

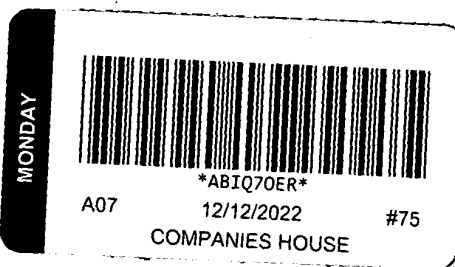


**UNIVERSITY OF
GLOUCESTERSHIRE**

Financial Statements

For the year ended 31 July 2022

Company No: 06023243



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**MEMBERS OF COUNCIL FOR THE PERIOD
1 AUGUST 2021 TO 31 JULY 2022**

Ms I Barker

Mr P Crichard

Ms N de Iongh (Chair)

Mr C Fung

Mr S Gardiner

Miss E Hill (appointed 1 July 2022)

Ms A Jones (resigned 8 April 2022)

Ms C McFarland (appointed 17 May 2022, resigned 30 June 2022)

Mr S Marston

Mr S Mawson

Mr S Maycock

Dr A Misiura

Ms M Patrick

Mr D Ramsay

Dr A Shafi

Mrs P Sissons

Ms E Soros

Mr D Soutter

The Rt Revd R Springett (Vice-Chair from 1 August 2021)

Ms A Sutton (resigned 30 June 2022)

Miss B Timmons (appointed 1 July 2022)

Dr P Warry

Ms J Walkling (appointed 1 August 2021)

Board Apprentices

Ms J Hopkins (resigned 31 August 2022)

Ms S Perret (resigned 31 August 2021)

**MEMBERSHIP OF MAJOR COUNCIL
COMMITTEES AS AT 31 JULY 2021**
Audit and Risk Committee

Mrs P Sissons *

Ms I Barker

Mr P Crichard

Mr C Fung

Mr S Mawson

Ms S Perret (*co-opted member*)

Mr P Tinson (*co-opted member*)

Council, Foundation, and Chaplaincy Committee

The Rt Revd R Springett *

Dr M Andrews

The Revd Canon Dr A Braddock

Dr C Baker

Ms C Bryant

Dr A Long

Mr S Maycock

Ms A Parkin

Revd Dr M Parsons

Ms R Reid

Revd S Witcombe

Miss B Timmons

Finance and General Purposes Committee

Mr D Soutter *

Mr S Gardiner

Mr S Marston

Mr S Maycock

Ms M Patrick

Ms T Artahona (*co-opted member*)

Governance and Nominations Committee

Ms N de Iongh *

Mr S Gardiner

Mr S Marston

Mr S Maycock

Dr A Shafi

Ms J Walkling

Dr P Warry (*Senior Independent Governor in attendance*)

Remuneration and Human Resources Committee

The Rt Revd R Springett *

Ms N de Iongh

Mrs P Sissons

Ms E Soros

Mr D Soutter

Dr P Warry

Miss E Hill

* denotes Chair

HONORARY POSTS	REGISTERED OFFICE
<p>Chancellor Lord Michael Bichard</p> <p>Pro Chancellors Sir Henry Elwes Rt Revd R Trewick</p>	<p>Fullwood House Park Campus The Park CHELTENHAM Gloucestershire GL50 2RH</p> <p>The University is an exempt charity, a company limited by guarantee, registered in England and Wales: Registration Number 06023243</p>
OFFICERS	ADVISERS
<p>Executive Managers</p> <p><i>Vice-Chancellor</i> Mr S Marston</p> <p><i>Deputy Vice-Chancellor</i> Prof J Labbe</p> <p><i>Chief Financial Officer</i> Mrs C Stallard</p> <p><i>Pro-Vice-Chancellor (Academic Enhancement and Research)</i> Dr S Jones (appointed 17 October 2022)</p> <p><i>Pro-Vice-Chancellor (Governance and Student Affairs)</i> Dr M Andrews</p> <p><i>Dean of Academic Development</i> Prof D James (resigned 31 March 2022)</p> <p>Company Secretary Dr M Andrews</p>	<p>Solicitors Pinsent Masons LLP 55 Colmore Row BIRMINGHAM B3 2FG</p> <p>Registered External Auditors Grant Thornton UK LLP 2nd Floor St John's House Haslett Avenue West Crawley RH10 1HS</p> <p>Registered Internal Auditors Auditors</p> <p>KPMG LLP St Nicholas House 31 Park Row NOTTINGHAM NG1 6FQ</p> <p>RSM UK Risk Assurance Services LLP (Appointed 1 Aug 22) St Philips Point Temple Row Birmingham West Midlands B2 5AF United Kingdom</p> <p>Bankers The Royal Bank of Scotland plc PO Box 9 45 The Promenade CHELTENHAM GL50 1PY</p> <p>HSBC PLC 62 George White Street Cabot Circus BRISTOL BS1 3BA</p>

OPERATING AND FINANCIAL REVIEW

EXECUTIVE SUMMARY

This report reviews the University's activities in the year 2021-22 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 2021/22

SECTION 1: SUMMARY OF THE YEAR

1. 2021/22 was a year of significant achievement for the University of Gloucestershire, despite a turbulent external operating environment. The University secured real progress across our major goals of teaching, research and community impact.
2. Following the disruption caused by the Covid pandemic in 2019/20 and 2020/21, the academic year 2021/22 saw a reversion to something closer to normality. Throughout the year, all of the campuses were open, and the vast majority of teaching, learning and student support was face to face. Like other universities, there are some elements of online learning that we will retain because they work well for students. After the experience of lockdown, we have introduced a new policy allowing staff more discretion to balance working from campus with working from home. The experience of lockdown and the pandemic continues to impact some behaviours amongst students and staff. But generally the University community was able to operate normally throughout the year, reflecting our belief that being together on campus provides the best teaching, learning and social experience for students and staff.
3. In February 2022 the University's Council approved a new Strategic Plan for the period 2022-2027. The Plan was formulated over many months of discussion with staff, students and the wider community. It can be read at <https://www.glos.ac.uk/information/knowledge-base/strategic-plan-2022-27/>. The key components are:
4. Underpinning the strategy is the University's ambition to grow our student numbers significantly over the next decade. That will both enable us to pursue on a larger scale our mission and purpose to educate, and also make us more financially resilient. We intend to enhance our quality as we grow.
5. We believe growth of that order is challenging and should be fully achievable, given current trends for rising demography, increasing participation in higher education across the UK, and the development of our course portfolio in areas of high demand. During 2021/22, our total student enrolments were 12,159. Within that total, we enrolled 9,073 students to courses delivered on our campuses in Gloucestershire and UK franchised courses, with the remainder being students enrolled at partner Universities and Colleges in the UK and overseas. In this year's recruitment cycle, total applications rose nearly 50% year on year to over 19,000, driven particularly by rapid growth in international, postgraduate applications. We are planning for 11% growth in new enrolments for the 2022/23 academic year to 4,259, giving an all year enrolment total of 9,413 excluding students on UK validated and overseas franchised programmes delivered by partners.
6. Within our education goal - to support our students, in the UK and overseas, to learn well by providing an outstanding education - there have been major developments during the year to strengthen and diversify the portfolio of courses we offer. A particular focus has been the introduction and growth of courses with clear professional pathways to good careers, including new courses in 2021/22 in nursing and allied health, computing and FinTech, architecture and construction, business and finance, and biomedical sciences.
7. Our strategic investment in higher and degree apprenticeships saw total apprentice enrolments rise to 678, across 18 different apprenticeship standards, well ahead of our budget target of 566 and a 50% increase on the previous year's total. We were particularly pleased that our first full Ofsted inspection of all our apprenticeships in February 2022 rated our programmes as "Good" on all aspects. This gives us a strong platform for continuing growth in apprenticeships, reflecting our commitments both to ensure strong employment outcomes for our students and to work in partnership with employers to meet their skill needs. In June Ofsted also inspected our Initial Teacher Education programmes, and rated both primary and secondary programmes as "Good" in all aspects.
8. Our new Strategic Plan introduces a new goal on student wellbeing - to support our students to thrive and flourish. This reflects the continuing increase in students facing challenges with mental health and wellbeing, exacerbated by the experience of Covid. Our approach is designed to promote positive wellbeing, working with the Students' Union from induction onwards to help students settle in, make friends, enjoy new experiences, and develop their engagement and belonging. We have significantly increased participation in physical exercise and sport, and extended the range of online and face to face support services for mental health, working towards the

- Student Minds Mental Health Charter. As Covid travel restrictions ease, we are re-introducing field trips and study tours in the UK and overseas.
9. Goal 3 is focused on Student Outcomes - to support our students to achieve their full potential in their careers and their lives. During the year, we have restructured the Your Future Plan team which leads on student employability, with a sharper focus on ensuring that all students have opportunities to undertake work experience, to develop a career plan, and to reflect on the employability skills they have gained. In this year's graduate outcomes survey we were pleased to record a 3.0 percentage point rise to 95.4% in the proportion of our new graduates gaining employment or further study; and within that a 5 percentage point increase to 64.4% in "highly skilled" employment or further study, ahead of the sector average increase of 3.1 percentage points.
 10. During the year, the publication of the results of the Research Excellence Framework represented the major development in relation to our goal on Research, Innovation and Enterprise - to undertake excellent research and encourage innovation and enterprise for students, staff and partners. In our 2021 REF submission, we more than doubled the number of research active staff submitting work, and increased from 6 to 13 the number of Units of Assessment we entered. When the REF results were published in June 2022, all of our submissions were rated as having a proportion of 3/4* research - world leading or internationally excellent - with Art and Design achieving 78% rated 3/4* overall and Sport and Exercise achieving 71% 3/4*. The quality of the underlying research outputs was rated even more highly, with 10 out of our 13 UOA submissions achieving 50% or higher 3/4* ratings. This success was recognized in the award by UKRI of £1.3 million of research funding for 2022/23, which is nearly double our previous research allocation. During the year, the University finalized a new research strategy which will further build the range and quality of our research programmes towards the next REF.
 11. Our final goal is centred on our Civic Role - to promote the wellbeing and advancement of our community. The major development during the year was securing planning permission for the redevelopment of the former Debenhams Department Store in Gloucester to form our new City Campus. Excellent progress has been made towards being able to open the first phase of the new Campus for teaching during 2023/24. The City Campus is located in the centre of the historic city, adjacent to several other large building projects which together represent a major regeneration programme for Gloucester. This was recognized by the Government through the award of £20 million grant under the Levelling Up programme for the City of Gloucester, of which £9.7 million is allocated to the City Campus. The University has agreed with the Gloucestershire Integrated Care Board and our NHS partners to create an Arts, Health and Wellbeing Centre within the City Campus to undertake joint projects in training, CPD, placements, research, health sciences, digital healthtech and innovation, all with a view to health service improvement and workforce development. Planning is well advanced for the Gloucester City Library also to move into the ground floor, adjacent to the University's library.
 12. Our civic role also encompasses business support and economic development in Gloucestershire, particularly through the work of the Growth Hub, created by the University in 2014 in partnership with the Gloucestershire Local Enterprise Partnership. An independent evaluation published during the year estimated that since 2014 the Growth Hub has supported turnover growth of more than £398 million across the county, and created an estimated 1,100 new jobs across the county. The primary source of funding for the Growth Hub since 2017 has been EU funds, which are being terminated post-BREXIT, so the University is developing an alternative business model to try to sustain the support we provide for business.

SECTION 2: STRATEGIC PRIORITIES

Student Recruitment

1. Total enrolments to the University continued to increase in 2021/22, with particular growth in apprenticeships (678 enrolments) and postgraduate study (2016 enrolments).

Goal 1 – Education: to support our students, in the UK and overseas, to learn well by providing an outstanding education

1. In line with our ambition to grow, we have continued to enlarge our portfolio of courses at undergraduate and postgraduate levels. For our 2021 intake, we introduced undergraduate courses in politics, biomedical sciences, architecture, urban planning, and games art, and postgraduate courses in physiotherapy, screenwriting, and financial services management. We added to our growing apprenticeship offer in data science. And we bid for and won approval to offer our first Higher Technical Qualification data science.
2. The University's proportion of BAME students increased to 11% and a key focus of the University's access and participation strategy and Learning Design program in 21/22 academic year was the implementation of our sector-leading Equality, Diversity and Inclusion Framework.
3. We returned more than 95% of our teaching to on-campus delivery in September 2021, supported by our Blended Learning Framework which allowed us to make best use of what we learned from the Covid-mandated online teaching and learning experience to our students' benefit.
4. We are very proud of the outstanding work our staff do to provide students with an excellent educational experience, both within academic Schools and across Professional Services. This was reflected during the year in two different Ofsted inspections - of our apprenticeships programme and our primary and secondary initial teacher education programmes - both of which rated the University as "Good" on all aspects. We were disappointed that our overall satisfaction 2022 NSS results dropped by 3 percentage points, and we are working with our Students' Union to address issues in those areas where we see particular issues. This includes making improvements in how we organise and manage our offer, and ensuring that students are fully involved in the improvement process.
5. Despite these issues, we are very pleased to note that our BA/BSc Geography achieved 100% overall satisfaction and that the following course achieved results of between 90% and 95%:
 - a. BA Early Childhood Studies
 - b. BA Sports Journalism
 - c. BA Interior Design
 - d. BA Business and Management
 - e. BA History
 - f. BA Animal Biology
6. Over the course of the year, and arising from the work done on our new Strategic Plan, we also undertook a wide consultation exercise to develop our new Education Strategy. This Strategy focuses on 6 Goals, with the intention of achieving an overall move to what we are calling the Education of the Future, one that is inherently adaptable, flexible, and professionalised:
 - a. To create this future offer in an inclusive and multidisciplinary way
 - b. To involve students fully so that they take ownership of their education
 - c. To continue to develop and support staff so that their expertise is best utilised
 - d. To ensure our research activity is in the service of the best possible educational offer for our students
 - e. To focus our academic and employer partnerships on this overarching vision
 - f. To build the strongest possible systems framework to support the Strategy.
7. As a teaching-focused institution we expect our staff to continue to develop their pedagogical practice and over 80% of our academic staff hold a recognised teaching qualification.

8. In 2021, we gained two National Teaching Fellowships as well as a Collaborative Award for Teaching Excellence award for our project on Reciprocal Mentoring.

Goal 2: Student Life

9. During the 21/22 academic year we continued to undertake our extensive work to enhance the wellbeing of our student community, through the wide a range of formal support offered through the Student Services Department, as well as through the provision of a range of engagement opportunities enabling students to maximise their extra-curricular activities alongside their studies.
10. Our excellent and informative Induction & Welcome programme is key in helping new students to settle in at University. In September the programme focused on supporting students with their arrival and joining their new academic courses, and gave all the opportunity to meet and engage with their peers, helping them to find a sense of belonging at the University. The programme was delivered at a time when there were still moderate levels of covid-related anxiety. However, we recognised the importance to our students of having an on-campus experience and in an on-line survey, 86% of our new students rated their Welcome Week experience as "Just Right".
11. 2021/22 saw the University become an inaugural member of the Student Minds Mental Health Charter programme, and through this membership colleagues from Student Services and the SU engaged with the organisation and other member universities through development sessions and webinars; as well as making use of Student Minds resources for our own students. During the year we further developed our partnership with MIND to support the delivery of Mental Health First Aid training to 124 student-facing staff members, from across our academic and professional services staff communities. The University also worked in partnership with the Students' Union to launch a Nightline Service, giving students access to an over-night phone service 'staffed' by fully trained student volunteers able to discuss any concerns about their wellbeing or personal issues. In 2022/23 we will be in a good position for assessment for the Mental Health Charter Award.
12. In summer 2021 the University's non-academic sport and physical activity offer was transitioned to the Student Services Department and the Unisport team have done much to support the wellbeing and experience of students. A new physical activity programme entitled 'Your Way' was launched giving students on all campuses access to a range of opportunities, including 5-a-side football sessions, Pilates, Recreational Netball, and yoga. The programme led to over 1,000 students engaging with the offer across the academic year.
13. Good progress has been made in working towards the action plan linked with the BUCS report on cultures within sports clubs; including the delivery of bystander training sessions, and the launch of an on-line system that enables students to report any concerns about cultures/behaviours within their sports club.
14. Helping students to reconnect on campus following Covid was seen as a key priority for the University in 21/22, and a range of opportunities and events was delivered by colleagues to support the extra-curricular element of student life throughout the academic year. Through our Residential Life programme and our Chaplaincy Team we ran numerous events such as quizzes, open-mic nights, our weekly Global Café evenings for international students, regular dog walking sessions, arts & craft activities, gardening and growing sessions, and trips for international students. The University works in partnership with the SU to communicate effectively across a range of welfare-related campaigns. During 2021/22 there was joint work and communications linked with Sexual Harassment; Mental Health; and the online reporting tools linked with cases of sexual violence, harassment and victimisation.
15. Three new 'lounge' areas were remodelled in readiness for 2021/22 to support the SU to be able to have access to event spaces on each campus, as well as giving students spaces where they could hang out with no expectation that they needed to pay for food or drink when using them. These have proved to be assets on each campus, being used on a daily basis as student common rooms, as well as being licensed event spaces for the SU on occasion throughout the academic year.

Goal 3: Student Outcomes

16. The University's Your Future Plan (YFP) programme empowers our students to engage in a varied programme of support and experiences to help them to make key decisions about their graduate futures and to ensure they are well prepared to be successful in what is a very competitive graduate labour market.
17. Our strategy gives every student the opportunity to:
 - a. Develop their own a career plan

- b. Undertake work experience whilst at university or in the period immediately after;
- c. Reflect on, recognise and be able to articulate the career-relevant skills and attributes they have gained.

18. Student destinations post University are tracked and measured through the Graduate Outcomes survey. The survey outlines the current employment/study status of the cohort and identifies if the work is at professional level. The results are released in Spring/Summer of each year.
19. Our latest Graduate Outcomes data that reports the destinations of the graduating class of 2019 shows that 95.4% of the University's graduates were either in employment or further study (or both) 15 months after graduation. This represents an increase of 2.2% when compared to the graduating class of 2018.
20. The survey also measured the level of jobs that graduates were undertaking, and the results indicated that 64.4% of our graduates were employed in 'professional level' jobs or in further study at the time of the survey. This represents an increase of 5% when compared to the graduating class of 2018.
21. The University's Employability & Enterprise Programme Board is chaired by the Vice Chancellor as a regular forum for colleagues to review progress and share good practice. In order to address some of the challenges presented by the pandemic to the local graduate labour market, the University has developed and rolled out a new post graduate certificate in Leadership, Enterprise and Professional Development. This qualification which was launched in September 2021 is designed to help and support graduates that have struggled to secure a professional level role since graduating.

Goal 4: Research, Innovation & Enterprise

22. Although the University is primarily student centred and focussed on teaching and learning, we are proud of our research. It is an important part of our mission to contribute to the creation of new knowledge. We aim to be research rich, offering opportunities for our staff to undertake high quality research, and for our students to engage in research, understanding its role in creating new insight and innovation in their subject and professional sector.
23. In June 2022, the results of the latest Research Excellence Framework (REF) were published. The REF rates the quality of all research submitted by Universities across the UK undertaken over the past 6 years. The table below gives the main results for the University.
24. These results represent significant progress for us since the previous REF in 2014. The University more than doubled the number of research active staff submitted to the REF. We increased from 6 to 13 the number of Units of Assessment (UOAs) to which we submitted, so that for the first time we could demonstrate high quality research being undertaken across the great majority of our academic portfolio. Despite this significant increase in the scope and reach of our research, we also achieved a small increase in the average quality of our research, as rated using the primary REF indicator of 3/4* research, meaning research assessed as world leading (4*) or internationally excellent (3*). The specific ratings for the quality of our underlying research outputs were particularly strong, with all of our 13 UOA submissions being rated as having at least 1/3rd of outputs at 3/4*, and four of them rated as having over three-quarters of research outputs in those top categories.
25. In recognition of these results, our core QR funding allocation from UKRI announced in August 2022 rose from £755,000 in 2021/22 to £1,330,000 for 2022/23, due in large part to our positive REF results. That puts us comfortably in the top half of Universities in terms of the percentage increase in our QR funding.
26. During the year, the University developed a new research strategy for the period to the next REF exercise, which we assume will take place around 2028. We intend to further increase the number of UOA submissions we make, notably to add nursing and allied health, and social work. We aim to further improve the quality of outputs, and to make an early start on identifying the key impacts of our research. The University has previously been successful in securing significant research funds from the EU Erasmus+ and Horizon2020 research programmes. Given the changes in UK access to those funds post-BREXIT, we are working to re-orient our research contracts activity to other funding sources.
27. During the year, we have supported innovation and enterprise amongst students, staff and business partners. Many of our professionally oriented courses include modules equipping students to practice as freelancers, sole traders and entrepreneurs in sectors such as creative industries and business. 360 is our student consultancy, which gives

Business School students experience of providing consultancy advice to businesses. For staff, most of our research programmes have a focus on impact and innovation in developing professional practice, across subjects as diverse as enterprise in rural communities, researching the performance of new textiles, immersive cultural performance, and innovation in digital health care. Since 2018, the Growth Hub has offered business support through the EU-funded Start Up and Grow Enterprise (SAGE) programme, benefitting more than 1,754 clients. In total, 4,430 clients have been supported via SAGE and the sister Core Growth Hub project since that date.

Goal 5: Civic Role

28. As set out in our strategic plan, it remains core to our mission that we are the University of, and for, Gloucestershire. We have been providing higher education for the community for over 170 years, and we remain the only broad-based teaching and research university serving the county. The contribution we make to civic and community wellbeing - intellectual, economic, social, cultural and personal - is core to our purpose.
29. The most significant contribution we make to the welfare of the community is by providing the opportunity of high-quality higher education across a comprehensive range of courses, allowing students to fulfil their personal ambitions and potential and progress to successful careers. Each year, around 31% of our new students are living in Gloucestershire when they enrol - some 2581 enrolments. When students graduate, 30% take up employment in Gloucestershire, making us the primary supplier of graduate talent in the county. We are committed to widening participation, and the proportion of our students who are registered disabled, who attended state schools, who come from communities with low HE participation, and who come from disadvantaged communities are all above sector averages.
30. During the year our purchase and redevelopment of the former Debenhams Department Store has gained national recognition as a leading example of how a University can make a critical contribution to the regeneration of its place. At 20,000 sq metres, the Debenhams building is one of the largest in Gloucester, right in the heart of the historic centre, and viewed with great affection by many in the city. Changes in the retail sector made it increasingly unviable as a department store, and the University was possibly the only organization which could invest in bringing new life and purpose to such a significant building. Working with the City Council, Reef plc and others, the redevelopment of Debenhams is a major component of a complex and ambitious regeneration programme encompassing new residential and office accommodation, a digital enterprise facility, the refurbishment of the main square, the refurbishment of a historic coaching inn, a redeveloped transport hub, and new cultural facilities. Within the building, the University has agreed to create jointly with NHS partners an Arts, Health and Wellbeing Centre, and proposals are well advanced to relocate the City public library, so that the building will offer extensive public access as well as offering a great teaching and learning environment for students and staff. In recognition of the significance of these combined developments, in October 2021 the Government awarded the City of Gloucester £20 million from the Levelling Up fund, of which almost half (£9.7 million) was allocated to the development of the City Campus.
31. The University is also a primary motor of economic development in the county. Every year, we graduate 3500 newly qualified students into the labour market. As we reshape our course portfolio over time, one of the main drivers is to meet the recruitment needs of local employers in both the public and private sectors. Our Your Future Plan programme is designed to equip all students with the skills and experiences that employers most value, with 95.4% of our graduates going into employment or further study. Our higher and degree apprenticeships, designed and delivered in close partnership with employers, have grown rapidly, and in 2022/23 we expect to have over 1,000 apprentices enrolled, making us by far the largest provider of higher and degree apprenticeships in the county and one of the largest in the South West region.
32. The Gloucester Growth Hub, created by the University in 2014 on the Oxstalls campus in partnership with the Gloucestershire Local Enterprise Partnership, provides business support services across the county. An independent evaluation published during the year estimated that since 2014 the Growth Hub has delivered more than 10,000 business support interventions to growing Gloucestershire SMEs, supported turnover growth of more than £398 million across the county, created an estimated 1,100 new jobs across the county, and been ranked highest for customer satisfaction amongst all Growth Hubs in England. This year, the Growth Hub delivered 592 engagement activities with 788 business clients across a range of direct 'one to one' and group business support interventions. Despite this impressive record of success, the Growth Hub is now facing significant challenges as a result of the withdrawal of EU structural funds, which have been used for many years to address the market failures which inhibit the creation and growth of business enterprises but are being terminated post-BREXIT. The University is developing an alternative business model to try to sustain the support we provide for business.

People

33. In the light of the University's experiences of home working during the Covid-19 pandemic, in 2021/22 we adopted a new agile working framework following the return to campus for our students and staff that recognises that agile working, which meets the needs of individuals, teams and the University can enhance the overall wellbeing and work/life balance of our staff and benefit the University in achieving its goals.
34. In June 2022 we introduced the next five-year iteration of our People Strategy which focuses on 5 core goals: Workforce Planning and Organisational Design, Talent Acquisition, Talent Management and Development, Wellbeing, and Engagement and Belonging, all of which contribute towards the success of the University's strategic plan. We also introduced the University's first Equality, Diversity and Inclusion Strategy, which consolidates our work to foster an environment where staff and students feel part of a community that enables them to be their best selves and feel they are treated with fairness and respect. During 2021/22 we continued our reciprocal mentoring programme and delivery of inclusive behaviours workshops for all staff, and we also achieved re-accreditation of the Gloucestershire Healthy Workplace award.
35. Our new talent management and development framework embraces our commitment to providing our staff with development, recognition and growth opportunities.

IT & Systems

36. During 2021/22 the Libraries and IT Service continued on its path of innovation and agile delivery as part of the University's transition to greater service ownership and creativity. A new Digital Strategy was approved by Council in May 2022 which focuses on the four themes of Experience, Skills, Systems, and Data, and is designed to support delivery of the new University Strategic Plan and Education Strategy.
37. 2021/22 saw ongoing disruption from Covid, with reduced foot fall in campus libraries and social learning spaces. The University implemented new 'Skills for Study' learning resources to support students ahead of arrival and through induction. These were well received with around 900 students per month accessing the system. We continued to develop our Virtual Learning Environment (VLE), including new ways to present resources online for collaboration through Talis Elevate. Used over 500 times by academics, it helped make learning more engaging.
38. 'MyCourse' was developed during the year offering students a single place to access their VLE modules, assessments and tutors linked to their course. Work continued to digitise and automate workflows with the implementation of new Quality processes for new course approval and presentation of definitive documentation. Our innovative work with JISC continued as we further developed reporting of Learning Analytics for academic colleagues. A new system for administering apprenticeship records was procured and will be launched in late 2022.
39. Our focus on cyber security continued during 2021/22 with staff workshops supported by regional police crime experts, implementation of two factor identification for all staff, and launch of a system to test staff skills in recognising phishing emails.

Estates

40. The University estate consists of 84 buildings with a Gross Internal Area (GIA) that exceeds 107,000m² of accommodation (residential and non-residential). Statutory maintenance activity has continued through the period and through self-assessment, the compliance arrangements adopted are considered to be adequate.
41. Capital Investment plans prioritise the new City Campus re-development project in Gloucester, although a significant number of smaller-scale general maintenance projects have been completed or are scheduled to commence within this reporting timeframe. Examples of this work include the roof replacement to the Learning Centre at Oxstalls, ventilation improvements across all sites, repairs to the Pallas villa and Dunholme workshop, and replacement of part of the fire alarm system at FCH. Major works to the FCH Tower have also progressed well this year. Salix funding has enabled the replacement of some mechanical and electrical infrastructure at FCH and Oxstalls.
42. A number of small-scale projects are in various stages of development that provide additional teaching and learning accommodation in line with the space needs assessment and Ambition Plan. The largest project that is

currently progressing is at City Campus. Good progress continues to be made. The building has been stripped and all asbestos removed. A detailed planning permission has been secured and prestart conditions discharged. The design team has progressed the project through RIBA design stage 3. The technical design (RIBA stage 4) should be achieved by the Autumn. The design has been developed as a consequence of a rigorous and extensive engagement process with stakeholders. Work is currently on target to be completed during the 2023/24 academic year.

Sustainable

43. The University published its third Sustainability Strategy in June 2022. It sets a direction to build on our previous achievements with a focus on creating further value and impact in our sustainability learning, practice and collaborations.
44. Education for Sustainability developments included an innovative Change Makers Summit event for the 10 local schools in the Cheltenham Education Partnership, using sustainability learning expertise from across the University. A quality-led audit of the integration of sustainability into course design has been carried out, to guide the next steps in our ambition to reach 100% integration by 2027. The University won funding from the UK Quality Assurance Agency for an enrichment project in collaboration with two other universities, using students as advisers on curriculum change, from their perspectives as learners and future professionals.
45. In 2021 the University released its Carbon Net Zero Strategy, with the ambition to reach net zero emissions by 2030. New decarbonisation works began, with a £1.2m grant from the Salix Public Sector Decarbonisation Scheme, which generates 19% reduction in Scope 1 emissions by switching gas boilers to air source heat pumps at Francis Close Hall and Oxstalls campuses. A further £3.3m grant from Salix PSDS will support electric heating and low carbon measures at City Campus, and an additional £114K will provide further analysis and planning across campuses.
46. Other key achievements included two Highly Commended awards at the UK Green Gown Awards, for Reporting with Influence, and Tomorrow's Employees, and the achievement of the new Fairtrade University accreditation standard.

Carbon Emissions Reporting

47. The University is committed to improving energy efficiency, reducing energy use and corresponding CO2 emissions. As required by relevant law and regulations, the University reports annually against the Streamlined Energy and Carbon Reporting (SECR) protocol. The data collected and analysed using the Greenhouse Gas Reporting Protocol - Corporate Standard methodology, are detailed below:

	2020/21	2021/22
Natural Gas consumption for on-site operations (heating, catering, etc) - Scope 1 KWh	7,901,541	6,647,501
Fuel used for site vehicle activity - Scope 1 KWh	36,210	10,000
Total CO2 emissions for Scope 1 activities (fuels used on site for organisational activity) Tonnes	1,608	1,345
Electricity supplied from off-site generation for consumption by on site operations (Heating, Ventilation, Air Conditioning, lighting, computers, etc) - Scope 2 KWh	4,216,246	4,638,388
Electricity generated and used on site (Photo voltaic cells) KWh	16,500	0
Total CO2 emissions for Scope 2 activities (energy generated off site and used on site for organisational activity) Tonnes	895	897
Total Scope 1 & 2 CO2 emissions Tonnes (for ESG Target)	2,503	2,242
New ESG Carbon emissions target set by business April 2022 - 36% reduction in combined Scope 1 & 2 CO2 emissions from existing footprint by 2027 compared to 2018/19 emissions.	4.4% increase	N/A
Emissions from business travel in rental cars or employee -owned vehicles where company is responsible for purchasing the fuel (Scope 3) Tonnes	3	92
Total CO2 emissions attributed to activity of business (Scope 1, 2 & 3) Tonnes	2,506	2,334
Carbon emissions target set by business - 33% reduction in Scope 1 & 32% reduction in Scope 2 CO2 emissions by 2030 compared to 2018/19 emissions (note; new target set Sept 2021)	Scope 1 = 57% increase Scope 2 = 20% reduction	Scope 1 = 31% increase Scope 2 = 20% reduction
Intensity Ratio - Tonnes CO2 emitted per 1000m2 Gross Internal Area	25.8	26.2

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

All of our electricity is procured on a renewable energy tariff. In 2019 the University entered a Power Purchase Agreement (PPA) ensuring 20% of electricity is supplied from windfarms. During 2021/22 the University continued to review the market with regard to an increased provision via another PPA. This will be taken up when pricing is advantageous.

During 2021/22 the University continued to take action to reduce consumption and associated carbon emissions by installing 6 additional EV charging outlets for student, staff and public use and replacing 6 gas boilers with air source heat pumps which was funded by a Salix Grant of £1.25M. The University was also successful in further obtaining a £3.3M Salix grant to replace gas boilers at its City Campus with electric heating and improve insulation of external walls and windows. This project is due for completion in August 2023.

As our campuses return to normal operations following Covid we have seen a reduction in gas consumption when compared to 2020/21 and an increase in electricity consumption. These changes are due to a combination of increased on campus activity (electricity) and reduced heat losses (gas) as we return to more normal ventilation levels.

Global

48. 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. During 2021/22 we were able to reintroduce some international field trips which had been suspended during the pandemic. We also recognise that an important way in which we can serve our regional interests is by developing an active global presence and by internationalising our campuses.
49. The University continued to nurture and grow international partnerships during 2021/22, including making better use of technology and the digital environment. This included significant work to develop or enhance partnerships in Germany, Sri Lanka and Vietnam.
50. We experienced a significant increase in applications from international students during 2021/22 for entry in 2022/23, in part due to a productive partnership with GUS to increase student recruitment in India. The University also experienced increased applications from Pakistan, Bangladesh, and Nigeria. Increased recruitment has been matched by planning for increased support.

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 both cash generation and liquidity remain stable when compared to last year.

3.1 Key financial highlights

- Cash generation from operating activities has remained stable at 11.3% (2021: 11.9%)
- The year-end liquidity position has remained stable, with net liquidity being 136 days (2021: 138 days)
- The net asset position before pension provisions has remained stable at £97.9m (2021: £97.9m);
- Pension provision has reduced substantially to £10.2m (2021: £72.2m)
- Investment of £10.6m in fixed assets;
- Successfully refinanced existing borrowings of £15m
- Secured additional borrowings of £14m to finance the development of the new City Campus capital project.

3.2 Review of the year

• Operating performance

The University reports a consolidated operating deficit for the year of £7.7m (2021: £0.9m). The reported deficit is after accounting for the FRS102 LGPS & USS (non-cash) pension costs of £7.8m (2021: £5.2m). Despite the continued challenging market conditions the University has achieved a stable operating performance with cash generation, liquidity and covenant compliance continuing to be our primary focus; all of which have remained strong throughout the year and exceeded the new Finance Strategy targets. The last five years has seen significant asset investment, delivering a stable net asset position of £97.9m before pension liability (2021: £97.9m, 2020: £92.0m, 2019: £90.1m, 2018: £84.6m), evidencing the continued strengthening of the University. The cash generated within the year has enabled the University to develop the newly acquired City Campus, supporting the University 10 year Growth Ambition Plan.

Despite a turbulent and challenging external operating environment with regard to A-Levels results impacting on school leaver University entrance, the income position for the University has remained stable year on year.

• Capital investment

Capital investment in the year has continued to deliver additional and upgraded space and facilities for new and expanding courses within Bio medical sciences, Architecture, Construction and the Environment, and Health. A Salix grant was secured supporting the University's journey to Net Zero Carbon emissions by 2030. Capital expenditure has also been incurred to develop the newly acquired City Campus, the expenditure being supported by several successful capital grant

bids including £9.7m from the Levelling Up Fund. 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)**

Following a successful re-financing exercise and securing a new loan facility with Barclays of £14m to assist the financing of the development of the new City Campus capital project, our long term borrowings (secured loans) at year end are £22.9m.

The gearing ratio (including Service Concession) has decreased to 33.4% (2021: 36.7%) sitting comfortably below the target of 45% set out in the Finance Strategy.

All bank covenants are reported as compliant.

- **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 £30.0m was placed on deposit with a number of banks; average monthly balances held by deposit takers over the year were £22.7m (2021: £28.0m).

The year-end liquidity position has continued to exceed the target of 100 days set out in the Finance Strategy and at the year-end liquidity levels stood at 136 days (2021: 138 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 2022 has decreased to £8.38m (2021: £70.0m; 2020: £63.4m). The decrease in the liability this year is due primarily to the change in financial (higher net discount rate) and demographic assumptions (longevity) resulting in the present value of the expected future liabilities being lower 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: £887k (2021: £431k), CEFPS: £2k (2021: £4k).

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	2021/22 £000	2020/21 £000
LGPS	22.10% plus £159k pa	3,790	3,554
USS	21.10%	199	199
TPS	23.68%	4,577	4,102
Legal & General	10.0%	37	-
Others including Church of England Scheme	39.9% (CEFPS)	10	10
Total		8,613	7,865

From September 2021 all new professional services staff, with the exception of those with continuous pensionable LGPS service were recruited through the newly incorporated subsidiary company, University of Gloucestershire Professional Services Limited (UOGPSL) and were eligible to join the new Defined Contribution Pension Scheme with Legal & General, the scheme has been awarded the Pension Quality Mark (PQM) Plus accreditation.

3.3 Financial sustainability and key performance indicators

Management continue to closely monitor the financial position of the University, taking appropriate action where needed to ensure it maintains a stable platform to enable it to face the current and future challenges in the HE sector.

As part of the development of the new University Strategic Plan, the Finance Strategy has been updated, with the 2022-2026 Finance Strategy being approved by Council in May. The new Strategy 'Sustainable Growth' has been designed to ensure the long term financial sustainability of the university, delivering an integrated approach linking academic, financial and business planning issues, enabling investment and development and underpinning the delivery of an excellent student experience.

We measure success through the Key Financial Indicators agreed within the Strategy, which 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 primary financial goals of the 2022-26 Finance Strategy are to:

- ensure the continued financial sustainability of the University;
- identify and fully exploit profitable income lines with growth potential;
- control pay and non pay costs within an inflationary environment;
- maintain cash generation at a level to sustain investment and business development;

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

Key financial indicator	Performance 2021-22	Finance strategy target 2022 to 2026
Cash generation from operating activities	11.3%	10% of turnover
Operating surplus (before FRS102 pension charge)	0.2%	4.5% of turnover
Year-end liquidity ratio	136 days	To exceed 100 days
Interest cover ratio	2.4	1:1.1
Gearing - External borrowings (all borrowings and service concessions)	33.5%	not to exceed 45% of turnover
EBITDA as a % of total income	9.1%	To exceed 10% of turnover
Investment in capital and maintenance		Investment as a % of income:
- capital (estates, equipment and IT)	13.0%	5%
- recurrent maintenance	11.8%	1.8%

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 96.6% (2021: 92.1%) of the 7,678 invoices received within 30 days of them being determined as valid and undisputed. The average (median) payment time for invoices was 19.1 days (2021: 21.1 days). The University did not receive or 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
- 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 and Risk 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 by undertaking regular system upgrades

3.7 Post balance sheet events

As set out in Note 29; Since the financial year end the University has entered an Agreement for Lease with Gloucestershire County Council. On completion of the first phase of the City Centre Campus development, planned during the 2023/24 academic year, Gloucestershire County Council will enter into a 25 year lease and relocate the Gloucester library to the newly refurbished campus. As reported in note 33, a University Council member holds a senior post at GCC, but did not participate in the UoG decision making regarding this transaction.

In addition, since the financial year end the University received confirmation that it has been successful in a bid for OfS Capital funding and have been awarded £5.8m. The monies will be used to improve our facilities of the School of Computing and Engineering at The Park Campus, contracts associated with this development will be in addition to those already reported in Note 27.

SECTION 4 – FUTURE PLANS AND RISKS

The University's operating environment remains very challenging. Student recruitment remains the key driver of sustainable financial performance, and the continued cap on regulated home tuition fee, which was set at £9,000 in 2012, raised to £9,250 in 2016, and has been frozen by the Government at that level through to 2024, has eroded the real terms value of the fee over the decade. Our work on academic portfolio development and diversification remains an important

activity to provide confidence in our future range of teaching activities. Our recent success in overseas student recruitment will also remain a priority area for delivery of income growth.

The current economic environment, with the highest levels of cost inflation experienced in over 30 years is creating pressures on all businesses and their people, in our case, our staff and students. The University faces rising pay and pension costs and industrial relations disputes are occurring across the University sector. Regulation of the sector is also increasing, adding to costs.

The new University Strategic Plan and Finance Strategy consequently focus on delivery of income growth, and our Income Growth Board will drive and monitor performance in delivering profitable income growth and diversification. The City Campus development in Gloucester will provide space for growth in student numbers and will support partnership working with NHS, the County Council and other key local partners. Building on our success in securing a range of grants for the City Campus Phase 1 development, a new Fundraising Board will advise on a new approach to fundraising.

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, personal development 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.

The University also supports access to arts, musical and other cultural events. This includes long standing support for the Cheltenham Science Festival, Jazz Festival, Literature Festival – a partnership which enables students to access work placement and performance opportunities. The University is also a sponsor of the Gloucester History Festival, with students exhibiting and presenting their research, and supports the Cheltenham Poetry Festival hosting events on the programme. It is an active contributor to the Gloucester Culture Trust, particularly focused on cultural entrepreneurship, and is working with the Trust, Gloucester City Council and a range of other key stakeholders on the vision and programme for King's Square, in Gloucester – with the main entrance for its new City Campus opening out into this space. A new Arts, Health and Wellbeing Centre that will pilot ground-breaking therapies and interventions to improve community health and wellbeing is also planned as part of the City Campus project, as well as accommodating the new Gloucester City Library. The University also sponsored 2000 Trees and the Wychwood Festival in the summer of 2022, while students and graduates are involved in a number of pilots and programmes aimed at improving accessibility and sustainability at music festivals throughout the UK in partnership with Live Nation.

Education at the University of Gloucestershire reaches far beyond the classroom. We pride ourselves on being an academic community that is student-centred, learning-led and research-informed.

Of the 8,853 students registered at the University in 2021/22 24.6% identified themselves as having a disability, 12% identified themselves as black, asian and minority ethnic (BAME) resident in the UK and 9.78% 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.

Outreach activities in 2021/22 began to stabilise after significant disruption linked with Covid-19. The Outreach Team undertook 324 activities with 18,879 students in schools and colleges, ranging from secondary school to college students and 20 additional events with their influencers. Activities took place mostly on campus and in schools/ colleges and the

team prioritised returning to face to face delivery, with online outreach activities delivered through live-stream webinars using MS Teams/ Zoom where requested by key partnership institutions.

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 the new Institute of Technology in 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 2021/22 the University provided around £2.5m 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 Mature Student bursary of up to £1,000, and a 50% fee waiver along with up to £2,000 depending on the level per year for care leavers. The University has offered an Academic Merit Scholarship for full time students achieving a high level of entry qualifications, worth £1,200 across the three years of a typical undergraduate programme.

In 2021/22 the University awarded hardship funds totalling £193k to 220 students.

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. This section 6 is the annual report from the Remuneration and Human Resources Committee (RHRC) to Council, as required by the CUC Code.

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, 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' (November 2021), including the supporting documents referred to by this Code, in its approach to senior staff remuneration. In June 2021, the Remuneration and Human Resources Committee also considered the 'Independent review of the HE Senior Staff Remuneration Code' produced by Advance HE. During 2021/22, Council, through its Remuneration and Human Resources Committee (RHRC), considered the latest version of this Code and undertook a self-assessment of its practices and agreed several enhancements.

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 2018) for all staff in the UEC including the Vice-Chancellor. Council, through its Audit & Risk 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, including 'Regulatory advice 14: Guidance for providers for the Annual Financial Return 2022'.

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 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. Membership in 2021/22 was as follows:

- The Rt Revd R Springett – ex officio Chair of RHRC as Vice Chair of Council
- Mr D Soutter – ex officio Vice-Chair of RHRC as Chair of Finance & General Purposes Committee
- Ms N de Iongh – ex officio member of RHRC as Chair of Council
- Mrs P Sissons – ex officio member of RHRC as Chair of Audit & Risk Committee
- Ms E Soros – external member of Council appointed by Council to RHRC
- Dr P Warry – external member of Council appointed by Council to RHRC
- Miss A Sutton – student member of Council appointed by Council to RHRC

The full Terms of Reference and Membership for RHRC (as with all Council sub-committees) may be found on-line: <http://www.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 which benchmarks the pay of Executive Group staff against sector norms. 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 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).

RHRC had planned to commission a pay review in 2019/20, but the situation at the time included the impact of the COVID-19 global pandemic and the national decision through JNCHEs not to make any pay award for 2020/21. The Review was therefore not commissioned. In 2022 RHRC agreed to review benchmarking results from the UCEA senior remuneration benchmarking review and will be considering senior staff remuneration at its October 2022 meeting.

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). RHRC also receives a report on the performance of the Executive group from the Vice-Chancellor. In addition to these reference points, RHRC also considers the broader institutional context of the University when determining Executive pay and the pay awards for all staff.

Council has also agreed a policy for a salary supplement in lieu of pension contributions 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 2021/22 the Vice-Chancellor, Stephen Marston, received total remuneration of £189,816, comprising salary of £169,478 and payment in lieu of pension of £20,337. The Vice-Chancellor received no employer contributions towards pension, having opted to terminate his active membership of the Local Government Pension Scheme. As a consequence, the Vice-Chancellor's total remuneration in 2021/22 was in line with his total remuneration in 2020/21 of £189,816. No pay award was given for 2021/22 for the Vice Chancellor, alongside a pay freeze for all staff through the JNCHES National pay bargaining. The salary for the Vice Chancellor remains substantially below 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 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 7 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 2021/22 between the total pay of the Vice-Chancellor (£189,816) and the median full-time equivalent earnings of the whole University workforce (£47,724) was 3.98 compared to a UK average of 7.0. In 2020/21 the ratio was 4.71.

The pay ratio in 2021/22 between the total pay of the Vice-Chancellor and the median full-time equivalent of the University Group workforce (£47,115) was 4.03. 2021/22 is the first year a group ratio has been reported due to the creation of a new subsidiary; University of Gloucestershire Professional Services.

6.6 Remuneration of the Executive Group

RHRC has delegated authority from Council to approve the remuneration, terms and conditions of employment and all other benefits of all members of the Executive group (with the exception of the Vice-Chancellor). The members of the University Executive Committee during 2021/22 (excluding the Vice-Chancellor) were as follows:

- Dean of Academic Development, Professor David James (until 31st March 2022)
- Deputy Vice-Chancellor, Professor Jackie Labbe
- Chief Financial Officer, Camille Stallard
- Pro-Vice Chancellor (Governance and Student Affairs), Dr Matthew Andrews

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 if applicable.

The table in Note 7 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 on full-time contracts (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:

<https://www.glos.ac.uk/information/knowledge-base/policy-for-senior-staff-on-external-activities/>

6.8 Expenses

The University has a single published scheme for expenses that applies to all staff. University Staff Expenses Policy: <http://www.glos.ac.uk/docs/download/Governance/university-staff-expensespolicy.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 the University Council on 11 May 2021.

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 (2020), 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. 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, some meetings of Council and its subcommittees are now held on-line. The annual strategic day was held in person in June 2022. The formally constituted committees of Council are: Audit and Risk Committee, Finance and General Purposes Committee, Governance and Nominations Committee, Remuneration and Human Resources Committee, and the Council, Foundation, and Chaplaincy Committee. 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 University's web-site: <https://www.glos.ac.uk/governance/council/Pages/universitycouncil.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 Academic Board and Council hold an annual joint meeting.

The Audit and Risk 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/or external auditors without officers of the University present.

The Finance and General Purposes Committee 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, Foundation, and Chaplaincy Committee oversees those aspects of the University's mission and objects relating to its Anglican identity, to support the work of the University's Senior Chaplain and the Chaplaincy Team, to encourage its relationship with the Cathedrals Group, 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. The last external review of governance arrangements commenced at the end of the 2019/20 financial year and reported in 2020/21. This was a detailed, comprehensive, and externally-led review undertaken by Advance HE. 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 latest CUC Higher Education Code of Governance and other benchmarks and comparisons made against the practices employed elsewhere in the higher education and other sectors. The report concluded that governance at the University is

effective: 'It is enabled by robust practices, policies and processes and realised through a Council and wider governance structure that is fit for purpose and clearly committed to the institution's long term success. Council and external stakeholders should be assured that the University is compliant with the regulatory requirements and that in all its essentials the University is well governed and effectively led. It is also innovative in use of the Board Apprentice scheme to develop future Board talent.' The report also made recommendations and suggestions for further improvement in governance practice. These were accepted by Council and an action plan agreed to ensure their implementation which continued throughout 2021/22.

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, other relevant accounting standards and 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 & Risk 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 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 2022 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 and reflects the importance of the 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 and Risk Committee and Council. These reports on risk coincide with reports on the University's operating plan. Some aspect of the University's approach to risk management is considered annually by the internal auditors, with the focus in 2021/22 being compliance with the regulatory expectations of the Office for Students.

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 to this, Council oversees the University's performance in meeting its strategic objectives through the approval and monitoring of the Delivery Plan Progress Report. Regular updates on performance are presented to Council during the year, with a full year-end report considered in October. The Delivery Plan is rolled forward and updated annually for the following year, and submitted for approval by Council every June.

The Council has responsibility for reviewing the effectiveness of the institution's systems of internal control and, via the Audit and Risk 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 and Risk Committee concerning internal control and has access to the minutes of Audit and Risk Committee meetings. The Audit and Risk 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 and Risk 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 Group 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 has been maintained consistently since.

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 and Risk 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 2022.

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 2022-2025 and a Strategic Plan for 2022-2027. Additional information on these, along with consideration of the specific risks the university is 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 termly all staff briefings and monthly newsletters. We have also set up a Women's network and BAME network in addition to the Equality, Diversity and Inclusion 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 new strategic plan for the period 2022-2027 focuses several of its goals on students and the service/support that they need. In particular, three of the University's strategic goals are to provide an outstanding quality of education, support for student wellbeing, and the promotion of career success.

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 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.

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 4-27 was approved by the Council of the University of Gloucestershire on 29th November 2022, and was signed on its behalf by:



Nicola de Iongh
Chair of Council



Stephen Marston
Vice-Chancellor

Independent auditor's report to the members of University of Gloucestershire

Opinion

We have audited the financial statements of University of Gloucestershire (the 'parent university') and its subsidiaries (the 'group') for the year ended 31 July 2022, which comprise the Consolidated and University Statement of Comprehensive 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 2022 and of the group's and the parent university's deficit, income and expenditure, gains and losses, changes in reserves and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice 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 conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent university in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent university's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group and the parent university to cease to continue as a going concern.

In our evaluation of the Council's conclusions, we considered the inherent risks associated with the group's and the parent university's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the Council and the related disclosures and analysed how those risks might affect the group's and the parent university's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent university's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Council with respect to going concern are described in the 'Responsibilities of the Council for the financial statements' section of this report.

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.

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 annual 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 annual 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 annual report.

Opinion on other matters prescribed by the Office for Students ('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
- 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 parent university's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- the parent 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 the 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory framework applicable to the group and parent university, and the sector in which it operates. We determined the following laws and regulations were most significant:
 - The Companies Act 2006
 - Financial reporting legislation (HE SORP 2019, FRS102)
 - The regulatory environment (OfS Framework and Accounts Direction)
- The engagement team remained alert to indications of fraud and non-compliance with laws and regulations throughout the audit;
- We obtained an understanding of how the group and parent university is complying with these legal and regulatory frameworks by reviewing internal audit reports and making inquiries of management, and those charged with governance as to whether there was any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes and through our legal and professional expenses review;
- To assess the potential risks of material misstatement, including how a fraud might occur, we obtained an understanding of:
 - The group and parent university's operations, including the nature of its sources of income, expected financial statement disclosures and risks that may result in risk of material misstatement; and
 - The group and parent university's control environment including the adequacy of procedures for authorisation of transactions
- We assessed the susceptibility of the group and parent university's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Evaluating the processes and controls established to address the risks related to irregularities and fraud;
 - Testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
 - Challenging assumptions and judgements made by management in its significant accounting estimates;
 - Identifying and testing related party transactions
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the group and parent

university operates in, its understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud, or non-compliance with laws and regulations throughout the audit.

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 them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the university and the university's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Adam Terry BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Gatwick
29 November 2022

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

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.

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss as a result of any indications. If there is an indication of impairment, the recoverability amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in the period it arises. The recoverable amount is the higher of the assets fair value less costs to sell and its value in use. If an

impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in the prior years. A reversal of an impairment loss is recognised immediately in the period it arises.

Recoverability of debtors

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

3 Going concern

Financial Sustainability has been a longstanding overarching aim of the University. The recently approved Finance Strategy 2022-26 maintains this priority, with growth in turnover being at the heart of our ability to ensure sufficient surpluses and cash resources are generated to enable the University to invest in its people and infrastructure and provide an excellent student experience.

The University has adopted a rigorous self-assessment 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, 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 sustainable.

The Council approved a budget for the year to 31 July 2023 at its June 2022 meeting, taking into account the latest information on the applications cycle for Autumn 2022. The recruitment cycle reflected mixed fortunes with overseas, especially postgraduate taught, looking extremely buoyant whilst home undergraduate was broadly flat compared with last year, and home postgraduate fell in common with the rest of the sector. Cash generation and cash balances remain strong and well in excess of our new Finance Strategy targets for both minimum and year end liquidity levels.

The activities which present greatest financial risk to the university are student recruitment and retention as tuition fees represent 70% of our income. Cost inflation is another less material risk to University, though not likely to create any threat to financial sustainability in itself. Cost inflation, especially pay inflation, if combined with income shortfalls could create some short term financial stress and has been modelled as part of the stress testing.

The result of reverse stress testing has indicated that the University could withstand considerable adverse movement in the areas of uncertainty, giving comfort over cash solvency for the year and into 2023/24. Further stress testing has identified some remote but possible adverse movements, none of which are material and represent a manageable level of revenue at risk. Mitigating actions have been identified and could be called upon should an 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 City Campus development project commenced during 2021/22, with the main spend for phase 1 being incurred during 2022/23, and into 2023/24. Financing arrangements have been put in place prior to major construction contractual commitments being entered into and will be re-assessed for affordability at key milestone dates during the process. The new loan with Barclays has been entered into with consent from Nat West, our existing lender, and both lenders are fully informed about the City Campus development. External grants and contract receipts will cover 42% of the costs of Phase 1 of the development.

Based on information and knowledge available to the Council in carrying out this review, the Council acknowledges that risk and uncertainty exist, and 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 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 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
Freehold and Leasehold Land and Buildings:			
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
Equipment:			
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 fitting		10 years	Component life 10-15 years

A review for potential indicators of impairment is carried out at each reporting date. If events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable, a calculation of the impact is completed and arising impairment values charged against the asset and to the SOCIE.

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 estimated selling price less costs to complete and sell.

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 University of Gloucestershire Professional Services 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.

Both the University and University of Gloucestershire Professional Services Limited are part of the same VAT group.

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 or income received 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.

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 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.

Retirement benefits to employees of the University subsidiary company UOGPSL are provided by a Defined Contribution Scheme, Legal & General (L&G) which are funded by contributions from the University and employees. The L&G scheme is a defined contribution plan, a post-employment benefit plan under which UOGPSL pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the year during which services are rendered by employees.

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.

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

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes.

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.

Consolidated and University Statement of Comprehensive Income and Expenditure**Year ended 31 July 2022**

	Notes	Consolidated 2022 £000	Consolidated 2021 £000	University 2022 £000	University 2021 £000
Income					
Funding body grants	1	6,236	5,956	6,236	5,956
Tuition fees and education contracts	2	61,623	63,971	61,623	63,971
Research grants and contracts	3	2,590	2,030	2,590	2,030
Other income	4	10,155	7,967	10,083	7,967
Investment income	5	376	324	311	250
Donations and endowments	6	12	4	16	15
Total income		80,992	80,252	80,859	80,189
Expenditure					
Staff costs	8	58,149	51,451	57,603	51,451
Restructuring costs	8	215	185	215	185
Depreciation of tangible fixed assets	14	7,129	6,928	7,129	6,928
Other operating expenses	9	21,158	20,264	21,631	20,260
Interest and other finance costs	10	1,761	1,505	1,761	1,505
Total expenditure	11	88,412	80,333	88,339	80,329
Deficit before other gains/(losses) and share of operating surplus of jointly controlled entity		(7,420)	(81)	(7,480)	(140)
Share of operating surplus in jointly controlled entity		-	-	-	-
Gain/(losses) on investments		(240)	381	(163)	335
Gain on disposal of fixed assets		-	667	-	667
Surplus/(deficit) before tax		(7,660)	967	(7,643)	862
Taxation	13	-	(49)	-	(49)
Surplus/(deficit) for the year		(7,660)	918	(7,643)	813
Other comprehensive (losses)/income					
Actuarial gain/(loss) in respect of pension schemes	35	69,016	(1,453)	69,016	(1,453)
Currency translation differences		(16)	(72)	(16)	(72)
Total comprehensive gain/(loss) for the year		61,340	(607)	61,357	(712)
Represented by:					
Endowment comprehensive income/(loss) for the year		(228)	346	(200)	239
Restricted comprehensive loss for the year		4	(1)	4	(1)
Unrestricted comprehensive gain (loss) for the year		61,564	(952)	61,553	(950)
		61,340	(607)	61,357	(712)
Surplus/(deficit) for the year attributable to the University		(7,660)	918	(7,643)	813

All items of income and expenditure related to continuing activities.

University of Gloucestershire

Annual Report & Financial Statements for the Year Ended 31 July 2022

Consolidated and University Statement of Changes in Reserves
Year ended 31 July 2022

Consolidated

	Endowment £000	Income and expenditure account Restricted £000	Unrestricted £000	Revaluation Reserve £000	Total £000
Balance at 1 August 2020	3,018	22	24,011	-	27,051
Deficit from the statement of comprehensive income	346	(1)	573	-	918
Other comprehensive loss	-	-	(1,525)	-	(1,525)
Transfers between revaluation and income and expenditure reserve	-	-	-	-	-
Total comprehensive loss for the year	346	(1)	(952)	-	(607)
Deconsolidation adjustment	-	-	(44)	-	(44)
Balance at 1 August 2021	3,364	21	23,015	-	26,400
Surplus/(deficit) from the statement of comprehensive income	(228)	4	(7,436)	-	(7,660)
Other comprehensive gain	-	-	69,000	-	69,000
Total comprehensive income(loss) for the year	(228)	4	61,564	-	61,340
Deconsolidation adjustment	-	-	-	-	-
Balance at 31 July 2022	3,136	25	84,579	-	87,740

The notes on pages 45 to 63 form part of these financial statements

University of Gloucestershire

Annual Report & Financial Statements for the Year Ended 31 July 2022

Consolidated and University Statement of Changes in Reserves Year ended 31 July 2022

University

	Endowment £000	Income and expenditure account Restricted £000	Unrestricted £000	Revaluation reserve £000	Total £000
Balance at 1 August 2020	2,453	22	24,065	-	26,540
Deficit from the statement of comprehensive income	239	(1)	575	-	813
Other comprehensive loss	-	-	(1,525)	-	(1,525)
Transfers between revaluation and income and expenditure reserve	-	-	-	-	-
Total comprehensive loss for the year	239	(1)	(950)	-	(712)
Balance at 1 August 2021	2,692	21	23,115	-	25,828
Surplus/(deficit) from the statement of comprehensive income	(200)	4	(7,447)	-	(7,643)
Other comprehensive gain	-	-	69,000	-	69,000
Total comprehensive income/(loss) for the year	(200)	4	61,553	-	61,357
Balance at 31 July 2022	2,492	25	84,668	-	87,185

The notes on pages 45 to 63 form part of these financial statements

Consolidated and University Balance Sheet As at 31 July 2022

		Consolidated	Consolidated	University	University
	Notes	2022 £000	2021 £000	2022 £000	2021 £000
Non-current assets					
Fixed assets	14	121,815	118,504	121,815	118,504
Investments	16	2,759	2,967	2,215	2,379
		124,574	121,471	124,030	120,883
Current assets					
Stocks		98	87	98	87
Debtors	17	19,950	17,535	20,217	17,612
Investments	18	27,963	26,055	27,963	26,055
Cash and cash equivalents	30	2,293	1,470	1,966	1,363
		50,304	45,147	50,244	45,117
Creditors: amounts falling due within one year	19	(33,256)	(28,641)	(33,207)	(28,595)
Net current assets		17,048	16,506	17,037	16,522
Total assets less current liabilities		141,622	137,977	141,067	137,405
Creditors: amounts falling due after more than one year	20	(43,468)	(39,413)	(43,468)	(39,413)
Provisions	22				
Pension provisions		(10,166)	(71,481)	(10,166)	(71,481)
Other provisions		(249)	(683)	(249)	(683)
Total net assets		87,739	26,400	87,184	25,828
Restricted reserves					
Income and expenditure reserve – endowment fund	23	3,136	3,364	2,492	2,692
Income and expenditure reserve – restricted reserve	24	25	21	25	21
Unrestricted reserves					
Income and expenditure reserve – Unrestricted		84,578	23,015	84,667	23,115
Total reserves		87,739	26,400	87,184	25,828

The Financial Statements on pages 38-69 were approved by the Council of the University of Gloucestershire on 29 November 2022, and were signed on its behalf by:

Nicola de Jongh

Nicola De Jongh
Chair of Council

Stephen Marston

Stephen Marston
Vice-Chancellor

Company number: 06023243

Consolidated and University Cash Flow Statement

Year ended 31 July 2022

	Notes	Consolidated 2022 £000	Consolidated 2021 £000	University 2022 £000	University 2021 £000
Cash flow from operating activities					
Surplus/(deficit) for the year before tax		(7,660)	967	(7,643)	862
Adjustment for non-cash items					
Depreciation	14	7,129	6,928	7,129	6,928
(Gain)/loss on investments		240	(381)	163	(335)
(Increase)/decrease in stock		(11)	(5)	(11)	(5)
(Increase) in debtors	18	(2,553)	(3,489)	(2,743)	(3,429)
Increase in creditors	20	6,587	2,984	6,584	2,950
Increase in pension provisions	23	7,701	5,060	7,701	5,060
(Decrease)/increase in other provisions	23	(434)	(71)	(434)	(71)
Balance sheet reclassification		(7)	-	(7)	-
Jointly controlled entity – deconsolidation		-	(44)	-	-
Adjustment for investing or financing Activities					
Investment income		(632)	(562)	(567)	(488)
Interest payable	10	588	586	588	586
Endowment income		(12)	(4)	(16)	(15)
Gain on sale of fixed assets		-	(667)	-	(667)
Capital grant release to income	22	(1,716)	(1,658)	(1,716)	(1,658)
Exchange (loss)/gain		(16)	(72)	(16)	(72)
Corporation tax paid		-	(49)	-	(49)
Net cash inflow from operating activities		9,204	9,523	9,012	9,597
Cash flows from investing activities					
Capital grant receipts		6,770	943	6,770	943
Investments		628	445	512	312
Investment income		260	246	246	233
Payments made to acquire fixed assets		(10,441)	(7,628)	(10,441)	(7,628)
Payments made to acquire intangible fixed assets		(116)	(78)	(66)	(16)
Proceeds from sales of intangible assets		116	77	65	17
Proceeds from sales of fixed assets		-	1,096	-	1,096
New non-current assets		(544)	(331)	(445)	(232)
Movement in deposits		(1,908)	(2,738)	(1,908)	(2,738)
Net cash outflow from investing activities		(5,235)	(7,968)	(5,267)	(8,013)
Cash flows from financing activities					
Interest paid		(588)	(586)	(588)	(586)
Endowment cash received		12	4	16	15
New secured loans		15,000	-	15,000	-
Repayments of amounts borrowed		(17,570)	(1,785)	(17,570)	(1,785)
Net cash outflow from financing activities		(3,146)	(2,367)	(3,142)	(2,356)
Increase / (Decrease) in cash and cash equivalents					
	31	823	(812)	603	(772)
Cash and cash equivalents at beginning of the year	31	1,470	2,282	1,363	2,135
Cash and cash equivalents at end of the Year	31	2,293	1,470	1,966	1,363

Notes to the Financial Statements for the Year Ended 31 July 2022

1 Funding body grants	Notes	Consolidated 2022 £000	Consolidated 2021 £000	University 2022 £000	University 2021 £000
<i>Recurrent grant</i>					
Office for Students		5,030	4,681	5,030	4,681
Teaching Regulation Agency		119	200	119	200
<i>Specific grants</i>					
Office for Students redundancy compensation		30	28	30	28
<i>Deferred capital grants</i>					
Buildings	22	601	544	601	544
Equipment	22	456	503	456	503
		6,236	5,956	6,236	5,956
2 Tuition fees and education contracts					
Full time Home and EU students		51,632	53,319	51,632	53,319
Full time International students		5,447	5,863	5,447	5,863
Part time students		1,715	2,503	1,715	2,503
Other (short course) fees		2,829	2,286	2,829	2,286
		61,623	63,971	61,623	63,971
3 Research grants and contracts					
Research Councils		312	345	312	345
UK based charities		38	35	38	35
European Commission grants		953	1,088	953	1,088
Other grants and contracts		1,287	562	1,287	562
		2,590	2,030	2,590	2,030
4 Other income					
Residencies, catering and conferences		4,311	2,823	4,311	2,823
Release from deferred capital grants		659	611	659	611
Other services rendered		929	944	929	944
Other income		4,000	3,351	3,928	3,351
Movement in fair value of derivatives		256	238	256	238
		10,155	7,967	10,083	7,967
5 Investment income					
Investment income on endowments		171	128	106	54
Other investment income		205	196	205	196
		376	324	311	250
6 Donations and endowments					
New endowments	24	7	2	7	2
Donations with restrictions	25	5	2	5	2
Unrestricted donations		-	-	4	11
		12	4	16	15
7 Grant and fee income					
Grant income from the Ofs		4,383	4,646	4,383	4,646
Grant income from other bodies		5,101	4,008	5,101	4,008
Fee income for taught awards		59,987	62,337	59,987	62,337
Fee income for research awards		1,634	1,630	1,634	1,630
Fee income from non-qualifying courses		4	5	4	5
		71,109	72,626	71,109	72,626

Notes to the Financial Statements for the Year Ended 31 July 2022

8 Staff	Consolidated 2022 £000	Consolidated 2021 £000	University 2022 £000	University 2021 £000
<i>Staff costs</i>				
Wages and salaries	38,981	35,776	38,505	35,776
Social security costs	4,039	3,537	4,006	3,537
Pension costs (see note 36)	15,129	12,138	15,092	12,138
Staff costs	58,149	51,451	57,603	51,451

Fundamental restructuring costs	215	185	215	185
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	2022	2021	2022	2021
<i>Staff numbers by department</i>				
Academic departments	489	446	488	446
Central administrative	457	434	447	434
Other including manual	9	10	9	10
Total staff numbers	955	890	944	890

The staff numbers above relate to full time equivalents (including senior post holders).

	2022 £000	2021 £000	2022 £000	2021 £000
<i>Total remuneration of the Vice-Chancellor</i>				
Salary	170	170	170	170
Pension contributions	-	-	-	-
Payment in lieu of pensions	20	20	20	20
	190	190	190	190

	2022	2021	2022	2021
Median pay ratio – All staff basic pay	4.39	4.46	4.39	4.46
Median pay ratio – All staff total pay	4.03	4.71	3.98	4.71

Please refer to pages 25-28 of the Senior Staff Remuneration section for further details on the University's approach to setting pay of the vice chancellor and senior staff.

Emoluments of members of Executive (including the Vice-Chancellor)

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:

	2022 £000	2021 £000	2022 £000	2021 £000
Salary	605	575	605	575
Pension contributions	99	84	99	84
Payment in lieu of pensions	20	20	20	20
	724	679	724	679

	Numbers	Numbers	Numbers	Numbers
Members of Executive whose emoluments are included above	5 4.67 FTE	6 4.42 FTE	5 4.67 FTE	6 4.42 FTE

The above numbers include all members who were employed during the year. There were 4 members of the Executive team at the year end.

The number of staff with a basic salary of over £100,000 per annum who were paid for the whole year has been included below:

	Numbers	Numbers
£100,000 - £104,999	2	1
£110,000 - £114,999	-	-
£115,000 - £119,999	1	1
£125,000 - £129,999	-	-
£145,000 - £149,999	1	-
£165,000 - £169,999	1	1
	5	3

Notes to the Financial Statements for the Year Ended 31 July 2022

	2022 £000	2021 £000	2022 £000	2021 £000
Compensation for loss of office payments	215	185	215	185
Number of staff whose compensation is included above	16	12	16	12

The numbers above include adjustments from the prior year accruals. 14 staff received compensation for loss of office payments during 2021/22.

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.

Key management personnel

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 as council members.

The above summaries should be read in conjunction with the Council statement on corporate governance.

9 Other operating expenses	Consolidated 2022 £000	Consolidated 2021 £000	University 2022 £000	University 2021 £000
Consumable and non-capital items	2,901	2,682	2,890	2,682
Academic administration	988	936	988	936
Books and periodicals	648	615	648	615
Rents and premises	1,733	2,696	1,722	2,694
Heat, light, water and power	1,387	1,073	1,387	1,073
Repairs and general maintenance	1,704	1,648	1,704	1,648
Staff development and training	168	130	168	130
Staff travel and subsistence	838	330	1,388	330
Student travel and subsistence	1,321	831	1,321	831
Student bursaries	1,659	2,088	1,653	2,091
Marketing and agent commission	2,107	2,214	2,107	2,214
Postage, telephone, printing and reprographics	390	357	390	357
Insurance and finance	744	508	744	508
Professional fees and contractors	1,933	1,886	1,888	1,881
Course franchising and partnerships	1,174	1,219	1,174	1,219
Purchases for resale	808	315	807	315
Equipment operating lease rentals	198	161	198	161
Students' Union grant	508	473	508	473
Fixed asset impairment	-	-	-	-
Other expenses	(51)	102	(54)	102
	21,158	20,264	21,631	20,260
Included within professional fees				
External auditor's remuneration – External audit	71	62	64	61
External auditor's remuneration – non-audit				
Services:				
- Taxation services	-	4	-	4
- Other services	15	13	15	13
Rental operating lease payments	538	538	538	538
10 Interest and other finance costs	Consolidated 2022 £000	Consolidated 2021 £000	University 2022 £000	University 2021 £000
Loan interest	588	586	588	586
Movement in the fair value of derivatives	-	-	-	-
Net charge on pension schemes	1,173	919	1,173	919
	1,761	1,505	1,761	1,505

Notes to the Financial Statements for the Year Ended 31 July 2022

11 Analysis of total expenditure by activity	Consolidated 2022 £000	Consolidated 2021 £000	University 2022 £000	University 2021 £000
Academic departments	39,350	35,572	39,167	35,572
Academic services	10,704	10,303	10,704	10,303
Research grants and contracts	2,281	1,620	2,281	1,620
Residences, catering and conferences	3,425	3,403	3,423	3,403
Premises	7,057	7,037	7,057	7,037
Administration	17,702	17,153	17,814	17,153
Other expenses	7,893	5,245	7,893	5,241
	88,412	80,333	88,339	80,329

12 Access and Participation costs	2022 £000	2021 £000
Access investment	1,526	1,451
Financial support	1,113	1,304
Disability support (excluding expenditure included in the two categories above)	486	354
Research and Evaluation	77	78
	3,202	3,187

- (i) £1,917k (2021: £1,643k) 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:
<https://www.glos.ac.uk/governance/pages/governance-and-structure.aspx>

13 Taxation	Consolidated 2022 £000	Consolidated 2021 £000	University 2022 £000	University 2021 £000
Recognised in the statement of comprehensive income				
Corporation tax expense	-	49	-	49

Factors affecting the tax charge

The tax assessed for the year is the standard rate of corporation tax in the UK. The difference is explained below:

	Consolidated 2022 £000	Consolidated 2021 £000	University 2022 £000	University 2021 £000
Factors affecting the tax charge				
UK corporation tax at 19% (2021: 19%)	(1,439)	184	(1,436)	164
Effect of:				
Surplus/deficit falling within charitable exemption	1,439	(184)	1,436	(164)
Adjustment in respect of previous years	-	49	-	49
Total tax expense	-	49	-	49

Notes to the Financial Statements for the Year Ended 31 July 2022

14 Tangible fixed assets	Freehold land and buildings	Leasehold land and buildings	Equipment	Assets under construction	Total
	£000	£000	£000	£000	£000
a) Consolidated					
Cost/valuation					
At beginning of year	147,859	4,960	33,128	6,201	192,148
Additions at cost	2,257	-	2,920	5,352	10,529
Transfers at cost	2,062	-	836	(2,898)	-
Disposals	-	-	(1,367)	(88)	(1,455)
At year end	152,178	4,960	35,517	8,567	201,222
Depreciation					
At beginning of year	47,105	2,614	23,925	-	73,644
Charge for the year	4,190	235	2,704	-	7,129
Disposals	-	-	(1,366)	-	(1,366)
At year end	51,295	2,849	25,263	-	79,407
Net book value					
At year end	100,883	2,111	10,254	8,567	121,815
At beginning of year	100,754	2,346	9,203	6,201	118,504
b) Institution					
Cost/valuation					
At beginning of year	147,859	4,960	33,128	6,201	192,148
Additions at cost	2,257	-	2,920	5,352	10,529
Transfers at cost	2,062	-	836	(2,898)	-
Disposals	-	-	(1,367)	(88)	(1,455)
At year end	152,178	4,960	35,517	8,567	201,222
Depreciation					
At beginning of year	47,105	2,614	23,925	-	73,644
Charge for the year	4,190	235	2,704	-	7,129
Disposals	-	-	(1,366)	-	(1,366)
At year end	51,295	2,849	25,263	-	79,407
Net book value					
At year end	100,883	2,111	10,254	8,567	121,815
At beginning of year	100,754	2,346	9,203	6,201	118,504

Notes to the Financial Statements for the Year Ended 31 July 2022

c) Revaluation of land and buildings

Land and buildings were revalued at 31 July 1997 by Bayley Donaldsons, Independent 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, Independent 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:

	Consolidated and Institution	
	Land and buildings	
	2022	2021
	£000	£000
Cost	134,956	130,637
Aggregate depreciation based on cost	38,371	38,371

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 2022 the University nominated 75% of the accommodation available for the 2022-23 Academic Year. Since the year end, this nomination has increased to 80.3%.

Movement in service concession arrangement assets:

The asset value of the service concession included in debtors as at 31 July 2022 is £3,898k (2021: £4,036k).

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 2022 was £3,898k (2021: £4,036k).

16 Non-current investments

	Endowment asset investments £000	Other fixed asset investments £000	Total £000
Consolidated			
At beginning of year	2,962	5	2,967
Additions at cost	544	-	544
Revaluation	(118)	-	(118)
Disposals	(634)	-	(634)
At year end	2,754	5	2,759
Institution			
At beginning of year	2,374	5	2,379
Additions at cost	445	-	445
Revaluation	(102)	-	(102)
Disposals	(507)	-	(507)
At year end	2,210	5	2,215

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

Notes to the Financial Statements for the Year Ended 31 July 2022

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	Principal business activity
Fullwood Park Limited	100%	100 Ordinary £1 shares	Provision of conference and catering services
University of Gloucestershire Professional Services Limited	100%	1 Ordinary £1 share	Provision and management of professional services staff

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

University of Gloucestershire Professional Services Limited was incorporated on 28 April 2021. Trading activity commenced in September 2021, this is the first year all financial transactions have been included in the consolidated 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 2022 show total net assets of £645,455 (2021: £673,762) and net income and movement in funds for the year of £49,930 (2021: £60,523).

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).

17 Debtors	Consolidated 2022 £000	Consolidated 2021 £000	Institution 2022 £000	Institution 2021 £000
Trade debtors	11,276	9,055	11,264	9,012
Other debtors	1,210	1,134	1,210	1,133
Service concession arrangements (note 15)	3,898	4,036	3,898	4,036
Amounts owed by subsidiary companies	-	-	279	119
Prepayments and accrued income	3,566	3,310	3,566	3,312
	19,950	17,535	20,217	17,612

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.

Notes to the Financial Statements for the Year Ended 31 July 2022

18 Current investments	Consolidated 2022 £000	Consolidated 2021 £000	Institution 2022 £000	Institution 2021 £000
Short term deposits	27,963	26,055	27,963	26,055
19 Creditors: amounts falling due within one year	Consolidated 2022 £000	Consolidated 2021 £000	Institution 2022 £000	Institution 2021 £000
Secured loans	1,847	3,570	1,847	3,570
Service concession arrangements (note 15)	3,898	4,036	3,898	4,036
Payment received on account	9,855	7,357	9,855	7,357
Trade creditors	1,332	1,905	1,319	1,905
Social security and other taxation payable	1,104	948	1,104	948
Pensions	958	916	958	916
Deferred capital grants	1,642	1,753	1,642	1,753
Accruals and deferred income	12,620	8,156	12,584	8,110
	33,256	28,641	33,207	28,595
20 Creditors: amounts falling due after more than one year	Consolidated 2022 £000	Consolidated 2021 £000	Institution 2022 £000	Institution 2021 £000
Secured loans	21,003	21,850	21,003	21,850
Derivatives	101	357	101	357
Deferred capital grants	22,364	17,206	22,364	17,206
	43,468	39,413	43,468	39,413
Analysis of secured and unsecured loans				
Due within one year	1,847	3,570	1,847	3,570
Due between one and two years	2,935	15,847	2,935	15,847
Due between two and five years	18,068	5,541	18,068	5,541
Due in five years or more	-	462	-	462
	22,850	25,420	22,850	25,420

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.

In May 2022, the University entered a contract with Barclays for a £29 million secured loan facility, increasing its borrowing facility by £14m to fund the development of the new City Centre Campus and refinance existing borrowings. As at 31st July 2022 £15 million has been drawn down to settle the outstanding HSBC secured loan facility. The remaining £14 million is due to be drawn down by October 2023 in line with the City Centre capital expenditure. The loan is for an initial term of four years, with an option to extend for a further two years.

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.

Notes to the Financial Statements for the Year Ended 31 July 2022

21 Deferred capital grants

	Consolidated & Institution Funding Councils £000	Consolidated & Institution Other grants & benefactions £000	Consolidated & Institution Total £000
At beginning of year			
Buildings	7,611	7,875	15,486
Equipment	2,877	596	3,473
	10,488	8,471	18,959
Cash received			
Buildings	4,528	-	4,528
Equipment	708	1,534	2,242
	5,236	1,534	6,770
Released to income and expenditure			
Buildings	(601)	(295)	(896)
Equipment	(456)	(364)	(820)
Balance Sheet reclassification - Equipment	-	(7)	(7)
	(1,057)	(666)	(1,723)
At end of year			
Buildings	11,538	7,580	19,118
Equipment	3,129	1,759	4,888
	14,667	9,339	24,006

22 Provisions

	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	70,017	436	1,028	683	72,164
Utilised during the year	(69,016)	-	(243)	-	(69,259)
Transfer from Income and Expenditure account	7,377	453	113	(434)	7,510
At end of year	8,377	889	898	249	10,413

	LGPS Defined benefit obligations £000	Obligation to fund deficit on USS and CEFPS £000	Pensioners £000	Other £000	Total £000
Institution					
At beginning of year	70,017	436	1,028	683	72,164
Utilised during the year	(69,016)	-	(243)	-	(69,259)
Transfer from Income and Expenditure account	7,377	453	113	(434)	7,510
At end of year	8,377	889	898	249	10,413

Notes to the Financial Statements for the Year Ended 31 July 2022

23 Endowment reserves	Restricted permanent endowments	Expendable endowments	Total	Total
	£000	£000	2022 £000	2021 £000
Consolidated				
At beginning of year				
Capital	2,393	1,675	4,068	3,712
Accumulated income	(52)	(652)	(704)	(694)
	<u>2,341</u>	<u>1,023</u>	<u>3,364</u>	<u>3,018</u>
New Endowments	-	7	7	1
Investment income	43	66	109	155
Expenditure	(117)	(48)	(165)	(165)
	<u>(74)</u>	<u>25</u>	<u>(49)</u>	<u>(9)</u>
Increase in market value of investments	(101)	(78)	(179)	355
At end of year	2,166	970	3,136	3,364
Analysis by type of purpose				
Fellowships and scholarship prizes	-	4	4	11
Prize funds	13	70	83	84
Other funds	2,153	896	3,049	3,269
	<u>2,166</u>	<u>970</u>	<u>3,136</u>	<u>3,364</u>
Analysis by asset				
Current and non-current asset investments			2,745	2,960
Cash and cash equivalents			391	404
			<u>3,136</u>	<u>3,364</u>
Institution				
At beginning of year				
Capital	2,393	981	3,374	3,066
Accumulated income	(52)	(630)	(682)	(613)
	<u>2,341</u>	<u>351</u>	<u>2,692</u>	<u>2,453</u>
New Endowments	-	7	7	1
Investment income	43	2	45	83
Expenditure	(117)	(33)	(150)	(153)
	<u>(74)</u>	<u>(24)</u>	<u>(98)</u>	<u>(69)</u>
Increase in market value of investments	(101)	(1)	(102)	308
At end of year	2,166	326	2,492	2,692
Analysis by type of purpose				
Fellowships and scholarship prizes	-	4	4	11
Prize funds	13	72	85	85
Other funds	2,153	250	2,403	2,596
	<u>2,166</u>	<u>326</u>	<u>2,492</u>	<u>2,692</u>
Analysis by asset				
Current and non-current asset investments			2,209	2,375
Cash and cash equivalents			283	317
			<u>2,492</u>	<u>2,692</u>

Notes to the Financial Statements for the Year Ended 31 July 2022

24 Restricted Reserve

	Consolidated 2022 £000	Consolidated 2021 £000	Institution 2022 £000	Institution 2021 £000
At beginning of year	21	22	21	22
New endowments and donations	5	2	5	2
Expenditure	(1)	(3)	(1)	(3)
At end of year	25	21	25	21
Analysis by type of purpose				
Scholarships and bursaries	9	7	9	7
Other funds	16	14	16	14
	25	21	25	21

25 Revaluation Reserve

	Consolidated 2022 £000	Consolidated 2021 £000	Institution 2022 £000	Institution 2021 £000
Revaluations				
At beginning of year	27,815	27,815	27,815	27,815
At end of year	27,815	27,815	27,815	27,815
Contributions to depreciation				
At beginning of year	(27,815)	(27,815)	(27,815)	(27,815)
Released in year	-	-	-	-
At end of year	(27,815)	(27,815)	(27,815)	(27,815)
Revaluation reserve				
At end of year	-	-	-	-
At beginning of year	-	-	-	-

26 Lease obligations

	Consolidated 2022 £000	Consolidated 2021 £000	Institution 2022 £000	Institution 2021 £000
Future minimum lease payments under non-cancellable operating leases are as follows:				
Within 1 year	443	483	443	483
Between 2 and 5 years	1,503	1,526	1,503	1,526
Over 5 years	1,101	1,468	1,101	1,468
	3,047	3,477	3,047	3,477
Representing:				
Land and buildings	2,959	3,334	2,959	3,334
Other operating leases	88	143	88	143
	3,047	3,477	3,047	3,477

27 Capital commitments

	Consolidated 2022 £000	Consolidated 2021 £000	Institution 2022 £000	Institution 2021 £000
Authorised but not contracted				
At end of year	27,204	32,062	27,204	32,062
Authorised and contracted				
At end of year	6,095	1,527	6,095	1,527

Notes to the Financial Statements for the Year Ended 31 July 2022

28 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.

29 Events after the reporting period

As set out in Note 29; Since the financial year end the University has entered an Agreement for Lease with Gloucestershire County Council. On completion of the first phase of the City Centre Campus development, planned during the 2023/24 academic year, Gloucestershire County Council will enter into a 25 year lease and relocate the Gloucester library to the newly refurbished campus. As reported in note 33, a University Council member holds a senior post at GCC, but did not participate in the UoG decision making regarding this transaction.

In addition, since the financial year end the University received confirmation that it has been successful in a bid for OfS Capital funding and have been awarded £5.8m. The monies will be used to improve our facilities of the School of Computing and Engineering at The Park Campus, contracts associated with this development will be in addition to those already reported in Note 27.

30 Cash and cash equivalents

	At beginning of year £000	Cash flows £000	At end of year £000
Consolidated			
Cash at bank and in hand	1,470	823	2,293
Short term deposits	26,055	1,908	27,963
	27,525	2,731	30,256
Institution			
Cash at bank and in hand	1,363	603	1,966
Short term deposits	26,055	1,908	27,963
	27,418	2,511	29,929

31 Consolidated reconciliation of net debt

	Consolidated 2022 £000	Consolidated 2021 £000
Net debt 1 August		28,343
Movement in cash and cash equivalents		(823)
Movement in secured loans		(2,570)
Other non-cash changes		(394)
Net debt 31 July		24,556
Change in net debt		(3,787)
Analysis of net debt:	Consolidated 2022 £000	Consolidated 2021 £000
Cash and cash equivalents	2,293	1,470
Borrowings: amounts falling due within one year		
Secured loans	1,847	3,570
Service concession arrangements	3,898	4,036
	5,745	7,606
Borrowings: amounts falling due after more than one year		
Secured loans	21,003	21,850
Derivatives	101	357
	21,104	22,207
Net debt	24,556	28,343

Notes to the Financial Statements for the Year Ended 31 July 2022

32 Financial instruments	Consolidated 2022 £000	Consolidated 2021 £000	Institution 2022 £000	Institution 2021 £000
Financial assets				
<i>Financial assets at fair value through statement of comprehensive income</i>				
- Listed investments	2,753	2,962	2,209	2,374
<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	2,293	1,470	1,966	1,363
- Current investments	27,963	26,055	27,963	26,055
- Trade debtors	11,276	9,055	11,264	9,012
- Other debtors	1,210	1,134	1,210	1,133
- Amounts owed by subsidiary companies	-	-	280	121
- Accrued income	1,563	1,238	1,563	1,238
	47,063	41,919	46,460	41,301
Financial liabilities				
<i>Financial liabilities measured at amortised cost</i>				
- Secured loans	22,850	25,420	22,850	25,420
- Service concession arrangement	3,898	4,036	3,898	4,036
- Trade creditors	1,332	1,856	1,319	1,856
- Accruals	7,670	5,708	7,606	5,704
- Derivatives	101	357	101	357
	35,851	37,377	35,774	37,373

33 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 S Marston is a board member of the Gloucester Culture Trust, and a Board member of Advance HE and Universities UK
- (ii) Ms Ingrid Barker is Chair of Gloucestershire Health and Care NHS Foundation Trust
- (iii) Paul Crichard is Chief Information Security Officer for SERCO UK & Europe
- (iv) Nicola de Iongh is a Board member of the Gloucestershire Health and Care NHS Foundation Trust
- (v) Steve Mawson is a Board member of the Gloucestershire LEP and Deputy Chief Executive & Executive Director of Resources at Gloucestershire County Council
- (vi) Miss E Hill is a Senior Manager of the Gloucestershire Students' Union
- (vii) Miss B Timmons is a Senior Manager of the Gloucestershire Students' Union

For the year ended 31 July 2022 expenses totalling £35 (2021: £402) were claimed by one Director and Trustee in respect of their responsibilities as a Director and Trustee. 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 Miss E Hill and Miss B Timmons are senior officers. 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 £1,770 (2021: £372) and purchases of £520,595 (2021: £583,724) relating to core activities were transacted with the Student Union. At the year-end a balance of £174 (2021: £372) was due to The University of Gloucestershire Students' Union and a year-end balance of £198 (2021: £18,039) was owed to The University.

Notes to the Financial Statements for the Year Ended 31 July 2022

34 The Teaching Regulation Agency

The University, acting as agent for the Teaching Regulation Agency, disbursed £218,000 (2021: £1,030,100) training bursaries to students undergoing Initial Teacher Training for the year ended 31 July 2021. The training bursaries have not been included in the income and expenditure of the University.

35 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.

As a result of the latest scheme valuation employer contributions were increased in September 2019 from a rate of 16.4% to 23.6%. Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses.

The next valuation is expected to take effect in 2023.

A copy of the latest valuation report can be found by following this link to the [Teachers' Pension Scheme website](#)

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, rejected the Government's application for permission to appeal the Court of Appeal's ruling and subsequently referred the case to an Employment Tribunal to determine a remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

Since then, claims have also been lodged against the main public service schemes including the TPS. The Department has conceded those in line with the rest of the government. In July 2020 HM Treasury launched a 12-week public consultation aimed at providing evidence to support the delivery of an appropriate remedy for the affected schemes, including TPS. The outcome of that consultation was published by the Government in February 2021, confirming that the remedy would take the form of a deferred choice underpin and the members in scope. The Department is now working with stakeholders on the detail of TPS specific changes to deliver the remedy and with the scheme administrator to put in place arrangements for implementation.

In December 2019, a further legal challenge was made against the TPS relating to an identified equalities issue whereby male survivors of opposite-sex marriages and civil partnerships are treated less favourably than survivors in same-sex marriages and civil partnerships. The Secretary of State for Education agreed not to defend the case. In June 2020, the Employment Tribunal recorded its findings in respect of the claimant. DfE is currently working to establish what changes are necessary to address this discrimination.

Any impact of these events will be taken into account when the next scheme valuation is implemented. This is scheduled to be implemented in April 2023, based on April 2020 data.

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

	2022	2021
	£000	£000
Contributions to Teachers' Pensions	4,577	4,102

Notes to the Financial Statements for the Year Ended 31 July 2022

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 £199,899 (2021: £199,433).

Deficit recovery contributions due within one year for the institution are £54,672 (2021: £54,728).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2020 (the valuation date), which was carried out using the projected unit method.

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 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key financial assumptions used in the 2020 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 1.1% p.a to 2030, reducing linearly by 0.1% p.a to a long term difference of 0.1% p.a from 2040.
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus Pre-retirement: 2.75% p.a. and Post retirement: 1.00% p.a.

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 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2020 valuation
Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5 and an initial of 0.5% p.a. and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

Notes to the Financial Statements for the Year Ended 31 July 2022

The current life expectancies on retirement at age 65 are:

	2022	2021
	Valuation	Valuation
Males currently aged 65 (years)	23.9	24.7
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.7
Females currently aged 45 (years)	27.3	27.9

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2022	2021
Discount rate	3.33%	0.89%
Pensionable salary growth	3.00%	3.00%

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 2022 were £4,897m, of which employer's contributions totalled £3,788m and employees' contributions totalled £1,109m. 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 2021 by a qualified independent actuary, Hyman Robertson.

	31 March 2016
Latest actuarial valuations	
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 2023) are £3,395m at a contribution rate of 22.1% until the next actuarial valuation change in April 2022.

The major assumptions used by the Actuary were:

	31 July 2022	31 July 2021	31 July 2020
	%	%	%
Pension increase rate	10.1	2.80	2.10
Salary increase rate	3.00	3.10	2.40
Expected return on assets	3.50	1.60	1.40
Discount rate	3.50	1.60	1.40
Inflation assumption	3.50	1.60	1.40

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:

	31 July 2022	31 July 2021	31 July 2020
<i>Current Pensioners</i>			
Males	21.7	21.9	21.7
Females	24.1	24.3	23.9
<i>Future Pensioners (at age 45)</i>			
Males	22.6	22.9	22.4
Females	25.8	26.0	25.3

Notes to the Financial Statements for the Year Ended 31 July 2022

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

	2022 £000	2021 £000
<i>Amounts included in staff costs</i>		
Current service cost	9,996	7,830
Past service cost (including curtailments)	0	0
	9,996	7,830
<i>Amounts included in interest and other finance costs</i>		
Interest income on plan assets	(2,077)	(1,483)
Interest on pension scheme liabilities	3,246	2,399
Net charge to other finance costs	1,169	916
<i>Amount recognised in other comprehensive income</i>		
Return on pension plan assets	(2,749)	20,047
Changes in demographic assumptions	666	(2,477)
Changes in financial assumptions	71,564	(21,101)
Experience (gains)/losses arising on defined benefit obligations	(465)	2,078
	69,016	(1,453)

An analysis of the amount shown in the balance sheets at 31 July 2022 and 31 July 2021 is:

	31 July 2022 £000	31 July 2021 £000
Total market value of assets	130,526	128,671
Actuarial value of scheme liabilities	(138,903)	(198,687)
Deficit in the scheme – Net pension liability recorded within pension provisions	(8,377)	(70,016)

The movements in the net liability are as follows:

<i>Movement in net defined (liability) during the year</i>		
Net defined liability in scheme at 1 August	(70,016)	(63,381)
Current service cost	(9,996)	(7,830)
Employer contributions	3,788	3,564
Impact of settlement and curtailment	0	0
Net interest on the defined (liability)	(1,169)	(916)
Actuarial gain/(loss)	69,016	(1,453)
Net defined (liability) in scheme at 31 July	(8,377)	(70,016)

Movement in present value of the pension scheme during the year

Present value at 1 August	198,687	168,224
Current service cost (net of member contributions)	9,996	7,830
Past service costs (including curtailments)	0	0
Net interest	3,246	2,399
Plan participants' contributions	1,109	1,036
Actuarial (gain)/loss	(71,765)	21,500
Actual benefit payments	(2,370)	(2,302)
Present value at 31 July	138,903	198,687

	31 July 2022 £000	31 July 2021 £000
<i>Movement in the fair value of scheme assets</i>		
Fair value at 1 August	128,671	104,843
Expected return on assets	(2,749)	20,047
Interest income on plan assets	2,077	1,483
Actual contributions paid by University	3,788	3,564
Plan participants' contributions	1,109	1,036
Actual benefit payments	(2,370)	(2,302)
Fair value at 31 July	130,526	128,671

Notes to the Financial Statements for the Year Ended 31 July 2022

History of experience gains and losses:

	Year to July 2022	Year to July 2021	Year to July 2020	Year to July 2019	Year to July 2018
<i>Difference between the expected and actual return on assets</i>					
Amount (£'000)	(2,749)	20,047	(3,815)	3,951	4,906
Percentage of assets at year end	(2.11)%	15.58%	(3.64)%	3.81%	5.26%
<i>Experience gains/(losses) on liabilities</i>					
Amount (£'000)	(71,765)	21,500	15,103	15,435	(5,656)
Percentage of liabilities at year end	(51.67)%	10.82%	8.98%	10.71%	(4.74)%

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 (2022: £10k, 2021: £10k), plus figures highlighted in the table below, giving a total charge of £8k for 2021 (2021: £8k).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 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
<i>% of pensionable stipends</i>		
Deficit repair contributions	11.9%	7.1%

As at 31 December 201 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 and 31 December 2020 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.

Notes to the Financial Statements for the Year Ended 31 July 2022

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.

	2021 £	2020 £
Balance Sheet liability at 1 January 2021	4,000	6,000
Deficit contributions paid	(2,000)	(3,000)
Interest cost	0	0
Remaining change to the balance sheet liability *	0	1,000
Balance Sheet liability at 31 December 2021	2,000	4,000

*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. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known

	December 2021	December 2020	December 2019
Discount rate	0.0%	0.2%	1.1%
Price inflation	n/a%	3.1%	2.8%
Increase to total pensionable payroll	(1.5)%	1.6%	1.3%

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.