



UNIVERSITY OF  
GLOUCESTERSHIRE

# Financial Statements

For the year ended 31 July 2020







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# Members of Council and major committees

### Members of Council for the period 1 August 2019 to 24 November 2020

Ms I Barker (appointed 1 March 2020)  
Mr L Brown (appointed 29 June 2020)  
Mr P Bungard (Vice-Chair from 1 July 2020)  
Mr M Burgess (resigned 9 September 2019)  
Mr P Crichard (appointed 2 July 2020)  
Ms P Crook (resigned 26 June 2020)  
Mr P Davies (resigned 29 June 2020)  
Ms N de longh (Interim Chair from 4 April 2019, permanent Chair from 1 October 2019)  
Mr C Fung  
Mr S Gardiner (appointed 30 June 2020)  
Mr D Jones (resigned 31 October 2020)  
Mr M Jones (resigned 1 July 2020)  
Mr S Marston  
Mr A Mawby  
Mr S Mawson (appointed 14 February 2020)  
Mr S Maycock  
Dr A Misiura  
Ms I Mitchell  
Mrs K Morgan OBE DL (Vice-Chair, resigned 30 June 2020)  
Ms M Patrick  
Mr D Ramsay  
Dr A Shafi (appointed 1 November 2020)  
Mrs P Sissons  
Mr D Soutter (appointed 1 July 2020)  
The Rt Revd R Springett  
Mr A Taylor (resigned 29 February 2020)  
Dr P Warry (appointed 12 February 2020)

### Board apprentices

Mr P Kamalaneson (resigned 31 August 2019)  
Ms S Perret (appointed 1 September 2019)

### Membership of major Council committees as at 31 July 2020

#### Audit Committee

Mrs P Sissons\*  
Ms I Barker  
Mr P Crichard  
Mr C Fung  
Mr S Mawson  
Ms J Atherton (co-opted member)

#### Council and Foundation Standing Group

The Rt Revd R Springett\*  
Dr C Baker  
The Revd Canon Dr A Braddock  
Mr S Bullock  
Mr I Davies  
Dr P Giddings  
Dr A Long  
Mrs R Howie  
Mr S Marston  
Mr L Ndekha  
Ms M Rawson  
Ms A Sutton  
Revd S Witcombe  
Revd Dr M Parsons (co-opted member)

#### Finance and General Purposes Committee

Mr A Mawby\*  
Mr S Marston  
Mr S Maycock  
Ms M Patrick  
Mr D Soutter  
Revd D Munro (co-opted member)

#### Governance and Nominations Committee

Ms N de longh\*  
Mr S Gardiner  
Mr S Marston  
Mr S Maycock  
Dr A Shafi

#### Remuneration and Human Resources Committee

Mr P Bungard\*  
Mr L Brown  
Ms N de longh  
Mr A Mawby  
Mrs P Sissons  
Dr P Warry

# Honorary posts, officers and advisers

### Honorary posts

#### Chancellor

Baroness Rennie Fritchie DBE

#### Pro Chancellors

Sir Henry Elwes  
Rt Revd R Treweek

### Officers

#### Executive Managers

*Vice-Chancellor*  
Mr S Marston  
  
*Deputy Vice-Chancellor*  
Dr R O'Doherty (resigned 31 August 2020)

*Chief Financial Officer*  
Mrs C Stallard

*University Secretary and Registrar*  
Dr M Andrews

*Dean of Academic Development*  
Prof D James

#### Company Secretary

Dr M Andrews

### Registered office

Fullwood House  
Park Campus  
The Park  
CHELTENHAM  
Gloucestershire  
GL50 2RH

The University is an exempt charity, a company limited by guarantee, registered in England and Wales:  
Registration Number 06023243

### Advisers

#### Solicitors

Pinsent Masons LLP  
55 Colmore Row  
BIRMINGHAM  
B3 2FG

#### Registered External Auditors

Grant Thornton UK LLP  
Seacourt Tower  
Botley  
OXFORD  
OX2 0JJ

#### Registered Internal Auditors

KPMG LLP  
St Nicholas House  
31 Park Row  
NOTTINGHAM  
NG1 6FQ

#### Bankers

The Royal Bank of Scotland PLC  
PO Box 9  
45 The Promenade  
CHELTENHAM  
GL50 1PY  
  
HSBC PLC  
62 George White Street  
Cabot Circus  
BRISTOL  
BS1 3BA

\*denotes Chair





# Operating and financial review

## Executive summary

This report reviews the University's activities in the year 2019-20 in the context of the challenges and risks within which the University operates, and comprises the following sections:

### Section 1: Summary of the year

### Section 2: Strategic priorities

### Section 3: Financial performance

- 3.1 Key financial highlights
- 3.2 Review of the year
- 3.3 Financial sustainability and key performance indicators
- 3.4 Payment of creditors
- 3.5 Value for money
- 3.6 Accounting systems
- 3.7 Post balance sheet events

### Section 4: Future plans, risks and developments

### Section 5: Public benefit statement

### Section 6: Senior staff remuneration

- 6.1 Introduction
- 6.2 Remuneration and Human Resources Committee
- 6.3 Approach to senior staff remuneration
- 6.4 Remuneration of the Vice-Chancellor (Head of Institution)
- 6.5 Pay ratios
- 6.6 Remuneration of the Executive Group
- 6.7 External appointments
- 6.8 Expenses

### Section 7: Corporate governance

- 7.1 Introduction
- 7.2 Summary of the University's structure of corporate governance
- 7.3 Financial responsibilities of the University's Council
- 7.4 Disclosure of information to auditor
- 7.5 Statement of internal control
- 7.6 Statement by the Council Members in performance of their statutory duties in accordance with s172(1) Companies Act 2006



# Operating and financial review

## Section 1: Summary and overview of the year

- 1.1 2019/20 has been an extraordinary year for the University of Gloucestershire, as it has been for the whole country, indeed the world. The impact of the Coronavirus pandemic has created massive dislocation for everyone, requiring rapid adjustments by staff and students in most of our activities.

### The Coronavirus Pandemic

- 1.2 Despite the disruption caused by the pandemic, the University continued to operate successfully, delivering the great majority of our services. The University is proud of the exceptional agility, resilience and creativity shown by staff and students, and the outstanding commitment of staff to keep providing teaching, learning and support services for students. The University supported the NHS and public health agencies in a variety of ways, including supporting our student nurses and allied health professionals to help front-line services, providing residential accommodation for NHS staff, making PPE, and loaning specialist equipment. The fact that we have ended the year close to financial break-even (before taking account of the non-cash revaluation of the Local Government Pension Scheme), despite increased costs and reductions in income resulting from the pandemic, is testament to the robustness of the University's financial management.
- 1.3 When the Government imposed national lockdown in late March, the University required all staff to work from home, with the exception of key staff on campus to maintain our essential infrastructure and support students who remained living in halls of residence. All teaching, learning and student welfare and guidance services were switched to be provided online. By the end of March, all assessments had been redesigned for online delivery. We continued the academic year online through to completion in the summer, with the great majority of students and staff working from home. All students were able to take assessments and be awarded results, with deadline extensions and a 'no detriment' policy to ensure that students were not disadvantaged by the disruption to their studies.
- 1.4 In March, the University created a COVID Programme Board, chaired by the Vice-Chancellor, to oversee the University's response across 13 workstreams. In response to successive Government announcements, the Board focused on preparing the University to be able to function effectively in the new Academic Year beginning September 2020. Campus-wide guidance and risks assessments have been completed on COVID-safe working in line with social distancing requirements. All courses have been modified to adopt a 'blended' teaching approach, combining online and on-campus teaching, learning support, and student services, with extended access to specialist facilities and equipment. The University provided regular updates for students and staff as work progressed. A variety of financial and operating scenarios were modelled. Close contact was maintained with local public health agencies to plan for, and manage, any local outbreaks. How the academic year 20/21 will evolve is highly uncertain, and there are obvious risks of continuing disruption, but we remain committed to providing the best experience we can for our students.

## Student Numbers and Recruitment

- 1.5 During the 2019/20 operating year the University's total student enrolment on campus was 8,487, down from 8,896 in 2018/19. In addition, 2,304 students were enrolled on courses leading to University of Gloucestershire awards provided by partner Universities and Colleges in the UK and overseas.
- 1.6 The recruitment cycle leading to entry from September 2020 was, like so much else, disrupted by the pandemic. Open days, campus tours and interviews were switched online. The University had already decided to dispense with hard copy prospectuses as part of our new 'Who Cares? We Do' campaign. Despite all, the cycle has been successful. Total applications rose 18% year on year, and acceptances rose 11% from 2,866 to 3,188. Not all subject courses and communities saw increases, but there were notable gains in Nursing and Allied Health, Natural and Social Sciences, Computing and Engineering and Media, reflecting the University's recent investments in developing our academic portfolio. We have seen growth in postgraduate and international, as well as in undergraduate and home, applications and acceptances. There has been a small increase in the average 'tariff' of qualifications held on entry by new students. Notwithstanding the confusion over A level and BTEC results in August 2020, the number of students choosing the University through clearing increased compared with the previous year.
- 1.7 During 2019/20 the number of apprentices on higher and degree apprenticeships rose from 330 to 411. This reflects the University's strategic goal to expand our apprenticeships portfolio over time to around 2,000, in line with our mission to support employability and meet the skills needs of employers in our area. We now offer 11 apprenticeships, clustered in business and management, computing and financial services, engineering, health and education, and we project further expansion of numbers to over 500 apprentices next year. This is part of the University's strategic direction to diversify our recruitment, while further strengthening our professional and vocational focus.

## Strategic Goals

- 1.8 The first goal in our current strategic plan for the period 2017-2022 is to enable all our students to achieve their full potential, gaining the skills and experience for successful careers and rewarding lives. During the year, we continued to develop the 'Your Future Plan' programme as a structured framework to support all students to build their employability skills. From March, lockdown caused significant disruption to work placements, internships, field trips and on-campus events. Where possible we switched employability support activities online, particularly to help those new graduates trying to find their first job in the difficult labour market of Summer 2020.
- 1.9 The new Graduate Outcomes survey was published by HESA in Summer 2020, along with further releases of the Longitudinal Education Outcomes (LEO) dataset. Both datasets confirmed that the University's graduates perform well in terms of employment outcomes. The Graduate Outcomes survey indicated 93.2% of UOG graduates were in employment and/or further study 18 months after graduation, and LEO indicated that we are in the upper, or upper middle, quartiles out of 155 HEIs for the proportion of graduates in employment 1, 3 and

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5 years after graduation. We do less well in terms of the subset of graduates going into highly paid graduate jobs, so that is our focus for future improvement, while recognising that there are important unresolved questions about the validity of both Graduate Outcomes and LEO as measures of the value added by Universities.

- 1.10 Our second strategic goal is to provide outstanding teaching and support for learning for all our students. The investments we have made over recent years in using technology to support learning and building an advanced learning infrastructure served us well when we had to switch all teaching, learning and assessment online in March. Our systems proved resilient, and we have supported staff to make full use of the functionality for interactive and engaged learning in developing online and blended delivery of programmes. We have used our Virtual Learning Environment, Moodle, to bring together all of the digital resources and online learning activities for each course, making them easily available for students. Working with JISC, we have developed increasingly rich data on patterns of student engagement in learning, which are fed back to personal tutors in order to support students.
- 1.11 We have continued to develop our subject portfolio. Building on the impressive growth in Nursing and Allied Health programmes, which have a target enrolment of 600 new students in 2020/21, we have developed new courses in Diagnostic Radiography, Operating Department Practice, Nursing (Learning Disabilities), and MSc Physiotherapy for introduction in 2021. We are developing a suite of new courses in Architecture, Construction and the Environment for introduction from September 2021, alongside new courses in Biomedical Sciences.
- 1.12 This year's National Student Survey saw the University's overall satisfaction rate drop 1 percentage point to 81% in line with the fall across the sector. Despite that disappointing fall, in 5 of the 9 clusters of questions, the University was rated higher than the sector average, and in 5 of the 9 we achieved improved results over last year. We continue to work closely with the Students' Union to promote the student voice through an influential network of subject and course representatives.
- 1.13 We have made good progress during the year on our third goal of excellent research with impact. We are on track to put in a strong submission to the Research Excellence Framework by the rescheduled deadline of 31 March 2021. Our ambition is to double the size of our submission in terms of staff numbers submitted and Units of Assessment covered compared with our 2014 REF submission, with at least half of our submitted research outputs rated 3\* or 4\*. Our REF Code of Practice has been approved, and we working to finalise all our Impact Case Studies and the institutional and unit environment statements.
- 1.14 We have commenced work to develop an updated strategic plan for the next REF period through to 2027/8, building on the progress achieved in the current REF period since 2014. Notable research successes during the year include the award of funding from the Natural Environment Research Council to a consortium including the UOG Countryside and Community Research Institute and led by the University of Newcastle, to create a National Innovation Centre for Rural Enterprise. We have secured significant funding through the EU Erasmus+

programme to support applied research projects undertaken with partner Universities around the world, particularly in business and education.

- 1.15 Our fourth goal of partnership for mutual benefit combines a variety of elements. The strong support we provided for the health service during the pandemic further strengthened our partnership with local NHS Trusts. Following lockdown, we have continued to offer the full range of services to businesses online through the Growth Hub, and we have secured continuation funding worth £1.5m from the EU to extend the work of the Growth Hub and our Start Up and Grow Enterprise (SAGE) programme until March 2023. During the year, we re-affirmed our strategic partnership with South Gloucestershire and Stroud College, and we have secured approval for plans with New College Swindon to establish the Swindon and Wiltshire Institute of Technology offering advanced and higher level apprenticeships and other programmes in Engineering, Computing and Digital Media. We have developed our overseas collaborative partnerships in Canada, China, Hong Kong, Germany, Malaysia, Indonesia, Vietnam, Myanmar, Singapore and Sri Lanka. The University is a key partner in the Great Places programme for cultural development in Gloucester.
- 1.16 In terms of the enablers identified in our strategic plan, the University is proud to be ranked as the most sustainable University in the UK in the most recent People and Planet Green League. The main capital project we have undertaken during the year was further expansion of our specialist facilities for Nursing and Allied Health. We undertook a comprehensive staff survey in summer 2020, which identified a 'positive engagement' satisfaction rating of 61%, with 25% neutral and 14% dissatisfied. This gives us a good evidence base for reviewing the priorities in our People and Culture strategy on making the University a great place to work.

## Section 2: Strategic priorities

The University's strategic plan for the period 2017-2022 was reviewed and reaffirmed in summer 2019. The plan sets out **four strategic goals**:

1. To provide a breadth and richness of experience that enables all our students to reach their full potential
2. To provide teaching and support for learning of the highest quality
3. To undertake excellent research and innovative professional practice which enrich students' learning and create impact and benefit for others
4. To build partnerships which create opportunity, innovation and mutual benefit for the communities we serve.

We aspire to be a community which values positive human relationships in everything we do - supporting our students to belong, to engage, to thrive and to achieve their full potential; supporting our staff through rewarding jobs and valuing their professional contributions; and supporting the economic, social, environmental and cultural wellbeing of people in the diverse communities we serve.

### Achievements in 2019/20

The COVID-19 pandemic and ensuing national lockdown led to the University having to swiftly adjust delivery methods and priorities. Despite this change of focus the University made good progress against its strategic goals. Operational



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plans for the second half of the year focused on delivering teaching and learning online and preparing for the new academic year so as to provide a full student experience through a blended approach to delivery, whilst ensuring financial sustainability and preparing for growth in the academic portfolio. We continued to invest in our estates and facilities with the commencement of planning to develop a new biomedical sciences lab at the Francis Close Hall and facilities required for the new Architecture, Construction and the Environment subject community. Student numbers did fall on prior year, reflecting the challenging environment and national demographics. However the University's 'Who Cares? We Do' marketing and recruitment campaign has driven a positive recruitment cycle during the year in readiness for 2020/21. Our student satisfaction results varied across courses with significant achievements in many areas, and in particular in question blocks relating to academic support, the learning community, and student voice.

**To provide a breadth and richness of experience that enables all our students to reach their full potential**

**• Student experience and satisfaction**

We want each student, during their time at the University, to gain the skills, knowledge, insight and confidence to transform their own lives for the better. For question blocks within the National Student Survey that feed into the Teaching Excellence Framework, our NSS results in 2020 show that the University's satisfaction rates have improved on prior year and remained ahead of sector benchmarks for learning opportunities at 84%, assessment at 75%, although teaching has dropped slightly below sector at 83%. We have seen a further rise in satisfaction with academic support at 82%.

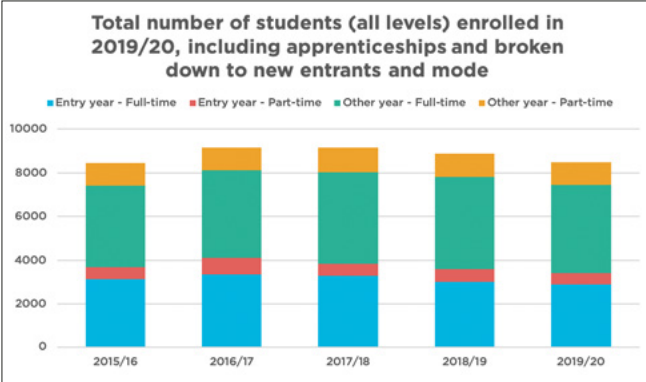
Courses with 100% overall satisfaction are:

- BA Advertising
- BA Music Business
- BA Religion, Philosophy and Ethics
- BSc Sports Coaching

A further 13 courses achieved satisfaction of 90% or above. 50% of all courses saw an improvement in overall satisfaction on prior year

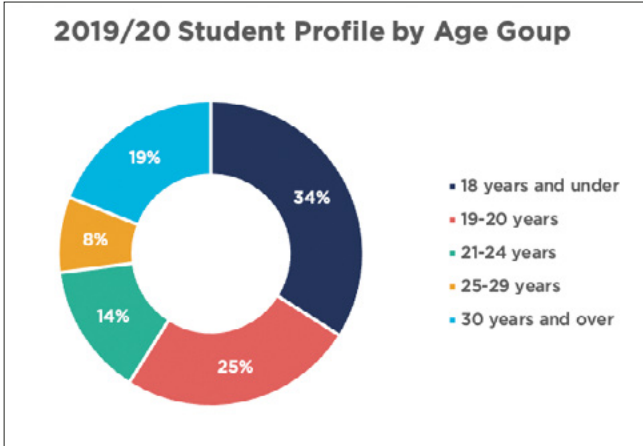
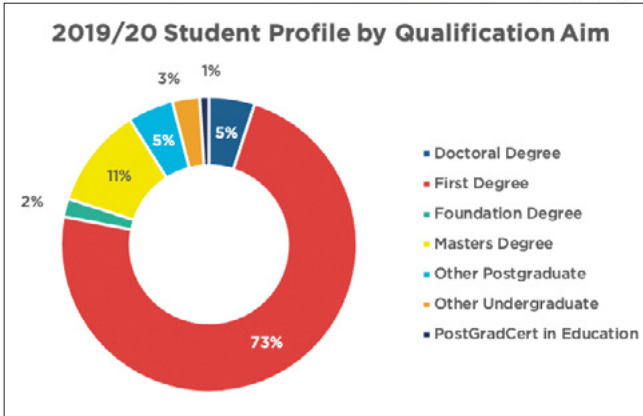
**• Student recruitment**

The demographic dip impacting on the number of 18-year olds entering higher education continued into 2019/20 and with sector-wide competition affecting student recruitment, 8,487 students registered as active at the University in 2019/20. Including apprenticeships, there were 3,414 new entrants and 5,073 returning students. International and postgraduate student numbers continued to grow on prior year.



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The University attracts a wide range of student groups studying at different higher education levels, from foundation degrees to postgraduate research, although undergraduates in the 18-20 age group continue to be our biggest student group.



**• Employability**

The University's Your Future Plan (YFP) programme enables our students to engage in a varied programme of support, guidance and experiences to help them to make key decisions about their graduate careers, and to then develop their skills to enable them to be successful in the graduate labour market. The expectation of the programme is that every student is encouraged to develop their own plan for their graduate career from the outset of their first year of study, in order that they have the maximum opportunity to build their skills throughout their time at University.

The sector has changed the way in which it reports student employability related data, and graduate outcomes are now reported through two main publications:

- **Graduate Outcomes (GO)** – developed by HESA, the GO survey gathers feedback from graduates 15 months after completion. The survey outlines the current employment/study status of the cohort, and identifies if the work is at professional level. The first full survey results were published in July 2020. In publishing the data, HESA attached a variety of caveats to this first, trial dataset, which is not comparable with the previous Destinations of Leavers from HE (DLHE) survey.

- **Longitudinal Education Outcomes (LEO)** – which combines data from the Department for Education, the Department for Work & Pensions, HMRC and HESA to look at employment activity and earnings of graduates from English HE providers 1, 3, 5 and 10 years after graduation.

The results from the first Graduate Outcomes survey were published in June 2020, providing data on the graduating class of 2017/18. The results showed that 93.2% of the University's graduates were either in employment or further study (or both) 15 months after graduation. The survey also measured the level of jobs that graduates were undertaking, and the results indicated that 61.1% of our graduates were employed in 'professional level' jobs at the time of the survey.

The latest LEO data was released in July 2020 and show that the University is in the upper middle quartile of institutions for graduates in sustained employment or further study for both 1 and 3 years after completion, and in the upper quartile 5 years post-graduation. The University is placed in the lower middle quartiles for earnings in years 1, 3 and 5.

The University established a new Employability & Business Engagement Programme Board during 2019/20 in order to bring academic colleagues who hold responsibility for helping students to develop their employability skills together with colleagues from professional services who oversee the specialist staff and resources within the Your Future Plan teams. The Board is chaired by the Vice Chancellor and has proved to be a positive regular discussion forum for colleagues to have input into developing the programme, share good practice and hear feedback from students.

The introduction of lockdown in March 2020 created particular difficulties for the organisation of placements and work experience, given that many employers could no longer offer such opportunities for students. Even so, 4,104 students had the benefit of placement opportunities during Academic Year 2019/20, and the University remains committed to offering all students the opportunity to gain work experience.

**• Student wellbeing**

Supporting students in their own personal wellbeing is a key priority for the University.

2019/20 was in the end dominated by the impact of the COVID-19 pandemic. The crisis saw students facing a range of issues that negatively affected their wellbeing, including their own health concerns, levels of anxiety, loss of part time employment and in many cases their families facing financial hardship and in a few cases of course the loss of loved ones. The Student Services department ensured that its services continued to be accessible to students during the national lockdown, via non-traditional means, including implementation of measures to ensure students suffering financial hardship were offered immediate support.

The Student Wellbeing Strategy was launched in 2018/19, and work has continued across its 9 key themes all centred on different aspects of student life. A cross-institutional oversight group is actively engaged in the process, and a number of key initiatives have been launched or are under development. These include:

- Further development and updating of the on-line portal branded 'Togetherall' which supports mental health, enabling students to easily seek out support, engage with others and gain better understanding of issues and mental health difficulties.
- A new partnership with MIND which has led to the delivery of Mental Health First Aid training to a range of student-facing staff.



# Operating and financial review

- Further development of the Counselling Service, so that it could be delivered fully across all campuses.

For 2020/21 a major focus will continue to be mental health-related training for staff, to better enable key student-facing staff to be more confident when presented with students struggling with their wellbeing.

The University has an excellent working partnership with the Student Union, working together to deliver a programme of joint campaigns focused on awareness raising, de-stigmatisation and encouraging engagement from students on issues related to wellbeing, including Personal Security; Safe Housing; encouraging physical activity; stress awareness; and on general health and mental wellbeing.

During the year the University has supported the formation and development of a new BAME network for staff and students. The network is playing an important role in strengthening the voice of BAME members of our community, so that the University can better understand and respond to their concerns. The University has also strengthened our Equality, Diversity and Inclusion Committee with representation from all Schools and Departments.

## To provide teaching and support for learning of the highest quality

We want each graduate to leave equipped to achieve their potential and ready to pursue their ambitions successfully, for the benefit of society, their families and themselves.

### • Teaching excellence

The University participated in the Teaching Excellence Framework (TEF) in 2017 and maintains a silver award that recognises the University's high-quality teaching and learning that consistently exceeds rigorous national quality requirements. The personalised approach to learning, the high-quality specialist teaching facilities, and an institutional culture that recognises and rewards excellent teaching were all recognised by the TEF panel.



In 2019/20 we completed implementation of our Technology Enhanced Learning programme. The new learning environment was fundamental in enabling a smooth transition to online delivery at the start of lockdown with a focus on the development of blended learning and online pedagogies. We have progressed our new course design framework that optimises student learning opportunities and experience, with the development of new learning design principles and a focus on Student Centred Learning.

Increased engagement of students through innovative guided independent learning, drawing on excellent resources, continues to be central to our approach. In 2019/20 we have transitioned to a blended learning model for teaching that makes optimal use of our learning spaces (see below) for scheduled contact time, supported by our Virtual Learning Environment. The integration of tools that support the provision of externally and internally generated learning resources, synchronous learning opportunities, and submission of feedback helps tutors focus on adding maximum value for their learners.

Our Review of Assessment has ensured that student satisfaction with assessment remains above sector benchmarks.

### • Learning spaces

Our learning and teaching will increasingly be enriched and supported by the use of technology, but we continue to place face-to-face engagement and human relationships at the heart of effective learning. The focus of the University's estate development is to ensure students benefit from subject communities, providing excellent social learning spaces, high quality spaces for teaching, and access to specialist resources to complement the enhanced virtual learning environment. In the 2019 NSS the University's results for satisfaction with the Learning Community were above sector average (78% compared to 76%). Over the past year we have invested in development of the space for nursing and allied health professions, and engineering technologies. We have commenced development of a new biomedical sciences lab and facilities for Architecture, Construction and the Environment. We now have lecture capture and supporting audio and visual technology in 95% of our teaching spaces, enabling delivery of synchronous teaching to remote learners alongside those in the classroom.

### • Academic strategy

The implementation of the Academic Strategy for 2017- 2022 continued, with a focus on excellent teaching, learning environment and support for students. In recognition of our sustained focus on excellent teaching and teachers, we are proud of the number of our staff who have been recognised as National Teaching Fellows and Fellows of the Higher Education Academy, and continue to make it a priority to help staff develop excellent pedagogic skills. 74% of academic staff have teaching qualifications, ahead of the sector average, and 60% of our academic staff hold a Fellowship via Advance HE. The results of our multi-year programmes of work to develop assessment practice and technology enhanced learning have enhanced critical areas that profoundly shape the experience of students and their learning opportunities. Our Learning Design programme aims will support tutors in making best use of the new digital environment and opportunities.

In 2019/20 we delivered the University Festival of Learning online. It focused on the transition to blended learning and provided a chance to celebrate and reflect upon learning and teaching at the University of Gloucestershire.

### • Portfolio development

The University continues to develop its course portfolio. We support professional and occupational development with new Higher and Degree Apprenticeships, where students gain a degree qualification while studying alongside their work commitments. Seven new apprenticeship courses have been developed in readiness for the 2020/21 academic year.

The University increased the postgraduate taught offer in 2019/20. An audit of the University's portfolio development processes found a number of areas of good practice, including representation of key areas such as Estates and Employability in decision making. The University's Quality Framework, redesigned in 2016 under the Rethinking Enhancement project, moved the University from an approach that was heavily focused on assurance and compliance to one that more appropriately balances enhancement and assurance. It enables us to achieve the ambitions set out in the University's Academic Strategy through improved data, a strong student voice through subject and course representatives, and efficient governance.

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## To undertake excellent research and innovative professional practice which enrich students' learning and create impact and benefit for others

In an environment where student learning opportunities include the creation and application of new knowledge and opportunities to get involved in applied research programmes, research is fundamental to an excellent learning-led environment. One of our Graduate Attributes is focused on 'Enquiry', and we build the student skills and experiences through our courses.

We focus on research which can be applied to benefit others. We continue to invest in areas of research excellence that align with our subject strengths and strategic priorities, and seek out funding to support our work. The University received £2.4m funding for research in 2019/20, including REF funding, and saw an increasing spread of areas securing external competitive funding. We have made good progress in extending the volume and quality of the outputs we expect to submit for the Research Excellence Framework (REF) exercise, with approximately 30% of academic staff meeting our quality criteria for submission. The REF deadline was extended to March 2021 when we will be submitting to 13 Units of Assessment that broadly reflect our overall subject portfolio.

We are supporting relevant academic staff to engage in research, and our Code of Practice for REF has been approved. This recognises our ongoing commitment to equality and diversity in identifying and supporting research active staff. Our leadership for research is continuing to improve, with Professors and Readers clear about the expectations associated with their roles. During the year we confirmed a new set of Academic Career Pathways, identifying our expectations of performance and contribution at each grade in three pathways of Teaching and Scholarship, Teaching and Research, and Research. The aim is to ensure that we can recognise achievement and contribution across the full range of academic activities, and we have appointed our first Associate Professors. We continued to support the Early Career Research Network in 2019/20 as an aspect of our People and Culture Strategy.

We increased our number of research students in 2019/20. Our research students expect a high-quality research environment, consistent with our research degree awarding powers, and the 2019 Post Graduate Survey (PRES) showed a further increase in the satisfaction of our students, reflecting the effort placed on development of the University's research culture. We have enhanced the promotion of research, including the areas in which we offer expert supervision across our subject communities. This is resulting in increased PGR student applications.

## To build partnerships which create opportunity, innovation and mutual benefit for the communities we serve

As a University, we work with partners to transform the wellbeing and prosperity of our community. We pursue this purpose of transformation through relationships.

### • Community support

Mutually beneficial partnerships support our success and the achievement of our goals, as we also support others to succeed and achieve their goals. The University is proud to be the University of, and for, Gloucestershire and we value the support we have received over many years from the county.

The University continues to engage with its very local communities through facilitating 'Community Liaison Groups' linked with each of its campus sites, as well as the Pittville

Student Village. Each group meets four times across the academic year, and enables representatives from residents' associations and elected councillors to meet with colleagues from the University and the SU, along with representatives from the local police constabulary and environmental health teams.

This engagement enables the University to hear any concerns from local residents about our impact in neighbourhoods and work to find solutions, as well as also connecting them with external agencies as appropriate if there are other local difficulties that can be resolved positively. Universally the local representatives find the meetings useful, and value the level of engagement that the University provides.

During 2019/20 the University's response to the COVID-19 pandemic was supported by the members of the liaison groups, with many of the representatives making contact with the University to see how they may assist students or the institution.

Other major areas of partnership development during the year include:

- Working with NHS partners in response to the pandemic. The University supported our nursing and allied health students to join the NHS frontline in supporting those affected by the virus; we provided equipment and PPE; we made our student accommodation available for use by NHS staff; and we kept our campuses open for the local community to take exercise.
- We continue to develop our portfolio of courses to meet the needs of local employers, including the major public services of education, police and social work as well as health.
- We have strengthened our links with key Further Education College partners, re-affirming our strategic partnership with South Gloucestershire and Stroud College, and progressing plans for an Institute of Technology with Swindon College and New College Swindon (merged in August 2020 to form a single New College Swindon).
- We have sustained through lockdown our partnerships with overseas partners in Canada, China, Hong Kong, Germany, Malaysia, Indonesia, Vietnam, Myanmar, Singapore and Sri Lanka.

### • Support for businesses

The University has a strong track record of working with business, and is one of the primary agents of economic development in the county, with numerous links to business organisations, and substantial investment and support through the Growth Hub which is now co-located in the Business School at Oxstalls.

The Growth Hub, and its expanded network within the county, have now delivered support advice and guidance to more than 5,800 businesses of which 42% have high growth potential. This, together with the work delivered by ESIF funded projects to support innovation, enterprise and new start-ups represents a significant resource for the region. Recent client satisfaction surveys show that 90% are likely to recommend the Growth Hub to others, and 86% said that it is likely that their business will grow.

In 2019/20, working alongside the local LEP, the Growth Hub was instrumental in collating and reporting data on the business landscape and emerging trends resulting from COVID. We continue to work with the GFirst LEP in support of the Gloucestershire Economic Recovery, through the Growth Hub activity and in working to develop new skills and



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provide placement students and graduates to meet emerging business needs.

The University continues to grow the range and scale of its apprenticeship programmes, working with over 60 employers and over 400 apprentices, to help them develop and upskill their workforce.

The University's ambitions for business engagement are to provide our students with opportunities; continue to grow our portfolio of degree apprenticeships; support our partner businesses to innovate and grow, enrich the academic environment of the University with links to business and organisations; diversify the University's income; and to support our role as an 'anchor institution', contributing to the wellbeing and sustainability of our community for the long term.

Enablers of the strategic plan:

• People and culture

As with many organisations, the COVID-19 pandemic has impacted the University's ability to continue its planned trajectory against its people and culture strategy. The priorities were refocused ensuring the health and safety of our staff and students, moving to a home working environment quickly and efficiently for staff and providing staff with support in using the online tools available. We utilised the Government's Furlough scheme where appropriate.

We have however still managed to continue at pace with some of our people and culture priorities. The University successfully achieved level three of the disability confident standard and are now looking to support other organisations within Gloucestershire as a disability confident employer.

We have implemented our Academic Career pathways and are continuing to work on embedding these across the University. This work is intended to provide staff with clarity around the expectations of role and performance at each level in the pathways of Teaching and Scholarship, Teaching and Research, and Research.

We have implemented a new staff engagement survey platform and have already undertaken two staff surveys in 2020, including a full engagement survey which was last implemented 3 years ago. The results will shape our business plan for 2020/21 and the planned revision of the people and culture strategy. We have also set up a Women's network and BAME network in addition to the Equality and Diversity Committee.

The University supports staff involvement in Trade Union activities. In 2019/20 there were 16 members of staff fulfilling

paid trade union duties. The annual report on trade union facility time is published on the University website.

[glos.ac.uk/docs/download/Governance/trade-union-facilities-time.pdf](https://glos.ac.uk/docs/download/Governance/trade-union-facilities-time.pdf)

• Finance

The University published a new Finance Strategy in 2018/19 for the period 2019 to 2022. The Finance Strategy supports the delivery of the University's Strategic, Operational and Departmental Business Plans. The Strategy is designed to ensure the continued financial security of the University, identify and fully exploit profitable income lines with growth potential, and to maintain cash generation at a level to sustain the institution.

Our financial results for the year are reviewed in Section 3.

• IT and Estates

The University continues to invest in the development and maintenance of the Estate. In 2019/20 design work commenced for development to realign existing space to support new course development. This includes the refurbishment of the Teaching Centre at Francis Close Hall for the new Architecture, Construction and the Environment subject community, and development of a new biomedical sciences lab for the School of Natural and Social Sciences. At the Oxstalls campus development commenced to add valuable additional teaching and learning space to support the continued growth in Health and Allied Health by adding a mezzanine to an existing sports hall. Over the summer months of 2020 the Estates team focused on preparing COVID-secure buildings in readiness for the start of the new academic year in September 2020 and return to campus of staff and students.

The Technology to Enhance Learning programme completed its third and final year delivering improvements to many systems including: Learning Analytics, attendance management, student desktop upgrades to Windows 10, increased rollout of lecture capture and significant developments in our Electronic Management of Assessments. The Moodle Virtual Learning Environment continued to be enhanced during the year and librarians worked with academic colleagues compiling accessible, high quality, online learning resources for every course and increased use of the Talis library resource tool which students have embraced. The University again improved its satisfaction rate on prior year for learning resources as reported in the National Student Survey. The rapid move to online learning from March 2020 put significant pressure on the capacity of the virtual learning environment, but it responded well broadly maintaining resilience.



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• Internationalisation

The University is committed to being an academic community with a global outlook, recognising that our stakeholders are best served by an internationally engaged institution which furthers opportunities for intercultural learning, teaching and research. This requires an institution-wide approach to internationalisation which aligns with our focus on sustainability. Whilst international trips were impaired due to the COVID-19 pandemic, the University continued to nurture and grow international partnerships, and delivered the Learning Innovation for Tomorrow programme (LIFT) project to embed internationalisation into the curriculum. Despite the pandemic, applications from international students increased significantly year on year.

• Sustainability

The University remains positioned as the number 1 UK university for sustainability in the league table published by People and Planet in 2019. In 2020 the University also achieved re-certification of its Environmental Management System, which is accredited to the ISO 14001: 2015 Standard, externally audited by British Standards Institute.

The University now sends zero waste to landfill across all sites. An urban greening and biodiversity improvement project was completed at Oxstalls campus in 2019-2020 supported by ESIF funding, which saw the creation of wildflower meadows, new native planting and flood protection measures.

The Learning Innovation for Tomorrow programme (LIFT) supported a range of academic innovation projects during 2019/20. The student community has been particularly active on issues around climate and carbon emissions this year, having organised the 1,000 strong Cheltenham climate action and its petition to Cheltenham Borough Council.



• Environmental Reporting

The University is committed to improving our energy efficiency, continually looking at reducing energy use and its corresponding reduction in CO2 emissions. Environmental performance targets are reviewed on a regular basis with the next review due in 2020/21. The new targets will be used to drive performance towards the sector and national requirements as targets and strategies are evolved, specifically in relation to carbon reduction.

As required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 ('the 2013 Regulations') and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('the 2018 Regulations') the University reports on the Streamlined Energy and Carbon Reporting

(SECR). This is the first year the new regulation became effective. Although not mandatory for the first year of reporting prior year comparisons are being reported below:

	2019/20	2018/19
Natural Gas consumption for on site operations (heating, catering etc) - scope 1 kWh	5,725,230 kWh	5,515,471 kWh
Fuel used for site vehicle activity - scope 1 kWh	40,735 kWh	54,749 kWh
<b>Total CO2 emissions for scope 1 activities (fuels used on site for organisation activity) tonnes</b>	<b>1,063</b>	<b>1,028</b>
Electricity supplied from off site generation for consumption by on site operations (heating, ventilation, air conditioning, lighting, computers etc) - scope 2 kWh	3,389,196 kWh	4,253,672 kWh
Electricity generated and used on site (photo voltaic cells) kWh	32,165 kWh	26,125 kWh
<b>Total CO2 emissions for scope 2 activities (energy generated off site and used on site for organisation activity) tonnes</b>	<b>790</b>	<b>1,204</b>
<b>Total scope 1 and 2 CO2 emissions tonnes</b>	<b>1,853</b>	<b>2,232</b>
<b>Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (scope 3) tonnes</b>	<b>122</b>	<b>184</b>
<b>Total CO2 emissions attributed to activity of business (scope 1, 2 &amp; 3) tonnes</b>	<b>1,976</b>	<b>2,354</b>
Carbon emissions target set by business - 40% reduction in scope 1 & 2 CO2 emissions by 2020 compared to 2005/6 emissions	62%	53%
<b>Intensity ratio - tonnes CO2 emitted per 1000m² gross internal area</b>	<b>22.2</b>	<b>24.2</b>

The reported data above was collected and analysed using a method based on the Green House Gas Reporting Protocol - Corporate Standard.

During 2019 the University entered a Power Purchase Agreement ensuring 20% of electricity is supplied from windfarms. The University actively look to reduce its annual energy consumption, and a number of projects were planned for the latter part of the financial year. Unfortunately, these were postponed to allow the University to focus resources on dealing with the current COVID-19 pandemic.

More broadly in relation to sustainability, the University published an annual report detailing our goals, actions and achievements in relation to the promotion of sustainability across all our activities. The report is available at [glos.ac.uk/docs/download/Sustainability/annual-sustainability-report.pdf](https://glos.ac.uk/docs/download/Sustainability/annual-sustainability-report.pdf)

Section 3: Financial performance

Financial performance is key to ensuring that the University continues to be a successful and sustainable organisation, cash generation being a primary focus.

The University has prepared its financial statements in accordance with FRS 102 and the financial highlights below show an improvement within cash generation and liquidity on last year.



# Operating and financial review

### 3.1 Key financial highlights

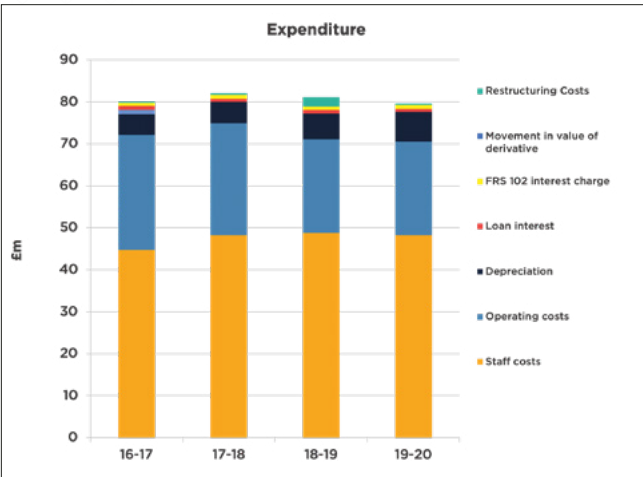
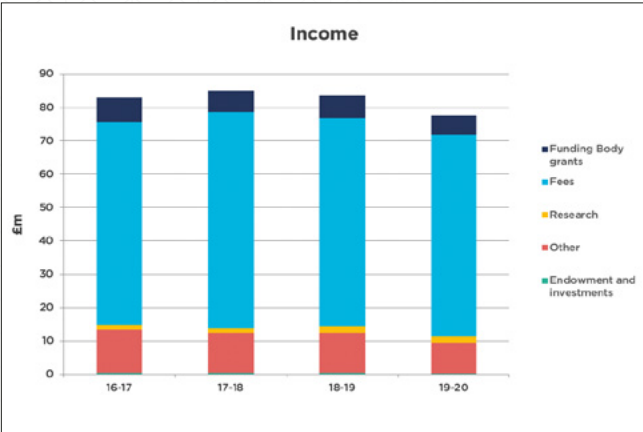
- The net asset position before pension provisions has improved to £92.0m (2019: £90.1m);
- The year-end liquidity position has strengthened, with net liquidity rising to 126 days (2019:107 days);
- Cash generation from operating activities has increased, rising to 11.1% (2019: 7.5%)
- Investment of £3.3m in fixed assets;

### 3.2 Review of the year

#### • Operating performance

The University financial performance was adversely impacted by COVID and reports a consolidated operating deficit for the year of £1.5m (2019: surplus £2.1m). The reported deficit is after accounting for the FRS102 LGPS & USS (non-cash) pension costs of £3.5m. Despite reporting this deficit, cash generation, liquidity and covenant compliance continues to remain strong with solvency and covenant compliance of the University continuing to be our primary focus. The last three years has seen significant asset investment, delivering an improved net asset position of £92.0m before pension liability (2019: £90.1m, 2018: £84.6m), evidencing the continued strengthening of the University. The cash generated in the year has enabled the University to invest a further £3.3m in capital to continue to maintain and upgrade space to facilitate new and expanding courses.

Continued competitive pressures and the impact of COVID have resulted in a reduced intake of full-time undergraduate students in the academic year 2019/20, with a consequential impact on tuition fees, accommodation and commercial income.



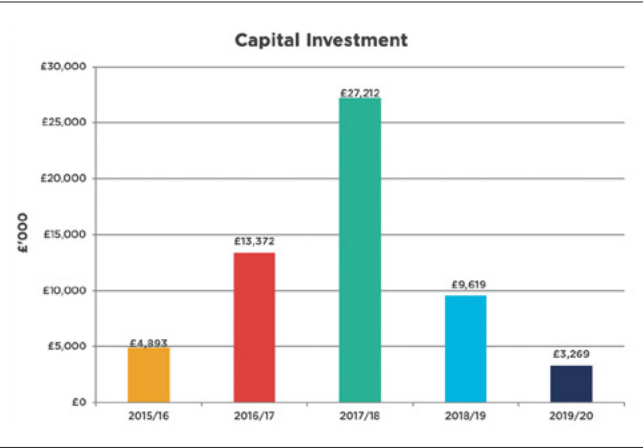
Pay and non-pay costs in 2019/20 are largely in line with prior years even after accounting for the £3.5m FRS102 pension costs, evidencing the sustained positive impact of the savings realised through the 2018/19 cost re-balancing programme (Securing a Sustainable Future).

During 2018/19 both INTO University Partnerships and the University undertook a joint strategic review of the jointly controlled entity, that was established to run international foundation programmes. As an outcome of the review the Board agreed to change the focus of the partnership reflecting the University's expertise in programme validation and concentrating on areas of emerging global demand. From September 2019, all on-campus preparation programmes ceased at the University's campus in Cheltenham. The long-term partnership will, however, continue. INTO will provide recruitment support for Direct Entry students and the University, in turn, will continue to validate Foundation and International Year One programmes at INTO's World Education Centre in London, as they do today. As a result of this change of focus, the activities and business of INTO University of Gloucestershire ceased in September 2019.

All costs associated with ceasing these activities were provided for in the 2018/19 university and group accounts with minor adjustments being provided for in the 2019/20 accounts. The results of the jointly controlled entity up to the end of July 20 is reporting a trading loss of £(0.2)m, the university share being £(0.1)m, after writing off the revolving loan facility of £1.2m a profit of £1.0m is reported for 2019/20, the university share being £0.5m. All legal and statutory duties relating to the cessation of the jointly controlled entity will be finalised during 2020/21.

#### • Capital investment

Capital investment in the year has continued to deliver additional and upgraded space and facilities for new and expanding courses, particularly Engineering and Health & Social Care. IT continues to support the business maintaining the core systems and infrastructure in addition to delivering significant projects to support and improve the student experience.



#### • Long term debt (secured loans)

At the year end, our long-term borrowings (secured loans) were £27.2m. During 2019/20 both RBS and HSBC provided a 7-month capital repayment holiday providing a £3.2m cash saving split across both 2019/20 and 2020/21. No changes were made to the term of the loans, HSBC expires in March

# Operating and financial review

2023 and RBS in October 2026. The gearing ratio has marginally increased to 41% (2019: 40.4%) sitting comfortably below the target of 45% set out in the Finance Strategy.

Both the net debt to total income and minimum net assets bank covenants are reported as compliant. During the year a potential covenant breach was identified, and early discussions were held with relevant lenders in conjunction with agreeing a capital repayment holiday. Prior to the year end, HSBC agreed to waive the Debt Service Ratio covenant for the year end and issued a waiver letter whilst RBS adjusted the covenant ratio.

#### • Liquidity and treasury management

Cash deposits are invested in accordance with the University's Treasury Management Policy. The prime requirement of the policy is for capital sums to be distributed between approved financial institutions to ensure minimal risk exposure.

Deposits held with any one bank should not exceed £6m. At the balance sheet date £23.3m was placed on deposit with a number of banks; average monthly balances held by deposit takers over the year were £19.5m (2019: £20.4m).

The year-end liquidity position has continued to exceed the target of 75 days set out in the Finance Strategy and at the year-end liquidity levels stood at 126 days (2019: 107 days).

#### • Pensions and pension liability

Retirement benefits for employees of the University are provided by a number of defined benefit schemes. The financial results continue to include the accounting impact of FRS 102.

Under the Gloucestershire County Council Local Government Pension Scheme (LGPS) the net pension liability as at 31 July 2020 has increased to £63.4m (2019: £41.0m; 2018: £26.0m). The increase in the liability this year is due to the change in financial and demographic assumptions resulting in the present value of the expected future liabilities being greater than the growth of the asset returns.

The Universities Superannuation Scheme (USS) and Church of England Funded Pension Scheme (CEFPS) are multi-employer schemes for which it is not possible to identify the assets and liabilities to the University for members and are therefore accounted for as defined contribution retirement benefit schemes. The net pension liabilities for any contractual commitment to fund past deficits have been identified within provisions: USS: £418k (2019: £823k), CEFPS: £6k (2019: £19k).

The Teachers' Pension Scheme (TPS) is a multi-employer unfunded scheme and the University's share of assets and liabilities cannot be separately identified. This scheme is therefore accounted for as a defined contribution retirement benefit scheme.

Employer contributions to pension schemes were as follows:

Pension scheme	Current contribution rate	2019/20 £000	2018/19 £000
LGPS	22.10% plus £154k pa	4,150	4,129
USS	21.10%	187	181
TPS	23.68%	3,738	2,730
Others including Church of England Scheme	39.90% (CEFPS)	10	7
Total		8,085	7,047

### 3.3 Financial sustainability and key performance indicators

This is the second year of the 2019-2022 finance strategy which has been designed to ensure the long term financial viability of the university, focusing on delivering an integrated approach linking academic, financial and business planning issues, enabling investment and development of a successful and financially sustainable academic institution with a sound financial base that is properly resourced to enable the University to pursue strategic opportunities.

The results for the year have been adversely impacted by COVID and whilst uncertainties continue, financial performance could continue to be affected. The operating deficit for the year was created by COVID impacts and higher non-cash LGPS charges. Scenario planning performed in early summer 2020, considering the potential operational and financial impacts of COVID, brought into sharp focus the primacy of cash generation, over other measures of financial performance when considering solvency and future financial sustainability in times of crisis. As a result of this, greater emphasis will be given to the cash generation metric and minimum cash balances when assessing financial performance during the recovery period.

The key performance indicators agreed within the Strategy are actively monitored to support delivery of the University's financial goals. Regular business review planning meetings are also held through the year to monitor progress against School and Department key performance indicators supporting the University's operational and business plans.

The key objectives of the 2019-2022 Finance Strategy are to:

- ensure the continued financial security of the University;
- identify and fully exploit profitable income lines with growth potential;
- maintain cash generation at a level to sustain the business;

Performance against the targets included in the Finance Strategy is set out below:

Key financial indicator	Performance 2019-20	Finance strategy target 2019 to 2022
Operating surplus	(2.5)% (excl JV) (1.9)% (incl JV)	2.1% of turnover
EBITDA as a % of total income	7.2%	7.6% of turnover
Cash generation from operating activities	11.1%	10% of turnover
Pay as a % of income	58.7%	Not to exceed 55% of income
Year end liquidity ratio	126 days	75 days
Gearing - external borrowings (all borrowings and service concessions)	41.0%	Not to exceed 45% of turnover
Investment in capital and maintenance		Investment as a % of income:
- capital (estates, equipment and IT)	4.2%	5%
- recurrent maintenance	1.5%	1.8%
Diversification of income base	(12.8)%	Growth of 5% per annum in non-regulated fees and grant income



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### 3.4 Payment of creditors

It is the University's policy to obtain the best terms for all its business activities and therefore terms are negotiated with individual suppliers. The University aims to pay creditors in line with its terms and conditions set out on individual purchase orders; these terms may vary by agreement or contract, or by statutory or regulatory conditions. The University paid 94.7% (2019: 95.8%) of the 7,385 invoices received within 30 days of them being determined as valid and undisputed. The average (median) payment time for invoices was 17.7 days (2019: 13.7 days). The University did not make any payments in respect of the late payment of invoices.

### 3.5 Value for money

The Office for Students requires institutions to provide regular publication of clear information about arrangements for securing value for money including provision of a value for money statement along with data about the sources of its income and the way that its income is used. The University monitors and reports on Value for Money for Students across three gauges:

- Transparency in how the University earns and spends money – data and infographics are published annually on the University website
- Transparency of charges to students and equality in experience – the charges the students are likely to need to pay are stated in the course pages of our website to give transparency for applicants, and the Academic Leadership Group monitors the level of offerings made by Schools biannually
- Student perspective and perception of value for money – students are invited to provide feedback and actions are taken forward by student services working with the Students Union

An annual report on Value for Money is presented to Audit Committee to provide assurance that the University is delivering value for money from public funds. The University is committed to make the best use of the resources that it has available, to deliver intended services and maximise the benefit achieved from those services, and to provide excellent value for money to students. We are committed to continued close working with the Students Union to understand what drives student perceptions of value for money, and how the University can best work over time to improve those perceptions.

### 3.6 Accounting systems

The University continues with the development of the Agresso accounting software and related systems and during 2019/20 successfully implemented an online expenses module.

### 3.7 Post balance sheet events

No significant post balance sheet events occurred during the period after the end of the year 2019/20 and the publication of the Financial Statements.

## Section 4: Future plans and risks and developments

The impacts of COVID 19 have been profound, affecting national economies, business sectors, health services and personal lives. The full impacts are still not yet known and the Higher Education sector faces continued uncertainty both operationally and financially.

The University response to operational delivery from March 2020 onwards has been highly successful with no interruption to teaching delivery. Further enhancements have been developed over the summer, allowing the University to deliver a strong blended learning experience to students for the

# Operating and financial review

2020/21 academic year, with contingency plans prepared ready to respond to the imposition of any new national Government or local health restrictions.

The COVID Programme Board will continue to operate for so long as uncertainties remain, and has operated in a swift and decisive manner responding to emerging issues. We also work collaboratively with a number of sector representative groups, accessing timely information and sharing best practice.

The immediate uncertainties for the remainder of this financial year hinge on our ability to continue with our blended learning offer, which provides students with a range of face-to-face and on-campus activities which are important for their learning. To date, the Government has endorsed that approach. A tightening of local or national regulations which restricts our ability to offer on campus delivery could impact adversely on the student experience and motivation. A series of mitigating actions have been agreed should such a situation arise.

Our approach to financial planning has responded to this new, uncertain environment. The University is anticipating reduced financial performance over the next couple of years, as additional costs of working, reduced income lines and non-cash pension charges adversely impact on the bottom line. Despite these impacts, cash generation is expected to remain relatively stable at around 10% of turnover, thus enabling the University to maintain progress with planned infrastructure developments, which will enhance our future financial prospects. Solvency and covenant compliance remain our top financial priority and are the focus of scenario modelling and stress testing, with a particular eye on points in the year when cash balances are at their lowest and the year end covenant test dates. A revised financial strategy will be developed during 2020/21 setting out the recovery strategy, which is expected to extend over a 3-year period, with the early part of this reflecting the benefit of the capital repayment holiday.

Despite the uncertainties faced, demand for University places has been buoyant and the University has seen increases in firm acceptances of 13% across the total student population: 6% for home students and 85% for overseas students. This trend is expected to continue as the school leaver population starts to grow annually from 2020, new overseas agent contracts embed, and as the University academic portfolio developments enable expansion into new markets.

The University continues to plan ahead for the consequences of Brexit, though no areas of material threat have been identified. Advance purchases of certain goods from EU and travelling through the EU are in hand to mitigate against any delays in early 2021, a similar practice is being adopted for essential goods being purchased from COVID hotspot areas.

A new 10-year Ambition Plan is under development to set out the size and shape of the University in 2030, and to determine the associated capital investments and financing required. This activity will run alongside preparations for the development of the next University Strategic Plan, which will launch in 2022. The review will consider the impact of blended delivery and increased home working and the opportunities these may offer the University.

## Section 5: Public benefit statement

The University of Gloucestershire is an exempt charity under the terms of the Charities Act 2011. As an exempt charity it is not required to be registered with the Charity Commission, but is however subject to the Charity Commission's regulatory powers which are monitored by the Office for Students. The University Council have due regard to the Charity Commission's public benefit guidance. The Council have taken into account the Charity Commission's guidance on public benefit and are satisfied that the activities of the University as described in these financial statements fully meet the public benefit requirements.

The objectives of the University are the advancement of the Higher and Further Education of men and women by the provision, conduct and development of a university for the advancement of education, teaching, advice and research. The preceding sections, particularly sections two and three, more fully describe the activities of the University and should be considered alongside this statement, to gain a full understanding of the extent to which the activities of the University deliver a benefit to society.

The prime beneficiaries are the students of the University of Gloucestershire who are engaged in learning and research activities. Other beneficiaries include employers, businesses, school children and the general public. Staff and students also engage in voluntary action in the local community and overseas, for example in Malawi where the University has led a sport-based project for several years.

The University also supports access to arts, musical and other cultural events. This includes long standing support for the Cheltenham Science Festival, Jazz Festival, and the internationally acclaimed Cheltenham Literature Festival. Over the last three years the University has supported headline events with Hilary Clinton, David Attenborough and David Cameron. This enables the University to provide





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opportunities for students from widening participation areas and partner schools and colleges to attend these headline events during which they have been able to take part in private Q&As or submit questions to be put to the speakers during the events. In addition to this, the University is a sponsor of the Gloucester History Festival, and is an active contributor to the Gloucester Culture Trust, leading the Trust's programme of cultural entrepreneurship.

Education at the University of Gloucestershire reaches far beyond the classroom. Our Strategic Plan emphasises our commitment to the development of graduates who are engaged, enquiring, empowered, empathetic and ethical. We pride ourselves on being an academic community that is student-centred, learning-led and research-informed.

Of the 8,487 students registered at the University 22% identified themselves as having a disability, 13% identified themselves as part of the Black, Asian and Minority Ethnic (BAME) community resident in the UK and 9.8% were from countries other than the UK. The University is committed to extending the diversity of its student body and runs a programme of outreach and financial support to ensure that there is fair and equal access for all.

The Outreach team sustains strong relationships between the University and the wider community supporting schools, colleges, local groups and other regional and national networks in promoting progression to higher education. The team provides a breadth of activities and events for school and college students and their influencers to provide information, advice and guidance about choosing and accessing higher education options, how to apply to university and the financial support available. Outreach activities in 2019/20 were impacted by the COVID-19 pandemic and lockdown. Despite this the outreach team undertook 240 activities with schools and colleges, ranging from primary school children to lifelong learners and their influencers. Just over 11,548 students engaged in outreach activities over the year. Activities take place on and off campus, and in the second half of 2019/20 the team delivered alternative outreach online through webinars and pre-recorded videos in addition to developing an online alternative to campus visits.

The University works predominantly with schools and colleges, including institutions in its partnership network in Gloucestershire and neighbouring counties. It has strong strategic partnerships with further education colleges in the area, including South Gloucestershire and Stroud College and Bath College, and is developing a proposed Institute of Technology with New College Swindon. Interventions are in place to work with a wide range of students to ensure our intake reflects all areas of society. Such projects include residential summer schools, opportunities to access subject taster sessions and application support. The University is supporting the Cheltenham Education Partnership of state and independent secondary schools in Cheltenham.

In 2019/20 the University provided around £3.1m in financial support to students through fee discounts, fee waivers and bursary awards. The University supports students from under-represented groups by offering financial support and a large financial assistance fund. Scholarships and bursaries are available to those who progress onto a course at the University having previously studied at a partner college, whilst fee discounts are provided to alumni who wish to progress to postgraduate study. Examples include the University Bursary of up to £500 for students who progressed to the University from a local partnership school or college, and up to £9,000 per year for care leavers. The University also offers an

academic merit scholarship for all entrants achieving a high level of entry qualifications, worth £1,200 across the three years of a typical undergraduate programme.

## Section 6: Senior staff remuneration

### 6.1 Introduction

The University is committed to transparency in senior staff remuneration, and the publication of this report as part of our annual financial statement is an important part of that commitment.

Throughout this report 'senior staff' is understood to mean the University Executive Committee (UEC), as defined in section 6.6. The UEC includes the Vice-Chancellor but in some regards as described below the approach to setting remuneration for the Vice-Chancellor differs from that adopted for other members of the Executive group.

The Council has adopted the Committee of University Chairs (CUC) 'Higher Education Senior Staff Remuneration Code' (June 2018), including the supporting documents referred to by this Code, in its approach to senior staff remuneration. Council also has regard to the 'Good Pay Guide for Charities and Social Enterprises' (December 2013) issued by the Chief Executives of Voluntary Organisations, and has agreed to adopt the CUC 'Guidance on Decisions Taken about Severance Payments in HEIs' (June 2013) for all staff in the UEC including the Vice-Chancellor. Council, through its Audit and Finance & General Purposes Committees, also ensures it follows the stipulations regarding senior staff remuneration contained in the latest publications issued by the Office for Students.

### 6.2 Remuneration and Human Resources Committee

Council has established a Remuneration and Human Resources Committee (RHRC). This committee is responsible for the development of remuneration and reward policies for all senior staff together with terms and conditions of employment for such staff, and for discussion of the University's human resources strategy and pay framework for all staff.

Council believes there are benefits from a single committee having a holistic view of all staff policy and pay matters, including senior staff. The Vice-Chancellor himself is not a member of RHRC, and plays no role whatsoever in establishing his own remuneration, but attends for relevant agenda items including discussions concerning the performance of other members of the Executive group as well as discussions concerning the University's overall approach to pay, conditions and HR strategy for all staff. With a view to ensuring transparency a Student Member of Council (normally the Students' Union President) is included in the membership of RHRC.

RHRC also has responsibility to Council for the oversight of pay gaps based on gender, ethnicity and other protected characteristics, as well as equal pay and other human resources matters. It meets three times per year (normally October, February and June) with additional meetings as required.

RHRC is independent, being made up exclusively of External Members of Council plus one Student Member. The membership of RHRC includes the Chair of Council. The competence of its membership is reviewed annually by Council through its Governance and Nominations Committee. This includes consideration of an individual's expertise on appointment to RHRC as well as through the annual effectiveness review process led by the Chair of Council. The Chair of RHRC is ex officio the Vice-Chair of Council. The full

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Terms of Reference and Membership for RHRC may be found on-line: [glos.ac.uk/governance/council/pages/university-council.aspx](https://glos.ac.uk/governance/council/pages/university-council.aspx)

### 6.3 Approach to senior staff remuneration

The University takes very seriously the need to set pay levels for all staff that are proportionate, that reflect the level of responsibility of the role, and enable us to attract and retain staff of the highest calibre. We are also conscious of the balance to be struck between recruiting, retaining and rewarding the best staff possible, in order to deliver the best outcomes for students, society and the economy, while demonstrating effective use of resources and value for money for students in the use of the University's overall resources.

To ensure its approach to senior staff remuneration remains appropriate, RHRC periodically receives a pay review report. The last such report was commissioned by RHRC during 2017/18. This report was produced by Korn Ferry Hay Group and provided information and comment on the competitiveness of remuneration for the Vice-Chancellor and the rest of the Executive group, taking account of market movements and changes in roles. It updated a previous benchmarking report, also produced by Hay Group, in 2016. This report adopted an approach to considering remuneration that included, inter alia, economic factors, competition, market rates, roles, and skills required of post holders. The report also took account of changes in the responsibilities of UEC members following decisions to streamline the group and improve overall cost-effectiveness by not replacing two former postholders when they retired, reducing the size of the Executive group from nine to seven. (Since that point, the Executive group has reduced further to five members.) The comparison of market rates was based on four sources:

- The annual higher education survey by the Universities and Colleges Employers' Association (UCEA);
- Published data on the remuneration of Vice-Chancellors in an agreed list of comparator institutions;
- Hay Group data on higher education;
- Hay Group data on the general market (all organisations UK except for financial services).

Members of the Executive are appointed on fixed basic salaries as determined by job evaluation review and relevant benchmarking, which, subject to satisfactory performance, are increased each year in accordance with the nationally determined pay award. Each member of the Executive group has annual performance objectives and an annual performance review with their line manager (this is the Chair of Council for the Vice-Chancellor, and the Vice-Chancellor for other members of UEC). The University also commissions from time to time (normally every three years) an external job evaluation review and benchmarking report to ensure that Executive salaries remain appropriate and competitive in the sector.

During the year, after consideration at RHRC, Council also considered and approved a new approach to salary supplement in lieu of pension contributions. Council approved a scheme for staff who exceed the Lifetime Allowance. This scheme avoids potentially unlawful inducements, recognises a specific issue for a defined group of staff, is open and transparent, and is in line with practice in the higher education sector.

### 6.4 Remuneration of the Vice-Chancellor (Head of institution)

In the light of continuing debate about the pay of senior staff in universities, and particularly Vice-Chancellors, the

Council and RHRC have kept the issue under close review. RHRC is also acutely aware of the Vice-Chancellor's critical role in achieving the University's strategic objectives in an increasingly competitive environment.

In 2019/20 the Vice-Chancellor, Stephen Marston, received total remuneration of £196,680, comprising salary of £169,478, payment in lieu of pension of £10,169 and pension contributions of £17,033. At the Vice-Chancellor's request, no pay award was given for 2019/20. During the year, in accordance with the Council's approved policy on salary supplements in lieu of pension contributions, the Vice-Chancellor ceased to take any pension contributions and received a partial offset in increased salary. The net effect was to reduce the cost of the Vice-Chancellor's remuneration by £5,056. This remains substantially below the average remuneration of Vice-Chancellors across the sector.

Each year the Vice-Chancellor agrees with the Chair of Council a set of performance objectives and targets for the year. With a view to transparency, those objectives are made available to all Council members, and published with the Vice-Chancellor's newsletter to all members of University staff. At the end of each year, the Vice-Chancellor's performance is assessed against those objectives and targets and his performance is reviewed by the Chair of Council. The Chair provides a summary of that review to RHRC for discussion in the absence of the Vice-Chancellor. A recommendation on remuneration is then made to Council for approval, reflecting judgements by the Chair and the Committee of the Vice-Chancellor's performance against the objectives and targets, and taking account of the University's wider operating environment, the consequent level of challenge in the role, and the University's position in the higher education sector. On this basis, the University's Council is confident that the Vice-Chancellor's basic pay and overall remuneration package is appropriate.

Since his appointment in 2011, in no year has the Vice-Chancellor accepted a pay increase higher than the national pay award for University staff (excluding incremental drift). The Vice-Chancellor has never accepted a re-evaluation of his pay based on information provided by external benchmarking exercises. Although the Vice-Chancellor's contract provides for the award of a performance-related bonus, he has not taken such a bonus in any year. The Vice-Chancellor is not provided by the University with any accommodation or a car. The emoluments of the Vice-Chancellor are provided in Note 8 of the financial statements.

### 6.5 Pay ratios

The University calculates pay ratios according to the guidance issued by the Universities and Colleges Employers Association (UCEA). The methodology is informed by pay multiple reporting requirements in the public sector which were implemented following the Hutton Review of Fair Pay in the Public Sector (2011).

The pay ratio in 2019/20 between the total pay of the Vice-Chancellor (£196,679) and the median full-time equivalent earnings of the whole University workforce (£41,513) was 4.74 compared to a UK average of 7.0. In 2018/19 the ratio was 5.28.

### 6.6 Remuneration of the Executive Group

RHRC has delegated authority from Council to approve the remuneration (including levels and rates of performance related pay), terms and conditions of employment and all other benefits of all members of the Executive Group



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- (with the exception of the Vice-Chancellor). The members of the Executive group during 2018/19 (excluding the Vice-Chancellor) were as follows:
- Dean of Academic Development, Professor David James;
  - Deputy Vice-Chancellor (Vice-Chair), Dr Richard O'Doherty;
  - Chief Financial Officer, Camille Stallard;
  - Director of Human Resources, Ruth Davies (until 24 February 2019);
  - Interim Director of Human Resources, Margaret Bird (from 17 February 2019 to 27 September 2019);
  - Executive Director of Estates Strategy, Duncan White (until 31 August 2019);
  - University Secretary and Registrar, Dr Matthew Andrews.

Upon the departure of the Interim Director of Human Resources, the role of Director of Human Resources was removed from the UEC. The postholder now reports to the University Secretary and Registrar. The role of Executive Director of Estates Strategy was not replaced on the departure of the last postholder, because the University had successfully completed its major capital investment programme at the Oxstalls campus. The Estates Department now reports to the Chief Financial Officer through the Director of Estates. The UEC therefore currently contains five members. The Deputy Vice-Chancellor, Dr Richard O'Doherty, retired with effect from the end of August 2020, and the University has put in train a recruitment exercise to appoint a successor.

As explained above, there is a robust and consistent process for setting objectives and assessing each member of the Executive Group's contribution to the performance of the university and the achievement of its strategic objectives. No individual, including the Vice-Chancellor, is involved in deciding their own remuneration, including any discretionary performance-related element.

The table in Note 8 of the financial statements provides information concerning the number of staff with a basic salary of over £100,000 per annum, broken down into bands of £5,000.

### 6.7 External appointments

The University's standard contract of employment confirms that all staff (including members of the Executive group) are required to devote their full time, attention and abilities to their duties during their working hours and to act in the best interests of the University at all times. Accordingly, all staff must not, without the written consent of the University, undertake any employment or engagement that might interfere with the performance of their duties or conflict with the interests of the University.

Every staff member is therefore required to notify their manager of any employment or engagement which they intend to undertake whilst in the employment of the University. The manager (including the Chair of Council in the case of the Vice-Chancellor) will then confirm whether the employment or engagement is permissible.

The University's position on these matters for senior staff, including on the retention of income derived from external activities, is described in the policy for senior staff on external activities, available at: [glos.ac.uk/docs/Pages/default.aspx](https://glos.ac.uk/docs/Pages/default.aspx)

### 6.8 Expenses

The University has a single published scheme for expenses that applies to all staff.

University Staff Expenses Policy: [glos.ac.uk/docs/download/Governance/university-staff-expenses-policy.pdf](https://glos.ac.uk/docs/download/Governance/university-staff-expenses-policy.pdf)  
RHRC receives an annual assurance that the scheme is operating effectively.

## Section 7: Corporate governance

### 7.1 Introduction

The University is incorporated as a private company limited by guarantee, and is an exempt charity under the terms of the Charities Act 2011. Its objects, powers and framework of governance are set out in the Articles of Association, with the amended and latest set of Articles approved by the Privy Council on 4 May 2016.

The University conducts its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and is committed to best practice in all aspects of corporate governance. The University's Council has adopted, and ensured compliance with, the Committee of University Chairs' (CUC) Higher Education Code of Governance (2014), and has conducted its business in accordance with CUC good practice and principles and in line with the public interest governance principles as articulated by the Office for Students (OfS) in the 'Regulatory framework for higher education in England', including the regulatory notices and advice.

### 7.2 Summary of the university's structure of corporate governance

Council is the governing body of the University, responsible for setting the general strategic direction of the institution, for ensuring proper accountability, and for the strategic oversight of its finances, property and investments and the general business of the University. Following the amendments to the Articles of Association approved in May 2016, Council has a membership of 20: a majority of whom are non-executive and independent, together with student and staff representatives (both academic and non-academic) and the Vice-Chancellor. Members of Council (as well as members of the University Executive) are only appointed after demonstration that they satisfy the definition of 'fit and proper persons' as articulated by the OfS in the 'Regulatory framework for higher education in England'.

The roles of Chair and Vice-Chair of Council are separated from the role of the University's Chief Executive, the Vice-Chancellor. The responsibilities specifically reserved to the Council are set out in the Articles of Association of the University, and further elaborated in the Statement of Primary Responsibilities and Scheme of Delegation.

In the conduct of its formal business, in addition to an annual strategic away day, the Council meets six times a year. Following the introduction of social distancing measures due to the Covid-19 pandemic, meetings of Council and its sub-committees moved on-line. The annual strategic day was also converted into a series of on-line discussions. The formally constituted committees of Council are: Audit Committee, Finance and General Purposes Committee, Governance and Nominations Committee, Remuneration and Human Resources Committee and the Council and Foundation Standing Group. All of these committees are constituted with formal terms of reference and membership, which are reviewed on an annual basis. The Scheme of Delegations further details the specific delegated powers of these committees. All these documents may be found on the

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University's web-site: [glos.ac.uk/governance/council/Pages/university-council.aspx](https://glos.ac.uk/governance/council/Pages/university-council.aspx)

The **Academic Board** is the academic authority of the University and draws its membership from the staff and students of the University. Its principal role is to direct and regulate the teaching and learning and research work of the University and to advise Council accordingly. A member of Council is appointed from amongst the members of Academic Board, and the Member of Academic Staff elected to Council is also ex officio a member of Academic Board. The Vice-Chancellor is Chair of the Academic Board.

The **Audit Committee** has responsibility for monitoring the effectiveness of the University's risk management, control and governance arrangements, along with the arrangements to promote economy, efficiency and effectiveness throughout the institution, and advises the Council accordingly. The Committee exercises oversight over internal audit arrangements, including recommending the appointment of internal auditors. It considers internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's responses and implementation plans. The Committee also exercises oversight over external audit arrangements, such as the nature, scope and effectiveness of the process, and considers the audit aspects of the institution's financial statements. It also advises the Council on the appointment of external auditors. In accordance with recommended practice, the Committee, which met four times during the year, provides the opportunity at each meeting for members to meet with the internal and external auditors without officers of the University present.

The **Finance and General Purposes Committee** (FGPC) is responsible for monitoring and advising Council on the financial health of the University, including the financial strategy, budget setting, annual accounts, investment activity, and consideration of capital expenditure and estates development. The Committee also has responsibility for monitoring institutional level Key Performance Indicators (KPIs) in order to measure and monitor University performance against agreed strategies and targets.

The **Governance and Nominations Committee** is responsible for a range of governance related issues including recommendations to Council on the appointment of new independent members and the spread of skills and experience of all Council Members. The Committee monitors and reviews the development and implementation of good governance practice, including oversight of the test to determine that Council Members are 'fit and proper persons' within the meaning defined by the Office for Students.

The **Remuneration and Human Resources Committee** is responsible for the development of remuneration and reward policies for senior staff together with terms and conditions of employment for such staff, and for discussion of Human Resources Strategy for all staff. Further details are included in Section 6.2.

The **Council and Foundation Standing Group** oversee those aspects of the University's mission and objects relating to its Anglican identity, and its partnerships with the Foundation Fellows and the Diocese of Gloucester.

The Council recognises that, in accordance with best practice recommended in the CUC Higher Education Code of Governance, regular reviews of the effectiveness of the Governing Body should be undertaken. During 2015/16 a detailed, comprehensive, and externally-led review was undertaken by the Leadership Foundation for Higher

Education (LFHE). The review combined a desk-based study with interviews with members of Council and its officers, observations of Council and its committees, a detailed questionnaire and other activities. The University's governance structures and arrangements were evaluated against the CUC Higher Education Code of Governance and other benchmarks and comparisons made against the practices employed elsewhere in the higher education and other sectors. A new review of governance arrangements commenced at the end of the 2019/20 financial year and will report in 2020/21.

### 7.3 Financial responsibilities of the university's Council

In accordance with the University's Articles of Association, the Council is responsible for the oversight of the University's affairs and is required to present audited financial statements for each financial year, which include a statement on corporate governance and internal control.

Working through its established sub-committees, the Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the University's Articles of Association, the 2019 Statement of Recommended Practice (SORP): Accounting for Further and Higher Education, and other relevant accounting standards. In addition, to the terms and conditions of the OfS 'Regulatory Notice 9: Accounts Direction. Under those terms and conditions, the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the surplus or deficit of the University for that year. In preparing these financial statements, the Council has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting and financial reporting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

The Council has taken all reasonable steps, through its senior officers and Audit Committee, to:

- ensure that all funds from any source are used only for the purposes for which they have been given;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and prevent and detect fraud;
- secure the economical, efficient and effective management of the University's resources and expenditure.

### 7.4 Disclosure of information to auditor

At the date of making this report, the Council confirms the following:

- so far as each Member of Council is aware, there is no relevant information needed by the University's auditor in connection with preparing their report of which the University's auditor is unaware;
- each Member of Council has taken all the steps that he/she ought to have taken as a Member of Council in order to



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make himself/herself aware of any relevant information needed by the University's auditors in connection with preparing their report and to establish that the University's auditor is aware of that information.

## 7.5 Statement of internal control

As the governing body of the University of Gloucestershire, the Council recognises that it has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to Council in the Articles of Association and the expectations of the Office for Students as provided in the 'Regulatory framework for higher education in England'.

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

The system of internal control is based on an ongoing review process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2020 and up to the date of approval of the financial statements.

The University keeps its Risk Management Policy and Procedures under review in order to better recognise and manage the risks it faces in the delivery of its strategic aims. The risk framework is aligned with the University's Strategic Plan for 2017-22 and reflects the importance of the four institutional goals in the Plan. It has been designed to cover all risks including governance, management, quality, reputational and financial, whilst focusing on the most important risks. The risk register provides an appraisal of the current and projected position for each risk, including a likelihood/impact matrix. A detailed reporting schedule is in place to ensure that the relevant information is reviewed and reported in a timely manner to appropriate audiences including the University Executive Committee, Audit Committee and Council. These reports on risk coincide with reports on the University's operating plan. The University's approach to risk management is reviewed annually by the internal auditors, and in 2019/20 the auditors identified a variety of good practices and made recommendations which were straightforward to address. The judgment was therefore 'significant assurance with minor improvements required'.

Risk management is fully incorporated into the corporate planning and decision-making processes of the institution, and, as already noted, informs the work undertaken by Internal Audit. The University Executive Committee has a standing agenda item to review all key risks, to report on progress of action plans that introduce new mitigations, risk trajectories, and projected risk. While the identification of new and emerging risks may occur at any point during the year, an annual risk workshop is held at the start of the academic year to refresh the Risk Register. It has been embedded at school and department level by ensuring that the annual planning cycle includes a review of the risks facing each unit, together with clear mitigation plans, closely aligned with institutional level risks. Each School and Department has revised its own risk register to align with the institutional framework so that there is a clear link between the risks reported at an institutional level and at a school or departmental level. Detailed business continuity and disaster recovery plans, both

at an institutional and a school or departmental level, are also in place. In addition, risk management is included as a core element of the University's Higher Education Leadership and Management programme for managers.

In addition to this, Council oversees the University's performance in meeting its strategic objectives through the planning and monitoring of the annual Operating Plan. Regular updates on performance are presented to Council during the year, with a full year-end report considered in November. The Operating Plan for the following year is approved by Council every June.

The Council has responsibility for reviewing the effectiveness of the institution's systems of internal control and, via the Audit Committee, conducts an annual review of these. Council considers the plans and strategic direction of the University and receives reports from the Chair of Audit Committee concerning internal control and has access to the minutes of Audit Committee meetings. The Audit Committee receives regular reports from the internal audit, which includes an independent opinion on the adequacy and effectiveness of the University's system of internal control together with recommendations for improvement. The internal auditors' annual opinion on the internal control environment is taken into account by Audit Committee in preparing its own opinion on internal control. The review of the effectiveness of the system of internal control is also informed by the work of the Executive Committee within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

In September 2018, the University successfully achieved registration with the Office for Students, without any specific conditions being applied to its registration. This registration was maintained throughout 2019/20.

Council is of the view that the University has an appropriate framework for delivering assurance to the governing body on key aspects of governance, risk management and internal control, and that there is clarity in terms of the respective roles of the Audit Committee, Finance and General Purposes Committee and Council and how internal audit interfaces with these bodies.

## 7.6 Statement by the Council Members in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Council Members of the university consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the university (having regard to the stakeholders and matters set out in s172 (1) (a-f) of the Act) in the decisions taken during the year ended 31 July 2020.

The success of the university is reliant on the support of all of our stakeholders. It is important to us that we build positive relationships with stakeholders that share our values, and working together towards shared goals assists us in delivering long-term sustainable success.

## Consequences of any decision in the long term

The Council understands the importance of considering both the short-term and long-term goals as well as the risks that may be encountered to achieve these.

To support these considerations, the University prepared a Finance Strategy for 2019-2022 and a Strategic Plan for

# Operating and financial review

2017-2022 with reviews being performed mid-term to ensure the goals are still valid and achievable. Additional information on these, along with consideration of the specific risks the university are managing can be found within Section 4 of our Operating and Financial Review.

## Employees

Our people are key to our success and we want them to be successful individually and as a team. There are many ways we engage with and listen to our people including staff engagement surveys, regular updates from the Vice-Chancellor through all staff briefings and regular newsletters. We have also set up a Women's network and BAME network in addition to the Equality and Diversity Committee. It is important to us that our staff members feel fully supported and we provide them with access to an Employee Assistance Programme which offers confidential support for any issues they may encounter, whether it is work related or not. We also feel it is crucial that staff members are recognised for their hard work and achievements and the annual staff awards are a way to celebrate these with the whole of the university. Further details can be found within the 'People and Culture' segment of Section 2 of our Operating and Financial Review.

## Business relationships

### • Students

Students are the key to everything we do. Our current strategic plan for the period 2017-2022 focuses several of its goals on students and the service/support that they need. In particular the University's first strategic goal is to provide a breadth and richness of experience that enables all our students to reach their full potential and to provide teaching and support for learning of the highest quality.

We have provided updates on the work that has been undertaken during the year to achieve these goals within the 'Strategic Goals' segment of Section 1 and within Section 2 of our Operating and Financial Review.

### • Suppliers

It is important for the university to obtain the best terms for all of its business activities and the Council recognises that relationships with suppliers are important to the group's long-term success and as such we work to build strong relationships to develop mutually beneficial and lasting partnerships.

### • Impact on communities and the environment

As mentioned within Section 2 of our Operating and Financial Review, one of our key strategic priorities is to build partnerships which create opportunity, innovation and mutual benefit for the communities we serve. The university continues to engage with its very local communities through facilitating 'Community Liaison Groups' linked with each of its campus sites, as well as the Pittville Student Village. Further details on this can be found within Section 2 of our Operating and Financial Review.

The University remains positioned as the number 1 UK university for sustainability in the league table published by People and Planet in 2019. In 2020 the University also achieved re-certification of its Environmental Management

System, which is accredited to the ISO 14001: 2015 Standard, externally audited by British Standards Institute. Further details on the approach to sustainability that the university takes can be found within the 'Enablers of the strategic plan' segment of Section 2 of our Operating and Financial Review.

### • Maintaining high standard of business conduct

It is important for the university to comply with relevant laws and regulations, including the specific expectations of the Office for Students, the regulator for providers of higher education in England, as well as statutory matters including health and safety. The Council is updated regularly on legal and regulatory developments and takes these into account when considering future plans.

The university conducts its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and ensures all members of the executive and Council meet the definition of the Office for Students of a 'fit and proper' person. Further details on this and the other ways in which the university ensures it maintains a high standard of business conduct can be found within Section 7 'Corporate Governance' of our Operating and Financial Review.

The Operating and Financial Review and the S172 Statement of Council Members set out on pages 5-13 was approved by the Council of the University of Gloucestershire on 24 November 2020, and was signed on its behalf by:

Nicola de longh  
Chair of Council

Stephen Marston  
Vice-Chancellor



# Independent auditor's report to the governing body of the University of Gloucestershire

### Opinion

We have audited the financial statements of The University of Gloucestershire (the 'parent university') and its subsidiaries (the 'group') for the year ended 31 July 2020, which comprise The Statement of Principal Accounting Policies, The Consolidated and University Statement of Income and Expenditure, The Consolidated and University Statement of Changes in Reserves, The Consolidated and University Balance Sheet, The Consolidated and University 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 the parent university's affairs as at 31 July 2020 and of the group's and the parent university's deficit, and its income and expenditure, gains and losses, changes in reserves and the group's and parent university's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in October 2018; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under those Acts. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### The impact of macro-economic uncertainties on our audit

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

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date

of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group's and parent university's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for the group and parent university associated with these particular events.

### Conclusions relating to going concern

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

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

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

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

### Other information

The council are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# Independent auditor's report to the governing body of the University of Gloucestershire

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report, prepared for the purposes of company law, included in the members' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included in the members' report have been prepared in accordance with applicable legal requirements

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

In the light of the knowledge and understanding of the group and the parent university and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included in the members' report.

### Opinion on other matters prescribed by the Office for Student's ('OfS') accounts direction (issued October 2019)

In our opinion, in all material respects:

- funds from whatever source administered by the parent university for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS, have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them, and
- the requirements of the OfS's accounts direction (issued October 2019) have been met.

### Matters on which we are required to report by exception

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

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

We have nothing to report in respect of the following matters where the OfS accounts direction (issued October 2019) requires us to report to you where:

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

### Responsibilities of Council for the financial statements

As explained more fully in the Statement of responsibilities of the Council, the council (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and

for such internal control as the council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

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

### Use of our report

This report is made solely to the university's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the university's members those matters we are required to state to it 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 university's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Mark Bishop FCA

Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Oxford

24 November 2020



# Financial statements for the year ended 31 July 2020

## Statement of principal accounting policies

### 1 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (FRS 102) and in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education issued in 2019 (2019 SORP). These financial statements are prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Sterling (£).

The group financial statements consolidate the financial statements of the University of Gloucestershire and all its subsidiary undertakings drawn up to 31 July each year.

### 2 Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included below.

Critical judgements that management has made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relate to the following:

#### *Finance lease*

The University has entered into an agreement with Cityheart (Gloucester) Limited who operate student residences in Gloucester. The residences are being funded by Aviva Investors. Under the terms of the contractual arrangements, if Cityheart (Gloucester) Limited default on their lease with Aviva Investors, the University will inherit a liability. Having considered all the contractual arrangements and obligations, management consider that this arrangement falls within the definition of a finance lease as set out in FRS 102. In the judgement of management, as the University is only guaranteeing the overriding contract and not the individual rentals, there are no guaranteed amounts and therefore no value can be attributed to an asset or liability on the balance sheet. Management will continue to monitor progress on the contract and assess the need to recognise any ongoing liabilities, should they arise. A contingent liability for any future financial obligation will be recognised when the possibility of an outflow of future resources is no longer considered to be remote.

#### *Provisions*

In recognising provisions, the company evaluates the extent to which it is probable that it has incurred a legal or constructive obligation in respect of past events and the probability that there will be an outflow of benefits as a result. The judgements used to recognise provisions are based on

currently known factors which may vary over time, resulting in changes in the measurement of recorded amounts as compared to initial estimates.

### 3 Going concern

The Council has reviewed the budget for the year to 31 July 2021 and the financial forecasts for the following 12 months and has adopted the updated guidance provided by the Financial Reporting Council (FRC) incorporating risks associated with COVID-19.

Under the FRC guidance the University has utilised the self-assessment questionnaire that provides a framework to assist the Council in determining whether it is appropriate to adopt the going concern basis for preparing financial statements, and, in making balanced, proportionate and clear disclosure. The assessment included a review of forecasts and budgets, mitigating actions in response to COVID-19 risks, borrowing requirements, compliance with loan agreements, timing of cash flows, contingent liabilities, supply chain risks, insurance, risk management and financial adaptability, including sensitivity analysis and stress testing. A Continued Viability Statement has also been developed by management and considered by Council. While the University remains focussed on our mission and goals to provide an excellent experience of teaching and learning for our students, and to enable our students to achieve their full potential, we fully recognise that our ability to achieve those goals is dependent on remaining financially viable.

The activities which present greatest financial uncertainty to the university are student recruitment, retention and accommodation income. Student recruitment and enrolment has been buoyant in Autumn 2020, and the University has exceeded a number of budget targets, giving a degree of certainty over this leading indicator of success. Whilst neither retention nor accommodation would jeopardise University financial sustainability, the combined impact of financial shortfalls in these two areas could certainly create some short term financial stress.

The result of reverse stress testing has indicated that the University could withstand some adverse movement in the areas of uncertainty, giving comfort over cash solvency for the year and into 2021/22. The cash generation to interest cover ratio, as set out in our bank loans, has a much tighter headroom and could only withstand a modest adverse variance before compliance was called into question. Further stress testing has identified a ‘remote but possible’ set of scenarios which identifies a more manageable level of revenue at risk. Mitigating actions which could total c£7m have been identified and could be called upon should a material adverse situation arise. Decisions on these actions would be considered alongside seeking covenant waivers from our lenders. The University benefits from good relations with our lenders, who have expressed sound understanding of the sector and our performance within the sector. Obviously, these scenarios would create significant challenge for the University in maintaining the full range and quality of our educational activities, but the results show that the University could sustain operational and financial viability even in these circumstances of exceptional stress.

The position for 2021/22 is expected to follow on from the experience of Autumn 2020, with expectations of growth in recruitment to existing and new courses, from both Home and Overseas students. The financial performance for the year is expected to report a further deficit, driven by the high LGPS non-cash charge, but cash generation is projected to remain at 11-12% of turnover.

# Financial statements for the year ended 31 July 2020

Based on information and knowledge available to the Council in carrying out this review the Council has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Council continues to adopt the going concern basis for preparing the accounts.

### 4 Basis of consolidation

The results of the University’s subsidiary undertakings, and undertakings in which it has a controlling interest, have been consolidated in the financial statements and details of these are provided in note 16 to the accounts.

The University’s share of the results in its jointly controlled entity has been consolidated in the financial statements and accounted for under the gross equity method. The University accounts for its share of transactions from joint operations and jointly controlled assets in the Consolidated statement of comprehensive income and expenditure. Details of this and the basis for consolidation are provided in note 17 to the accounts.

The consolidated financial statements do not include the results of the University of Gloucestershire Students’ Union as it is a separate company limited by guarantee in which the University has no financial interest, control or significant influence over policy decisions.

### 5 Grants

Government revenue grants including funding allocations from Office for Students 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 conditions are met.

Government capital equipment grants are capitalised and released to the income and expenditure account over the expected useful lives of the assets in line with the depreciation policy.

Government capital building grants are capitalised and released as follows:

- building maintenance - against expenditure in the year it is incurred;
- building development or improvement - over the expected useful life of the asset.

Deferred income, in respect of capital grants from the Office for Students, which are attributable to subsequent financial years, is included in creditors as a deferred credit.

Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

### 6 Recognition of income

Income from the sale of goods or services is credited to the Consolidated and University statement of comprehensive income and expenditure when the goods or services are





# Financial statements for the year ended 31 July 2020

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 or fee waiver and credited to the Consolidated and University statement of comprehensive income and expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount.

Bursaries and Scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the Consolidated and University statement of income and expenditure 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.

### 7 Donations and endowments

Non exchange transactions where we receive value from a donor without providing equal value in return are donations or 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.

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

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

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.

3. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

### 8 Tangible fixed assets

Fixed Assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses.

*Freehold land and buildings*  
Certain freehold land and buildings that had been revalued to fair value on or prior to the date of transition to the 2015 HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

*Leasehold land and buildings*  
Leasehold land and buildings are included at cost.

Additions to freehold and leasehold land and buildings are capitalised at cost.

*Plant and equipment*  
Expenditure on all plant and equipment is capitalised where the individual cost of items exceeds £5,000, or if an item is a component of a larger asset or programme.

### 9 Depreciation

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets less their estimated residual values on a straight-line basis over the expected useful economic lives of the assets concerned.

In calculating depreciation, buildings acquired before 1 August 2006 are considered to have a residual value of 50% of cost to reflect an ongoing maintenance and repair programme.

New buildings commissioned post 1 August 2006 are considered to have a nil residual value with the full cost written off in accordance with the component life cycle methodology for depreciation. The lives used for this purpose are:

		Pre July 2006 acquisitions	Post July 2006 acquisitions
<i>Freehold and leasehold land and buildings:</i>			
Freehold land		NIL	NIL
Buildings	Listed	100 years	100 years
Buildings	Other and unlisted	50 years	Component life 10-50 years
Buildings	Major adaptations	10-25 years	Component life 5-40 years
Plant	Up to 1994-1995	10 years	
Plant	From 1994-1995	20 years	Component life 10-30 years
<i>Equipment:</i>			
Apparatus and equipment		5 years	5 years
Computer equipment		3 years	Component life 3-10 years
Motor vehicles		5 years	5 years
Furniture, fixtures and fittings		10 years	Component life 10-15 years

# Financial statements for the year ended 31 July 2020

**10 Impairments of assets and assets held for disposal**

Impairments of assets are calculated as the difference between the carrying value of the asset and its recoverable amount, if lower.

Recoverable amount is defined as the higher of fair value less costs to sell and the estimated value in use at the date the impairment review is undertaken.

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, as defined above. Assets are classified as held for sale if their carrying amount will be recovered or settled principally through a sale transaction rather than through continuing use. This condition is regarded as being met only when the sale is highly probable and the assets are available for immediate sale in their present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year.

No depreciation is charged on assets classified as held for sale.

### 11 Stocks

Stocks are stated at the lower of cost and net realisable value.

### 12 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 (maturity being less than three months from the placement date), highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 13 Taxation

Effective from 1 August 2007, the University became a Company Limited by Guarantee and an exempt charity within the meaning of Schedule 3 of the Charities Act 2011. It is therefore a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010 and accordingly, the University is therefore potentially exempt from taxation in respect of income and capital gains received within categories covered by section 478-488 of the Corporation Tax Act 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.

Value Added Tax on purchases exceeds Value Added Tax on sales. However, because of the VAT status of education, the University's principal supply, the difference is generally not reclaimable and is, therefore, a cost of the University.

Fullwood Park Limited and Gloucestershire ISC Limited are liable for UK corporation tax. The companies have agreed to pay the lower of their accounting and tax profits to the University of Gloucestershire, which is an exempt charity, under corporate gift aid regulations introduced in April 2000. Fullwood Park Limited is registered for VAT.

### 14 Financial instruments

Financial assets and liabilities are recognised when the Institution becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Financial assets**

Basic financial assets include trade and other debtors,

cash and cash equivalents, intercompany debtors and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the statement of comprehensive income. Where the investment in equity instruments are not publicly traded and where the fair value cannot be reliably measured the assets are measured at cost less impairment.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

**Financial liabilities**

Basic financial liabilities include trade and other creditors and bank loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

### 15 Investments

Fixed and endowment asset investments are included in the balance sheet at market value. Where no market value for an investment asset can be readily ascertained, the investment is stated at cost except where a permanent diminution of value has taken place.

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 surplus or deficit.

### 16 Finance and 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.



# Financial statements for the year ended 31 July 2020

Leasing agreements, which transfer to the University substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright, and 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 the 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 outstanding balance of the lease.

### 17 Interest payable and financial instruments

The University uses derivative financial instruments such as interest rate swaps to reduce exposure to interest rate movements on its loans. Such derivative financial instruments are not held for speculative purposes and relate to actual liabilities, changing the nature of the interest rate by converting a variable rate to a fixed rate. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

Any derivative financial instruments are held on the balance sheet at fair value with movements in fair value recorded in the Surplus or Deficit.

### 18 Pension scheme arrangements

Retirement benefits to employees of the University are provided by Defined Benefit Schemes, which are funded by contributions from the University and employees. Payments are made to the Teachers' Pension Scheme, the Universities Superannuation Scheme (USS) for academic staff, The Church of England Funded Pensions Scheme (CEFPS) for Clerical staff and to the Gloucestershire Local Government Pension Scheme for non-academic staff. These are independently administered schemes.

Contributions to the Schemes are recognised as an expense in the year so as to spread the cost of the pensions over the employees' working lives with the University.

Changes to the funding of the Schemes arising from changes in legislation or from fund performance, or from changes in membership or other composition of the Schemes, are recognised at each Scheme actuarial valuation. Adjustments to Scheme funding, if any, and employers' contributions to the Schemes which follow actuarial valuations, will address any shortfall or surplus arising from that valuation.

The University has adopted in full the requirements of FRS 102 for the Local Government Pension Scheme.

The USS and CEFPS are multi-employer schemes for which it is not possible to identify the assets and liabilities to the University for members due to the mutual nature of the schemes and therefore these are accounted for as defined contribution retirement benefit schemes. A liability is recorded within provisions for any contractual commitment to fund past deficits in accordance with the latest agreed deficit funding plan.

The TPS is a multi-employer unfunded scheme for which it is not possible to identify the assets and liabilities to the University for members due to the mutual nature of the scheme and therefore this is also accounted for as a defined contribution retirement benefit scheme. Employers have recently been advised of increases from Sept 2019 onwards.

### 19 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.

### 20 Repairs and maintenance costs

Expenditure on routine corrective maintenance is charged to the income and expenditure account as it is incurred.

### 21 Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates. The resulting exchange differences are dealt with in the determinations of income and expenditure for the financial year.

### 22 Provisions

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

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.

### 23 Capitalisation of finance costs and interest

Interest and finance charges for capitalised projects are written off to the income and expenditure account during the period of construction and thereafter.

### 24 Bad and doubtful debts

The University regularly considers its debt book for recoverability of debtors by means of review of internal data and from information provided by its collecting agent. Arising from this review, the University makes provision for bad and doubtful debts based on both specific cases and a formula basis related to the age of outstanding debt including the related assets on the balance sheet and estimated recoverable amount.

### 25 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.

### 26 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.

# Financial statements for the year ended 31 July 2020

## Consolidated and university statement of comprehensive income and expenditure year ended 31 July 2020

		Consolidated	Consolidated	Institution	Institution
	Notes	2020 £000	2019 £000	2020 £000	2019 £000
<b>Income</b>					
Funding body grants	1	5,911	6,829	5,911	6,829
Tuition fees and education contracts	2	60,548	62,530	60,548	62,530
Research grants and contracts	3	1,938	1,936	1,938	1,936
Other income	4	9,099	11,994	9,038	11,945
Investment income	5	311	410	274	382
Donations and endowments	6	27	65	35	77
<b>Total income</b>		<b>77,834</b>	<b>83,764</b>	<b>77,744</b>	<b>83,699</b>
<b>Expenditure</b>					
Staff costs	8	48,233	48,750	48,233	48,750
Restructuring costs	8	395	2,158	395	2,158
Depreciation of tangible fixed assets	14	7,057	6,160	7,057	6,160
Other operating expenses	9	22,333	22,339	21,801	23,863
Interest and other finance costs	10	1,666	1,679	1,666	1,679
<b>Total expenditure</b>	11	<b>79,684</b>	<b>81,086</b>	<b>79,152</b>	<b>82,610</b>
<b>(Deficit)/surplus before other (losses)/gains and share of operating surplus/(deficit) of jointly controlled entity</b>		<b>(1,850)</b>	<b>2,678</b>	<b>(1,408)</b>	<b>1,089</b>
Share of operating surplus/(deficit) in jointly controlled entity	17	507	(666)	-	-
(Losses)/gain on investments		(61)	51	(52)	47
<b>(Deficit)/surplus before tax</b>		<b>(1,404)</b>	<b>2,063</b>	<b>(1,460)</b>	<b>1,136</b>
Taxation	13	(71)	-	(71)	-
<b>(Deficit)/surplus for the year</b>		<b>(1,475)</b>	<b>2,063</b>	<b>(1,531)</b>	<b>1,136</b>
<b>Other comprehensive (losses)/income</b>					
Actuarial (loss)/gain in respect of pension schemes	36	(18,918)	(11,484)	(18,918)	(11,484)
Currency translation differences		34	20	34	20
<b>Total comprehensive loss for the year</b>		<b>(20,359)</b>	<b>(9,401)</b>	<b>(20,415)</b>	<b>(10,328)</b>
Represented by:					
Endowment comprehensive (loss)/income for the year		(97)	84	(118)	74
Restricted comprehensive loss for the year		(6)	(8)	(6)	(8)
Unrestricted comprehensive loss for the year		(20,256)	(9,477)	(20,291)	(10,394)
		<b>(20,359)</b>	<b>(9,401)</b>	<b>(20,415)</b>	<b>(10,328)</b>
<b>(Deficit)/surplus for the year attributable to the university</b>		<b>(1,475)</b>	<b>2,063</b>	<b>(1,531)</b>	<b>1,136</b>

All items of income and expenditure related to continuing activities.



# Financial statements for the year ended 31 July 2020

## Consolidated and University statement of changes in reserves year ended 31 July 2020

Consolidated	Income and expenditure account				
	Endowment	Restricted	Unrestricted	Revaluation reserve	Total
	£000	£000	£000	£000	£000
Balance at 1 August 2018	3,031	36	51,559	2,185	56,811
Surplus/(deficit) from the statement of comprehensive income	84	(8)	1,987	-	2,063
Other comprehensive loss	-	-	(11,464)	-	(11,464)
Transfers between revaluation and income and expenditure reserve	-	-	1,751	(1,751)	-
<b>Total comprehensive income/(loss) for the year</b>	<b>84</b>	<b>(8)</b>	<b>(7,726)</b>	<b>(1,751)</b>	<b>(9,401)</b>
Balance at 1 August 2019	<b>3,115</b>	<b>28</b>	<b>43,833</b>	<b>434</b>	<b>47,410</b>
Deficit from the statement of comprehensive income	(97)	(6)	(1,372)	-	(1,475)
Other comprehensive gain	-	-	(18,884)	-	(18,884)
Transfers between revaluation and income and expenditure reserve	-	-	434	(434)	-
<b>Total comprehensive loss for the year</b>	<b>(97)</b>	<b>(6)</b>	<b>(19,822)</b>	<b>(434)</b>	<b>(20,359)</b>
Balance at 31 July 2020	<b>3,018</b>	<b>22</b>	<b>24,011</b>	<b>-</b>	<b>27,051</b>

Institution	Income and expenditure account				
	Endowment	Restricted	Unrestricted	Revaluation reserve	Total
	£000	£000	£000	£000	£000
Balance at 1 August 2018	2,497	36	52,565	2,185	57,283
Surplus/(deficit) from the statement of comprehensive income	74	(8)	1,070	-	1,136
Other comprehensive loss	-	-	(11,464)	-	(11,464)
Transfers between revaluation and income and expenditure reserve	-	-	1,751	(1,751)	-
<b>Total comprehensive income/(loss) for the year</b>	<b>74</b>	<b>(8)</b>	<b>(8,640)</b>	<b>(1,751)</b>	<b>(10,328)</b>
Balance at 1 August 2019	<b>2,571</b>	<b>28</b>	<b>43,922</b>	<b>434</b>	<b>46,955</b>
Deficit from the statement of comprehensive income	(118)	(6)	(1,407)	-	(1,531)
Other comprehensive loss	-	-	(18,884)	-	(18,884)
Transfers between revaluation and income and expenditure reserve	-	-	434	(434)	-
<b>Total comprehensive income for the year</b>	<b>(118)</b>	<b>(6)</b>	<b>(19,857)</b>	<b>(434)</b>	<b>(20,415)</b>
Balance at 31 July 2020	<b>2,453</b>	<b>22</b>	<b>24,065</b>	<b>-</b>	<b>26,540</b>

# Financial statements for the year ended 31 July 2020

## Consolidated and University balance sheet as at 31 July 2020

Notes	Consolidated	Consolidated	Institution	Institution
	2020 £000	2019 £000	2020 £000	2019 £000
<b>Non-current assets</b>				
Fixed assets	14	118,234	122,054	118,234
Investments	16	2,623	2,702	2,109
		<b>120,857</b>	<b>124,756</b>	<b>120,343</b>
<b>Current assets</b>				
Stocks		79	101	79
Debtors	18	14,613	13,172	14,750
Investments	19	23,317	19,625	23,317
Cash and cash equivalents	31	2,282	2,809	2,135
		<b>40,291</b>	<b>35,707</b>	<b>40,281</b>
<b>Creditors: amounts falling due within one year</b>	20	(24,432)	(24,158)	(24,419)
<b>Net current assets</b>		<b>15,859</b>	<b>11,549</b>	<b>15,862</b>
<b>Total assets less current liabilities</b>		<b>136,716</b>	<b>136,305</b>	<b>136,205</b>
<b>Creditors: amounts falling due after more than one year</b>	21	<b>(43,943)</b>	<b>(45,656)</b>	<b>(43,943)</b>
<b>Provisions</b>	23			
Pension provisions		(64,968)	(42,665)	(64,968)
Other provisions		(754)	(574)	(754)
<b>Total net assets</b>		<b>27,051</b>	<b>47,410</b>	<b>26,540</b>
<b>Restricted reserves</b>				
Income and expenditure reserve - endowment fund	24	3,018	3,117	2,453
Income and expenditure reserve - restricted reserve	25	22	28	22
<b>Unrestricted reserves</b>				
Income and expenditure reserve - unrestricted		24,011	43,831	24,065
Revaluation reserve	26	-	434	-
<b>Total reserves</b>		<b>27,051</b>	<b>47,410</b>	<b>26,540</b>

The financial statements on pages 15-30 were approved by the Council of the University of Gloucestershire on 24 November 2020, and were signed on its behalf by:



Nicola de Longh  
Chair of Council



Stephen Marston  
Vice-Chancellor

Company number: 06023243



# Financial statements for the year ended 31 July 2020

## Consolidated and University cash flow statement year ended 31 July 2020

		Consolidated	Consolidated	Institution	Institution
	Notes	2020 £000	2019 £000	2020 £000	2019 £000
<b>Cash flow from operating activities</b>					
(Deficit)/surplus for the year before tax		(1,404)	2,063	(1,460)	1,137
<b>Adjustment for non-cash items</b>					
Depreciation	14	7,057	6,160	7,057	6,160
Loss/(gain) on investments		61	(51)	52	(47)
Decrease/(increase) in stock		22	(28)	22	(28)
(Increase) in debtors	18	(1,322)	(1,033)	(1,273)	(872)
Increase/(Decrease) in creditors	20	1,888	(1,183)	1,988	(1,289)
Increase in pension provisions	23	3,385	3,358	3,385	3,358
Increase/(decrease) in other provisions	23	687	(2,242)	180	(864)
Share of operating (surplus)/deficit in joint controlled entity		(507)	666	-	-
<b>Adjustment for investing or financing activities</b>					
Investment income		(447)	(499)	(410)	(471)
Interest payable	10	768	911	768	911
Endowment income		(27)	(65)	(35)	(77)
Fixed asset impairment		32	-	32	-
Capital grant release to income		(1,638)	(1,616)	(1,638)	(1,616)
Exchange (loss)		(34)	(20)	(34)	(20)
Corporation tax charge		71	-	71	-
Corporation tax paid		(71)	-	(71)	-
<b>Net cash inflow from operating activities</b>		<b>8,521</b>	<b>6,421</b>	<b>8,634</b>	<b>6,283</b>
<b>Cash flows from investing activities</b>					
Capital grant receipts		497	1,227	497	1,227
Investments		641	509	563	509
Investment income		266	322	254	312
Payments made to acquire fixed assets		(3,269)	(9,620)	(3,269)	(9,619)
Payments made to acquire intangible fixed assets		(45)	(101)	(21)	(70)
Proceeds from sales of intangible assets		45	88	21	70
New non-current assets		(578)	(502)	(504)	(500)
Movement in deposits		(3,692)	4,853	(3,692)	4,853
<b>Net cash outflow from investing activities</b>		<b>(6,135)</b>	<b>(3,224)</b>	<b>(6,151)</b>	<b>(3,218)</b>
<b>Cash flows from financing activities</b>					
Interest paid		(763)	(865)	(763)	(865)
Endowment cash received		27	65	35	77
New secured loans		-	2,250	-	2,250
Repayments of amounts borrowed		(2,177)	(3,570)	(2,177)	(3,570)
<b>Net cash outflow from financing activities</b>		<b>(2,913)</b>	<b>(2,120)</b>	<b>(2,905)</b>	<b>(2,108)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(527)</b>	<b>1,077</b>	<b>(422)</b>	<b>956</b>
Cash and cash equivalents at beginning of the year	31	<b>2,809</b>	<b>1,732</b>	<b>2,557</b>	<b>1,601</b>
Cash and cash equivalents at the end of the year	31	<b>2,282</b>	<b>2,809</b>	<b>2,135</b>	<b>2,557</b>

# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

		Consolidated	Consolidated	Institution	Institution
	Notes	2020 £000	2019 £000	2020 £000	2019 £000
<b>1 Funding body grants</b>					
<i>Recurrent grant</i>					
Office for Students		4,640	5,117	4,640	5,117
Teaching Regulation Agency		240	604	240	604
Educations and Skills Funding Agency		-	39	-	39
<i>Specific grants</i>					
Office for Students redundancy compensation		23	32	23	32
<i>Deferred capital grants</i>					
Buildings	22	535	518	535	518
Equipment	22	473	519	473	519
		<b>5,911</b>	<b>6,829</b>	<b>5,911</b>	<b>6,829</b>
<b>2 Tuition fees and education contracts</b>					
Full-time Home and EU students		52,294	55,659	52,294	55,659
Full-time International students		4,484	3,798	4,484	3,798
Part-time students		2,684	2,209	2,684	2,209
Other (short course) fees		1,086	864	1,086	864
		<b>60,548</b>	<b>62,530</b>	<b>60,548</b>	<b>62,530</b>
<b>3 Research grants and contracts</b>					
Research councils		123	73	123	73
UK based charities		51	90	51	90
European Commission grants		862	1,145	862	1,145
Other grants and contracts		902	628	902	628
		<b>1,938</b>	<b>1,936</b>	<b>1,938</b>	<b>1,936</b>
<b>4 Other income</b>					
Residencies, catering and conferences		3,666	5,892	3,666	5,892
Release from deferred capital grants		630	579	630	579
Other services rendered		1,035	1,308	1,035	1,308
Other income		3,632	4,126	3,571	4,077
Movement in fair value of derivatives		136	89	136	89
		<b>9,099</b>	<b>11,994</b>	<b>9,038</b>	<b>11,945</b>
<b>5 Investment income</b>					
Investment income on endowments		110	176	71	142
Other investment income		201	234	203	240
		<b>311</b>	<b>410</b>	<b>274</b>	<b>382</b>
<b>6 Donations and endowments</b>					
New endowments	24	21	32	21	32
Donations with restrictions	25	6	33	6	33
Unrestricted donations		-	-	8	12
		<b>27</b>	<b>65</b>	<b>35</b>	<b>77</b>



# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

	Consolidated	Consolidated	Institution	Institution
	2020 £000	2019 £000	2020 £000	2019 £000
<b>7 Grant and fee income</b>				
Grant income from the OfS	3,706	4,133	3,706	4,133
Grant income from other bodies	4,884	5,210	4,884	5,210
Fee income for taught awards	59,089	61,114	59,089	61,114
Fee income for research awards	1,455	1,396	1,455	1,396
Fee income from non-qualifying courses	4	21	4	21
	<b>69,138</b>	<b>71,874</b>	<b>69,138</b>	<b>71,874</b>
<b>8 Staff</b>				
<i>Staff costs</i>				
Wages and salaries	34,082	35,433	34,082	35,433
Social security costs	3,410	3,580	3,410	3,580
Pension costs (see note 36)	10,741	9,737	10,741	9,737
<b>Staff costs</b>	<b>48,233</b>	<b>48,750</b>	<b>48,233</b>	<b>48,750</b>
<b>Fundamental restructuring costs</b>	<b>395</b>	<b>2,158</b>	<b>395</b>	<b>2,158</b>
<i>Staff numbers by department</i>			<b>2020</b>	2019
Academic departments			415	430
Central administrative			424	471
Other including manual			11	11
<b>Total staff numbers</b>			<b>850</b>	<b>912</b>
The staff numbers above relate to full-time equivalents (including senior post holders)				
<i>Emoluments of the Vice-Chancellor</i>			<b>2020 £000</b>	2019 £000
Salary			169	169
Pension contributions			17	32
Payment in lieu of pensions			10	-
			<b>196</b>	<b>201</b>
			<b>2020</b>	2019
Median pay ratio - all staff basic pay			4.46	4.81
Median pay ratio - all staff total pay			4.74	5.28
Please refer to pages 11-12 of the Senior Staff Remuneration section for further details on the University's approach to setting pay of the vice chancellor and senior staff.				

# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

<i>Emoluments of members of executive (including the Vice-Chancellor)</i> The remuneration paid to members of the University Executive Group who served during the year including salary, non-consolidated performance pay, pension contributions and any pay in lieu of notice:	<b>2020 £000</b>	2019 £000
Salary and non-consolidated performance pay	658	829
Pension contributions	122	148
Payment in lieu of pensions	10	-
	<b>790</b>	<b>977</b>
Members of executive whose emoluments are included above	<b>Numbers</b> 7 5.25FTE	Numbers 8 6.9FTE
The above numbers include all members who were employed during the year. There were 5 members of the Executive team at the year end.		
<i>The number of higher paid employees, including the Vice Chancellor, who received emoluments during the year (excluding pension contributions and payment in lieu of notice) in the following ranges was:</i>	<b>Numbers</b>	Numbers
£100,000 - £104,999	1	1
£110,000 - £114,999	-	1
£115,000 - £119,999	1	-
£125,000 - £129,999	-	1
£140,000 - £144,999	1	-
£165,000 - £169,999	1	1
	<b>4</b>	<b>4</b>
Compensation for loss of office payments	<b>2020 £000</b>	2019 £000
Number of staff whose compensation is included above	395	2,158
	62	111
The numbers above include adjustments from the prior year accruals. 33 staff received compensation for loss of office payments during 2019/20.		
All severance payments including compensation for loss of office in respect of higher paid staff are approved by RHRC Committee. Amounts for compensation for loss of office and redundancy for all other staff are approved by Executive in accordance with delegated authority.		
<b>Key management personnel</b> Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel defined as those members of the senior management team who form the University Executive Committee.		
The Chair and non-executive members of Council receive no emoluments with the exception of the staff appointed non-executive members.		
The above summaries should be read in conjunction with the Council statement on corporate governance.		



# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

	Consolidated	Consolidated	Institution	Institution
	2020 £000	2019 £000	2020 £000	2019 £000
<b>9 Other operating expenses</b>				
Consumable and non-capital items	2,190	2,175	2,186	2,165
Academic administration	969	915	969	915
Books and periodicals	568	484	568	484
Rents and premises	4,310	3,939	4,287	3,931
Heat, light, water and power	902	939	902	939
Repairs and general maintenance	1,234	1,596	1,234	1,596
Staff development and training	169	254	169	254
Staff travel and subsistence	677	1,298	677	1,298
Student travel and subsistence	1,358	1,809	1,358	1,809
Student bursaries	1,587	1,718	1,591	1,708
Marketing and agent commission	2,637	2,101	2,637	2,101
Postage, telephone, printing and reprographics	434	605	434	605
Insurance and finance	1,044	(28)	540	1,528
Professional fees and contractors	1,466	1,765	1,461	1,761
Course franchising and partnerships	1,092	1,098	1,092	1,098
Purchases for resale	740	1,264	740	1,264
Equipment operating lease rentals	161	203	161	203
Students' Union grant	408	436	408	436
Fixed asset impairment	32	-	32	-
Other expenses	355	(232)	355	(232)
	<b>22,333</b>	<b>22,339</b>	<b>21,801</b>	<b>23,863</b>
<b>Included within professional fees</b>				
External auditor's remuneration - external audit	66	58	64	55
External auditor's remuneration - non-audit services	10	2	10	2
Rental operating lease payments	1,869	2,025	1,869	2,025
<b>10 Interest and other finance costs</b>				
Loan interest	763	865	763	865
Movement in the fair value of derivatives	5	46	5	46
Net charge on pension schemes	898	768	898	768
	<b>1,666</b>	<b>1,679</b>	<b>1,666</b>	<b>1,679</b>

# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

	Consolidated	Consolidated	Institution	Institution
	2020 £000	2019 £000	2020 £000	2019 £000
<b>11 Analysis of total expenditure by activity</b>				
Academic departments	34,168	35,758	34,168	35,758
Academic services	9,995	10,490	9,995	10,490
Research grants and contracts	1,227	1,242	1,227	1,242
Residences, catering and conferences	5,693	6,151	5,693	6,151
Premises	6,364	7,126	6,364	7,126
Administration	18,371	17,533	18,371	17,533
Other expenses	3,866	2,786	3,334	4,310
	<b>79,684</b>	<b>81,086</b>	<b>79,152</b>	<b>82,610</b>
				<b>2020 £000</b>
<b>12 Access and Participation costs</b>				
Access investment				1,565
Financial support				1,358
Disability support (excluding expenditure included in the two categories above)				329
Research and Evaluation				75
				<b>3,327</b>
(i) £1,659k of these costs are already included in the overall staff costs figures included in the financial statements (see note 8).				
(ii) The published Access and Participation plan can be found using the following link: <a href="https://glos.ac.uk/governance/pages/governance-and-structure.aspx">glos.ac.uk/governance/pages/governance-and-structure.aspx</a>				
	Consolidated	Consolidated	Institution	Institution
	2020 £000	2019 £000	2020 £000	2019 £000
<b>13 Taxation</b>				
<b>Recognised in the statement of comprehensive income</b>				
Corporation tax expense	71	-	71	-
<b>Factors affecting the tax charge</b>				
The tax assessed for the year is the standard rate of corporation tax in the UK. The difference is explained below:				
	Consolidated	Consolidated	Institution	Institution
	2020 £000	2019 £000	2020 £000	2019 £000
<b>Factors affecting the tax charge</b>				
UK corporation tax at 19% (2019: 19%)	(210)	392	(223)	216
<i>Effect of:</i>				
Deficit/(surplus) falling within charitable exemption	210	(392)	223	(216)
Adjustment in respect of previous years	71	-	71	-
<b>Total tax expense</b>	<b>71</b>	<b>-</b>	<b>71</b>	<b>-</b>



# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

	Freehold land and buildings	Leasehold land and buildings	Equipment	Assets under construction	Total
<b>14 Tangible fixed assets</b>					
<b>a) Consolidated</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost/valuation</b>					
At beginning of year	147,247	4,960	31,586	562	184,355
Additions at cost	591	-	2,328	350	3,269
Transfers at cost	355	-	50	(405)	-
Disposals	(86)	-	(506)	-	(592)
<b>At year end</b>	<b>148,107</b>	<b>4,960</b>	<b>33,458</b>	<b>507</b>	<b>187,032</b>
<b>Depreciation</b>					
At beginning of year	39,258	2,198	20,845	-	62,301
Charge for the year	4,045	209	2,803	-	7,057
Disposals	(54)	-	(506)	-	(560)
<b>At year end</b>	<b>43,249</b>	<b>2,407</b>	<b>23,142</b>	<b>-</b>	<b>68,798</b>
<b>Net book value</b>					
<b>At year end</b>	<b>104,858</b>	<b>2,553</b>	<b>10,316</b>	<b>507</b>	<b>118,234</b>
At beginning of year	107,989	2,762	10,741	562	122,054
<b>b) Institution</b>					
<b>Cost/valuation</b>					
At beginning of year	147,247	4,960	31,586	562	184,355
Additions at cost	591	-	2,328	350	3,269
Transfers at cost	355	-	50	(405)	-
Disposals	(86)	-	(506)	-	(592)
<b>At year end</b>	<b>148,107</b>	<b>4,960</b>	<b>33,458</b>	<b>507</b>	<b>187,032</b>
<b>Depreciation</b>					
At beginning of year	39,258	2,198	20,845	-	62,301
Charge for the year	4,045	209	2,803	-	7,057
Disposals	(54)	-	(506)	-	(560)
<b>At year end</b>	<b>43,249</b>	<b>2,407</b>	<b>23,142</b>	<b>-</b>	<b>68,798</b>
<b>Net book value</b>					
<b>At year end</b>	<b>104,858</b>	<b>2,553</b>	<b>10,316</b>	<b>507</b>	<b>118,234</b>
At beginning of year	107,989	2,762	10,741	562	122,054

# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

**c) Revaluation of land and buildings**

Land and buildings were revalued at 31 July 1997 by Bayley Donaldsons, Chartered Surveyors. Certain properties, included in freehold land and building costs and earmarked for disposal under the building programme, were valued on an estimated open market value basis. The remaining land and buildings to be retained for use and occupation by the University have principally been valued at depreciated replacement cost in existing use. The likely replacement cost of buildings, which are listed as being of special architectural and historic interest has been calculated on the basis of reinstating the buildings, as originally designed and constructed. Those buildings, which due to their special nature, are rarely, if ever, sold on the open market, have been valued at depreciated replacement cost. This basis is considered appropriate as it reflects the fact that listed buildings and buildings of this specialised nature cannot be replaced with simpler and less expensive buildings.

In the opinion of the valuers at the time of the valuation, depreciated replacement cost valuations for buildings on the above described basis are higher than an open market value for alternative use rather than existing use.

Under the terms of the financial memorandum with the Office for Students, the proportion of the proceeds on sale of assets attributed to the publicly funded assets is retained by the University only with the approval of the Office for Students. All proceeds of sale retained by the University are required under Charities law to be re-invested in full in new capital assets.

Freehold land at Oxstalls, The Folley and Hardwick was revalued as at 1 August 2014 by Bruton Knowles, Chartered Surveyors.

If both freehold and leasehold land and buildings had not been revalued before being deemed as cost on transition, and on the assumption that the assets transferred from the Gloucestershire County Council were at nil cost, they would have been included at the following historical cost amounts:

	<b>Consolidated and Institution land and buildings</b>	
	<b>2020 £000</b>	2019 £000
Cost	101,439	100,848
Aggregate depreciation based on cost	35,970	33,513

**15 Service concession arrangements**

The University has one service concession arrangement where service delivery has commenced. On 21 January 2016 the University entered into a 46 year contract with a third party provider for the creation of a student village at Pittville to include the refurbishment of existing student accommodation to house 215 students and the construction of new accommodation for an additional 577 students. The construction of the new accommodation was completed for the start of the 2017-18 Academic Year.

The University nominates rooms in the student village on an annual basis, during the year ended 31 July 2020 the University nominated 95% of the accommodation available for the 2020-21 Academic Year.

*Movement in service concession arrangement assets:*  
The asset value of the service concession included in debtors as at 31 July 2020 is £4,603k (2019: £4,485k).

*Movement in service concession arrangement liabilities:*  
The total liability relating to the service concession included in creditors: amounts falling due within one year as at 31 July 2020 was £4,603k (2019: £4,485k).



# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

	Endowment asset investments £000	Other fixed asset investments £000	Total £000
<b>16 Non-current investments</b>			
<b>Consolidated</b>			
At beginning of year	2,697	5	2,702
Additions at cost	578	-	578
Revaluation	7	-	7
Disposals	(664)	-	(664)
<b>At year end</b>	<b>2,618</b>	<b>5</b>	<b>2,623</b>
<b>Institution</b>			
At beginning of year	2,194	5	2,199
Additions at cost	504	-	504
Revaluation	1	-	1
Disposals	(595)	-	(595)
<b>At year end</b>	<b>2,104</b>	<b>5</b>	<b>2,109</b>

The non-current investments have been valued at market value.

### a) Investment in subsidiary companies

Details of the companies, all registered in England and Wales, in which the university holds an interest, are as follows:

Name of company	Percentage holding of ordinary shares	Shareholding	Principle business activity
Fullwood Park Limited	100%	100 Ordinary £1 shares	Provision of conference and catering services and property development
Gloucestershire ISC Limited	100%	1 Ordinary £1 share	Holding interests in joint venture activities

The registered office for Fullwood Park Limited and Gloucestershire ISC Limited is The Park, Cheltenham, Gloucestershire, GL50 2RH.

Urban Learning Foundation is a dormant subsidiary company which is limited by guarantee and controlled by directors acting as nominees of the Council of the University. The consolidated financial accounts do not include those of Urban Learning Foundation as it is considered that the scale of the amounts involved are not material to the financial statements.

### b) The Janet Trotter Trust

The activities of The Janet Trotter Trust, a registered charity, are consolidated within endowment reserves on the grounds that the University has a controlling influence over its activities. The accounts of The Janet Trotter Trust for the year to 31 July 2020 show total net assets of £566,559 (2019: £545,336) and net income and movement in funds for the year of £(29,645) (2019: £(6,604)).

### c) Other fixed asset investments

Other fixed asset investments include the share capital held by the University in Uliving@Gloucestershire Holdco Limited. The University holds 5,030 £1 ordinary shares in the company, which comprises 10% of the issued share capital. The company was set up to manage the contract for the construction and running of the Pittville student village (see note 15).

# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

### 17 Investment in jointly controlled entity

On 20 February 2013 the University entered into a Limited Liability Partnership Agreement, INTO Gloucestershire LLP, with INTO University Partnerships Limited. Gloucestershire ISC Limited invested £150,000 into INTO Gloucestershire LLP and has a 50% share of the jointly controlled entity. The remaining 50% share of INTO Gloucestershire LLP is owned by INTO University of Gloucestershire Limited, a wholly owned subsidiary of INTO University Partnerships Limited. The University also entered into an Admission Agreement with Gloucestershire County Council and INTO Gloucestershire Limited, relating to the admission of INTO Gloucestershire LLP to the Gloucestershire County Council Local Government Pension Scheme, to enable two employees transferred to the jointly controlled entity to be members of the Pension Scheme.

On 20 February 2013, Gloucestershire ISC Limited entered into a revolving loan facility agreement to lend up to £600,000 to INTO Gloucestershire LLP, at an interest rate of 2% above the Bank of England base rate. At 31 July 2020 the capital balance was £0 (2019: £600,000) due to a deed of waiver agreement being entered into in March 2020.

INTO Gloucestershire LLP operates from the University of Gloucestershire campus. Its principal activity was the provision of English language courses and foundation, diploma and pre-masters programmes. The arrangement is treated as a jointly controlled entity and is accounted for using the gross equity method, such that 50% of the company's gross assets and liabilities are incorporated into the consolidated balance sheet of the University and 50% of its net income is reported in the University's consolidated income and expenditure account.

During 2018/19 both INTO University Partnerships and the University undertook a joint strategic review of the jointly controlled entity. As an outcome of the review the Board agreed to change the focus of the partnership reflecting the University's expertise in programme validation and concentrating on areas of emerging global demand. From September 2019, all on-campus preparation programmes ceased at the University's campus in Cheltenham. A long-term partnership will continue whereby INTO will provide recruitment support for Direct Entry students and the University, in turn, will continue to validate Foundation and International Year One programmes at INTO's World Education Centre in London. As a result of this change of focus, the activities and business of INTO University of Gloucestershire has ceased.

All costs associated with ceasing these activities were provided for in the 2018/19 university and group accounts with minor adjustments being provided for in the 2019/20. The results of the jointly controlled entity up to the end of July is reporting a trading loss of £(0.2)m, the university share being £(0.1)m, after writing off the revolving loan facility of £1.2m a profit of £1.0m is reported for 2019/20, the university share being £0.5m. All legal and statutory duties relating to the cessation of the jointly controlled entity will be finalised during 2020/21.

### 18 Debtors

	Consolidated 2020 £000	Consolidated 2019 £000	Institution 2020 £000	Institution 2019 £000
Trade debtors	5,657	3,899	5,654	3,881
Other debtors	1,338	1,328	1,333	1,327
Service concession arrangements (note 15)	4,603	4,485	4,603	4,485
Amounts owed by subsidiary companies	-	-	184	206
Amounts due from jointly controlled entity	-	-	-	-
Prepayments and accrued income	3,015	3,460	2,976	3,460
	<b>14,613</b>	<b>13,172</b>	<b>14,750</b>	<b>13,359</b>

Included within other debtors is £1,033,000 in respect of an interest bearing loan due from Uliving@Gloucestershire Finco Limited. The loan to Uliving@Gloucestershire Finco Limited was used by the company as part of the overall financing of the Pittville student village project (see note 15). The loan is for a period of 46 years with capital repayments to be made over the last 11 years.

### 19 Current investments

	Consolidated 2020 £000	Consolidated 2019 £000	Institution 2020 £000	Institution 2019 £000
Short term deposits	<b>23,317</b>	<b>19,625</b>	<b>23,317</b>	<b>19,625</b>



# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

### 20 Creditors: amounts falling due within one year

	Consolidated	Consolidated	Institution	Institution
	2020 £000	2019 £000	2020 £000	2019 £000
Secured loans	1,785	3,570	1,785	3,570
Service concession arrangements (note 15)	4,603	4,485	4,603	4,485
Payment received on account	2,016	1,688	2,016	1,618
Trade creditors	3,149	2,298	3,146	2,288
Social security and other taxation payable	922	1,043	922	1,021
Pensions	846	967	846	967
Deferred capital grants	1,747	1,753	1,747	1,753
Accruals and deferred income	9,364	8,354	9,354	8,343
	24,432	24,158	24,419	24,045

### 21 Creditors: amounts falling due after more than one year

Secured loans	25,420	25,812	25,420	25,812
Other creditors	-	50	-	50
Derivatives	596	731	596	731
Deferred capital grants	17,927	19,063	17,927	19,063
	43,943	45,656	43,943	45,656

### Analysis of secured and unsecured loans

Due within one year	1,785	3,570	1,785	3,570
Due between one and two years	3,570	3,570	3,570	3,570
Due between two and five years	18,710	18,710	18,710	18,710
Due in five years or more	3,140	3,533	3,140	3,533
	27,205	29,383	27,205	29,383

In 2016, the University re-financed all of its existing interest bearing loans and finance leases into a new loan for £15.7 million with the Royal Bank of Scotland. This loan runs to October 2026 and is managed using a series of short term interest contracts at LIBOR + 1.45%. This loan is secured on University property. Due to COVID-19 an amendment agreement to the original loan contract was entered into in July 2020, providing a 7-month capital repayment holiday, no change has been made to the term of the loan which is due to end in October 2026.

A further £20 million secured loan facility was taken out with HSBC in 2017 to fund the development of a new business school building and sports centre at the Oxstalls Campus. The loan has now been fully drawn down with the final tranche of £2.25m being drawn in November 2018. The loan is for an initial term of five years, with an option to extend. The option to extend the facility to March 2023 was approved in August 2019, revised rates of LIBOR + 1.30% was effective from September 2019. Due to COVID-19, a 7-month capital repayment holiday was approved in July 2020, no change has been made to the term of the loan which is due to end in March 2023.

To reduce uncertainty, a swap contract with the Royal Bank of Scotland was put in place in 2005 to fix a proportion of the loan interest at 4.56%. This swap contract runs until 2025. This has been included in the balance sheet at the year-end valuation.

During 2017/18 the University entered into a 1.5% CAP facility with RBS to assist managing the additional interest rate risk associated with its additional borrowings with HSBC.

# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

### 22 Deferred capital grants

	Consolidated and institution funding councils £000	Consolidated and institution other grants and benefactions £000	Consolidated and institution total £000
At beginning of year			
Buildings	8,429	8,857	17,286
Equipment	2,885	645	3,530
	11,314	9,502	20,816
Cash received			
Equipment	379	118	497
	379	118	497
Released to income and expenditure			
Buildings	(535)	(506)	(1,041)
Equipment	(473)	(125)	(598)
	(1,008)	(631)	(1,639)
At end of year			
Buildings	7,894	8,351	16,245
Equipment	2,791	638	3,429
	10,685	8,989	19,674

### 23 Provisions

	INTO Gloucestershire LLP £000	LGPS defined benefit obligations £000	Obligation to fund deficit on USS and CEFPS £000	Pensioners £000	Other £000	Total £000
Consolidated						
At beginning of year	-	40,546	842	1,277	574	43,239
Utilised during the year	-	18,918	-	(252)	-	18,666
Transfer from income and expenditure account	-	3,918	(417)	136	180	3,817
Share of gross assets	127	-	-	-	-	127
Share of gross liabilities	(251)	-	-	-	-	(251)
Provision release	124	-	-	-	-	124
At end of year	-	63,382	425	1,161	754	65,722
Institution						
At beginning of year		40,546	842	1,277	574	43,239
Utilised during the year		18,918	-	(252)	-	18,666
Transfer from income and expenditure		3,918	(417)	136	180	3,817
At end of year		63,382	425	1,161	754	65,722



# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

### 24 Endowment reserves

	Restricted permanent endowments £000	Expendable endowments £000	Total 2020 £000	Total 2019 £000
<b>Consolidated</b>				
At beginning of year				
Capital	2,071	1,602	3,673	3,516
Accumulated income	88	(644)	(556)	(484)
	2,159	958	3,117	3,032
New endowments	-	22	22	32
Investment income	14	4	18	96
Expenditure	(94)	(44)	(138)	(192)
	(80)	(18)	(98)	(64)
Increase in market value of investments	-	(1)	(1)	149
<b>At end of year</b>	<b>2,079</b>	<b>939</b>	<b>3,018</b>	<b>3,117</b>
<b>Analysis by type of purpose</b>				
Fellowships and scholarship prizes	-	36	36	54
Prize funds	10	76	86	100
Other funds	2,069	827	2,896	2,963
	<b>2,079</b>	<b>939</b>	<b>3,018</b>	<b>3,117</b>
<b>Analysis by asset</b>				
Current and non-current asset investments			2,671	2,667
Cash and cash equivalents			347	450
			<b>3,018</b>	<b>3,117</b>
<b>Institution</b>				
At beginning of year				
Capital	2,093	949	3,042	2,887
Accumulated income	88	(560)	(472)	(390)
	2,181	389	2,570	2,497
New endowments	-	21	21	31
Investment income	14	5	19	65
Expenditure	(115)	(43)	(158)	(147)
	(101)	(17)	(118)	(51)
Increase in market value of investments	-	1	1	124
<b>At end of year</b>	<b>2,080</b>	<b>373</b>	<b>2,453</b>	<b>2,570</b>
<b>Analysis by type of purpose</b>				
Fellowships and scholarship prizes	-	36	36	54
Prize funds	10	76	86	100
Other funds	2,070	261	2,331	2,417
	<b>2,080</b>	<b>373</b>	<b>2,453</b>	<b>2,571</b>
<b>Analysis by asset</b>				
Current and non-current asset investments			2,106	2,195
Cash and cash equivalents			347	376
			<b>2,453</b>	<b>2,571</b>

# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

### 25 Restricted reserve

	Consolidated 2020 £000	Consolidated 2019 £000	Institution 2020 £000	Institution 2019 £000
At beginning of year	28	36	28	36
New endowments and donations	6	33	6	33
Expenditure	(12)	(42)	(12)	(42)
<b>At end of year</b>	<b>22</b>	<b>28</b>	<b>22</b>	<b>28</b>
<b>Analysis by type of purpose</b>				
Scholarships and bursaries	8	6	8	6
Other funds	14	22	14	22
	<b>22</b>	<b>28</b>	<b>22</b>	<b>28</b>

### 26 Revaluation reserve

<b>Revaluations</b>				
At beginning of year	27,815	27,815	27,815	27,815
<b>At end of year</b>	<b>27,815</b>	<b>27,815</b>	<b>27,815</b>	<b>27,815</b>
<b>Contributions to depreciation</b>				
At beginning of year	(27,381)	(25,630)	(27,381)	(25,630)
Released in year	(434)	(1,751)	(434)	(1,751)
<b>At end of year</b>	<b>(27,815)</b>	<b>(27,381)</b>	<b>(27,815)</b>	<b>(27,381)</b>
<b>Revaluation reserve</b>				
<b>At end of year</b>	<b>-</b>	<b>434</b>	<b>-</b>	<b>434</b>
At beginning of year	434	2,185	434	2,185

### 27 Lease obligations

Future minimum lease payments under non-cancellable operating leases are as follows:				
Within one year	689	2,099	689	2,099
Between two and five years	1,884	3,188	1,884	3,188
Over five years	1,704	2,051	1,704	2,051
	<b>4,277</b>	<b>7,339</b>	<b>4,277</b>	<b>7,339</b>
Representing:				
Land and buildings	4,078	7,168	4,078	7,168
Other operating leases	199	1,700	199	1,700
	<b>4,277</b>	<b>7,339</b>	<b>4,277</b>	<b>7,339</b>

### 28 Capital commitments

Authorised but not contracted				
<b>At end of year</b>	<b>3,199</b>	2,286	<b>3,199</b>	2,286
Authorised and contracted				
<b>At end of year</b>	<b>695</b>	1,008	<b>695</b>	1,008



# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

### 29 Contingent liabilities

The University has previously received a grant of £250,000 from the Church of England Central Board of Finance. This becomes payable in the event of the University withdrawing teacher training facilities.

### 30 Events after the reporting period

No significant post balance sheet events occurred during the period after the end of the year 2019/20 and the publication of the Financial Statements.

### 31 Cash and cash equivalents

	At beginning of year £000	Cash flows £000	At end of year £000
<b>Consolidated</b>			
Cash at bank and in hand	2,809	(527)	2,282
Short term deposits	19,625	3,692	23,317
	<b>22,434</b>	<b>3,165</b>	<b>25,599</b>
<b>Institution</b>			
Cash at bank and in hand	2,557	(422)	2,135
Short term deposits	19,625	3,692	23,317
	<b>22,182</b>	<b>3,270</b>	<b>25,452</b>

### 32 Consolidated reconciliation of net debt

	Consolidated 2020 £000
Net debt 1 August	31,789
Movement in cash and cash equivalents	527
Movement in secured loans	(2,177)
Other non-cash changes	(17)
Net debt 31 July	30,122
Change in net debt	<b>(1,667)</b>

### Analysis of net debt:

	Consolidated 2020 £000	Consolidated 2019 £000
Cash and cash equivalents	2,282	2,809
<b>Borrowings: amounts falling due within one year</b>		
Secured loans	1,785	3,570
Service concession arrangements	4,603	4,485
	<b>6,388</b>	<b>8,055</b>
<b>Borrowings: amounts falling due after more than one year</b>		
Secured loans	25,420	25,812
Derivatives	596	731
	<b>26,016</b>	<b>26,543</b>
<b>Net debt</b>	<b>30,122</b>	<b>31,789</b>

# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

### 33 Financial instruments

#### Financial assets

*Financial assets at fair value through statement of comprehensive income*

	Consolidated 2020 £000	Consolidated 2019 £000	Institution 2020 £000	Institution 2019 £000
- Listed investments	2,618	2,697	2,104	2,194
<i>Financial assets that are equity instruments measured at cost less impairment</i>				
- Other investments	5	5	5	5
<i>Financial assets that are debt instruments measured at amortised cost</i>				
- Cash and cash equivalents	2,282	2,809	2,135	2,557
- Current investments	23,317	19,625	23,317	19,625
- Trade debtors	5,657	3,899	5,654	3,881
- Other debtors	1,338	1,328	1,333	1,327
- Amounts owed by subsidiary companies	-	-	184	206
- Amounts due from joint venture	-	-	-	-
- Accrued income	1,021	1,359	982	1,357
	<b>36,238</b>	<b>31,722</b>	<b>35,714</b>	<b>31,152</b>

#### Financial liabilities

*Financial liabilities measured at amortised cost*

- Secured loans	27,205	29,383	27,205	29,383
- Service concession arrangement	4,603	4,485	4,603	4,485
- Trade creditors	3,149	2,298	3,146	2,288
- Accruals	5,664	6,005	5,660	5,990
- Derivatives	596	731	596	731
	<b>41,217</b>	<b>42,902</b>	<b>41,210</b>	<b>42,877</b>



# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

### 34 Related party transactions

To capture information on related party transactions, the University has written to members of Council. Due to the nature of the University’s operations and the composition of Council, being drawn from commerce, industry and the public sector, it is inevitable that transactions will take place with organisations in which a member of Council has a connection. All such connections are declared annually in the Register of Council Members Interests. All such transactions are conducted at arm’s length and in accordance with the University’s Financial Regulations with regards to procurement.

Relevant significant relationships held by members of Council who served in the year are:

- (i) Mr P Bungard is Chief Executive of Gloucestershire County Council
- (ii) Mr S Marston is a board member of South Gloucestershire and Stroud Commercial Services Limited
- (iii) Mr M Burgess is Principal of Gloucestershire College
- (iv) Mr M Jones is Governor and Vice-Chair of South Gloucestershire and Stroud College and a director of South Gloucestershire and Stroud Commercial Services Limited
- (v) Mr I Mitchell was formerly President and is now Education Officer of the Gloucestershire Students’ Union
- (vi) Ms P Crook is Education Officer of the Gloucestershire Students’ Union and a Governor of Cheltenham Bournside School and Sixth Form Centre.
- (vii) Mr A Taylor is a Partner in Bruton Knowles
- (viii) Ms Ingrid Barker is Chair of Gloucestershire Health and Care NHS Foundation Trust
- (ix) Mr L Brown is President of the Gloucestershire Students’ Union

For the year ended 31 July 2020 expenses totalling £2,005 (2019: £4,383) were claimed by five Directors and Trustees in respect of their responsibilities as Directors and Trustees. The University does not remunerate its external Directors and Trustees. The salaries of members of staff who serve on Council do not include any element specific to this role.

The University of Gloucestershire Students’ Union, is a separately constituted entity which is governed by its own Board of Directors, of which Ms I Mitchell was President, and Mr Luc Brown is current President. The University has no financial interest, control or significant influence over policy decisions. The University helps to support the core activities with a block grant on an annual basis which include Student Representation; Student Opportunities; support for Student Volunteering; Student Events & Entertainments; and Student Sport & Societies. During the year sales of £5,237 (2019: £6,349) and purchases of £520,701 (2019: £535,885) relating to core activities were transacted with the Student Union. At the year-end a balance of £0 (2019: £10,351) was due to The University of Gloucestershire Students’ Union and a year-end balance of £0 (2019: £0) was owed to The University.

The university has taken advantage of the exemption within FRS 102 and has not disclosed transactions with other group entities where it holds 100% of the voting rights.

During the year, the University supplied INTO Gloucestershire LLP with goods and services to the value of £291,370 (2019: £909,463), the balance included in trade debtors at 31 July 2020 was £890,686 (2019: £599,316). The University also received services from INTO Gloucestershire LLP during the year to the value of £10,730 (2019: £161,637), the balance included in trade creditors at 31 July 2020 was £101,733 (2019: £91,003).

The interest of £10,402 (2019: £16,495) due from INTO Gloucestershire LLP to Gloucestershire ISC Limited on the revolving loan has been provided for and is detailed in note 17.

A provision of £734k has been made to cover the year end net debtor position, refer to note 17 for more details.

# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

### 35 The Teaching Regulation Agency

The University, acting as agent for the Teaching Regulation Agency (previously known as the National College for Teaching and Leadership), disbursed £682,875 (2019: £72,500) training bursaries to students undergoing Initial Teacher Training for the year ended 31 July 2020. The training bursaries have not been included in the income and expenditure of the University.

### 36 Pension schemes

#### a) Teachers’ Pension Scheme

The Teachers’ Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers’ Pensions Regulations 2010 (as amended), and the Teachers’ Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

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 – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers’ Pensions Regulations 2010 require an annual account, the Teachers’ Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

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 will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%).

A copy of the latest valuation report can be found by following this link to the Teachers’ Pension Scheme website [teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx](https://teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx)

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.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government’s application for permission to appeal the Court of Appeal’s ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers’ Pension Scheme. Those 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.

The total consolidated pension costs under the Teachers’ Pension Scheme for the University were:

	2020 £000	2019 £000
Contributions to teachers’ pensions	3,738	2,729



# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

### b) Universities Superannuation Scheme

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

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

The total cost charged to the statement of comprehensive income and expenditure is £186,806 (2019: £180,520).

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:

	<b>2017 valuation</b>
Mortality base table	Pre-retirement: 71% of AMCOO (duration 0) for males and 112% of AFCOO (duration 0) for females Post retirement: 97.6% of SAPS SINMA 'light' for males and 102.7% of RFV00 for females
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

The current life expectancies on retirement at age 65 are:	<b>2020</b>	<b>2017</b>
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:

	<b>2020</b>	<b>2019</b>
Discount rate	2.59%	2.44%
Pensionable salary growth	4.20%	2.11%

### c) Gloucestershire County Council Superannuation Scheme

Non-academic staff belong to the Gloucestershire County Council Superannuation Scheme. The scheme is a defined benefits scheme in the UK and is externally funded. The total contributions made for the year ended 31 July 2020 were £5,170m, of which employer's contributions totalled £4,150m and employees' contributions totalled £1,020m. The agreed contribution rates for future years are 22.1% for employers and range from 5.5% to 12.5% for employees, depending on salary.

The following information is based on the last full actuarial valuation carried out at 31 March 2016 updated to 31 July 2020 by a qualified independent actuary, Hymans Robertson.

Latest actuarial valuations	31 March 2016
Market value of assets at date of last valuation	£1,703m
Investment returns per annum	4.00%
Salary scale increases per annum	2.40%
Pension increases per annum	2.10%
Price Inflation	2.10%

The estimate of contributions expected to be paid in the next year (year ending 31 July 2021) are £3,520m at a contribution rate of 22.1% until the next actuarial valuation change in April 2022.

The major assumptions used by the actuary were:

	<b>31 July 2020 %</b>	31 July 2019 %	31 July 2018 %
Pension increase rate	2.10	2.40	2.40
Salary increase rate	2.40	2.70	2.70
Expected return on assets	1.40	2.10	2.80
Discount rate	1.40	2.10	2.80
Inflation assumption	1.40	2.10	2.80

The mortality assumptions assume that the current rate of improvements have peaked and will converge to a long term rate of 1.25%. Based on these assumptions, the average life expectancies at age 65 are:

	<b>31 July 2020</b>	31 July 2019	31 July 2018
<i>Current pensioners</i>			
Males	21.7	21.5	22.4
Females	23.9	23.7	24.6
<i>Future pensioners (at age 45)</i>			
Males	22.4	22.3	24.0
Females	25.3	25.0	26.4



# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

The amounts recognised in the Consolidated and University statement of income and expenditure, in accordance with the requirements of FRS 102 are:

	2020 £000	2019 £000
<i>Amounts included in staff costs</i>		
Current service cost	7,009	6,144
Past service cost (including curtailments)	174	548
	<b>7,183</b>	<b>6,692</b>
<i>Amounts included in interest and other finance costs</i>		
Interest income on plan assets	(2,210)	(2,662)
Interest on pension scheme liabilities	3,095	3,423
Net charge to other finance costs	<b>885</b>	<b>761</b>
<i>Amount recognised in other comprehensive income</i>		
Return on pension plan assets	(3,815)	(3,951)
Changes in demographic assumptions	1,823	(7,671)
Changes in financial assumptions	(14,512)	23,106
Experience (gains)/losses arising on defined benefit obligations	(2,414)	-
	<b>(18,918)</b>	<b>11,484</b>

# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

An analysis of the amount shown in the balance sheets at 31 July 2020 and 31 July 2019 is:

	31 July 2020 £000	31 July 2019 £000
Total market value of assets	104,843	103,620
Actuarial value of scheme liabilities	(168,224)	(144,165)
Deficit in the scheme - Net pension liability recorded within pension provisions	<b>(63,381)</b>	<b>(40,545)</b>
<i>The movements in the net liability are as follows:</i>		
<i>Movement in net defined (liability) during the year</i>		
Net defined liability in scheme at 1 August	(40,545)	(26,089)
Current service cost	(7,009)	(6,144)
Employer contributions	4,150	4,481
Impact of settlement and curtailment	(174)	(548)
Net interest on the defined (liability)	(885)	(761)
Actuarial gain/(loss)	(18,918)	(11,484)
Net defined (liability) in scheme at 31 July	<b>(63,381)</b>	<b>(40,545)</b>
<i>Movement in present value of the pension scheme during the year</i>		
Present value at 1 August	144,165	119,409
Current service cost (net of member contributions)	7,009	6,144
Past service costs (including curtailments)	174	548
Net interest	3,095	3,423
Plan participants' contributions	1,020	1,138
Actuarial gain/(loss)	15,103	15,435
Actual benefit payments	(2,342)	(1,932)
Present value at 31 July	<b>168,224</b>	<b>144,165</b>
<i>Movement in the fair value of scheme assets</i>		
Fair value at 1 August	103,620	93,320
Expected return on assets	(3,815)	3,951
Interest income on plan assets	2,210	2,662
Actual contributions paid by university	4,150	4,481
Plan participants' contributions	1,020	1,138
Actual benefit payments	(2,342)	(1,932)
Fair value at 31 July	<b>104,843</b>	<b>103,620</b>



# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

History of experience gains and losses:					
	Year to July 2020	Year to July 2019	Year to July 2018	Year to July 2017	Year to July 2016
<i>Difference between the expected and actual return on assets</i>					
Amount (£000)	(3,815)	3,951	4,906	8,125	4,048
Percentage of assets at year end	(3.64)%	3.81%	5.26%	9.78%	5.70%
<i>Experience gains/(losses) on liabilities</i>					
Amount (£000)	-	-	-	(2,052)	933
Percentage of liabilities at year end	0%	0%	0%	(1.77)%	(0.93)%

### d) Church of England Funded Pensions Scheme

The University of Gloucestershire participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the scheme's assets and liabilities to specific Responsible Body, and this means contributions are accounted for as if the scheme were a defined contribution scheme. The pensions costs charged to the Consolidated and University statement of comprehensive income and expenditure in the year are contributions payable towards benefits and expenses accrued in that year (2020: £10k, 2019: £7k), plus figures highlighted in the table below, giving a total charge of £23k for 2020 (2019: £12k).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out as at 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumption

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% pa.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

	January 2018 to December 2020	January 2021 to December 2022
% of pensionable stipends		
Deficit repair contributions	11.9%	7.1%

As at 31 December 2017 and 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2017 and over 2018 is set out in the table below.

# Financial statements for the year ended 31 July 2020

## Notes to the financial statements for the year ended 31 July 2020

	2019 £	2018 £
Balance sheet liability at 1 January 2019	19,000	24,000
Deficit contributions paid	(3,000)	(3,000)
Interest cost	0	0
Remaining change to the balance sheet liability*	(10,000)	(2,000)
Balance sheet liability at 31 December 2019	6,000	19,000

\*comprises change in agreed deficit recovery plan and change in discount rate between year-ends

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	December 2019	December 2018	December 2017
Discount rate	1.1%	2.1%	1.4%
Price inflation	2.8%	3.1%	3.0%
Increase to total pensionable payroll	1.3%	1.6%	1.5%

The legal structure of the scheme is such that if another Responsible Body fails, University of Gloucestershire could become responsible for paying a share of that Responsible Body's pension liabilities.





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