



Financial Statements

For the year ended 31 July 2019



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Members of Council and major committees

Members of Council for the period 1 August 2018 to 26 November 2019

Ms J Anderson (resigned 2 October 2018)
Ms M Azizi (resigned 26 June 2019)
Mr P Bungard
Mr M Burgess (resigned 9 September 2019)
Prof J Crampton CBE DL (Chair, until resigned 10 January 2019)
Ms P Crook (appointed 26 June 2019)
Mr P Davies
Mr C Fung
Ms N de longh (interim Chair from 4 April 2019, permanent Chair from 1 October 2019)
Ms M Jerrim (resigned 31 May 2019)
Mr D Jones
Mr M Jones
Mr S Marston
Mr A Mawby
Mr S Maycock
Dr A Misiura (appointed 27 November 2018)
Ms I Mitchell (appointed 26 June 2019)
Mrs K Morgan OBE DL (Vice-Chair, acting Chair from 10 January 2019 until 4 April 2019)
Prof A Parker (resigned 15 August 2018)
Ms M Patrick
Mr D Ramsay (appointed 27 November 2018)
Mrs P Sissons
The Rt Revd R Springett
Mr A Taylor

Board apprentices

Mr P Kamalaneson (reappointed 1 September 2018, resigned 31 August 2019)
Ms C Walwyn (reappointed 1 September 2018, resigned 31 August 2019)

Membership of major Council committees as at 31 July 2019

Audit Committee

Mr P Bungard*
Mr M Burgess
Mr P Davies
Mr C Fung
Mr M Jones
Mr J Hunt

Council and Foundation Standing Group

Mrs K Morgan OBE DL*
Dr C Baker
The Revd Canon Dr A Braddock
Mr S Bullock
Mr I Davies
Dr P Giddings
Mrs R Howie
Ms G Mainwaring
Mr S Marston
Mr L Ndekha
Mr J Smitheram
The Rt Revd R Springett
Revd S Witcombe

Finance and General Purposes Committee

Mr A Mawby*
Mr S Marston
Ms M Patrick
Mrs P Sissons
Mr A Taylor

Ms J Atherton (co-opted member)
Revd D Munro (co-opted member)

Governance and Nominations Committee

Ms N de longh*
Mr S Marston
Mr S Maycock
Mrs K Morgan OBE DL
Dr A Shafi
Mrs P Sissons

Remuneration and Human Resources Committee

Mrs K Morgan OBE DL*
Mr P Bungard
Ms N de longh
Mr M Jones
Mr A Mawby
Ms I Mitchell

Honorary posts, officers and advisers

Honorary posts

Chancellor

Baroness Rennie Fritchie DBE

Pro Chancellors

Sir Henry Elwes
Rt Revd R Treweek

Officers

Executive Managers

Vice-Chancellor
Mr S Marston

Deputy Vice-Chancellor
Dr R O'Doherty

Director Finance and Planning
Mrs C Stallard

University Secretary and Registrar
Dr M Andrews

Director Human Resources
Mrs R Davies (resigned 24 February 2019)
Ms M Bird (appointed 11 February 2019)

Executive Director Estates Strategy
Mr D White

Dean of Academic Development
Prof D James

Company Secretary

Dr M Andrews

Registered office

Fullwood House
Park Campus
The Park
CHELTENHAM
Gloucestershire
GL50 2RH

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

Advisers

Solicitors

Pinsent Masons LLP
55 Colmore Row
BIRMINGHAM
B3 2FG

Registered External Auditors

Grant Thornton UK LLP
3140 Rowan Place
John Smith Drive
OXFORD
OX4 2WB

Registered Internal Auditors

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

Bankers

The Royal Bank of Scotland plc
PO Box 9
45 The Promenade
CHELTENHAM
GL50 1PY

*denotes Chair



Operating and financial review

Executive summary

This report reviews the university's activities in the year 2018-19 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
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Section 4: Future plans, risks and developments

Section 5: Public benefit statement

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- 6.2 Remuneration and Human Resources Committee
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- 6.4 Remuneration of the Vice-Chancellor (head of institution)
- 6.5 Pay ratios
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- 6.7 External appointments
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- 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
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Operating and financial review

Section 1: Summary of the year

- 1.1 The Academic and Financial Year 2018/19 has been a year of consolidation for the University of Gloucestershire, with a range of developments to secure future sustainability and success.
- 1.2 The external operating environment has remained turbulent and challenging. The demographic decline in the number of 18 year olds in the population has continued to intensify competition between universities in student recruitment. Rising costs, including the imposition of substantial increases in employer pension contributions, combined with the ongoing freeze in the maximum permitted level of the regulated tuition fee, have created significant financial pressures. Throughout the year there has been public and political debate around the future funding and regulation of higher education, centred on the Augar Review of Post-18 Education and Funding. The university has been affected, along with the rest of the country, by the uncertainties around the timing and terms of the UK's exit from the European Union.
- 1.3 Within this environment, the university has acted to ensure our future sustainability and success. Following a comprehensive review, we have undertaken a significant restructuring which has successfully reduced our ongoing cost base by over £6 million per annum. At the same time, we have introduced a sharper focus on investment to secure future income growth. We have put in place the capacity to grow significantly our portfolio of higher and degree apprenticeships. This year, apprenticeship numbers have grown to some 200 students, and from next year we will offer some 20 different apprenticeships. A recent Ofsted monitoring report highlighted some significant strengths in the university's delivery of apprenticeships. Investment in the new subject area of nursing and allied health has seen a doubling of applications this year, with a target intake of 400 undergraduate students to the School in 2019/20. We have created a new portfolio of courses in engineering for roll out from autumn 2019, in close partnership with engineering and manufacturing employers in the region. We are scoping two other significant new subject areas with a view to expanding our portfolio of professional and technical courses. Beyond the academic offer, we have invested in making greater commercial use of our facilities and estate. As a result of this wide-ranging restructuring and investment programme, the university is in much better shape to face future uncertainties, and better placed to create opportunities for sustainable diversification and growth.
- 1.4 During the year, the university undertook a mid-term review of our Strategic Plan for 2017-2022. That re-affirmed the continuing validity of our mission and goals, as a student-centred, learning-led university, committed to the wellbeing of the students and the wider communities we serve. We have re-emphasised our aspiration to be an academic community with a distinctive focus on personal relationships and human scale, promoting a sense of belonging and shared purpose amongst students and staff. We have adjusted some of our targets, and will continue to prioritise carefully the actions in each year's operating plan which will best advance our strategic ambitions.
- 1.5 Our first strategic goal is to provide a breadth and richness of experience that enables all our students to

reach their full potential. This requires us to focus not just on the experience of our students while at university, but also on giving them a sound platform for building their future careers once they graduate. 'Your Future Plan' continues to be our core programme for developing employability for all our students, through a structured approach including work experience, business-led projects, industry speakers, field trips, short courses and many other opportunities. We continue to expand the number of placements we offer to students, which this year totalled over 4,000. One reason for our strategic investment in apprenticeships is that we believe they are a good way of integrating higher level study with work experience, equipping students to meet the future skills needs of employers. Reflecting this work, we were pleased that in this year's release of data from the Longitudinal Education Outcomes (LEO) Survey, the university ranked in the top quartile of UK universities for proportion of our graduates going into employment and further study: for students graduating 1 year, 3 years and 5 years previously, the university's ranking was respectively 25th, 7th and 33rd amongst 149 universities.

- 1.6 As one aspect of preparing our students well for their future lives and careers, the university remains committed to advancing sustainability. We are proud to be ranked the best university in the UK in this year's People and Planet League. That reflects a comprehensive and fully integrated approach to promoting sustainability, covering the curriculum, student engagement, carbon reduction, fossil fuel divestment, reporting and partnerships.
- 1.7 For students to achieve their full potential, it is equally important that the university should act to promote wellbeing and personal resilience. During the year, in partnership with the Students' Union, the university has commenced implementation of our new student wellbeing strategy. Students are making good use of the online support system, Big White Wall. We have put in place a comprehensive plan for training student-facing staff, and new harassment and bullying policies.
- 1.8 The university's second strategic goal is to provide teaching and support for learning of the highest quality. Throughout the year, we have focussed on improving the quality of teaching and learning through the implementation of course assessment strategies for each course, and the continued integration of technology enhanced learning systems. For example, we are using Talis Aspire and Planet e-Stream to develop our online learning resources, and embedding those resources for each course within our Virtual Learning Environment. As a pilot university with Joint Information Systems Committee (JISC) for the development of learning analytics, we will be able from next year to provide all personal tutors with student engagement data so that they can give personalised support for each student.
- 1.9 Although we were disappointed that overall student satisfaction fell in 2019, the university's performance remains better than the sector average on five out of the eight National Student Survey (NSS) clusters, and 15 out of the 25 individual questions. We remain at or above benchmark on the three indicators of teaching quality used in the Teaching Excellence and Student Outcomes (TEF) framework.
- 1.10 The university has in place a number of mechanisms to ensure the continuous improvement of the student academic experience and student outcomes. This

Operating and financial review

includes the reports of external examiners, our own periodic review processes, which fully involve students and include embedded external peer or professional review as appropriate, and an annual Course Enhancement Review for every course. Standards for awards are appropriately set and maintained, with oversight from formally constituted Boards of Examiners, with developments on degree outcomes including classifications being especially scrutinised. Oversight for these processes rests with the Academic Board which provides a full and comprehensive annual report to Council on academic quality and standards.

- 1.11 Our third strategic goal is to undertake research and professional practice which enriches students' learning and creates impact and benefit for others. Our primary focus during the year has been to accelerate preparations for the next Research Excellence Framework (REF). Whilst we undertake research on a prioritised and selective basis, it remains important for us that the quality of our research is respected by peers. We are on track to achieve a significant increase in the volume of high quality research outputs we can submit to the REF in November 2020, and our current expectation is that we will submit to twice as many Units of Assessment as in 2014. Research England have approved our Code of Practice for identifying the staff and outputs we will submit to the REF. We have also achieved success in winning some substantial research contracts from the Erasmus+ and Horizon 2020 programmes.
- 1.12 Our fourth strategic goal is to build partnerships which create opportunity, innovation and mutual benefit for the communities we serve. The university is proud to be a civic university and an anchor institution for Gloucestershire, recognising that we can serve our communities better by working in partnership with others for long-term economic, social and cultural advancement. Our award-winning Growth Hub has continued to provide a wide range of services to business. Since opening in 2014, it has supported some 3,700 businesses, with 91% of clients saying they would recommend us to others. Through the apprenticeships programme, we have continued to build strong partnerships with employers. Amongst other examples, our joint bid with Swindon College and New College Swindon to establish an Institute of Technology was approved by the government; and our joint bid with the universities of Bristol, Cardiff and Bath to create the Cyber Wales and West Strength in Places project has been shortlisted for the second round. Our partnership with the NHS Trusts in Gloucestershire goes from strength to strength as we expand our capacity to meet their needs for qualified staff and relevant research.
- 1.13 In relation to our strategic enablers, this year we finally completed our major capital investment programme at our Oxstalls Campus in Gloucester, bringing into full operation the new Business School and Growth Hub, the sports arena, the all weather sports pitches, the specialist facilities for nursing and allied health, and all the ancillary estate development. Having invested over £90 million over the past five years, and completed two major partner-funded student accommodation projects, we now have an estate we can be proud of in terms of high quality teaching and research facilities, student social learning and sports facilities, business support facilities, and student accommodation. Following the restructuring noted above, our financial position remains sound, with a healthy surplus.

Section 2: Strategic priorities

In 2017 the university launched a corporate strategic plan for the period 2017-2022. In light of the changes in the sector affecting the operating environment for all universities, the plan was reviewed in consultation with staff in the summer of 2019. The review concluded that the university's mission and vision remains valid, as do our four strategic goals. These are:

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

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

Achievements in 2018/2019

In 2018/19 the university has been impacted by and responded to external factors affecting the higher education sector. Operational plans for the year focused on ensuring financial sustainability whilst progressing growth in the academic portfolio having initiated programmes in engineering technologies and constructed environments. We completed a programme of major investment in our estates and facilities with the opening of the new Business School and sports facilities at Oxstalls. Student numbers have fallen slightly compared with the previous year, reflecting the challenging environment. Our student satisfaction results are at or above the sector average in question blocks that feed into the TEF, and in particular in areas relating to academic support, the learning community and student voice.

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

• Student experience and satisfaction

We want each student, during their time at the university, to gain the skills, knowledge, insight and confidence to transform their own lives for the better.

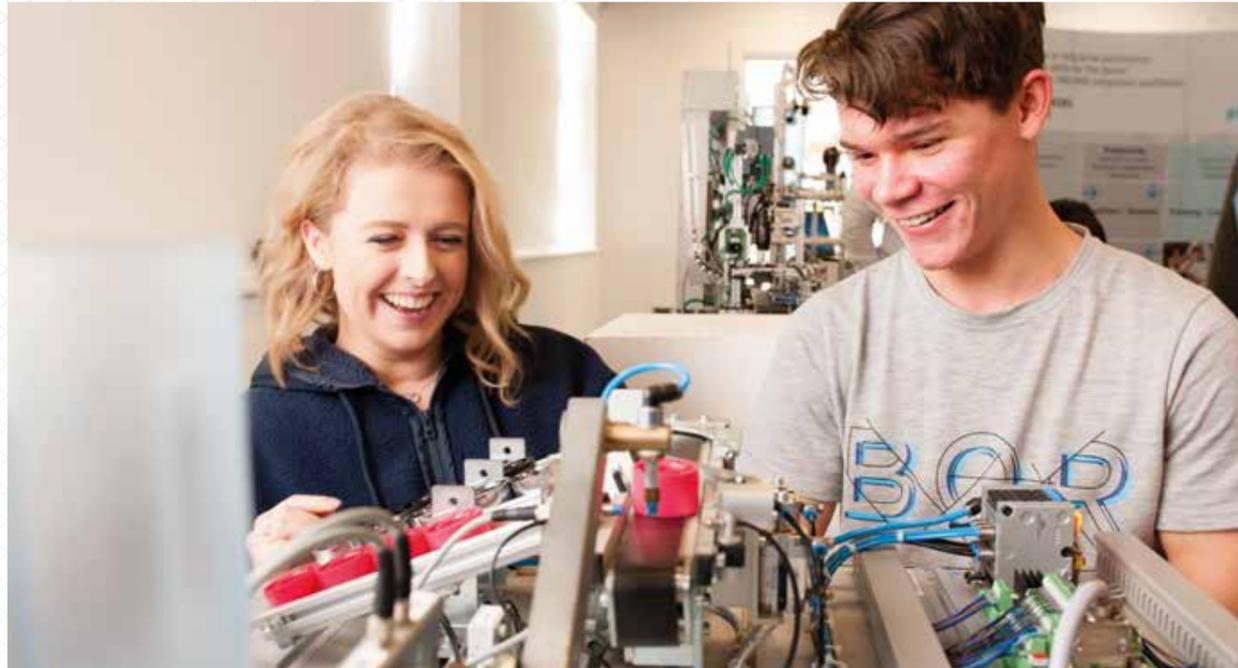
For question blocks that feed into the TEF, our NSS results in 2019 show that the university's satisfaction rates have been sustained in line with the sector benchmarks with teaching at 84%, learning opportunities at 84% and assessment at 75%. We have also seen a rise in satisfaction with learning resources at 85%.

Courses with 100% overall satisfaction are:

- BA Journalism
- BA International Business Studies
- BEd Primary Education (FS/KS1)
- BSc Sports Development and Coaching

A further 14 courses achieved satisfaction of 90% or above (out of 59 courses that met the reporting benchmark of 10 respondents).

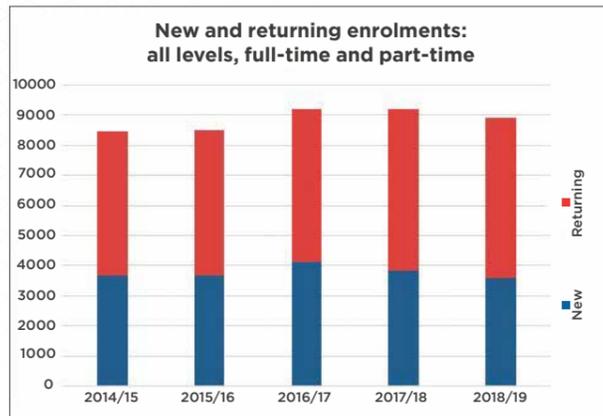
Operating and financial review



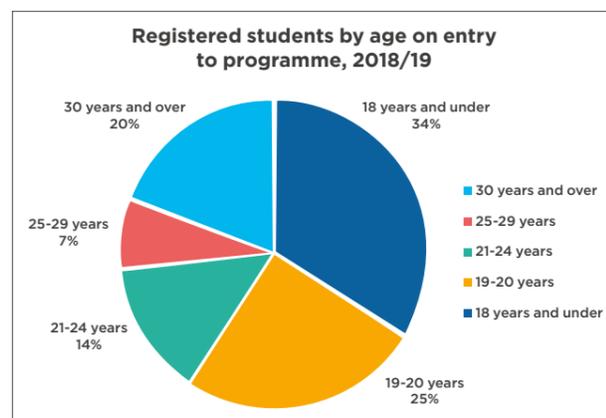
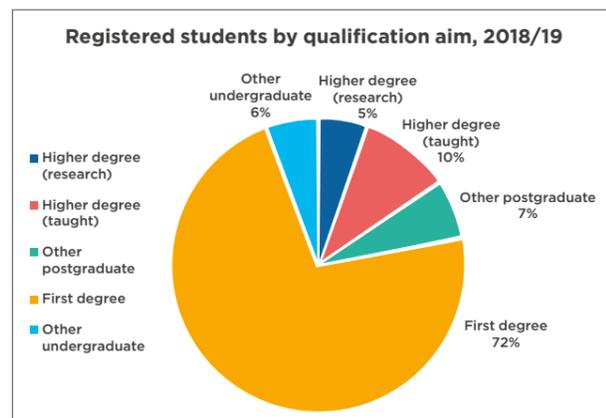
We have been piloting a mid-semester evaluation in 2018/19, ready for roll-out across all courses in 2019/20. Working in partnership with the SU, we are seeking this mid-semester feedback, and the rapid response to it, in order to further understand the student experience and the opportunities for continuous improvement.

• Student recruitment

Despite the demographic dip and sector-wide competition affecting student recruitment, 8,911 students were registered as active at the university in 2018/19. Including apprenticeships, there were 3,584 new entrants and 5,327 returning students. This reflects 5% growth since 2014/15.



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



Operating and financial review

• Employability

Through our unique 'Your Future Plan' (YFP) offer, our students are able to engage in a varied programme of support, guidance and experiences to help them to take effective decisions about their future graduate careers, and to then develop their skills to put them in a good position to be able to succeed in the graduate labour market. The expectation is that every student is supported in developing their own personal plan for their career after university from the first semester of their first year of study, in order that they have the maximum opportunity to build their skills throughout their course.

The sector has changed the way in which it reports student employability related data, with the Destinations of Leavers from Higher Education (DLHE) survey now defunct, with the last cohort surveyed being 2016/17 leavers, 6 months after they graduated. Instead data will be reported through two main publications:

- **Graduate Outcomes (GO)** - developed by HESA, the GO survey will gather feedback from graduates 15 months after completion, the survey will outline the current employment/study status of the cohort, identify if the work is at 'graduate/professional level', and also enable graduates to comment on the employability related support they received from university. The survey will also ask graduates to reflect on their current wellbeing and sense of worth. We are expecting the first full survey results to be published in the spring of 2020.
- **Longitudinal Education Outcomes (LEO)** - which combines data from the Department for Education, the Department for Work & Pensions, HMRC and HESA to look at employment activity and earnings from graduates from English HE providers 1,3,5 and 10 years after graduation.

LEO data released in recent months show that the university is in the top quartile of institutions for graduates in sustained employment or further study 1,3 and 5 years after completion, and in the middle quartiles for earnings in years 3 and 5.

As part of institutional restructuring during 2018/19 the YFP staff team transferred to the Student Services Department, which has enabled an improved connection between colleagues, and ensures that issues related to personal wellbeing and the wider student experience are factored into the employability offer for students.

• Student wellbeing

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

The new student wellbeing strategy was developed during 2018, and activity has been undertaken across 2018/19 in order to implement key work related to the 9 themes within the strategy. A cross-institutional oversight group has actively engaged in the process, and as a result a number of key initiatives have been launched or are under development. These include:

- An on-line portal branded the 'Big White Wall' to support mental health has been launched and is fully available for students where they can seek out support, engage with others and gain better understanding of issues and mental health difficulties
- A wider range of non-drinking activities have been programmed for students to take part in across the academic year

- New 'at a glance' guidance for staff to enable them to better support students presenting with wellbeing issues
- Recruitment of a network of university Dignity Advisers, with new training to support them
- New policies developed including Student Harassment, and Staff Mental Wellbeing

For 2019/20 a key focus will be on training for staff, with an emphasis on enabling key student-facing staff to be more confident when presented with students struggling with their mental health. Sessions related to topics such as student suicide, managing boundaries and 'mental health first aid' are planned for delivery across the institution.

As in previous years a good working partnership between the SU and Student Services was maintained across 2018/19, working together to deliver a programme of joint campaigns focused on awareness raising, de-stigmatisation and encouraging engagement from students on issues related to wellbeing, including personal security; safe housing; encouraging physical activity; stress awareness; and on general health and mental wellbeing.

Demand from the student body for support with their mental wellbeing continues to be high, with the university's counselling service supporting over 850 students across the year.

To provide teaching and support for learning of the highest quality

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

• Teaching excellence

The university participated in the Teaching Excellence and Student Outcomes Framework (TEF) in 2016/17, and received a silver award that recognises the university's high quality teaching and learning that consistently exceeds rigorous national quality requirements. The personalised approach to learning, the high quality specialist teaching facilities and an institutional culture that recognises and rewards excellent teaching were all recognised by the TEF panel.



In 2018-19 we launched our new technology for learning environment, further developing our student centred learning approach as articulated in the academic strategy. In particular, the increased engagement of students through innovative guided independent learning, drawing on excellent resources, is central to our plans. The scheduled contact time can then make optimal use of the new learning spaces (see below), including the investment in our classrooms to facilitate collaborative and engaging contact time with the tutor present. We have a virtual learning environment that is used consistently across the university for learner engagement, including the submission and feedback on assessment. The integration of tools to assist tutors with the provision of externally and internally-generated resources, along with synchronous learning opportunities, will help tutors focus on adding maximum value for their learners. We also developed a new tutor portal, providing further efficiencies for tutors, and building on our development of learning analytics.

Operating and financial review

The progress in the third year of our fundamental review of assessment has ensured that student satisfaction with assessment remains above sector benchmarks, and we are now planning to build on these achievements with a multi-year programme focusing on learning design. This programme will ensure we optimise the use of the new technology for learning environment to raise student engagement and achievement.

• Learning spaces

Our learning and teaching will increasingly be enriched and supported by the use of technology, but we will continue to place face-to-face engagement and human relationships at the heart of effective learning. The focus of the university's estate development is to ensure students benefit from subject communities, providing excellent social learning spaces, high quality spaces for teaching, and access to specialist resources to complement the enhanced virtual learning environment. In the 2019 NSS the university's results for satisfaction with the learning community were above sector average (78% compared to 76%). Over the past year we have invested in development of the space for allied health professions and engineering technologies. Both investments sit alongside and complement the existing subjects of nursing and technical computing and design respectively. All of our teaching and library spaces benefitted from the student desktop refresh programme during 2018/19.

The TEF report found: "an institutional approach to developing high quality specialist teaching facilities and digital resources with support for students in developing study and research skills".

• Academic strategy

The implementation of the academic strategy for 2017-2022 continued, with a focus on excellent teaching, learning environment and support for students. In recognition of our sustained focus on excellent teaching and teachers, we are proud of the number of our staff who have been recognised as National Teaching Fellows and Fellows of the Higher Education Academy, and continue to make it a priority to help staff develop excellent pedagogic skills. 74% of academic staff have teaching qualifications, ahead of the sector average, and 55% of our academic staff hold a Fellowship via Advance HE. The results of our multi-year programmes of work to develop assessment practice and technology enhanced learning have enhanced critical areas that profoundly shape the experience of students and their learning opportunities. Through the learning design programme, we will now ensure that the tutors are optimising their approaches to practice in line with these enhanced environments. Every course will be considering carefully how the curriculum is operationalised in light of the new digital environment and opportunities.

The TEF report found: "implementation of an institutional culture that facilitates, recognises and rewards excellent teaching, encouraging staff to attain professional recognition and teaching qualifications."

The third university Festival of Learning provided a chance to celebrate and reflect upon learning and teaching at the University of Gloucestershire and beyond. The theme in 2019 of assessment showcased the already impressive innovations in practice, and stimulated further thinking through guest speakers and demonstrations of the technology now available.

• Portfolio development

The university continues to develop its course portfolio. We continue to support skills development with new

Higher and Degree Apprenticeships, where students gain a degree qualification while studying alongside their work commitments.

The university's quality framework, redesigned in 2016 under the Rethinking Enhancement project, moved the university from an approach that was heavily focused on assurance and compliance to one that more appropriately balances enhancement and assurance. It enables us to achieve the ambitions set out in the university's academic strategy through improved data, a strong student voice through subject and course representatives, and efficient governance. A review of the project by an external consultant concluded that "...the university has made huge progress over the last twenty months in implementing major changes....". This shift in approach is against the backdrop of a national shift, with similar emphases in the Quality Assessment Framework, focusing on outcomes and impacts, and the proportionate and risk-based approach.

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

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

We focus on research which can be applied to benefit others. We aim to build upon our strengths and continue to develop excellence in research and practice in selected fields. We have further invested in areas of research excellence that align with our subject strengths and strategic priorities, and seek out funding to support our work. The university received £2.5m funding for research in 2018/19, including £0.7m REF funding, and saw an increasing spread of areas securing external competitive funding. We have made good progress in extending the volume and quality of the outputs we expect to submit for the forthcoming Research Excellence Framework (REF) exercise, with over 25% of our academic staff meeting our quality criteria for submission. We are now aiming to submit to 13 units of assessment in contrast to six in the last exercise, reflecting more broadly our overall subject portfolio.

We are supporting relevant academic staff to engage in research, and it is pleasing that our code of practice for REF has been approved. This recognises our ongoing commitment to equality and diversity for our staff. We continue to develop the academic career framework, providing clarity about the expectations in the three career pathways and the requirements at each grade. Our leadership for research is continuing to improve, with professors and readers clear about the expectations associated with their roles. We have benefitted from the second year of an early career research network, and we aim to further support the network in 2019/20 to ensure it becomes integrated more fully within the people and culture strategy.

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

Operating and financial review

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

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

• Community support

Mutually beneficial partnerships support our success and the achievement of our goals, as we also support others to succeed and achieve their goals. The university is proud to be the University of, and for, Gloucestershire and we value the support we have received over many years from the county. The university's 'Bank It' programme has seen students and staff 'banking' over 15,000 volunteering hours to local causes and organisations in 2018/19. Volunteers play varied roles across the county, including acting as governors/trustees for schools and charities, coaching sports teams or leading youth groups.

Working with the city and county councils and a range of sporting bodies, (including Aspire Sports & Cultural Trust which manages the Oxstalls Sports Park and Tennis Centre), the university has expanded the sporting facilities available on the Oxstalls Sports Park, notably a new sports arena and two new all-weather pitches. Those facilities are available for dual university and community use.

The university continues to engage with its very local communities through facilitating 'community liaison groups' linked with each of its campus sites, as well as the Pittville Student Village. Each group meets four times across the academic year, and enable representatives from residents' associations and elected councillors to meet with colleagues from the university and the SU, along with representatives from the local police constabulary and environmental health teams. This engagement enables the university to hear any concerns from local residents about our impact in neighbourhoods and work to find solutions, as well as also connecting them with external agencies as appropriate if there are other local difficulties that can be resolved positively. Universally the local representatives find the meetings useful, and value the level of engagement that the university provides.

• Support for businesses

The university has a strong track record of working with business, and is one of the primary agents of economic development in the county, with numerous links to organisations, and substantial investment and support for the Growth Hub since 2014. The Growth Hub and its expanded network within the county, have now delivered support advice and guidance to over 3,700 businesses, of which over 40% have high growth potential. This, together with the work delivered by ESIF funded projects to support innovation, enterprise and new start-ups represents a significant resource for the region. The latest survey evidence shows that 86% of Growth Hub clients are highly satisfied or satisfied with their experience, 91% are likely to recommend the Growth Hub to others, and 85% said that it is likely that their business will grow.

The university continues to grow the range and scale of its apprenticeship programmes, working with over fifty employers and 200 apprentices, to help them develop and upskill their workforce. The apprenticeship portfolio grew to ten programmes in 2018/19 and initiatives were launched to double the number of programmes in the coming academic year.

The Growth Hub, funded projects and commercial services to business, including apprenticeships, are all now co-located

in the new School of Business and Technology building at Oxstalls. Since opening in Autumn 2018, there have been over 10,000 visits to the Growth Hub. This impressive facility is unique in the UK in combining all these activities on a university campus, providing both a stimulating learning environment and a destination and resource for the local business community.

This year has also seen the development of a university-wide business engagement strategy which outlines the range of our commitments to business. The university's ambitions for business engagement are to provide our students with opportunities; continue to grow our portfolio of degree apprenticeships; enrich the academic environment of the university with links to business and organisations; diversify the university's income; and to support our role as an "anchor institution", contributing to the wellbeing and sustainability of our community for the long term.

Enablers of the strategic plan:

• People and culture

It has been a challenging year for our staff as the university has had to restructure teams and reduce workforce costs. All parts of the institution contributed to the restructuring programme and 72 staff left over the summer. All managers and staff dealing with organisational change were offered support, both individually and in teams.

Nevertheless the university has continued to place an emphasis on organisational and management development, underpinned by sustained progress on developing a positive and inclusive workplace.

The university was successfully re-accredited against the Public Health England Wellbeing at Work Charter standards during the summer of 2019. The standards have changed slightly since our first assessment in summer 2017, particularly within the domain of mental health. In order to ensure that we were meeting the new requirements, we have introduced a new policy on mental well-being, which underlines the importance of creating a supportive workplace culture.

The university remains at level two of the disability confident standard and is on track to achieve level three by February 2020. We have developed a relationship with National Star College and offer supported internships as part of their 'Steps into Work' programme. We have also been recognised as an exemplar employer by the 'Going the Extra Mile' project, which is committed to help move people closer towards education, training, volunteering or work, including self-employment.

The university has developed a behavioural framework for its managers and leaders which has been disseminated and is being embedded into recruitment and leadership development. The university has continued to develop its capacity to coach and to develop coaching skills for managers.

The university supports staff involvement in trade union activities, in 2018/19 there were 17 members of staff fulfilling paid trade union duties. The annual report on trade union facility time is published on the university website. glos.ac.uk/docs/download/Governance/trade-union-facilities-time.pdf

• Finance

The university published a new finance strategy in 2018/19 for the period 2019 to 2022. The finance strategy supports the delivery of the university's strategic, operational and departmental business plans. The strategy is designed to ensure the continued financial security of the university,

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identify and fully exploit profitable income lines with growth potential, and to maintain cash generation at a level to sustain the institution.

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

• IT and Estates

The university largely completed the Oxstalls masterplan in September 2018. This has seen the successful transition of the Business School to the Oxstalls Campus, alongside Business Engagement and the Growth Hub, creating a co-located centre for business education, economic development, and business services. The expansion of the sports facilities and the completion of the highways infrastructure and pathway linking the campus to the arena has also concluded through this period. Beyond capital development, small scale refurbishment has been undertaken to support new course provision linked to engineering and developments within allied health. Income generation linked to summer school rentals, events and conferencing remains a core theme moving forward.

As part of the second year of the Technology to Enhance Learning programme, LTI rolled out online media systems to enable academic staff to capture lectures, create audio visual content and curate a vast range of content via the university's virtual learning environment. Early adopters piloted our learning analytics solutions that have been co-developed with Jisc and five other HE institutions in preparation for a full roll-out in 2019/20. This will support earlier interventions to support students, particularly where there are indications of disengagement, thus having a positive impact on outcomes and retention. Librarians collaborated with academics to launch Talis resource lists, providing consistent and up-to-date module learning resources for students that are much

simpler to access. By the end of 2018/19 all level 4 students had a new learning resources list. We also maintained progress with core network infrastructure upgrade work, began the roll-out of Windows 10 and worked closely with Human Resources and Finance and Planning to enhance our corporate systems. A new set of IT policies were written or updated and we upgraded our defences against the threat of cyber-attack with a dedicated new post, online training module for staff and students, plus progress toward Cyber Essentials Plus accreditation.

• Internationalisation

The university is committed to being an academic community with a global outlook, recognising that our stakeholders are best served by an internationally engaged institution which furthers opportunities for intercultural learning, teaching and research. This requires an institution-wide approach to internationalisation which aligns with our focus on sustainability.

In 2017 the university approved its first internationalisation strategy to cover 2017-2022. The strategy aims, as one of its strands, to enable students to broaden their experience through overseas trips and placements. There have recently been student field trips to Guangzhou, Kuala Lumpur, Ho Chi Minh City, Hong Kong, New York, Milan and Barcelona. For the ninth year running, students participated in the Sport Malawi project which enabled them to spend four weeks in Malawi, working with local practitioners to deliver workshops in sports coaching, outreach and education overseas. We continue to develop new and existing partnerships with universities and colleges in China, Hong Kong, Myanmar, Vietnam, Malaysia, Singapore, Indonesia and, most recently, in Sri Lanka.

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• Sustainability

In July 2019 the university attained 1st place in the UK universities sustainability league table run by People and Planet. The university's performance in 13 areas was benchmarked against 154 other institutions and included increased scores on ethical investment, having fully divested from fossil fuels, for the new Live Smart student engagement programme, as well as food, carbon reduction and waste management.



The Learning Innovation for Tomorrow programme (LIFT) supported a range of academic innovation projects during 2018/19, including the flagship radical sustainability masterclass with Interface, global pioneers in corporate sustainability. The masterclass was held at the new Business School building at Oxstalls campus which has achieved BREEAM Excellent status for zero emissions.

The university also received the award for Student Event of the Year at the National Outdoor Events Association for its Events Management course team project at Cheltenham Jazz Festival in 2018 which featured family friendly visitor experiences themed on the UN sustainable development goals.

Section 3: Financial performance

Financial performance is key to ensuring that the university continues to be a successful and sustainable organisation.

The university has prepared its financial statements in accordance with FRS 102 and the financial highlights below show an improvement on last year.

3.1 Key financial highlights

- The net asset position before pension provisions has improved to £90.1m (2018: £84.6m);
- The operating surplus for the year before joint venture remained stable at £2.7m (2018: £2.8m);
- We have fully utilised our additional loan facility of £20m to finance the Oxstalls capital project and completed the construction of the new Business School and sports arena;
- Investment of £9.6m in fixed assets.

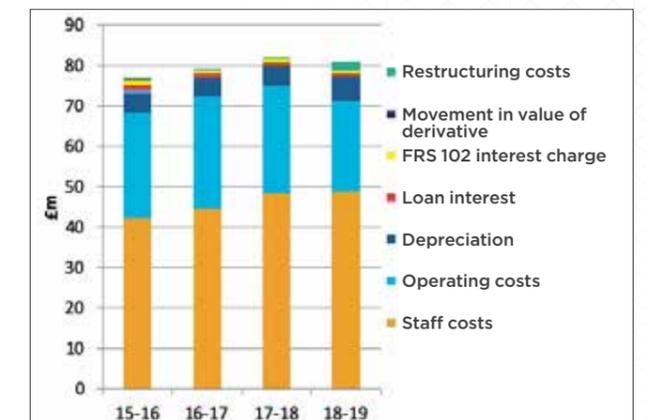
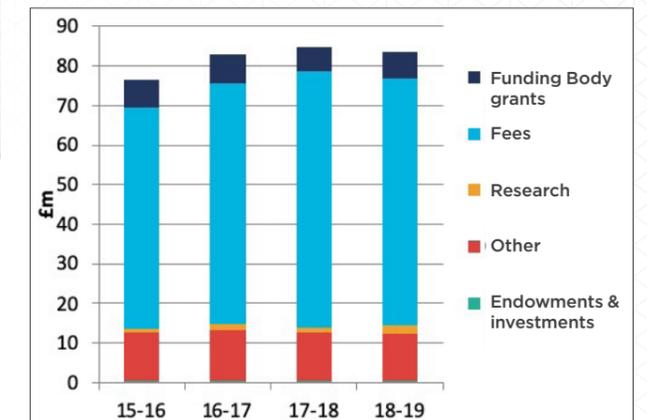
3.2 Review of the year

• Operating performance

The university reports a consolidated operating surplus for the year of £2.7m (2018: £2.8m) before recognising a charge of £(0.7m), in relation to the university's share of the jointly controlled entity INTO Gloucestershire LLP. The £2.7m

reported surplus includes £2.2m of exceptional restructuring costs incurred during the year to deliver a cost re-balancing programme (Securing a Sustainable Future). The programme successfully delivered a reduction in our cost base from 2019/20 onwards. The last two years has seen significant asset investment, delivering an improved net asset position of £90.1m before pension liability (2018: £84.6m), evidencing the continued strengthening of the university, supported by strong operating performance achieved over the last decade. The cash generated in the year, and the drawdown of the new loan facility has enabled the university to invest a further £9.6m in capital, completing the expansion of the Oxstalls campus masterplan, with new facilities ready for use in September 2018.

Increased competitive pressures have resulted in a slightly reduced intake of full-time undergraduate students, with a consequential impact on tuition fees and overall income.



During 2018/19 the university embarked on a cost re-balancing programme (SSF) designed to deliver savings in both pay & non-pay. Pay costs in 2018/19 show the early impact of these actions.

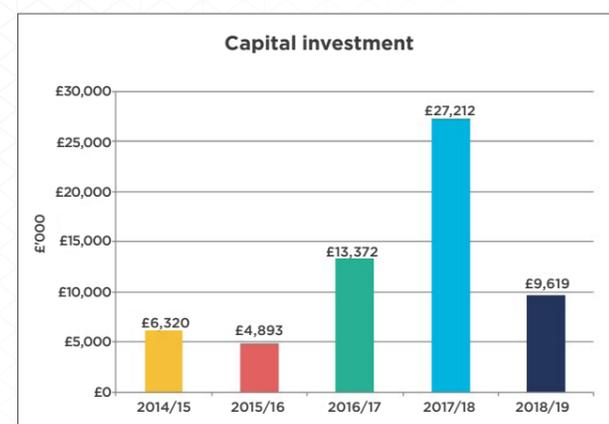
During 2018/19 both INTO University Partnerships and the university undertook a joint strategic review of the jointly controlled entity. As an outcome of the review the board agreed to change the focus of the partnership reflecting the university's expertise in programme validation and concentrating on areas of emerging global demand. From September 2019, there will no longer be on-campus

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preparation programmes at the university's campus in Cheltenham. However, there will still be a long-term partnership. INTO will provide recruitment support for direct entry students and the university, in turn, will continue to validate foundation and international year one programmes at INTO's World Education Centre in London, as they do today. As a result of this change of focus, the activities and business of INTO Gloucestershire LLP will cease. All costs associated with ceasing these activities have been provided for in the 2018/19 financial statements. The results of the jointly controlled entity up to the end of July is reporting a trading loss of £(0.7m), the university share being £(0.3m), recognising a provision for winding up the activities increases the loss to £(1.3m), the university share being £(0.6m). As part of the cessation arrangements each partner will provide a further cash injection to ensure all liabilities of INTO Gloucestershire LLP are fully settled.

• Capital investment

Capital investment in the year focused on completing the Oxstalls Campus masterplan development, constructing a new Business School and an expanded Growth Hub, developing sports facilities with a new sports hall and all weather pitches and cricket pavilion all of which were successfully operational during the 2018/19 academic year. Further investment in the year has continued to deliver additional and upgraded space and facilities for new and expanding courses, particularly the new design facility at the Park Campus. 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.



o Investment in business partnerships

HM Government has provided Local Growth Capital Funding to support the development of the Business School and Growth Hub. GFirst LEP has worked with the university as a strategic lead organisation, in conjunction with Gloucestershire County Council as the accountable body, to support the development with £5m of funding over the past three financial years.

The funding received in 2018/19 was £0.5m, with £3.5m received in 2017/18 and £1m received in 2016/17. The development is now complete and fully operational.



• Long term debt (secured loans)

At the year end, our long term borrowings (secured loans) were £29.4m. This figure includes the final tranche of £2.25m of borrowings, drawn down during 2018/19 against a new loan facility previously agreed with HSBC of £20m to assist the financing of the Oxstalls capital project. Repayments on this new facility also commenced during the year, being £1m in both January and July. The gearing ratio has decreased to 40.4% (2018: 41.5%) sitting comfortably below the target of 45% set out in the finance strategy.

Both the net debt to total income and minimum net assets bank covenants are reported as compliant. During the year a potential covenant breach was identified, and early discussions were held with relevant lenders. Prior to the year end, both lenders agreed to waive the debt service ratio covenant for the year end and issued waiver letters.

• 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 £19.6m was placed on deposit with a number of banks; average monthly balances held by deposit takers over the year were £20.4m (2018: £21.6m).

The year-end liquidity position has continued to exceed the target of 75 days set out in the finance strategy and at the year-end liquidity levels stood at 107 days (2018: 124 days).

• Pensions and pension liability

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

Under the Gloucestershire County Council Superannuation Scheme the net pension liability (LGPS) as at 31 July 2019 has increased to £41.0m (2018: £26.0m; 2017: £33.0m). The increase in the liability this year is primarily due to the reduction in the net discount rate, in addition to including an allowance for both the recent McCloud judgement and for the impact of the GMP equalisation changes. These liabilities have been offset with the increase to actuarial mortality rates, reducing the overall liabilities of the scheme.

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: £823k (2018: £331k), CEFPS: £19k (2018: £24k).

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.

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Employer contributions to pension schemes were as follows:

Pension scheme	Current contribution rate	2018/19 £000	2017/18 £000
LGPS	20.1% plus £1.0m pa	4,129	3,782
USS	19.5%	181	204
TPS	16.48%	2,730	2,659
Others including Church of England (CEFPS) Scheme	39.9%	7	10
Total		7,047	6,654

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.

This is the first year of the 2019-2022 finance strategy which has been designed to ensure the long term financial viability of the university, focusing on delivering an integrated approach linking academic, financial and business planning issues, enabling investment and development of a successful and financially sustainable academic institution with a sound financial base that is properly resourced to enable the university to pursue strategic opportunities. A commercial and realistic approach continues to be embedded to reflect the changing external environment in which we operate. The key performance indicators in this strategy are actively monitored to support delivery of the university's financial goals. Regular business review planning meetings are also held through the year to monitor progress against school and department key performance indicators supporting the university's operational and business plans.

The key objectives of the new finance strategy are to:

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

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

Key financial indicator	Performance 2018-19	Finance strategy target 2019 to 2022
Operating surplus	2.5% (incl JV) 3.2% (excl JV)	2.1% of turnover
EBITDA as a % of total income	9.8%	7.6% of turnover
Cash generation from operating activities	7.5%	10% of turnover
Pay as a % of income	54.9%	Not to exceed 55% of income
Year end liquidity ratio	107 days	75 days
Gearing - external borrowings (all borrowings and service concessions)	40.4%	Not to exceed 45% of turnover
Investment in capital and maintenance		Investment as a % of income:
- capital (estates, equipment and IT)	11.5%	5%
- recurrent maintenance	1.4%	1.8%
Diversification of income base	17.8%	Growth of 5% per annum in non-regulated fees and grant income

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

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contract, or by statutory or regulatory conditions. The university paid 95.8% (2018: 95.4%) of the 9,974 invoices received within 30 days of them being determined as valid and undisputed. The average (median) payment time for invoices was 13.7 days (2018:13.0 days). The university did not make any payments in respect of the late payment of invoices.

3.5 Value for money

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

- Transparency in how the university earns and spends money – data and infographics are published annually on the university website;
- Transparency of charges to students and equality in experience – the Academic Leadership Group monitors the level of offerings made by schools biannually;
- Student perspective and perception of value for money – students are invited to provide feedback and actions are taken forward by student services working with the Students Union.

An annual report on Value for Money is presented to Audit Committee to provide assurance that the university is delivering value for money from public funds. The university is committed to make the best use of the resources that it has available, to deliver intended services and maximise the benefit achieved from those services, and to provide excellent value for money to students.

3.6 Accounting systems

The university continues with the development of the Agresso accounting software and related systems and during 2018/19 embarked on a project to commence the implementation of an online expenses module.

3.7 Post balance sheet events

As set out in Note 31 in respect of the USS pension scheme, a new schedule of contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £358k in the provision for the obligation to fund the deficit on the USS pension which would instead be £464k. This adjustment will be reflected in the university's financial statements for the year ended 31 July 2020.

Section 4: Future plans, risks and developments

During 2019, the university performed a mid-term review of its five year strategic plan, confirming that the mission, values and goals set out in the 2017-22 Strategic Plan all remain valid. Long term targets for growth and employability have been reconsidered in response to the challenges currently facing the HE sector.

The recently approved Finance Strategy 2019-22 sets out some revised financial key performance indicators and sets the following three primary financial goals:

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

Each financial goal is supported by a series of agreed actions which will be monitored over the coming months and years.

The HE sector continues to face considerable uncertainty in relation to funding, the consequences of Brexit, the continued contraction of 18 year old school leavers, and competition amongst providers. The university has successfully managed down its cost base in recent years, but as fee levels continue to fall behind annual inflationary cost increases we embark on a renewed drive for profitable income generation to meet some of the funding shortfall.

In recent years the university has managed a number of major project implementations and change programmes with successful delivery of outcomes. The learning experiences and expertise gained from these change programmes provides a level of confidence in facing the challenges of the future. As a business organisation, the university embraces continuous improvement, adopts a responsive approach to delivering efficiency, and is flexible in its approach to implementation of new initiatives. A robust project management framework has been in place and underpins our approach to managing major change programmes.

The university continues to invest in its estate and infrastructure and will seek appropriate grants and co-investment where relevant with the overall aim of generating sufficient surpluses of other cash injections to invest in its people and infrastructure, and to provide an excellent student experience.

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Section 5: Public benefit statement

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

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

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

The university also supports access to arts, musical and other cultural events. This includes long standing support for the internationally acclaimed Cheltenham Literature Festival. Over the last three years the university has supported headline events with Hilary Clinton, David Attenborough and, for this year, David Cameron. This enables the university to invite students from widening participation areas and partner schools to attend these headline events during which they can submit questions to be put to the speakers during the discussions. In addition to this, the university is a sponsor of the Gloucester History Festival, and is an active contributor to the Gloucester Culture Trust, leading the trust's programme of cultural entrepreneurship.

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

Of the 8,911 students registered at the university 22% identified themselves as having a disability, 12% identified themselves as part of the black and minority ethnic (BME) community resident in the UK and 10% were from countries other than the UK. The university is committed to extending the diversity of its student body and runs a programme of outreach and financial support to ensure that there is fair and equal access for all.

The Widening Participation and Outreach unit sustains strong relationships between the university and the wider community supporting schools, colleges, local groups and other regional and national networks in promoting progression to higher education. The team provides a breadth of activities and events which are focused on aspirational and supportive sessions for school and college students to inform and inspire them on higher education options, how to apply to university and the financial support available. In 2018/19 the outreach team undertook 413 activities with

schools and colleges, ranging from primary school children to lifelong learners. Just over 18,500 students engaged in outreach activities over the year. Activities take place on and off campus.

The university works predominantly with schools and colleges, including institutions in its 'compact' network in Gloucestershire and neighbouring counties. It has strong strategic partnerships with further education colleges in the area, including South Gloucestershire and Stroud College and Bath College, and is developing a proposed Institute of Technology with Swindon College and New College Swindon. It organises a wide range of activities for both young people and mature learners which aim to raise awareness of higher education, providing activities that inform students about their options. 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 and providing mentors within Gloucestershire schools to work with learners on a one-to-one basis, as well as opportunities to work with subject specialist Widening Participation and Outreach Support Officers such as accessing subject taster sessions and personal statement master classes. The university is supporting the new Cheltenham Education Partnership of state and independent secondary schools in Cheltenham.

In 2018/19 the university provided around £2.9m in financial support to students through fee discounts, fee waivers and bursary awards. The university supports students from under-represented groups by offering financial support and a large financial assistance fund. Scholarships and bursaries are available to those who progress onto a course at the university having previously studied at a partner college, whilst fee discounts are provided to alumni who wish to progress to postgraduate study. Examples include the university Bursary of up to £500 for students who progressed to the university from a local partnership school or college, and up to £9,000 per year for care leavers. The university also offers an academic merit scholarship for all entrants achieving a high level of entry qualifications, worth £1,200 across the three years of a typical undergraduate programme.

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Section 6: Senior staff remuneration

6.1 Introduction

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

Throughout this report 'senior staff' is understood to mean the Executive Group as it was constituted throughout most of 2018/19, namely the Vice-Chancellor, the Deputy Vice-Chancellor, the Director of Finance and Planning, the Director of HR, the Executive Director of Estates Strategy, the University Secretary and Registrar, and the Dean of Academic Development. The Executive Group includes the Vice-Chancellor but in some regards as described below the approach to setting remuneration for the Vice-Chancellor differs from that adopted for other members of the Executive Group.

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

6.2 Remuneration and Human Resources Committee

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

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

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

RHRC is independent, being made up exclusively of External Members of Council plus one student member. The membership of RHRC includes the Chair of Council. The competence of its membership is reviewed annually by Council through its Governance and Nominations Committee. This includes consideration of an individual's expertise on appointment to RHRC as well as through the annual

effectiveness review process led by the Chair of Council. The Chair of RHRC is ex officio the Vice-Chair of Council. The full terms of reference and membership for RHRC may be found on-line: glos.ac.uk/governance/council/pages/university-council.aspx

6.3 Approach to senior staff remuneration

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

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

The university's approach in 2018/19 is that members of the Executive Group (listed in section 6.6) are appointed on fixed basic salaries as determined from time to time (normally every three years) by job evaluation review and relevant benchmarking. These fixed basic salaries therefore remain the same until such time as RHRC agree a change as informed by the results of an external evaluation and benchmarking exercise and are therefore not increased annually to account for the national pay award.

In 2018/19, for the final time, members of the Executive Group received an annual non-consolidated performance related pay element alongside these fixed basic salaries. In setting the performance pot each year, as described in previous annual reports, RHRC takes account of the university's performance and context. Awards to individuals from this pot (including no award) are based on individual performance.

RHRC reviewed the approach to Executive Group pay in 2018/19. It concluded that this approach based on annually determined performance pay arrangements was overly complex and not achieving commensurate benefits for the university. It therefore agreed to simplify the approach. Members of the Executive Group will continue to be appointed on fixed basic salaries, which, subject to satisfactory performance, will be increased each year in accordance with

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the nationally determined pay award. Each member of the Executive Group will continue to have annual performance objectives and annual performance review with their line manager. The university will also commission from time to time (normally every three years) an external job evaluation review and benchmarking report to ensure that Executive Group salaries remain appropriate and competitive in the 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 2018/19 the Vice-Chancellor, Stephen Marston, received a salary of £169,478. Including pension contributions the total package was £201,736. This is substantially below the average pay of Vice-Chancellors across the sector.

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

Since his appointment in 2011, in no year has the Vice-Chancellor accepted a pay increase higher than the national pay award for university staff (excluding incremental drift). The Vice-Chancellor has never accepted a re-evaluation of his pay based on information provided by external benchmarking exercises. Although the Vice-Chancellor's contract provides for the award of a performance-related bonus, he has not taken such a bonus in any year. The Vice-Chancellor is not provided by the university with any accommodation or a car. The emoluments of the Vice-Chancellor are provided in Note 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 2018/19 between the total pay of the Vice-Chancellor (£201,736) and the median full-time equivalent earnings of the whole university workforce (£38,228) was 5.28 compared to a UK average of 6.8. In 2017/18 the ratio was 5.44.

6.6 Remuneration of the Executive Group

RHRC has delegated authority from Council to approve the remuneration (including levels and rates of performance related pay), terms and conditions of employment and all other benefits of all members of the Executive Group (with the exception of the Vice-Chancellor). The members of the Executive group during 2018/19 (excluding the Vice-Chancellor) were as follows:

- Dean of Academic Development, Professor David James;
- Deputy Vice-Chancellor (Vice-Chair), Dr Richard O'Doherty;
- Director of Finance and Planning, Camille Stallard;
- Director of Human Resources, Ruth Davies (until 24 February 2019);
- Interim Director of Human Resources, Margaret Bird (from 17 February 2019 to 27 September 2019);
- Executive Director of Estates Strategy, Duncan White (until 31 August 2019);
- University Secretary and Registrar, Dr Matthew Andrews.

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. As from 2019/20, members of the Executive Group will receive the national pay award, as for all other staff. No individual, including the Vice-Chancellor, is involved in deciding their own remuneration, including any discretionary performance-related element.

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

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

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

6.8 Expenses

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

University Staff Expenses Policy: glos.ac.uk/docs/download/Governance/university-staff-expenses-policy.pdf

RHRC receives an annual assurance that the scheme is operating effectively.

Operating and financial review

Section 7: Corporate governance

7.1 Introduction

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

The university conducts its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and is committed to best practice in all aspects of corporate governance. The university's Council has adopted, and ensured compliance with, the Committee of University Chairs' (CUC) Higher Education Code of Governance (2014), and has conducted its business in accordance with CUC good practice and principles and in line with the public interest governance principles as articulated by the Office for Students (OfS) in the 'Regulatory framework for higher education in England'. The Council has ensured that it has discharged its responsibilities in full compliance with the requirements of 'Regulatory Notice 2: Regulation up to 31 July 2019 of providers that were previously funded by HEFCE', some aspects of which replicate and replace the provisions of the Higher Education Funding Council for England (HEFCE)'s Memorandum of Accountability and Assurance.

7.2 Summary of the university's structure of corporate governance

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

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

In the conduct of its formal business, in addition to an annual strategic away day, the Council meets six times a year. It has a number of formally constituted committees which are: Audit Committee, Finance and General Purposes Committee, Governance and Nominations Committee, Remuneration and Human Resources Committee and the Council and Foundation Standing Group. All of these committees are constituted with formal terms of reference and membership, which are reviewed on an annual basis. The scheme of delegations further details the specific delegated powers of these committees.

All these documents may be found on the university's web-site: glos.ac.uk/governance/council/Pages/university-council.aspx

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

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

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

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

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

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

The Council recognises that, in accordance with best practice recommended in the CUC Higher Education Code of Governance, regular reviews of the effectiveness of the Governing Body should be undertaken. During 2015/16 a detailed, comprehensive, and externally-led review was undertaken by the Leadership Foundation for Higher Education (LFHE). The review combined a desk-based study with interviews with members of Council and its officers, observations of Council and its committees, a detailed

Operating and financial review

questionnaire and other activities. The university's governance structures and arrangements were evaluated against the CUC Higher Education Code of Governance and other benchmarks and comparisons made against the practices employed elsewhere in higher education and other sectors.

The reviewers concluded that: "The corporate governance arrangements are sound and compare well against the CUC Code and Council discharges its legal and regulatory obligations. The Council and its members have clearly played a key part in the university's progress in recent years." A number of recommendations for further improvement were also provided in the report and the university secretary implemented a number of changes to address them, particularly those relating to improving the diversity of Council's membership and developing its involvement in the life of the university. Both these areas have seen considerable progress, as evidenced by feedback from Council members, since the LFHE report.

An internal audit of corporate governance was held during 2016/17 and the auditor's opinion was that Council could take substantial assurance that the controls upon which the organisation relied to manage its governance were suitably designed, consistently applied, and operating effectively.

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 2015 Statement of Recommended Practice (SORP): Accounting for further and higher education, and other relevant accounting standards. In addition, within the terms and conditions of the 'Regulatory Notice 2: Regulation up to 31 July 2019 of providers that were previously funded by HEFCE', some aspects of which replicate and replace the provisions of the Memorandum of Accountability and Assurance agreed between the Higher Education Funding Council for England and the university's Council, the Council, through its Accounting Officer, is required to prepare financial statements for each financial year. Under those terms and conditions, the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the surplus or deficit of the university for that year. In preparing these financial statements, the Council has ensured that:

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

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

- ensure that all funds from any source are used only for the

purposes for which they have been given;

- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the university and prevent and detect fraud;
- secure the economical, efficient and effective management of the university's resources and expenditure.

7.4 Disclosure of information to auditor

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

- so far as each member of Council is aware, there is no relevant information needed by the university's auditor in connection with preparing their report of which the university's auditor is unaware;
- each member of Council has taken all the steps that he/she ought to have taken as a member of Council in order to 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 2019 and up to the date of approval of the financial statements.

In recent years the university has revised its risk management policy and procedures in order to better recognise and manage the risks it faces in the delivery of its strategic aims. The risk framework is aligned with the university's Strategic Plan for 2017-22 and reflects the importance of the four institutional goals in the plan. It has been designed to cover all risks including governance, management, quality, reputational and financial, whilst focusing on the most important risks. The risk register provides an appraisal of the current (or net) and projected (or target) position for each risk, including a likelihood/impact matrix. A detailed reporting schedule is in place to ensure that the relevant information is reviewed and reported in a timely manner to appropriate audiences including the University Executive Committee, Audit Committee and Council. These reports on risk coincide with reports on the University's operating plan. An internal audit conducted in 2017/18 found numerous areas of good practice and advised that Council could take significant assurance from the strategic process and advised on enhancements to the devolved risk process in academic schools and professional

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departments. A further internal audit in 2018/19 found that the risk management process was 'sufficiently clear and understood by relevant parties within the university' and concluded that Council could have significant assurance in the process, noting minor improvement opportunities.

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

In addition to this, Council oversees the university's performance in meeting its strategic objectives through the planning and monitoring of the annual operating plan. Regular updates on performance are presented to Council during the year, with a full year-end report considered in November. The operating plan for the following year is approved by Council every June. An internal audit of some aspect of strategic planning and management information, including supporting strategies, is normally undertaken as part of the annual internal audit plan. In 2018/19 a review into the university's in-year forecasting and scenario planning was conducted. From this review, the internal auditors concluded that Council could have significant assurance, noting areas for minor improvement.

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

In September 2018, the university successfully achieved registration with the Office for Students, without any specific conditions being applied to its registration. This registration was maintained throughout 2018/19.

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

The Operating and Financial Review set out on pages 5 - 22 was approved by the Council of the University of Gloucestershire on 26 November 2019, and was signed on its behalf by:



Nicola de Longh
Chair of Council



Stephen Marston
Vice-Chancellor

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

Opinion

We have audited the financial statements of The University of Gloucestershire (the 'parent university') and its subsidiaries (the 'group') for the year ended 31 July 2019, 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 2019 and of the group's and the parent university's surplus, and its income and expenditure, gains and losses, changes in reserves and the group's and parent university's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in March 2014; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and the Education Reform Act 1988 and report in accordance with regulations made under those Acts. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's ethical standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the governing body's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governing body have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent university's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The governing body 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 Student's ('OfS') terms and conditions of funding for higher education institutions (issued March 2018) and the OfS's accounts direction (issued June 2018)

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 and Research England have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them, and
- the requirements of the OfS's accounts direction (issued June 2018) 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

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

- certain disclosures of the governing body's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of governing body for the financial statements

As explained more fully in the statement of responsibilities of the governing body set out on pages 20 to 21, the governing body (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 governing body 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 governing body 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 governing body either intend to liquidate the group or parent university or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

exists.

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

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

Use of our report

This report is made solely to the university's governing body, 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 governing body those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the university and the university's Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Bishop FCA

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

26 November 2019



Financial statements for the year ended 31 July 2019

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 in Further and Higher Education Institutions (2015 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 FRS102. In the judgement of management, as the university is only guaranteeing the overriding contract and not the individual rentals, there are no guaranteed amounts and therefore no value can be attributed to an asset or liability on the balance sheet. Management will continue to monitor progress on the contract and assess the need to recognise any ongoing liabilities, should they arise. A contingent liability for any future financial obligation will be recognised when the possibility of an outflow of future resources is no longer considered to be remote.

Provisions

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

in changes in the measurement of recorded amounts as compared to initial estimates.

3 Going concern

The Council has reviewed the budget for the year to 31 July 2020 and the financial forecasts for the following two years and has adopted the guidance provided by the Financial Reporting Council (FRC) under *Going Concern Basis of Accounting and Reporting on Solvency & Liquidity Risks: Guidance for Directors of UK Companies 2016*.

Under the FRC guidance the university has employed a self-assessment questionnaire that provides a framework to assist the Council in determining whether it is appropriate to adopt the going concern basis for preparing financial statements, and, in making balanced, proportionate and clear disclosure. The assessment included a review of forecasts and budgets, borrowing requirements, timing of cash flows, contingent liabilities, markets, risk management and financial adaptability, including sensitivity analysis and risk register.

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

4 Basis of consolidation

The results of the university's subsidiary undertakings, and undertakings in which it has a controlling interest, have been consolidated in the financial statements and details of these are provided in note 14 to the accounts.

The university's share of the results in its jointly controlled entity has been consolidated in the financial statements and accounted for under the gross equity method. The university accounts for its share of transactions from joint operations and jointly controlled assets in the Consolidated and university statement of comprehensive income and expenditure. Details of this and the basis for consolidation are provided in note 14 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 council block grant and research grants are recognised in income over the periods in which the university recognises the related costs for which the grant is intended to compensate. Where part of a Government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

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

Financial statements for the year ended 31 July 2019

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 HEFCE capital grants, 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.

Financial statements for the year ended 31 July 2019

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

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

10 Impairments of assets and assets held for disposal

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

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

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

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

11 Stocks

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

12 Taxation

Effective from 1 August 2007, the university became a Company Limited by Guarantee and an exempt charity within the meaning of Schedule 3 of the Charities Act 2011. It is therefore a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010 and accordingly, the University is therefore potentially exempt from taxation in respect of income and capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

Fullwood Park Limited and Gloucestershire ISC Limited are liable for UK corporation tax. The companies have agreed

to pay the lower of their accounting and tax profits to the University of Gloucestershire, which is an exempt charity, under corporate gift aid regulations introduced in April 2000. Fullwood Park Limited is registered for VAT.

13 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.

14 Finance and operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

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.

15 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



Financial statements for the year ended 31 July 2019

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.

16 Pension scheme arrangements

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

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

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

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

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

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

17 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.

18 Repairs and maintenance costs

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

19 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.

20 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.

21 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.

22 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.

23 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.

24 Reserves

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

Financial statements for the year ended 31 July 2019

Consolidated and university statement of comprehensive income and expenditure year ended 31 July 2019

		Consolidated	Consolidated	Institution	Institution
	Notes	2019 £000	2018 £000	2019 £000	2018 £000
Income					
Funding body grants	1	6,829	6,255	6,829	6,255
Tuition fees and education contracts	2	62,530	64,791	62,530	64,791
Research grants and contracts	3	1,936	1,387	1,936	1,387
Other income	4	11,994	12,064	11,945	12,064
Investment income	5	410	440	382	401
Donations and endowments	6	65	30	77	40
Total income		83,764	84,967	83,699	84,938
Expenditure					
Staff costs	7	48,750	48,249	48,750	48,249
Restructuring costs	7	2,158	427	2,158	427
Depreciation of tangible fixed assets	11	6,160	5,108	6,160	5,108
Other operating expenses	8	22,339	26,660	23,863	26,646
Interest and other finance costs	9	1,679	1,711	1,679	1,711
Total expenditure	10	81,086	82,155	82,610	82,141
Surplus before other gains and share of operating (deficit)/surplus of jointly controlled entity		2,678	2,812	1,089	2,797
Share of operating (deficit)/surplus in jointly controlled entity	14	(666)	665	-	-
Gain on investments		51	3	47	(19)
Surplus before tax		2,063	3,480	1,136	2,778
Taxation		-	-	-	-
Surplus for the year		2,063	3,480	1,136	2,778
Actuarial (loss)/gain in respect of pension schemes		(11,484)	10,562	(11,484)	10,562
Currency translation differences		20	(16)	20	(16)
Total comprehensive income for the year		(9,401)	14,026	(10,328)	13,324
Represented by:					
Endowment comprehensive income for the year		84	63	74	49
Restricted comprehensive (loss)/income for the year		(8)	3	(8)	3
Unrestricted comprehensive (loss)/income for the year		(9,477)	13,960	(10,394)	13,272
		(9,401)	14,026	(10,328)	13,324
Surplus for the year attributable to the university		2,063	3,480	1,136	2,778

All items of income and expenditure related to continuing activities.

Financial statements for the year ended 31 July 2019

Consolidated and university statement of changes in reserves year ended 31 July 2019

Consolidated	Income and expenditure account				
	Endowment	Restricted	Unrestricted	Revaluation reserve	Total
	£000	£000	£000	£000	£000
Balance at 1 August 2017	2,968	33	35,997	3,787	42,785
Surplus from the statement of comprehensive income	63	3	3,414	-	3,480
Other comprehensive gain	-	-	10,546	-	10,546
Transfers between revaluation and income and expenditure reserve	-	-	1,602	(1,602)	-
Total comprehensive income for the year	63	3	15,562	(1,602)	14,026
Balance at 1 August 2018	3,031	36	51,559	2,185	56,811
Surplus from the statement of comprehensive income	84	(8)	1,987	-	2,063
Other comprehensive gain	-	-	(11,464)	-	(11,464)
Transfers between revaluation and income and expenditure reserve	-	-	1,751	(1,751)	-
Total comprehensive income for the year	84	(8)	(7,726)	(1,751)	(9,401)
Balance at 31 July 2019	3,115	28	43,833	434	47,410

Institution	Income and expenditure account				
	Endowment	Restricted	Unrestricted	Revaluation reserve	Total
	£000	£000	£000	£000	£000
Balance at 1 August 2017	2,448	33	37,691	3,787	43,959
Surplus from the statement of comprehensive income	49	3	2,726	-	2,778
Other comprehensive gain	-	-	10,546	-	10,546
Transfers between revaluation and income and expenditure reserve	-	-	1,602	(1,602)	-
Total comprehensive income for the year	49	3	14,874	(1,602)	13,324
Balance at 1 August 2018	2,497	36	52,565	2,185	57,283
Surplus from the statement of comprehensive income	74	(8)	1,070	-	1,136
Other comprehensive income	-	-	(11,464)	-	(11,464)
Transfers between revaluation and income and expenditure reserve	-	-	1,751	(1,751)	-
Total comprehensive income for the year	74	(8)	(8,643)	(1,751)	(10,328)
Balance at 31 July 2019	2,571	28	43,922	434	46,955

Financial statements for the year ended 31 July 2019

Consolidated and university balance sheet as at 31 July 2019

Notes	Consolidated	Consolidated	Institution	Institution
	2019 £000	2018 £000	2019 £000	2018 £000
Non-current assets				
Fixed assets	11	122,054	118,595	122,054
Investments	13	2,702	2,557	2,199
		124,756	124,253	120,686
Current assets				
Stocks		101	73	101
Debtors	15	13,172	12,197	13,359
Investments	16	19,625	24,478	19,625
Cash and cash equivalents	28	2,809	1,732	2,557
		35,707	38,480	38,698
Creditors: amounts falling due within one year	17	(24,158)	(25,353)	(24,045)
		11,549	13,127	11,597
Net current assets				
		136,305	134,279	135,850
Total assets less current liabilities				
		136,305	134,279	134,041
Creditors: amounts falling due after more than one year	18	(45,656)	(47,498)	(45,656)
		(45,656)	(47,498)	(45,656)
Provisions	20			
Pension provisions		(42,665)	(27,822)	(42,665)
Other provisions		(574)	(2,148)	(574)
		(43,239)	(29,970)	(43,239)
Total net assets		47,410	56,811	46,955
Restricted reserves				
Income and expenditure reserve - endowment fund	21	3,117	3,031	2,571
Income and expenditure reserve - restricted reserve	22	28	36	28
		3,145	3,067	2,599
Unrestricted reserves				
Income and expenditure reserve - unrestricted		43,831	51,559	43,922
Revaluation reserve	23	434	2,185	434
		44,265	53,744	44,356
Total reserves		47,410	56,811	46,955

The financial statements on pages 25-53 were approved by the Council of the University of Gloucestershire on 26 November 2019, and were signed on its behalf by:



Nicola de Longh
Chair of Council



Stephen Marston
Vice-Chancellor

Financial statements for the year ended 31 July 2019

Consolidated and university cash flow year ended 31 July 2019

	Notes	Consolidated 2019 £000	Consolidated 2018 £000	Institution 2019 £000	Institution 2018 £000
Cash flow from operating activities					
Surplus for the year		2,063	3,480	1,137	2,778
Adjustment for non-cash items					
Depreciation	11	6,160	5,108	6,160	5,108
(Gain)/loss on investments		(51)	(3)	(47)	19
(Increase) in stock		(28)	(16)	(28)	(16)
(Increase) in debtors	15	(1,033)	(1,701)	(872)	(1,712)
(Decrease) in creditors	17	(1,183)	(1,075)	(1,289)	(1,081)
Increase in pension provisions	20	3,358	3,489	3,358	3,489
(Decrease) in other provisions	20	(2,242)	126	(864)	126
Share of operating deficit/(surplus) in joint controlled entity		666	(665)	-	-
Adjustment for investing or financing activities					
Investment income	5	(499)	(832)	(471)	(793)
Interest payable	9	911	777	911	777
Endowment income		(65)	(30)	(77)	(40)
Fixed asset impairment		-	131	-	131
Capital grant release to income		(1,616)	(1,250)	(1,616)	(1,250)
Exchange (loss)		(20)	(16)	(20)	(16)
Net cash inflow from operating activities		6,421	7,523	6,283	7,520
Cash flows from investing activities					
Capital grant receipts		1,227	5,322	1,227	5,322
Investments		509	505	509	505
Investment income		322	321	312	283
Payments made to acquire fixed assets		(9,620)	(27,247)	(9,619)	(27,247)
Payments made to acquire intangible fixed assets		-	-	(70)	-
Fixed assets		(101)	(92)	-	(117)
Proceeds from sales of intangible assets		88	117	70	117
New non-current assets		(502)	(417)	(500)	(416)
New deposits		4,853	568	4,853	568
Net cash flow from investing activities		(3,224)	(20,923)	(3,218)	(20,985)
Cash flows from financing activities					
Interest paid		(865)	(737)	(865)	(737)
Endowment cash received		65	30	77	40
New secured loans		2,250	16,000	2,250	16,000
Repayments of amounts borrowed		(3,570)	(1,579)	(3,570)	(1,579)
Net cash (outflow)/inflow from financing activities		(2,120)	13,714	(2,108)	13,724
Increase in cash and cash equivalents in the year		1,077	314	956	259
Cash and cash equivalents at beginning of the year	28	1,732	1,418	1,601	1,342
Cash and cash equivalents at the end of the year	28	2,809	1,732	2,557	1,601

Financial statements for the year ended 31 July 2019

Notes to the financial statements for the year ended 31 July 2019

	Notes	Consolidated 2019 £000	Consolidated 2018 £000	Institution 2019 £000	Institution 2018 £000
1 Funding body grants					
<i>Recurrent grant</i>					
Higher Education Funding Council		5,117	4,684	5,117	4,684
Teaching Regulation Agency		604	411	604	411
Skills Funding Agency		39	162	39	162
<i>Specific grants</i>					
Higher Education Funding Council redundancy compensation		32	31	32	31
<i>Deferred capital grants</i>					
Buildings	19	518	493	518	493
Equipment	19	519	474	519	474
		6,829	6,255	6,829	6,255
2 Tuition fees and education contracts					
Full-time Home and EU students		55,659	58,470	55,659	58,470
Full-time International students		3,798	3,489	3,798	3,489
Part-time students		2,209	2,049	2,209	2,049
Other (short course) fees		864	783	864	783
		62,530	64,791	62,530	64,791
3 Research grants and contracts					
Research councils		73	7	73	7
UK based charities		90	67	90	67
European Commission grants		1,145	885	1,145	885
Other grants and contracts		628	428	628	428
		1,936	1,387	1,936	1,387
4 Other income					
Residencies, catering and conferences		5,892	6,790	5,892	6,790
Release from deferred capital grants		579	283	579	283
Other services rendered		1,308	1,404	1,308	1,404
Other income		4,126	3,195	4,077	3,195
Gains on refinancing		-	-	-	-
Movement in fair value of derivatives		89	392	89	392
		11,994	12,064	11,945	12,064
5 Investment income					
Investment income on endowments		176	209	142	194
Other investment income		234	231	240	207
		410	440	382	401
6 Donations and endowments					
New endowments	21	32	4	32	4
Donations with restrictions	22	33	26	33	26
Unrestricted donations		-	-	12	10
		65	30	77	40

Financial statements for the year ended 31 July 2019

Notes to the financial statements for the year ended 31 July 2019

	Consolidated	Consolidated	Institution	Institution
	2019	2018	2019	2018
	£000	£000	£000	£000
7 Staff				
<i>Staff costs</i>				
Wages and salaries	35,433	35,422	35,433	35,422
Social security costs	3,580	3,535	3,580	3,535
Pension costs	9,737	9,292	9,737	9,292
	48,750	48,249	48,750	48,249
Fundamental restructuring costs	2,158	427	2,158	427
<i>Staff numbers by department</i>			2019	2018
Academic departments			430	428
Central administrative			471	471
Other including manual			11	12
Total staff numbers			912	911
The staff numbers above relate to full-time equivalents (including senior post holders)				
<i>Emoluments of the Vice-Chancellor</i>			2019	2018
Salary			169	169
Pension contributions			32	30
			201	199
			2019	2018
			£000	£000
Median pay ratio - all staff basic pay			4.81	4.91
Median pay ratio - all staff total pay			5.28	5.44

Please refer to pages 18-19 of the senior staff remuneration section for further details on the university's approach to setting pay of the Vice-Chancellor and senior staff.

Financial statements for the year ended 31 July 2019

Notes to the financial statements for the year ended 31 July 2019

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:

Salary and non-consolidated performance pay
Pension contributions

	2019	2018
	£000	£000
Salary and non-consolidated performance pay	829	1,027
Pension contributions	148	164
	977	1,190
	Numbers	Numbers
Members of executive whose emoluments are included above	8 6.9FTE	9 7.8FTE

Members of executive whose emoluments are included above

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

The number of higher paid employees, including the Vice-Chancellor, who received emoluments during the year excluding pension contributions and payment in lieu of notice) in the following ranges was:

£100,000 - £104,999
£105,000 - £109,999
£110,000 - £114,999
£125,000 - £129,999
£130,000 - £134,999
£135,000 - £139,999
£165,000 - £169,999

	Numbers	Numbers
£100,000 - £104,999	1	1
£105,000 - £109,999	-	-
£110,000 - £114,999	1	1
£125,000 - £129,999	1	-
£130,000 - £134,999	-	1
£135,000 - £139,999	-	-
£165,000 - £169,999	1	1
	4	4

Compensation for loss of office payments

Number of staff whose compensation is included above

	2019	2018
	£000	£000
Compensation for loss of office payments	2,158	427
Number of staff whose compensation is included above	111	28

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 include compensation paid to key management personnel defined as those members of the senior management team who form the university Executive Committee.

The Chair and non-executive members of Council receive no emoluments with the exception of the staff appointed non-executive members.

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

Financial statements for the year ended 31 July 2019

Notes to the financial statements for the year ended 31 July 2019

	Consolidated	Consolidated	Institution	Institution
	2019	2018	2019	2018
	£000	£000	£000	£000
8 Other operating expenses				
Consumable and non-capital items	2,175	2,420	2,165	2,420
Academic administration	915	962	915	962
Books and periodicals	484	626	484	626
Rents and premises	3,939	3,776	3,931	3,776
Heat, light, water and power	939	960	939	960
Repairs and general maintenance	1,596	1,764	1,596	1,764
Staff development and training	254	432	254	432
Staff travel and subsistence	1,298	1,221	1,298	1,221
Student travel and subsistence	1,809	1,549	1,809	1,549
Student bursaries	1,718	2,321	1,708	2,312
Marketing and agent commission	2,101	1,943	2,101	1,943
Postage, telephone, printing and reprographics	605	621	605	621
Insurance and finance	(28)	1,586	1,528	1,586
Professional fees and contractors	1,765	2,234	1,761	2,229
Course franchising and partnerships	1,098	1,845	1,098	1,845
Purchases for resale	1,264	1,491	1,264	1,491
Equipment operating lease rentals	203	216	203	216
Students' Union grant	436	397	436	397
Fixed asset impairment	-	131	-	131
Other expenses	(232)	165	(232)	165
	22,339	26,660	23,863	26,646
Included within professional fees				
External auditor's remuneration - external audit	58	56	55	54
External auditor's remuneration - non-audit services	2	13	2	13

Financial statements for the year ended 31 July 2019

Notes to the financial statements for the year ended 31 July 2019

	Consolidated	Consolidated	Institution	Institution
	2019	2018	2019	2018
	£000	£000	£000	£000
9 Interest and other finance costs				
Loan interest	865	737	865	737
Movement in the fair value of derivatives	46	40	46	40
Net charge on pension schemes	768	934	768	934
	1,679	1,711	1,679	1,711
10 Analysis of total expenditure by activity				
Academic departments	35,758	34,565	35,758	34,565
Academic services	10,490	11,049	10,490	11,049
Research grants and contracts	1,242	909	1,242	909
Residences, catering and conferences	6,151	6,023	6,151	6,023
Premises	7,126	7,158	7,126	7,158
Administration	17,533	17,849	17,533	17,835
Other expenses	2,786	4,602	4,310	4,602
	81,086	82,155	82,610	82,141

Financial statements for the year ended 31 July 2019

Notes to the financial statements for the year ended 31 July 2019

	Freehold land and buildings	Leasehold land and buildings	Equipment	Assets under construction	Total
11 Tangible fixed assets					
a) Consolidated	£000	£000	£000	£000	£000
Cost/valuation					
At beginning of year	115,404	4,954	26,828	28,274	175,460
Additions at cost	6,185	6	3,176	252	9,619
Transfers at cost	25,658	-	2,306	(27,964)	-
Disposals	-	-	(724)	-	(724)
At year end	147,247	4,960	31,586	562	184,355
Depreciation					
At beginning of year	35,784	2,004	19,077	-	56,865
Charge for the year	3,474	194	2,492	-	6,160
Disposals	-	-	(724)	-	(724)
At year end	39,258	2,198	20,845	-	62,301
Net book value					
At year end	107,989	2,762	10,741	562	122,054
At beginning of year	79,620	2,950	7,751	28,274	118,595
b) Institution					
Cost/valuation					
At beginning of year	115,404	4,954	26,828	28,274	175,460
Additions at cost	6,185	6	3,176	252	9,619
Transfers at cost	25,658	-	2,306	(27,964)	-
Disposals	-	-	(724)	-	(724)
At year end	147,247	4,960	31,586	562	184,355
Depreciation					
At beginning of year	35,784	2,004	19,077	-	56,865
Charge for the year	3,474	194	2,492	-	6,160
Disposals	-	-	(724)	-	(724)
At year end	39,258	2,198	20,845	-	62,301
Net book value					
At year end	107,989	2,762	10,741	562	122,054
At beginning of year	79,620	2,950	7,751	28,274	118,595

Financial statements for the year ended 31 July 2019

Notes to the financial statements for the year ended 31 July 2019

c) Revaluation of land and buildings

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

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

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

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

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

University land and buildings		
	2019 £000	2018 £000
Cost	100,848	94,657
Aggregate depreciation based on cost	33,513	31,005

12 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 2019 the university nominated 95% of the accommodation available for the 2019-20 Academic Year.

Movement in service concession arrangement assets:

The asset value of the service concession included in debtors as at 31 July 2019 is £4,485k (2018 £4,544k).

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 2019 was £4,485k (2018: £4,544k).

Financial statements for the year ended 31 July 2019

Notes to the financial statements for the year ended 31 July 2019

	Endowment asset investments £000	Other fixed asset investments £000	Total £000
13 Non-current investments			
Consolidated			
At beginning of year	2,552	5	2,557
Additions at cost	597	-	597
Revaluation	148	-	148
Disposals	(600)	-	(600)
At year end	2,697	5	2,702
Institution			
At beginning of year	2,086	5	2,091
Additions at cost	500	-	500
Revaluation	124	-	124
Disposals	(516)	-	(516)
At year end	2,194	5	2,199

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

a) Investment in subsidiary companies

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

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

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

b) The Janet Trotter Trust

The activities of The Janet Trotter Trust, a registered charity, are consolidated within endowment reserves on the grounds that the university has a controlling influence over its activities. The accounts of The Janet Trotter Trust for the year to 31 July 2019 show total net assets of £545,336 (2018: £534,328) and net income and movement in funds for the year of £(6,604) (2018: (£7,612)).

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 12).

Financial statements for the year ended 31 July 2019

Notes to the financial statements for the year ended 31 July 2019

14 Investment in jointly controlled entity

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

On 20 February 2013, Gloucestershire ISC Limited entered into a revolving loan facility agreement to lend up to £600,000 to INTO Gloucestershire LLP, at an interest rate of 2% above the Bank of England base rate. At 31 July 2019 a capital balance of £600,000 (2018: £600,000) was outstanding under this agreement.

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

During 2018/19 both INTO University Partnerships and the university undertook a joint strategic review of the jointly controlled entity. As an outcome of the review the Board agreed to change the focus of the partnership reflecting the university's expertise in programme validation and concentrating on areas of emerging global demand. From September 2019, there will no longer be on-campus preparation programmes at the university's campus in Cheltenham. However, there will still be a long-term partnership. INTO will provide recruitment support for Direct Entry students and the university, in turn, will continue to validate Foundation and International Year One programmes at INTO's World Education Centre in London, as they do today. As a result of this change of focus, the activities and business of INTO University of Gloucestershire will cease.

All costs associated with ceasing these activities have been provided for in 2018/19 university and group accounts. The results of the jointly controlled entity up to the end of July is reporting a trading loss of £(0.7m), the university share being £(0.3m), recognising a provision for winding up the activities increases the loss to £(1.3m), the university share being £(0.6m). As part of the cessation arrangements each partner will provide a further cash injection to ensure all liabilities of INTO University of

Gloucestershire are fully settled, the university's share being £328k. All legal and statutory duties relating to the cessation of the jointly controlled entity will be finalised during 2019/20.

15 Debtors

	Consolidated 2019 £000	Consolidated 2018 £000	Institution 2019 £000	Institution 2018 £000
Trade debtors	3,899	2,641	3,881	2,641
Other debtors	1,328	1,733	1,327	1,728
Service concession arrangements (note 12)	4,485	4,544	4,485	4,544
Amounts owed by subsidiary companies	-	-	206	965
Amounts due from jointly controlled entity	-	611	-	-
Prepayments and accrued income	3,460	2,668	3,460	2,668
	13,172	12,197	13,359	12,546

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 12). The loan is for a period of 46 years with capital repayments to be made over the last 11 years.

16 Current investments

	Consolidated 2019 £000	Consolidated 2018 £000	Institution 2019 £000	Institution 2018 £000
Short term deposits	19,625	24,478	19,625	24,478

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Notes to the financial statements for the year ended 31 July 2019

17 Creditors: amounts falling due within one year

	Consolidated 2019 £000	Consolidated 2018 £000	Institution 2019 £000	Institution 2018 £000
Secured loans	3,570	3,570	3,570	3,570
Service concession arrangements (note 12)	4,485	4,544	4,485	4,544
Payment received on account	1,688	1,221	1,618	1,221
Trade creditors	2,298	4,040	2,288	4,040
Social security and other taxation payable	1,043	952	1,021	952
Pensions	967	803	967	803
Deferred capital grants	1,753	1,709	1,753	1,709
Accruals and deferred income	8,354	8,514	8,343	8,504
	24,158	25,353	24,045	25,343

18 Creditors: amounts falling due after more than one year

	Consolidated 2019 £000	Consolidated 2018 £000	Institution 2019 £000	Institution 2018 £000
Secured loans	25,812	27,133	25,812	27,133
Other creditors	50	50	50	50
Derivatives	731	819	731	819
Deferred capital grants	19,063	19,496	19,063	19,496
	45,656	47,498	45,656	47,498

Analysis of secured and unsecured loans

	Consolidated 2019 £000	Consolidated 2018 £000	Institution 2019 £000	Institution 2018 £000
Due within one year	3,570	3,570	3,570	3,570
Due between one and two years	3,570	3,570	3,570	3,570
Due between two and five years	18,710	18,460	18,710	18,460
Due in five years or more	3,533	5,103	3,533	5,103
	29,383	30,703	29,383	30,703

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.

A further £20 million secured loan facility was taken out with HSBC in 2017 to fund the development of a new business school building and sports centre at the Oxstalls Campus. The loan has now been fully drawn down with the final tranche of £2.25m being drawn in November 2018. The loan is for an initial term of five years, with an option to extend. The option to extend the facility to March 2023 was approved in August 2019, revised rates of LIBOR + 1.30% will be effective from September 2019.

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

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

Financial statements for the year ended 31 July 2019

Notes to the financial statements for the year ended 31 July 2019

19 Deferred capital grants

	Consolidated and institution funding councils £000	Consolidated and institution other grants and benefactions £000	Consolidated and institution total £000
At beginning of year			
Buildings	8,502	8,776	17,278
Equipment	3,242	685	3,927
	11,744	9,461	21,205
Cash received			
Buildings	445	533	978
Equipment	161	88	249
	606	621	1,227
Released to income and expenditure			
Buildings	(518)	(451)	(969)
Equipment	(519)	(128)	(647)
	(1,037)	(579)	(1,616)
At end of year			
Buildings	8,429	8,857	17,286
Equipment	2,885	645	3,530
	11,314	9,502	20,816

20 Provisions

	INTO Gloucestershire LLP £000	LGPS defined benefit obligations £000	Obligation to fund deficit on USS and CEFPS £000	Pensioners £000	Other £000	Total £000
Consolidated						
At beginning of year	710	26,090	356	1,376	1,438	29,970
Utilised during the year	-	11,484	-	(255)	-	11,229
Transfer from income and expenditure account	-	2,972	486	156	(864)	2,750
Share of gross assets	426	-	-	-	-	426
Share of gross liabilities	215	-	-	-	-	215
Provision release	(1,351)	-	-	-	-	(1,351)
At end of year	-	40,546	842	1,277	574	43,239
Institution						
At beginning of year		26,090	356	1,376	1,438	29,260
Utilised during the year		11,484	-	(255)	-	11,229
Transfer from income and expenditure account		2,972	486	156	(864)	2,750
At end of year		40,546	842	1,277	574	43,239

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Notes to the financial statements for the year ended 31 July 2019

21 Endowment reserves

	Restricted permanent endowments £000	Expendable endowments £000	Total 2019 £000	Total 2018 £000
Consolidated				
At beginning of year				
Capital	1,973	1,543	3,516	3,443
Accumulated income	141	(625)	(484)	(475)
	2,114	918	3,032	2,968
New endowments	-	32	32	4
Investment income	60	36	96	138
Expenditure	(136)	(56)	(192)	(152)
	(76)	12	(64)	(10)
Increase in market value of investments	121	28	149	73
At end of year	2,159	958	3,117	3,031
Analysis by type of purpose				
Fellowships and scholarship prizes	-	54	54	1
Prize funds	13	86	100	100
Other funds	2,146	818	2,963	2,930
	2,159	958	3,117	3,031
Analysis by asset				
Current and non-current asset investments			2,667	2,546
Cash and cash equivalents			450	485
			3,117	3,031
Institution				
At beginning of year	1,973	914	2,887	-
Capital	141	(531)	(390)	2,836
Accumulated income	-	-	-	(388)
	2,114	383	2,497	2,448
New endowments	-	31	31	4
Investment income	60	5	65	123
Expenditure	(113)	(33)	(147)	(129)
	(53)	3	(51)	(2)
Increase in market value of investments	120	4	124	51
At end of year	2,181	390	2,570	2,497
Analysis by type of purpose				
Fellowships and scholarship prizes	-	54	54	1
Prize funds	13	87	100	100
Other funds	2,168	249	2,417	2,396
	2,181	390	2,571	2,497
Analysis by asset				
Current and non-current asset investments			2,195	2,086
Cash and cash equivalents			376	411
			2,571	2,497

Financial statements for the year ended 31 July 2019

Notes to the financial statements for the year ended 31 July 2019

22 Restricted reserve

	Consolidated 2019 £000	Consolidated 2018 £000	Institution 2019 £000	Institution 2018 £000
At beginning of year	36	33	36	33
New endowments and donations	33	26	33	26
Expenditure	(41)	(23)	(41)	(23)
At end of year	28	36	28	36
Analysis by type of purpose				
Scholarships and bursaries	6	10	6	10
Other funds	22	26	22	26
	28	36	28	36

23 Revaluation reserve

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	(25,630)	(24,028)	(25,630)	(24,028)
Released in year	(1,751)	(1,602)	(1,751)	(1,602)
At end of year	(27,381)	(25,630)	(27,381)	(25,630)
Revaluation reserve				
At end of year	434	2,185	434	2,185
At beginning of year	2,185	3,787	2,185	3,787

24 Lease obligations

Future minimum lease payments under non-cancellable operating leases are as follows:

Within one year	2,099	2,285	2,099	2,285
Between two and five years	3,188	4,744	3,188	4,744
Over five years	2,052	2,413	2,052	2,413
	7,339	9,442	7,339	9,442
Representing:				
Land and buildings	7,169	9,221	7,169	9,221
Other operating leases	170	221	170	221
	7,339	9,442	7,339	9,442

25 Capital commitments

Authorised but not contracted				
At end of year	2,286	9,090	2,286	9,090
Authorised and contracted				
At end of year	1,008	6,077	1,008	6,077

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Notes to the financial statements for the year ended 31 July 2019

26 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.

27 Events after the reporting period

As set out in Note 31 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £358k in the provision for the obligation to fund the deficit on the USS pension which would instead be £464k. This adjustment will be reflected in the university's Financial Statements for the year ended 31 July 2020.

28 Cash and cash equivalents

	At beginning of year £000	Cash flows £000	At end of year £000
Consolidated			
Cash at bank and in hand	1,732	1,077	2,809
Short term deposits	24,478	(4,853)	19,625
	26,210	(3,776)	22,434
Institution			
Cash at bank and in hand	1,601	956	2,557
Short term deposits	24,478	(4,853)	19,625
	26,079	(3,897)	22,182

29 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:

- Mr P Bungard is Chief Executive of Gloucestershire County Council
- Mr S Marston is a board member of South Gloucestershire and Stroud Commercial Services Limited
- Mr M Burgess is Principal of Gloucestershire College
- Mr M Jones is Governor and Vice-Chair of South Gloucestershire and Stroud College and a director of South Gloucestershire and Stroud Commercial Services Limited
- Mr I Mitchell is President of the Gloucestershire Students' Union
- Ms P Crook is Education Officer of the Gloucestershire Students' Union and a Governor of Cheltenham Bournside School and Sixth Form Centre
- Mr A Taylor is a Partner in Bruton Knowles

For the year ended 31 July 2019 expenses totalling £4,383 (2018: £5,720) were claimed by ten Directors and Trustees in respect of their responsibilities as Directors and Trustees. The university does not remunerate its external Directors and Trustees. The salaries of members of staff who serve on Council do not include any element specific to this role.

The University of Gloucestershire Students' Union, is a separately constituted entity which is governed by its own Board of Directors, of which Ms I Mitchell is President. The university has no financial interest, control or significant influence over policy decisions. The university helps to support the core activities with a block grant on an annual basis which include Student Representation; Student Opportunities; support for Student Volunteering; Student Events & Entertainments; and Student Sport & Societies. During the year sales of £6,349 (2018: £17,046) and purchases of £535,885 (2018: £480,843) relating to core activities were transacted with the Student Union. At the year end a balance of £10,351 (2018: £3,410) was due to The University of Gloucestershire Students' Union and a year-end balance of £0 (2018: £6,950) was owed to the university.

During the year, the university supplied INTO Gloucestershire LLP with goods and services to the value of £909,463 (2018: £1,045,051), the balance included in trade debtors at 31 July 2019 was £599,316 (2018: £38,571). The university also received services from INTO Gloucestershire LLP during the year to the value of £161,637 (2018: £83,744), the balance included in trade creditors at 31 July 2019 was £91,003 (2018: £25,257).

The interest of £16,495 (2018: £11,326) due from INTO Gloucestershire LLP to Gloucestershire ISC Limited on the revolving loan is detailed in note 14.

A provision of £508k has been made to cover the year end net debtor position, refer to note 14 for more details.

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Notes to the financial statements for the year ended 31 July 2019

30 The Teaching Regulation Agency

The university, acting as agent for the Teaching Regulation Agency (previously known as the National College for Teaching and Leadership), disbursed £72,500 (2018: £278,800) training bursaries to students undergoing Initial Teacher Training for the year ended 31 July 2019. The training bursaries have not been included in the income and expenditure of the university.

31 Pension schemes

a) Teachers' Pension Scheme

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

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

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

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

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

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

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

	2019 £000	2018 £000
Contributions to teachers' pensions	2,729	2,659

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b) Universities Superannuation Scheme

The institution participates in Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The 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 wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the 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) and therefore an expense is recognised.

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

The total cost charged to the statement of comprehensive income and expenditure is £180,520 (2018: £203,898).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2017 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2018 is underway but not yet complete.

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

The 2017 valuation was the fourth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the fixed interest and index linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI - 0.53% reducing linearly to CPI - 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21+: CPI + 1.7%

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 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2017 valuation
Mortality base table	Pre-retirement: 71% of AMCOO (duration 0) for males and 112% of AFCOO (duration 0) for females Post retirement: 96.5% of SAPS SINMA "light" for males and 101.3% of RFV00 for females
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

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The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

The funding position of the scheme has since been updated on an FRS 102 basis:

	2019	2018
Scheme assets	£67.4bn	£63.6bn
Total scheme liabilities	£79.2bn	£72.0bn
FRS 102 total scheme deficit	£11.8bn	£8.4bn
FRS 102 total funding level	85%	88%

Key assumptions used are:

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. In accordance with the requirements of FRS 102 and the SORP, the university has made a provision for this contractual commitment to fund the past deficit. In the prior year, the deficit payments were 2.1% of salaries up to March 2031.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £464k, a decrease of £358k from the current year end provision and a lower face of the Statement of Comprehensive Income of £126k.

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 2019 were £5.619m, of which employer's contributions totalled £4.481m and employees' contributions totalled £1.138m. The agreed contribution rates for future years are 20.1% 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 2019 by a qualified independent actuary, Hymans Robertson.

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

The estimate of contributions expected to be paid in the next year (year ending 31 July 2020) are £4.329m at a contribution rate of 20.1% until the next actuarial valuation change in April 2022.

The major assumptions used by the actuary were:

	31 July 2019 %	31 July 2018 %	31 July 2017 %
Pension increase rate	2.40	2.40	2.50
Salary increase rate	2.70	2.70	2.80
Expected return on assets	2.10	2.80	2.70
Discount rate	2.10	2.80	2.70
Inflation assumption	2.10	2.80	2.50

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Notes to the financial statements for the year ended 31 July 2019

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 2019	31 July 2018	31 July 2017
<i>Current pensioners</i>			
Males	21.5	22.4	22.4
Females	23.7	24.6	24.6
<i>Future pensioners (at age 45)</i>			
Males	22.3	24.0	24.0
Females	25.0	26.4	26.4

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

	2019 £000	2018 £000
<i>Amounts included in staff costs</i>		
Current service cost	6,144	6,494
Past service cost (including curtailments)	548	21
	6,692	6,515
<i>Amounts included in interest and other finance costs</i>		
Interest income on plan assets	(2,662)	(2,283)
Interest on pension scheme liabilities	3,423	3,210
Net charge to other finance costs	761	927
<i>Amount recognised in other comprehensive income</i>		
Return on pension plan assets	(3,951)	(4,906)
Changes in demographic assumptions	(7,671)	-
Changes in financial assumptions	23,106	(5,656)
Experience (gains)/losses arising on defined benefit obligations	-	-
	11,484	(10,562)

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Notes to the financial statements for the year ended 31 July 2019

An analysis of the amount shown in the balance sheets at 31 July 2019 and 31 July 2018 is:

	31 July 2019 £000	31 July 2018 £000
Total market value of assets	103,620	93,320
Actuarial value of scheme liabilities	(144,165)	(119,409)
Deficit in the scheme - Net pension liability recorded within pension provisions	(40,545)	(26,089)
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	(26,089)	(33,034)
Current service cost	(6,144)	(6,494)
Employer contributions	4,481	3,825
Impact of settlement and curtailment	(548)	(21)
Net interest on the defined (liability)	(761)	(927)
Actuarial gain/(loss)	(11,484)	10,562
Net defined (liability) in scheme at 31 July	(40,545)	(26,089)
<i>Movement in present value of the pension scheme during the year</i>		
Present value at 1 August	119,409	116,121
Current service cost (net of member contributions)	6,144	6,494
Past service costs (including curtailments)	548	21
Net interest	3,423	3,210
Plan participants' contributions	1,138	1,104
Actuarial gain/(loss)	15,435	(5,656)
Actual benefit payments	(1,932)	(1,885)
Present value at 31 July	144,165	119,409
<i>Movement in the fair value of scheme assets</i>		
Fair value at 1 August	93,320	83,087
Expected return on assets	3,951	4,906
Interest income on plan assets	2,662	2,283
Actual contributions paid by university	4,481	3,825
Plan participants' contributions	1,138	1,104
Actual benefit payments	(1,932)	(1,885)
Fair value at 31 July	103,620	93,320

Financial statements for the year ended 31 July 2019

Notes to the financial statements for the year ended 31 July 2019

History of experience gains and losses:

	Year to July 2019	Year to July 2018	Year to July 2017	Year to July 2016	Year to July 2015
<i>Difference between the expected and actual return on assets</i>					
Amount (£000)	3,951	4,906	8,125	4,048	3,262
Percentage of assets at year end	3.81%	5.26%	9.78%	5.7%	5.3%
<i>Experience gains/(losses) on liabilities</i>					
Amount (£000)	-	-	(2,052)	933	517
Percentage of liabilities at year end	0%	0%	(1.77)%	(0.93)%	(0.57)%

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 (2019: £7k, 2018: £10k), plus figures highlighted in the table below, giving a total charge of £12k for 2019 (2018: £11k).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out at 31 December 2015. A valuation at 31 December 2018 is currently under way, but the results of this are yet to be determined. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- an investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly from 70% by 31 December 2030 (with the remainder in return-seeking assets); and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- investment returns of 2.6% pa on gilts and 4.6% pa on return-seeking assets;
- RPI inflation of 3.2% pa (and pension increases consistent with this);
- increase in pensionable stipends of 3.2% pa; and
- mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections with a long term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit repair contributions payable (as a percentage of pensionable stipends) are as set out in the table below.

	January 2016 to December 2017	January 2018 to December 2025
<i>% of pensionable stipends</i>		
Deficit repair contributions	14.1%	11.9%

The deficit recovery contributions under the recovery plan in force as at 31 December 2016, 31 December 2017 and 31 December 2018 were as set out in the above table.

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Notes to the financial statements for the year ended 31 July 2019

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the scheme's rules. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2017 and over 2018 is set out in the table below.

	2018 £	2017 £
Balance sheet liability at 1 January 2018	24,000	23,000
Deficit contributions paid	(3,000)	(2,000)
Interest cost	0	0
Remaining change to the balance sheet liability*	(2,000)	3,000
Balance sheet liability at 31 December 2018	19,000	24,000

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

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

	December 2018	December 2017	December 2016
Discount rate	2.1%	1.4%	1.5%
Price inflation	3.1%	3.0%	3.1%
Increase to total pensionable payroll	1.6%	1.5%	1.6%

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.