



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

Financial Statements

For the year ending 31 July 2020 ■

London School of Economics
and Political Science
Company Number 00070527

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Report of the Chair of the Council



It has been an unprecedented year and our School's strategy has remained the focus of Council's attention throughout the year as we all navigate unprecedented events across the globe. We have continued to conduct meetings and function remotely in line with the School's policies and response to the COVID-19 pandemic and the next chapter in our School's history will be pivotal as we collectively face the challenges of a public health crisis and life beyond it.

It is a great honour to have been appointed the Chair of LSE's Council in Summer Term 2020. I look forward to continuing to work over the next three years with members of Council, the Director and colleagues across the School

to deliver LSE 2030. Council remains a connected and networked group, focused on supporting LSE's objectives.

Work has continued to modernise and develop our School's corporate governance arrangements. Council welcomed the revised *CUC Higher Education Code of Governance* as an underpinning framework for its operations. In the autumn, we conducted a thorough governance and Council effectiveness review, and will use its findings to help us further refine and improve our practice to ensure we deliver first-in-class governance. Our commitment to reinforce equity, diversity and inclusion considerations across all our work is also a critical part of this effort, and integral to our accountability to the School community.

In the face of exceptional circumstances, colleagues across the School have made significant contributions to inform and implement the response to COVID-19 on a global scale. As you will see in the report, remarkable and rapid change, achieved with the support of the whole School community, has enabled the provision of world class education for our students, while protecting the wellbeing of our community and safeguarding LSE's financial position.

Council is immensely grateful for the diverse contributions of our alumni, many partners, and supporters around the world. It is a privilege to serve as Chair of Council and work with the Director, staff, alumni, supporters and all students who positively influence societal developments and help 'shape the world' for the better.

Dr Susan Liautaud
Chair of Council



Welcome from the Director



It has been quite truly a year of two halves for LSE. We began on a wonderfully high note with the public launch of our new LSE 2030 strategy on 19 September 2019. We were also beginning to see the results from all of our efforts to improve student experience at the School with rising levels of student satisfaction. The challenges of Brexit loomed on the horizon and there was some uncertainty about higher education funding, but otherwise the external environment was relatively benign.

Then the coronavirus pandemic hit, bringing wholly new dimensions of uncertainty and challenge, for LSE and the world. We responded quickly in January by initiating our major incident response protocol, establishing emergency

planning mechanisms and developing an emergency budget to mitigate the anticipated financial losses. Only a few weeks later, we had closed our physical campus and transitioned all of our activity online. I am incredibly proud of the way the LSE community collectively rose to this challenge, achieving what would previously have been unimaginable and creating a more connected global community in the process.

Clearly, the full economic effects of the pandemic will be felt for many years to come, in the higher education sector and beyond, and it is vital that we remain focused on diversifying our funding model and ensuring that the School remains financially robust in the face of this uncertain environment.

Beyond financial sustainability, our first priority has always been to enhance our students' educational and overall experience, and it is fantastic that students are already feeling the effects of all our hard work. We are now ahead of the sector benchmark for student satisfaction at both undergraduate and postgraduate level and have achieved a remarkable 13 per cent increase in the National Student Survey over two years, placing us as the top Russell Group university in London. We still have much to do, but to deliver such a transformation so quickly is testament to a School-wide effort and dedication to working in partnership with our students.

Other highlights this year include confirmation of LSE's status as a full founding member of the CIVICA alliance of leading European universities specialising in the social sciences; the establishment of our new, cross-disciplinary Data Science Institute; and the development of our new sustainability strategic plan in collaboration with staff and students, which will see LSE become the first carbon neutral UK university for our measured emissions. We have also been awarded an Athena SWAN chartermark in recognition of our commitment to gender equality and are now developing a framework to accelerate our work on race equity. The Strategic Report below provides more information about how we are making progress across LSE 2030.

Throughout our response to the pandemic, we have sought to keep the wellbeing of staff and students at the heart of our decision-making and maintain a healthy, inclusive and empowering environment despite being physically remote. In tandem, we shifted our events series online, with the highest percentage of attendance from alumni, friends and the broader public, and we significantly increased our online short programmes in our commitment to lifelong learning opportunities for all. The resilience and collegiality shown by colleagues across the School has been inspiring and clearly demonstrated how strong we are when we come together as a community. We are now enacting comprehensive plans for a safe return to our COVID-19-secure campus, continuing to monitor the wider situation as we do so.

I am particularly pleased that, despite the crisis, we have nonetheless maintained momentum in delivering significant progress on our strategy LSE 2030, which has taken life across our School. This momentum has been advanced with the support of many donors and funders whose generosity and partnership enabled us to significantly increase our scholarship provision and to advance our research tied to pressing global challenges such as health, sustainability, inequalities and the future of work. We have reprioritised our LSE 2030 workstreams to accelerate digital education development through the LSE Curriculum Shift 2020 framework and focused on providing the necessary occupational health and technical support to enable staff to work from home. We are also accelerating plans to support ongoing flexible and agile working, whilst postponing some of our larger capital development plans to alleviate immediate financial pressures.

LSE has also played an important part in the global response to coronavirus, with faculty advising governments and policy makers around the world, publishing COVID-19 resources, and recently launching a new online event series, *Shaping the Post-COVID World*. We also collaborated with the British Academy and Arts Council England to launch the SHAPE initiative, highlighting the crucial importance of the social sciences, humanities and arts in understanding our world and maintaining wellbeing, community, the economy and the environment in the face of global challenges.

Overall, it has been a remarkably successful year for LSE despite the unprecedented challenges. In a strange way, getting through this crisis together has made our community stronger. I feel more honoured than ever to lead our School and have the privilege to work with so many remarkable colleagues, students, alumni and friends of LSE.

Baroness Shafik

Director

Strategic Report and Report of the Directors

School Mission and Strategy

Mission and ambition

LSE 2030 stays true to the founding purpose of the School:

- to know the causes of things for the betterment of society.

The strategy lays out the guiding principles and strategic priorities that will help us shape the world's future, and achieve our ambition:

- to be the leading social science institution with the greatest global impact.

Guiding principles

- We will sustain excellence through an inclusive and diverse community
- We will ensure our work has global impact and reach
- We will ensure a sustainable future, for LSE, the social sciences, and the world.

Strategic Priority 1: Educate for Global Impact

We are committed to working closely in partnership with students to find innovative ways of learning, creating and collaborating, supporting them to better understand and shape our rapidly changing world.

We have made great progress this year in developing our educational offer. In October, we launched our new **Eden Centre for Education Enhancement**, a proactive, developmental centre of education expertise with a focus on academic staff development, curriculum enrichment and digital innovation.

The Eden Centre subsequently played a crucial role in the School's response to coronavirus through the **Curriculum Shift 2020** framework, which provides departments with guidance for adapting educational and broader provision for students. The framework emphasises the development of students' digital literacy, capabilities and equitable digital access, redesigning curriculum for blended delivery as needed, streamlining and diversifying assessment, and adapting peer study groups, support services and social activities to deliver online and help students build their learning community via virtual and COVID-19-secure physical spaces. The Curriculum Shift framework will also help to accelerate our vision for cutting edge digital education at LSE that will enable flexible, blended and distance learning opportunities in the future.

Work is also underway to enhance LSE's **extended education** provision, ranging from our renowned Summer School to Online Certificates, Executive Short Courses and Executive Masters programmes. Expanding our extended education provision will enable more people around the world to access an LSE education, whilst also contributing to the School's financial sustainability.

Despite the challenges of the current crisis, students in 2020 benefited from a welcoming and inclusive community even before they set foot on campus. Over 1,500 of them engaged with the Get LSE-Ready pre-arrival course, and our Welcome 2020 series of events drew highly impressive levels of student engagement. Across 22-23 September, 7,729 students visited our Virtual Welcome Fair, and our Welcome microsite received nearly 167,000 page views

In March, we launched our **Student Mental Health and Wellbeing Framework**, shaped by input from across the LSE community and in particular by student feedback. The framework focuses on three themes: academic culture and practice; welcome and belonging; and promotion, prevention and provision. LSE has also teamed up with Mind, the leading mental health charity, to pilot their new Mentally Healthy Universities programme.

Following a successful pilot in 2018-19, the **LSE Change Makers** programme is now firmly established as a mechanism to support students to conduct research into aspects of life at the School and propose recommendations to inform the future development of education and student experience at LSE. Despite the disruption of coronavirus, 24 of the 28 projects selected for funding were successfully completed, and the reports and videos of students presenting their research are available in the Change Makers Online Research Gallery.

LSE Generate has continued to go from strength to strength, providing funding and support student entrepreneurs and founders including a new co-working space and more recently an online 'SOS Guide' to support the wellbeing of entrepreneurs during the coronavirus lockdown. The team won a 2020 National Enterprise Education Award for their efforts to promote equity, diversity and inclusion, including **elleSE**, Europe's first university accelerator for female founders.

It is very encouraging to see the cumulative impact of all these efforts reflected in the positive feedback from our students. We achieved improved scores across all categories and notable increases in overall satisfaction in both the undergraduate National Student Survey (NSS) (+6.2 per cent to 83.7 per cent) and our internal taught postgraduate survey (+5.7 per cent to 84.9 per cent). This places us 9th out of the 22 Russell Group institutions reported in the NSS results this year, and above the postgraduate sector average (based on the 2019 Postgraduate Taught Experience Survey).

Strategic Priority 2: Research for the World

We are committed to building on our strengths as international, interdisciplinary and issue-oriented to take the lead in securing and defining the future of social sciences across the globe.

A major achievement this year has been the development of a new, cross-disciplinary **Data Science Institute**, following comprehensive School-wide consultation. The Institute will leverage LSE's unique expertise in the social sciences to shape the global data science debate and provide a strategic focus for data science at LSE across research and education provision and skills training.

Another important development was confirmation of LSE's status as a full founding member of the **CIVICA alliance**. The alliance is backed by the European Commission and connects LSE with a European community of 50,000 students and 10,000 faculty, linking both education and research across cultural, linguistic and national borders. The initial focus for the alliance is on four key challenges: Challenges to Democracy in the 21st Century; Societies in Transition and Crises of Earth; Europe Revisited; and Data Driven Technologies for the Social Sciences.

Whilst maintaining these major strategic developments, LSE also responded quickly to mitigate the impact of coronavirus on our research activity. We extended research staff contracts where necessary and offered funded extensions to PhD students whose research was significantly disrupted by coronavirus. We launched a COVID-19 Rapid Response and selected 17 of 144 applications to support, with projects studying the effects of coronavirus across a range of areas including: the self-employed; personal wellbeing; vulnerable groups and multigenerational households; socio-economic inequality; risk perceptions; compliance with advice; trust and pro-social behaviour; liberal democratic norms; wealth inequality and employment.

An important objective of LSE 2030 is to advocate for, and demonstrate the value of, social sciences, and to ensure these disciplines are properly represented in policy and funding decisions. Throughout the coronavirus crisis, we have collaborated with Universities UK and the Russell Group, and provided private briefings to the government and policy advisors, to make the case for sustaining the UK's social sciences and broader research base.

Colleagues across LSE have also played an important part in the global response to coronavirus, with faculty advising the World Health Organisation, Public Health England, G20 leaders and other governments and policy makers around the world. Our **COVID-19 Resource Centre** brings together thought-leadership from across the social sciences to guide and support policy responses. Following the successful move of our Public Lecture Programme online, we have recently launched a new online series, **Shaping the Post-COVID World**, convening leading thinkers to debate the direction the world could and should be taking as we recover from the crisis.

LSE has also collaborated with the British Academy and Arts Council England to launch the **SHAPE initiative**, highlighting the crucial importance of the social sciences, humanities and arts in understanding our world and maintaining wellbeing, community, the economy and the environment in the face of global challenges.

Strategic Priority 3: Develop LSE for Everyone

We are committed to investing in our community and enhancing our services and infrastructure, so that we continue to attract the best and brightest and enable every member of our community to excel.

Since the launch of LSE 2030, we have established the thematic framework of **Inclusive LSE, Healthy LSE and Empowered LSE** to help connect and align the work of various teams towards making LSE as welcoming and supportive as possible for all our staff and students. These themes were informed by findings from the last Staff Survey in February 2019, and are proving more relevant than ever during the COVID-19 crisis, as we strive to ensure that all staff feel supported whilst recognising that individuals are impacted in very different ways and to different degrees according to the nature of their roles, their home environments, caring responsibilities, and even the nature of illness itself.

We have established a new structure of accountability for **equity, diversity and inclusion (EDI)**, with School-wide Steering Groups for Gender, Race, LGBTQ+ and Disability. Having achieved placement in the Stonewall Top 100 index in 2019, we became a Disability Confident Employer (level 2) in October 2019 and were awarded a Bronze Athena SWAN award in March 2020. Work is underway to develop a framework to advance race equity at LSE, building on existing work across the School including our Inclusive Education Action Plan and activities led by the Firoz Lajli Centre for Africa and our BAME staff network, EmbRace.

We have also created a **Sustainable LSE** strategic action plan to enhance LSE's leadership in responding to the climate crisis, deliver on our commitment to reducing our own environmental impact, and embed sustainability within the core activities and governance structures of the School. The plan was developed through an open consultation with staff and students and was formally launched in October 2020 with virtual presentations from the School's Pro-Directors.

Investing in our **technology infrastructure** is a key workstream within LSE 2030, including improving data standards, identity management and service provision, developing tools for virtual collaboration, and replacing out of date systems and technology. In light of the forced closure of our campus in 2019-20 due to COVID-19, we have put significant time and resources into focusing on supporting staff and students to work and study remotely, whilst also creating a COVID-19-secure campus for our face-to-face provision.



Prior to the coronavirus lockdown, our new **Centre Buildings and Plaza** were providing a vibrant new heart to the campus, and the start of the 2020/21 year has seen students returning to these world-class spaces. We have postponed most of our capital developments to ensure maximum agility of resources while we respond to the ongoing coronavirus crisis, but the Marshall Building remains on track to open during 2021,

In terms of **external engagement**, we are developing plans to broaden our global academic engagement to create enhanced student mobility opportunities and building a School-wide corporate engagement function to drive effective partnerships with businesses. We have delayed our planned launch of a major fundraising campaign but continue to engage alumni and donors in support of LSE's coronavirus response.

Finally, we look forward to celebrating LSE's 125th anniversary during the coming year, reflecting on our rich history and working with departments to highlight our education excellence, research impact and global reach.

Scope of the Financial Statements

These financial statements comprise the consolidated results of the School and its subsidiaries. The operations of these subsidiaries cover the vacation letting of student accommodation, consultancy services, exploitation of intellectual property, the provision of customised executive education programmes, and overseas fundraising. For commercial, legal, and taxation reasons these activities are channelled through limited companies which, where appropriate, transfer their profits to the School through an annual payment of Gift Aid.

In addition, the School is a partner in the TRIUM Executive MBA programme with New York University and HEC in Paris and the School's share of this programme is incorporated in these consolidated accounts on a proportional basis.

The LSE Students' Union is a separately constituted body over which the School does not exert significant influence and so it is not consolidated in these financial statements.

Financial Review

Despite the challenges presented by the COVID-19 crisis the School's financial position remains robust with a strong balance sheet and ample liquidity to manage the financial challenges presented by the current crisis. Our key strengths include:

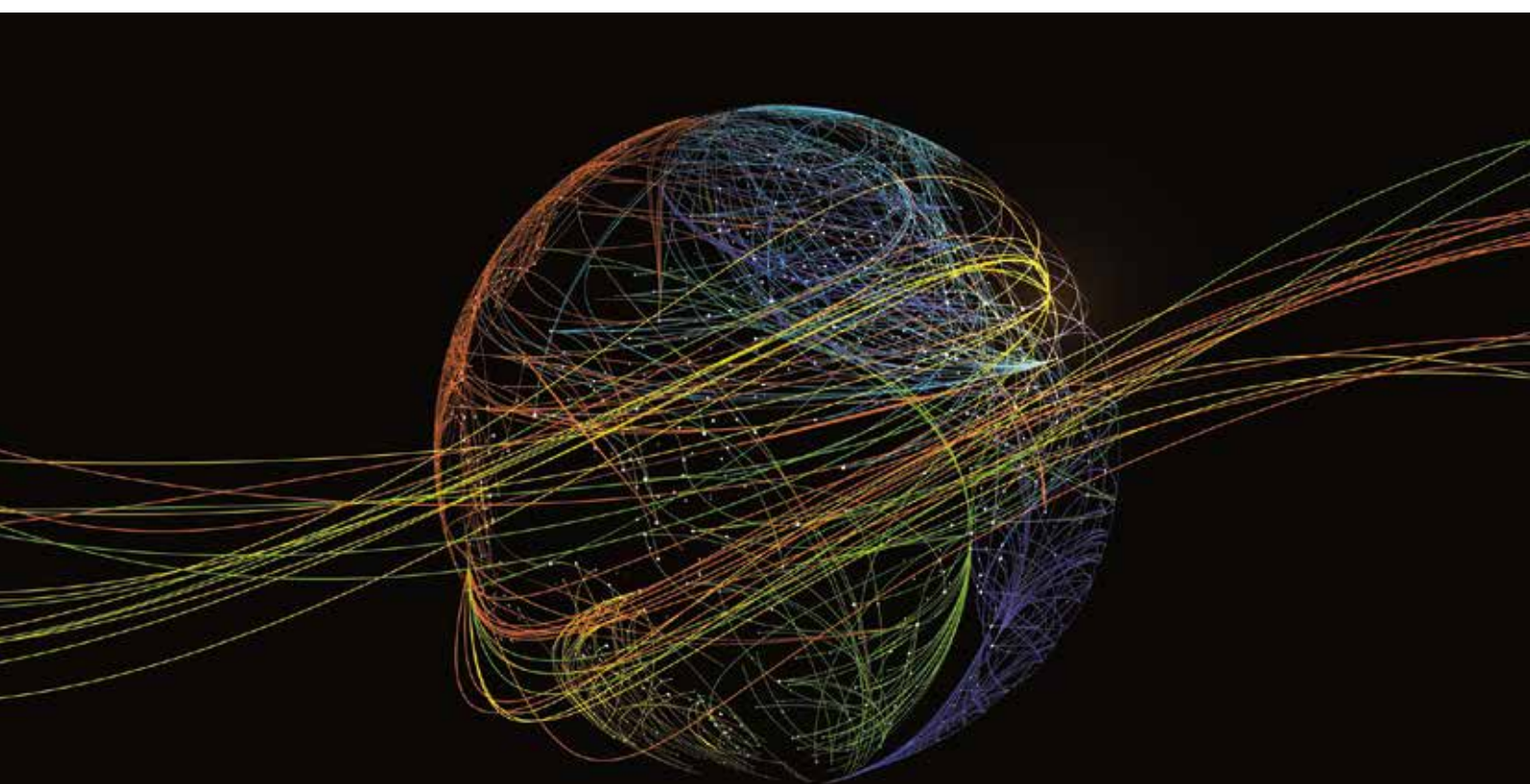
- Demand for our courses remains strong, demonstrated by record levels of student recruitment and registration in October 2020.
- We have a proven record of effective financial management.
- We have an exceptional global profile both domestically and internationally, with consistent top rankings for our social sciences and management subjects.
- Our revenues are diversified with full time undergraduate and postgraduate programmes, a substantial portfolio of Extended Education activities including one of the largest summer school programmes globally (by international enrolment), executive education, and rapidly expanding and flexible online courses.
- World class faculty as reflected in the 2014 Research Excellence Framework results.

These factors will prove key to ensuring that the School manages through this crisis, is fully prepared for the impact of Brexit and will continue to thrive and contribute to the world, post-pandemic.

This Financial Review frames the School's 2019-20 financial results in the context of our financial planning and the vision for the LSE set out in LSE 2030.

We are reporting an accounting surplus before other gains of £81.1 million for 2019-20 compared with £9.1 m in 2018-19 and net operating cash outflow of £10.3 m (2018-19 £54.2 m inflow). Comprehensive income for the year (accounting surplus including gains and losses on investments and the change in the market value of our interest rate swaps) was £74.8 m compared to £15.5 m in 2018-19. These figures include three substantial one-off items: changes in the USS pension past service deficit cost provision; the Atlantic Philanthropies gift for the Inequalities Institute (£44.0 m); and a Research Partnership Infrastructure Fund (RPIF) grant (£32.4 m). Without these items, there would have been an overall loss in 2019-20. This loss reflects the impact of the pandemic on the School's finances in 2019-20, specifically lost revenue from: cancelling 2020 summer schools; halls of residence; delayed or deferred executive programmes.

	2019-20 £m	2018-19 £m
Total Comprehensive income for the year	74.9	15.4
Adjustments for one off items:		
Pension provision movements	-41.7	59.6
Capital grant (RPIF)		-32.4
Atlantic gift related to future years spending	-44.0	
Adjusted position	-10.8	42.6



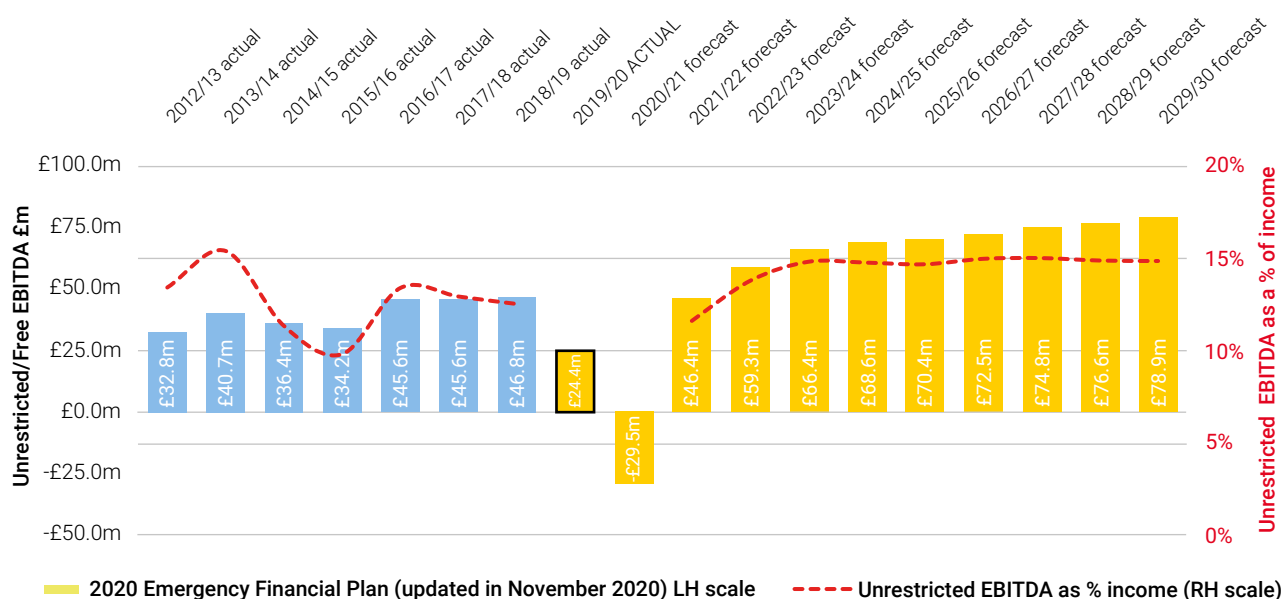
2019-20 Financial Review

	2019-20		2019-20	2018-19	Change	
	Unrestricted funds	Restricted or designated funds	Total	Total		
	£m	£m	£m	£m	£m	%
Operating income	360.9	–	360.9	369.9	(9.0)	(2.4)
Capital grant	1.5	–	1.5	33.7	(32.2)	(95.5)
Donations and endowments	4.8	53.7	58.5	17.2	41.3	240.1
Total income	367.2	53.7	420.9	420.8	0.1	–
Operating expenses	(342.8)	(14.0)	(356.8)	(329.6)	(27.2)	8.3
Earnings before interest, tax, depreciation, and amortisation (EBITDA)	24.4	39.7	64.1	91.2	(27.1)	(29.7)
Change in USS past service deficit provision			41.7	(59.6)	101.3	(170.0)
Depreciation			(15.0)	(13.5)	(1.5)	11.1
Interest and other finance costs			(9.7)	(9.0)	(0.7)	7.8
Surplus			81.1	9.1	70.0	791.2
(Loss)/gains on investment			(3.7)	10.4	(14.1)	{35.6}
Change in the fair value of hedging financial instruments			(2.6)	(4.0)	1.4	(35.0)
Comprehensive income for the year			74.8	15.5	59.3	382.6
BALANCE SHEET						
Fixed assets			641.8	612.3	29.5	4.8
Endowment assets and investment			296.8	284.3	12.5	4.4
Net current liabilities			(24.1)	(18.7)	(5.3)	28.2
Creditors over one year			(218.6)	(216.4)	(2.2)	1.0
Pension liabilities and provisions			(51.3)	(91.6)	40.3	(44.0)
Net assets			644.6	569.8	74.8	13.1
Ratio of net debt to unrestricted EBITDA			5.9	2.5		
LIQUIDITY						
Operating cash generated during the year			(10.3)	30.2		
Cash and cash equivalents			21.5	51.3	(29.9)	(58.3)
Investments			296.8	284.3	12.5	4.4
Loans			(164.6)	(169.2)	4.6	(2.7)
Net Funds			153.8	166.4	(12.8)	(7.7)
STUDENT NUMBERS						
			Nos	Nos		
Undergraduate			5,331	5,245		
Postgraduate – taught			5,030	4,775		
Postgraduate – research			421	437		
Total Full-time student numbers			10,782	10,457		
Part-time			404	430		
Others (visiting, executive)			1,449	1,338		
Total Part-time and other student numbers			1,853	1,768		
London Summer Schools and Executive Summer Schools 2020			451	8,689		
Beijing and Cape Town Schools			472	549		
University of London International Programme – LSE programmes			14,425	14,371		
On-line			6,850	3,916		
Grand total			34,833	39,750		

It was becoming clear in February 2020 that the pandemic would have a serious impact on the 2019-20 financial year and significant implications for the 2020-21 financial year. Faced with this, we acted swiftly to protect the School's financial position and put in place additional credit facilities to ensure adequate liquidity to address the impact of projected losses over a reasonable period of time and allow the School to respond in a measured and proportionate manner. Following extensive scenario planning

work, an emergency Financial Plan for 2020-21 and the years thereafter, based on a plausible 'worst-case scenario', was agreed by Council in June 2020. This Plan provides a robust and prudent framework for managing the financial implications of the crisis.

From the outset, it was intended that this Plan would be updated to reflect the developing situation to inform decision making. Our most recent projections are summarised in the chart below.



The School's preferred measure of financial performance for internal financial planning is Earnings before Interest, Taxation, Depreciation, and Amortisation (EBITDA) adjusted for any significant donations that we have received in the year and any associated expenditure. This measure excludes the volatility that a large gift can create and avoids a mismatch in subsequent years, when reporting expenditure funded from that gift. We call this measure unrestricted EBITDA (uEBITDA). In 2019-20 we received the final tranche of the Atlantic Philanthropies funding for our International Inequalities Institute (£40.0m). Including this gift, EBITDA in 2019-20 is £64.1m and excluding it and other one-off donations it is £24.4m.

Financial strategy, financial sustainability and going concern

Each year, the SMC and Council approve a 10-year Financial Plan, prepared using a set of prudent assumptions and long-term financial targets. The Plan's sensitivity to these assumptions is assessed along with the current risks identified in the School's Strategic Risk Register to ensure we have a reasonable expectation of maintaining a sustainable long-term financial position. In accordance with our Funding Principles, any significant investments and associated returns are evaluated against this Plan and on a standalone basis before a final decision to invest is made. This ensures rational financial decisions can be made within a transparent and clear framework that focuses on the financial sustainability of the School.

The 2020 Emergency Financial Plan was based on an extensive scenario planning exercise which considered best, central, worst and worse-worst case scenarios that the School could face over

the next 2-3 years as a result of the pandemic. Reflecting our prudent approach to financial planning, the worse-case scenario was used as the basis for the 2020 Emergency Financial Plan. It assumed significant shortfalls in revenues from student tuition fees (international students down over 50 per cent, home/EU taught post-graduate students down 40 per cent), residences and catering operations (down 25 per cent) and losses in other areas including executive education and short courses. A key part of the Plan is a comprehensive set of cost saving measures to mitigate the losses in income. They included a set of carefully targeted cuts and delays in operating and capital spending, and a conditional staff hiring freeze. Separately, prudent contingencies are included to meet the costs of preparing a COVID secure campus and halls of residences, on-site virus testing and delivering a hybrid (on-line and face to face) teaching model.

In September 2020 additional credit facilities were agreed to provide enough headroom to fund the School through all the scenarios modelled in our financial planning process.

In parallel with this, arrangements with existing lenders have been reviewed and, as far as was required, amended financial covenants have been or are in the process of being agreed

in respect of debt service cover. This will enable continued compliance with loan covenant obligations, whilst allowing adequate headroom for a worse than forecast outturn.

Based on the 2020 Financial Plan, the recent level of student registrations, a robust planning process, and detailed modelling, as well as an assessment of the likely outcome of negotiating with our lenders, SMC and the School's Council have concluded that the School is operating in a financially sustainable manner and that it is appropriate that the financial statements are prepared on the basis that the School is a going concern.

The 2020 10-year Financial Plan has set a revised long-term uEBITDA target of 15 per cent of revenue, which will be achieved over the next few years through a combination of cost control and additional revenue generation and diversification. Council considers this level of uEBITDA necessary to ensure we can fund the infrastructure to support the diversification and innovation that is at the heart of LSE 2030, enhance institutional resilience and repay debt incurred in dealing with pandemic and replenish lost reserves.

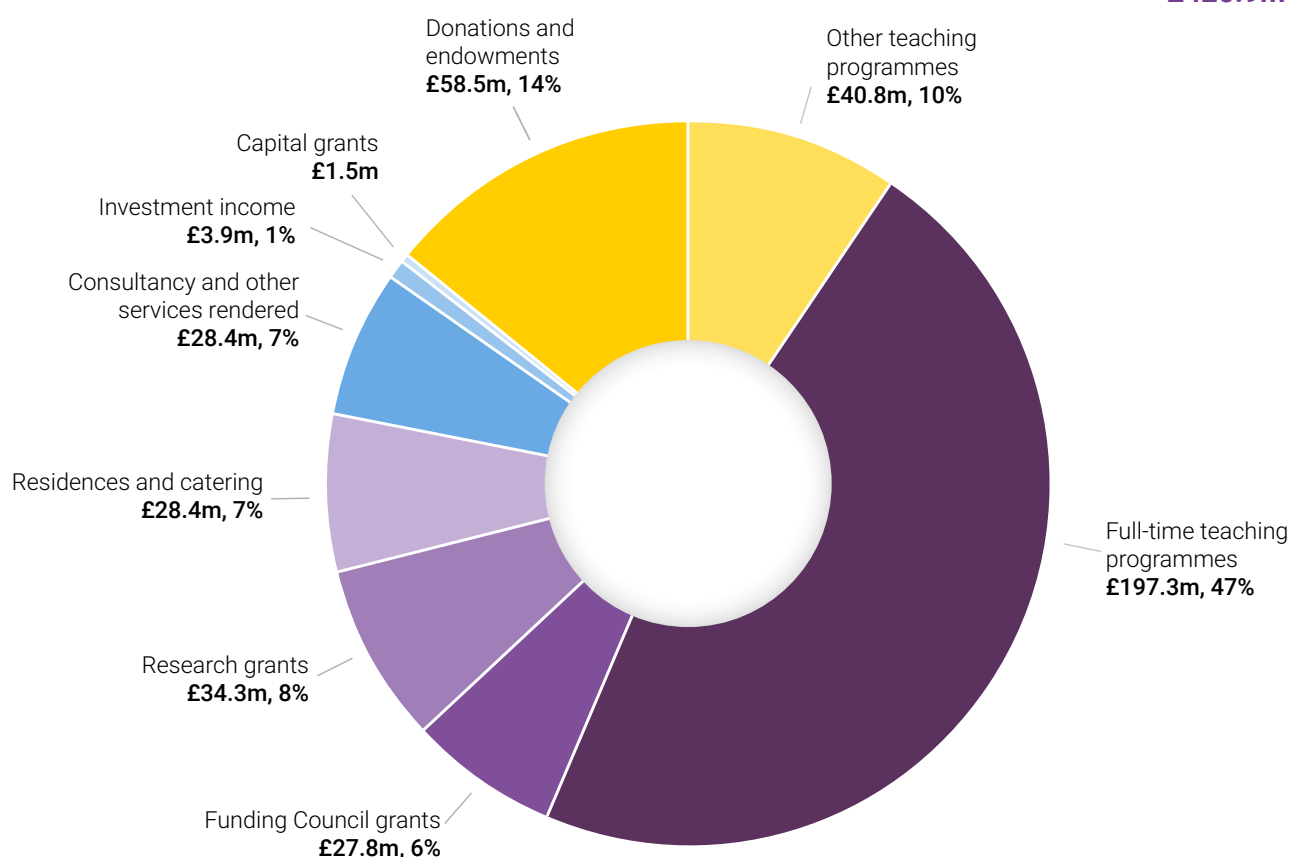
Income

	2019-20	2018-19	Change	
	Total £m	Total £m	£m	%
Tuition fees	228.1	227.4	0.7	0.4
Funding Council grants	27.8	26.4	1.4	5.3
Research grants	34.2	33.3	0.9	(1.5)
Other income	66.9	78.1	(11.2)	(14.0)
Investment income	3.9	4.7	(0.8)	(17.0)
Total income before capital grants, endowments and donations	360.9	369.9	(9.0)	(2.4)
Capital grants	1.5	33.7	(32.2)	(95.5)
Donations and endowments	58.5	17.2	41.3	240.1
Total income	420.9	420.8	0.1	0.0

Were it not for the pandemic we were forecasting total income before unrestricted grants and donations of approximately £396.7 m, which would have seen a 7.2 per cent increase compared to 2018-19. The closure of the 2020 summer school – two of the three scheduled sessions fell in the 2019-20 financial year – has reduced tuition fees to just above the 2018-19 level. This, along with the lock-down at Easter has had a significant impact on residences and catering revenues. In common with most universities, the School refunded student

residence fees for those who left after Easter. Our LSE 2030 strategy challenges the School to broaden its educational offer by looking at ways to broaden our teaching with a more flexible and diverse offering. The pandemic has accelerated this shift, initially online in summer term 2020 and since then to a hybrid model of online and in-person teaching. It will be an important part of the School's work post-pandemic to take the lessons learned from this change and build on them to secure greater diversity and resilience in our revenues.

2019-20 Income £420.9m



Students, education, and tuition fees

Demand measured by applicants per place remains high for all our full-time student categories with 12.4 applicants per place for undergraduate study and 5.7 per place for postgraduate taught programmes. We registered 10,782 full-time students in 2019-20, 325 more than the previous year but we are not planning to grow our full-time student population until the Marshall Building is completed in 2021. This will ensure growth is accompanied by the best educational experience for our

students. Our recent work to improve student satisfaction at both undergraduate and postgraduate levels, achieving a 13 per cent increase in the National Student Survey over two years, is an example of the School's commitment to this strategy.

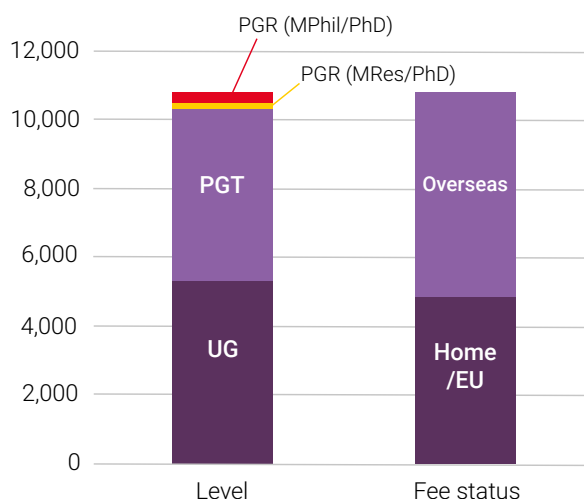
LSE is a London-based institution with a global focus, and this is most clearly evidenced by the composition of the students we welcome here each year. As the School looks to the exit of the UK from the European Union, we will continue to ensure a wide geographical diversity of students

Full-time students by domicile in 2019-20

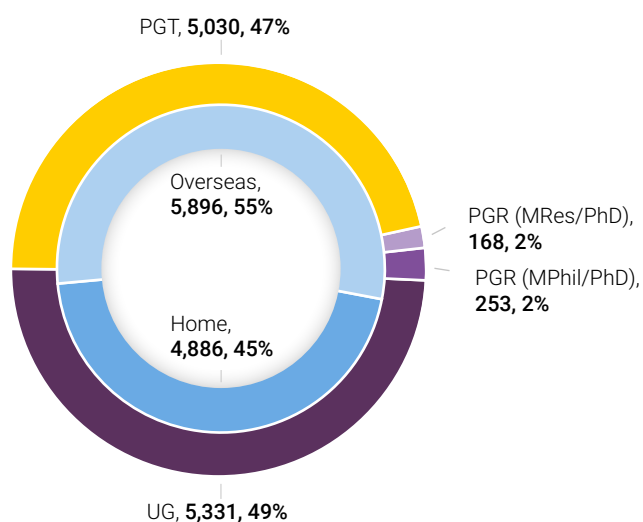
Full time students by domicile* 2019-20	Student numbers	Full time students by domicile* 2019-20	Student numbers
UK	3,377	Chile	74
China	1,605	Australia	73
USA	783	Greece	68
Germany	364	Belgium	64
Singapore	361	Japan	63
India	356	Indonesia	62
France	355	Colombia	58
Malaysia	347	Austria	55
Hong Kong	343	Cyprus	54
Italy	213	Russia	52
Canada	199	Brazil	51
South Korea	153	21 with between 20 and 50 students each	645
Switzerland	107	15 with between 10 and 19 students each	214
Poland	85	81 with fewer than 10 students each	273
Spain	84	Unknown	6
Thailand	83	Total 149	10,782
Pakistan	80		
Netherlands	75		

*HESA category domicile data

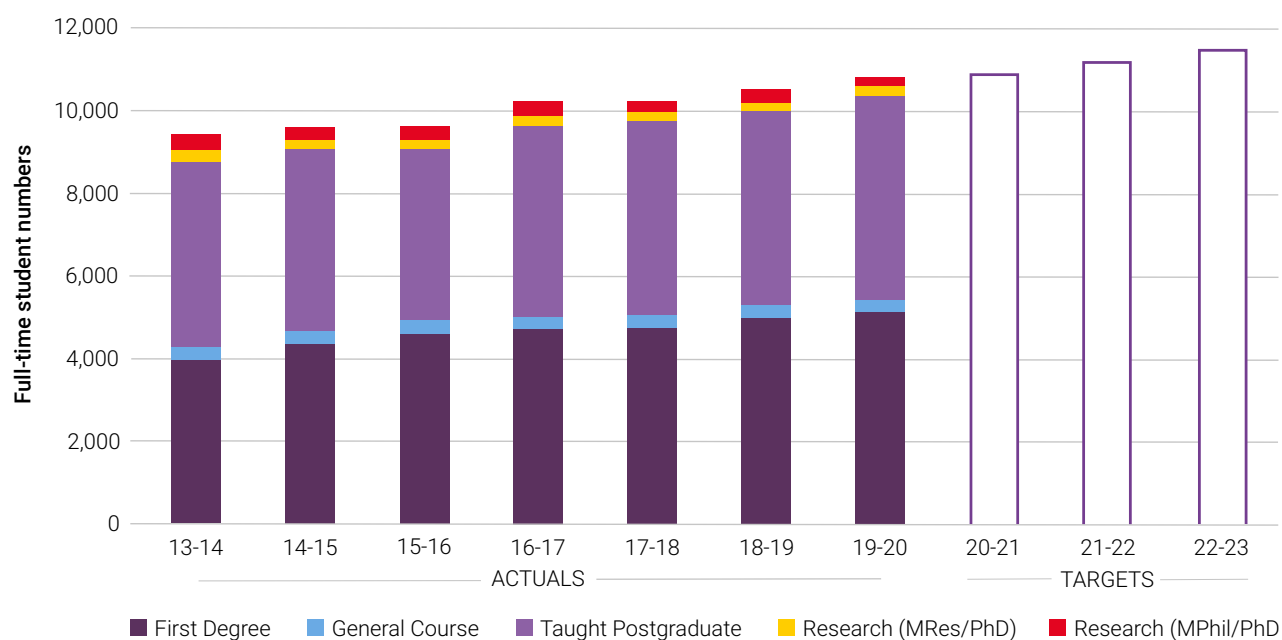
Full-time students in 2019-20



Full-time students in 2019-20 by level and fee status

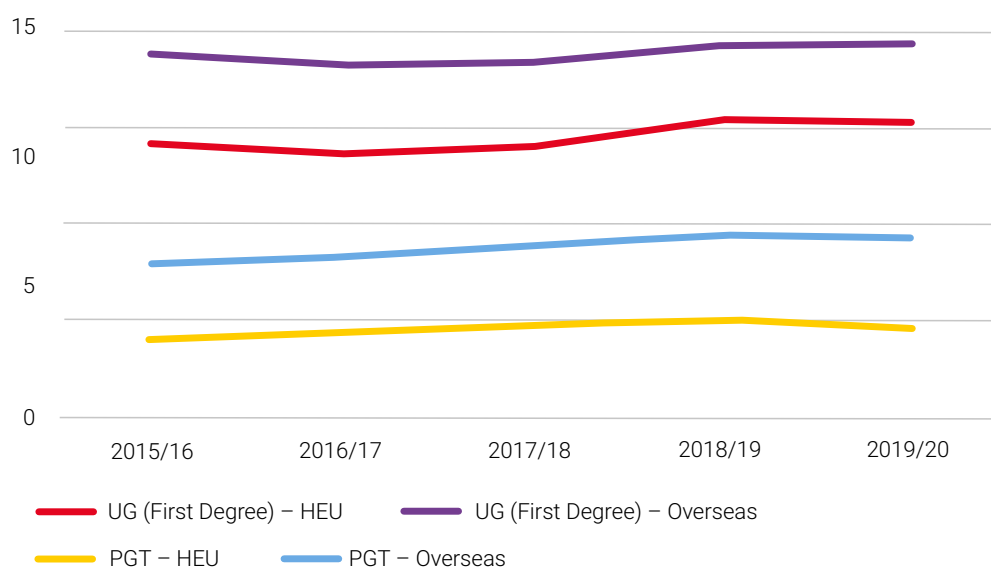


Full-time students recruitment and planned growth



Demand for places at LSE

Applications per place



PhD scholarships and bursaries

The School has two flagship funding schemes for doctoral students: our own LSE PhD Studentship scheme which supported 255 (2018-19: 258), fully-funded students, across four years of study and the Economic and Social Research Council Doctoral Training Centre (DTC) and the Doctoral Training Partnership (DTP) schemes supporting a further 129 (2018-19: 141). In addition, PhD students are funded by philanthropic support and other Research Councils, and some institutes and departments provide scholarships from their own resources. All these awards provide a stipend to cover living costs and the PhD tuition fee. They are awarded on academic merit and research potential and are highly competitive. Across all these schemes 69 per cent of doctoral students enrolled at the School had full funding. Additionally, the School provides funds to support conference attendance and the writing-up period for all our PhD students.

Undergraduate and postgraduate scholarships and bursaries

As part of the School's commitment to widening participation in higher education in 2019-20 the School spent £19.5 m from general resources on bursaries and scholarships for undergraduates and postgraduates to enable them to study at the School. UK and EU undergraduates can qualify for bursaries up to the value of £4k per year for each year of study. In addition to this, we offer residential bursaries at our halls of residence to help with the cost of accommodation in London.

For UK undergraduates, the School continues to support commitments set out in our Access and Participation Plan with the Office for Students to widen access to higher education in general and to LSE specifically for students from under-represented groups. In 2018-19 (the most recent available data), we engaged over 3,300 young people in the London region on our pre-university widening participation programmes. This comprehensive work before application, our approach to contextual admissions and our generous financial support package have resulted in increasing numbers of students meeting widening participation criteria, obtaining offers, and taking up places at LSE. In 2019-20 the total amount for this programme of funding and support was £4.6 m (note 8).

After LSE

A degree from LSE is internationally recognised and respected and our graduates go on to pursue highly successful careers in a wide variety of sectors across the world. Employers value an LSE education because of the intellectual rigour of our programmes and the breadth of our students' experiences both within and alongside the curriculum. LSE had an Employer Reputation score of 99.6 per cent in this year's QS World Rankings.

LSE prepares students for success in the labour market by providing an extensive programme of careers support and skills development opportunities. Of those who graduated in 2017-18 (most recent data), 93.9 per cent progressed on to employment or study within 15 months, with 94.4 per cent of employed graduates working in roles defined as "professional level".

Our graduates are regularly cited as being among the highest earning in the UK. The median salary of our graduates at approximately 15 months after graduation was £33,000, compared with, for example, the HESA median salary band of £24,000-£26,999. After graduation, 57.0 per cent of graduates were working in the UK, 13.9 per cent were working elsewhere in Europe and 29.1 per cent were working in the rest of the world.

LSE Careers engages thousands of employers across a wide variety of sectors in the UK and globally. A key differentiator in terms of accessing employment is meaningful work experience. Towards the goal of ensuring that all students can access relevant opportunities, including within the charity and development sectors, the School has initiated several internship schemes. Our internal LSE Graduate Internship scheme offers graduates significant work experience whilst providing departments an opportunity to utilise the talents of individuals who understand the LSE context and who can provide insight into the student perspective. We ran 14 internships under this scheme during 2019-20 with 12 of those centrally funded. In addition, we are running external internship schemes with our academic departments and, in line with LSE2030 strategy, we have secured funding to develop a new Micro Internships Programme to help undergraduate students with limited work experience.

LSE Careers is at the forefront of the sector in terms of development and delivery of in-country careers events. We were one of the first to run events in China and our current offer includes Asian careers fairs (Beijing, Shanghai, and Hong Kong), the European Internships fair held in Brussels, and the US Early Careers Networking event held in Washington DC. We have been quick to adapt to the pandemic and have been successfully transitioning events online. We have seen the number of students engaging with careers events virtually increase fivefold.

International Organisations' Day is a highly regarded one day conference for masters students and provides a range of opportunities for students to hear from and engage with representatives from multilateral organisations. Organisations range from the World Bank to UNDP. It was the first event of its kind in Europe and attracted applications to attend from numerous HEIs, including over 1,000 LSE students, and 400 external to the School.

LSE Careers' delivery and service provision is based around a fluid, non-linear career development cycle. The model helps to lay the foundations of effective ongoing career management, providing opportunities to network and connect with organisations, employers, and alumni and empowering students and alumni to learn, grow, and succeed.

Extended Education – Executive Programmes, Short Courses and other non-traditional taught courses

The 2020 Summer School was cancelled due to COVID-19 but had it run, based on offers made and paid for, we were expecting a record level of enrolments. After the cancellation, a significant proportion of offer holders opted to defer their places to 2021. We had success in meeting the needs of some offer holders with a range of on-line programmes which were organised specifically to appeal to summer school applicants and will be developing this offer further for summer 2021.

Our executive education and online learning programmes are a key part of LSE's Extended Education offer, delivering our research

and teaching to a business, professional and practitioner audience more flexibly than traditional degree programmes. We offer a distinctive and growing portfolio of courses drawn from across the School's range of subject specialisms. During 2019-20 we ran 19 open enrolment courses, 8 of which were delivered in a virtual format following the closure of the campus in March. We have continued to achieve strong growth in our Online Certificate Courses, which allow working professionals to take the next step in their careers by gaining work-place ready skills and knowledge. The on-line portfolio grew to 10 courses, reaching 6,850 participants (3,916 in 2018-19). A striking feature of these courses is the high levels of positive feedback we receive and completion rates over 94 per cent: together this gives us the confidence we can expand this area significantly.

	2019-20	2018-19	Change	
	£m	£m	£m	%
Grants related to teaching (OfS)	1.7	1.8	(0.1)	(5.6)
Recurrent research grant (UKRI) and GCRF	19.9	19.0	0.9	4.7
Higher Education Innovations Fund (HEIF)	3.4	3.3	0.1	3.0
UK Research Partnership Investment Fund (RPIF) grant	–	32.2	(32.2)	(100.0)
Other specific grants	4.3	3.8	0.5	13.2
	29.3	60.1	(30.8)	(51.2)

Office for Students (OfS) and UK Research Innovation (UKRI) grants

The School's primary sources of direct public funding were OfS and UKRI recurrent and capital grants. Our recurrent quality-related research funding (QR) and specific research grant funding now fall under Research England. The elements of teaching funding that remain following the introduction of higher fees in 2012 are mainly initiatives to mitigate the impact of higher fees on the diversity of, and access for, students to higher education and the higher costs of delivering teaching in central London. Teaching funding comes within the ambit of OfS.

In 2019-20, the School received recurrent research funding (QR) of £18.9 m but this included £1.0m of GCRF (Global Challenge Research Funds) which have specific conditions regarding their use. Excluding GCRF, the QR allocation continues the real terms fall we have experienced in recent years and, along with contract research grant funding does not cover the costs of the School's research activity. Faced with this funding shortfall, the School has for many years been supporting research with income from other activities, particularly in the Extended Education area. The

pandemic has highlighted the risks in this operating model and consequently threatens our ability to continue to support research to the extent we have hitherto. This has important implications, not only for the School but for other research intensive HEIs who have adopted the same approach, and consequently the UK's research base.

We welcome the recently announced Sustaining University Research Expertise (SURE) Package. SURE will provide loans and grants to make up some of the shortfall we have experienced although it appears that the losses we have already sustained, from the cancellation of the 2020 summer school, impact on the 2021 summer school, reductions in fees from EU students (who are not classified as international and are significant), will not be eligible. Nevertheless, we are pleased to see tangible recognition by government that, through our endeavours and ingenuity, UK's research-intensive universities are supporting far greater levels of research activity than public funding alone could. When the details regarding the ongoing monitoring requirements for SURE and any constraints on its use are clear, we will consider accessing it as part of our treasury management planning.

Higher Education Innovation Funding (HEIF) and Commercialisation activities

A research commercialisation service has been established to support the School's core mission of the betterment of society and deliver our HEIF strategy. Research commercialisation seeks to exploit the full potential of the School's research, extending our impact beyond conventional public policy interventions to engage and leverage private enterprise to facilitate the delivery of insights from our academic endeavours to meet the School's core mission. A Connecting Capabilities Fund (CCF) grant of £5.0 m from Research England in April 2018 has given the School the opportunity, with its institutional and business partners, to establish Aspect (A Social sciences Platform for Entrepreneurship, Commercialisation and Transformation of the contribution social sciences makes to society), which is creating a global network of excellence in social sciences research commercialisation. HEIF National Productivity Investment Funding (NPIF) and Aspect funding are allowing the School to build a research commercialisation service, to establish with its institutional partners the foundation of a global network, working together to share and develop best practice, and to partner with Zinc (an LSE start-up which builds companies to address social challenges), in a novel approach to social sciences research commercialisation.

Within the School, the research commercialisation service sits alongside the School's highly successful consulting activities and student entrepreneurship programme, LSE Generate, within LSE Research and Innovation Division.

Research grants and contracts

Research grants and contracts income for 2019-20 was £34.2 m; an increase of 2.9 per cent on that of 2018-19 and represented a 9.5 per cent share of income before endowments and donations. This income only covers a proportion of the true costs of our research. Overall research income is slightly down on anticipated levels due to a slowing down of research activity in the latter part of the year due to the Coronavirus pandemic. We continue to try to mitigate the risks of the pandemic to enable our researchers to deliver high class funded research safely. We recognise that an economic downturn in the UK and across the world due to the pandemic will put increased pressure and limitations on some streams of research funding, for example, Government funding of ODA programmes are already being squeezed. Despite the financial implications of the pandemic, the School continues to subsidise research from a range of other activities to ensure we continue to deliver on our mission.

On a positive note, the School welcomes the Government's announcement of its commitment to research and innovation by providing a package of support to universities through allocation of funds to support costed extensions of existing UKRI research and innovation awards, of which the School was a recipient of £1.1 m.

UKRI, Research Councils and EU are our main source of research grant funding, making up 57 per cent of the School's total research income, however, this is a drop of 2 per cent from the previous year with a total combined income from these funding sources of £18.4 m compared to £19.0 m in the previous year. The uncertain future of the UK's participation in EU Research and Innovation Framework programmes is still of concern whilst the UK Government considers its participation in future programmes. The School's move to diversify its research income streams is highlighted by an increase of income from 'Other Funders' of £1.5 m on that of last year.

The Research Excellence Framework (REF) 2021 was put on pause by the Funding Bodies due to COVID-19, and we are now working to the revised submission deadline of 31 March 2021. Our academic departments are finalising their portfolios of research outputs, impact case studies and narratives to explain how excellent research is supported. The School's REF submission will also include evidence of how COVID-19 has affected the research environment in the final months of the REF census period, and the mechanisms we have put in place to support researchers during the pandemic.

Other Income

In addition to our core activities of teaching and research the School generates significant revenues from a range of additional activities:

- Consultancy and custom executive education activities delivered through LSE Enterprise Limited. The surpluses generated from these activities are remitted to the School and used to support teaching and research.
- Other services rendered which are predominantly the service provided to DFID by our International Growth Centre.
- The International Programme which operates under a collaboration agreement with the University of London International Programme. Through these programmes, 22,000 students world-wide studied a curriculum and examination set by LSE academics.
- Our Residences and Catering services operate over 4,000-bed spaces at 12 halls of residence, University of London halls, and with commercial partners. Unlike commercial providers of student accommodation, we can offer 38-week contracts to undergraduate students, making our residences far more affordable. This is something we have been able to do by generating income from commercial letting during vacation periods. The 2019-20 fall in residences and catering services income reflects the impact of the pandemic.
- Where appropriate, funds received as part of the government's Coronavirus Job Retention Scheme Staff have been reported under Other Income.

Investment income, cash, and treasury management

Our cash and investments comprise cash, currency, bonds and equities and are actively managed to ensure we maximise return within a set of risk parameters that are appropriate to the purpose for which the funds are held.

Investment income comprises realised investment returns from the School's working capital, bond funds and equity-based investments. Total investment returns including realised and unrealised gains and losses was a loss of £0.2 m because of the COVID-19 impact on the markets for the year to 31 July 2020. The main investment portfolios, which hold endowment funds and the Strategic Investment Fund, achieved returns ranging from +1.7 per cent to - 0.7 per cent which was lower than 2018-19 and fell short of the target return of CPI +4.5 per cent.

We continue to make good progress in delivering on commitments made in our Socially Responsible Investment Policy having substantially reduced our exposure to companies that derive significant revenues from thermal coal, tar sands, indiscriminate armaments, and tobacco manufacturer coupled with a programme of active engagement with the fund managers with whom we invest our portfolios. That programme of engagement has seen a marked change in the approach of fund managers and, in cases where we have not seen this progress, we have moved investments.

The School recognises the importance of effective and responsible investment and investment management, especially as we embark on an ambitious programme to seek philanthropic support for our LSE 2030 vision – further detail on our approach to the investment and custodianship of endowments funds is set out in the Endowment Investment Performance report on page 40.

Summary of investment returns and treasury management	School general and designated funds £m	Endowment funds £m	2019-20 Total £m	2018-19 Total £m
Investment income	1.4	2.5	3.9	4.7
Unrealised loss on investments	(0.5)	(3.2)	(3.7)	10.4
Total return	0.9	(0.7)	0.2	15.0
Long term investments	98.4	198.4	296.8	284.3
Cash and cash investments	21.5		21.5	51.3
	119.9	198.4	318.3	335.6
Held as:				
Cash and working capital	21.5		21.5	51.3
Capital Projects Portfolio	41.8		41.8	78.2
Gift Matching Portfolio		21.7	21.7	17.9
Growth Portfolio	36.8	150.2	187.0	137.9
FER Portfolio		26.5	26.5	27.3
Strategic Investment Fund	19.8		19.8	20.1
Donations awaiting investment			–	2.9
31 July 2020	119.9	198.4	318.3	335.6
31 July 2019	180.6	155.0	335.6	

The Strategic Investment Fund is a portion of School reserves that have been set aside on a long term basis to generate revenue to support LSE 2030, provide a “sinking fund” for the repayment of debt and leverage philanthropic support, enabling the Fund to grow over time to support scholarships and research.

Philanthropic support received in 2019-20

The School received a total of £58.5 m in donations and endowments during 2019-20, including receipts from pledges secured in previous years.

Philanthropic income secured through new commitments (gifts and pledges) in 2019-20 totalled £41.9 m, a marked increase on the £24.2 m of philanthropic income secured through new commitments in 2018-19.

Due to the global economic challenges of COVID-19, the School has needed to pause its planned increased investment in the Philanthropy and Global Engagement Division (PAGE – previously 'Advancement') and will review the situation regularly over the year ahead.

Alumni and supporter engagement

The 2019 Alumni Survey built on feedback shared through the LSE 2030 consultation to inform understanding of alumni needs and motivations in the development of a School-wide alumni engagement framework.

An enhanced programme of events, resources, tailored communications and bespoke opportunities, which increase engagement with the School, help in our efforts to develop reciprocal relationships with alumni, friends and partners worldwide. These include formal volunteering, philanthropy and partnership programmes which support and enable LSE 2030, serve students, and help the School to diversify its sources of income.

Pre COVID-19 there was a plethora of events on campus that enhanced alumni engagement and participation including: the public launch of LSE 2030, featuring alumni Ruth Porat and Martin Lewis in fireside chats with Director Minouche Shafik which was attended by more than 400 alumni, friends, and partners; the LSE Alumni Association Leadership Forum with 100 alumni volunteers from around the world; the UK Election Night Live; and the LSE Annual Christmas Concert and Reception. LSE's first dedicated Alumni Centre also opened in late September 2019.

LSE's commitment to global engagement was demonstrated through a comprehensive LSE 2030-inspired programme with Minouche Shafik that incorporated events and receptions in Beijing, Hong Kong, Bangkok, Kuala Lumpur, Singapore, New Delhi, Mumbai, Davos, Brussels, Paris, Athens, and Nicosia. In the period up to February 2020, 87 alumni-led events around the world had taken place, ranging from networking nights between alumni to visiting academics sharing their latest research.

From March onwards, digital events brought significant engagement opportunities leading to thousands of alumni, friends and partners capitalising on the COVID-19 Lecture Series coordinated by the Institute of Global Affairs, School of Public Policy and Communications Division. The series provided a stellar line-up of LSE academics and external speakers. Weekly LSE Director email updates highlighted new virtual events, relevant COVID-19 research and lifelong learning resources, including the promotion of increased online short courses.

Fundraising statement

The School is registered as a levy payer with the Fundraising regulator, demonstrating our commitment to good fundraising practice and to abide by the Code of Fundraising Practice and Fundraising Promise. There were no complaint returns or adjudications and investigations in 2019-20.

Expenditure

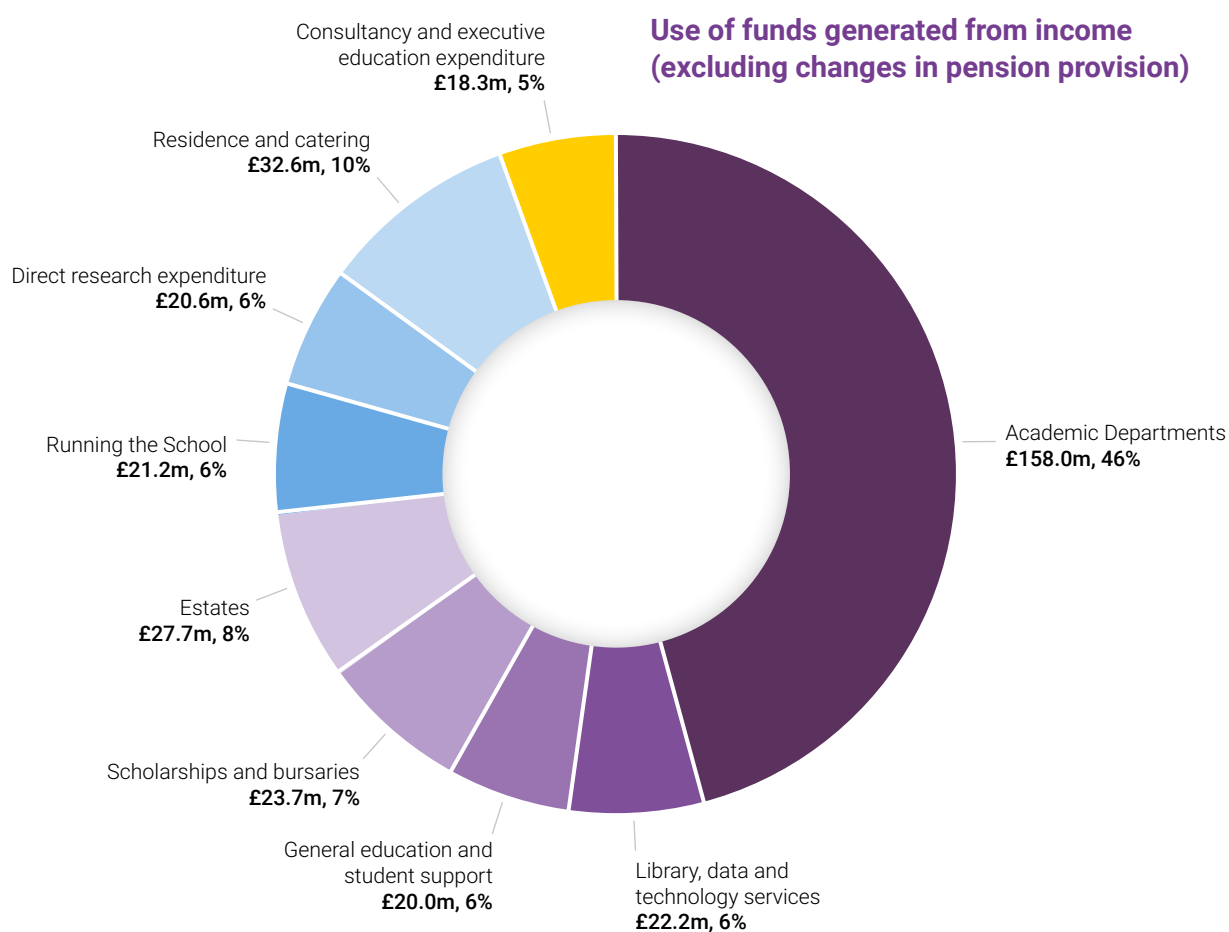
Total expenditure disclosed in the Consolidated Statement of Comprehensive income and expenditure decreased by £71.9 m, however both years include one-off changes that make comparisons difficult. Excluding the impact of the changes in USS provision, which is accounted for through total expenditure, expenditure year on year rose by £29.4 m (8.3 per cent). Of this increase £6.4 m can be explained by the impact of the pandemic: additional costs incurred in preparing the campus and a rapid shift to on-line delivery in March 2020, preparation for operating in a COVID-secure fashion and a large increase in the accrual for untaken annual leave by 31 July 2020. A further £5.8 m relates to depreciation and provisions for lease terminations leaving an underlying increase of 4.9 per cent which was within budget for the year. This increase was in line with the growth in revenue forecast in the pre-COVID 2019 Financial Plan.

	2019-20	2018-19	Change	
	£m	£m	£m	%
Total expenditure	339.8	411.7	(71.9)	(17.4)
Less Movement in USS pension provision	41.7	(59.6)	101.3	
Total expenditure excluding movement in USS pension provision	381.5	352.1	29.4	8.3
Increase in depreciation charges related to the Centre Building	(2.4)	–	(2.4)	
Specific provision for lease terminations	(3.4)	–	(3.4)	
Holiday pay accrual increase associated with COVID-19	(4.4)	–	(4.4)	
One-off costs associated with COVID-19	(2.0)	–	(2.0)	
Adjusted expenditure	369.3	352.1	17.2	4.9

From 1 October 2019 employer contributions to the USS pension scheme increased from 19.5 per cent to 21.1 per cent adding approximately £1.4 m to pay costs. Following the 2020 scheme valuation, we are expecting to see pressure to increase the contribution rate yet further, but as reported elsewhere we are becoming increasingly concerned that the scheme, through its rising costs and inflexibility is not providing good value for our employees. As a multi-employer scheme our influence is limited, however we are taking every opportunity to raise these concerns

and ensure that the pension provision for our staff is, and remains, a valuable part of their remuneration.

As a globally facing institution, we are particularly exposed to the impact of falls in the value of sterling as we strive to offer internationally competitive salaries to recruit faculty. With that in mind, we are concerned that the UK's final exit from the European Union may have a negative impact on the UK economy that will manifest itself in further falls in the value of sterling, impacting our competitiveness.



Academic departments

Delivery and support of research-led student learning and teaching and student research projects. Includes academic and departmental support staff salary costs and resources.

Library, data, and technology services

Includes IT and library resources provided by the School.

General education and student support

Includes counselling services, careers advice, Students' Union, Registry, admissions, nursery and health services.

Estates

Cost of maintaining and running the campus, teaching spaces, student support spaces, and sports facilities.

Running the School

Includes centrally managed series such as admissions, finance, human resources, communications, planning, and strategy deliver.

Responsible procurement

LSE is committed to acting responsibly and sustainably and sets out that commitment in a range of policies including our Sustainability Policy, Energy Policy and Socially Responsible Investment Policy. This also forms a core element of the School's Ethics code and LSE 2030 vision for the School.

The nature of the School's sources of funding mean that we are not bound by the Public Contracts Regulations but competitive tendering and close working with the London Universities Purchasing Consortium (LUPC) is central to our success in securing value for money and are used extensively.

During the pandemic, we have worked proactively with and to support our key suppliers and continue to monitor them to ensure our supply chains remain robust.

An example of the School's commitment to sustainability in procurement has been our affiliation with Electronics Watch who, on our behalf is monitoring the treatment of workers in our electronics goods supply chains. Such initiatives act as a mechanism to drive out issues such as forced labour, health, and safety risks, and other human rights abusive from the supply chain and improve working conditions for workers.

The total expenditure that was influenced by our Procurement team in 2019-20 was £131 m and we awarded 111 contracts on our approved terms and conditions compared to 47 in the previous financial year. We estimate our procurement process delivered savings of over £3.4 m (annual savings based on comparison with average tendered or incumbent supplier's price).

The School recognises its responsibility to meet contractual obligations in a timely fashion and to this end works to pay all approved invoices following agreed terms of payment. The School's standard payment terms are 30 days nett. On 31 July 2020 the amount due to trade creditors was equivalent to 7 days of purchases compared to 24 days at the end of 2018-19. Nothing was paid under the Late Payments of Commercial Debts (Interest) Act 1998

Pension schemes

LSE staff on salary band 6 and above are eligible to join the Universities Superannuation Scheme (USS). An 'Exclusivity' agreement between the School and USS prevents the School from enrolling eligible staff in any other pension scheme and requires that a significant payment be made if the School wished to opt out of the scheme. All other staff can join the Superannuation Arrangements of the University of London (SAUL).

The Trustee of each scheme must carry out a full actuarial valuation at least every three years in order to determine whether it has sufficient funds to pay the pensions promised, or a credible plan to recover any shortfall (via a deficit recovery plan which must, by law, aim to eliminate any deficit).

The actuarial valuations undertaken by the Trustee are calculated based on the level of risk the schemes' plan to take in the long term, in pursuit of investment returns (which part-fund pensions), expected returns and planned contribution income.

SAUL scheme

The SAUL scheme provides pensions to staff at a number of universities and related employers in and around London on a collective basis. The latest full actuarial valuation for the SAUL pension scheme was carried out with an effective date of 31 March 2017 which resulted in the scheme holding assets valued at more than the funds required to pay out the pension benefits promised, revealing a surplus of £56 m for the scheme as a whole. In between full valuations, the Trustee undertakes a mini assessment of the financial health of the scheme and the latest funding check undertaken by SAUL as of 31 March 2019 showed an increased surplus of £104 m for the scheme, at that date. The SAUL Trustee is currently undertaking the next full actuarial valuation with an effective date of 31 March 2020 and results must be concluded by 30 June 2021.

USS scheme

The latest full actuarial valuation for the USS pension scheme was carried out with an effective date of 31 March 2018 which revealed a deficit of £3.6 bn. The annual update as of 31 March 2019 showed an increased deficit of £5.4 bn for the Scheme as a whole. As a result of the deficit identified as at 31 March 2018, the Trustee is carrying out another full valuation with an effective date of 31 March 2020, for which the statutory deadline for completion is 30 June 2021.

The 2018 USS valuation resulted in increased contributions becoming payable in phased steps from 1 April 2019. Total contribution amounts were increased from 26 per cent (split employer 18 per cent, employee 8 per cent) to 28.3 per cent (19.5 per cent, 8.8 per cent) from April 2019 and again to 30.7 per cent (21.1 per cent, 9.6 per cent) from October 2019. They are scheduled to increase again from October 2021 to 34.7 per cent (23.7 per cent, 11 per cent) if the outcome from the 2020 valuation is not concluded by that date. If this is the outcome, the School will need to consider carefully how to manage the cost implications of this increase.

Within these contribution increases is a substantial element to meet the projected shortfall in funds to pay for pension promises already made (the so-call past service deficit contribution). Accounting standards require that a provision for the discounted value of the future contributions to cover this deficit is included in the balance sheet. Based on the schedule of contributions implemented by the Trustee and applicable at 31 July 2020, the provision for LSE is £51.3 m, compared with £91.6 m last year (based on the old contribution rates). The decrease in the provision of £40.3 m is accounted for as a credit in total

comprehensive income for the year. It should be noted that this provision is not the same as the School's share of the total scheme deficit which, as it is not separately identifiable, does not require recognition nor does it represent the cost of exiting the scheme – a so-called "Section 75" charge. This figure is significantly higher.

Several consultations are scheduled to take place between the USS Trustee and Universities UK (UUK), which represents employers participating in the scheme, throughout 2020 and into early 2021, in order to determine an outcome of the 2020

valuation process. Given the financial position the sector finds itself in as a result of the pandemic, it is unlikely an increase in the contributions to address the Scheme's shortfall will be affordable for most HEIs.

The School remains fully committed to providing all its staff with attractive and affordable pension benefits and we will do all we can to encourage a timely resolution of this matter and thereafter for reform of the USS scheme to ensure it offers can continue on a sustainable basis the best possible value to our staff and the School.

Contribution rates (per cent of salary)	Total	Employer	Employee	Post service deficit contribution
Until April 2019	26.0%	18.0%	8.0%	2.10%
From April 2019	28.3%	19.5%	8.8%	Not specified
From October 2019	30.7%	21.1%	9.6%	2.0%
From October 2021 (projected)	34.7%	23.7%	11.0%	6.0%

Balance sheet

We are pleased to report continued growth in the School's balance sheet, with net assets increasing by £74.8 m (13.1 per cent) during 2019-20 to £644.6 m. The reduction in the USS pension provision accounts for £40.3 m of this increase and the second tranche of the Atlantic Philanthropies gift, a further £44.0 m. The

net current liability position at both year ends is a consequence of our treasury management which leads us from time to time, to hold cash balances in bonds, deposit and money market accounts that are disclosed under Investments rather than current assets.

	2020 £m	2019 £m	Change	
			£m	%
Tangible and intangible assets	641.8	612.3	29.5	4.8
Investments	296.8	284.3	12.5	4.4
Total non-current assets	938.6	896.6	42.0	4.7
Current assets				
Stock	0.2	0.1	0.1	100.0
Debtors	46.0	38.7	7.3	19.0
Cash and cash equivalents	21.5	51.3	(29.8)	(58.1)
Total current assets	67.8	90.1	(22.3)	(24.8)
Creditors: falling due within 1 year	(91.8)	(108.9)	17.1	(15.7)
Net current liabilities	(24.1)	(18.8)	(5.3)	28.2
Total assets less current liabilities	914.5	877.8	36.7	4.2
Creditors: falling due after 1 year	(218.6)	(216.4)	(2.2)	1.0
Pension provision	(51.3)	(91.6)	40.3	(44.0)
Net Assets	644.6	569.8	74.8	13.1
Expendable endowments	101.7	59.1	42.6	72.1
Permanents endowments	96.7	95.9	0.8	0.8
Endowment reserves	198.4	155.0	43.4	28.0
Restricted reserves	10.1	7.1	3.0	42.3
General reserve	436.1	407.7	28.4	7.0
Total Reserves	644.6	569.8	74.8	13.1

A year on year comparison of balance sheets highlights a number of substantial changes: the continued investment in assets as work on the Marshall building continues and associated with this is maturing of bonds held within the Capital Projects bond portfolio; the increase in endowments following receipt of the Atlantic gift; and the decrease in the USS pension discussed earlier.

Funding strategy

In 2017-18 Council adopted a Statement of Funding Principles which provides a framework for borrowing, investing, and applying surpluses. This embodies the School's strategy to fund capital development on a portfolio basis rather than on a building-by-building, using cash flow and cash reserves to leverage external grants and donations and periodically raise funds through long-term debt.

The School believes that it is appropriate to make use of long-term borrowing to fund the development of its asset base. Funding new facilities or major modernisation work using long-term borrowing ensures that the cost is borne by those who benefit from the investment in the future.

The impact of the pandemic is evident in the financial result for 2019-20 and may be more so in the 2020-21 results so the School has secured additional credit facilities, available until 2025 to spread the impact of this across a reasonable period.

Capital expenditure

During 2019-20 the School spent £44.6 m on capital expenditure, mostly related to the Marshall building which will be completed in summer 2021. This £145 m project is on budget, despite the interruptions caused by the pandemic. We are currently pausing other non-urgent capital investment and plan to review the position again in early 2021.

We report fixed assets at cost less accumulated depreciation. After careful consideration, we have concluded that while the market value of the School's estate is significantly higher than book value, to show all or some of the properties at market value would not offer the reader of these statements any greater insight into the School's operations. Had that approach been taken we estimate that the value of the School's freehold and leasehold property would have been approximately £1.1 billion. The option to adopt a revaluation policy remains available and it will be reconsidered periodically.

Taxation

The School is an exempt charity within the meaning of the Charities Act 2011 and recognised as a charity by HM Revenue and Customs. Our commercial trading activities are undertaken through subsidiary companies.

Indirect tax (VAT) and payroll taxes collected and paid to HMRC – PAYE, National Insurance contributions, student loan repayments, and Apprenticeship Levy charges – amounted to £16.2 m and £62.5 m respectively.

LSE is committed to ensuring that it continues to meet its responsibility for governance, risk management, and decisions made in relation to taxation. We aim to comply fully with our legal obligations and engage openly with tax authorities and other stakeholders whilst also effectively managing our tax expense. Each year we review our tax strategy and publish it on our website.

Strategic Risks

Understanding our risks

The vision articulated in LSE 2030, of sustaining excellence through an inclusive and diverse community, extending our impact and reach, and ensuring a sustainable future, will always carry certain risks. Effective risk management helps to achieve these strategic objectives, whilst protecting the School's stakeholders, reputation and sustainability.

Risk management processes

The School Management Committee (SMC) monitors and reviews emerging and changing risks throughout the year. These processes are reviewed by Audit Committee, and a termly report is made to Council.

The Strategic Risk Register acts as the main tool for the evaluation of risk and aligns with LSE 2030 through the dashboard targets. The management of each strategic risk is formally assessed by the risk owner at least once each term and reviewed by the SMC, which ensures that the risks are being actively managed, with the appropriate strategies in place.

Each strategic risk is graded with a level of risk tolerance. Once tolerance has been defined, SMC evaluates what action needs to be taken to address the risk. The School's approach is to minimise its exposure to reputational, compliance and financial risk, while accepting and encouraging an increased degree of risk in pursuit of its mission and objectives. It recognises that its tolerance for risk varies according to the activity undertaken.

Strategic risks are now evaluated along with the most pressing or relevant endogenous and exogenous risks mapped across three further central registers:

The Political Risk Register evaluates the exogenous risk environment to the School, by examining the risks posed by Brexit, the changes in UK government, as well as the impact international politics may have on the LSE's sustainability.

The Business Model Risk Register evaluates endogenous and exogenous risks to the School's business model, contrasting risks associated to the Financial Plan posed by external factors such as the valuation of the pension scheme and any outcomes from

changes in government policy, and the costs involved with internal processes, such as faculty appointment and improvements to existing information architecture.

The Operational Risk Register evaluates endogenous risks arising from the School's processes and systems, including IT security and travel safety.

Key operational risks in academic departments and service areas are identified and managed at the appropriate level within the organisation. Internal Audit undertakes reviews of key areas throughout the year and these are reported to the School's Audit Committee.

All major projects have individual risk registers and risk assessment is incorporated into planning and decision-making processes. Risk assessment training and awareness is promoted through the management structure by the Risk Manager.

COVID-19

As with any large-scale exogenous event, the continuing global pandemic has the potential to have an impact at all levels of the risk framework. The School entered the COVID-19 crisis in a robust financial position, with a strong balance sheet and enough working capital to provide time to make adjustments if required, to ensure financial viability. During the early stages of the crisis, scenario modelling highlighted the divergence of outcomes associated with the loss of key revenue streams and allowed for pre-emptive measures to ensure financial sustainability, to protect the School's ability to retain and recruit world class faculty

to undertake research and provide the best possible educational experience for its students. The agreement of an emergency budget mitigated these risks by revising pay assumptions, reducing recurrently operating budgets by the equivalent of 10 per cent for 2020-21, implementing a conditional hiring freeze until there was clear evidence of the impact on School finances. These immediate actions are coupled with a revised medium target for uEBITDA of 15 per cent of income to ensure the School's operation gearing is reduced. This process of budget management is continuing and subject to frequent review by SMC.

In terms of strategic risks related to student numbers, the Scenario Planning Group has spent the build-up to the new academic year monitoring data on student recruitment to understand the potential impact on the student intake for 2020-21. The impact of COVID-19 on the higher education sector remains at the forefront of SMC's strategic thinking, taking into account the exogenous risk environment, with both the political handling of the crisis, as well as known risks relating to pensions and research activity.

In terms of operational activity, the School will keep the safety and wellbeing of staff, students and visitors at the forefront of its planning and campus operations, balancing government guidelines with an approach that seeks to minimise the risk to health. The Return To Campus Working Group has modelled how the estate might safely operate under enhanced health and safety measures caused by the pandemic, and ensuring that the impacts of all measures are risk-assessed in respect of equality and diversity, financial commitments, sustainability, and statutory requirements.



Brexit

The impact of COVID-19 sometimes makes it easy to forget that the School had already been preparing for a large-scale exogenous event, with the approaching end of the Brexit transition phase on 31 December 2020. In 2021, the reality of what Brexit means will finally take shape, although considerable uncertainty persists. With its potential to restrict the freedom of movement of EU students and staff, not to mention the impact on access to funding and legislative structures, there is no doubt that Brexit could change the environment in which the School operates.

The persistence of uncertainty will doubtless bring short- and medium-term challenges, but the School will need to take a strategic view of the threats and opportunities in order to generate positive longer-term outcomes. Remaining true to our mission, we intend the School to remain at the forefront in understanding, forecasting, analysing and explaining these changes, as they occur.

The SMC continues to co-ordinate work across the full range of the School's activities, considering the implications for the future of developments in student and staff recruitment and retention, current applications being developed, and awards, held for EU funded research projects, capital projects underway and short-term philanthropic giving, as well as issues with supply chains.

The international profile of its student body means that the School monitors issues such as the UK Visas and Immigration student visa policy, and the way political language around immigration might create a hostile environment to foreign staff and students – particularly following Brexit – as external factors which may deter some students from applying to study in the UK. We avoid over-reliance on key markets, which could make the School vulnerable to developments by global competitors, or geo-political events. Other internal factors, such as established structures for programme allocation, may affect the School's income from student fees.

Business model

As well as navigating the twin exogenous threats posed by the global pandemic and Brexit, the School continues to be aware of increasingly strong competition to its portfolio for Extended Education, both in the UK and abroad, and the emergence of private providers remains an issue that will need to be monitored carefully in the coming years. The drive to diversify revenue away from student fees has also led to an increased focus on philanthropic development.

While the impact on recruitment markets posed by COVID-19 is still being understood, the School will continue to face serious competition to recruit and retain its best faculty. The challenge remains to ensure that an effective reward policy is developed to attract new talent and retain existing faculty while ensuring long-term affordability. The REF Strategy Committee allows long term planning and oversight of research issues in a manner consistent with the School's principles of academic freedom, while the School

continues with its rigorous approach to research mentoring and appraisal. The continuing work on support and incentives for externally funded research also mitigates these risks.

In terms of the impact of Brexit on research, the UK Government has guaranteed to underwrite existing funding from Horizon 2020, which might otherwise have been jeopardised in the exit process. Through its affiliation with CIVICA, the European University of Social Sciences, LSE has shored up its links with leading European higher education institutions in the social sciences, humanities, business management and public policy to create a broad European inter-university campus. The School will aim to increase grant applications to UK research councils, as well as increase efforts to gain funding from foundations and other philanthropic sources. The Russell Group has already identified that its overall priority is to secure full associated country status for the UK participation in EU programmes. Eleven non-EU states, including Iceland and Norway, participate in Horizon 2020 on the same basis as member states, and funding under the programme is available globally.

The School will continue to monitor the impact of the pandemic and Brexit on staff recruitment. Irrespective of the funding environment, a serious risk to the School is of a 'talent drain' of research staff. Our strategy for research continues to recognise this risk, as the loss of key staff would both reduce the School's ability to attract and retain the best academics and recruit the brightest students.

Pensions

School employees participate in two pension schemes, USS and SAUL. Both schemes are currently undertaking a full actuarial valuation with an effective date of 31 March 2020 but results of the valuation processes are not required to be concluded until 30 June 2021. Given the overall uncertainty over the current valuation results, particularly given the current financial situation caused by the COVID-19 pandemic, the School is continuing to engage in consultations on the methodology and assumptions to be used in the valuation processes.

Equity and diversity

The School is committed to embedding and mainstreaming equity, diversity, and inclusion. This includes proposing and implementing various initiatives to foster equitable treatment for all. Equity, Diversity and Inclusion (EDI) ensures legal compliance through the Equality Act 2010 by making sure policies, procedures and proposal are inclusive and reporting on the Public Sector Equality Duty. The latest report can be read here: <https://info.lse.ac.uk/staff/divisions/equity-diversity-and-inclusion/EDI-objectives-data-and-research/Equality-data>

The launch of LSE 2030 strategy provides an opportunity to thread EDI into everything we do, which has now translated to various initiatives and achievements as outlined below:

- Awarded the Athena SWAN Institutional Bronze and committed to a four-year action plan for advancing gender equality at LSE.
- LSE's Recognition in Stonewall's Top 100 Employers list in 2019, highlighting it as one of the best employers for lesbian, gay, bi and trans staff and LSE will be submitting for the award again in 2021.
- Awarded the DWP Disability Confident Level 1 and 2.
- Commissioned an independent bullying and harassment report capturing a wide range of views around the School coupled with expert advice on interventions
- Hosting several Black History Month events including "Who's included? Black women and the workplace" with the authors of *Slay in your Lane*, Beyond Black History Month with the Director and Students' Union General Secretary on the panel and the BAME Staff Showcase.
- The launch of the Disability and Wellbeing staff Network.
- Recruited and launched 39 Safe Contacts who are trained volunteer staff members that provide a confidential listening and signposting service to the LSE community. Most of the Safe Contacts have received sexual violence training.
- Launch 'Making a Choice' which is a central hub of resources for bullying harassment and sexual violence.
- Continued our partnership with Rape Crisis and the Consent Collective. Our partnership with Rape Crisis includes a sexual violence support worker who provides appointments for staff and students. Our membership with Consent Collective includes access to a wide range of online content on topics like consent, harassment and sexual violence.
- Established a project board to diversify our PhD cohort, this includes securing funding and examining application and recruitment processes for prospective PhD students.
- Provided more training on the Equality Impact Assessment (EIA) process. Eight comprehensive training sessions were commissioned with AdvanceHE and delivered to 96 attendees from a wide range of divisions and departments. 31 trained volunteer staff members called Equity Assessors were recruited to review and provide feedback on EIAs. EIAs have become increasingly important for discussions and procedures for returning to campus.

LSE is committed to long term, systemic development of our approach to EDI. The examples listed above are not an exhaustive list and EDI will continue to launch and maintain initiatives that aim to proactively advance equity wherever possible.

Public benefit statement

As an exempt charity, the School is responsible for ensuring that its work provides public benefit. The School's Articles of Association set out: 'The Object of the School is to advance

education, learning and research for the public benefit'. Delivery for the public benefit has remained core since the School's foundation and is now underpinned by the School's strategy; LSE 2030.

Council members, as trustees, take regard of the guidance on public benefit, as published by the Charity Commission, in exercising their powers and duties.

The following narrative illustrates some of the School's activities that contribute to the public benefit.

Providing liberal and quality education

We believe that it is our social responsibility to support all students with the ability to benefit from higher education to do so, irrespective of their background. This includes enabling them to explore their options, make decisions about their futures, and access and succeed at university if that is their preferred route. The School has been working for more than two decades, to address the under-representation of certain groups in higher education as a means of addressing broader issues of equality and social inclusion. Key elements of this work are articulated in our new five-year Access and Participation Plan, which was approved by the Office for Students in September 2019.

Work with Schools and Colleges

This year, we continued work with schools and colleges in the UK and offered a range of activities aimed at pupils, their teachers and parents/carers. The schemes we run are free for schools and colleges and are fully funded by LSE and through the generous support of donors. The schemes are wide ranging and include bespoke sessions at schools and colleges to support the university application process, taster days, student shadowing opportunities, summer schools and open days. Information on all of our widening participation activities can be found online at lse.ac.uk/study-at-lse/Undergraduate/widening-participation.

Although in-person activity had to be suspended in March 2020 due to the COVID-19 pandemic. Thanks to the huge efforts of staff, student ambassadors and academic contributors, most activities moved to an online delivery format, with web resources and live online events being delivered during the second half of 2019-20. Throughout the year, the Widening Participation team engaged with over 2,000 students from years 6-13 and during the summer holidays over 300 Year 11 and Year 12 students participated in two virtual week-long summer schools, with many interactive elements.

During 2019-20, we also piloted some exciting new initiatives with Barking Abbey School and Harris Academy St John's Wood, our two partner London secondary schools. The main aim of the partnership is to raise attainment amongst pupils, and to provide information, advice and guidance to parents/carers and teachers at both partner schools. In this pilot year, almost fifty Year 10 students took part in GCSE Mathematics tutoring over 8 weeks and over forty Year 12 students had the chance to participate in

– the creation of a Department of Social Biology at LSE and the Academic Assistance Council which supported academic refugees. In Lent term 2020, the exhibition, *Social Revolution: women's liberation and gay liberation in the 1970s and 80s* marked 50 years since the beginnings of two significant social movements in the UK: women's liberation and the Gay Liberation Front (GLF). This exhibition had to close early in March 2020 due to the national lockdown and our Summer term exhibition will be re-scheduled when the Gallery can re-open. The Library also develops online exhibitions and two launched on the platform, Google Arts and Culture in 2020 – *The Story of the Gay Liberation Front; and Outrage!* which tell the stories of LGBTQ+ campaigning in the UK. These enable continued public access to selections from our archives collections.

Public events – The Library's public events programme has delivered 32 free public events in 2019-20 attended by 1,470 people. This year, the Library hosted the 2019 Women's History Network Conference and was a national hub for the Outing the Past LGBTQ+ Festival in February 2020. The Library also facilitated activities for the GLF 50th anniversary with Think Ins; an LSE Archive showcase, and celebration event in March 2020. The Library's events are varied in format – lectures, literary talks; performances; film screenings and discussions such as that on *Global Academics at Risk* in December 2019 with a panel from LSE, Cambridge and SOAS. Following the national lockdown, the Library moved its programme online running 5 public events between March and July 2020 with a national and international audience of 239 participants. This will continue in 2020-21.

Schools – The Library's schools programme for students from primary, secondary and sixth form groups offers curriculum-based sessions and online resources using our unique collections relating to history, politics and citizenship as well as supporting sixth form students undertaking their Extended Project Qualification (EPQ) in Year 12. 297 students visited the Library until March 2020. Online teaching resources for schools have continued to be developed providing notes and presentations for teachers to re-use and these are in increasing demand since March 2020. Four new resources for Key Stage 3 and GCSE were released between March and July 2020. These public resources have a wide geographical reach from across the UK. Our 14 resources available on the school resources site, TES have over 3,000 downloads.

LSE Festival 2020 Family and Schools project In March 2020, the Library created a cross-curricular workshop for Year 5 classes in two primary schools exploring intersectional issues around identity, informed by the LSE Festival theme 'Shape the World'. 125 students took part creating 'cubes' of woven threads to represent their identities. These became part of the LSE Festival Family event which attracted 77 children and adults, 50 per cent of whom had not previously attended any LSE events.

Research

The School prides itself on a policy of engagement and the provision of research which seeks to address the burning issues of the day and influence public policy. The work of many of our research centres and academic departments has direct relevance to our charitable aims and the delivery of public benefit. A few examples of impactful research during 2019-20 include the following:

- Dr Clive Nwonka highlighted the failure of the UK film sector to tackle systemic discrimination of BAME individuals.
- Dr Andy Summers co-produced research revealing the extent of top one per cent income through capital gains tax.
- Dr Sanna Read revealed that social isolation results in memory loss in later life.
- Research carried out by the British Red Cross and LSE's Centre for the Analysis of Social Exclusion (CASE) showed that simple changes to asylum policy could save £7 m a year.
- Professor Lucinda Platt worked with the Institute of Fiscal Studies and the Nuffield Foundation to reveal a higher COVID-19 death rate and economic hardship for ethnic minorities.
- Professor Kirsten Sehnbruch worked with the Chilean Government, who became the first government in the world to propose a quality of employment index.
- Researchers from the Care Policy and Evaluation Centre at LSE led a global survey, the world's largest dementia study, which informed the World Alzheimer Report 2019, revealing a lack of understanding about the condition.

The School has been at the forefront of the response to the COVID-19 crisis. Through the COVID-19 Rapid Response Fund, we supported 23 new research projects to address the challenges we face, both in terms of limiting the social and economic effects of the pandemic and helping to shape a better post-COVID-19 world. Our 'Shaping the Post-COVID World' initiative builds on this, to convene a debate about the direction the world could and should be taking after this crisis and what policies national and global actors should pursue.

Public and Community Engagement

In 2019-20 the LSE's public events programme hosted over 200 lectures, debates, exhibitions and concerts. Speakers included; Ursula von der Leyen, President of the European Commission; Nobel Laureates Amartya Sen, Robert Shiller, Esther Duflo, Abhijit Banerjee and Joseph Stiglitz; Xavier Bettel, Prime Minister of Luxembourg; Sadiq Khan, Mayor of London; UN High Commissioner for Human Rights, Michelle Bachelet; historian Anne Applebaum; author Arundhati Roy; Ruth Porat, Chief Financial Officer of Alphabet and Google; UK Supreme Court Justice, Lady Black; film director, writer and producer Armando Iannucci; former President of Colombia, Juan Manuel Santos;

former Prime Minister of New Zealand, Helen Clark; former President of Liberia, Ellen Johnson Sirleaf; former Prime Minister of Australia, Kevin Rudd, former UK Prime Minister, Gordon Brown, former Prime Minister of Italy, Matteo Renzi; and former President of Costa Rica, Laura Chinchilla.

In order to maximise the opportunity for those outside London and overseas to benefit from the programme many events were also made available online by video or podcast, with debate being sustained through social networking and platforms such as Twitter, Facebook, RSS, Apple Podcasts, Soundcloud, YouTube, etc. COVID-19 meant that from the start of the Summer Term our events programme moved online which allowed a global audience to tune in live and take part. Our response to the pandemic was the COVID-19: The Policy Response series which was made up of 44 online public events.

The **LSE Festival 2020: Shape the World** explored how social science can make the world a better place, bringing together global leaders, innovators and change makers to investigate how we can learn lessons from the past, tackle the challenges of today and shape the future. The Festival also incorporated the LSE research competition and exhibition, which showcased research by LSE staff and students through photographs, written pitches, posters and short films. Alongside the core programme, there were two exhibitions as well as activities to engage children and young people. Over 5,400 people attended 31 events over the Festival week. The LSE Festival webpages were viewed over 167,000 times and through social media we reached two million people. The LSE research competition online gallery was viewed over 18,000 times with over 2,000 votes for the Popular Prize. Furthermore, we had 48 entries to the research competition, which were all on display in the exhibition during the Festival week. Nine prizes were awarded to ten entrants (one joint win) with four highly commended.

LSE broadcasts a monthly podcast, **LSE IQ**, which asks some of the leading social scientists, and other experts, to answer questions about economics, politics and society. Each episode is downloaded 10,000 times.

New research and academic comment are shared through the LSE social media channels – LinkedIn, Twitter, Facebook, Instagram and YouTube – which have a combined audience of 1.4 m followers who engaged over 2.2 m times in 2019-20. These channels provide the audience with rich content in the form of blog posts, videos and podcasts.

Student Volunteering

The School has a strong tradition of social awareness and engaging with the wider community. LSE supports such efforts through its dedicated Volunteer Centre and its mission to inspire and empower the LSE community to volunteer for causes they are passionate about. In 2019-20, the Centre saw a huge amount of

interest from students who wanted to get involved in volunteering, particularly in relation to COVID-19, and our research shows that almost 40 per cent of the student body do so during their time at LSE, rising to over 50 per cent amongst our undergraduates.

LSE students fulfil a range of roles including mentoring, campaigning, fundraising, marketing, research and many more. Students who volunteer say that they have wider groups of friends, feel part of LSE and the community, are more confident in themselves, and have skills that employers will value – 70 per cent say that volunteering improves the LSE experience. The Volunteer Centre works with over 300 organisations promoting almost 800 opportunities to students. In the past year over 100 organisations were welcomed onto campus for volunteering fairs, virtual talks, panels and other events. We are proud to be making a difference, both to the students and to those reached by their volunteering.

Trade Union facility time

Under the Trade Union (Facility Time Publication Requirements) Regulations 2017, the School, as a public sector employer, is required to collate and publish a range of data on the amount and cost of time spent by Trade Union (TU) Officials on facility time. Facility time is the provision of paid or unpaid time off from an employee's normal role to undertake TU duties and activities.

This publication year runs from 1 April 2019 to 31 March 2020. This information is to be published every year by 31 July. The relevant Trade Unions with whom the Schools has a Collective Bargaining Agreement are University and College Union (UCU), UNISON and Unite). The number of employees who were relevant union officials during the relevant period was 38 with a full time equivalent of 35.11.

Employees who were relevant union officials during the relevant period spent the following percentages of their working hours on facility time:

Percentage of time	Number of employees
0%	8
1-50%	29
51- 99%	1
100%	–

The total cost of facility time was £0.09 million of a total pay bill of £204.0 million. The percentage of the total pay bill spent on facility time was 0.04 per cent.

Section 172 statement

Section 172 of the Companies Act 2006 requires the directors (Council members) to act in the way they consider, in good faith, would be most likely to promote the success of the School.

The Act states that in doing so, the directors should have regard (amongst other matters) to:

- **the likely consequences of any decision in the long term**

This is integral to Council decision-making. In particular, decision-making is in the context of the delivery of LSE 2030 so is focussed on the long term. Council also responds to changes and developments in the external environment seeking to ensure that decisions are taken with clear consideration of the potential short to long-term consequences. This has been particularly important during the ongoing response to COVID.

- **the interests of the School's employees**

Council recognises that the School's staff are vital to ensuring the continued success of the School and their interests are taken into account as part of all relevant decision-making. Council considers that it is essential it understands the issues faced by staff so that their interests are taken into account in the work of Council. There is regular and ongoing engagement with the staff community either through direct or indirect means, such as discussions, meetings and regular reporting on a range of staff matters. In addition, Council and its committees (where appropriate) also include staff members (who are not part of the executive team) who therefore directly contribute to Council deliberations.

- **the need to foster the School's business relationships with suppliers, customers and others**

Council recognises the importance of ensuring good relationships with its wide-ranging stakeholders as they are also vital to the continued success of the School.

Students are a key stakeholder and Council has regard to this group in all relevant decision-making, also receiving regular progress updates on a range of matters related to the student experience. In addition, Council and its committees (where appropriate) also includes student members, which provides means to ensure that they directly contribute to Council's work.

Relationships with stakeholders from the broader community also continue to be fostered (eg, alumni, policy makers, OfS) given the important role they play in enabling the School to deliver its objectives. Policies and procedures are in place to ensure fair business relationships with suppliers etc.

- **the impact of the School's operations on the community and the environment**

the School is committed to having a positive impact on the community (local, national and international) and minimise its environmental impacts across all activities. This commitment is reflected in the School's strategy LSE 2030.

- **the desirability of the School maintaining a reputation for high standards of business conduct**

Maintaining the School's reputation and public trust is essential to our ongoing success and therefore Council has due regard to this across its activities.

- **the need to act fairly as between members of the School**

The formal members of the School are Council members. All Council members participate in the work of Council. More broadly Council seeks to ensure that fairness, equity and inclusivity are integral to all its actions and decisions, including in so much as they affect the broader School community and stakeholders.

Directors

The directors of the Company are listed at page 74.

During the year a management liability insurance policy was in place which provides for director and management indemnity provision.

Independent Auditors

The Company's current external independent auditors are PricewaterhouseCoopers LLP.

Disclosure of information to auditors

At the date of making this report, each of the Company's directors as set out on page 74, confirms the following:

- So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- He or she has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Strategic Report and Report of the Directors was approved by Council on 24 November 2020.

Baroness Shafik

Director

Corporate Governance and Internal Control Statement

This Corporate Governance and Internal Control Statement covers the 2019-20 financial year and period up to the date of approval of the audited financial statements. The statement provides an overview of the governance structure of the School and outlines the School's internal control and risk management arrangements.

The School is a company limited by guarantee and an exempt charity. As a UK Higher Education Institution, it is regulated by the Office for Students (OfS). The overarching objectives, powers and framework of governance are set out in the Articles of Association. This sets out 'The Object of the School is to advance education, learning and research for the public benefit', which underpins all School activity, including its articulation through LSE 2030.

LSE is committed to upholding the highest standards of corporate governance and is satisfied that it complies with the Committee of University Chairs (CUC) Higher Education Code of Governance. The School also complies with the Public Interest Governance Principles required by OfS. During 2020-21 the School will undergo an independent review of its governance arrangements in line with good practice and to identify opportunities for further enhancement.

In addition to this Statement, the School ensures transparency about its corporate governance arrangements principally through publication on its website and conduct in accordance with the CUC Higher Education Code of Governance.

The adequacy and effectiveness of arrangements for corporate governance, risk management and oversight of any statutory and other regulatory responsibilities (including compliance with the OfS's ongoing conditions of registration and any terms and conditions of funding as well as any other relevant regulatory responsibilities) are ensured through ongoing oversight and review to ensure they remain fit for purpose. This is achieved through delegated responsibilities to committees, management, third party review, including that undertaken by the internal and external auditors, but recognising that Council is ultimately responsible for these arrangements.

These arrangements also allow Council to ensure the regularity and propriety in the use of public funding where existing arrangements within the extensive control framework are kept under review, tested and enhanced as required.

Council

Council is the governing body of the School and its formal responsibilities are set out in the Articles of Association. A full list of Council members from 1 August 2019 to 31 July 2020 and up to the date of signing these financial statements can be found on page 74. Council's primary role is to provide strategic leadership and to maintain a focus on areas identified as being of strategic importance. It is responsible for the system of internal control operating within the School and for ensuring it is effective.

Council members are charity trustees and company directors and as such are 'fit and proper persons', expected to discharge

their duties with prudence and care and to accept ultimate responsibility for the affairs of the School.

Council formally meets at least four times a year. It is formally composed of 18 members, the majority being Independent members, including the Chair, as well as there being staff and student members. Following a search process during 2019-20, Dr Susan Liautaud was formally appointed as Chair of Council for the three-year period starting 1 August 2020, following a period serving as the Interim Chair of Council. Independent Council members do not receive remuneration for their role.

The School Secretary is the formal secretary of Council and responsible for overseeing the governance arrangements of the School. Any queries concerning the School's governance should be directed to the School Secretary.

Council is supported by the committees set out below. All have approved terms of reference and memberships, in order to provide expert support. They are chaired by Independent members of Council and report regularly on their work.

Audit Committee

Audit Committee is responsible for advising Council on the adequacy and effectiveness of the School's arrangements for risk management, control and governance and also for value for money, on which both the Audit Committee and the Internal Auditors provide an annual opinion based on the work they have conducted through the year. Both the External and Internal Auditors provide the Committee with detailed reports and attend meetings to discuss findings and recommendations for improvement, together with management's response and implementation plans.

Ethics Committee

Ethics Committee's remit is to ensure that the School's Ethics Code is communicated and embedded in the life and work of LSE through the plans, policies, procedures, guidelines and other documents which govern and inform the conduct of the business of the School.

Finance and Estates Committee

Finance and Estates Committee is principally responsible to Council in the following areas: financial strategy and risk; funding adequacy, cash flow and investment; financial forecasting and budgets; financial policies and regulations; evaluation of major commitments; review of financial performance at aggregate level and; oversight of the implementation of strategic priorities relating to the estate, including capital projects.

Governance Committee

Governance Committee is responsible for making recommendations on the membership of Council and its committees on Independent/external members. It also advises Council on corporate governance matters, arrangements and practices to continually enhance the School's governance, including to ensure compliance and best practice.

Remuneration Committee

Remuneration Committee oversees remuneration arrangements for the Director and other senior staff and complies fully with the Committee of University Chairs (CUC) Higher Education Senior Staff Remuneration Code.

Academic Board

Academic Board is the principal academic body of the School, to which Council has delegated responsibility for the academic standards and the direction and regulation of academic matters. It is supported by its own structure of committees which deal with academic and student affairs, research, and academic planning and resources.

Controls Framework

As the governing body of the School, the Council has responsibility for maintaining a robust system of internal control that supports the achievement of strategic and operational objectives, while safeguarding public and other funds and assets for which it is responsible.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve objectives, including missing appropriate opportunities. It can therefore only provide reasonable and not absolute assurance of effectiveness. Council ensures and reviews the effectiveness of internal control, including through:

- Having wide ranging and robust internal control arrangements in place, including for the prevention and detection of corruption, fraud, bribery and other irregularities. Internal controls are reviewed and developed to ensure they remain fit for purpose and in response to risk evaluation and cover business, operational, compliance and financial risk. These arrangements are embedded into ongoing operations;
- Ongoing oversight by Council of progress against LSE 2030, including corresponding identification and management of risk, through regular reporting from the Director. The School's risk management arrangements ensure key risks are identified and adequate mitigations are implemented as part of an ongoing process to ensure the achievement of objectives;
- Regular reporting from Council committees, from Audit Committee which has responsibility for reviewing risk management, control and governance and value for money arrangements on behalf of



Council. Audit Committee provides an annual report to Council including its opinion on the School's arrangements;

- Annual performance review of individual academic units (Departments and Institutes) by members of the School's senior management team together with in-depth quinquennial reviews by the Academic Planning and Resources Committee involving independent expert assessors. The Research Committee oversees regular performance reviews of research units;
- Monitoring by the Director and the School Management Committee of various work streams arising from strategic priorities and regular risk analysis, advised by a dedicated risk manager;
- A strong budgetary control process, with a high degree of decision-making autonomy delegated to budget controllers on how to spend budgets, but very limited opportunity to overspend. Regular management accounts are reviewed by the School Management Committee and Finance and Estates Committee. There are additional processes for administration and control of research grants, research contracts, donations and endowments where there are specific conditions on how the grant may be spent;
- Regular meetings between senior managers and service leaders to review progress and issues arising from operational activities, and similar meetings between the Director and Heads of Departments in relation to academic developments;
- Internal and external auditing is provided by KPMG LLP and PricewaterhouseCoopers LLP respectively, both operating in accordance with standards defined in the OfS Audit Code of Practice. Through their work, both support the School to enhance the internal control environment and the delivery of value for money, from their recommendations arising from reviews of School arrangements. The Internal Auditors undertake an annual programme of reviews, reporting regularly to Audit Committee, and culminating in an annual report to Council including an annual opinion on the adequacy and effectiveness of the School's arrangements for risk management, control and governance, and value for money based on work conducted during the year;
- Extensive financial controls including planning and budgeting arrangements, defined delegations of responsibility, review, oversight and reporting arrangements, policies and procedures, Financial Regulations detailing financial controls and procedures;
- Long-term financial planning summarised in an annually approved Financial Plan that provides the basis for any significant financial decision making and a robust framework to ensure the School's financial sustainability and resilience.

Declaration of the Council

In accordance with the Companies Act, the Council, as directors, are responsible for the administration and management of the School's affairs, including running an effective system of internal controls, and is required to present audited financial statements for each financial year. The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the School and enable it to ensure that the financial statements are prepared in accordance with the Companies Act, the latest Statement of Recommended Practice: Accounting for Further and Higher Education Institutions, and other relevant accounting standards.

In addition, within the Office for Students' terms and conditions of funding, the Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the School and of the surplus or deficit and cash flows for that year.

The designated office holder for this purpose is the Director. In directing the preparation of the financial statements, the Council has ensured that:

- Suitable accounting policies were selected and applied consistently;
- Judgements and estimates made were reasonable and prudent;
- Applicable accounting standards were followed, subject to any material departures disclosed and explained in the financial statements;
- Financial statements were prepared on the going concern basis. The Council is satisfied that the School has adequate resources to continue in operation through 2020 and 2021.

For this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps:

- To ensure that funds from whatever source, including the Office for Students, are used only for the purposes for which they have been given and in accordance with the relevant terms and conditions;
- To ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- To safeguard the assets of the School and prevent and detect fraud;
- To secure the economical, efficient and effective management of School resources.

The Council confirms that there were no significant control weaknesses which should be disclosed.



Environmental Sustainability Report

As the world responds to a global pandemic, we cannot forget the climate crisis facing us. Both require urgent action and a truly global response. Now more than ever is the time to collectively shape a sustainable, inclusive and resilient pathway to recovery for the world. LSE is keen to play an active part and we are working with the LSE community shaping a new Sustainability Strategic Plan for the School.

Leadership and Governance

Sustainability is a key commitment of LSE's 2030 Strategy and Ethics Code. Our dedicated Sustainability Team coordinates efforts across the School to improve LSE's environmental performance in close collaboration with the LSE community.

Our policies (sustainability policy, energy policy) outline the School's vision. Delivery of our sustainability objectives is supported by our Environmental and Energy Management Systems which strategically manage, monitor, and improve our environmental and energy impacts. We adhere to internationally recognised standards (ISO 14001, ISO 50001) which are awarded by independent external auditors and re-assessed each year.

Several committees and working groups support decision-making processes on sustainability issues provides opportunities for all to get involved including students, faculty and professional services staff.

Our approach contributes to the UN's Sustainable Development Goals (SDG) in different ways, as highlighted in our Annual Sustainability Report. In 2019 we obtained a First-Class Award for the tenth year running in the Higher Education sector People and Planet's University 'Green' League, an independent ranking of UK universities' environmental and ethical performance



13th in the UK

3rd in the Russell Group

2nd in London

Education and Research

LSE students have significant potential to become forces for change in their future roles. We equip LSE graduates with the understanding and critical thinking skills needed to address the future challenges of our global society. Some key initiatives included:

- The Sustainable Projects Fund. This provided funding and support for student projects, including the LSE Student Union's Marine Society working with Sail Britain to investigate plastic pollution on the Scottish Coastline, or a Geography Department and student-led Emissions Solutions Limited project researching air and noise pollution impacts around The Marshall Building site on LSE Campus.
- LSE Change Makers by the Eden Centre. A collaborative programme that gives students the chance to make meaningful change at LSE.
- Work It Out by LSE LIFE and LSE Careers, to help LSE students explore what 'meaningful work' means to them.
- Circle of Intrapreneurs event by LSE Careers, the Department of Geography and Environment, and the Students Union.
- LSE's research contributes to the UN Sustainable Development Goals. A citations analysis for the period 2006 and 2017 maps those Goals to which we have made the biggest contributions through our research publications:

LSE's research contribution to the UN's sustainable Development Goals



Partnerships and engagement

Our LSE staff and students get involved in a range of initiatives; some highlights of the past year:

- Working with SOS-UK, our workplace engagement campaign Green Impact enabled 693 staff, of which 133 were Green Impact Leaders spread in 24 teams of staff and students to deliver 14 projects composed of 400 actions.
- 74 Sustainability Ambassadors encouraged targeted actions in our halls of residence, to reduce water and energy use and increase recycling.
- LSE's Student Union delivered a series of sustainability events for Green Week in November 2019.
- We also work with our local community and beyond through LSE Generate Entrepreneurs, LSE Volunteer Centre, the London Northbank Business Improvement District and more.
- And celebrating its 10 years, LSE's Grantham Research Institute held a series of public events and publications.

Operations and Estate (Streamlined Energy and Carbon report)

We work to improve our performance across our impacts, be it Carbon, Energy, Built environment, Waste and resources, Procurement, Water, Travel, Pollution and Air Quality, Green Spaces, and Investment. Our full impacts and the work we do to reduce them are available online info.lse.ac.uk/staff/divisions/estates-division/sustainable-lse/what-we-do. Some highlights:

- **Carbon** is our most significant environmental impact, with emissions linked to our energy use, travel and purchasing activities. We have set firm targets to achieve net-zero carbon emissions by 2050 at the latest, and by 2030 for our direct energy use (Scope 1 and 2).
- **Energy use:** Since 2015, we have invested over £4.8 m in energy conservation measures such as energy efficient lighting, boilers, photovoltaic panels and improved building controls. These measures helped LSE to achieve an energy usage in 2019-20 per m² of 182 kWh/m², a 24 per cent improvement in efficiency since our baseline 2005-06. In addition, 100 per cent of the electricity we purchase is from renewable sources (eg, solar and wind).

LSE energy usage and associated carbon footprint:

	2018-19		2019-20		Change
	Energy use (kWh)	Associated carbon emissions (kgCO ₂ e)	Energy use (kWh)	Associated carbon emissions (kgCO ₂ e)	
Electricity purchased	17,285,119	–	15,217,120	–	(12.0%)
Gas consumed	19,327,687	3,553,395	18,024,854	3,314,230	(6.7%)
Transport	N/a	N/a	33,931	8,183	–
Personal car use mileage – claimed as expenses					
Gasoil	40,812	10,479	26,771	6,873	(34.4%)
District Heating	388,640	139,638	513,140	184,371	32.0%
Biofuel	–	–	22,676	127	–
Total energy purchased	37,042,258	3,703,512	33,838,492	3,513,784	(8.6%)
Renewable electricity produced onsite	123,298	–	133,198	–	8.0%
Intensity measure per square metre	182.5Kwh/m ²	18.2kgCO ₂ e/m ²	166.5Kwh/m ²	18.2kgCO ₂ e/m ²	(8.8%)

Methodology: The figures above are based on meter readings, or invoices when readings are not available, utilising the latest Defra carbon conversion factors, in line with the GHG Reporting Protocol. Estimations, when required, are based on pro-rata extrapolation. LSE's baseline year is 2005-06 in line with best sector practice (GHG Protocol, OfS).

- **Built environment** – We continue to invest in our Estate, creating new sustainable climate risk resilient spaces like the Centre Buildings, which opened in July 2019 and has achieved BREEAM 'Outstanding'.
- **Waste and Resources** – The Sustainability Team works closely with colleagues in Catering and Procurement to reduce our waste and use of plastics. We have sent zero waste to landfill since 2013, diverting 53 per cent of our waste into reuse, recycling and anaerobic digestion pathways.
- **Catering** – We reduced the carbon footprint on our plates. Between 2018 and 2019 the proportion of meat dishes served

by LSE has reduced by almost half, from 65 per cent to 37 per cent. During the same period, vegetarian and vegan sales have increased dramatically from 14 per cent to 45 per cent (from 16,916 to 61,147). Estimates suggest those changes would have reduced carbon emissions by at least 20 tonnes.

- **Green Spaces and Wellbeing** – We enhance, conserve and maintain green spaces on our campus, halls of residence and our 11- acre sports ground to enhance biodiversity and community wellbeing. This year we welcome pollinator friendly roof terraces and a landscaped public square at the Centre Building



Endowment Investment Performance

Funding from philanthropy, along with tuition fees, recurrent grants and research grants are the School's main sources of income. Endowment support is the only form of income that can put the School in control of its own long-term financial destiny. Throughout the School's history endowed gifts have made a meaningful contribution to student bursaries, facilities, and to its portfolio of research and teaching. In an ever-changing sector, the challenge facing LSE is to make giving an integral part of its financial health.

During the 2019-20 financial year, the School's endowment grew from £155.0 m to £198.4 m.

The growth in the endowment came in part from private donations which have established centres, chairs, lectureships, and scholarships with the remaining contributions from the investment of the endowments. An increasing number of individual donors and foundations are recognising this form of support as vital to the School's unique public benefit as a charity focused on education and the "betterment of society".

Portfolios and their objectives

The School's endowment is divided into three portfolios, each devoted to a different objective and managed according to the investment return and risk criteria pertinent to that portfolio's objective:

The Growth portfolio: expendable endowments that have a longer-term horizon and permanent endowments that are invested on a total return basis. The objective for this portfolio is to yield a total return over the long term of 4.5 per cent per annum plus the Consumer Price Index (CPI), (4 per cent per annum plus the Retail Price Index (RPI) prior to 1 August 2020). The funds are largely invested in a range of investment funds covering quoted equities and property.

The Gift Matching portfolio: expendable endowments that are budgeted to be spent in the short or medium term. The investment objective for this portfolio is to preserve capital. The funds are invested in cash and short-term bonds matched to the required distribution schedule.

The Financial Economic Review (FER) portfolio: a separate investment portfolio for a permanent endowment to support the STICERD research centre. The objective for this portfolio is to generate a long-term total investment return of 4.5 per cent per annum plus CPI (4 per cent per annum plus RPI prior to 1 August 2020) to generate a real term grown and fixed payout to fund the annual operating costs of STICERD.

Investment Sub-Committee

Established in 1989, the LSE Investment Committee is a sub-committee of the Finance and Estates Committee. It is responsible for initiating investment strategy and determining the asset allocation required to achieve the investment risk and return targets approved by the Finance and Estates Committee. The Committee is also responsible for monitoring the investment of School funds held for working capital, capital projects and investment.

The Committee meets at least three times a year and appoints an external investment adviser whose tactical asset allocation and manager recommendations are monitored and reviewed by the Investment Committee. Overall strategic asset allocation and manager selection is reviewed by the Committee at least once a year.

The Committee is also responsible for implementing the School's Socially Responsible Investment Policy (SRI Policy) through its oversight of the portfolios' exposure to the designated areas.

The SRI policy requires investment decisions to consider environmental social and corporate governance (ESG) issues in managing the endowment funds in accordance with the six UN Principles for Responsible Investing (PRI) and LSE's ethical standards. These PRI principles focus on engagement by investors with investee companies to encourage improved SRI behaviours especially in relation to ESG performance. The Committee has therefore engaged directly with each of our asset managers to assess the quality and impact of their engagements with the investee companies on ESG matters. This has been the third year of engagement with asset managers and has identified a general improvement in their SRI behaviours which has raised the bar for assessing best in class performance.

We are pleased to see that many of the School's chosen fund managers have engaged meaningfully in this area. We look forward to continuing these conversations during 2021.

The School became a member of the PRI organisation in 2019; its first public report will be published in 2021.

Socially Responsible Investment

The Endowments are invested in Funds managed by external Fund Managers so that direct action to exclude investment in specific companies or in the areas which the SRI Policy seeks to minimise is not possible. The ISC's most important and powerful tool is dialogue with the Fund Managers to urge them to strengthen and focus their engagements with their investee

companies and report regularly and transparently on both the ESG themes they are pursuing and the outcomes of their engagements. Since the introduction of the LSE SRI Policy in 2015-16, the exposure of the endowments' investments in the areas it aims to minimise has reduced by almost 90 per cent from 3.4 per cent of total assets to 0.4 per cent in 2019-20 (0.3 per cent tobacco, 0.1 per cent tar sands, no holdings in controversial weapons or thermal coal). During this period fund managers seeking Task Force on Climate-related Financial Disclosures (TCFD) or equivalent standards of climate change related disclosure from investee companies increased from 25 per cent to over 85 per cent of the total. Engagement on social issues such as supply chain and workforce diversity has improved to almost 75 per cent of our fund managers and the use of the UN Sustainable Development Goals to shape engagement themes has grown substantially from a low base to over 65 per cent.

The Committee conducts an annual evaluation of each manager's performance in pursuit of its SRI targets and engages with managers on those areas of responsible investing where they need to improve in order to reach and sustain current industry best practice. These dialogues are largely proactive in character and encourage the fund manager to move in a positive direction. The improvements by some asset managers result from the

Committee's engagement with them and most also reflect implementation of internal programmes of improvement.

The asset managers are ranked into four groups, from "best in class" to "significant areas of shortfall". The top group includes two mid-sized managers and two "mega" passive managers. The Committee recognises that passive funds have no choice as to which companies to invest in but expects direct and effective ESG engagement with those companies. Each manager has received our feedback and, where relevant, follow up discussions have taken place. This year one of the smaller emerging market funds which three years ago was rated in the fourth group has moved into the second group as a result of progressively implementing over three years better ESG policies in response to our engagement with them. Three managers are now rated in the bottom group requiring significant improvements and the holding in one, Artemis, has been sold. The other two had agreed to make specific improvements subject to which their retention would be reconsidered. Both have delivered these improvements although in both cases, scope remains for further changes.

The investment performance for each investment portfolio over one-, three- and five-year period is:

Investment return	3 years			5 years		Long-term objectives
	1 year	3 years	cumulative return	5 years	cumulative return	
Growth	(0.7%)	5.5%	17.6%	8.8%	52.2%	–
Gift matching	1.7%	1.9%	5.7%	2.3%	11.9%	–
Gift matching and growth combined	(0.4%)	5.2%	16.3%	7.7%	45.2%	4.5% + CPI
FER	(0.7%)	6.0%	19.0%	10.3%	51.9%	4.5% + CPI

The past year has not been a smooth ride in the financial markets. The stock markets grew modestly during the first half of the year to reach the top of the long run bull market in early 2020 followed by a 34 per cent COVID 19 driven collapse during March and the fastest recovery on record in April /May almost recovering the March decline by the end of July. The result was that the portfolios' performance for the year was a small negative total return of - 0.4 per cent. which for 3 years is 1.4 per cent below the RPI+4 per cent long term target and 1 per cent

ahead over five years. This year's result was, nevertheless, an outperformance of between 2 and 3 percentage points against each portfolio's benchmark except for FER which slightly under performed its benchmark.

The long-term target for portfolios was changed at the end of the year from RPI +4 per cent to an equivalent CPI +4.5 per cent and performance will be reported on this basis from August 2020 onwards.

Independent auditors' report to the Council of London School of Economics and Political Science (the "School")

Report on the audit of the financial statements

Opinion

In our opinion, London School of Economics and Political Science's group financial statements and School financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the School's affairs as at 31 July 2020 and of the group's and of the School's income and expenditure, gains and losses and changes in reserves, and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been properly prepared in accordance with the requirements of the Office for Students' Accounts Direction (OfS 2019.41); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the London School of Economics and Political Science Financial Statements (the "Annual Report"), which comprise the Consolidated and School Balance Sheet as at 31 July 2020; the Consolidated and School Statement of Comprehensive Income and Expenditure, the Consolidated and School Statement of Changes in Reserves and the Consolidated Cash Flow Statement for the year then ended; the Accounting Policies; and the Notes to the Financial Statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law.

Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and School's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Council are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors, for the year ended 31 July 2020 is consistent with

the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and School and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the Council for the financial statements

As explained more fully in the Declaration of the Council set out on page 35, the Council (who are also the directors of the School for the purposes of company law) is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Council is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Council of London School of Economics and Political Science, in accordance with the Charters and Statutes of the School and Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion, in all material respects:

- funds from whatever source administered by the School for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- funds provided by the Office for Students and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions.

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matters:

- The School's grant and fee income, as disclosed in note number 2 to the financial statements, has been materially misstated; or
- The School's expenditure on access and participation activities for the financial year, as disclosed in note number 8 to the financial statements, has been materially misstated.

We have no matters to report arising from this responsibility.

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Jonathan Sturges

(Senior Statutory Auditor) for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 November 2020

Accounting policies

The School is an exempt charity within the meaning of Part Three of the Charities Act 2011 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 2010. Accordingly, the School is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The School receives partial exemption in respect of Value Added Tax (VAT) and is unable to recover most of VAT paid to suppliers. VAT recovered from HMRC is recorded under Other Income. The School is incorporated under the Companies Act as a company limited by guarantee. The following accounting policies have been applied consistently across the financial statements set out on pages 48 to 72.

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015, the OfS Accounts Direction and in accordance with Financial Reporting Standards (FRS 102). The School is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of investments and derivative financial instruments).

Going concern

The School meets its day-to-day working capital requirements through managing liquidity and through its bank facilities. The School's Financial Plan, taking account of reasonably possible changes in performance, shows that the School should be able to operate within the level of its current facilities. The directors have a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future. The School therefore continues to adopt the going concern basis in preparing its financial statements.

Basis of consolidation

The consolidated financial statements include the School and all its subsidiaries for the financial year to 31 July 2020. Intra-group transactions are eliminated on consolidation. The consolidated financial statements do not include the income and expenditure of the Students' Union as it is a separate entity in which the School has, under existing arrangements, no financial interest and no control or significant influence over policy decisions. Associated companies and joint ventures are accounted for using the equity method. Jointly controlled operations are accounted for on a proportional basis.

Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied. Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students register. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross of expenditure and not deducted from income. Summer School income and teaching costs are apportioned between financial years based on teaching days. The School's share of surplus from the participation in the University of London International Programme is recognised on an accruals basis. Investment income is credited to the Statement of Comprehensive Income and Expenditure on a receivable basis.

Funds the School receives and disburses as paying agent on behalf of a funding body are excluded from the Statement of Comprehensive Income and Expenditure of the School where the School is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Grant funding

Grant funding including OfS/UKRI grants are recognised as income when the School is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations and endowments

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

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

Donations refer to any gift to the School. Endowments are donations that are unlikely to be spent within a period of two years. Endowments can further be classified into expendable and permanent endowments. There are four main types of donations and endowments identified within reserves:

Restricted donations – the donor has specified that the donation must be used for a particular objective.

Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the School.

Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the School has the power to use the capital.

Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Total return on investment for endowments

Total return is the whole of the investment return received by the School on the permanent endowment fund regardless of how it has arisen. The total return, less any part of the return which has previously been applied for the purposes of the School, remains in the unapplied total return fund. This fund remains part of the permanent endowment until such time as a transfer is made to the Statement of Comprehensive Income and Expenditure.

Capital grants

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

Expense recognition

Expenditure incurred relates to the receipt of goods and services which are recognised when incurred. A provision is made for debts that are not likely to be collected completely. This provision is calculated based on age, value, jurisdiction of the debtor and our experience from previous years of the collectability of differing types of debt.

Accounting for retirement benefits

The two principal pension schemes for the School's staff are the Universities Superannuation Scheme (USS) and Superannuation Arrangements of the University of London (SAUL).

USS:

With effect from 1 October 2016, USS changed from a defined benefit only pension scheme to 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 School 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 School therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme. Since the School has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, it 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.

SAUL:

SAUL is a defined benefit scheme which is independently managed. It is not possible to identify an individual Employer's share of the underlying assets and liabilities of SAUL. The School accounts for its participation as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (ie, cash amounts) in accordance with paragraphs 28.11 of FRS 102. The School is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of an insolvency event of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation. Each fund is valued every three years by professionally qualified independent actuaries. A liability for each scheme is recorded within provisions for any contractual commitment to fund past deficits within the schemes.

Employment benefits

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

Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

Freehold land, separately identified since 2005, is not depreciated. Freehold buildings are depreciated over the remainder of their useful economic lives which range between five and 75 years. Where applicable, freehold buildings are depreciated on a straight-line basis over their expected useful lives as follows:

Buildings – 75 years

Roofs – 25 years

Refurbishments including mechanical and electrical services – 10 to 20 years

Leasehold land and buildings are depreciated over the period of the lease.

Capital projects which are still under construction and buildings held for redevelopment are capitalised but not depreciated.

Equipment

Equipment, including computers, costing less than £30k per individual item or group of related items is expensed in the year of acquisition. All other equipment is capitalised.

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

Computer equipment – three years

Other equipment – five years

Borrowing costs

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

Intangible assets

Intangible assets consist of computer and network software and their associated incremental costs of development and implementation and are amortised over five years representing the estimated economic life of the assets.

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term. Provision for dilapidation is not included in the cost of operating leases.

Foreign currency

Transactions in foreign currencies are translated to Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies

at the balance sheet date are translated to Sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income and Expenditure.

Investments

Non-current asset investments are held on the Balance Sheet at market value, except for corporate bond investments invested with the intention to hold to maturity which are recognised at amortised cost. Investments in subsidiary and participating undertakings are carried at cost less impairment in the School's financial statements.

Stocks

Stocks, which are primarily catering supplies, are valued at the lower of cost and net realisable value.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

A contingent asset arises where an event has taken place that gives the School a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the School. A contingent liability arises from a past event that gives the School a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the School. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in note 27.

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

The School accounts for its share of joint ventures using the equity method. The School accounts for its share of transactions from joint operations and jointly controlled assets in the Consolidated Statement of Comprehensive Income and Expenditure.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the School, are held as a permanently restricted fund which the School must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the School is restricted in the use of these funds.

Loans and derivatives

Loans are liabilities with fixed or determinable payments and are held at book cost. Derivatives are held on the Balance Sheet at fair value with movements in fair value recorded in the Statement of Comprehensive Income and Expenditure.

Critical accounting estimates and judgements

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

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

Defined benefit pension schemes

The School participates in the Universities Superannuation Scheme (USS) and Superannuation Arrangements of the University of London (SAUL). Both are defined benefit schemes and are externally funded.

The calculation of the School's contribution to the deficit depends on several factors including salary increases, growth of staff numbers and the discount rate on corporate bonds. Management estimates these factors in determining the net pension provision in the balance sheet (note 19).

Income recognition

Judgement is applied in determining the value and timing of recognition in the financial statements of certain material income items such as large gifts and grants. This includes determining when performance related conditions have been met, and determining the revenues associated with partially delivered courses.

Useful lives of property, plant and equipment

Property, plant and equipment represent a significant proportion of the School's total assets. Therefore, the estimated useful lives can have a significant impact on the depreciation charged and the School's reported performance. Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events. Details of the carrying values of property, plant and equipment are shown in note 12.

Heritage assets

The School has manuscripts of historic value stored in the Library archive and various works of art. These assets are not included within tangible fixed assets and no value is ascribed to them as it is not practicable to determine their market value. They are not held with the intention to sell.

Impairment of assets

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

Consolidated Statement of Comprehensive Income and Expenditure

Company Registration no 00070527

Year ended 31 July 2020

	Notes	Group 2019-20 £'000	Group 2018-19 £'000	School 2019-20 £'000	School 2018-19 £'000
INCOME					
Tuition fees and education contracts	1	228,111	227,406	228,111	227,406
Funding body grants	2	29,304	60,132	29,304	60,132
Research grants and contracts	3	34,246	33,267	31,811	32,109
Other income	4	66,898	78,140	63,535	73,586
Investment income	5	3,879	4,667	3,883	4,665
Total income before endowments and donations		362,438	403,612	356,644	397,898
Donations and endowments	6	58,469	17,190	58,469	17,190
Total income		420,907	420,802	415,113	415,088
EXPENDITURE					
Staff costs	7	220,334	205,254	218,291	203,518
Movement in USS Pension Provision	7	(41,740)	59,555	(41,740)	59,555
Other operating expenses		136,438	124,368	132,736	120,410
Depreciation	11, 12	15,047	13,528	15,034	13,511
Interest and other finance costs	10	9,730	9,016	9,730	9,016
Total expenditure	9	339,809	411,721	334,051	406,010
Surplus before other gains		81,098	9,081	81,062	9,078
(Loss)/gain on investments		(3,681)	10,371	(3,681)	10,371
Change in fair value of hedging financial instruments	18	(2,617)	(4,001)	(2,617)	(4,001)
Surplus before tax		74,800	15,451	74,764	15,448
Taxation		–	–	–	–
Surplus for the year		74,800	15,451	74,764	15,448
Total comprehensive income for the year		74,800	15,451	74,764	15,448
Represented by:					
Endowment comprehensive income for the year	20	43,384	13,399	43,384	13,399
Restricted comprehensive income for the year	21	3,000	2,395	3,000	2,395
Unrestricted comprehensive income/(expense) for the year		28,416	(343)	28,380	(346)
		74,800	15,451	74,764	15,448

All items of income and expenditure relate to continuing activities.

Consolidated and School Balance Sheet

At 31 July 2020

	Notes	Group 2020 £'000	Group 2019 £'000	School 2020 £'000	School 2019 £'000
Non-current assets					
Intangible assets	11	2,710	2,518	2,710	2,518
Fixed assets	12	639,081	609,793	638,675	609,375
Investments	13	296,816	284,282	296,966	284,432
		938,607	896,593	938,351	896,325
Current assets					
Stock	15	189	143	189	143
Trade and other receivables	16	46,037	38,666	46,395	41,897
Cash and cash equivalents	22	21,533	51,349	19,542	46,142
		67,759	90,158	66,126	88,182
Less Creditors: amounts falling due within one year	17	(91,831)	(108,896)	(89,942)	(106,616)
Net current liabilities		(24,072)	(18,738)	(23,816)	(18,434)
Total assets less current liabilities		914,535	877,855	914,535	877,891
Creditors: amounts falling due after more than one year	17	(218,618)	(216,445)	(218,618)	(216,445)
Pension provisions	19	(51,300)	(91,593)	(51,300)	(91,593)
Total net assets		644,617	569,817	644,617	569,853
Restricted reserves					
Income and expenditure reserve-endowment reserves	20	198,415	155,031	198,415	155,031
Income and expenditure reserve-restricted reserves	21	10,119	7,119	10,119	7,119
Unrestricted reserves					
Income and expenditure reserve-unrestricted		436,083	407,667	436,083	407,703
Total reserves		644,617	569,817	644,617	569,853

The financial statements on pages 48-72 were approved by Council on 24 November 2020 and were signed on their behalf on that date by:

Dr Susan Liautaud
Chair of Council

Baroness Shafik
Director

Consolidated and School Statement of Changes in Reserves

Group	Income and expenditure account			Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	
Balance at 1 August 2019	155,031	7,119	407,667	569,817
Surplus from the income and expenditure statement	43,384	3,000	31,033	77,417
Other comprehensive income	–	–	(2,617)	(2,617)
Total comprehensive income for the year	43,384	3,000	28,416	74,800
Balance at 31 July 2020	198,415	10,119	436,083	644,617
Balance at 1 August 2018	141,632	4,724	408,010	554,366
Surplus from the income and expenditure statement	13,399	2,395	3,658	19,452
Other comprehensive income	–	–	(4,001)	(4,001)
Total comprehensive income for the year	13,399	2,395	(343)	15,451
Balance at 31 July 2019	155,031	7,119	407,667	569,817

School	Income and expenditure account			Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	
Balance at 1 August 2019	155,031	7,119	407,703	569,853
Surplus from the income and expenditure statement	43,384	3,000	30,997	77,381
Other comprehensive income	–	–	(2,617)	(2,617)
Total comprehensive income for the year	43,384	3,000	28,380	74,764
Balance at 31 July 2020	198,415	10,119	436,083	644,617
Balance at 1 August 2018	141,632	4,724	408,049	554,405
Surplus from the income and expenditure statement	13,399	2,395	3,655	19,449
Other comprehensive income	–	–	(4,001)	(4,001)
Total comprehensive income for the year	13,399	2,395	(346)	15,448
Balance at 31 July 2019	155,031	7,119	407,703	569,853

Consolidated Cash Flow Statement

Year ended 31 July 2020

	Notes	Group 2020 £'000	Group 2019 £'000
Cash flow from operating activities			
Surplus for the year		74,800	15,451
Adjustment for non-cash items			
Depreciation		15,047	13,528
Amortisation of premium on bonds	13	982	1,576
Loss/(gain) on investments		3,681	(10,371)
Increase in fair value of hedging financial instrument	18	2,617	4,001
Increase in stock	15	(46)	(34)
Increase in debtors	16	(7,371)	(6,728)
Decrease in creditors	17	(12,926)	(7,041)
(Decrease)/increase in pension provision	19	(40,293)	60,224
Release of deferred capital grant		–	23,195
Adjustment for investing or financing activities			
Investment income	5	(3,879)	(4,667)
Interest payable	10	8,283	8,344
Endowment income	6	(49,702)	(9,648)
Loss on the sale of tangible fixed assets		43	91
Capital grant income	2	(1,550)	(33,747)
Net cash (outflow)/inflow from operating activities		(10,314)	54,174
Cash flows from investing activities			
Capital grants received		1,550	9,807
Disposal of non-current asset investments		101,977	75,438
Investment income	5	3,879	4,667
Payments made to acquire fixed assets	12	(43,557)	(71,582)
Payments made to acquire intangible assets	11	(939)	(1,797)
Purchase of non-current asset investments	13	(117,415)	(122,748)
Increase in investment cash	13	(1,759)	(1,121)
		(56,264)	(107,336)
Cash flows from financing activities			
Interest paid	10	(8,283)	(8,344)
Endowment cash received	6	49,702	9,648
Repayments of amounts borrowed		(4,657)	(4,657)
		36,762	(3,353)
Decrease in cash and cash equivalents in the year		(29,816)	(56,515)
Cash and cash equivalents at beginning of the year	22	51,349	107,864
Cash and cash equivalents at end of the year	22	21,533	51,349

Notes to the Financial Statements

Year ended 31 July 2020

	Group 2019-20 £'000	Group 2018-19 £'000	School 2019-20 £'000	School 2018-19 £'000
1 TUITION FEES AND EDUCATION CONTRACTS				
Tuition fees:				
Home/EU students	65,557	63,507	65,557	63,507
Overseas students	133,642	119,176	133,642	119,176
Other courses	26,030	43,952	26,030	43,952
Examination and other fees	2,882	771	2,882	771
	228,111	227,406	228,111	227,406

	Group 2019-20 £'000	Group 2018-19 £'000	School 2019-20 £'000	School 2018-19 £'000
2 FUNDING BODY GRANTS				
Block recurrent	21,566	20,789	21,566	20,789
Capital grant	1,550	33,747	1,550	33,747
Higher Education Innovations Fund	3,406	3,271	3,406	3,271
Other specific grants	2,782	2,325	2,782	2,325
	29,304	60,132	29,304	60,132

	Group 2019-20 £'000	Group 2018-19 £'000	School 2019-20 £'000	School 2018-19 £'000
The source of grant and fee income, excluding VAT, included in notes 1 to above is as follows:				
Grant income from the Office for Students	1,692	1,814	1,692	1,814
Grant income from other bodies	27,613	58,318	27,613	58,318
Fee income for taught awards	198,424	184,118	198,424	184,118
Fee income for research awards	5,133	4,878	5,133	4,878
Fee income from non-qualifying courses	24,553	38,410	24,553	38,410
	257,415	287,538	257,415	287,538

	Group 2019-20 £'000	Group 2018-19 £'000	School 2019-20 £'000	School 2018-19 £'000
3 RESEARCH GRANTS AND CONTRACTS				
Research Councils	9,487	9,590	9,487	9,590
Government departments	5,003	5,890	4,863	2,067
Charities	1,798	2,074	1,714	5,722
European Commission and other EU based funders	10,095	9,988	8,945	9,380
Other outside bodies	7,863	5,725	6,802	5,350
	34,246	33,267	31,811	32,109

Notes to the Financial Statements continued...

		Group 2019-20 £'000	Group 2018-19 £'000	School 2019-20 £'000	School 2018-19 £'000
4 OTHER INCOME					
Residences and catering		28,394	40,967	24,417	35,080
Academic department income attributable to other activities		526	2,013	526	2,013
University of London International Programmes (ULIP)		9,994	10,246	9,994	10,246
Consultancy services and executive education (LSE Enterprise Limited)		5,294	6,819	–	–
Other services rendered		15,651	13,379	21,598	21,514
VAT Recovery		599	1,202	599	1,202
Staff and student facilities		664	709	664	709
Sundry		5,776	2,805	5,737	2,822
		66,898	78,140	63,535	73,586
		Group 2019-20 £'000	Group 2018-19 £'000	School 2019-20 £'000	School 2018-19 £'000
5 INVESTMENT INCOME					
Investment income on endowments	20	2,458	3,069	2,458	3,069
Other investment income		1,421	1,598	1,425	1,596
		3,879	4,667	3,883	4,665
		Group 2019-20 £'000	Group 2018-19 £'000	School 2019-20 £'000	School 2018-19 £'000
6 DONATIONS AND ENDOWMENTS					
New endowments	20	49,702	9,648	49,702	9,648
Donations with restrictions	21	3,950	3,662	3,950	3,662
Donations with performance related conditions		10	2,118	10	2,118
Other donations		4,807	1,762	4,807	1,762
		58,469	17,190	58,469	17,190

Notes to the Financial Statements continued...

		Group 2019-20 £'000	Group 2018-19 £'000	School 2019-20 £'000	School 2018-19 £'000
7 STAFF COSTS					
Total staff costs for the year were:					
Wages and salaries		174,665	165,116	172,834	163,514
Social Security costs		18,560	17,275	18,387	17,146
Other pension costs		27,109	22,863	27,070	22,858
		220,334	205,254	218,291	203,518
USS pension provision utilised in year	19	(1,781)	(1,421)	(1,781)	(1,421)
Movement on USS pension provision	19	(39,959)	60,976	(39,959)	60,976
		(41,740)	59,555	(41,740)	59,555
		178,594	264,809	176,551	263,073

The School acts as an agent for its subsidiaries. In the current year, the School made management charges of £2,290 k (2018-19 £5,479 k) to LSE Lets Limited and £1,721 k (2018-19 £1,779 k) to LSE Enterprise Limited. These include staff costs.

The average monthly number of persons employed by the group during the year expressed as full-time equivalent was:	Group 2019-20 Number	Group 2018-19 Number
Research and teaching	1,658	1,595
Operational services	1,300	1,267
	2,958	2,862

Notes to the Financial Statements continued...

7 STAFF COSTS CONTINUED...

	Group 2019-20 £'000	Group 2018-19 £'000
DIRECTORS' REMUNERATION		
Emoluments (2019-20: 7 Directors, 2018-19: 5 Directors)	881	822

All Directors making pension contributions joined the pension salary sacrifice scheme.
Included in the above are emoluments of the Director of the School:

	Group 2019-20 £'000	Group 2018-19 £'000
Baroness Shafik – Director		
Basic salary	378	357
20% COVID related salary cut (from June 2020)	(13)	–
Net salary	365	357
Pension contributions	79	66
Other taxable benefits:		
Accommodation expenses	9	14
Non taxable benefits:		
Accommodation	54	54
	507	491

Salaries are stated gross, before deductions of pension contributions made under the School's salary sacrifice scheme.
The Director waived 20 per cent of salary from June 2020 in response to the COVID-19 situation.

The Director is regarded as carrying representative status and is required, in accordance with her contract of employment, to live in School provided accommodation for more effective performance of her duties. The property is funded from a historic legacy gifted for this purpose so does not represent a cost to the School's general funds. It is reported at the estimated annual income (net of costs) it could generate if let on the open market.

LSE is one of the foremost universities in the world specialising across the full range of social, political and economic sciences. A member of the Russell Group, LSE has the highest proportion of world-leading research of any UK university, based on the 2014 Research Excellence Framework. The School's LSE 2030 Strategy sets out the ambition to be the leading social science institution with the greatest global impact.

Baroness Shafik LSE Director

Minouche Shafik was previously Deputy Governor of the Bank of England and has held senior leadership roles at the World Bank, the IMF in Washington DC, and in the Department for International Development within the UK Civil Service. In July 2020, the UK Government announced that the Director was to become a Life Peer in the House of Lords.

The Director's complex set of responsibilities calls for a particular combination of qualities; the profile of the Director and the internationally competitive leadership position that the School plays in the social sciences were factors in determining her ongoing remuneration.

The Director's performance objectives for the year are set by the Chair of Council on the advice of the Remuneration Committee at the beginning of the academic year. The Chair of Council undertakes an annual performance review of the Director against the objectives, the results of which are reported to the Remuneration Committee and the Committee uses this information as the basis for assessing progress against agreed outcomes at the end of the year.

The Director's pay ratio, based on basic pay as a ratio of the median basic salary of all staff, was 10.0. The total remuneration ratio (including accommodation) was 11.8. Basic salary and total remuneration are based on full-time equivalent pay for permanent and contract staff employed during 2019-20.

Notes to the Financial Statements continued...

7 STAFF COSTS CONTINUED...**2019-20****2018-19**

The number of staff, excluding the Director, employed by the School during the year whose basic salary is above £100k.

£100,000 – £104,999	31	21
£105,000 – £109,999	14	32
£110,000 – £114,999	29	14
£115,000 – £119,999	23	19
£120,000 – £124,999	15	20
£125,000 – £129,999	14	20
£130,000 – £134,999	8	8
£135,000 – £139,999	8	4
£140,000 – £144,999	8	8
£145,000 – £149,999	9	10
£150,000 – £154,999	7	4
£155,000 – £159,999	8	5
£160,000 – £164,999	5	4
£165,000 – £169,999	2	1
£170,000 – £174,999	–	1
£175,000 – £179,999	2	1
£180,000 – £184,999	1	2
£185,000 – £189,999	1	2
£190,000 – £194,999	3	1
£195,000 – £199,999	2	1
£200,000 – £204,999	–	3
£205,000 – £209,999	2	–
£210,000 – £214,999	–	1
£215,000 – £219,999	1	1
£220,000 – £224,999	1	–
£260,000 – £264,999	–	2
£265,000 – £269,999	2	–
	196	185

In accordance with the OfS Accounts Direction, this data does not include any staff who joined or left during the year.

Key management personnel

Key management personnel (excluding the Director) are those persons having authority and responsibility for planning, directing and controlling the activities of the School and are members of the School Management Committee (SMC). Staff costs include compensation paid to key management personnel.

Key personnel (2019-20: 7, 2018-19: 7) are:

Pro-Directors, Chief Financial Officer, Chief Operating Officer and School Secretary.

	Group 2019-20 £'000	Group 2018-19 £'000
Key management personnel compensation	1,129	1,113

Members of the Senior Management Committee have waived 10 per cent of their salary from September 2020 in response to the COVID-19 situation.

Payment of compensation for loss of office totalling £2,179k was made to 116 staff in 2019-20 (2018-19: 65 staff, £1,212k).

Notes to the Financial Statements continued...

	Group 2019-20 £'000
8 ACCESS AND PARTICIPATION	
Access Investment	732
Financial Support	3,528
Disability Support (excluding expenditure included in the two categories above)	270
Research and Evaluation	79
	4,609

The Access and Participation costs include £779k of staff costs which are reported in Note 7. The School's Access and Participation plan is published at lse.ac.uk/study-at-lse/Undergraduate/widening-participation/Assets/PDF/LSE-Access-And-Participation-Plan-2019-20.pdf

	Group 2019-20 Staff costs £'000	Group 2019-20 Non pay costs £'000	Group 2019-20 Total £'000	Group 2018-19 Total £'000	School 2019-20 Total £'000	School 2018-19 Total £'000
9 ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY						
Academic departments and other academic activities	132,908	25,110	158,018	144,142	158,018	142,408
Library and data and technology services	10,353	11,823	22,176	22,871	22,175	22,872
Research grants and contracts	15,447	5,171	20,618	21,152	20,618	21,153
Scholarships	220	23,486	23,706	19,698	23,706	19,698
General education expenditure	8,023	1,959	9,982	12,897	9,982	12,898
Estates	10,761	16,980	27,741	27,366	27,740	27,366
Administration and central services	13,960	7,230	21,190	19,184	21,190	19,161
Staff and student facilities	5,544	4,466	10,010	9,027	10,010	9,029
Residences and catering	8,018	24,608	32,626	32,990	32,623	32,907
Consultancy services, executive education and other services rendered	5,683	12,598	18,281	14,378	12,564	10,519
USS pension provisions utilised in year	(1,781)	–	(1,781)	(1,421)	(1,781)	(1,421)
	209,136	133,431	342,567	322,284	336,845	316,590
Movement on USS provision	(39,959)	–	(39,959)	60,976	(39,959)	60,976
Miscellaneous	9,417	3,007	12,424	5,917	12,401	5,917
Depreciation						
– Estates and IT	–	13,891	13,891	12,316	13,878	12,316
– Residences and catering	–	1,156	1,156	1,207	1,156	1,195
– Consultancy services and executive education	–	–	–	5	–	–
Interest and other finance costs	–	9,730	9,730	9,016	9,730	9,016
	178,594	161,215	339,809	411,721	334,051	406,010
Other operating expenses include:						
Fees payable to the School's auditors for the audit of the financial statements			104	68	104	68
Fees payable to the School's auditors for other services:						
Audit of the financial statements of the School's subsidiaries			7	7	–	–
Other services relating to taxation			4	4	–	–
All other services			34	27	34	27
			149	106	138	95
Operating lease rentals						
Land and buildings			10,322	10,765	10,322	10,765
Other			881	890	881	890
			11,203	11,655	11,203	11,655

Notes to the Financial Statements continued...

10 INTEREST AND OTHER FINANCE COSTS	Note	Group 2019-20 £'000	Group 2018-19 £'000	School 2019-20 £'000	School 2018-19 £'000
Loan interest		8,283	8,344	8,283	8,344
Net charge on pension scheme	19	1,447	672	1,447	672
		9,730	9,016	9,730	9,016

11 INTANGIBLE ASSETS		Group £'000	School £'000
Software			
As at 1 August 2019		2,518	2,518
Additions in the year		921	921
Transfer	12	18	18
Amortisation charge for year		(747)	(747)
As at 31 July 2020		2,710	2,710

12 TANGIBLE FIXED ASSETS		Land and Buildings £'000	Equipment £'000	Assets Under Construction £'000	Total £'000
GROUP					
Cost					
As at 1 August 2019		664,047	18,978	46,514	729,539
Additions in year		5,069	–	38,580	43,649
Transfer	11	831	(345)	(504)	(18)
Disposals in year		–	(419)	(43)	(462)
As at 31 July 2020		669,947	18,214	84,547	772,708
Accumulated depreciation					
As at 1 August 2019		103,084	16,662	–	119,746
Charge for year		13,572	728	–	14,300
Transfer		49	(49)	–	–
Disposals in year		–	(419)	–	(419)
As at 31 July 2020		116,705	16,922	–	133,627
Net book value					
As at 1 August 2019		560,963	2,316	46,514	609,793
As at 31 July 2020		553,242	1,292	84,547	639,081
SCHOOL					
Cost					
As at 1 August 2019		663,382	18,973	46,514	728,869
Additions in year		5,068	–	38,580	43,648
Transfer		831	(345)	(504)	(18)
Disposals in year		–	(419)	(43)	(462)
As at 31 July 2020		669,281	18,209	84,547	772,037
Accumulated depreciation					
As at 1 August 2019		102,839	16,655	–	119,494
Charge for year		13,559	728	–	14,287
Transfer		47	(47)	–	–
Disposals in year		–	(419)	–	(419)
As at 31 July 2020		116,445	16,917	–	133,362
Net book value					
As at 1 August 2019		560,543	2,318	46,514	609,375
As at 31 July 2020		552,836	1,292	84,547	638,675

Group and School

Fixed assets acquired by the School are funded mainly by retained surplus. Many assets have conditions attached in the case of disposal and the proceeds may therefore not be available to the School. The School has manuscripts of historic value stored in the Library archive and works of art. These assets are not included within the tangible fixed assets and no market value is ascribed to them. It is not practical to determine the market value of the heritage assets. The cost associated with the custodianship would materially reduce their market value. In 2019-20, the Library's contents and works of art are insured for £187.0 million and £1.8 million respectively.

Notes to the Financial Statements continued...

	Other fixed assets investments £'000	Subsidiary undertakings £'000	Total £'000
13 NON-CURRENT INVESTMENTS			
Group			
As at 1 August 2019	284,282	–	284,282
Additions	117,415	–	117,415
Disposals	(101,491)	–	(101,491)
Decrease in market value of investments	(4,167)	–	(4,167)
Increase in investment cash	1,759	–	1,759
Amortisation of premium on bonds	(982)	–	(982)
As at 31 July 2020	296,816	–	296,816
School			
	£'000	£'000	£'000
As at 1 August 2019	284,282	150	284,432
Additions	117,415	–	117,415
Disposals	(101,491)	–	(101,491)
Decrease in market value of investments	(4,167)	–	(4,167)
Increase in investment cash	1,759	–	1,759
Amortisation of premium on bonds	(982)	–	(982)
As at 31 July 2020	296,816	150	296,966
Other fixed assets investments consist of:			
Group and School	2020 £'000	2019 £'000	
Analysis of closing balance			
UK equities	44,389	15,002	
Overseas equities	128,583	145,661	
UK corporate bonds	43,961	76,934	
Properties	20,727	21,826	
Money market funds	53,147	21,110	
Cash on account	5,975	3,715	
Share of freehold property	34	34	
	296,816	284,282	
Made up of the following portfolios:			
Capital projects	41,761	78,199	
Strategic investment fund	19,798	20,107	
Growth	187,019	140,783	
Gift matching	21,717	17,894	
FER	26,487	27,265	
Share of freehold property	34	34	
	296,816	284,282	

Included in investments are £20.5m of corporate bonds at amortised cost. At 31 July 2020, their market value was £20.5m.

Notes to the Financial Statements continued...

	School 2020 £'000	School 2019 £'000
Subsidiary Undertakings		
At cost	150	150

Name	Nature of Business	Country of registration	Shareholding £1 Ordinary Shares	Number of Shares
LSE Enterprise Limited Houghton Street, London, WC2A 2AE	Consultancy	England	100%	150,000
LSE LETS Limited Houghton Street, London, WC2A 2AE	Vacation Lettings	England	100%	2

LSE Foundation Inc. (registered in the United States) has no share capital but is owned by the School and carries out fundraising activities in the United States. The results of the LSE Foundation Inc. have been included in the Consolidated Statement of Comprehensive Income and Expenditure.

Participating undertakings

The School has invested in commercialisation opportunities in order to generate revenues to contribute to the sustainability of its core research, but recognises the uncertain nature of direct financial returns from this type of activity at least in the short term. A prudent approach has been adopted and thus a provision equivalent to the full value of the investment has been made.

14 INVESTMENT IN JOINT VENTURE

The School has a one third share in the TRIUM MBA course with NYU Stern and HEC Paris. This has been consolidated on a proportional basis in accordance with FRS102. The total cash held by the School as an administrator as at 31 July 2020 was \$19.13 million (2019 \$14.63 million).

The joint venture investment is disclosed in the financial statements as follows:

	Group 2020 £'000	Group 2019 £'000
Share of income	1,990	3,335
Share of operating profit	1,405	1,711
Share of gross assets	3,866	6,254
Share of gross liabilities	(3,866)	(6,254)
Share of reserves	–	–

	Group 2020 £'000	Group 2019 £'000	School 2020 £'000	School 2019 £'000
15 STOCK				
Food, beverages and consumables	189	143	189	143

Notes to the Financial Statements continued...

	Group 2020 £'000	Group 2019 £'000	School 2020 £'000	School 2019 £'000
16 TRADE AND OTHER RECEIVABLES				
Amounts falling due within one year:				
Other trade receivables	15,482	14,286	13,178	12,108
Research grants receivable	7,568	6,549	7,568	6,549
Amounts due from group undertakings	–	–	3,783	5,642
Taxation and Social Security	593	–	593	–
Staff loans for housing	34	24	34	24
Other receivables	8,563	8,071	8,540	8,042
Prepayments and accrued income	13,316	9,529	12,218	9,325
	45,556	38,459	45,914	41,690
Amounts falling due after more than one year:				
Staff loans for housing	481	207	481	207
	481	207	481	207
	46,037	38,666	46,395	41,897

Amounts receivable are shown net of an allowance for debts considered not to be recoverable at the Balance Sheet date.

	Group 2020 £'000	Group 2019 £'000	School 2020 £'000	School 2019 £'000
17 CREDITORS				
Amounts falling due within one year:				
Bank loans	4,657	4,657	4,657	4,657
Trade payables	2,414	8,217	2,391	8,145
Research creditors and prepayments	24,632	20,559	24,632	20,559
Amounts due to group undertakings	–	–	1,958	1,080
Taxation and social security	53	4,997	49	4,972
Other creditors	5,831	10,290	5,670	7,069
Accruals	34,121	24,908	30,912	24,866
Provision for dilapidations	3,405	–	3,405	–
Receipts in advance and deferred income	16,718	35,268	16,268	35,268
	91,831	108,896	89,942	106,616
Amounts falling due after one year:				
Bank loans and loan notes	159,929	164,586	159,929	164,586
Derivatives	32,087	29,470	32,087	29,470
Other creditors	6,003	6,131	6,003	6,131
Deferred Income	20,530	16,030	20,530	16,030
Deferred VAT payments	69	228	69	228
	218,618	216,445	218,618	216,445

Included within creditors are Provisions for dilapidations of £3.4m in relation to two rental lease agreements that the School had agreed to terminate relating to its Halls of Residences at Grosvenor House and Northumberland House.

Included in research creditors and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Group 2020 £'000	Group 2019 £'000	School 2020 £'000	School 2019 £'000
Donations	20,846	18,173	20,846	18,173
Research grants received on account	24,419	20,559	24,419	20,559
Grant income	1,939	382	1,939	382
	47,204	39,114	47,204	39,114

Other creditors – falling due after one year

This includes monies held in trust. The School is entitled to the income, which is used to advance education by supporting an academic programme.

Notes to the Financial Statements continued...

	Group 2020 £'000	Group 2019 £'000	School 2020 £'000	School 2019 £'000
18 BORROWINGS				
Bank loans and loan notes are repayable as follows:				
In one year or less	4,657	4,657	4,657	4,657
Between one and two years	4,657	4,657	4,657	4,657
Between two and five years	13,971	13,971	13,971	13,971
In five years or more	141,301	145,957	141,301	145,957
	164,586	169,242	164,586	169,242

The School has a £75.0 million amortising loan repayable by December 2028 secured over School property. £39.6 million was outstanding at 31 July 2020 (£44.2m 2019). The School has entered into interest rate swap agreements (derivatives) with a nominal value totalling £65.0 million. The effective fixed rate costs of the loans and swaps taken together is between 5.0 per cent and 5.5 per cent. The swap agreements are shown at market value at the balance sheet date.

Lender	£m	Maturity	Interest Rate	Borrower
Bank loan	39.6	22 December 2028	Libor + 0.25%	School
Private placement	30.0	27 November 2028		School
Private placement	25.0	27 November 2043	3.73% to 4.15%	School
Private placement	30.0	27 November 2043		School
Private placement	40.0	27 November 2053		School
Total	164.6			

	Group 2020 £'000	Group 2019 £'000	School 2020 £'000	School 2019 £'000
Derivatives				
Fair value at 1 August	29,470	25,469	29,470	25,469
Change in fair value	2,617	4,001	2,617	4,001
Fair value at 31 July	32,087	29,470	32,087	29,470

	Notes	Obligation to fund deficit on USS Pension £'000	Pension enhancement on termination £'000	Total Pensions Provisions £'000
19 PENSION PROVISIONS				
Group and School				
As at 1 August 2019		91,584	9	91,593
Utilised in year	7	(1,781)	–	(1,781)
Net charge on pension scheme	10	1,447	–	1,447
Reduction in year	7	(39,959)	–	(39,959)
As at 31 July 2020		51,291	9	51,300

Notes to the Financial Statements continued...

Obligation to fund deficit on USS Pension

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in note 24.

At 31 July 2019 the School's obligation to fund the deficit on the USS Scheme was 5.0 percentage points per annum from April 2020 to June 2034. Using prudent estimates of the School's future payroll expenditure and an appropriate discount rate this represented a provision of £91.6m.

At 31 July 2020 the School's obligation to fund the deficit on the USS Scheme 2.0 percentage points per annum from October 2019 to September 2021 and 6.0 percentage points thereafter until September 2028. Using prudent estimates of the School's future payroll expenditure and an appropriate discount rate this represented a provision of £51.3 m.

Management have used the following estimates of the growth in employee numbers, salary payments and applied a 0.73 per cent discount in establishing a present value of these obligations:

Group and School	
Inflation	0 – 4 % over the period
Staff numbers	(0.7%) – 4.7 % over the period

Pension enhancement on termination

Pension enhancements are payable to staff who have retired under the previous superannuation scheme for academic and related staff, FSSU.

	Expendable £'000	Restricted permanent £'000	2020 Total £'000	2019 Total £'000
20 ENDOWMENT RESERVES				
Group and School				
Capital value	57,251	95,304	152,555	139,855
Accumulated income	1,888	588	2,476	1,777
At 1 August	59,139	95,892	155,031	141,632
New endowments	46,756	2,946	49,702	9,648
Investment income	1,126	1,332	2,458	3,069
Expenditure for the year	(4,104)	(1,496)	(5,600)	(7,326)
Increase/(Decrease) in market value of investments	(1,092)	(2,084)	(3,176)	8,008
Transfers between reserves	(133)	133	–	–
Total endowment comprehensive income for the year	42,553	831	43,384	13,399
At 31 July	101,692	96,723	198,415	155,031
Represented by:				
Capital value	99,219	95,966	195,185	152,555
Accumulated income	2,473	757	3,230	2,476
	101,692	96,723	198,415	155,031
Analysis by type of purpose:				
Named chairs and lectureships	10,735	31,663	42,398	41,298
Scholarships and bursaries	16,454	20,954	37,408	38,331
Research support	11,394	42,522	53,916	48,830
Library	182	1,584	1,766	1,788
Widening Participation	543	–	543	544
Support for academic activities	58,626	–	58,626	20,184
General	3,758	–	3,758	4,056
	101,692	96,723	198,415	155,031
Analysis by asset				
Non current asset investments	101,692	95,163	196,855	152,051
Cash and cash equivalents	–	94	94	1,551
Receivables	–	1,466	1,466	1,429
	101,692	96,723	198,415	155,031

Notes to the Financial Statements continued...

	Donations	
	2020	2019
	Total	Total
	£'000	£'000
21 RESTRICTED RESERVES		
Group and School		
Reserves with restrictions are as follows:		
At 1 August	7,119	4,724
New donations	3,950	3,662
Gain on investment	(21)	334
Investment income	55	64
Expenditure for the year	(984)	(1,665)
Total restricted comprehensive income for the year	3,000	2,395
At 31 July	10,119	7,119
	2020	2019
	Total	Total
	£'000	£'000
Analysis of other restricted funds /donations by type of purpose:		
Research support	2,115	1,220
Support for academic activities	7,473	5,488
Support for facilities	32	111
Capital development	100	100
Student support	399	200
	10,119	7,119

Notes to the Financial Statements continued...

	At 1 August 2019		At 31 July 2020
22 CASH AND CASH EQUIVALENTS	£'000	Cash flows £'000	£'000
Group			
Cash and cash equivalents	32,796	(18,539)	14,257
Bank deposits	18,553	(11,277)	7,276
	51,349	(29,816)	21,533

23 CONSOLIDATED RECONCILIATION OF NET DEBT	2020 £'000
Net debt 1 August 2019	147,363
Movement in cash and cash equivalents	29,816
Loan repayments	(4,656)
Changes in market value and exchange rates	2,617
Net debt 31 July 2020	175,140
Change in net debt	27,777

	2020 £'000	2019 £'000
Analysis of net debt:		
Cash and cash equivalents	21,533	51,349
Borrowings: amounts falling due within one year		
Secured loans	4,657	4,657
Borrowings: amounts falling due after more than one year		
Derivatives	32,087	29,470
Secured loans	34,929	39,585
Unsecured loans	125,000	125,000
	192,016	194,055
Net debt	175,140	147,363

24 PENSION COMMITMENTS

The School participates in the Universities' Superannuation Scheme (USS) and Superannuation Arrangements of the University of London (SAUL). USS is a combination of a defined benefit and defined contribution scheme. SAUL is a defined benefit scheme.

Pension Scheme	USS		SAUL	
	2020	2019	2020	2019
Active members	1,797	1,714	1,321	1,124
Contribution rate made by School			16%	16%
For the period from 1 October 2019	21.1%			
For the period from 1 April 2019 to 30 September 2019	19.5%	19.5%		
For the period to 31 March 2019		18.0%		
Contribution made (in £'000)	22,295	18,781	4,839	4,233

Notes to the Financial Statements continued...

(i) USS**General description of the scheme**

The School participates in Universities Superannuation Scheme and is available to staff members on or above Salary Band 6; the scheme requires exclusivity of memberships for these grades. USS is a UK wide scheme with more than 350 Higher Education Institutions as members and is a not-for-profit corporate trustee.

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. Due to the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liability of the scheme on a consistent and reasonable basis. The following disclosures reflect those relevant for the scheme as a whole.

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

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

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

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

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

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

	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

Notes to the Financial Statements continued...

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

	2020	2019
Discount rate	0.79%	1.58%
Pensionable salary growth	Between 2.4% and 5.0%	Between 4.0% and 6.6%

(ii) SAUL

General description of the pension scheme

The School participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme within the United Kingdom and is contracted-out of the Second State Pension (prior to April 2016). The Scheme is available to staff members on salary bands 1 to 5.

SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education. Pension benefits accrued within SAUL currently build up on a Career Average Revalued Earnings ("CARE") basis.

The School is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of an insolvency of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

Funding Policy

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due (the "Technical Provisions"). The Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members' accrued pension rights to be met.

The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2017. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed in June 2018 and are due to be reviewed at SAUL's next formal valuation in 2020. At the 31 March 2017 valuation SAUL was fully funded on its Technical Provisions basis so no deficit contributions were required. The Trustee and the Employers have agreed that the ongoing Employers' contributions will continue at a rate of 16 per cent of CARE Salaries.

(iii) FSSU

The pensions of ex-members of staff who retired under the previous superannuation scheme for academic and related staff (FSSU) are supplemented as of right under the National Scheme for Supplementation of Superannuation Benefits. This supplementation is payable during the lifetime of the ex-member of staff and is increased each year by comparison with increases in public service pensions authorised under the Pensions (Increase) Act 1971. At the year-end a provision has been established to meet the future obligations, see note 18.

Notes to the Financial Statements continued...

	Group 2020 £'000	Group 2019 £'000	School 2020 £'000	School 2019 £'000
25 CAPITAL AND OTHER COMMITMENTS				
Provision has not been made for the following capital commitments at 31 July:				
Commitments contracted for:				
Capital development projects	58,700	86,072	58,700	52,153
Refurbishments	440	3,949	440	1,517
	59,140	90,021	59,140	53,670

Capital commitments will be met through a mixture of general School funds and donations.

	Land and buildings £'000	Other leases £'000	Group 2020 £'000	Group 2019 £'000
26 LEASE OBLIGATIONS				
Total rentals payable under operating leases:				
Payable during the year	10,322	881	11,203	11,655
Future minimum lease payments due:				
Within one year	8,989	175	9,164	10,721
Between two and five years	19,581	–	19,581	23,690
Five years or more	24,666	–	24,666	28,960
Total lease payments due	53,236	175	53,411	63,371

Space within some of the School's land and buildings as disclosed in note 11 tangible assets is let to third parties. These non-cancellable leases have remaining terms of between one and 20 years. The majority of leases include a provision for upward rent reviews, according to prevailing market conditions.

	Group 2020 £'000	Group 2019 £'000
Future minimum lease payments receivable:		
Within one year	1,366	1,311
Between two and five years	4,886	4,770
Five years or more	5,828	6,691
Total lease payments receivable	12,080	12,772

27 CONTINGENT LIABILITIES

The School has entered into rental guarantees with Sanctuary Students and Urbanest UK Minorities Limited. Between 2019-20 and 2040-41 the School has financial commitments relating to 1,734 beds with a potential liability estimated at £21.0 m per year.

Notes to the Financial Statements continued...

28 RELATED PARTY TRANSACTIONS

The School has maintained a Register of Interests. Written assurances have been obtained from all Council members and senior management in respect of themselves and their close family that for the year ended 31 July 2020, they have not unduly influenced any transaction between the School and a related party.

During the year ended 31 July 2020 LSE had transactions with several organisations which fall within the definition of related parties under FRS 102 Section 33 'Related Party Disclosures'. Due to the nature of School's operations and the composition of Council (being drawn from a range of public and private sector organisations), it is inevitable that transactions in the normal course of business will take place with entities in which members of Council (or indeed other key management personnel) may have an interest. All such transactions, including those identified below, are carried out on normal commercial terms and in accordance with the School's Financial Regulations and procurement procedures.

The School has taken advantage of the exemption within FRS 102 Section 33 and not disclosed transactions with wholly-owned subsidiaries.

Included in the financial statements are the following transactions between the School and related parties.

Organisations with relationships with Council members and senior management	Income £	Expenditure/ Payments £	Balance due to/(from) at 31 July 2020 £
Bank of England	9,502	–	5,989
CASE (Council for the Advancement and Support of Education)	–	17,681	(12,375)
Institute for Fiscal Studies	3,681	27,923	(8,174)
LSE Students' Union	1,592,644	3,405,975	628
Russell Group of Universities	25,824	80,250	4,356
The British Academy	–	23,452	(978)
The Courtauld Institute of Art	27,865	–	27,865
Vote Watch	–	456	–
Zinc Ventures Ltd	–	256,089	–

The School's Council members are the trustees for charitable law purposes. During 2019-20, no Council members were reimbursed for travel expenses in relation to their role as trustee (2018-19: no payments). No payments were made to any trustee for serving as a trustee.

The activities of the LSE Students' Union have not been consolidated as the School does not have significant influence over its activities. The General Secretary of the Students' Union is a member of Council. During 2019-20, the Students' Union received financial support from the School. There were also transactions between the Students' Union and the School for services and goods provided by each party. The School has entered into rental agreements with the Students' Union for specific areas of the School, which it occupies.

The School has conducted a review of linked charities in 2019-20 and found no associated entities falling within the definition set out under Section 28 of Schedule 3 of the Charities Act 2016.

Notes to the Financial Statements continued...

29 FINANCIAL INSTRUMENTS – GROUP	Notes	Available for sale £'000	Held to maturity £'000	Total £'000	Fair Value £'000
Financial assets measured at fair value as at 31 July 2020					
Equity securities	13	193,699	–	193,699	193,699
Corporate debt securities	13	27,374	–	27,374	27,374
Cash and cash equivalents	13	59,123	–	59,123	59,123
		280,196	–	280,196	280,196
Financial assets not measured at fair value as at 31 July 2020					
Corporate debt securities	13	–	16,586	16,586	16,656
Share of freehold property	13	34	–	34	Not available
		34	16,586	16,620	16,656
Financial liabilities measured at fair value as at 31 July 2020					
Interest rate swaps associated with bank loans	17	32,087	–	32,087	32,087

The fair values of the assets and liabilities measured at fair value at the balance sheet date are determined using quoted prices in active markets.

Trade and other payables and receivables, amounts due to and from subsidiary companies and long term borrowing are held at amortised cost. Details can be found at notes 16, 17 and 18 to these financial statements.

30 EVENTS AFTER THE REPORTING PERIOD

In response to the impact of COVID-19 the School has secured access to additional credit facilities which can be accessed at short notice to provide additional liquidity for up to 5 five years.

Notes to the Financial Statements continued...

31 STATEMENT OF COMPREHENSIVE RESTRICTED AND UNRESTRICTED INCOME AND EXPENDITURE	Notes	Group 2019-20			Group 2018-19		
		Unrestricted and designated £'000	Restricted £'000	Total £'000	Unrestricted and designated £'000	Restricted £'000	Total £'000
INCOME							
Tuition fees and education contracts	1	228,111	–	228,111	227,406	–	227,406
Funding body grants	2	29,304	–	29,304	60,132	–	60,132
Research grants and contracts	3	34,246	–	34,246	33,267	–	33,267
Other income	4	66,898	–	66,898	78,140	–	78,140
Investment income	5	1,366	2,513	3,879	1,534	3,133	4,667
Total income before endowments and donations		359,925	2,513	362,438	400,479	3,133	403,612
Donations and endowments	6	4,817	53,652	58,469	3,880	13,310	17,190
Total income		364,742	56,165	420,907	404,359	16,443	420,802
EXPENDITURE							
Staff costs	7	217,552	2,782	220,334	201,099	4,155	205,254
Movement on USS Pension Provision	7	(41,740)	–	(41,740)	59,555	-	59,555
Other operating expenses		132,636	3,802	136,438	119,532	4,836	124,368
Depreciation	11, 12	15,047	–	15,047	13,528	–	13,528
Interest and other finance costs	10	9,730	–	9,730	9,016	–	9,016
Total expenditure	9	333,225	6,584	339,809	402,730	8,991	411,721
Surplus before other gains/losses		31,517	49,581	81,098	1,629	7,452	9,081
(Loss)/gain on investments	13	(484)	(3,197)	(3,681)	2,029	8,342	10,371
Change in fair value of hedging financial instruments	18	(2,617)	–	(2,617)	(4,001)	–	(4,001)
Surplus/(deficit) before tax		28,416	46,384	74,800	(343)	15,794	15,451
Taxation		–	–	–	–	–	–
Surplus/(deficit) for the year/Total comprehensive income/(deficit) for the year		28,416	46,384	74,800	(343)	15,794	15,451
Represented by:							
Endowment comprehensive income for the year	20	–	43,384	43,384	–	13,399	13,399
Restricted comprehensive income for the year	21	–	3,000	3,000	–	2,395	2,395
Unrestricted comprehensive income/ (deficit) for the year		28,416	–	28,416	(343)	–	(343)
		28,416	46,384	74,800	(343)	15,794	15,451

Notes to the Financial Statements continued...

	Group 2019-20 Total £'000	Group 2018-19 Total £'000	School 2019-20 Total £'000	School 2018-19 Total £'000
32 EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION				
Surplus before other gains/(losses)	81,098	9,081	81,062	9,078
Adjust for:				
Interest payable	8,283	8,344	8,283	8,344
Pension finance charge	1,447	672	1,447	672
Depreciation	15,047	13,528	15,034	13,511
Pension provision adjustments	(41,740)	59,552	(41,740)	59,552
Earnings before interest, tax, depreciation and amortisation	64,135	91,177	64,086	91,157
Adjust for:				
Restricted and designated income items	(56,165)	(54,057)	(56,165)	(54,057)
Restricted and designated expenditure items	6,584	9,698	6,584	9,698
Unrestricted earnings before interest, tax, depreciation and amortisation	14,554	46,818	14,505	46,798

The expected cash contributions towards the deficit on the USS Pension Scheme in the financial year 2020-21 are £2.2 m (2019-20 £1.8 m).

Five year group financial summary (unaudited)

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Income					
Tuition fees and education contracts	228,111	227,406	211,543	199,346	177,155
Funding body grants	29,304	60,132	25,311	26,276	25,339
Research grants and contracts	34,246	33,267	32,903	32,113	31,503
Other income	66,898	78,140	77,309	80,475	71,853
Investment income	3,879	4,667	4,451	5,372	5,304
Total income before endowments and donations	362,438	403,612	351,517	343,582	311,154
Donations and endowments	58,469	17,190	8,920	9,489	29,482
Total income	420,907	420,802	360,437	353,071	340,636
Expenditure					
Staff costs	220,334	205,254	190,331	179,185	168,212
Change in USS pension provision	(41,740)	59,555	(2,327)	(4,900)	2,675
Other operating expenses	136,438	124,368	120,553	121,631	116,364
Depreciation	15,047	13,528	12,915	12,859	11,186
Interest and other finance costs	9,730	9,016	8,767	8,852	8,729
Total expenditure	339,809	411,721	330,239	317,627	307,166
Surplus before other gains	81,098	9,081	30,198	35,444	33,470
(Loss)/gain on Investments	(3,681)	10,371	10,224	18,247	8,450
Change in fair value of hedging financial instruments	(2,617)	(4,001)	3,921	7,235	(10,768)
Surplus before tax	74,800	15,451	44,343	60,926	31,152
Taxation	–	–	–	–	–
Total comprehensive income for the year	74,800	15,451	44,343	60,926	31,152
At July 31 year end:					
Endowment comprehensive income for the year	43,384	13,399	8,908	13,483	30,635
Restricted comprehensive income for the year	3,000	2,395	2,052	1,079	(462)
Unrestricted comprehensive income for the year	28,416	(343)	33,383	46,364	979
Total	74,800	15,451	44,343	60,926	31,152
Income and expenditure reserve - restricted endowment reserves	198,415	155,031	141,632	132,724	119,241
Income and expenditure reserve - restricted reserves	10,119	7,119	4,724	2,672	1,593
Income and expenditure reserve - unrestricted	436,083	407,667	408,010	374,627	328,263
Total Reserves	644,617	569,817	554,366	510,023	449,097
Held as					
Fixed assets	641,791	612,311	552,987	459,327	438,504
Investments	296,816	284,282	227,056	270,473	253,029
	938,607	896,593	780,043	729,800	691,533
Net working capital	(24,072)	(18,738)	18,585	1,054	(16,677)
USS pension provision	(51,300)	(91,857)	(31,357)	(33,186)	(37,523)
Other long term liabilities	(218,618)	(216,181)	(212,905)	(187,645)	(188,236)
	644,617	569,817	554,366	510,023	449,097
Adjusted cash flow*	43,267	68,489	35,391	62,518	60,617
Debt servicing costs	12,940	13,001	12,919	10,071	10,014
Debt service cover	3.3	5.3	2.7	6.2	6.1
Total borrowing including derivative	196,673	198,713	199,369	175,090	184,125
** Consolidated net assets	695,917	661,410	585,735	543,731	487,899
Total borrowing as % of consolidated net assets**	28.3	30.0	34.0	32.2	37.7

*Adjusted cash flow = net cash inflow from operating activities, plus investment income and endowment cash received

** Consolidated net assets = total net assets excluding pension provision

Directors of the School and Members of Council

During the year and up to the date of signing of the Financial Statements were:

Susan Liautaud

Independent member
Chair of Council (from 1 August 2020)
Interim Chair of Council (until 31 July 2020)
Chair of the Governance Committee

Ali Nikpay

Independent member
Vice Chair of Council

Martin Anthony

Ex Officio member as Vice Chair of the Academic Board
(from 1 September 2019)

Alastair Da Costa

Independent member
Interim Chair of the Remuneration Committee (until 31 July 2020)
Chair of the Remuneration Committee (from 1 August 2020)
Chair of the Ethics Committee (from 1 August 2020)

Chukwuzulum (Zulum) Elumogo

Ex Officio member as General Secretary of the Students' Union
(until 30 June 2020)

David Gordon

Ex Officio member as General Secretary of the Students' Union
(from 1 July 2020)

David Higgins

Independent member
Chair of the Finance and Estates Committee (from 1 August 2020)

John Hughes

Independent member
Chair of the Audit Committee (until 31 July 2020)

Nigel Hugill

Independent member (until 31 July 2020)
Co-Chair of the Finance and Estates Committee (until 31 July 2020)

Johannes Huth

Independent member (from 1 May 2020)
Chair of the Audit Committee (from 1 August 2020)

Simona Iammarino

Academic member (until 31 July 2020)

Donald Kaberuka

Independent member

Emily Jackson

Ex Officio member as Vice Chair of the Academic Board
(until 31 August 2019)

Akash Mehta

Student member (until 11 November 2019)

Roger Mountford

Independent member (until 31 July 2020)
Co-Chair of the Finance and Estates Committee (until 31 July 2020)

Shirley Pearce

Independent member (until 31 December 2019, withdrew
from active office from 7 January 2019)

Claudine Provencher

Professional services staff member

Terhi Rantanen

Academic member

Nemat (Minouche) Shafik

Ex Officio member as Director of the School

Isha Sharma

Student member (from 12 November 2019 to 31 July 2020)

Elisabeth Stheeman

Independent member

Alex Voorhoeve

Academic member

School Secretary/Company Secretary

Ms Louise Nadal

Company Secretary

Academic Departments, Research Centres, Institutes and Centres

Academic Departments

Accounting
 Anthropology
 Economics
 Economic History
 European Institute
 Finance
 Gender Studies
 Geography and Environment
 Government
 Health Policy
 International Development
 International History
 International Relations
 Language Centre
 Law
 Management
 Mathematics
 Media and Communications
 Methodology
 Philosophy, Logic and Scientific Method
 Psychological and Behavioural Science
 School of Public Policy
 Social Policy
 Sociology
 Statistics

Research Centres

Care Policy and Evaluation Centre
 Centre for Analysis of Social Exclusion (CASE)
 Centre for the Analysis of Time Series (CATS)
 Centre for Climate Change Economics and Policy (CCCEP)
 Centre for Economic Performance (CEP)
 Centre for Macroeconomics
 Centre for Philosophy of Natural and Social Sciences (CPNSS)
 Financial Markets Group (FMG)
 Firoz Lalji Centre for Africa (FLCA)
 Grantham Research Institute on Climate Change and the Environment
 International Growth Centre (IGC)
 LSE Cities
 LSE Health
 LSE IDEAS
 Middle East Centre
 Saw Swee Hock Southeast Asia Centre (SEAC)
 Suntory and Toyota International Centres for Economics and Related Disciplines (STICERD)
 US Centre (USC)
 What Works Centre for Local Economic Growth
 Women Peace and Security (WPS)

Institutes and Centres

International Inequalities Institute (III)
 The Data Science Institute
 The Marshall Institute for Philanthropy and Social Entrepreneurship (MI)



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Finance Division
5th Floor
LSE Library
Houghton Street
London WC2A 2AE
financecomments@lse.ac.uk

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