



REPORT AND FINANCIAL STATEMENTS

for the year ended 31st July 2020



REPORT AND FINANCIAL STATEMENTS 2020**CONTENTS**

| | Pages |
|--|--------------|
| • University of Worcester Directorate and professional advisers | 2 |
| • Members of the Board of Governors | 3 |
| • Strategic Report | 4 - 35 |
| • Independent Auditors' report | 36 - 38 |
| • Consolidated and University Statements of Comprehensive Income and Expenditure | 39 |
| • Consolidated and University Balance Sheets | 40 |
| • Consolidated and University Statements of Changes in Reserves | 41 |
| • Consolidated Cash Flow Statement | 42 |
| • Notes to the financial statements | 43 - 77 |

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31st JULY 2020**UNIVERSITY OF WORCESTER DIRECTORATE AND PROFESSIONAL ADVISERS****VICE CHANCELLOR AND CHIEF EXECUTIVE**

Professor David Green CBE MA (Cantab.)

DEPUTY VICE CHANCELLOR, PROVOST AND DEPUTY CHIEF EXECUTIVE

Professor Sarah Greer MA (Cantab.)

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Chartered Accountants and Statutory Auditors
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Internal

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REPORT AND FINANCIAL STATEMENTS 2020**MEMBERS OF THE BOARD OF GOVERNORS**

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

| | |
|------------------------------|--|
| Professor Gloria Agyemang | Independent (retired 25.11.2019) |
| Mr Carl Arntzen | Independent |
| Mr John Bateman OBE | Chair & Independent |
| Dr Diana Beech | Co-opted (Independent from 01.01.2020) |
| Mr John Bothamley | Independent |
| Mr Sean Devlin | Co-opted (from 01.01.2020) |
| Mr Robert Dudley | Academic Staff Governor |
| Mrs Diana Gant | Independent |
| Professor David Green CBE | Vice Chancellor & Chief Executive |
| Mrs Anna Hooper | Vice Chair & Independent |
| Mr David Iddon | Independent |
| Dr Claire Jones | Independent (from 01.06.2020) |
| Mr Harry Lonsdale | Student Governor (term ended 30.06.2020) |
| Mr Nadeem Khan | Independent |
| Dr Derek McDougall | Academic Staff Governor |
| Mr Zadvinder Padda | Independent (term ended 31.08.2019) |
| The Rev'd Dr Alwyn Pettersen | Independent |
| Dr Sarah Pittaway | Co-opted Staff Governor |
| Miss Meg Price | Student Governor |
| Mr Marc Scriven | Co-opted Staff Governor |
| Mr Ian Smith | Independent |
| Mr Harry South | Student Governor (from 01.07.2020) |
| Mrs Sarah Speck | Vice Chair & Independent |

STRATEGIC REPORT

FOR THE YEAR ENDED: 31st JULY 2020

This statement covers the period 1st August 2019 up to 24th November 2020.

SECTION 1: The University's Strategy

THE UNIVERSITY OF WORCESTER'S VALUES AND VISION

The University published its Strategic Plan 2019 in February 2019, following its adoption by the Board of Governors. The Plan, like its predecessors, was the product of a widespread consultation process involving students, staff, governors, members of the College of Fellows and many external partners in the City of Worcester, the wider region and beyond. Educational partners in the UK and internationally were involved as were representatives of businesses, public and not-for profit organisations and community groups.

The Plan commits the University to build on our many successes to further improve the quality and range of our courses, the skills of our graduates and the impact we have in society. The University aims to grow in scope and scale.

Read the University of Worcester Strategic Plan:

[University of Worcester Strategic Plan: Values and Vision](#)

MEASURING PROGRESS AND SUCCESS

The Strategic Plan 2019 was published at a time of great national uncertainty, both for the higher education sector and the country as a whole. In this context, the Board decided that the new Strategic Plan should focus on values, vision and high-level objectives such as creating a Medical School, rather than the more traditional approach of specifying lower level objectives and adopting a series of accompanying Key Performance Indicators. This approach has already proved its worth as the University successfully navigated a notably turbulent environment in 2019-20 emerging with increased new student numbers and sound finances despite the costs of the Covid-19 pandemic.

The Board of Governors employs a variety of measures, mostly drawn from nationally available datasets, to enable periodic comparisons and benchmarking of the University's performance in relation to its peers. The methodology of such comparisons is constantly evolving and 2019 witnessed a significant development in the publication of the first ever University Impact Tables compiled and published by the Times Higher Education magazine. The University performed notably well in both 2019 and 2020 tables, nationally and internationally.

At each meeting, The Board of Governors receives a report and update across the spectrum of University activity from the University's Vice Chancellor and Chief Executive who is the University's appointed accountable officer (previously the designated person). These reports are always subject to debate and questioning from Board members. In 2019-20 these reports were supplemented, for the first time, by regular written reports on academic matters from the Deputy Vice Chancellor in her newly appointed capacity of University Provost.

The University's Academic Board, including through the work of its sub-committees, receives and discusses detailed reports relating to academic quality, standards and the student experience.

The University's executive leadership have responsibility for ensuring appropriate action is taken to build on strengths and remedy weaknesses arising from these processes of regular scrutiny, periodic review, analysis and appraisal. This process of regular, open discussion and decisions enables the University to act in relation to those dimensions of progress and success which are significant but not directly measurable. It has long been known that not everything that counts can be counted and that not everything that can be counted counts. Some of the culture that makes the University a special place to learn and be beneficial to society cannot be measured directly but is deeply valuable and does produce measurable outcomes. For example, the University's long held commitment to equality and democracy has been manifested in consistently outstanding performance in respect of gender equity including being the best UK

SECTION 1: The University's Strategy (*continued*)

University for fair gender pay in 2018 and 2019, and in being placed first equal for democracy for University Democracy by Vote for Your Future 2019.

The Board receives annual reports on performance indicators in relation to the following measures:

Learning and Teaching, Students

- A detailed annual report on Academic Quality and Standards
- Student retention and progression
- Student attainment
- Graduate destinations: work and further study
- Student satisfaction rates (from the National Student Survey)

Research

- Grant applications and income
- Number of staff submitted for the Research Excellence Framework (the next review date being 2020)

Financial Sustainability

- Surplus as a % of income
- Unrestricted reserves as % of income
- External gross borrowing as % of income
- Net cash flow as % of income
- Net liquidity days
- Staff costs as a % of income
- Ratio of current assets to current liabilities

The Board of Governors also receives reports on the University's in-year financial performance, student numbers and admissions, and by exception on any significant changes (positive or negative) in relation to the aforementioned indicators. The Board's Human Resources (HR) Committee receives reports on a range of staff-related indicators. The Audit Committee reviews the University's Transparent Approach to Costing (TRAC) returns in relation to the costs associated with delivering teaching and research, as well as receiving the internal audit reports on a range of relevant matters.

Covid-19

The global coronavirus pandemic presented unprecedented challenges to the University in 2020.

Throughout 'lockdown' the University continued to provide safe and secure residential accommodation for approximately 200 students, whose home the University was and is. The University continued to provide social and financial help to students in need – calls for mental health support increased by a third. Students in residential accommodation who 'went home' had their rents forgiven from the date the lockdown began.

The University was quick to respond to the emerging situation and successfully moved all teaching and assessment online from the middle of March 2020, from just before the national 'lockdown' began in the UK, until the end of the academic year. Highly responsible in our approach and with fair, digital inclusion in mind, students were given access to an enhanced range of electronic resources and online support to continue their studies, complete their assessments and earn their award or progress to the next year of study. Recent years have witnessed a steady increase in technologically enabled learning. The pandemic meant that a very substantial acceleration of this process became imperative. 2020 is now notable not just for the scale and speed of the transition but also for successful innovation in both blended learning and blended working.

SECTION 1: The University's Strategy (*continued*)

The University made a sustained contribution to the community throughout this period.

At the beginning of the 'lockdown' phase the University transferred all its clinical and specialist health equipment to the emergency additional intensive care unit created at the Royal Worcester Hospital. Graduating nurses moved to live in University accommodation whilst working with Covid-19 infected patients to minimise the risk of community transmission. Students volunteered for an extensive range of duties including with the NHS and care homes. All the skilled, specialist Laboratory technical staff at the University volunteered to work in the NHS laboratories – although their services were not drawn upon. So too did a significant majority of the University's clinically qualified health professional staff. The University agreed to second any and all staff required by the NHS and worked closely with NHS bodies to facilitate 3rd year students to 'join early and safely', whilst still being able to earn their full degree and qualification.

The pandemic accelerated the University's strategy to increase the scale and scope of its health professional education, as it became further evident that significantly more health professionals would be needed to 're-build Britain' in the wake of the pandemic. The University made a successful bid to the Government for increased student places in Nursing, Midwifery, Paramedicine and other allied health professions and at the end of July 2020 was awarded the largest allocation of additional places in the Country. Worcester MP and HM Government Minister Robin Walker MP described this as the "biggest by a country mile." The largest ever cohort of Nursing BSc students, Midwifery BSc students, Paramedic BSc students, Occupational Therapy BSc students and Physiotherapy students joined the University in September 2020. Additional cohorts in all 5 subjects will join in January or April 2020 (OT/Physio) respectively. The result will be that in 3 years' time the number of graduating students in health professions is set to exceed 1,000.

The University's plans to advance Health, Well-being and Inclusive Sport, including the creation of the Three Counties Medical School combined with the very significant expansion of education in the health professions, were given a major boost when, in early August 2020, the Secretary of State for Communities and Local Government agreed to the Worcestershire Local Economic Partnership's proposal that £3m of the Getting Building Fund should be devoted to the development of vital infrastructure at the University's Severn Campus for Health, Well-being and Inclusive Sport.

Achievements

The University recorded a number of significant achievements in the 2019/20 academic year.

In November 2019, the University was named Sustainability Institution of the Year in the UK Green Gown Awards and went on to be Highly Commended in the June 2020 Global Awards at the United Nations. That month, the University also won the Times Higher Education Award for Outstanding Contribution to the Local Community in recognition of the work of its Association for Dementia Studies. The University had been shortlisted for 6 Times Higher Awards, including University of the Year, along with being shortlisted for University of the Year in the UK Social Mobility Awards, a result repeated in early 2020. The University has also been shortlisted for a 2020 Guardian University Award for Widening Access and Outreach for its work to make Open Days more accessible.

In the *Times Higher Education* (THE) University Impact Rankings 2020, Worcester retained top spot for Gender Equality and was in the top three for Quality Education – both remarkable achievements.

The University is the most shortlisted of any University in the Nursing Times annual awards. The 8 awards for which the University is shortlisted include Pre-Registration University of the Year for the 6th time, an all-time UK record.

The University is a finalist for the prestigious Times Higher Education University of the Year award for the second year running. The THE awards, known as the Oscars of Higher Education, celebrate the very best in UK Higher Education and its contribution to the wider society.

SECTION 1: The University's Strategy (*continued*)

As well as University of the Year, the University has also been shortlisted in three other categories: Outstanding Contribution to Equality, Diversity and Inclusion; Widening Participation or Outreach Initiative of the Year and the Datapoints Merit Award. The Datapoints Award this year is for the University making the best community contribution to tackling the challenges arising from the Covid-19 pandemic, using the data submitted for the THE University Impact assessment.

Outstanding Contribution to the Community *THE University Awards*

[Winners 2019](#)

Great Britain and Ireland Sustainability Institution of the Year *Green Gown Awards*

[Winners 2019](#)

Subsequently Highly Commended globally by the United Nations June 2020

Social Mobility University of the Year *UK Social Mobility Awards*

[Shortlist 2020](#)

Guardian University Awards

[Shortlist 2020](#)

Times Higher Education Awards

[Shortlist 2020](#)

University of the Year Finalist 2020

[Video](#)

SECTION 2: Public Benefit

CHARITABLE STATUS AND CHARITABLE OBJECTIVES OF THE UNIVERSITY

As a Higher Education Corporation, the University is listed as an exempt charity under the Charities Act 2011. As such, the University benefits from the status of a charity but it is not registered with the Charity Commission.

The University's trustees, in formulating this statement, have paid due regard to the Charity Commission's public benefit guidance and their responsibility to provide information about how they have delivered their charitable objectives for the public benefit.

The University's charitable objectives are defined in s.124(i) of the Education Reform Act 1988:

- Provide higher education;
- Provide further education;
- Carry out research and publish the results of research.

Beneficiaries

The trustees identify the principal beneficiaries of the University's charitable activities as:

- Children, potential applicants and applicants to higher education and the University, in particular through its outreach and widening participation work;
- Its students and alumni;
- Research partners and collaborators;
- Professional practitioners and service users, especially in the Health and Education sectors, who benefit from the outputs of the University's educational, research and knowledge exchange activities;
- The wider public, who benefit from the contribution of the University's graduates, access to the University's facilities and the dissemination of its research findings.

INTRODUCTION: MAKING AN IMPACT

In the second year of the *Times Higher Education University Impact Rankings*, published in 2020, the University of Worcester retained a top three placing in the UK for Quality Education and was once again number one in the UK for Gender Equality. We are in the top 10 in the UK overall and in the top 10% globally in the rankings, which highlight the contribution made by universities around the world to achieving the internationally agreed Sustainable Development Goals (SDGs), which the United Nations adopted in 2016.

Independently assessing over 750 institutions from across the world, the rankings document evidence of universities' impact on society. It is a vivid illustration of the way in which universities can address the challenges facing their local communities and recognises the deep engagement of universities with the issues that matter most to our societies.

Read the full rankings:

[Times Higher Impact Rankings](#)

Read more about the United Nations Sustainable Development Goals:

[About the SDGS](#)

SECTION 2: Public Benefit (*continued*)

As a University, we are an expression of democracy, progress, knowledge and principle. In preparing our public benefit statement, we have followed the model developed by the *THE Impact Rankings* to demonstrate our fundamental, transformative effect on individuals and society as a whole.

QUALITY EDUCATION

Raising Aspirations

We are an open, meritocratic institution that proactively seeks out people capable of benefiting from higher education, minimises barriers to their participation and contributes to the expansion of higher education opportunities, locally, nationally and internationally. We have a long-held commitment to welcome, support, and engage students with a broad range of backgrounds.



Worcester was placed top three in the UK for Quality Education in the 2020 Times Higher Education University Impact Rankings.

The University's Access and Participation Plan, submitted to the Office for Students, provides detailed information on our commitment to all students, regardless of background or financial considerations.

Read the full Plan:

[University of Worcester Access and Participation Plan](#)

We are in the top 10 of universities across the UK to best reflect society in terms of socio-economic class, according to analysis by the Higher Education Policy Institute, an independent higher education think tank. The University of Worcester is eighth out of 132 UK universities for ensuring that people from all backgrounds have the chance to study at university.

Read the full report:

[HEPI: Upending the rankings: Benchmarking widening participation in universities](#)

In 2018, 97% of our students were state educated, with 16% coming from low participation neighbourhoods (Higher Education Statistics Agency) - both higher than the national average. Worcester students begin their higher education with lower than national average UCAS tariff points, yet our graduates are in the top 10 English HEIs for employment one, three and five years after graduation, according to the government-published Longitudinal Educational Outcomes survey in both 2017 and 2020.

SECTION 2: Public Benefit *(continued)*

We are a finalist for the UK University of the Year for the second year running in the annual UK Social Mobility Awards. Reaching the shortlist of just six institutions is a most positive recognition of the innovative work done throughout the whole University.

View the Social Mobility Awards shortlist:

[Awards 2020](#)



For the past 10 years we have been working with The Learning Institute to provide opportunities for students to become qualified in areas such as early years, learning support and child and adolescent mental health.

Over 1,000 students have graduated and are now working to advance their schools, children and communities in some of the most isolated and deprived parts of rural England.

Student satisfaction and participation

Graduating students rated the University of Worcester very highly in the latest National Student Survey (NSS). More than 85% of Worcester final year students reported they are satisfied overall with eight courses coming out at number one in the Country, including Midwifery, Physiotherapy and Accounting, and 14 courses receiving 100% satisfaction.

Review the Results:

[Office for Students: Full NSS Data](#)

The Times and Sunday Times Good University Guide 2020 ranked us 6th for teaching quality and 8th for student experience based on the 2019 NSS. In the 2020 Postgraduate Taught Experience Survey, Worcester was ranked 6th for Overall Satisfaction, further confirmation that Worcester is one of the country's best universities for teaching, educational quality and student experience across the board.

In the 2020 Whatuni Student Choice Awards, the University of Worcester was ranked in the top 25 of UK universities and colleges in 7 categories, including University of the Year, Student Support, Facilities and Postgraduate Experience. The University was 5th nationally for International Student Experience.

Worcester was the most shortlisted of all UK universities in the 2020 Student Nursing Times Awards, which are widely regarded as the most prestigious awards in nursing education. The eight nominations included: Pre-registration Nurse Education Provider of the Year, for which Worcester is shortlisted for the 6th time, an all-UK record, as well as

SECTION 2: Public Benefit *(continued)*

Best Student Experience and Teaching Innovation of the Year. Four Worcester students were also shortlisted in the Awards, and Wye Valley NHS Trust's Children's Ward was shortlisted for Student Placement of the Year: Hospital.



Student Nurse Ricky Baker was shortlisted for Nursing Student of the Year by both the Nursing Times and the Royal College of Nursing.

Early Years and lifelong learning

Schools and education have been at the heart of our work since our inception. As one of the country's 10 biggest providers for teacher training, we are at the forefront of educating caring and insightful professionals.

In 2018, we launched a Diploma in Personal Social Education to improve the education of some of the world's most deprived children. It was developed with Worcester alumna, Dr Swaroop Sampat-Rawal, whose extraordinary work with children in India saw her named as one of the world's top 10 outstanding teachers in the [Global Teacher Prize](#).

The number of secondary school pupils is projected to increase by 19% between 2017 and 2026, but national trainee numbers have been below targets every year since 2012. We have a key role to play in developing the future workforce for Schools, and will play a key role in repairing the educational disaster following the disruption caused by the Covid-19 pandemic.

| Educational Impact | Numbers 2018/19 |
|----------------------------|-----------------|
| Teacher Training graduates | 458 |

SECTION 2: Public Benefit (continued)

Worcester graduate and one of only 10 nominees for the Global Teacher prize, Dr. Swaroop Sampat-Rawal, works with Primary School children in the University's Hive Library.

GOOD HEALTH AND WELL-BEING**Student and Staff Wellbeing**

The University has a deep commitment to inclusion for those experiencing mental health problems. We have offered specialist wellbeing support to students since 2000, while in 2004 we were one of the first universities in the UK to directly employ Mental Health Advisors. We are playing a leading role in partnership with the National Union of Students and others to make universities and cities 'suicide safer' through early intervention. We were finalists for a prestigious Times Higher Education Award in 2018 for our work in this area.

Read more:

[Suicide Safer: Forum for Access and Continuing Education](#)

[Suicide Safer: National Union of Students](#)

Meeting workforce demands

Official 2018 statistics revealed that one in 11 posts across NHS hospital, ambulance and mental health trusts were vacant. With our long history of outstanding Health Education and as leaders of the national campaign to increase nursing places, we are helping to meet the needs of this workforce crisis. We have grown our existing courses for health professionals and work is well underway to create a new Medical School, meeting the urgent needs of our region for compassionate, high quality doctors.

| Health Graduates | 2018/19 |
|-------------------------|----------------|
| Nurses | 148 |
| Midwives | 38 |
| Paramedics | 51 |
| Social Workers | 17 |
| Physiotherapists | 28 |
| Occupational Therapists | 29 |
| Sports Therapists | 44 |

SECTION 2: Public Benefit (*continued*)

The Covid-19 pandemic focused national attention on an issue that the University of Worcester has lobbied on for many years: the critical need for more health professionals. In the depths of the pandemic the University's Vice Chancellor made a compelling case through the national media for more training places to be granted to universities. Worcester went on to make a successful bid to Government and was subsequently awarded the largest allocation of additional healthcare training places in the Country.

Allocation of additional healthcare places:

473 places for students to study Nursing, Midwifery, Occupational Therapy, Physiotherapy and Paramedicine in 2020/21.

Read more:

[Vice Chancellor calls for additional funding to train more health professionals](#)

[Worcester awarded largest allocation of health training places](#)

Covid-19 response

The global Covid-19 pandemic world plunged the world into an unprecedented situation, which forced communities apart in order to protect other.

The University responded by sending all of its clinical equipment to the NHS, helping to equip the acute care wards for the expected influx of critically ill patients.



Vital equipment from the University's Clinical Simulation Suites on its way to the local hospital Trust.

Together with other universities and the NHS, we fast-tracked nursing and other health students to go into practice to assist during the crisis. Approximately 150 of our final year nursing students were chosen to support the NHS by undertaking an extended placement, working on the front line alongside qualified nurses, doctors and other healthcare professionals. As final year students, their considerable knowledge and skills benefited both patients and the NHS at a moment of national crisis.

SECTION 2: Public Benefit (*continued*)

A number of Worcester staff also stepped forward into NHS secondments, while others helped in other ways, including: advising on the public health agenda, delivering education and training for intensive care staff and supporting students in practice so that they could meet the requirements of their degree programme.

The University's Association for Dementia Studies rose to the challenge providing advice, guidance and support to care homes across the UK and community dementia groups. This included supporting those running and setting up Meeting Centres for people affected by dementia to adjust to a new model of working, including shared learning about the use and implementation of technology such as Zoom to facilitate activity and carer sessions; one-to-one support via FaceTime and WhatsApp; and more traditional approaches (post, telephone, newsletters) which have inspired creativity in staff and volunteers and provided 'a life-line' to vulnerable people isolated at home.

Staff also developed three advice guides for Worcestershire County Council – one for care homes (which has been distributed to all care homes in Herefordshire and Worcestershire), one for domiciliary care providers, and one for informal carers of people living with dementia at home, and have provided telephone and email support to care homes and providers.

From food collections for vulnerable people, dog walking for those unable to leave their homes, to blood donation and working with the NHS as community first responders, to date Worcester students logged almost 850 hours of Covid-19 specific volunteering.

Read more:

[Medical equipment sent to the NHS](#)

[Dementia experts provide support to care homes](#)

[Student Nurse who changed carers heads to NHS frontline](#)

[Student helps vulnerable members of the community](#)

[University Lecturer returns to General Practice Amid Pandemic](#)

Living Well Through the Life-course

The University has a strong research focus on improving human health and well-being through the life cycle from pregnancy through to end of life care.

Recent examples include:

- Research undertaken by Dr Kerry Gaskin on congenital heart disease in children has led to the development and launch of CHAT, an assessment tool and associated training for health care professionals designed to provide them with the skills and knowledge to support the parents of very young children recovering from surgery for heart disease.
- Researchers in our Mood Disorder Research Group have published numerous experimental studies this year in collaboration with institutions all over the world which have explored the genetic make-up of bipolar and other mood disorders (including a study published in *Nature Genetics*). This work will have longer term translational impacts but the team have also engaged in work that is bringing more immediate benefits to those affected by mood disorders, for example, through its mood monitoring which enables people with a mood disorder to better track and understand changes in their mood.

SECTION 2: Public Benefit *(continued)*

- Researchers in ADS, led by Professor Dawn Brooker, have built on ESRC-funded research which demonstrated the effectiveness of dementia Meeting Centres in improving the quality of life of those affected by dementia through the successful implementation of new Meeting Centres both within the region and nationally.
- Professor Erica Bowen and Dr Rosie Erol have worked with the West Mercia Police and Crime Commissioner to implement and evaluate Domestic Abuse Perpetrator Panels in the region.
- Professor Carsten Skjoth is part of a pan-European team of researchers who have identified the health and economic benefits of using a small leaf beetle, *Ophraella communa*, for the biological control of the highly allergenic *ambrosia artemisiifolia*. “Ragweed”, as it is better known, is the cause of severe allergies for some 13.5 million people across Europe at a cost of 7.4 billion Euros.



Our Association for Dementia Studies is helping communities across the UK set up Meeting Centres, which help people living with dementia positively adjust to changes that come with their diagnosis. There are now 8 Meeting Centres, with a further 20 expressions of interest from across the UK. The project won the 2019 Times Higher Education Award for Contribution to the Local Community.

Community access to university sports facilities and expertise

Sustained investment throughout the campus, typified by the University of Worcester Arena, the country’s first indoor sports arena purpose-designed to include wheelchair athletes, promotes participation for those with physical impairment and encourages wellbeing.

The University of Worcester Arena has helped Worcester become one of the UK’s most successful educators in the UK of degree qualified Physical Education teachers, sports coaches and sports psychologists with specialist expertise in inclusive sport and practice. Our graduates are now working all over Britain, educating and coaching tens of thousands of young people with genuine inclusive sport and practice expertise.

In addition to members of the public attracted to the extensive University of Worcester Arena events calendar, over 64,400 community visitors have enjoyed University sport and leisure experiences at Lakeside Campus, St. John’s Campus Sport Centre and the Riverside Centre up to March 2020, when the national lockdown in response to the Covid-19 pandemic forced the temporary closure of these facilities.

We work with age groups spanning from 5 to 85+yrs, engaging in entry level participation activities to elite performance. We encourage students to play a pivotal role in planning, supporting and staffing as many activities as possible.

SECTION 2: Public Benefit *(continued)*

Prior to the pandemic and Government interventions, the Worcester Wolves basketball season reported record attendances and extensive community engagement. Before the lockdown the Arena was set to deliver the highest number of events, community engagement initiatives and visitor numbers since opening in 2012.

| University of Worcester Arena | 2019-20 |
|--|-----------------------------|
| Worcester Wolves Basketball Attendance | 19,072 |
| Worcester Wolves Watch & Play programme with schools | 1,372 tickets to 43 schools |

EQUALITY AND INCLUSION

Our approach, which is built on the principle of inclusion, has seen us become one of the fairest universities in the UK.

Accessibility

Just over 10% of Worcester's students have a declared disability and the University has largely eliminated disability continuation and achievement gaps in the student lifecycle. In early March, the University's Deputy Vice Chancellor and Provost, Professor Sarah Greer, was appointed as one of six new national commissioners to improve support for disabled students, through the Disabled Students Commission.

Her appointment came after the University's Vice Chancellor, Professor David Green CBE, was, in February 2020, the only Vice Chancellor to give evidence to any of the four public evidence sessions of the Higher Education Commission's ongoing Disabled Students Inquiry.

We have invested heavily in facilities and support for students with a disability. For example, our Disability and Dyslexia Service have introduced a number of new initiatives aimed at ensuring every disabled student joining the University has the maximum opportunity to get the information, advice and support they need to ensure a smooth and successful transition into university life. Online programmes, more face-to-face appointments and specific summer schools for those with additional needs help to prepare students for life at university. Our work in this area was shortlisted for the 2019 times Higher Education Award for Outstanding Student Support.

In January 2019, the then Universities Minister, Chris Skidmore, called for more institutions to follow the lead of Worcester in supporting students with disabilities. Writing in *The Guardian*, he said: *"Universities like Brunel and Worcester have long been leading the way in improving the disabled student experience, by enhancing support services available to them and designing facilities with accessibility in mind. I want institutions like these to no longer be the exception, but the norm."*

Read more

[Deputy Vice Chancellor appointed to national Disabled Students' Commission](#)

[Universities can do more to support their disabled students](#)

Gender Equality

Worcester is the best performing university in England and the most genuinely equal when it comes to gender pay, according to data published in both 2018 and 2019. There is no statistically significant difference in gender pay at Worcester.

Search and compare national gender pay gap data:

<https://gender-pay-gap.service.gov.uk/>

SECTION 2: Public Benefit *(continued)*

We have a high percentage of women employed at all levels including within the senior team. Women make up 62 per cent of Worcester's overall staff and are represented at this level throughout the University. This contrasts with the majority of other universities where women are under-represented amongst higher paid staff and over-represented amongst the lower-paid. At Worcester, women are neither under-represented at the top nor over-represented at the bottom.

We were ranked number one for Gender Equality in 2019 and again in 2020 in the Times Higher Education's Global Impact rankings.



In 2020, the University was ranked No.1 in the UK for Gender Equality for the second year running in the THE University Impact Rankings and has been the UK's best performing university for fair gender pay since the statistics were first nationally published. Staff are pictured here with 'Hope' the Lego Suffragette, who paid a visit to the University to mark 100 years since the first women won the right to vote in Britain.

We continue to keep our HR policies and processes under review to ensure we are making steps towards removing any existing gender pay gap and ensuring that there is a balanced representation of different genders within the workforce and across all roles.

We regularly monitor the employment 'lifecycle' of our staff; from initial recruitment ensuring that we have fair and consistent selection processes; having career development opportunities open for all job roles; clear and consistent promotion and salary processes; fair and flexible working practices.

We were granted an Athena SWAN institutional Bronze Award in 2018 in recognition of our support for and focus on issues of gender equality.

Read more:

[Athena Swan at the University of Worcester](#)
[Equality Charter: Athena Swan Members](#)

Black Lives Matter

As protests erupted in 2020 across the UK and the world, in response to the killing of George Floyd and the 'pandemic of racism', the University of Worcester spoke out in favour of the Black Lives Matter movement and against all forms of discrimination. A number of Worcester colleagues, including Vice Chancellor Professor David Green CBE and Emerita Professor Maggie Andrews, gave media interviews to highlight issues and to stand up for racial equality and justice.

SECTION 2: Public Benefit (*continued*)

Read more:

[University Chief Backs Protests](#)

The University is also engaged in research with a strong focus on Equality & Diversity with the central focus of developing more inclusive practice in various walks of life. Examples include:

- Dr Peter Unwin has completed a project, funded by DRILL (Disability Research in Independent Living & Learning), that explores the barriers that prevent disabled people becoming foster carers. The findings of the project have already fed into the development of national guidance for foster care organisations on the recruitment and retention of disabled foster carers.
- The GETZ project, led by Worcester with partners from across Europe and funded through Erasmus+, set out to develop an open access toolkit to educate young people across Europe on core issues relating to gender equality in sport. The toolkit was launched this year and is now subject to evaluation and development as the next stage of the project.

DECENT WORK, ECONOMIC GROWTH AND INNOVATION

The University's annual income has risen by more than four times since 2004 and is now approaching £100m, with the University's activities generating well over a quarter of a billion pounds annually for the regional economy, and supporting more than 8,000 jobs directly or indirectly in the area. In 2016, Worcestershire's local economy was England's best for growth in higher-level workforce skills, second for productivity growth and third for growth in prosperity.

The University is a major employer in Worcestershire, directly employing over 1,917 staff and 1,467 students in a wide range of roles. We offer competitive rates of pay and good employment benefits. Our combination of flexible working arrangements, competitive annual leave and a high-quality nursery on campus help our staff to maintain a positive work-life balance.

Our academics, researchers and business experts create bespoke solutions for businesses and support industry in the region and beyond. Organisations have access to our expertise, can use our facilities and partner with us on a wide range of projects.

The University committed to offering re-skilling opportunities for the many hundreds of thousands of people abruptly displaced from their industries by the pandemic, including the launch of new courses and additional opportunities for taking a course with a January start.

SUSTAINABLE CITIES AND COMMUNITIES

We have deliberately chosen to develop our estate inclusively, creating buildings that are conducive to co-operation and success. The opportunity to study at The Hive, Europe's first integrated university and public library, is a day-to-day encouragement to active citizenship and learning.

By opening our facilities in imaginative ways for the public benefit, we encourage cohesion and contribute to our community becoming even safer, stronger and more engaged.

SECTION 2: Public Benefit (*continued*)

| Hive Library | 2019/20 |
|---|----------------|
| Total number of visits | 655,789 |
| Teenage library membership | 11,142 |
| Number of children and adults participating in community events | 21,638 |
| Number of people attending public lectures | 1,695 |

Read the UPP Foundation Civic University Report: Hive case study

[Final report](#)



Students work under the supervision of qualified Solicitors to give members of the public access to free legal advice on Employment Law issues in our Legal Advice Centre.

PEACE, JUSTICE, STRONG INSTITUTIONS**Academic freedom and democratic values**

Through highly effective campaigns, the University of Worcester has become identified with academic freedom and freedom of expression, with a reputation for demonstrating leadership and speaking out on critical issues.

When Parliament was unlawfully prorogued in September 2019, Worcester responded with a well-supported 'Democracy Day' jointly hosted by the University and Students' Union and featuring many vibrant, live-streamed sessions, including with Worcester MP and Minister, Robin Walker, and his political opponents.

SECTION 2: Public Benefit (continued)

Councillor Lynne Denham answers questions from University students and staff at a Democracy Day panel.

Others similarly questioned included Robin Walker MP for Worcester.

The University and Students' Union also worked together to actively promote voter registration across campus, with posters, displays and email campaigns and in the autumn of 2019. *Vote for Your Future*, the non-partisan youth registration and turnout campaign, gave Worcester 100% for engaging students in democracy, earning Worcester top equal placing in the University Democracy Table.

Read more

[Worcester top of table for engaging students in democracy](#)

[Vote for Your Future Rankings](#)

Student Representation

Through the 21st Century Worcester has built a vibrant system of democratic student representation, led by an award-winning Students' Union, featuring hundreds of elected student course representatives. We were one of the first universities in the country to have student officers as full members of our Board of Governors and its key committees, including Finance and Development and Audit, uniquely including the Remunerations' Committee, which sets the Vice Chancellor's salary. This is a manifestation of our commitment to a student-centred approach and the principle of 'nothing about us without us'.

| Student participation and representation | 2019/20 |
|--|---------|
| Number of student representatives | 375 |
| Number of student volunteering hours | 9300 |
| Number of student societies | 51 |

CLIMATE ACTION AND RESPONSIBLE CONSUMPTION

Worcester is a leader in sustainability and climate change research, teaching and engagement. Our campus is a living laboratory for developing, testing and implementing solutions that enhance the health of people and planet. Community engagement campaigns, such as projects to improve energy efficiency in student housing, car share

SECTION 2: Public Benefit *(continued)*

schemes and sustainability conferences for young people, focus on using our campus to incubate new ideas and replicable models for change.

We have, in close partnership with the Students' Union, pioneered many initiatives to promote sustainability over the last 15 years, including much improved recycling, encouraging walking and cycling wherever possible, and practical changes such as introducing less energy intensive lighting and solar heated hot water.

Worcester has had first class honours in the People and Planet 'Green' league every year since 2009. We successfully completed our ISO 14001:2015 audit, making us the second university in the UK to transition to the new standard.

In November 2019 Worcester was named Sustainability Institution of the Year in the UK Green Gown Awards and went on to be Highly Commended by the United Nations in the International round of the Awards.

Read more

[University of Worcester Highly Commended in international environmental awards](#)

[People and Planet University League Table](#)

We are engaged in a wide-ranging body of environmental research including, for example:

- Professor Ian Maddock, funded by the Environment Agency, has produced drone surveys of the Wye and Legg catchments to identify which land management interventions are most effective for natural flood management in these areas.
- Professor Mahmut Tor and his team of researchers are engaged in biological research which seeks to provide environmentally sustainable solutions to combatting plant diseases, such as downy mildew, through exploring the genetic interaction of host and pathogen.

SECTION 3: Financial Management and Sustainability

In meeting the on-going challenges of the new funding regime and other Higher Education changes, in delivering our financial strategy we will:

- Continue to observe the principles of prudent financial management;
- Ensure that the expansion and development plans remain achievable and affordable;
- Take measures to maintain and further increase the University's popularity and student intake;
- Ensure efficient collection of cash and debtors together with prompt payments to creditors and suppliers, as per the relevant agreed terms; and
- Maximise opportunities to diversify sources of income and increase income generation from these activities.

RESULTS FOR THE YEAR

The 2019/20 consolidated financial statements show a reasonable financial position for the University, with a surplus of £3.7m (2019: £0.6m). The surplus has increased substantially compared to the previous year, which was expected, as this year included a large gain on the revaluation of investment assets, which was not the case for 2018/19. The surplus (before other gains and losses) also increased by approx. £1.2m, which considering the fact that the University generated lower income levels, as a result of the COVID 19 pandemic, was very positive. Additional, non-recurrent, income of £0.9m, was received in relation to the Governments Furlough Grants. The consolidated results shown in the accompanying financial statements consist of the main University and its trading subsidiaries, U W Developments Limited, U W Enterprises Limited and UW Worcester Wolves Limited.

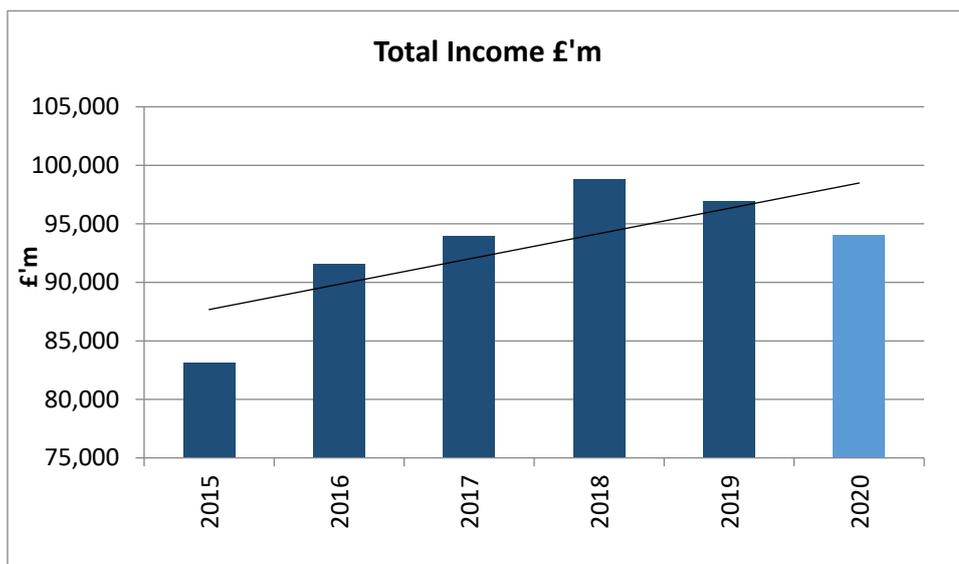
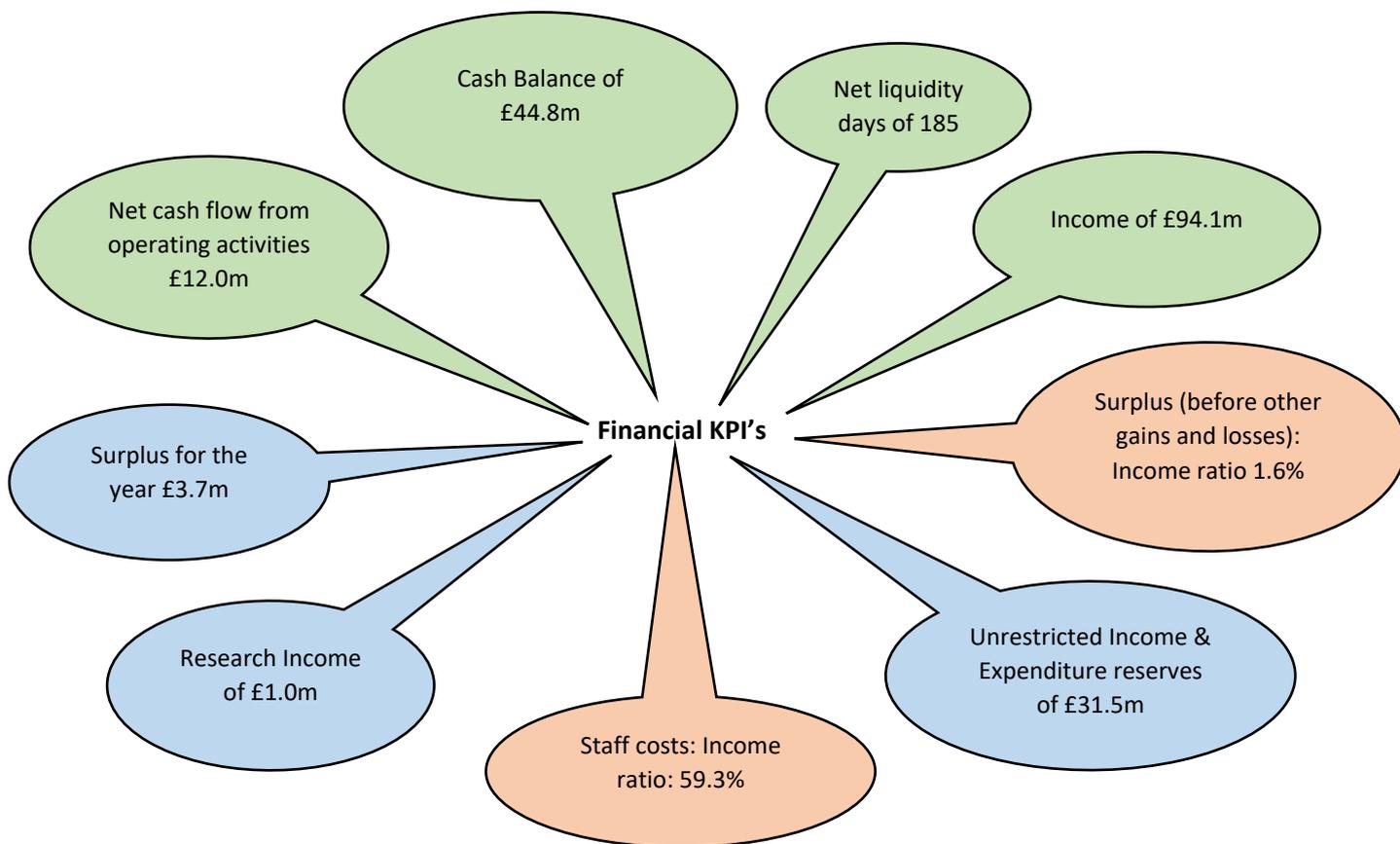
U W Developments Limited is the entity through which the University manages its significant capital development projects. Following the Development Agreement with the University, which was signed during 2016/17, the Company has now completed the construction phase on the Himbleton Road Townhouse Development project and the site is now in use with students in residence.

U W Enterprises Limited is the entity through which the University's commercial activities are channelled. Following a steady decline in full commercial trading, the University made the decision a few years ago that the on-going minimal amount of trading relating to the National Pollen and Aerobiology Research Unit would in the short term be filtered through the University, rather than the subsidiary company due to its links to educational services. This decision will be reviewed in the future if commercial trading activity increases, however for the year ending 31st July 2020 no trading activity was undertaken. Due to a movement in debtor and creditor balances, the Company does not meet the criteria for dormant status and therefore basic accounts have been produced. There is a longer-term intention for the Company to be utilised for the employability of students, which will be further investigated during 2020/21.

UW Worcester Wolves Limited is a 100% subsidiary company of U W Enterprises Limited. The principal activity of the company is the running and operating of a professional basketball team, in which the main team plays in the top league in the UK, the British Basketball League (BBL), and who are based at the University of Worcester Arena. In addition, the company supports the activities of other basketball teams and activities in the University and the Worcester region. For the year ending 31st July 2020 the Company continued to produce a profit due to the continued support of the University of Worcester and local external sponsors, despite the fact that the season was cut short as a result of the COVID 19 pandemic. The club continues to have a positive impact on the local community and as a result match day turnover should remain stable in the coming years.

SECTION 3: Financial Management and Sustainability (continued)

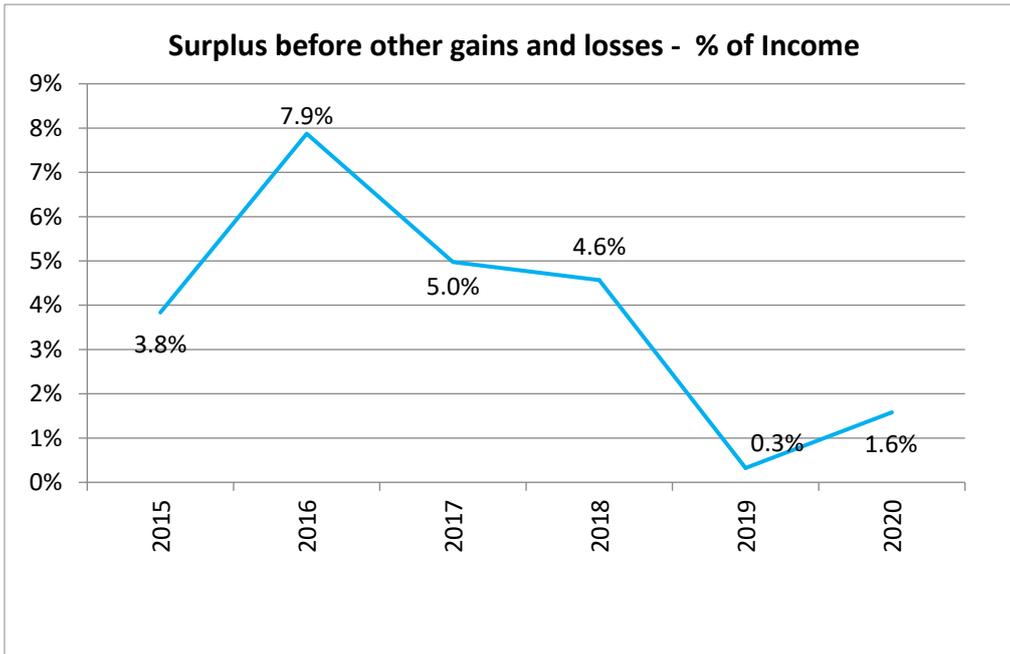
A visual summary of the financial Key Performance Indicators (KPI's) used by the University are shown below. The results of which relate to the actual performance during the year:



2019/20 saw a further slight reduction to the University's income, mostly attributable to the University's response to the COVID 19 pandemic. The University believed that it was the right policy to refund students for their accommodation once they had decided to leave the residences at the commencement of the national lockdown. Consequently over £2m of accommodation income was foregone or refunded. A similar policy was adopted for other ancillary areas with refunds on car parking and gym

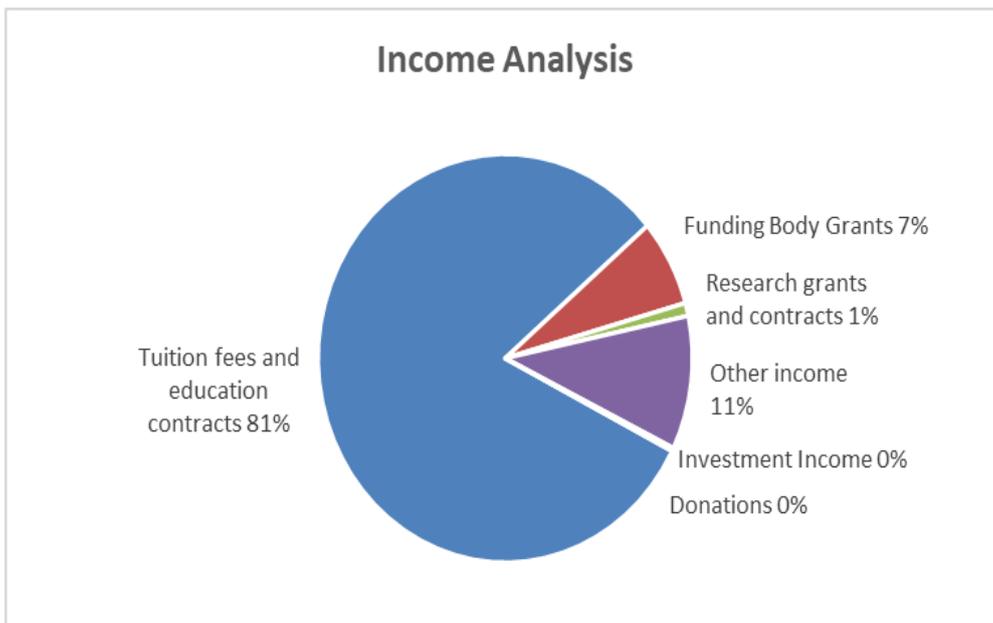
membership. In addition, there was also a loss in income relating to conferences and summer schools that had to be cancelled together with an associated reduction in catering income. The pandemic thus reduced the University's income by c. £4m although this was partly offset by a one-off gain of £0.9m from the Government's Job Retention Scheme.

SECTION 3: Financial Management and Sustainability (continued)



The level of surplus (before other gains and losses) generated has continued to fluctuate, with some years resulting in a higher surplus due to elements of non-recurrent income and differences relating to the movement of pension liabilities. For example the USS deficit liability movement in 2018/19 resulted in a charge of £(699)K, where in 2019/20 a benefit of £428K was recognised.

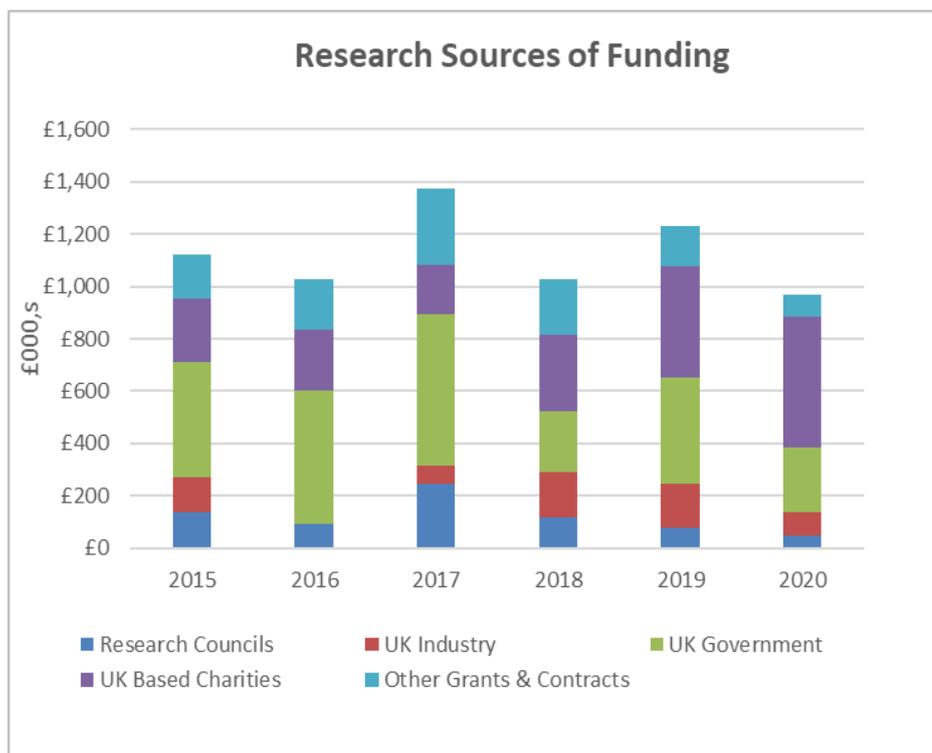
There are currently many financial challenges facing the Higher Education sector ranging from the impacts of the COVID 19 pandemic, to Government policy relating to tuition fees, to the on-going cost burden of the Defined Benefit pension schemes. Against this backdrop of uncertainty the University continues to prepare and adhere to prudent financial forecasts based upon a level of affordability whilst maintaining a healthy level of cash reserves to allow it to 'weather any unforeseen storms' and exploit any opportunities as they arise, including investing in areas of student demand. Nevertheless, noting that the landscape in which the University operates does frequently change then the Board and the University Management regularly review the forecasts and budgets to ensure the on-going financial sustainability of the University.



Analysis of the 2019/20 financial results shows the majority of income continuing to be received directly from tuition fees, as shown in the chart on the left. The shift between grant income (received from government) to student fees has now been fully realised however depending on what is finally agreed by the Government regarding the level of tuition fees, will depend of the future split of the University's income. Student fees now represent over 80% of total income.

SECTION 3: Financial Management and Sustainability *(continued)*

The University of Worcester has not historically been a research-intensive University, as indicated by the income analysis chart. However, research continues to play a key part in the educational offering to students and over the past few years focus has been on strengthening the University’s research department so that additional resources are made available to support academic research. Over the coming years, the University hopes to obtain additional external research contracts, either as a sole provider or in collaboration with other partners.

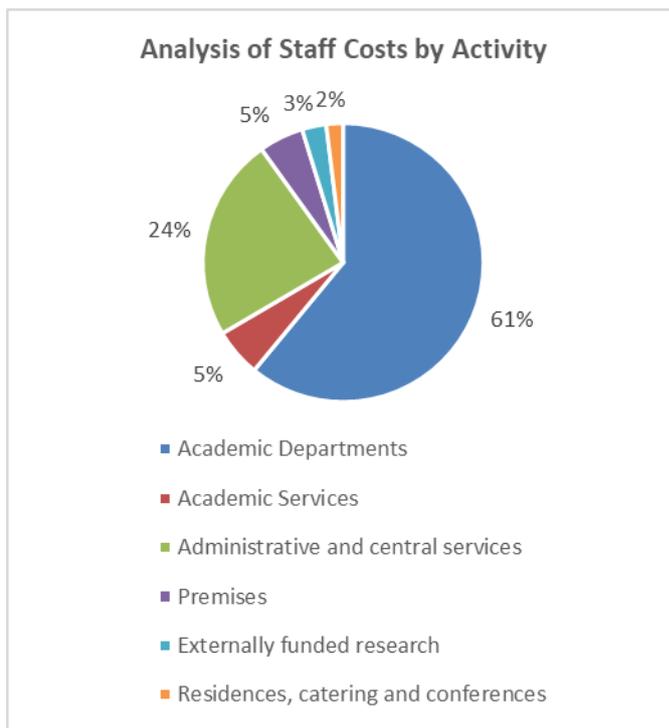


Research income decreased in 2019/20 from £1.2m to £1.0m. Part of this fluctuation is due to the accounting changes whereby contract performance conditions determine when income is disclosed, also due to the delays from COVID 19, some projects did not progress as planned which has meant some income could not be recognised as initially planned. An element of the University’s deferred income, at the year-end, relates to research contracts for which cash has been received, however full contract conditions have not yet been achieved due to the stated timescales of the projects, therefore the income cannot be disclosed in 2019/20. This income will be released in future years as each project progresses.

The University already has signed contracts in place, which will continue to generate income for the coming year. The University continues to focus on new opportunities to further increase the level of research related income in the future. The chart shows the analysis of research related income over the past six years.

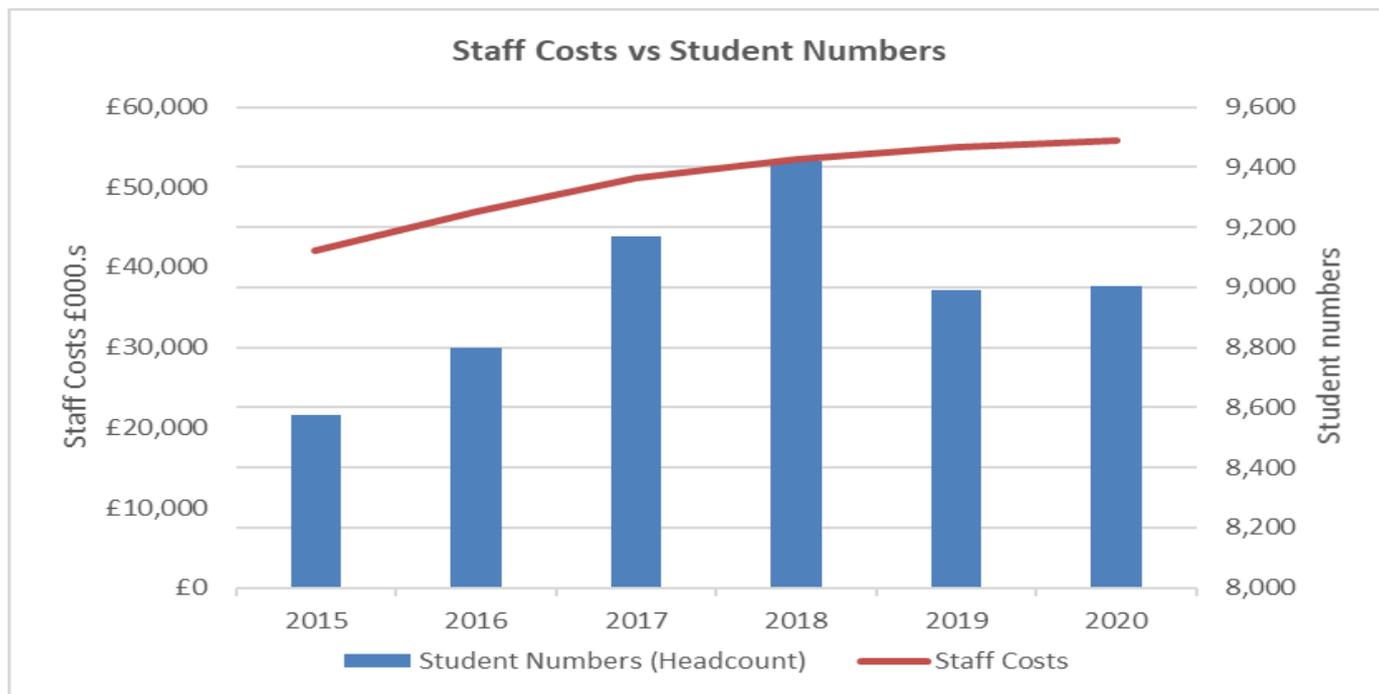
Total expenditure for the year decreased by £4.0m (4.1%) to £92.6m (2019: £96.6m). Staff costs remain the University's largest area of expenditure and have risen slightly by £0.7m (2.9%) to £55.8m (2019: £55.1m) due to the increase in the employer contribution rates for the Teachers’ Pension Scheme at an additional cost of c. £1.5m/year; partly offset by slightly fewer staff numbers as recruitment activity slowed down due to the effects of COVID 19. The ratio of staff cost: income has increased significantly to 59.3% compared with the previous year (2019: 56.8%) and the pressure of maintaining appropriate staff numbers to ensure high levels of student satisfaction, against the on-going increases in pension contributions is a major challenge. However, so far, the University has avoided the need for any large-scale redundancy activity and continues to assess all the ways that the cost burden can be controlled as efficiently as possible.

The chart to the right shows the analysis of staff costs between key areas:



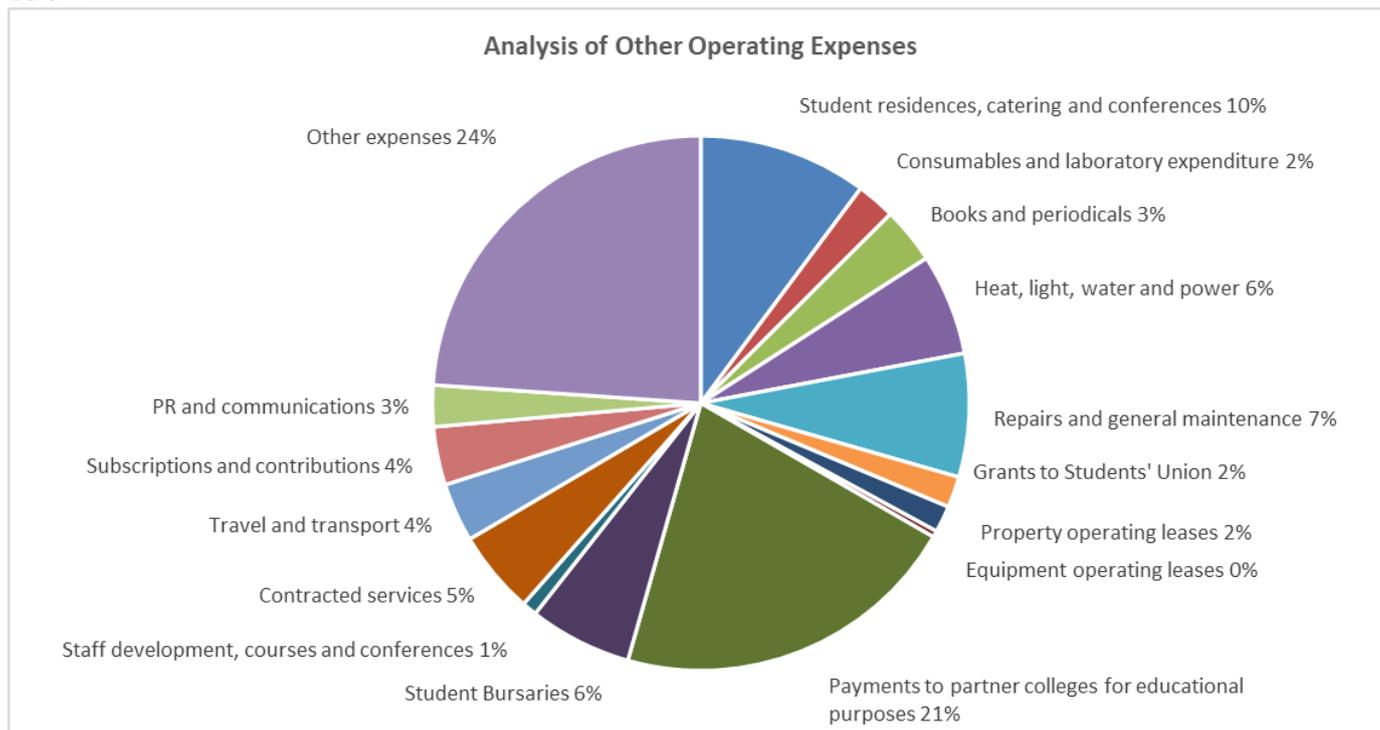
SECTION 3: Financial Management and Sustainability (continued)

The graph below shows the historical correlation between student numbers (headcount excluding students based at partner colleges) and staff costs.



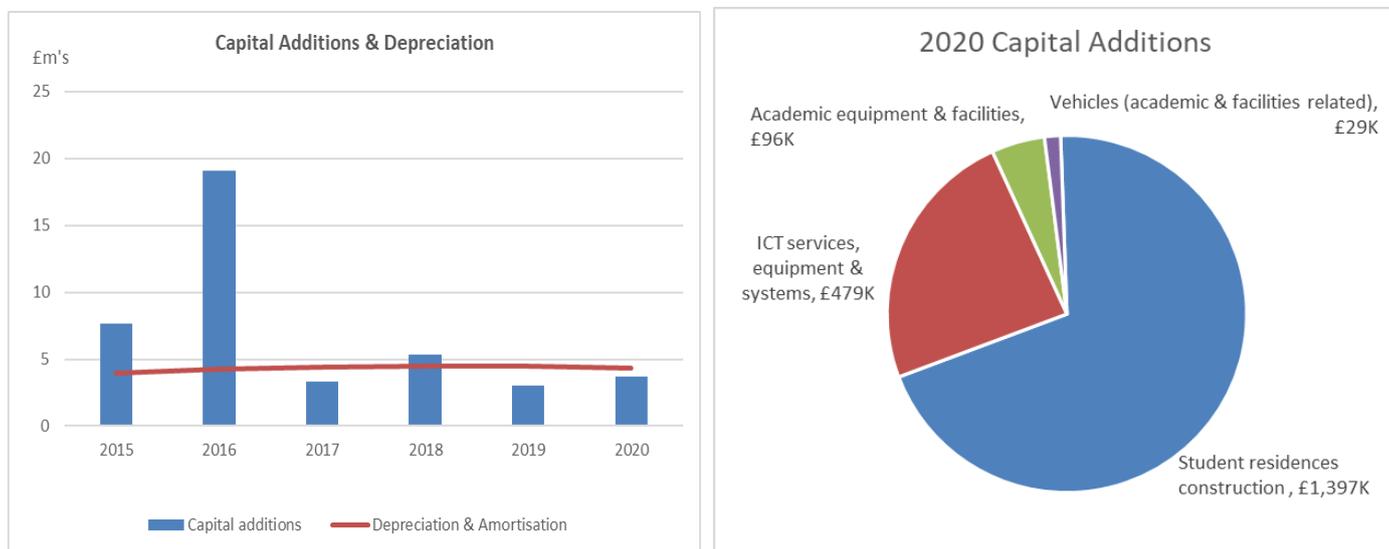
Other operating expenses decreased from £33.0m in 2018/19 to £28.2m in 2019/20. This was mostly due to cost saving initiatives implemented as a result of the COVID 19 pandemic and the consequential loss of income. Savings were achieved in many areas with some examples being: reduced utility spend with the majority of staff and students off campus, reduced spend on catering due to cancelled summer schools, reduced travel and conference attendance as these activities became virtual online events, and, an assortment of other cost control measures.

Further details of this are shown in Note 9. The breakdown of the total other operating expenses for the year is shown below:



SECTION 3: Financial Management and Sustainability (*continued*)

The depreciation and amortisation charge has remained consistent year-on-year. The level of capital investment during the year is slightly higher than that of the previous year, which is partly due to the completion of the Himbleton Townhouse student residences project and also because the University is in the initial stages of planning for a new International Inclusive Cricket and Education Centre (IICEC) and Medical School, which in turn is starting to increase the level of capital investment and will continue to do so over the coming years as these projects progress.



The University Group balance sheet showed a healthy position with net assets at £41.7m (2019: £55.8m). The main aspects of this were total fixed assets of £149.9m mostly relating to the physical estate of the University and associated equipment, along with the remaining parcel of investment land held at University Park.

Net Current assets were £38.2m (2019: £35.3m) with the majority of this relating to the cash balance and held at the year-end. This was a result of the Barclays tranche C loan draw down on 27th July 2016, which remained unutilised during the year due to longer-term capital investment plans.

- Trade and other receivables £4.2m (2019: £6.0m)

The total value of trade and other receives has decreased mainly due to a contractual agreement relating to the sale of some of the University's investment land which involves a repayment schedule covering the past year and the forthcoming year. The particular element of the balance has been profiled accordingly within Note 16. The level of trade debtors at the end of this financial year, when excluding the element relating to the land sale, was just under £1.7m, which is slightly higher than that of the previous year. The majority of this outstanding debt relates to non-student debt. The University's credit control processes remain strong, which has resulted in a continued low level of student debt at the year-end. Prepayments and accrued income was £1.2m compared to £1.8m the previous year.

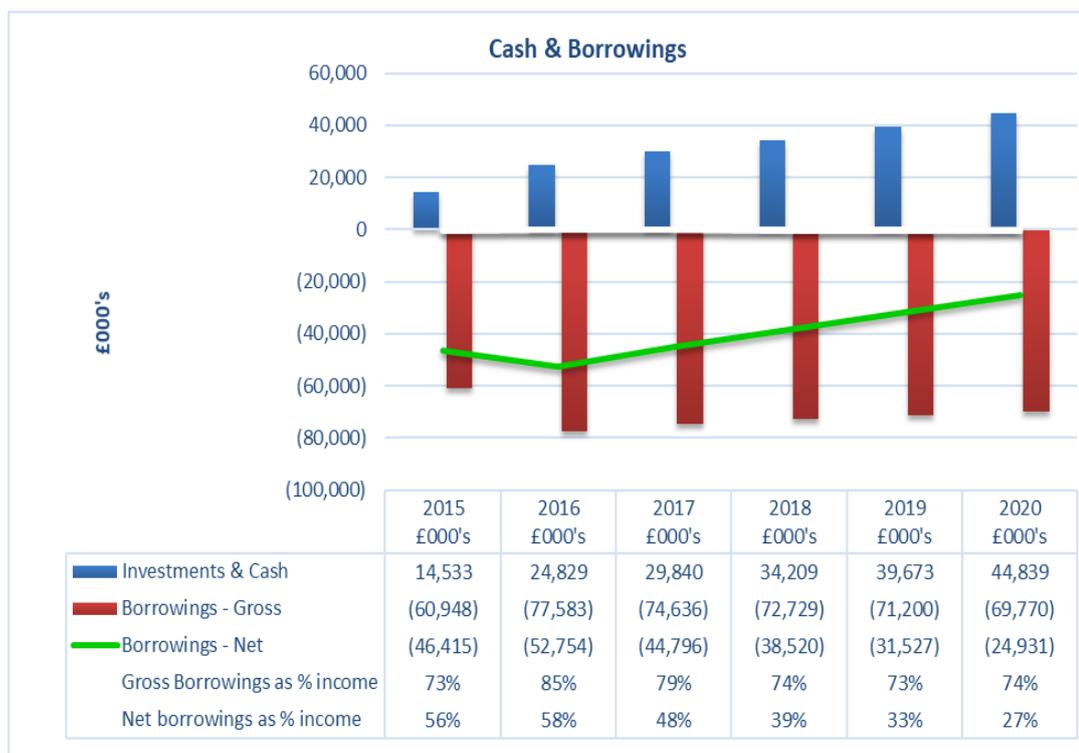
- Creditors (amounts falling due within one year) £(11.0)m (2019: £(10.4)m)

The creditor balance has increased slightly compared to that of the previous year. Included within the overall creditor balance is £1.5m of loan repayments due within the year 2020/21 in accordance with the terms of the overall borrowing facility. Tax, social security, and pension payments, relating to July, were paid before the end of the financial year, as was the case the previous year. Deferred income in relation to research contracts, capital grants and student tuition and accommodation fees decreased slightly from £2.3m to £2.1m. This income will be released in the coming year upon entitlement to the income. Trade creditors reduced from £0.7m to £0.4m, mainly due to the University making a continued effort to process supplier payments quickly.

Longer-term liabilities are related to loan borrowings, the Hive finance lease and government deferred capital grants, which will be released to income from 2021/22 onwards.

SECTION 3: Financial Management and Sustainability (*continued*)

The total bank loan drawn down as at 31st July 2020 remained at the full £80.0m although some has been repaid, (with the remaining long-term creditors relating to other funding connected to the Hive). This was consistent with the overall investment strategy of the University, with the borrowings used to successfully fund the expansion in the physical estate of the University and facilitate the substantial increase in both student numbers and resulting income which has been the case for the past few years. The intention is that the unused cash balance from the final loan drawdown will be invested in the coming years in the continuation of development projects.



Most of the borrowings are due for repayment over a considerable number of years and the Board of Governors is satisfied at the University's ability to meet these repayments together with the associated interest charges as they fall due. The financial performance in the year ended 31st July 2020 meant that all bank and related covenant tests were again comfortably achieved. Further information on the loan repayments is shown in Note 19.

Provisions for liabilities

The University has accounted for several provisions in relation to the different pension scheme, along with some legal costs. The overall pension liability provision as at 31st July 2020 was £(62.5)m (2019: £(41.4)m) which includes the University's liabilities relating to the Worcestershire Local Government Pension Scheme (WLGPS), the liability to fund the pension deficit regarding the University's Superannuation Scheme (USS), and the on-going provision regarding past early retirement benefits. The performance of WLGPS assets during the year was positive however the substantial increases on the schemes liabilities, due to a reduction in the discount rate and a small increase in the inflation rate, resulted in a substantial increase to the overall fund liability from £(40.0)m to £(61.6)m. The year-end adjustment to the current service cost was as expected, resulting in a charge to the Income and Expenditure Account as per previous years following the introduction of FRS102. In relation to the University's element to fund the USS deficit liability, a benefit was shown in year, which was expected due to the large charge that was disclosed in the previous year. Further details on this are shown in Note 26. The continued increase in pension costs for the University remains a concern and is a key factor in the long-term financial planning of the University.

Consolidated Cash flow

The cash inflow for the year from operating activities was £12.0m (2019: £10.3m). This cash inflow was partly used to invest in £3.7m capital expenditure and to service the loan facility (£3.4m interest and £1.5m loan repayments), with the balance of operational cashflow together with the proceeds from investment and asset disposals resulting in an increase in bank balance of £5.2m. This very encouraging cash generation, against the backdrop of the COVID 19 pandemic, highlights how successfully the University management controlled the cash position, and accordingly the relevant covenants with the University lenders were comfortably achieved.

SECTION 4: Infrastructure Development Programme

2019/20 saw the University taking a significant step forward towards its vision to create a Health, Wellbeing and Inclusive Sport Campus on the Severn Campus. The University was successful in acquiring a number of former industrial buildings on the site including the former print works and home of Worcester News, Berrows House. These acquisitions have allowed the University to consolidate its holdings along the Hylton Road and provides significant opportunities to turn the former industrial site into a vibrant, attractive University campus with a strong emphasis on health, wellbeing and inclusive sport – all of which will make a substantial contribution to community development and cohesion.

The proposed developments over the next two to three years include the refurbishment of Berrows House to create specialist facilities for the education and training of health professionals, including doctors in the new Three Counties Medical School. A design team was appointed in late 2019 with a brief to refurbish the building to create a versatile and modern teaching environment for student doctors, nurses, midwives, physician associates and other health professions. As at September 2020 the designs are at RIBA Stage 3 and comprise a range of teaching rooms, an Anatomy Lab, and a suite of 12 consultation rooms which will be used as part of the students' education and training as well as providing a resource for community health and wellbeing. The co-located Garage, currently used by Art students who are relocating to the Art House (opened in 2018), will be repurposed for training of students in Occupational Therapy, Physiotherapy and Sports Therapy and these two buildings will form the centre of the new Health Hub.

The plans for the new International Inclusive Cricket Education Centre (IICEC) have reached RIBA Stage 3 and as at September 2020 the plans for submitting a planning application are well advanced. This is the latest phase in a very significant strategic project to promote inclusion in sport and society. The England Cricket Board, Worcestershire Cricket Board, Worcestershire County Cricket Club and the Lord's Taverners have all been deeply involved in discussions and developing these plans. The plans for the IICEC build on lessons learnt in the development of the University's Arena, the first University Sports Arena to be built with the disabled athlete at its heart, and will reinforce the University's excellent credentials and reputation for being at the forefront of training practitioners to support disability sport. The IICEC will provide extensive indoor training space for all forms of cricket from elite to community and will also incorporate specific training space for disabled cricket including for those with visual impairments. Visually impaired cricket is played using hearing rather than sight and therefore requires an acoustically specialist facility. It is envisaged that the IICEC will provide the home of England disability cricket and that Worcester and Worcestershire will regularly host national and international tournaments during the cricket season and training camps all year round as well as providing a top quality, inspiringly inclusive facility for the community.

To support these two major projects the University has embarked on a significant infrastructure project to transform the former run down industrial estate along the Hylton Road into a vibrant University campus with health and wellbeing at its heart. The infrastructure project will provide improved pedestrian and cycleways between the City and St Johns, a significant number of new electric vehicle charging points (in the region of 100), increased PV as well as a variety of other green improvements.

In addition to the developments on Severn Campus the University completed the construction of the Himbleton Road Townhouse on its St John's Campus. The new townhouse comprises of a six and ten bedroom flat and four studio flats. The new provision takes forward the original designs developed as part of the University Court masterplanning exercise to develop residential accommodation which is inclusive to all. This has translated into a residential townhouse in which an individual with physical disabilities, whether in a wheelchair or not, can easily access all rooms on both floors. Two of the studio flats will allow an individual with disabilities to live independently, whilst the other two studio flats could be used for carers or easily converted to provide additional fully inclusive rooms. The townhouse was opened in February 2020 just ahead of the Covid-19 lockdown with its first occupants being newly graduated nurses starting work for the local NHS who wished to have accommodation at the University so that they could work with Covid-19 patients without the risk of transmitting the virus to their loved ones at home. In recognition of this and the brave, pioneering work carried out by Mary Seacole, the newly constructed Townhouse will be named Mary Seacole House.

SECTION 4: Infrastructure Development Programme (*continued*)

The University has also worked in partnership with Worcester City Council on the Arches Project. This project, with significant funding from the Arts Council, seeks to create a cultural destination for local citizens as well as visitors with improved pedestrian and cycle route between the city centre and river and a programme of festivals providing training, apprenticeships and other skill opportunities. The University is providing the project management for the physical transformation of the railway arches into modern workplaces for new local creative industries.

SECTION 5: Staff

AN INCLUSIVE COMMUNITY FOR HIGH ACHIEVING STAFF

Year on year, our long-term commitment to equality and inclusivity is reflected in our Gender Pay Gap data. The University continues to be the best performing University and the most genuinely equal when it comes to gender pay. The Gender Pay Gap data for 2020 is demonstrable of the University's long standing promotion of educational and social inclusion and equality. *For further details see page 16.*

TRADE UNION FACILITY TIME APRIL 2019- MARCH 2020

In accordance with The Trade Union (Facility Time Publication Requirements) Regulation, the University published information relating to trade union officials and facility time.

The information below is for the period 1 April 2019 to 31 March 2020.

Relevant union officials:

The total number of employees who were relevant union officials during the relevant period.

| Number of employees who were relevant union officials during the relevant period | Full-time equivalent employee number |
|--|--------------------------------------|
| 20 | 18.92 |

Percentage of time spent on facility time:

The number of employees who were relevant union officials employed during the relevant period who spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time.

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0% | - |
| 1-50% | 20 |
| 51%-99% | - |
| 100% | - |

Percentage of pay bill spent on facility time

| | |
|---|-------------|
| Total cost of facility time | £23,669 |
| The total pay bill | £53,266,224 |
| The percentage of the total pay bill spent on facility time | 0.04% |

Paid trade union activities

| | |
|---|----------|
| Time spent on paid trade union activities as a percentage of total paid facility time hours | = 15.91% |
|---|----------|

SECTION 6: Corporate Governance

The following statement is given to assist the readers of the financial statements in obtaining an understanding of the Governance procedures applied by the University's Board of Governors. This statement covers the period 1st August 2019 up to 24th November 2020.

Compliance

The University is committed to best practice in all aspects of corporate governance and conducts its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (the Nolan Principles) namely: selflessness, integrity, objectivity, accountability, openness, honesty and leadership
- in compliance with the CUC Higher Education Code of Governance first published in December 2014 and revised in June 2018.

The University's statutory framework upholds the public interest governance principles outlined by the Office for Students (OfS).

The University is an exempt charity under the terms of the Charities Act 2011, and is regulated by the OfS. Members of the Governing Body are the charitable trustees and are responsible for ensuring compliance with charity law.

The University is registered with the OfS as a higher education provider with degree awarding powers and was previously funded by HEFCE.

Summary of the University's Structure of Corporate Governance

The Governance structure of the University is specified in the Articles of Governance approved by the Privy Council in October 2016 which sets out the responsibilities of the Board of Governors, the Academic Board and the Vice-Chancellor in managing and overseeing the University's activities.

The Board of Governors comprises independent, co-opted, student and staff members as set out in the University's Instrument of Government. Independent members are in the majority. The Chair is elected from amongst the independent members and is supported by two Vice Chairs also elected from amongst the independent members. The Vice Chancellor and Chief Executive is the University's Accountable Officer and is a member of the Board by virtue of their role.

In line with the Articles of Government, the Board of Governors holds itself responsible for the educational character, mission, strategy and reputation of the University; for the effective and efficient use of resources, the solvency of the University and the safeguarding of its assets; for approving annual estimates of income and expenditure and the annual report and accounts; for the appointment and remuneration of senior post holders including the Vice Chancellor and Chief Executive; and for approving a range of corporate policies, rules and procedures in relation to ensuring the effective governance of the University. Matters specially reserved to the Board of Governors for decision are set out in the University's Schedule of Delegation. The Board is in receipt of regular reports from the University's senior management team on the day to day operation of the University and its subsidiary companies.

The Board of Governors meets formally six times during the academic year and is supported by a sub-committee structure comprising the: Audit Committee, Nominations & Governance Committee, Finance & Development Committee, HR Committee, Remunerations (VC & Chief Executive) Committee and Remunerations (Senior post holders) Committee. All sub-committees operate with agreed terms of reference, with independent governors in the majority, one of whom is designated as Chair. The major sub-committees meet formally between three and five times a year, all sub-committees report formally to the Board in writing.

Due to the Covid-19 pandemic the Board and its Committees moved to meeting virtually from the end of March 2020. The agenda for the Board meetings was split across two sessions on two days within the same week thereby ensuring all normal business, plus additional business in relation to Covid-19, could be discussed and making the length of the

SECTION 6: Corporate Governance (*continued*)

virtual meeting more manageable for members. The use of virtual meeting tools has been welcomed by the Board and consideration will be given to combining this approach with face to face meetings in the future

Audit Committee

The Audit Committee meets four times a year, with the University's External and Internal Auditors in attendance. The University appointed BDO as its external auditors in 2017/18 and KPMG as its internal auditors in 2019/20. The Committee members meet with the auditors on their own for at least one independent discussion per annum. During 2019/20, one 'in camera' session of this type was held with both the internal and external auditors.

The Committee membership comprises three independent members appointed by the Board of Governors, none of whom are members of Finance & Development Committee. They are supported by two co-opted members, one with relevant finance and accounting experience, and student and staff governors in an observer capacity. Members of the University's senior management team attend the meetings but they are not members of the Committee.

The Committee approves the Internal Audit Strategy and the Annual Internal Audit Plan and receives detailed reports and recommendations for improvements to the university's internal control systems. The Committee approves the External Audit Plan and the annual financial statements and management letter from the external auditors, prior to their formal approval by the Board of Governors.

The Committee has a responsibility, under the University Risk Management Policy and reporting to the Board of Governors, for oversight of the University's risk management arrangements. It reviews the University's Risk Register twice a year and reviews the Risk Management Policy and Risk Appetite Statement annually. During the year it also receives and considers Risk Registers relating to specific areas of the University's work including the IT Risk Register and the Three Counties Medical School Project Risk Register. In 2019/20 as a result of the Covid-19 pandemic the Committee received and reviewed on three occasions the University's Covid-19 Risk Register.

During the course of its work the Committee also receives regular reports on the University's Procurement function (including value for money), TRAC, Whistleblowing and Sustainability as well as considering the Students' Union's audited accounts.

The Committee presents an Annual Report to the Board that is part of the annual assurance process required by the OfS, which is submitted along with the Annual Opinion statement of the internal auditors. The Annual Report of the Audit Committee includes an assurance on the quality of the University's data management and the accuracy of data returned to external agencies.

Finance & Development Committee

The Finance & Development Committee meets five times during the year. It reviews in detail the University's budget, Financial Forecasts and Accounts, prior to formal approval by the Board of Governors. The Committee monitors the year financial performance in relation to the budget and relevant financial performance indicators. On behalf of the Board, it monitors the development and implementation of strategic projects approved by the Board including the Capital Developments Programme.

Nominations & Governance Committee

The Nominations & Governance Committee is responsible for ensuring that the membership of the Board is maintained and is diverse with an appropriate skills mix. The Committee does this through regular consideration of a skills matrix. The Committee reports annually to the Board on the profile of the Board in respect of its equality and diversity.

In 2019/20 the terms of reference for the Committee was reviewed and expanded and the Committee, formerly the Nominations Committee, was recast as the Nominations & Governance Committee. The Committee now also has a responsibility for oversight of the University's governance arrangements ensuring that they meet the OfS Public Interest Governance Principles and to monitor developments in governance good practice. Membership of the

SECTION 6: Corporate Governance (*continued*)

Committee, which comprises of the Chairs of the Board and Committees has been extended to include a Student Governor, normally the President of the Students' Union.

The Committee's new terms of reference also includes provision for the Committee, in times when the University faces an extreme Business Continuity situation, to form a Board Business Continuity Group. The purpose of the Group is to provide a forum for accountability to the Vice Chancellor and senior management team. The Board Business Continuity Group's establishment is subject to approval by the Board for period of two months at a time and the Group has specific terms of reference and no delegated powers. During the Covid-19 pandemic the Board Business Continuity Group met four times, with full reports submitted to the Board at the next available meeting.

During 2019/20 the Board commenced a Review of its Effectiveness, which it undertakes every four years. This work is being supported by Shakespeare Martineau who have provided a report of its external review to the Committee. The report was discussed by the Board of Governors at its September meeting and during 2020/21 the Committee will devise and oversee an action plan to implement the agreed recommendations.

HR Committee

The Committee meets three times a year; its membership has a majority of independent members with staff and student members as observers. The HR Committee oversees the development and implementation of the human resources strategy, and receives reports from the Director of HR and also the Health, Safety and Wellbeing Committee. The Committee keeps under review national arrangements for pay bargaining and makes recommendations to the Board on the appropriateness of the University's continued participation in the national bargaining arrangements. The Committee reviews the profile of the University staff by key contractual groups, staffing and recruitment trends and the number engaged in CPD and staff development activities. The Committee, as does Finance & Development Committee, also maintains a watching brief on the current situation in relation to the various pension schemes operating in the University.

Remuneration Committee (Vice Chancellor and Chief Executive)

Membership of the Committee comprises of the Chairs of the Board's Committees, the Chair of the Board and the President of the Students' Union. The Committee is chaired by one of the Vice Chairs of the Board. A report of the Vice Chancellor's appraisal is provided to the Committee by the Chair of the Board.

In 2019/20 the Committee met on one occasion to discuss the remuneration of the Vice Chancellor, who is not a member of the Committee and was not present. The Vice Chancellor's remuneration is reported later in this document in the format and with the justification as required by the OfS in its Accounts Directive.

Remuneration Committee (Board Appointees)

The Remuneration Committee (Board Appointees) considers the remuneration of the two Board appointments namely the Deputy Vice Chancellor and Provost and the Clerk to the Board. Its membership comprises of: the Chairs of the Board's Committees, with the Chair of the Board and the Vice Chancellor in attendance. The Committee is chaired by one of the Vice Chairs of the Board.

The Committee met once in 2019/20 to discuss the remuneration of the Board appointees and the Vice Chancellor was in attendance as an advisor.

The Board of Governors receives an Annual Report from the two Remuneration Committees.

Academic Board

Subject to the overall responsibility of the Board of Governors, the Academic Board has oversight of the academic affairs of the University and draws its membership from the staff and students of the University. The Academic Board is particularly concerned with general issues relating to the learning, teaching and research work of the University. An independent member of the Board of Governors attends meetings of the Academic Board, in an observer capacity, an

SECTION 6: Corporate Governance (*continued*)

arrangement which has existed since 2005. The Board of Governor receives a written report from each meeting of Academic Board and receives regular reports from the Deputy Vice Chancellor and Provost, Chair of Academic Board, on the academic business and governance of the University. The Board of Governors receives an annual report from the Academic Board on the quality of academic provision and the student experience in order to be generally assured and able to verify the required statements in the OfS Annual Accountability Return.

In addition to the formal sub-committees of the Board, there is also governor representation on the University Community Forum and Honorary Awards Committee. The Board of Governors also has a nominated observer representative on the Boards of all the University's wholly owned subsidiary companies.

The University maintains a register of interests of members (and related parties) of the Board of Governors, members of the University's Leadership Group and other staff in key positions. All Board members are expected to adhere to the seven Principles of Public Life as set out in the Nolan Principles and to meet the Fit and Proper Person requirements as set out by the OfS. None of the independent members receive any payment, apart from the reimbursement of expenses for the attendance of meetings or external training events, arrangements by the University.

The Board is served by the Clerk to the Governors, who is also the University's Head of Governance and Regulatory Affairs. The post holder ensures there is appropriate demarcation between the responsibilities of their two roles and that independent advice on matters of governors is provided to all Board members.

Statement of Internal Control

The Board has responsibility for maintaining a sound system of internal control that supports the achievement of the University's policies, aims and objectives as stated in the Strategic Plan, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the Governing Body in the Instrument and Articles of Government and the OfS terms and conditions of funding which also include charity regulation requirements.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. It is designed to manage rather than eliminate the risk of failure and can therefore only provide reasonable and not absolute assurance of effectiveness against material mis-statement or loss.

An institutional Risk Register is maintained, which is presented on a six monthly basis to the Audit Committee and the Board of Governors for approval. In 2019/20 as a result of the Covid-19 pandemic the University established a Covid-19 risk register which identified specific risks arising as a result of the pandemic. In addition to the institutional risk register separate and detailed risk registers are maintained for key capital developments including the Three Counties Medical School as well as IT and Cyber Security. Risk assessments are also undertaken alongside any proposals for major new partnerships.

The Board's oversight of the effectiveness of the system of internal controls is informed directly by the work of the Internal Auditors and the University's senior management team that has responsibility for the development and maintenance of the internal control framework, and by feedback provided by the External Auditors in their management letter and in other reports to the Audit Committee. The Internal Audit Strategy, approved annually by the Audit Committee, sets out priorities over a three year period. These priorities are based on a review of sector and University development and are informed by meetings held by the Internal Auditors with members of the senior management team and the Audit Committee.

The Board of Governors has approved a detailed Schedule of Delegation which is reviewed on an annual basis. The Schedule includes the key responsibilities of the Executive relating to the operation of the internal control environment. The Board receives a report from the Vice Chancellor and Chief Executive to each Board meeting concerning the operation of the University and emerging risks and opportunities affecting the University.

SECTION 6: Corporate Governance (*continued*)

Governance Developments in 2019/20

During 2019/20 the Board commenced its Review of its Effectiveness and will continue this work in 2020/21.

As a result of the Covid-19 pandemic the arrangements for both Board and Committee meetings switched to virtual meetings with additional support provided to ensure all members could participate. A survey of members was conducted after the first virtual Board meeting with 82% of the Board reporting a good experience of the meeting. This positive feedback continued for the remainder of the cycle of meetings and a review of the experience will be incorporated into the ongoing Review of Board Effectiveness.

2020/21 will focus on completing the Review of Effectiveness and implementing the actions arising out of it. The Audit Committee will review its practice against the new CUC Code of Practice for Audit Committees.

Going Concern

In preparing the financial statements, the Governors have considered going concern. Financial sustainability was already a key foundation for the Strategy but has become a more significant focus in the light of COVID-19. This involved a forecast and various scenario plans covering the period 1st August 2020 to 30th November 2021 including an assessment of the opportunities, risks and mitigating actions should the University's financial performance be unexpectedly worse than the forecasts. The University has already taken a series of actions to ensure financial sustainability. The negative impact on income in 2019/20 including the University refunding accommodation fees back to students for the third term, was offset by reductions in expenditure, capital investment was deferred, and cash reserves increased to prepare for 2020/21. In addition, the University has comfortably, once again, achieved all its bank covenants with significant headroom.

A number of scenarios were modelled for the cash flow forecasts for the period 1st August 2020 to 30 November 2021 with resilience testing also performed. 81% of the total income for the current financial year relates to tuition fees and therefore modelling has primarily focused on both student enrolments and student retention. The scenario modelling has not factored in any mitigating circumstances such as reducing operating expenses, delaying the maintenance work forecast for the summary of 2021, deferring capital expenditure, or seeking additional borrowing. The forecasts demonstrate that the University remains financially viable and is able to meet all its financial obligations as they fall due with significant cash balances being maintained, all loan payments being made on time and covenant compliance is maintained for at least 12 months.

At the date of approval of these financial statements, the Board has prepared cash flow forecasts to 30 November 2021 and performed an assessment which considers a period of at least 12 months from this date of approval. Given the unprecedented nature of the COVID-19 events, it is difficult to predict future performance and cash flows with certainty. The actual scenarios which materialise in the period ahead will undoubtedly be different to the scenarios modelled. In the event that the actual position is worse than that modelled in the forecasts, the Board of Governors has a reasonable expectation that the University's current liquidity and the further mitigation actions available would enable the University to respond to such circumstances. As such, the Board of Governors acknowledge that uncertainty exists but do not consider this to be material uncertainty in relation to going concern that would cast doubt on the University's ability to continue as a going concern for the foreseeable future, which is a period of at least 12 months from the date of signing the accounts and audit report. Therefore, the Board of Governors considers it appropriate to continue to adopt the going concern basis in preparing the annual financial statements.

Mr John Bateman OBE
Chair of the Board of Governors

Professor David Green CBE
Vice Chancellor and Chief Executive

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF UNIVERSITY OF WORCESTER**Opinion**

We have audited the financial statements of University of Worcester ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2020 which comprise the Consolidated and University Statements of Comprehensive Income and Expenditure, the Consolidated and University Balance Sheets, the Consolidated and University Statements of Changes in Reserves, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2020 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the group's and the University's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Board of Governors use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the University'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.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF UNIVERSITY OF WORCESTER (CONTINUED)**Other information**

The Board of Governors are responsible for the other information. Other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters required by the Office for Students ("OfS") and Research England

In our opinion, in all material respects:

- Funds from whatever source administered by the Institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS, UK Research and Innovation (including Research England) and the Department for Education have been applied in accordance with the relevant terms and conditions
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

- The University's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The University's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Board of Governors

As explained more fully in the Board of Governor's responsibilities statement set out on page 31, the Board of Governors is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Governors 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 Board of Governors are responsible for assessing the Group and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Governors either intend to liquidate the Group or the University or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF UNIVERSITY OF WORCESTER (CONTINUED)**Auditor's responsibilities for the audit of the financial statements**

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding with the OfS and Research England.

Use of our report

This report is made solely to the Board of Governors, as a body, in accordance with Section 75 of the Higher Education and Research Act 2017. Our audit work has been undertaken so that we might state to the University's Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Kyla Bellingall (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Birmingham

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated and University Statements of Comprehensive Income and Expenditure
For the year ended 31st July 2020

| | Note | Group | | University | |
|--|-----------|-----------------|-----------------|-----------------|-----------------|
| | | 2020 £000 | 2019 £000 | 2020 £000 | 2019 £000 |
| INCOME | | | | | |
| Funding Body Grants | 2 | 6,479 | 6,472 | 6,479 | 6,472 |
| Tuition fees and education contracts | 3 | 76,432 | 76,969 | 76,432 | 76,969 |
| Research grants and contracts | 4 | 967 | 1,230 | 967 | 1,230 |
| Other income | 5 | 9,958 | 12,000 | 9,928 | 11,986 |
| Investment Income | 6 | 226 | 220 | 269 | 273 |
| Donations and endowments | 7 | 16 | 21 | 16 | 21 |
| TOTAL INCOME | | 94,078 | 96,912 | 94,091 | 96,951 |
| EXPENDITURE | | | | | |
| Staff Costs | 8 | 55,806 | 55,051 | 55,598 | 54,900 |
| Other operating expenses | 9 & 11 | 28,176 | 32,961 | 28,361 | 33,177 |
| Depreciation and amortisation | 9,12 & 13 | 4,302 | 4,479 | 4,416 | 4,592 |
| Interest and other finance costs | 10 | 4,307 | 4,111 | 4,307 | 4,111 |
| TOTAL EXPENDITURE | 11 | 92,591 | 96,602 | 92,682 | 96,780 |
| Surplus before other gains and losses | | 1,487 | 310 | 1,409 | 171 |
| Loss on disposal of fixed assets | 13 | 56 | (370) | 56 | (368) |
| Gain on investment property | 14 | 2,130 | 616 | 2,130 | 616 |
| Surplus before taxation | | 3,673 | 556 | 3,595 | 419 |
| Taxation | 27 | (19) | - | (19) | - |
| Surplus for the year | | 3,654 | 556 | 3,576 | 419 |
| Actuarial Loss in respect of pension schemes | 26 | (17,757) | (15,717) | (17,757) | (15,717) |
| Total comprehensive income for the year | | (14,103) | (15,161) | (14,181) | (15,298) |
| Represented by: | | | | | |
| Restricted comprehensive income for the year | | 26 | (50) | 26 | (50) |
| Unrestricted comprehensive income for the year | | (14,129) | (15,111) | (14,207) | (15,248) |
| | | (14,103) | (15,161) | (14,181) | (15,298) |
| Surplus for the year attributable to: | | | | | |
| Non-controlling interest | | - | - | - | - |
| University | | 3,654 | 556 | 3,576 | 419 |
| Total Comprehensive income for the year attributable to | | | | | |
| Non-controlling interest | | - | - | - | - |
| University | | (14,103) | (15,161) | (14,181) | (15,298) |

The Income and Expenditure of the Group and the University relates wholly to continuing operations.

The notes on pages 43 to 76 form part of these financial statements

Consolidated and University Balance Sheets as at 31st July 2020

| | Note | Group | | University | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2020 £000 | 2019 £000 | 2020 £000 | 2019 £000 |
| Non-current assets | | | | | |
| Intangible assets | 12 | 552 | 457 | 552 | 457 |
| Tangible fixed assets | 13 | 143,941 | 144,670 | 149,714 | 150,430 |
| Investments | 14 | 5,449 | 3,319 | 5,460 | 3,330 |
| Total Non-current assets | | 149,942 | 148,446 | 155,726 | 154,217 |
| Current assets | | | | | |
| Stock | 15 | 50 | 12 | 44 | 7 |
| Trade and other receivables | 16 | 4,232 | 6,027 | 5,322 | 7,379 |
| Short term Investments | 17 | - | - | - | - |
| Cash and cash equivalents | | 44,839 | 39,673 | 44,641 | 39,344 |
| Total Current assets | | 49,121 | 45,712 | 50,007 | 46,730 |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 18 | (10,971) | (10,435) | (10,900) | (10,405) |
| Net Current assets | | 38,150 | 35,277 | 39,107 | 36,325 |
| Total assets less current liabilities | | 188,092 | 183,723 | 194,833 | 190,542 |
| Creditors: amounts falling due after more than one year | 19 | (83,874) | (86,342) | (83,874) | (86,342) |
| Provisions | | | | | |
| Pension | 21 | (62,461) | (41,363) | (62,461) | (41,363) |
| Other | 21 | (51) | (209) | (51) | (209) |
| Total Net assets | | 41,706 | 55,809 | 48,447 | 62,628 |
| Restricted Reserves | | | | | |
| Income and expenditure reserve - endowment | | | | | |
| Income and expenditure reserve - restricted | 22 | 104 | 78 | 104 | 78 |
| Unrestricted Reserves | | | | | |
| Income and expenditure reserve - unrestricted | | 31,460 | 45,347 | 38,201 | 52,166 |
| Revaluation reserve | | 10,142 | 10,384 | 10,142 | 10,384 |
| | | 41,602 | 55,731 | 48,343 | 62,550 |
| Total Reserves | | 41,706 | 55,809 | 48,447 | 62,628 |

The financial statements on pages 39 to 76 were approved by the Board of Governors on 25th November 2020 and signed of their behalf:

The notes on pages 43 to 76 form part of these financial statements.

Mr John Bateman OBE
Chair of the Board of Governors

Professor David Green CBE
Vice Chancellor and Chief Executive

Consolidated and University Statements of Changes in Reserves
For the year ended 31st July 2020

| Group | Income and expenditure reserve | | Revaluation reserve | Total excluding Non-Controlling Interest | Non-controlling interest | Total Reserves |
|--|--------------------------------|-----------------------------|---------------------|--|--------------------------|-----------------|
| | <i>Restricted</i> £000 | <i>Unrestricted</i> £000 | | | | |
| Balance at 1 August 2019 | 78 | 45,347 | 10,384 | 55,809 | - | 55,809 |
| Surplus/(deficit) from the income and expenditure statement | 26 | 3,628 | - | 3,654 | - | 3,654 |
| Other comprehensive income | - | (17,757) | - | (17,757) | - | (17,757) |
| Total comprehensive income/ (expense) for the year | 26 | (14,129) | - | (14,103) | - | (14,103) |
| Transfers between revaluation and income and expenditure reserve | - | 242 | (242) | - | - | - |
| Balance at 31 July 2020 | 104 | 31,460 | 10,142 | 41,706 | - | 41,706 |

| University | Income and expenditure reserve | | Revaluation reserve | Total excluding Non-Controlling Interest | Non-controlling interest | Total Reserves |
|--|--------------------------------|-----------------------------|---------------------|--|--------------------------|-----------------|
| | <i>Restricted</i> £000 | <i>Unrestricted</i> £000 | | | | |
| Balance at 1 August 2019 | 78 | 52,166 | 10,384 | 62,628 | - | 62,628 |
| Surplus/(deficit) from the income and expenditure statement | 26 | 3,550 | - | 3,576 | - | 3,576 |
| Other comprehensive income | - | (17,757) | - | (17,757) | - | (17,757) |
| Total comprehensive income/ (expense) for the year | 26 | (14,207) | - | (14,181) | - | (14,181) |
| Transfers between revaluation and income and expenditure reserve | - | 242 | (242) | - | - | - |
| Balance at 31 July 2020 | 104 | 38,201 | 10,142 | 48,447 | - | 48,447 |

Consolidated Cash flow Statement for the year ended 31st July 2020

| | 2020 £000 | 2019 £000 |
|---|---------------------|---------------------|
| Cash flow from operating activities | | |
| Surplus for the year | 3,654 | 556 |
| Adjustment for non-cash items | | |
| Depreciation and amortisation | 4,302 | 4,479 |
| (Increase)/ Decrease in stock | (38) | 9 |
| Decrease in debtors | 436 | 347 |
| Decrease in creditors | (503) | (2,090) |
| Annual pension cost adjustments | 3,341 | 4,077 |
| Decrease in other provisions | (158) | (96) |
| Revaluation of non-current asset investments | (2,130) | 140 |
| Adjustment for investing or financing activities | | |
| Investment income | (226) | (220) |
| Interest payable | 3,375 | 3,471 |
| Donations income | (16) | (21) |
| Gain on disposal of investment property | - | (756) |
| (Gain)/ Loss on the disposal of fixed assets | (56) | 370 |
| Net cash flow from operating activities | 11,981 | 10,266 |
| Cash flows from investing activities | | |
| Proceeds from sales of Investments | 1,359 | 8,593 |
| Proceeds from sales of tangible assets | 88 | - |
| Withdrawal of deposits | - | 14,000 |
| Investment income | 226 | 220 |
| Payments made to acquire tangible and intangible fixed assets | (3,699) | (3,037) |
| Payments made to acquire investments | - | (5,600) |
| New deposits | - | - |
| Net cash flow (used in)/ from investing activities | (2,026) | 14,176 |
| Cash flows from financing activities | | |
| Interest paid | (3,181) | (3,269) |
| Interest element of finance lease and service concession payments | (194) | (201) |
| Donation cash received | 16 | 21 |
| New secured loans | 124 | - |
| Repayments of amounts borrowed | (1,450) | (1,429) |
| Capital element of finance lease and service concession payments | (104) | (100) |
| Net cash flow used in financing activities | (4,789) | (4,978) |
| Increase in cash and cash equivalents in the year | 5,166 | 19,464 |
| Cash and cash equivalents at beginning of the year | 39,673 | 20,209 |
| Cash and cash equivalents at end of the year | 44,839 | 39,673 |
| In year movement | 5,166 | 19,464 |

Notes to the financial statements
Year ended 31st July 2020

1. Statement of Principal Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standards FRS 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of certain fixed assets.

Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31st 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 the University does not exert control or dominant influence over policy decisions. Associated companies and joint ventures are accounted for using the equity method.

Going Concern

In preparing the financial statements, the Governors have considered going concern. Financial sustainability was already a key foundation for the Strategy but has become a more significant focus in the light of COVID-19. This involved a forecast and various scenario plans covering the period 1st August 2020 to 30th November 2021 including an assessment of the opportunities, risks and mitigating actions should the University's financial performance be unexpectedly worse than the forecasts. The University has already taken a series of actions to ensure financial sustainability. The negative impact on income in 2019/20 including the University refunding accommodation fees back to students for the third term, was offset by reductions in expenditure, capital investment was deferred, and cash reserves increased to prepare for 2020/21. In addition, the University has comfortably, once again, achieved all its bank covenants with significant headroom.

A number of scenarios were modelled for the cash flow forecasts for the period 1st August 2020 to 30 November 2021 with resilience testing also performed. 81% of the total income for the current financial year relates to tuition fees and therefore modelling has primarily focused on both student enrolments and student retention. The scenario modelling has not factored in any mitigating circumstances such as reducing operating expenses, delaying the maintenance work forecast for the summary of 2021, deferring capital expenditure, or seeking additional borrowing. The forecasts demonstrate that the University remains financially viable and is able to meet all its financial obligations as they fall due with significant cash balances being maintained, all loan payments being made on time and covenant compliance is maintained for at least 12 months.

At the date of approval of these financial statements, the Board has prepared cash flow forecasts to 30 November 2021 and performed an assessment which considers a period of at least 12 months from this date of approval. Given the unprecedented nature of the COVID-19 events, it is difficult to predict future performance and cash flows with certainty. The actual scenarios which materialise in the period ahead will undoubtedly be different to the scenarios modelled. In the event that the actual position is worse than that modelled in the forecasts, the Board of Governors has a reasonable expectation that the University's current liquidity and the further mitigation actions available would enable the University to respond to such circumstances. As such, the Board of Governors acknowledge that uncertainty exists but do not consider this to be material uncertainty in relation to going concern that would cast doubt on the University's ability to continue as a going concern for the foreseeable future, which is a period of at least 12 months from the date of signing the accounts and audit report. Therefore, the Board of Governors considers it appropriate to continue to adopt the going concern basis in preparing the annual financial statements.

1. Statement of Principal Accounting Policies (*continued*)

Income recognition

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

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

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

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

Grant funding

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

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

Donations and endowments

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

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

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

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

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

1. Statement of Principal Accounting Policies (*continued*)

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

Accounting for retirement benefits

The three principal pension schemes for the University's employees are the Universities Superannuation Scheme (USS), the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). The schemes are defined benefit schemes which are externally funded and up until April 2016 were contracted out of the State Second Pension (S2P).

The USS and TPS are multi-employer schemes for which the assets are held in separate trustee-administered funds. Because of the nature of the schemes, the schemes assets are not hypothecated to individual institutions and scheme wide contribution rates are set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore as required by FRS 102 "Retirement Benefits", accounts for the schemes as if they are defined contribution schemes. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the schemes in respect of the accounting period. A liability is also recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

The University is able to identify its share of assets and liabilities of the LGPS and thus the University fully adopts section 28 of FRS 102 'post-employment benefits'. The contributions are determined by qualified actuaries on the basis of triennial valuations, using the projected unit credit method, for the LGPS and the USS and on the basis of quadrennial valuations using a prospective benefit method for the TPS.

The University maintains a provision to meet pension costs arising from the additional years of service granted to certain staff taking early retirement. The pensions paid are charged against the provision and interest accrued is added to the provision.

Defined contribution plan

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

Defined benefit plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

1. Statement of Principal Accounting Policies (*continued*)

Employment benefits

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

Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Service concession arrangements

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

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

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.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Fixed assets

Tangible fixed assets are stated at historic purchase cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use in addition to any irrecoverable VAT.

The University's buildings are largely specialised buildings and therefore it is not appropriate to value them on the basis of open market value. A valuation of the educational land and buildings was carried out by GVA Grimley International Property Advisers and Chartered Surveyors as at 31st July 1995 on the basis of depreciated replacement cost. The three houses owned by the University were valued on an open market value for existing use basis. Other buildings constructed since 1995 are included in the Balance Sheet at cost. The option under the transitional provisions

1. Statement of Principal Accounting Policies (*continued*)

of FRS 15, and more recently the 2015 HE SORP, to retain the book values of land and buildings based on the 1995 revaluation has been adopted and the valuation has not been updated subsequently.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Where land is acquired with the aid of specific grants it is capitalised but not depreciated therefore the related grant is credited to the Statement of Comprehensive Income at the time of purchase.

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

Freehold buildings are depreciated on a straight line basis over their expected useful economic life to the University over 60 years. Where parts of a fixed asset have different useful economic lives, they are accounted for as separate items of fixed assets. New major refurbishments are depreciated as follows:

| | |
|--|---------------|
| Mechanical and Electrical Infrastructure installations or upgrades | 15 - 25 years |
| IT Infrastructure installations or upgrades | 15 years |
| Roof replacements | 60 years |
| Window replacements | 15 years |
| Reconfiguration and general refurbishments | 10 years |

Assets in the course of construction are accounted for at cost, based on the value of the architects' certificates and other direct costs incurred to the Balance Sheet date. They are not depreciated until they are brought fully into use.

Equipment

Equipment, including computers and software, costing less than £5,000 per individual item is recognised as expenditure. All other equipment which has a useful life of greater than one year is capitalised.

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

| | |
|-----------------------|--------------|
| Computer Equipment | 3 years |
| Fixtures and Fittings | 8 years |
| General Equipment | 8 years |
| Specialist Equipment | 5 – 10 years |
| Motor Vehicles | 3 - 5 years |

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

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. General borrowing costs are recognised as expenditure in the period in which they are incurred.

Intangible assets

Intangible assets are amortised over a straight line basis over 3 years representing the remaining estimated economic life of the assets. Intangible assets are subject to periodic impairment reviews as appropriate.

1. Statement of Principal Accounting Policies (*continued*)

Investment properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering educational services. Halls of residences are classified as tangible fixed assets rather than investment assets as they are integral to the operations of the University.

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Statement of Comprehensive Income. Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31st July each year.

Investments

Non-current asset investments are held on the Balance Sheet at amortised cost less impairment.

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

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

Stocks

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

Cash and cash equivalents

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

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

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the Notes.

1. Statement of Principal Accounting Policies (*continued*)

Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and is therefore a charity within the meaning of Paragraph 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Most of the services provided to students are, however, exempt from VAT. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

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

Financial Instruments

The University has considered its principal financial instruments (being cash, investments, trade debtors, trade creditors and loans) in line with FRS102 and concluded that they meet the classification of basic financial instruments, including derivative financial instruments. Given the basic nature of the University's financial instruments, they are accounted for at amortised cost and the carrying value of each category in the balance sheet is considered to equate to fair value.

Reserves

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

Critical accounting judgements and estimation uncertainty

Investment Land (note 14) – As part of the FRS102 transition the University reclassified the land held at University Park as Investment Land. This was following an update to the University's long-term capital development programme. As the land was not currently being used by the University on a continuing operational basis, management reviewed the options in relation to the possible sale of the land in the future. In the meantime, the University is not generating any cash flow from the land and therefore until the point of sale the land is deemed as being held for capital appreciation and therefore was reclassified as investment land in 2016. For the year ending 31st July 2018, the University instructed a formal revaluation of the site in order to ensure the land is held at fair value. Due to external factors, such as residential planning permission approval, on both parts of the site, and on other similar local sites, the land was and continues to be valued based on 'residential' use rather than 'employment' use. During the year ending 31st July 2019 part of the land was sold and an updated valuation was received relating to the remaining land. For the year ending 31st July 2020 an update to that valuation was received.

Provisions - Provision has been made for early retirement obligations, the University's element of the Universities' Superannuation Scheme (USS) past deficit and legal fees in relation to on-going employee claims. Further details regarding each provision are shown in note 21. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

1. Statement of Principal Accounting Policies (continued)

Defined benefit pension scheme - The University has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management are provided with actuarial estimates in relation to these factors, by the administrators of the fund. A judgement is then taken to assess if the information and factors used centrally are appropriate in determining the net pension obligation in the balance sheet. Further information is provided in note 26.

The University has recognised provisions for bad debts. This is based on an assessment of ageing and due date of receivables and other risk indicators. The judgement of management is then applied to provide for debts which are no longer considered recoverable.

2. Funding body grants

| | Group | | University | |
|--|---------------------|---------------------|---------------------|---------------------|
| | <u>2020</u> £000 | <u>2019</u> £000 | <u>2020</u> £000 | <u>2019</u> £000 |
| Recurrent grant: | | | | |
| Office for Students | 3,344 | 3,465 | 3,344 | 3,465 |
| Research England | 1,034 | 980 | 1,034 | 980 |
| Specific Grants: | | | | |
| Fellowship Monies | 7 | - | 7 | - |
| Higher Education Innovation Fund | 491 | 412 | 491 | 412 |
| Widening Participation | 416 | 533 | 416 | 533 |
| National College for Teaching and Leadership | 86 | 131 | 86 | 131 |
| Department for Education Apprenticeship Levy | 55 | 37 | 55 | 37 |
| Deferred Capital Grants released: | | | | |
| Buildings | 386 | 400 | 386 | 400 |
| Equipment | 660 | 514 | 660 | 514 |
| | <u>6,479</u> | <u>6,472</u> | <u>6,479</u> | <u>6,472</u> |

3. Tuition fees and education contracts

| | Group | | University | |
|--|---------------------|---------------------|---------------------|---------------------|
| | <u>2020</u> £000 | <u>2019</u> £000 | <u>2020</u> £000 | <u>2019</u> £000 |
| Full time home students fees | 63,337 | 62,637 | 63,337 | 62,637 |
| Part time home students fees | 3,229 | 3,372 | 3,229 | 3,372 |
| EU student fees | 4,182 | 3,744 | 4,182 | 3,744 |
| Overseas student fees | 2,151 | 1,690 | 2,151 | 1,690 |
| Apprenticeships | 559 | 309 | 559 | 309 |
| Short course fees | 290 | 323 | 290 | 323 |
| Other fees | 2,257 | 1,924 | 2,257 | 1,924 |
| Contract Income Health Education England | 427 | 2,970 | 427 | 2,970 |
| | <u>76,432</u> | <u>76,969</u> | <u>76,432</u> | <u>76,969</u> |

Grant and Fee Income

| | Group | | University | |
|---|---------------------|---------------------|---------------------|---------------------|
| | <u>2020</u> £000 | <u>2019</u> £000 | <u>2020</u> £000 | <u>2019</u> £000 |
| Grant income from the OfS | 4,476 | 4,510 | 4,476 | 4,510 |
| Grant income from other bodies | 3,431 | 1,392 | 3,399 | 1,392 |
| Fee income for research awards (exclusive of Vat) | 531 | 419 | 531 | 419 |
| Fee income from non-qualifying courses (exclusive of Vat) | 290 | 323 | 290 | 323 |
| Fee income for taught awards (exclusive of Vat) | 72,927 | 71,333 | 72,927 | 71,333 |
| | <u>81,655</u> | <u>77,977</u> | <u>81,623</u> | <u>77,977</u> |

4. Research grants and contracts

| | Group | | University | |
|--------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2020 £000 | 2019 £000 | 2020 £000 | 2019 £000 |
| Research Councils | 48 | 76 | 48 | 76 |
| UK Industry | 89 | 170 | 89 | 170 |
| UK Government | 250 | 407 | 250 | 407 |
| UK Based Charities | 498 | 426 | 498 | 426 |
| Other Grants & Contracts | 82 | 151 | 82 | 151 |
| | 967 | 1,230 | 967 | 1,230 |

5. Other Income

| | Group | | University | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2020 £000 | 2019 £000 | 2020 £000 | 2019 £000 |
| Residences, catering and conferences | 6,241 | 8,622 | 6,241 | 8,622 |
| Other services rendered | 169 | 199 | 169 | 199 |
| Release of other deferred capital grants | 124 | 74 | 124 | 74 |
| Other income | 3,424 | 3,105 | 3,208 | 2,872 |
| Inter Company Sales | - | - | 186 | 219 |
| | 9,958 | 12,000 | 9,928 | 11,986 |

6. Investment income

| | Group | | University | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2020 £000 | 2019 £000 | 2020 £000 | 2019 £000 |
| Other investment income | 226 | 220 | 224 | 217 |
| Interest from Subsidiaries and Joint Ventures | - | - | 45 | 56 |
| | 226 | 220 | 269 | 273 |

7. Donations and endowments

| | Group | | University | |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2020 £000 | 2019 £000 | 2020 £000 | 2019 £000 |
| Donations with restrictions | 15 | 21 | 15 | 21 |
| Unrestricted donations | 1 | - | 1 | - |
| | 16 | 21 | 16 | 21 |

8. Staff costs

| | Group | | University | |
|---------------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2020</u> £000 | <u>2019</u> £000 | <u>2020</u> £000 | <u>2019</u> £000 |
| Wages and Salaries | 41,180 | 40,959 | 40,998 | 40,827 |
| Social Security Costs | 4,301 | 4,249 | 4,277 | 4,230 |
| Movement on USS provision | (428) | 699 | (428) | 699 |
| Other Pension Costs | 10,709 | 9,080 | 10,707 | 9,080 |
| Termination Costs | 44 | 64 | 44 | 64 |
| | <u>55,806</u> | <u>55,051</u> | <u>55,598</u> | <u>54,900</u> |

The termination costs above relate to 5 individual payments made during the year (2019: 18)

Emoluments of the Vice Chancellor and Chief Executive:

| | Group | | University | |
|--------|---------------------|---------------------|---------------------|---------------------|
| | <u>2020</u> £000 | <u>2019</u> £000 | <u>2020</u> £000 | <u>2019</u> £000 |
| Salary | <u>325</u> | <u>325</u> | <u>325</u> | <u>325</u> |

The remuneration package for the Vice Chancellor consists of basic salary only, and does not include any additional benefits.

The review and determination of remuneration for the Vice Chancellor and Chief Executive is delegated by the Board of Governors, to the Remuneration Committee (Vice Chancellor and Chief Executive), on an annual basis.

In accordance with the Higher Education Code of Governance (para 3.15), the Committee reports to the Board on an annual basis.

During 2019/20 the membership of Remuneration Committee (Vice Chancellor and Chief Executive) comprised:-

Remuneration Committee (Vice Chancellor and Chief Executive)**Chair:**

Vice Chair of the Board of Governors

Members:

Chair of the Board of Governors

Chair of the Finance and Development Committee

Chair of the Audit Committee

Chair of the HR Committee

President of the Student Union

In attendance

Director of Human Resources

Secretary

Head of Governance and Regulatory Affairs.

The process for the performance review of the Vice Chancellor is conducted with reference to the CUC Code on Senior Staff Remuneration and Regulatory Advice 9 from the Office for Students.

8. Staff costs (*continued*)

When making decisions, Committee members referred to the Terms of Reference for the Remuneration Committee and the delegated powers as outlined in the Articles of Government (3.3.3.).

In advance of the meeting, Committee members received detailed information in relation to the review process for the Vice Chancellor. This included an overview of the current salary arrangements and benchmark data in relation to the nearest role group using data provided by UCEA Senior Staff Remuneration Survey 2019 and data from the CUC's 2020 Survey of Vice-Chancellors for Post 1992 institutions with similar turnover. The Committee were also advised of the general level of increase available to staff at the University.

In addition, the Chair of the Board of Governors provided a written summary of the appraisal discussion with the Vice Chancellor and feedback on performance against agreed objectives which had been identified at the start of the year (2018/19), in relation to 15 areas of strategic importance for the University and the main duties outlined in the Vice Chancellor's job description.

The Chair reported that progress in each of the fifteen key performance areas of the framework was monitored and reviewed in regular meetings between the Chair and Vice Chancellor. On occasions this has additionally involved the Vice Chairs. In addition, it was noted that the Vice Chancellor regularly reported on these areas of priority through reports received at meetings of the Board of Governors and the Finance and Development Committee.

Evidence of progress in each of the fifteen key performance areas was recorded throughout the year and this evidence was shared with the Committee members. This included a range of notable achievements, including:

- The University's achievement of a Green Gown Award, awards for promoting inclusive practice, social mobility, gender equality and shortlisting for THE University of the year.
- The continued progress of the Medical School project, with the successful completion of Stage 4 in September 2019.
- The development of plans for the University's Severn Campus and particularly the International Inclusive Cricket Education Centre.
- The Growth of International Students through the partnership with University of Worcester International College.

In reviewing the performance of the Vice Chancellor in 2019/20, the Committee commended the Vice Chancellor for his outstanding performance over the year against the agreed objectives and for his exemplary leadership in a challenging context.

Having considered feedback from the Chair of the Board of Governors, in relation to the performance of the Vice Chancellor against the agreed annual objective, and with reference to relevant sector benchmark data and the 'cost of living' salary increase applied to all staff at the University, the Committee agreed to apply a 1.8% award to the salary of the Vice Chancellor, backdated to 1st August 2018. This was the same percentage uplift in salaries that had already been applied, as a minimum, to all staff at the University. The Vice Chancellor decided to waive the agreed increase, for a third year.

8. Staff costs (continued)

The multiple of The Vice Chancellor and Chief Executive's total remuneration, to that of the median total remuneration for all staff, including student employees was 11.0 (2019: 11.6)

The multiple of The Vice Chancellor and Chief Executive's total remuneration, to that of the median total remuneration for all staff, but EXCLUDING student employees was 7.8 (2019: 8.5)

The multiple of the Vice Chancellor and Chief Executive's salary, to that of the median salary, for all staff, including student employees was 12.5 (2019: 13.0)

The multiple of the Vice Chancellor and Chief Executive's salary, to that of the median salary, for all staff, but EXCLUDING student employees was 9.6 (2019: 9.7).

Please note that the 2019 ratios also included Agency staff, whereas the current ratios now exclude this element as per the latest guidance issued in the Ofs Accounts Direction.

| Key Management Personnel | Group | | University | |
|--|---------------------|---------------------|---------------------|---------------------|
| | <u>2020</u> £000 | <u>2019</u> £000 | <u>2020</u> £000 | <u>2019</u> £000 |
| Salary and employee benefits including pension contributions | 1,110 | 1,166 | 1,110 | 1,166 |

FRS102 defines key management personnel as "those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The University consider that the University Executive Board meets this definition and therefore the total compensation, including pension contributions, paid to individuals who are members of this group, is disclosed above.

The membership of the University Executive Board includes the Vice Chancellor and Chief Executive, Deputy Vice Chancellor, Pro Vice-Chancellor Students, Director of Finance and Resources, Director of Human Resources, Director of Communications and Participation, Head of Information Assurance, and Head of Vice Chancellors Office.

Governors are entitled to reimbursement of travel expenses. During the year £528.85 was claimed by four individuals (2019: £765.45 by three individuals).

Emoluments of higher paid staff:

| | <u>2020</u> number | <u>2019</u> number | <u>2020</u> number | <u>2019</u> number |
|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| £100,001 - £105,000 | 2 | 1 | 2 | 1 |
| £125,001 - £130,000 | - | 2 | - | 2 |
| £130,001 - £135,000 | 1 | - | 1 | - |
| £135,001 - £140,000 | 1 | - | 1 | - |
| £185,001 - £190,000 | - | 1 | - | 1 |
| £195,001 - £200,000 | 1 | - | 1 | - |
| £325,001 - £330,000 | 1 | 1 | 1 | 1 |

8. Staff costs (continued)

The average monthly number of persons (including senior post holders) employed by the Group and University during the year, expressed as full time equivalents (fte), was:

Average Monthly number of staff:

| | Group | | University | |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2020</u> fte | <u>2019</u> fte | <u>2020</u> fte | <u>2019</u> fte |
| Academic Departments | 584 | 609 | 584 | 609 |
| Academic Services | 64 | 62 | 64 | 62 |
| Administrative and central services | 314 | 317 | 306 | 311 |
| Premises | 109 | 101 | 109 | 101 |
| Research | 28 | 28 | 28 | 28 |
| Residences, catering and conferences | 19 | 29 | 19 | 29 |
| | <u>1,118</u> | <u>1,146</u> | <u>1,110</u> | <u>1,140</u> |

9. Other operating expenses

| | Group | | University | |
|--|---------------------|---------------------|---------------------|---------------------|
| | <u>2020</u> £000 | <u>2019</u> £000 | <u>2020</u> £000 | <u>2019</u> £000 |
| Residences, catering and conferences | 2,860 | 3,416 | 2,842 | 3,407 |
| Consumables and laboratory expenditure | 657 | 2,208 | 657 | 2,208 |
| Books and periodicals | 957 | 1,030 | 957 | 1,030 |
| Heat, light, water and power | 1,727 | 1,968 | 1,727 | 1,968 |
| Repairs and general maintenance | 2,101 | 2,704 | 2,101 | 2,705 |
| Grants to UW Students' Union | 529 | 529 | 529 | 529 |
| Auditors remuneration: | | | | |
| External | 91 | 74 | 85 | 68 |
| Internal | 54 | 46 | 54 | 46 |
| Property operating leases | 455 | 341 | 455 | 341 |
| Equipment operating leases | 108 | 164 | 108 | 164 |
| Payments to Partner Colleges | 5,930 | 6,349 | 5,930 | 6,349 |
| Student Bursaries | 1,745 | 1,781 | 1,746 | 1,781 |
| Other expenses | 10,962 | 12,351 | 11,170 | 12,581 |
| | <u>28,176</u> | <u>32,961</u> | <u>28,361</u> | <u>33,177</u> |
| Depreciation and Amortisation | <u>4,302</u> | <u>4,479</u> | <u>4,416</u> | <u>4,592</u> |

Other expenses include travel expenses, staff development, contracted services, subscriptions and contributions along with PR and communications.

10. Interest and other finance costs

| | Group | | University | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | <u>2020</u> £000 | <u>2019</u> £000 | <u>2020</u> £000 | <u>2019</u> £000 |
| Loans not wholly repayable within 5 years | 3,181 | 3,269 | 3,181 | 3,269 |
| Lease Finance Costs | 194 | 201 | 194 | 201 |
| Unwind of discount on USS pension provision | 17 | 8 | 17 | 8 |
| Pension Interest | 915 | 633 | 915 | 633 |
| | 4,307 | 4,111 | 4,307 | 4,111 |

11. Analysis of Expenditure by Activity

| | Group | | | | <u>2020</u> <u>Total</u> £000 | <u>2019</u> <u>Total</u> £000 |
|--------------------------------------|---------------|----------------|-------------------------------|----------------------------------|-------------------------------------|-------------------------------------|
| | Staff costs | Other expenses | Depreciation and amortisation | Interest and other finance costs | | |
| | £000 | £000 | £000 | £000 | | |
| Academic Departments | 34,005 | 13,599 | 261 | - | 47,865 | 52,596 |
| Academic Services | 3,112 | 3,676 | 409 | 194 | 7,391 | 7,033 |
| Administrative and central services | 13,178 | 2,325 | 159 | 4,113 | 19,775 | 17,734 |
| Premises | 2,874 | 5,760 | 899 | - | 9,533 | 10,100 |
| Research | 1,556 | 180 | 8 | - | 1,744 | 2,200 |
| Residences, catering and conferences | 1,081 | 2,636 | 2,566 | - | 6,283 | 6,939 |
| | <u>55,806</u> | <u>28,176</u> | <u>4,302</u> | <u>4,307</u> | <u>92,591</u> | <u>96,602</u> |

| | University | | | | <u>2020</u> <u>Total</u> £000 | <u>2019</u> <u>Total</u> £000 |
|--------------------------------------|---------------|----------------|-------------------------------|----------------------------------|-------------------------------------|-------------------------------------|
| | Staff costs | Other expenses | Depreciation and amortisation | Interest and other finance costs | | |
| | £000 | £000 | £000 | £000 | | |
| Academic Departments | 34,005 | 13,598 | 261 | - | 47,864 | 52,596 |
| Academic Services | 3,112 | 3,676 | 409 | 194 | 7,391 | 7,033 |
| Administrative and central services | 12,970 | 3,804 | 154 | 4,113 | 21,041 | 18,384 |
| Premises | 2,874 | 4,467 | 899 | - | 8,240 | 9,509 |
| Research | 1,556 | 180 | 8 | - | 1,744 | 2,200 |
| Residences, catering and conferences | 1,081 | 2,636 | 2,685 | - | 6,402 | 7,058 |
| | <u>55,598</u> | <u>28,361</u> | <u>4,416</u> | <u>4,307</u> | <u>92,682</u> | <u>96,780</u> |

11. Analysis of Expenditure by Activity (continued)**Access and Participation**

| | 2020 |
|---|--------------|
| | £000 |
| Access Investment | 988 |
| Financial Support | 1,222 |
| Disability Support (excluding expenditure included in the two categories above) | 598 |
| Research and Evaluation | - |
| | 2,808 |

The total of the approved expenditure in our Access and Participation Plan for the year ended 31st July 2020 was £4,959,662. This included success and progression investment expenditure which has not been included in the above figures.

Details of the approved plan can be found at:

https://apis.officeforstudents.org.uk/accessplansdownloads/1920/UniversityOfWorcester_APP_2019-2020_V1_10007139.pdf

As set out in the Accounts Direction (OfS 2019.41), no comparatives have been given as the prior year expenditure relates to the Widening Participation Plan and the amounts are not comparable.

12. Intangible assets

| | Group and University | |
|---------------------------------|-----------------------------|--------------|
| | 2020 | 2019 |
| | £000 | £000 |
| Cost | | |
| At beginning of year | 1,172 | 936 |
| Assets in course of development | 114 | 437 |
| Disposals | (170) | (201) |
| Reclassifications | (3) | - |
| At end of year | 1,113 | 1,172 |
| Accumulated amortisation | | |
| At beginning of year | 715 | 899 |
| Charge for year | 2 | 15 |
| Amortisation on disposals | (170) | (199) |
| Reclassifications | 14 | - |
| At end of year | 561 | 715 |
| Net book value | | |
| At end of year | 552 | 457 |
| Previous year | 457 | 37 |

13. Tangible Fixed Assets

| | Group | | | | | |
|--|-----------------------------------|---|------------------------|--|--|-----------------------|
| | Freehold Land and Buildings | Service concession arrangement Land and Buildings | Plant and Machinery | Fixtures, Fittings and Equipment | Assets in the Course of Construction | Total 2020 £000 |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost or valuation at beginning of year | 160,393 | 11,331 | 707 | 9,603 | 1,977 | 184,011 |
| Additions at cost | 1,196 | - | 29 | 354 | 2,006 | 3,585 |
| Transfers (reclassification) | 737 | - | - | 146 | (883) | - |
| Disposals at cost | - | - | - | (255) | - | (255) |
| Reclassifications | (822) | - | 5 | (340) | (1) | (1,158) |
| At end of year | 161,504 | 11,331 | 741 | 9,508 | 3,099 | 186,183 |
| Accumulated depreciation | | | | | | |
| At beginning of year | 30,506 | 1,545 | 410 | 6,880 | - | 39,341 |
| Charge for year | 3,094 | 186 | 104 | 916 | - | 4,300 |
| Depreciation on disposals | - | - | - | (224) | - | (224) |
| Reclassifications | (506) | - | 5 | (674) | - | (1,175) |
| At end of year | 33,094 | 1,731 | 519 | 6,898 | - | 42,242 |
| Net Book Value | | | | | | |
| At end of year | 128,410 | 9,600 | 222 | 2,610 | 3,099 | 143,941 |
| Previous Year | 129,887 | 9,786 | 297 | 2,723 | 1,977 | 144,670 |

13. Tangible Fixed Assets (continued)

| | University | | | | | Total 2020 £000 |
|--|--|---|--------------------------------|--|--|-----------------------|
| | Freehold Land and Buildings £000 | Service concession arrangement Land and Buildings £000 | Plant and Machinery £000 | Fixtures, Fittings and Equipment £000 | Assets in the Course of Construction £000 | |
| Cost or valuation at beginning of year | 166,674 | 11,331 | 693 | 9,603 | 2,053 | 190,354 |
| Additions at cost | 1,401 | - | 29 | 354 | 1,928 | 3,712 |
| Transfers (reclassification) | 737 | - | - | 146 | (883) | - |
| Disposals at cost | - | - | - | (255) | - | (255) |
| Reclassifications | (822) | - | 5 | (340) | (1) | (1,158) |
| At end of year | 167,990 | 11,331 | 727 | 9,508 | 3,097 | 192,653 |
| Accumulated depreciation | | | | | | |
| At beginning of year | 31,098 | 1,545 | 401 | 6,880 | - | 39,924 |
| Charge for year | 3,213 | 186 | 99 | 916 | - | 4,414 |
| Depreciation on disposals | - | - | - | (224) | - | (224) |
| Reclassifications | (506) | - | 5 | (674) | - | (1,175) |
| At end of year | 33,805 | 1,731 | 505 | 6,898 | - | 42,939 |
| Net Book Value | | | | | | |
| At end of year | 134,185 | 9,600 | 222 | 2,610 | 3,097 | 149,714 |
| Previous year | 135,577 | 9,786 | 292 | 2,723 | 2,053 | 150,430 |

14. Investments

| | Group | | University | |
|---|---------------------|---------------------|---------------------|---------------------|
| | <u>2020</u> £000 | <u>2019</u> £000 | <u>2020</u> £000 | <u>2019</u> £000 |
| Investment Land | | | | |
| At beginning of year | 3,310 | 8,405 | 3,310 | 8,405 |
| Purchases at cost | - | 5,600 | - | 5,600 |
| Disposals | - | (10,555) | - | (10,555) |
| Movement in fair value | 2,130 | (140) | 2,130 | (140) |
| At end of year | 5,440 | 3,310 | 5,440 | 3,310 |
| Investments in subsidiary companies | | | | |
| Investments in subsidiary companies | - | - | 20 | 20 |
| Investment in BBL Franchise for UW Worcester Wolves Limited | 9 | 9 | - | - |
| | <u>5,449</u> | <u>3,319</u> | <u>5,460</u> | <u>3,330</u> |

The Investment land value stated above relates to the land held at University Park. The University no longer has any intentions of developing this land for operational purposes, due to focusing on other capital development projects, and therefore it is now classified as an Investment asset.

Due to the land being classified as investment property, any movements in its fair value is recognised in income or expenditure. For the year ending 31st July 2020, the University instructed an update to the formal revaluation which was carried out the previous year in order to ensure the land is held at fair value. The result of which is shown above.

Subsidiaries

| Name | University holding | Business activity |
|---|--------------------|--|
| U W Enterprises Limited | 100% | Research and experimental development of natural sciences and engineering and commercial activities relating thereto. No activity during the year. |
| U W Developments Limited | 100% | Development of building projects |
| UW Worcester Wolves Limited | 100% (*) | Worcester Wolves basketball club |
| National Pollen and Aerobiology Research Unit Limited | 100% | Dormant |

(*) Held indirectly

15. Stocks

| | Group | | University | |
|--|---------------------|---------------------|---------------------|---------------------|
| | <u>2020</u> £000 | <u>2019</u> £000 | <u>2020</u> £000 | <u>2019</u> £000 |
| Stock (wine for ceremonies & events and merchandise) | 50 | 12 | 44 | 7 |

16. Trade and other receivables

| | Group | | University | |
|---|---------------------|---------------------|---------------------|---------------------|
| | <u>2020</u> £000 | <u>2019</u> £000 | <u>2020</u> £000 | <u>2019</u> £000 |
| Amounts falling due within one year: | | | | |
| Research grants receivables | - | 36 | - | 36 |
| Other trade receivables | 1,670 | 1,491 | 1,654 | 1,469 |
| Amounts owed from sale of investments | 1,359 | 1,359 | 1,359 | 1,359 |
| Amounts owed by subsidiary undertakings | - | - | 700 | 617 |
| Prepayments and accrued income | 1,203 | 1,782 | 1,202 | 1,782 |
| | <u>4,232</u> | <u>4,668</u> | <u>4,915</u> | <u>5,263</u> |
| Due after more than one year | | | | |
| Amounts owed by subsidiary undertakings | - | - | 407 | 757 |
| Amounts owed from sale of investments | - | 1,359 | - | 1,359 |
| | <u>4,232</u> | <u>6,027</u> | <u>5,322</u> | <u>7,379</u> |

17. Short Term Investments

Neither the Group or the University held any short term investments as at 31st July 2020 (2019: £nil). All cash balances are held in instant access accounts.

18. Creditors: Amounts falling due within one year

| | Group | | University | |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2020</u> £000 | <u>2019</u> £000 | <u>2020</u> £000 | <u>2019</u> £000 |
| Payments received on account | 565 | 451 | 565 | 451 |
| Trade Creditors | 435 | 668 | 435 | 662 |
| Amounts owed to group undertakings: | | | | |
| Subsidiary undertakings | - | - | - | 3 |
| Finance Lease | 110 | 104 | 110 | 104 |
| Tax and Social Security | 111 | 149 | 109 | 149 |
| Accruals and deferred income | 6,503 | 5,841 | 6,434 | 5,814 |
| Other Creditors | 1,778 | 1,793 | 1,778 | 1,793 |
| Bank Loan | 1,469 | 1,429 | 1,469 | 1,429 |
| | <u>10,971</u> | <u>10,435</u> | <u>10,900</u> | <u>10,405</u> |

18. Creditors: Amounts falling due within one year (continued)**Deferred income**

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

| | Group | | University | |
|--|---------------------|---------------------|---------------------|---------------------|
| | <u>2020</u> £000 | <u>2019</u> £000 | <u>2020</u> £000 | <u>2019</u> £000 |
| Research grants received on account | 230 | 361 | 230 | 361 |
| Grant income | 26 | 23 | 26 | 23 |
| Other income | 1,076 | 954 | 1,076 | 954 |
| Student tuition and accommodation fees received in advance | 800 | 968 | 800 | 968 |
| | <u>2,132</u> | <u>2,306</u> | <u>2,132</u> | <u>2,306</u> |

19. Creditors: Amounts falling due after more than one year

| | Group | | University | |
|--|---------------------|---------------------|---------------------|---------------------|
| | <u>2020</u> £000 | <u>2019</u> £000 | <u>2020</u> £000 | <u>2019</u> £000 |
| Accruals and deferred income | 752 | 919 | 752 | 919 |
| Obligations under finance lease | 2,549 | 2,659 | 2,549 | 2,659 |
| Secured loans | 65,540 | 67,008 | 65,540 | 67,008 |
| Unsecured loans | 102 | - | 102 | - |
| Deferred Income in relation to Government Capital Grants | 14,931 | 15,756 | 14,931 | 15,756 |
| | <u>83,874</u> | <u>86,342</u> | <u>83,874</u> | <u>86,342</u> |

Analysis of secured and unsecured loans:

| | Group | | University | |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2020</u> £000 | <u>2019</u> £000 | <u>2020</u> £000 | <u>2019</u> £000 |
| Due within one year or on demand | 1,469 | 1,429 | 1,469 | 1,429 |
| Due between one and two years | 24,908 | 1,429 | 24,908 | 1,429 |
| Due between two and five years | 4,305 | 27,723 | 4,305 | 27,723 |
| Due in five years or more | 36,429 | 37,856 | 36,429 | 37,856 |
| Due after more than one year | 65,642 | 67,008 | 65,642 | 67,008 |
| | | | | |
| Total secured and unsecured loans | <u>67,111</u> | <u>68,437</u> | <u>67,111</u> | <u>68,437</u> |

19. Creditors: Amounts falling due after more than one year (continued)**Analysis of finance lease repayments**

| | Group | | University | |
|-------------------------------------|--------------|--------------|--------------|--------------|
| | 2020 £000 | 2019 £000 | 2020 £000 | 2019 £000 |
| Due within one year | 297 | 298 | 297 | 298 |
| Due between one and two years | 293 | 297 | 293 | 297 |
| Due between two and five years | 858 | 874 | 858 | 874 |
| Due in five years or more | 3,048 | 3,325 | 3,048 | 3,325 |
| Total gross payments | 4,496 | 4,794 | 4,496 | 4,794 |
| Less finance charges included above | (1,837) | (2,031) | (1,837) | (2,031) |
| | 2,659 | 2,763 | 2,659 | 2,763 |

Finance lease liability

| | Group | | University | |
|-----------------|--------------|--------------|--------------|--------------|
| | 2020 £000 | 2019 £000 | 2020 £000 | 2019 £000 |
| Opening balance | 2,763 | 2,863 | 2,763 | 2,863 |
| Payments | (104) | (100) | (104) | (100) |
| Closing balance | 2,659 | 2,763 | 2,659 | 2,763 |

The University has a loan facility with Barclays Bank PLC of £80 million for capital development works, of which all has now been drawn down. The outstanding balance as at 31st July 2020 is £67 million. Of the loan drawn down £44 million is at a fixed interest rate of 4.952%, with the remaining £23 million subject to interest at LIBOR. The repayment schedule of the £44 million includes a bullet payment of £12.5 million payable on 31st July 2042. The capital repayment schedule of the more recent £23 million drawn down, is due for repayment in February 2022, although Barclays have indicated a willingness to extend this repayment date further, subject to discussions nearer the time. The loans are secured by specific charges on the St Johns Campus and City Campus. Total carrying amounts of these assets as at 31st July 2020 are £86,888K (2019 restated: £89,550K)

The University has a 25 year finance lease in respect of the joint library with Worcestershire County Council. The finance lease liability relates to the University share of the library facility, The Hive which opened in July 2012. The Hive has been developed through a partnership between the University of Worcester (UoW) and Worcestershire County Council (WCC) and has been financed through a Private Finance Initiative (PFI). The project partnership is for the provision of a fully integrated public and University library. The PFI agreement is between the contractor, Galliford Try Investments Ltd and WCC for the construction and provision of the library. During the life of the contract the unitary payment value is £4.65m, at April 2007 prices. The contract allows for indexation by the retail prices index of the service element of the contract (30% of the unitary payment) annually. A stakeholder agreement exists between WCC and UoW for the 25 year term of the development project. The partners are committed to the project in the share WCC 70% and UoW 30%, or as altered by mutual agreement to reflect actual usage of The Hive by the various parties. The cost is reflected in these proportions after PFI credits have been applied. The value on the balance sheet of £2.659 million relates to a 30% share of the total PFI contract. The finance lease cost represents the UoW obligation to the project for the building element of the agreement plus any allocated depreciation for the period.

20. Consolidated reconciliation of net debt

| | 2020 |
|---------------------------------------|--------------|
| | £000 |
| Net debt 1 August 2019 | (31,527) |
| Movement in cash and cash equivalents | 5,166 |
| Other non-cash changes | 1,429 |
| Net debt 31 July 2020 | (24,932) |
| Change in net debt | 6,595 |

Analysis of net debt:

| | 2020 | 2019 |
|--|-----------------|-----------------|
| | £000 | £000 |
| Cash and cash equivalents | 44,839 | 39,673 |
| Borrowings: amounts falling due within one year | | |
| Secured loans | (1,469) | (1,429) |
| Obligations under finance leases | (110) | (104) |
| | (1,579) | (1,533) |
| Borrowings: amounts falling due after more than one year | | |
| Obligations under finance lease | (2,549) | (2,659) |
| Secured loans | (65,540) | (67,008) |
| Unsecured loans | (102) | - |
| | (68,191) | (69,667) |
| Net debt | (24,931) | (31,527) |

21. Provisions for liabilities

| | Group and University | | | | | | |
|------------------------------------|---|---|---|----------------------------------|---------------|-------------|---------------------|
| | Obligation to fund deficit on USS Pension £000 | Pension enhancements on termination £000 | Defined Benefit Obligations (Note 26) £000 | Total Pension Provisions £000 | Legal £000 | VAT £000 | Total Other £000 |
| At 1 August 2019 | 1,057 | 260 | 40,046 | 41,363 | 154 | 55 | 209 |
| Utilised in year | - | (44) | - | (44) | - | (55) | (55) |
| Additions in 2019/20 | - | - | 21,585 | 21,585 | - | - | - |
| Unused amounts reversed in 2019/20 | (434) | (9) | - | (443) | (103) | - | (103) |
| At 31 July 2020 | 623 | 207 | 61,631 | 62,461 | 51 | - | 51 |

USS deficit

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

Pension enhancement

The University has provided for future pension costs associated with the granting of additional years of service to certain members of staff taking early retirement. The pension costs are charged directly against the provision. Interest on the balance of the provision is added annually to the provision through a charge to the Income and Expenditure Account. This provision covers pension costs not met by the Teachers' Pension Scheme, Universities Superannuation Scheme and the Local Government Pension Scheme. This provision is expected to be utilised during the staff members' retirement.

Defined benefit obligations - See note 26**Legal**

The legal provision is a provision covering on-going potential obligations.

VAT

The VAT provision related to the Capital Goods Scheme in respect of the Motion Performance Centre and also facilities at the Charles Darwin building which has now been fully utilised.

22. Restricted Reserves

Reserves with restrictions are as follows:

| | Capital grants £000 | Donations £000 | Other £000 | <u>2020</u> <u>Total</u> £000 | <u>2019</u> <u>Total</u> £000 |
|---------------------------|------------------------|-------------------|---------------|-------------------------------------|-------------------------------------|
| Balances at 1 August 2019 | - | 55 | 23 | 78 | 128 |
| New grants | - | - | 40 | 40 | 1 |
| New donations | - | 15 | - | 15 | 21 |
| Expenditure | - | (29) | - | (29) | (72) |
| At 31 July 2020 | - | 41 | 63 | 104 | 78 |

All of the University's non-government capital grants have either been released to income, due to the performance conditions already being met, or are held as deferred income. No restricted grants have been included within income for which the purpose of the restriction has not been achieved.

23. Capital and other commitments

Provision has not been made for the following capital commitments at year end:

| | <u>2020</u> £000 | <u>2019</u> £000 |
|--|---------------------|---------------------|
| Commitments contracted for: | | |
| Building Refurbishment Works | 36 | 16 |
| Infrastructure Works | 4 | - |
| Construction of Residences | - | 1,287 |
| Enabling Works for Future Capital Developments | - | 122 |
| General Refurbishment Works | 86 | - |
| Finance Management System | - | 94 |
| | 126 | 1,519 |

24. Contingent liabilities

The University has given written undertakings to support the subsidiary companies for at least twelve months from the date of approval of these financial statements, albeit these documents are not legally binding.

25. Lease obligations

Total rentals payable under operating leases:

| | Land and Buildings £000 | Equipment £000 | 31 July 2020 £000 | 31 July 2019 £000 |
|--|---------------------------------------|--------------------------|---------------------------------|---------------------------------|
| Payable during the year | 151 | 146 | 297 | 309 |
| Future minimum lease payments due: | | | | |
| Not later than 1 year | 156 | 83 | 239 | 222 |
| Later than 1 year and not later than 5 years | 614 | - | 614 | 520 |
| Later than 5 years | 1,916 | - | 1,916 | 1,770 |
| Total lease payments due | 2,686 | 83 | 2,769 | 2,512 |

26. Pension schemes

The three principal pension schemes for the University's staff are provided by the Local Government Pension Scheme (LGPS) administered by the Worcestershire Pension Fund (WPF), the Teachers' Pension Scheme (TPS), and the Universities Superannuation Scheme (USS). The assets of the Schemes are held in separately administered funds.

Worcestershire Pension Fund (WPF)

WPF is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the WPF actuary reviews the progress of the WPF scheme. A full actuarial valuation was carried out at 31st March 2019 on a FRS basis by a qualified independent actuary.

The pension scheme assets are held in a separate Trustee-administered fund to meet long term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the scheme after consultation with professional advisers.

For WCPF, the actuary has indicated that the resources of the scheme are likely, in the normal course of events, to meet the liabilities as they fall due at the level specified by the LGPS Regulations. The contribution payable increased from 13.4% to 15.7% in April 2020.

Under the definitions set out in FRS 102, the WCCPF is a multi-employer defined benefit pension scheme. In the case of the WPF, the actuary of the scheme has identified the University's share of its assets and liabilities as at 31st July 2020, using the updated assumptions shown below:

| | 2020 | 2019 |
|------------------------------|-------|-------|
| Rate of CPI inflation | 2.30% | 2.20% |
| Rate of increase in salaries | 3.80% | 3.70% |
| Rate of increase in pensions | 2.40% | 2.30% |
| Discount Rate | 1.60% | 2.20% |

Mortality Assumptions

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

| | As at 31st July 2020 | As at 31st July 2019 |
|--|-------------------------|-------------------------|
| Males | | |
| Current Pensioner | 22.6 | 22.8 |
| Future pensioner aged 65 in 20 years' time | 24.2 | 25.1 |
| Females | | |
| Current Pensioner | 25.0 | 25.8 |
| Future pensioner aged 65 in 20 years' time | 27.0 | 28.2 |

26. Pension schemes (continued)

The assets in Worcestershire Pension Fund (WPF) scheme were:

The breakdown of Assets in the scheme are as follows:

| | % at 31st July 2020 % | Value at 31st July 2020 £000 | % at 31st July 2019 % | Value at 31st July 2019 £000 |
|------------------|-----------------------------|------------------------------------|-----------------------------|------------------------------------|
| Equities | 67.00 | 45,606 | 70.90 | 47,421 |
| Government Bonds | 7.00 | 4,765 | 7.50 | 5,016 |
| Other Bonds | 5.10 | 3,472 | 5.00 | 3,344 |
| Property | 5.50 | 3,744 | 6.00 | 4,013 |
| Cash/Liquidity | 3.50 | 2,382 | 2.90 | 1,940 |
| Other | 11.90 | 8,100 | 7.70 | 5,150 |
| | | 68,069 | | 66,884 |

Reconciliation of fair value of assets

| | 2020 £000 | 2019 £000 |
|---|---------------------|---------------------|
| Fair Value of assets at beginning of year | 66,884 | 61,267 |
| Interest on plan assets | 1,501 | 1,815 |
| Administration expenses | (64) | (61) |
| Remeasurements of assets | (2,897) | 1,205 |
| Employer Contributions | 2,853 | 2,753 |
| Member Contributions | 1,065 | 1,050 |
| Benefits/transfers | (1,273) | (1,145) |
| Fair Value of assets at end of year | 68,069 | 66,884 |

Reconciliation of present value of scheme liabilities

| | 2020 £000 | 2019 £000 |
|---|---------------------|---------------------|
| Benefit Obligation at beginning of year | 106,930 | 82,165 |
| Current Service Cost | 5,750 | 4,399 |
| Interest on Pension Liabilities | 2,349 | 2,381 |
| Member Contributions | 1,065 | 1,050 |
| Past Service Costs | 19 | 1,158 |
| Remeasurements of liabilities | 14,860 | 16,922 |
| Benefits/transfers paid | (1,273) | (1,145) |
| Benefit obligation at end of year | 129,700 | 106,930 |

| | 2020 £000 | 2019 £000 |
|-------------------------------------|---------------------|---------------------|
| Total market value of assets | 68,069 | 66,884 |
| Present value of scheme liabilities | (129,700) | (106,930) |
| Deficit – Net pension liability | (61,631) | (40,046) |

The value of pension payments made in year to the Worcestershire Pension Fund was £3,916,146 (2019: £3,801,758).

26. Pension schemes (continued)**Provision for pensions**

| | 2020 | 2019 |
|-------------------------------|---------------|---------------|
| | £000 | £000 |
| As at 1st August | 40,046 | 20,898 |
| Increase in pension liability | 21,585 | 19,148 |
| As at 31st July | 61,631 | 40,046 |

Amount recognised in the Statement of Comprehensive Income (SOCl)

| | 2020 | 2019 |
|--|---------------|---------------|
| | £000 | £000 |
| Current service Cost | 5,750 | 4,399 |
| Past service cost | 19 | 1,158 |
| Net interest cost | 848 | 566 |
| Administration expenses | 64 | 61 |
| Total pension cost recognised in Income & Expenditure | 6,681 | 6,184 |
| Remeasurements (liabilities & assets) | 17,757 | 15,717 |
| Total pension costs recognised in SOCl | 24,438 | 21,901 |

The movement in deficit during the year is made up as follows:

| | 2020 | 2019 |
|---------------------------------------|-----------------|-----------------|
| | £000 | £000 |
| Deficit on scheme at 1st August | (40,046) | (20,898) |
| Current service cost | (5,750) | (4,399) |
| Past service cost | (19) | (1,158) |
| Contributions | 2,853 | 2,753 |
| Net interest cost | (848) | (566) |
| Remeasurements (liabilities & assets) | (17,757) | (15,717) |
| Administration expenses | (64) | (61) |
| Deficit at 31st July | (61,631) | (40,046) |

The benefits and contributions payable are set out in the Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendments) Regulations 2014. As well as benefit provisions set out in the scheme regulations, for accounting purposes it is necessary to allow for anticipated changes in scheme benefits which may arise. The decisions of the Court of Appeal in the Sargeant/ McCloud cases have ruled that the transitional protections afforded to older members when the Public Services Pension Schemes was amended, constituted unlawful discrimination. The Government has accepted that remedies relating to the Sargeant/ McCloud judgement will need to be made in relation to all public service pension schemes, including LGPS. The liability and current service costs values above therefore include these relevant calculations.

26. Pension schemes (*continued*)

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers paid an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%).

During the year, the employer contribution rate paid was 16.48% up until September 2019 when it increased to 23.68% and the employees' contribution varied between 7.4% and 11.7% members full time equivalent salary. The value of pension payments made in year to the Teachers' Pension Scheme was £6,713K (2019: £5,732K).

Under the definitions set out in Section 28 of FRS 102, the TPS is a multi-employer defined benefit pension scheme, the assets of which are held separately from those of the University in independently administered funds. As the University is unable to identify its share of the assets and liabilities of the group scheme, it accounts for contributions as if they were to a defined contribution pension scheme. Contributions are charged to the Income and expenditure account in the year to which they relate.

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015. The cases of Sargeant and McCloud, referred to in the previous Worcestershire Pension Fund section, are also relevant to TPS, for which the implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

26. Pension schemes (continued)

Universities' Superannuation Scheme (USS)

Principal accounting policies

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

Critical accounting judgements

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

Pension Costs

The total impact to the Income and Expenditure account is £137K positive adjustment (2019: charge of £940K), which is made up of the following entries:

UNIVERSITIES SUPERANNUATION SCHEME

| | 2020 £000 | 2019 £000 |
|---|--------------|----------------|
| Employer contributions paid | 298 | 253 |
| Interest Payable - Unwinding of discount | 17 | 8 |
| Element of employer contributions allocated against the deficit | (24) | (20) |
| Difference between actual contribution and past expectations | (428) | 699 |
| Total amount charged to the Income and Expenditure Account | (137) | 940 |
| Brought Forward Pension Provision | (1,057) | (370) |
| Movement | 136 | (940) |
| Cash payments made to USS | 298 | 253 |
| Carried Forward Pension Provision (Note 21) | (623) | (1,057) |

26. Pension schemes (continued)

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 |

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

| | 2020 | 2019 |
|---------------------------|-------|-------|
| Discount rate | 0.73% | 1.58% |
| Pensionable salary growth | 2.00% | 2.00% |

27. Taxation

The University paid £19K in corporate tax during the year.

28. NCTL Training salaries and bursaries

Funding received from the Teaching Agency for Schools in respect of the PGCE Training Salaries and Subject Knowledge Enhancement bursaries are available solely for students; the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

| | 2020 £000 | 2019 £000 |
|---------------------------------|---------------------|---------------------|
| Funding | 3,073 | 2,610 |
| Disbursements to Students | (2,933) | (2,560) |
| Balance unspent as at 31st July | <u>140</u> | <u>50</u> |

29. Related party transactions

Due to the nature of the University's operations and the composition of the Board of Governors (with members drawn from local, public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest.

All transactions involving organisations in which a member of the Board may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures, which require individuals to declare any interest. However, there have been no material transactions with members of the board during the accounting year.

29. Related party transactions (continued)

The value of payments made by the University, during the year, to organisations that have been disclosed by either members of the Board of Governors or members of the University's Senior Managers are shown below:

| | 2020 £0's | 2019 £0's |
|--|---------------------|---------------------|
| Acorns Hospice | 1,768 | - |
| AMOSSHE | 2,568 | - |
| Association of University Administrators (AUA) | 1,353 | 884 |
| Birmingham Women's Hospital | 972 | - |
| British Psychological Society | 3,214 | - |
| Cardiff University | 2,019 | - |
| Charles Hastings Education Centre | 3,649 | - |
| Chartered Institute of Marketing (CIM) | 8,500 | - |
| Chartered Institute of Personnel (CIP) | 2,490 | - |
| CILIP | - | 1,273 |
| Graduate Prospects | 700 | 1,020 |
| GuildHE | 24,285 | - |
| Hanley Castle High School | 3,140 | - |
| Higher Education Careers Services Unit | - | 1,130 |
| Leeds Beckett University | 12,362 | - |
| Office for Students | 117,900 | - |
| Quality Assurance Agency (QAA) | 34,856 | - |
| Royal Television Society | 4,150 | - |
| Rural Media Company | 8,635 | - |
| SCONUL | - | 2,639 |
| St Georges CoE Primary School | 622 | - |
| The Basketball League Ltd | - | 3,606 |
| University of Birmingham | 38,503 | - |
| Universities UK | 47,145 | 25,075 |
| UUK Accommodation Code Sector Advisory Group | 717 | - |
| West Mercia Police | 41,851 | 75,377 |
| Worcester Cathedral | - | 11,325 |
| Worcester City Council | 122,753 | 41,779 |
| Worcester Sixth Form College | - | 760 |
| Worcester Students' Union | 559,253 | 566,396 |
| Worcestershire County Council | 716,545 | 771,048 |

The University has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 102 section 33, 'Related Party Disclosures', on the grounds that its subsidiary undertakings are wholly owned by the group.

University of Worcester Students' Union:

In accordance with FRS 102 section 33, the activities of Worcester Students' Union have not been consolidated on the grounds that the University does not operate dominant influence over its activities. During the year, the University contributed grants of £529K (2019: £529K) to the Students' Union, along with reimbursement for travel costs relating to student sporting teams and specific insurance costs relating to equipment. In addition, the Students' Union occupies the building on a rent free basis under a licence agreement, subject to the Union maintaining the building in a good state of repair. The President and Vice President (Education) occupy a position on the Board of Governors.