. Members may be in one of four defined benefit schemes; either a final salary scheme (classic, classic premium or classic plus); or a whole career scheme (nuvos). The statutory arrangements are unfunded with the cost of benefits met by monies voted by parliaments each year. Pension's payable under the classic, classic premium, classic plus and nuvos are increased annually in line with pensions increase legislation. Employee contributions are salary-related and range between 1.5% and 5.9% of pensionable earnings. The rate for employers' contributions range between 18.8% and 21.8% and is charged directly to the SOFA. Increases to employee contributions applied from April 2013.

Group and company contributions to this scheme in 2020 totalled £79,456 (2019: £72k).

Defined contribution

There is a defined contribution scheme operating within the group for a small number of employees who transferred from Janet. At the balance sheet date there were 3 active members. Contributions within the company amounted to £22k (2019: £21k) and group contributions were £29k in the year (2019: £29k). Contributions are charged to the SOFA as incurred. This includes an amount of £3k (2019: £3k), outstanding at the balance sheet date. No amount of these defined contribution plans, or the costs of the persons holding them, are funded through restricted funds. Therefore, all costs and liabilities associated with these plans are classified as unrestricted.

31. Taxation

As a registered charity, Jisc is entitled to certain tax exemptions on income and profits from investments and surpluses on any trading activities carried out in the furtherance of its primary objectives.

Neither the group nor charitable company had any deferred tax assets or liabilities (2019: nil).

32. Contingent assets and liabilities

The group has contingent liabilities of £nil (2019: £nil) in relation to grant commitments and £nil (2019: nil) in respect of restructuring liabilities.

The group had contingent assets of £nil (2019: £nil) in relation to capital grants. Grants are recognised when the likelihood of receipt is probable, and all performance-related conditions have been met and the amount can be measured reliably.

As Jisc makes both taxable and exempt supplies with respect to VAT, it applies a partial exemption special method to determine the amount of VAT which can be recovered on its inputs. Jisc are currently in discussions with HMRC over the historic amounts of VAT which are recoverable. Based on the advice of their professional advisors, the directors consider that it is not probable that any further liability to VAT will arise when these discussions are concluded, but if a further liability to VAT does arise in respect of previous periods, it is likely to not be material.

33. Grants paid

Grants paid to third parties:

	Digital futures		Digital resources		e-infrastructure	2020 Total	2019 Total
	Project £'000	Recurrent £'000	Project £'000	Recurrent £'000	Recurrent £'000	**£'000**	£'000
University of Edinburgh*	-	-	-	-	-		532
University of Bristol	69	(5)	21	-	-	**85**	108
University of Buckingham	-	-	-	83	-	**83**	-
Shibboleth Consortium	-	-	-	-	62	**62**	62
Other grants (< £30k)	18	10	-	-	-	**28**	254
	87	**5**	**21**	**83**	**62**	**258**	956

* Amounts paid to the University of Edinburgh are in relation to EDINA.

34. Transfer of Activities to Jisc from mergers

On 22 February 2020 the board passed the necessary resolutions to enable Jisc to become the sole member of HECSU with an effective date of 1 May 2020. The net assets acquired by Jisc as a consequence of this transaction at fair value are summarised as follows:

	Fair value 01/05/2020 £'000
Intangible fixed assets	**8,200**
Debtors	**456**
Cash	**92**
Creditors	**(1,402)**
Long term liabilities - pension creditor	**(58)**
Reserves	**(7,288)**

The net transfer has been accounted for as incoming resources in the SOFA. There were no fair value adjustments, and no unrealised gains or losses, to income or expenditure to bring assets in line with Jisc accounting policies. The £7,288k consists of £194k result in HECSU for the period to 30 April 2019-20 and £7,093k accumulated.