University of Worcester

REPORT AND FINANCIAL STATEMENTS

for the year ended 31st July 2021

REPORT AND FINANCIAL STATEMENTS 2021

CONTENTS

	Pages
• University of Worcester Directorate and professional advisers	2
• Members of the Board of Governors	3
• Strategic Report	4 - 39
• Independent Auditors' report	40-43
• Consolidated and University Statements of Comprehensive Income and Expenditure	44
• Consolidated and University Balance Sheets	45
• Consolidated and University Statements of Changes in Reserves	46
• Consolidated Cash Flow Statement	47
• Notes to the financial statements	48 - 83

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31st JULY 2021

UNIVERSITY OF WORCESTER DIRECTORATE AND PROFESSIONAL ADVISERS

VICE CHANCELLOR AND CHIEF EXECUTIVE

Professor David Green CBE MA (Cantab.)

DEPUTY VICE CHANCELLOR, PROVOST AND DEPUTY CHIEF EXECUTIVE

Professor Sarah Greer MA

Registered Address

Henwick Grove
Worcester
WR2 6AJ

Independent Auditors

External

BDO LLP
Chartered Accountants and Statutory Auditors
Two Snowhill
Birmingham
B4 6GA

Internal

KPMG LLP
One Snowhill
Birmingham
B4 6GH

Bankers

Lloyds Bank
125 Colmore Row
Birmingham
B3 3SD

Barclays Bank PLC
One Snowhill
Snowhill Queensway
Birmingham
B4 6GB

Barclays Bank PLC
Leicester
Leicestershire
LE87 2BB

Insurance Brokers

Henderson Insurance Brokers Limited
No 1 Whitehall Riverside
Leeds
West Yorkshire
LS1 4BN

REPORT AND FINANCIAL STATEMENTS 2021

MEMBERS OF THE BOARD OF GOVERNORS

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

Mr Carl Arntzen	Independent (term ended 31.7.2021)
Mr John Bateman OBE	Chair & Independent
Dr Diana Beech	Independent
Mr John Bothamley CBE	Independent (term ended 31.7.2021)
Mr Louis Coiffait	Independent (from 1.8.2021)
Ms Elizabeth Davies-Ward	Academic Staff Governor (from 1.8.2021)
Mr Sean Devlin	Independent
Mr Robert Dudley	Academic Staff Governor (term ended 31.7.2021)
Mrs Diana Gant	Independent (& Vice Chair from 1.8.2021)
Professor David Green CBE	Vice Chancellor & Chief Executive
Mr Mike Hardy	Independent (from 1.8.2021)
Mrs Anna Hooper	Vice Chair & Independent (term ended 31.7.2021)
Mr David Iddon	Independent
Dr Claire Jones	Independent
Mr Liam Lees	Student Governor (from 1.6.2021)
Mr Nadeem Khan	Independent
Dr Derek McDougall	Academic Staff Governor (term ended 31.7.2021)
Mr Ragnar Mularczyk	Student Governor (from 1.6.2021)
Mr Asif Noorani	Independent (from 1.8.2021)
The Rev'd Dr Alvyn Pettersen	Independent
Dr Sarah Pittaway	Co-opted Staff Governor
Mr Darius Pocha	Independent (from 1.8.2021)
Miss Meg Price	Student Governor (term ended 1.6.2021)
Miss Neve Ricketts	Student Governor (from 1.6.2021)
Mr Marc Scriven	Co-opted Staff Governor
Mr Ian Smith	Independent
Mr Keith Sorrell	Independent (from 1.8.2021)
Mr Harry South	Student Governor (term ended 1.6.2021)
Mrs Sarah Speck	Vice Chair & Independent

STRATEGIC REPORT

FOR THE YEAR ENDED: 31st JULY 2021

This statement covers the period 1st August 2020 up to 23rd November 2021.

SECTION 1: The University's Strategy

THE UNIVERSITY OF WORCESTER'S VALUES AND VISION

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

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

Read the University of Worcester Strategic Plan:

University of Worcester Strategic Plan: Values and Vision

MEASURING PROGRESS AND SUCCESS

The Strategic Plan 2019 was published at a time of great national uncertainty, both for the higher education sector and the country as a whole. In this context, the Board decided that the new Strategic Plan should focus on values, vision and high-level objectives such as creating a Medical School, rather than the more traditional approach of specifying lower-level objectives and adopting a series of accompanying Key Performance Indicators. This approach has already proved its worth as the University successfully navigated a notably turbulent environment in 2019-20 and 2020-21 emerging with increased new student numbers and sound finances despite the costs of the Covid-19 pandemic.

The Board of Governors employs a variety of measures, mostly drawn from nationally available datasets, to enable periodic comparisons and benchmarking of the University's performance in relation to its peers. The methodology of such comparisons is constantly evolving and 2019 witnessed a significant development in the publication of the first ever University Impact Tables compiled and published by the Times Higher Education magazine. The University performed notably well in the 2019, 2020 and 2021 tables, nationally and internationally.

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

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

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

The University's executive leadership have responsibility for ensuring appropriate action is taken to build on strengths and remedy weaknesses arising from these processes of regular scrutiny, periodic review, analysis and appraisal. This process of regular, open discussion and decisions enables the University to act in relation to those dimensions of progress and success which are significant but not directly measurable. It has long been known that not everything that counts can be counted and that not everything that can be counted counts. Some of the culture that makes the University a special place to learn and be beneficial to society cannot be measured directly but is deeply valuable and does produce measurable outcomes. For example, the University's long held commitment to equality and democracy has been manifested in consistently outstanding performance in respect of gender equity including being the best UK University for fair gender pay in 2018 and 2019, and in being placed first equal for democracy for University Democracy by Vote for Your Future 2019.

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

Learning and Teaching, Students

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

Research

- Grant applications and income
- Number of staff submitted for the Research Excellence Framework

Financial Sustainability

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

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

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

Covid-19

The global coronavirus pandemic continued to present unprecedented challenges to the University throughout the 2020/21 academic year.

With a second national lockdown at the start of 2021 and a myriad of ever-changing rules and guidance from Government, the University continued to navigate the situation with success. The University's Covid-rate was consistently below the national average. To the best of our knowledge, there was not one case of on-campus transmission during the entire pandemic and up to the time of writing this report.

While the University remained a Covid-19 coldspot, it continued to be an educational hotspot. Worcester was one of the first universities to announce a return to some in-person teaching after the first lockdown and delivered more than 58% of teaching in person in the first semester of 2020/21. A survey from WonkHE, carried out in partnership with Students' Unions across the Country, including Worcester Students' Union, shortly after the start of the first semester, revealed that students at Worcester were among the most satisfied in the Country with their experience.

The second semester, affected by the second national lockdown, continued to see large proportions of teaching taking place in person as the Government directed that all health and education students should continue to receive essential skills training.

In June 2021 the University held the first in person graduation ceremonies in the UK. Over 4 days we held 12 ceremonies at Worcester Cathedral. The ceremonies and receptions for those students who graduated in 2020, were attended in total by 2,400 graduates and 2,300 graduates' guests. These were very successful and again there were no reports of any transmission of Covid -19 thanks to exceptional preparation and organisation.

Throughout the entire pandemic, the University consistently focused on student wellbeing while taking a highly responsible public health approach to Covid-19. We operated in line with Government guidance and worked particularly closely with the Public Health Worcestershire team to provide on campus testing.

The University's Welcome Weekend in September 2020 was hugely successful and just weeks later, a survey from WonkHE, carried out in partnership with Students' Unions across the Country, including Worcester Students' Union, revealed that students at Worcester were among the most satisfied in the Country with the start to the new academic year.

Worcester's approach, which was very different from many institutions, maximised the opportunity for personal participation in teaching, learning and University life whilst using modern technology to the full for the benefit of student learning and effective organisation, an approach we will continue to take in the next academic year.

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

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

These efforts were recognised in November 2020 when the University was awarded a UK Business Hero stamp from the British Chambers of Commerce. The UK Business Heroes campaign aims to recognise the work of UK businesses in the most challenging of times.

The pandemic accelerated the University's strategy to increase the scale and scope of its health professional education, as it became further evident that significantly more health professionals would be needed to 're-build Britain' in the wake of the pandemic. The University made a successful bid to the Government for increased student places in Nursing, Midwifery, Paramedicine and other allied health professions and at the end of July 2020 was awarded the largest allocation of additional places in the Country.

The University's plans to advance Health, Well-being and Inclusive Sport, including the creation of the Three Counties Medical School combined with the very significant expansion of education in the health professions, were given a major boost when, in early August 2020, the Secretary of State for Communities and Local Government agreed to the Worcestershire Local Economic Partnership's proposal that £3m of the Getting Building Fund should be devoted to the development of vital infrastructure at the University's Severn Campus for Health, Well-being and Inclusive Sport. Work is now well underway to create these specialist facilities and in August 2021, the University was given the go ahead from the General Medical Council to begin recruiting medical students from September 2022.

Achievements

The University recorded a number of significant achievements in the 2020/21 academic year.

The academic year began with the news that the University had been shortlisted for the prestigious Times Higher Education University of the Year for the second year running.

The THE awards, known as the Oscars of Higher Education, celebrate the very best in UK Higher Education and its contribution to the wider society and as well as University of the Year, the University was shortlisted for Outstanding Contribution to Equality, Diversity and Inclusion, Widening Participation or Outreach Initiative of the Year and the THE Datapoints Merit Award.

In November 2020, the University was named winner of the inaugural THE award for Outstanding Contribution to Equality, Diversity and Inclusion, recognising its commitment over many years. The judges were impressed with "the university's sustained, whole institutional approach to Equality, Diversity and Inclusion, which places students at the centre". They also noted Worcester's recognition of its own part in changing the narrative about the value society places on certain roles.

In the Times Higher Education (THE) University Impact Rankings 2021, the University retained its top 3 UK ranking for Quality Education, while also being ranked top in England, second in the UK and ninth globally for Gender Equality.

A total of 1,115 universities from 94 countries/regions around the world were included in this year's rankings, with Worcester ranked in the top 20% overall – a remarkable achievement.

After being named Sustainability Institution of the Year in the 2019 Green Gown Awards, the University continued to gain recognition for its continued commitment and work on sustainability. The University was named joint winner of the Reporting with Influence category in the 2020 Green Gown Awards, which recognise exceptional sustainability initiatives by universities and colleges and best practice within the further and higher education

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

sector. The award relates to the University's annual Sustainability Report; it assessed how sustainability is reported and how the report was used to have impact and influence within the institution. And in the 2021 awards, Worcester is a finalist in the Benefitting Society category, based on a recycling initiative working with local schools.

Further achievements this academic year came for three members of staff at the University who were named in the Queen's Birthday and New Year's Honours. Professor Dawn Brooker, Director of the Association for Dementia Studies, and Dr Derek Farrell, from the School of Psychology, were each awarded MBEs, while Tom Taylor, the University's Assistant Director Security and Operations, was awarded a BEM – outstanding recognition of the wonderful staff at the University.

Read more

Benefiting Society *Green Gown Awards*

Shortlist 2021

Top 3 for Quality Education *THE University Impact Rankings*

Third year in UK's top 3

Times Higher Education Awards

Shortlist 2020

SECTION 2: Public Benefit

CHARITABLE STATUS AND CHARITABLE OBJECTIVES OF THE UNIVERSITY

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

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

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

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

Beneficiaries

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

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

INTRODUCTION: MAKING AN IMPACT

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

In the third year of the *Times Higher Education University Impact Rankings*, published in 2021, the University of Worcester retained a top three placing in the UK for Quality Education and was once again number one in England for Gender Equality, as well as being second in the UK. A total of 1,115 universities from 94 countries/regions around the world were included in this year's rankings, with Worcester ranked in the top 20% overall.

The rankings highlight the contribution made by universities around the world to achieving the internationally agreed Sustainable Development Goals (SDGs), which the United Nations adopted in 2016.

SECTION 2: Public Benefit (*continued)*

They independently assess and document evidence of universities' impact on society. It is a vivid illustration of the way in which universities can address the challenges facing their local communities and recognise the deep engagement of universities with the issues that matter most to our societies.

Read the full rankings:

Times Higher Impact Rankings

Read more about the United Nations Sustainable Development Goals:

About the SDGS

QUALITY EDUCATION

Raising Aspirations

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

Worcester was placed top three in the UK for Quality Education in the 2021 Times Higher Education University Impact Rankings.

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

Read the full Plan:

University of Worcester Access and Participation Plan 2020/21 – 2024/25

SECTION 2: Public Benefit (*continued)*

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

Read the full report:

HEPI: Upending the rankings: Benchmarking widening participation in universities

Throughout the 21st Century, a minimum of 97% of the University's students have been state educated. Worcester students begin their higher education with lower than national average UCAS tariff points, yet our graduates are in the top 10 English HEIs for employment one, three and five years after graduation, according to the government-published Longitudinal Educational Outcomessurvey in both 2017 and 2020.

In 2020 we were a finalist for the UK University of the Year for the second year running in the annual UK Social Mobility Awards. Reaching the shortlist of just six institutions is a most positive recognition of the innovative work done throughout the whole University.

View the Social Mobility Awards shortlist:

Awards 2020

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

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

SECTION 2: Public Benefit (*continued)*

Student satisfaction and participation

Graduating students consistently rate the University of Worcester above the national average in the National Student Survey (NSS). In the 2021 published NSS the University of Worcester was in the top quarter across a number of measures, including Learning Opportunities, Assessment and Feedback, Learning Resources and Student Voice. In addition, Worcester Students' Union came out among the top 10 mainstream universities in the survey. Ten courses, including Midwifery, Physiotherapy and Occupational Therapy received 100% overall satisfaction.

Review the Results:

Office for Students: Full NSS Data

Worcester Student' Union ranked among top in UK

Read our press release

The Times and Sunday Times Good University Guide 2021, published in September 2020, ranked us 16th for teaching quality and 10th for student experience based on the 2020 NSS. In the AdvanceHE Postgraduate Taught Experience Survey (PTES) 2021, Worcester was ranked 3rd amongst 88 UK universities for overall satisfaction and was ranked 7th out of 94 institutions in the AdvanceHE Postgraduate Research Experience Survey (PRES) 2021. These surveys, which have run every year since 2009, are major annual independent surveys. Worcester is currently shortlisted for the 7th time as Nurse Education Provider of the Year (pre-registration) in the 2021 Student Nursing Times Awards, which are widely regarded as the most prestigious awards in nursing education.

Early Years and lifelong learning

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

The University of Worcester is the only higher education institution in Herefordshire and Worcestershire offering teacher education, and the nature of its provision is strongly influenced by the needs of schools and other educational settings in this region and throughout the West Midlands.

A high proportion of the University's education students come from non-traditional backgrounds, with 12.78 per cent from neighbourhoods with low levels of participation in higher education, compared with 11.8 per cent nationally; and 13.53 per cent from the most deprived areas. They are often mature students who may already be working in education settings, for example as teaching assistants or Early Years educators.

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

Educational Impact	Numbers 2020/21
Teacher Training graduates	584

SECTION 2: Public Benefit (*continued)*

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

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

GOOD HEALTH AND WELLBEING

Student and Staff Wellbeing

The University has a deep commitment to inclusion for those experiencing mental health problems. We have offered specialist wellbeing support to students since 2000, while in 2004 we were one of the first universities in the UK to directly employ Mental Health Advisors.

We are playing a leading role in partnership with the National Union of Students and others to make universities and cities 'suicide safer' through early intervention. We were finalists for a prestigious Times Higher Education Award in 2018 for our work in this area and in September 2021, we were included as a case study in the Office for Students' (OfS) new topic briefing, setting out some of the approaches that universities and colleges can take to help prevent suicide among students.

Read more:

Suicide Safer: Forum for Access and Continuing Education
Suicide Safer: National Union of Students

Suicide Safer: OfS briefing

SECTION 2: Public Benefit (*continued)*

Meeting workforce demands

Official 2018 statistics revealed that one in 11 posts across NHS hospital, ambulance and mental health trusts were vacant. With our long history of outstanding Health Education and as leaders of the national campaign to increase nursing places, we are helping to meet the needs of this workforce crisis. We have grown our existing courses for health professionals and in August 2021 the General Medical Council (GMC) gave the go ahead for the University to recruit the first medical students to study at its new Three Counties Medical School. Applications for the graduate entry medical school are now open for entry in September 2022. The Medical School will serve the three surrounding rural counties and one of the UK's most deprived former industrial areas – areas in which the University's health and education graduates are already making a big contribution.

GMC gives go ahead for Worcester to recruit medical students

Read our press release

The Medical School will build on the University's exceptional and proven record on widening access to higher education, directing recruitment primarily at those groups that are under-represented in medical courses and in the profession. This includes, in particular, students from lower socio-economic backgrounds, who still account for only around 10 per cent of all admissions nationally.

Health Graduates	2020/21
Nurses	182
Midwives	37
Paramedics	98
Social Workers	41
Physiotherapists	35
Occupational Therapists	27
Sports Therapists	47

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

Allocation of additional healthcare places:

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

SECTION 2: Public Benefit (*continued)*

Read more:

Vice Chancellor calls for additional funding to train more health professionals

Worcester awarded largest allocation of health training places

In the autumn of 2020, Worcester was selected to be Dudley College's partner for developing a new Centre for Further, Higher and Health Education. The University will deliver a range of health courses, helping to boost the workforce of the region.

Covid-19 response

When the Covid-19 pandemic struck, the University of Worcester responded with a dynamic, inclusive, holistic approach, which achieved outstanding results for students and community alike. Uniquely, Worcester combined this approach with exemplary, original leadership; nationally advocating a highly engaged, socially responsible University approach to the pandemic.

Shortly after the first lockdown began, Worcester offered all its clinical simulation health equipment to the NHS. At a time of severe shortage, this enabled emergency equipping of the new Covid-19 intensive care ward. Televised and reported nationally, Worcester's example was quickly followed by universities everywhere.

Vital equipment from the University's Clinical Simulation Suites was moved to the local hospital Trust to equip the acute care wards for the expected influx of critically ill patients.

Then, at a time of deep desperation, Worcester's Association for Dementia Studies shared authoritative, free, practical guidance for care homes on caring for patients with dementia in 'lockdown'.

Worcester gave the site for Worcestershire's first walk-in PCR testing centre and the building for the county's first Lateral Flow Device testing centre, which was used for Police, Fire and Council key workers, as well as students and staff. In September, the University opened a vaccination centre, for students, staff and the wider community, to aid the nationwide programme.

SECTION 2: Public Benefit (*continued)*

In the first lockdown, around 450 University of Worcester students put themselves forward to work on the frontline, including those studying to be nurses, midwives, paramedics and physiotherapists, with many more then volunteering in the second national lockdown in January 2021. When hundreds of Worcester health students volunteered for the NHS front line, Worcester provided Covid-secure residences to enable students to avoid 'bringing the virus home' to their families and developed a highly successful 'Shiftline' support service. Close partnership with the Students' Union, staff representatives, Governors and Public Health Worcestershire enabled a united approach, combining moving learning on-line, creating a Covid-secure campus whilst successfully focusing on student and staff mental health and wellbeing. Student achievement and retention improved, hardship and mental ill-health was largely averted.

Worcester led by advocating that many universities could best help reverse the pandemic's economic and social devastation by educating thousands more health and science professionals, including offering re-skilling opportunities for employees abruptly displaced by the pandemic.

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

Read more:

Medical equipment sent to the NHS

Dementia experts provide support to care homes

University of Worcester students head back to the frontline

New COVID-19 testing pilot starts at University of Worcester

Two Covid-19 vaccination centres to open at University of Worcester

Two Covid-19 NHS Vaccination Centres to Open at University of Worcester

Living Well Through the Life-course

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

Examples include:

- Researchers in our Mood Disorder Research Group continue to publish numerous experimental studies this year in collaboration with institutions all over the world which have explored the genetic make-up of bipolar and other mood disorders. This work will have longer term translational impacts, but the team have also engaged in work that is bringing more immediate benefits to those affected by mood disorders, for example, through its mood monitoring which enables people with a mood disorder to better track and understand changes in their mood.

SECTION 2: Public Benefit (*continued)*

- Our Association of Dementia Studies have worked closely with Worcestershire County Council in implementing a series of Dementia Meeting Centres across the county. This implementation is underpinned by research, funded by the Economic and Social Research Council, Alzheimer's Society, the National Institute for Health Research and others, which demonstrated the effectiveness of the Meeting Centre model in improving quality of life for those recently diagnosed with dementia and for their families and carers.
- Dr Gabriella Misca, whose research has focused on, among other things, the mental health of veterans, has co-authored a report, commissioned by government, examining the experiences of armed forces families and setting out a series of recommendations for policy and practice. The report has been discussed in parliament and the government has committed to implementing its recommendations.

Our Association for Dementia Studies is helping communities across the UK set up Meeting Centres, which help people living with dementia positively adjust to changes that come with their diagnosis. There are now 28 Meeting Centres, with further expressions of interest from acrossthe UK. The project won the 2019 Times Higher Education Award for Contribution to the Local Community.

Community access to university sports facilities and expertise

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

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

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

SECTION 2: Public Benefit (*continued)*

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

This work will be further enhanced by the development of the Severn Campus to create a new centre for health, wellbeing and inclusive sport.

The plans, currently being considered by City planners, will include the long-planned International Inclusive Cricket and Education Centre, along with further teaching facilities. The International Inclusive Cricket Education Centre, which has been designed in close consultation with the England Cricket Board, will provide a national home for all forms of disability cricket as well as outstanding net and practice facilities for local cricket loving youngsters in particular as well as male and female cricketers of all abilities.

As with the University's other facilities, the campus will be available to the local community on an organised basis. There will also be special facilities designed to promote exercise as part of supervised rehabilitation programmes after some episodes of heart attack, stroke and physical injury.

Worcester's reputation as a centre of excellence for inclusive sport will also be boosted by the creation of a new women's premier league for British Wheelchair Basketball.

Earlier this year, we were selected as one of only four universities to host a High-Performance Partnership that will be home to a women's premier league team.

Read more:

University Plans to Transform Derelict Industrial Site into Health, Wellbeing and Inclusive Sport Campus

University of Worcester Selected as Founding Member of British Wheelchair Basketball Women's Premier League

EQUALITY AND INCLUSION

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

In late 2020 this work was recognised when Worcester was named the winner of the inaugural Times Higher Education Award for Outstanding Contribution to Equality, Diversity and Inclusion.

The judges were impressed with "the university's sustained, whole institutional approach to Equality, Diversity and Inclusion, which places students at the centre". They also noted Worcester's recognition of its own part in changing the narrative about the value society places on certain roles.

Read more

University wins top award for equality, diversity and inclusion

SECTION 2: Public Benefit (*continued)*

Accessibility

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

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

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

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

Read more

Deputy Vice Chancellor appointed to national Disabled Students' Commission

Universities can do more to support their disabled students

Gender Equality

The University's Gender Pay Gap data is demonstrable of the University's longstanding promotion of educational and social inclusion and equality.

We have a high percentage of women employed at all levels including within the senior team. Women make up 65 per cent of Worcester's overall staff and are represented at this level throughout the University. This contrasts with the majority of other universities where women are under-represented amongst higher paid staff and over-represented amongst the lower-paid. At Worcester, women are neither under-represented at the top nor over-represented at the bottom.

We were ranked number one in England for Gender Equality in in the 2021 Times Higher Education's Global Impact rankings, for the third year running.

SECTION 2: Public Benefit (*continued)*

In 2021, the University was ranked No.1 in England for Gender Equality for the third year running in the University Impact Rankings and has been the UK's best performing university for fair gender pay since the statistics were first nationally published. Staff are pictured here with 'Hope' the Lego Suffragette, who paid a visit to the University to mark 100 years since the first women won the right to vote in Britain.

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

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

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

Read more:

Athena Swan at the University of Worcester

Equality Charter: Athena Swan Members

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

- Dr Peter Unwin, funded by DRILL (Disability Research on Independent Living and Learning), submitted a final report on the experiences of disabled people in Gyspy, Roman and Traveller communities. The report has set out recommendations for disability support organisations and local authorities for how to improve support for this hard-to-reach group which are already being fed into, for example, social work practice.
- Professor Richard Woolley's Erasmus+ funded SCALE project (2018-2021) has examined how educators in University, College and other post-compulsory settings are enabled to meet the often-complex learning needs of students. This has led to the development of a toolkit to support educators in their role which has been trialed and rolled out internationally.

SECTION 2: Public Benefit (*continued)*

DECENT WORK, ECONOMIC GROWTH AND INNOVATION

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

The University is a major employer in Worcestershire, directly employing over 1,807 staff and 1,101 students in a wide range of roles. We offer competitive rates of pay and good employment benefits. Our combination of flexible working arrangements, competitive annual leave and a high-quality nursery on campus help our staff to maintain a positive work-life balance.

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

The University committed to offering re-skilling opportunities for the many hundreds of thousands of people abruptly displaced from their industries by the pandemic, including the launch of new courses.

SUSTAINABLE CITIES AND COMMUNITIES

We have deliberately chosen to develop our estate inclusively, creating buildings that are conducive to co-operation and success. The opportunity to study at The Hive, Europe's first integrated university and public library, is a day-to- day encouragement to active citizenship and learning.
By opening our facilities in imaginative ways for the public benefit, we encourage cohesion and contribute to our community becoming even safer, stronger and more engaged.

Hive Library	**2020/21**
Total number of visits	110,028
Teenage library membership	10,015
Number of children and adults participating in community events	2,254
Number of people attending public lectures	1,098

Read the UPP Foundation Civic University Report: Hive case study

Final report

SECTION 2: Public Benefit (*continued)*

Student Representation

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

Student participation and representation	**2020/21**
Number of student representatives	364
Number of student volunteering hours	3,141
Number of student societies	49 @ Dec 2020, 28 @ July 2021

CLIMATE ACTION AND RESPONSIBLE CONSUMPTION

Worcester is a leader in sustainability and climate change research, teaching and engagement. Our campus is a living laboratory for developing, testing and implementing solutions that enhance the health of people and planet. Community engagement campaigns, such as projects to improve energy efficiency in student housing, car share schemes and sustainability conferences for young people, focus on using our campus to incubate new ideas and replicable models for change.

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

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

In November 2019 Worcester was named Sustainability Institution of the Year in the UK Green Gown Awards, which recognise exceptional sustainability initiatives by universities and colleges and best practice within the further and higher education sector and went onto be Highly Commended by the United Nations in the International round of the Awards. In 2020, Worcester was named joint winner of the Reporting with Influence category of the Green Gown Awards and is currently a finalist in the Benefitting Society category of the 2021 awards, based on a recycling initiative working with local schools.

Read more

University of Worcester Highly Commended in international environmental awards

People and Planet University League Table

SECTION 2: Public Benefit (*continued)*

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

- Professor Mahmut Tor and his team of researchers, funded by the Biotechnology and Biological Sciences Research Council among others, are undertaking research in close collaboration with growers, seed companies and food distributors to develop more resilient crops without the need for the widespread use of pesticides.
- Dr Duncan Westbury, through a series of funded PhD studentships, co-funded by the University, Waitrose and fruit growers, has demonstrated the efficacy of using wildflower strips in fruit orchards to improve pollination and increase the presence of natural predators thus reducing the need for more invasive crop protection. The approach they have developed has been adopted by growers in a number of contexts but is also feeding into Natural England's new agri-environment policy.
- Dr Alan Dixon has engaged in research, co-funded by the University and the Global Challenges Research Fund, exploring how farmers in sub-Saharan Africa can sustain a livelihood in the wetlands whilst maintaining the wetlands eco-systems. This research has fed into the practice of the farmers themselves, the support and guidance provided by NGOs and charities in Ethiopia and Malawi and into government policy on wetland management.

SECTION 3: Financial Management and Sustainability

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

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

RESULTS FOR THE YEAR

The 2020/21 consolidated financial statements show a reasonable financial position for the University, with a surplus of £2.9m (2020: £3.7m). The surplus has reduced slightly from the previous year, which was expected, due to the on-going challenges as a result of the pandemic. The surplus (before other gains and losses) reduced quite substantially from £1.5m in 2019/20 to a deficit of £(0.3)m in 2020/21. This was a result of a variety of factors such as: reduced income from student accommodation due to refunds issued, cancelled conferences and events, lower research income; combined with additional student hardship bursary payments and increased costs associated with IT hardware and software. The consolidated results shown in the accompanying financial statements consist of the main University and its trading subsidiaries, U W Developments Limited, U W Enterprises Limited and UW Worcester Wolves Limited.

U W Developments Limited is the entity through which the University manages its significant capital development projects. Following the Development Agreement with the University, which was signed during 2016/17, the Company has now completed the construction phase on the Himbleton Road Townhouse Development project and the site, named Mary Seacole House, is fully operational with students in residence. No new trading activity took place during the year, the only activity was the settlement of creditor balances.

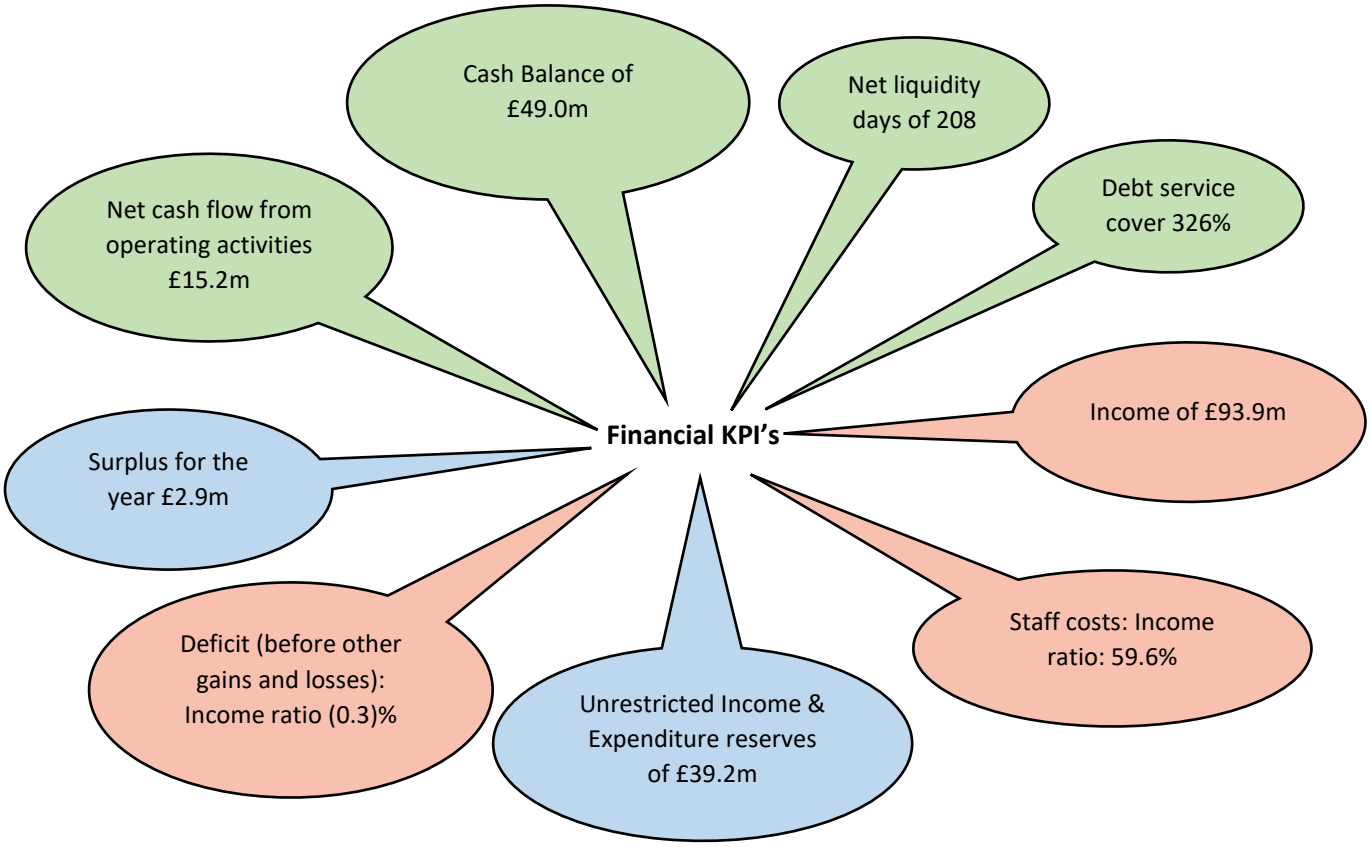
U W Enterprises Limited is the entity through which the University's commercial activities are channelled. Following a steady decline in full commercial trading, the University made the decision a few years ago that the on-going minimal amount of trading relating to the National Pollen and Aerobiology Research Unit would be filtered through the University, rather than the subsidiary company due to its links to educational services. This decision will be reviewed in the future if commercial trading activity increases, however for the year ending 31st July 2021 no trading activity was undertaken. There is a longer-term intention for the Company to be utilised for the employability of students, which will be further investigated during 2021/22.

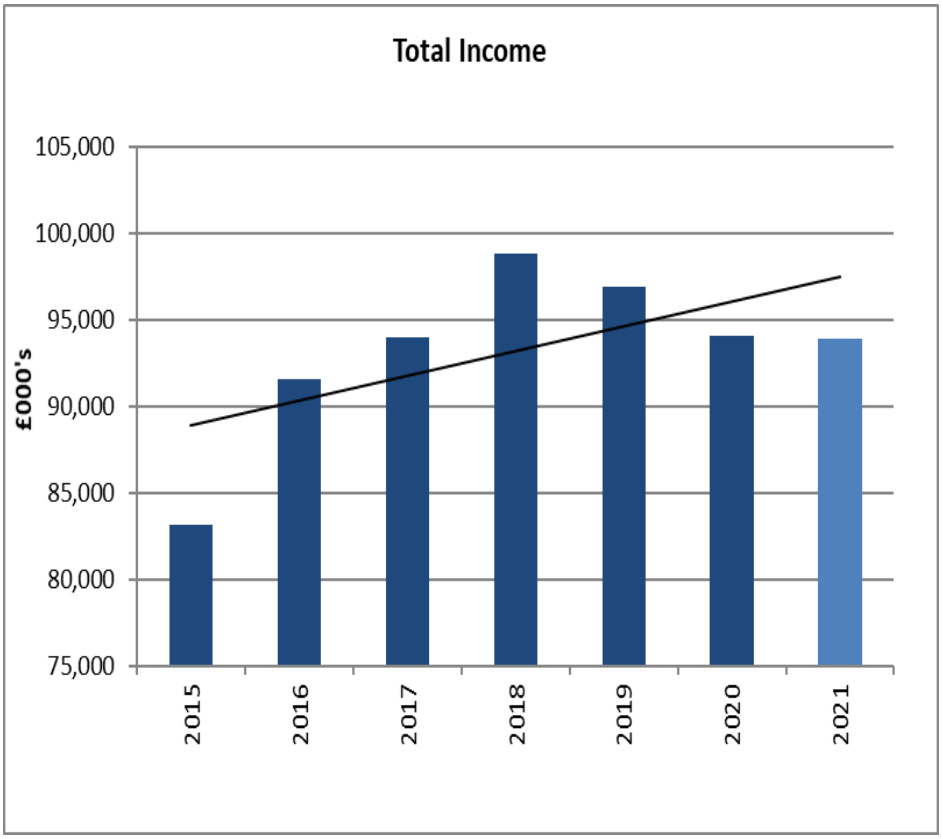
UW Worcester Wolves Limited is a 100% subsidiary company of U W Enterprises Limited. The principal activity of the company is the running and operating of a professional basketball team, in which the main team plays in the top league in the UK, the British Basketball League (BBL), and who are based at the University of Worcester Arena. In addition, the company supports the activities of other basketball teams and activities in the University and the Worcester region. Despite the fact that the season took place 'behind closed doors', for the year ending 31st July 2021 the Company produced a profit due to Government COVID-19 pandemic support funding and also the continued support of the University of Worcester and local external sponsors.

Following a strategic review of the company's operations, the decision has been made to no longer enter a team in the British Basketball League (BBL) and instead focus the company's operations on strengthening the grassroots activities. The COVID-19 pandemic brought about new challenges for the Company, in relation to social distancing at public sporting events, along with a more difficult environment to obtain sponsorship income, and it was felt that the BBL team was no longer financially viable and therefore the Club have given notice to the BBL to withdraw from the league.

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

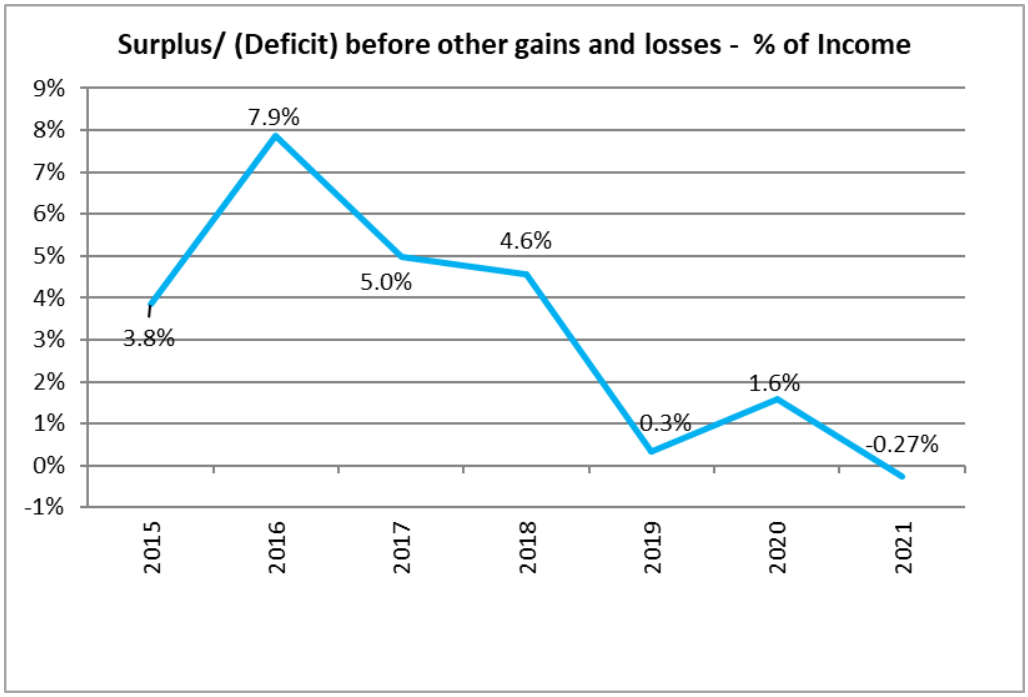
A visual summary of the financial Key Performance Indicators (KPI's) used by the University are shown below. The results of which relate to the actual performance during the year:





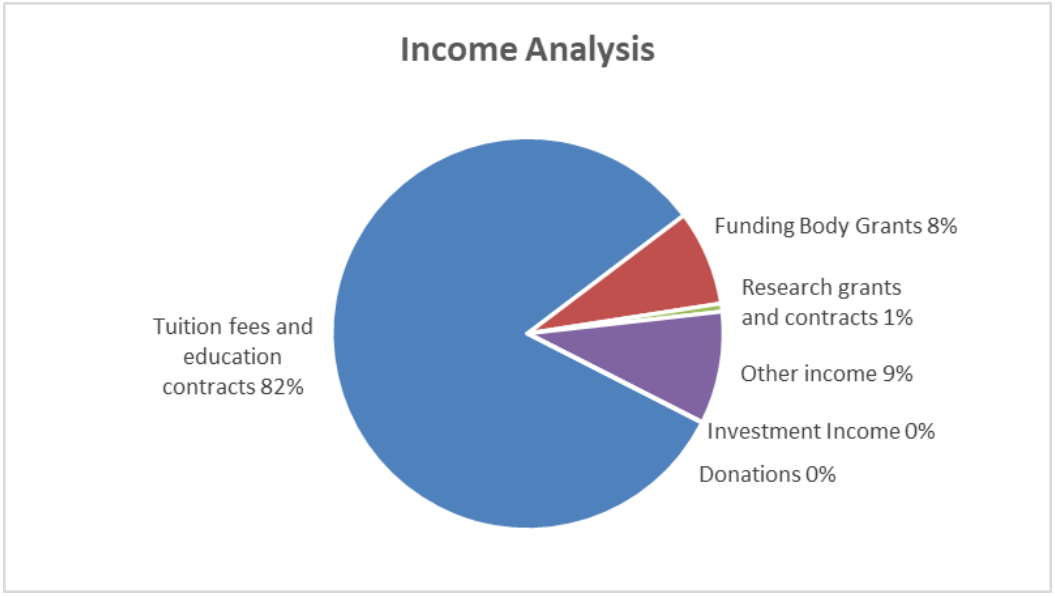
2020/21 saw a further slight reduction to the University's income, mostly attributable to the University's response to the COVID-19 pandemic. The University believed that it was the right policy to continue to refund students for their accommodation once they had decided to leave the residences at the commencement of the national lockdown. A similar policy continued to be adopted for other ancillary areas with refunds on car parking and gym membership. Catering and conferencing income also continued to be lower. Overall, the University's other income sources were over £3m lower than pre-pandemic levels (being 2018/19). The University did continue to take advantage of the Governments Furlough Scheme, with income of £0.2m being received.

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



For the first year in many, the level of surplus (before other gains and losses) has reached a deficit position. The fluctuations between years is due to elements of non-recurrent income and differences relating to the movement of pension liabilities.

There are currently many financial challenges facing the Higher Education sector ranging from the after effects of the COVID-19 pandemic, to Government policy relating to tuition fees, to the on-going cost burden of the Defined Benefit pension schemes. Against this backdrop of uncertainty the University continues to prepare prudent financial forecasts, maintain rigorous cost control activities, and focuses on maintaining a healthy level of cash reserves to allow it to 'weather any unforeseen storms' and exploit any opportunities as they arise, such as the development of the Three Counties Medical School. Nevertheless, noting that the landscape in which the University operates does frequently change, then the Board and the University Management regularly review the forecasts and budgets to ensure the on-going financial sustainability of the University.

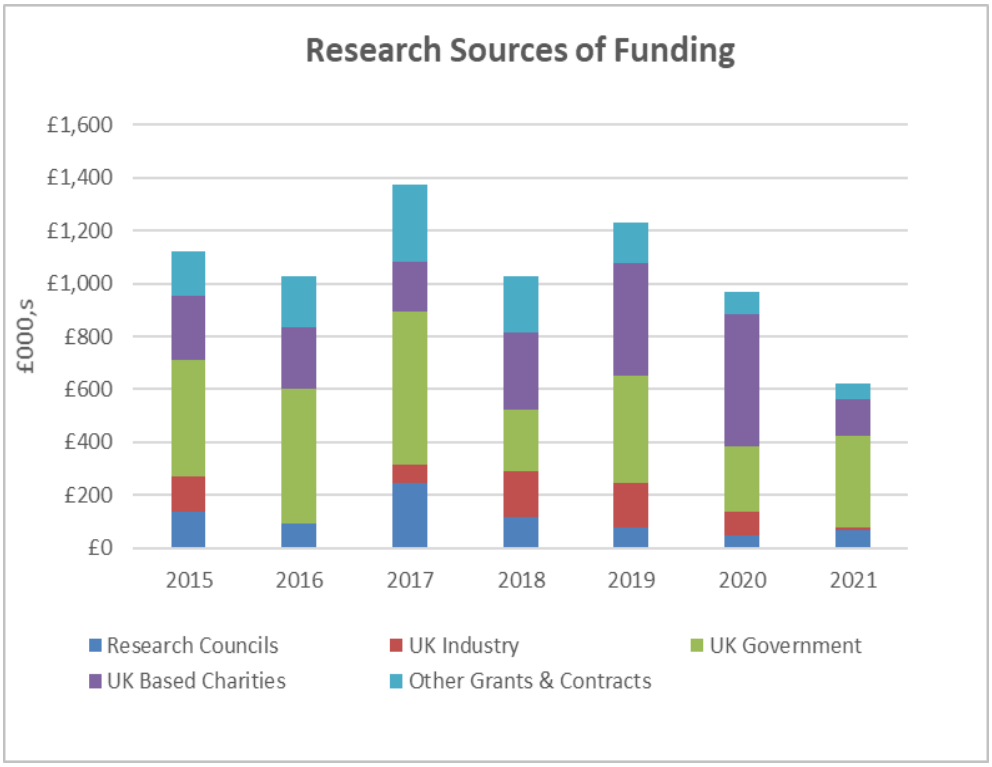


Analysis of the 2020/21 financial results shows the majority of income continuing to be received directly from tuition fees, as shown in the chart on the left. Student fees continue to represent over 80% of total income.

The percentage of other income continues to fall, which is a direct result of the reduced level of accommodation and conferencing income during the pandemic. In 2018/19, prior to the pandemic, other income represented 12% of total income. It is anticipated that in the coming years this income proportion will rise again to help diversify the University's income sources.

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

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

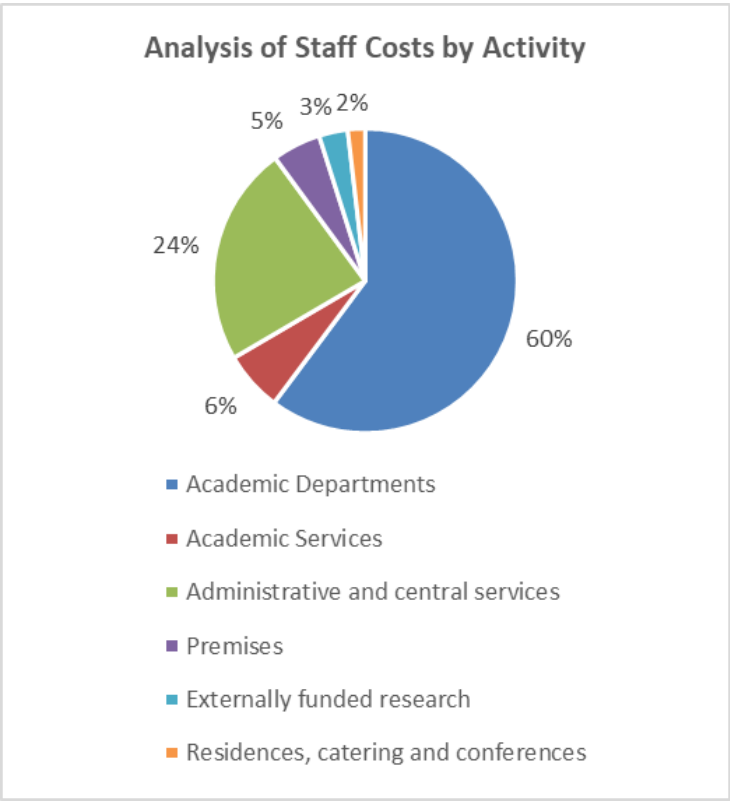


Research income decreased in 2020/21 from £1.0m to £0.6m. This continued reduction is mainly due to COVID-19 related delays as some projects did not progress as planned and hence income could not be recognised as initially planned. An element of the University's deferred income, at the year-end, relates to research contracts for which cash has been received, however full contract conditions have not yet been achieved due to the stated timescales of the projects, therefore the income cannot be disclosed in 2020/21. This income will be released in future years as each project progresses.

The chart above shows the analysis of research related income over the past seven years.

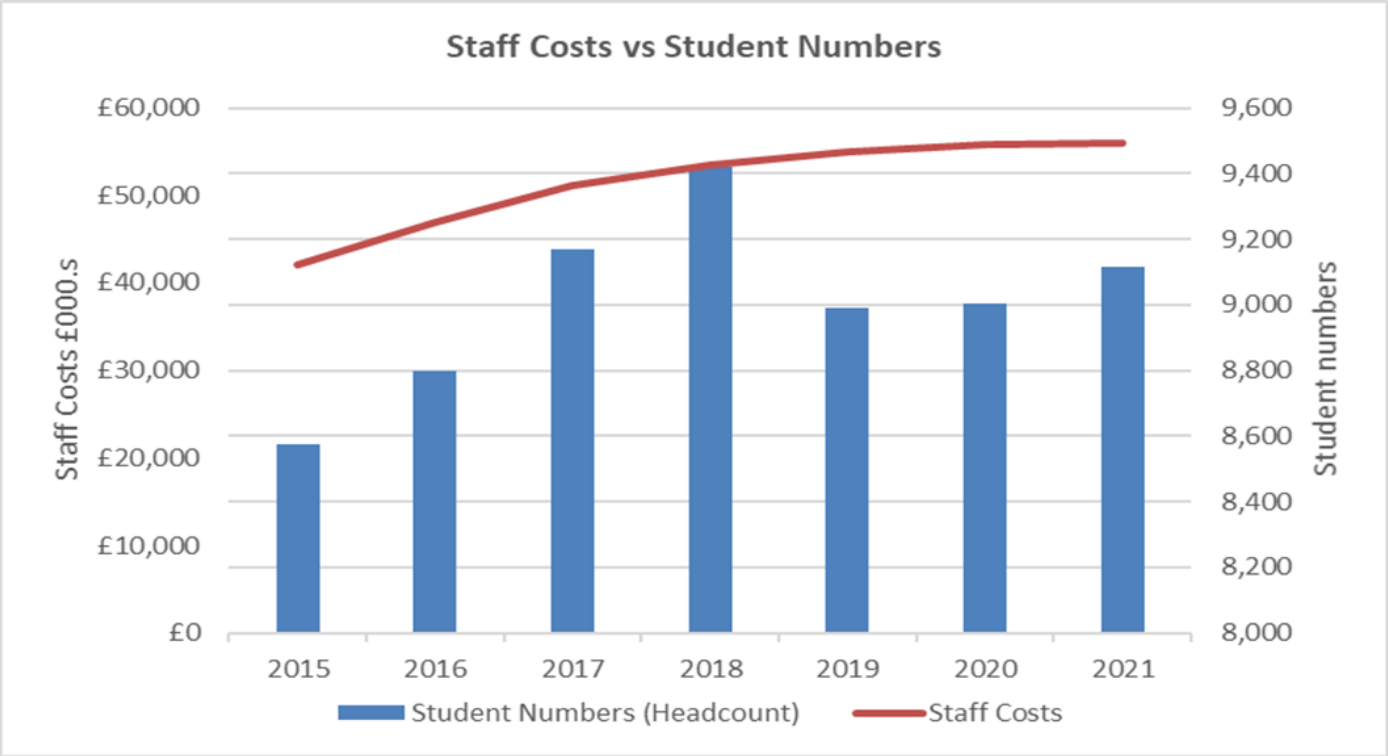
Total expenditure increased in the year by £1.6m (1.7% year-on-year increase) to £94.2m (2020: £92.6m). Staff costs remain the University's largest area of expenditure and have risen slightly by £0.1m (0.2%) to £55.9m (2020: £55.8m). The ratio of staff cost: income has increased slightly to 59.6% compared with the previous year (2020: 59.3%) and the pressure of maintaining appropriate staff numbers to ensure high levels of student satisfaction, against the on-going increases in pension contributions is a major challenge. However, so far, the University has avoided the need for any large-scale redundancy activity and continues to assess all the ways that the cost burden can be controlled as efficiently as possible.

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



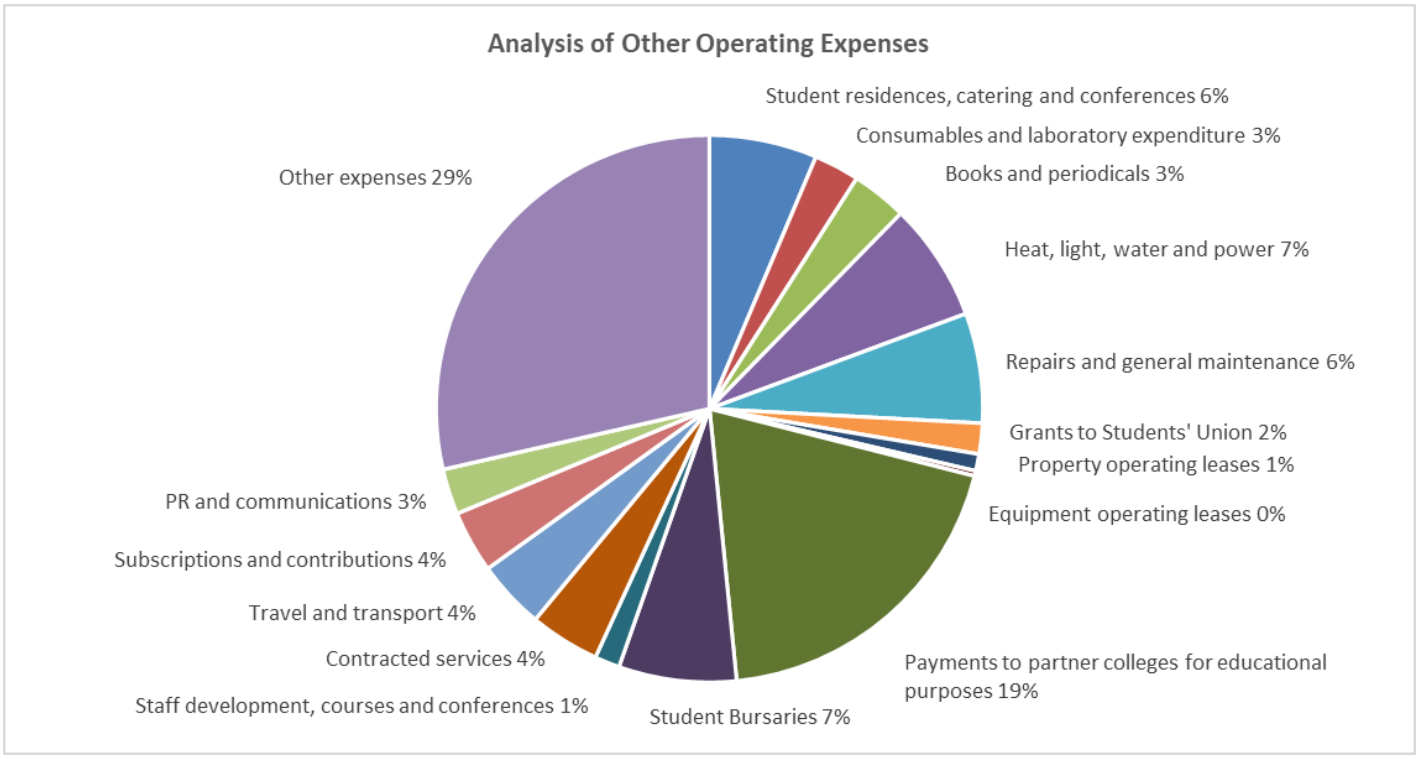
SECTION 3: Financial Management and Sustainability *(continued)*

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



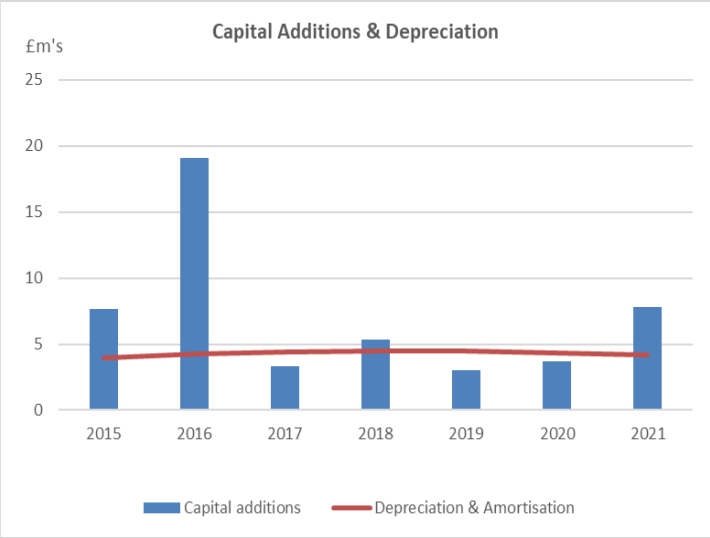
Other operating expenses increased from £28.2m in 2019/20 to £29.9m in 2020/21. This increase was expected as the previous year saw several cost savings as a result of the COVID-19 pandemic. Prior pandemic levels of other operating expenses were approx. £33m therefore the University has continued to achieve some costs savings and will strive to maintain costs at this sustainable level in the future, despite the on-going challenge of inflation.

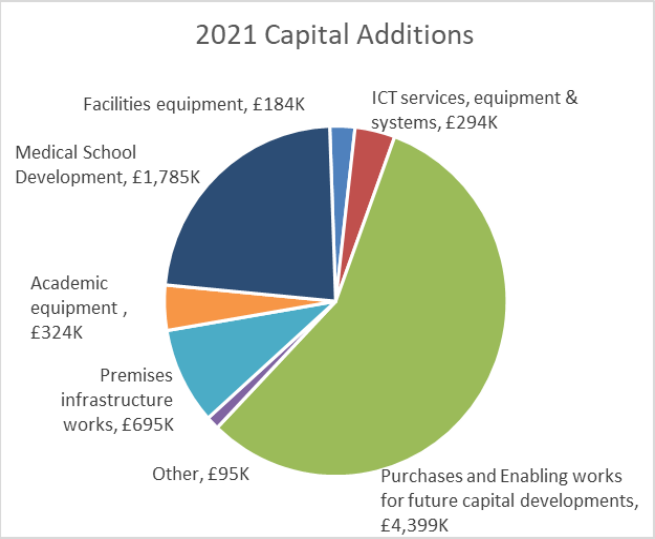
Further details of this are shown in Note 9. The breakdown of the total other operating expenses for the year is shown below:



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

The depreciation and amortisation charge has remained consistent year-on-year. The level of capital investment during the year is higher than that of the previous year, which is due to the on-going capital project relating to the new Three Counties Medical School along with works relating to the new International Inclusive Cricket and Education Centre (IICEC). As these projects continue to progress further increased capital investment will be made in the coming few years.





The University Group balance sheet showed a healthy position with net assets at £49.1m (2020: £41.7m). The main aspects of this were total non-current assets of £156.7m mostly relating to the physical estate of the University and associated equipment, along with the remaining parcel of investment land held at University Park.

Net Current assets reduced substantially from £38.3m to £15.9m, as a result of the current outstanding Barclays Tranche C loan, now being classified as a current liability. This classification will change in the coming year as Barclays have now agreed to continue their support of the University by providing the full rollover of the £23.4m Tranche C loan for a further period of up to five years.

- Trade and other receivables £4.2m (2020: £4.2m)

The total value of trade and other receives has remained consistent, however within this, there has been a reduction due to the University now receiving the final instalment relating to the investment land sale. The level of trade debtors at the end of this financial year, when excluding the element relating to the land sale, was just under £2.8m, which is higher than that of the previous year (2020: £1.7m). The University's credit control processes remain strong, which has resulted in a continued low level of student debt at the year-end. Prepayments and accrued income was £1.4m compared to £1.2m the previous year.

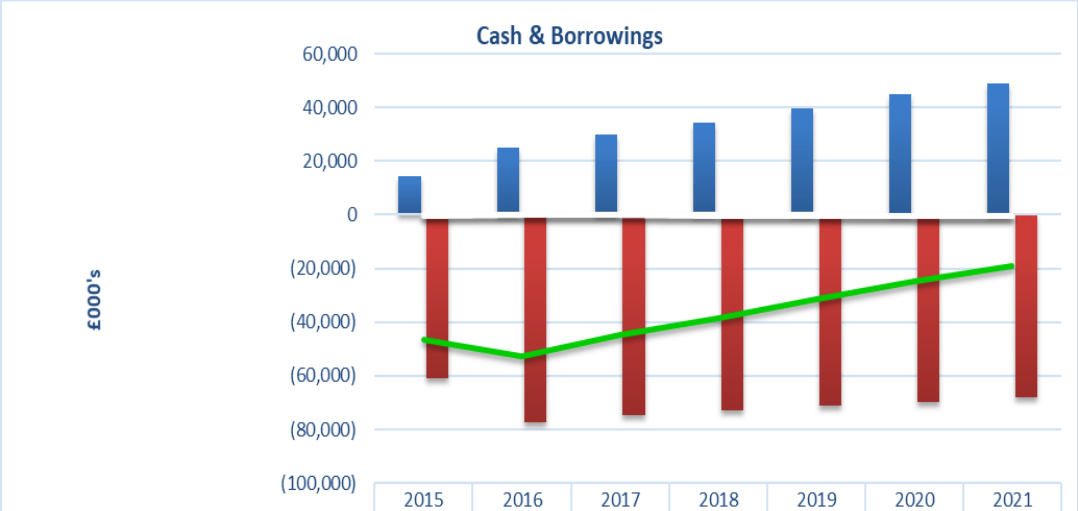
- Creditors (amounts falling due within one year) £(37.3)m (2020: £(11.0)m)

The creditor balance has increased substantially compared to that of the previous year due to the reclassification of the Barclays Tranche C loan mentioned above. Tax, social security, and pension payments, relating to July, were paid before the end of the financial year, as was the case the previous year. Deferred income in relation to research contracts, capital grants and student tuition and accommodation fees increased from £2.1m to £2.5m, mainly due to an increased level of tuition fee income relating to 2021/22. This income will be released in the coming year upon entitlement to the income. Trade creditors increased from £0.4m to £0.6m, mainly due to a short delay in making payments over the year end period due to a system issue.

Longer-term liabilities are related to loan borrowings, the Hive finance lease and government deferred capital grants, which will be released to income from 2022/23 onwards.

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

The total bank loan drawn down as at 31st July 2021 remained at the full £80.0m although some has been repaid, (with the remaining long-term creditors relating to other funding connected to the Hive). This was consistent with the overall investment strategy of the University, with the borrowings used to successfully fund the expansion in the physical estate of the University and facilitate the substantial increase in both student numbers and resulting income which has been the case for the past few years. The intention is that the unused cash balance from the final loan drawdown will be invested in the coming years in the continuation of development projects.



	2015 £000's	2016 £000's	2017 £000's	2018 £000's	2019 £000's	2020 £000's	2021 £000's
Investments & Cash	14,533	24,829	29,840	34,209	39,673	44,839	49,017
Borrowings - Gross	(60,948)	(77,583)	(74,636)	(72,729)	(71,200)	(69,770)	(68,227)
Borrowings - Net	(46,415)	(52,754)	(44,796)	(38,520)	(31,527)	(24,931)	(19,210)
Gross Borrowings as % income	73%	85%	79%	74%	73%	74%	73%
Net borrowings as % income	56%	58%	48%	39%	33%	27%	20%

Most of the borrowings are due for repayment over a considerable number of years and the Board of Governors is satisfied at the University's ability to meet these repayments together with the associated interest charges as they fall due. The financial performance in the year ended 31st July 2021 meant that all bank and related covenant tests were again comfortably achieved. Further information on the loan repayments is shown in Note 19.

Provisions for liabilities

The University has accounted for several provisions in relation to the different pension scheme, along with some legal costs. The overall pension liability provision as at 31st July 2021 remained at £(62.5)m which includes the University's liabilities relating to the Worcestershire Local Government Pension Scheme (WLGPS), the liability to fund the pension deficit regarding the University's Superannuation Scheme (USS), and the on-going provision regarding past early retirement benefits. The performance of WLGPS assets during the year was very positive, however, the substantial increases in the schemes liabilities, meant there was an overall increase to the fund liability of £0.2m, from £(61.6)m to £(61.8)m. The year-end adjustment to the current service cost was as expected, resulting in a charge to the Income and Expenditure Account as per previous years following the introduction of FRS102. In relation to the University's element to fund the USS deficit liability, a small benefit was shown in year. Further details on this are shown in Note 26. The continued increase in pension costs for the University remains a concern and is a key factor in the long-term financial planning of the University.

Consolidated Cash flow

The cash inflow for the year from operating activities was £15.2m (2020: £12.0m). This cash inflow was partly used to invest in £7.8m capital expenditure and to service the loan facility (£2.9m interest and £1.5m loan repayments), with the balance of operational cashflow together with the proceeds from investment asset disposals resulting in an increase in bank balance of £4.2m. This very encouraging cash generation, against the backdrop of the COVID-19 pandemic, highlights how successfully the University management controlled the cash position, and accordingly the relevant covenants with the University lenders were comfortably achieved.

SECTION 4: Infrastructure Development Programme

The University's infrastructure development programme has continued throughout the Covid-19 pandemic with the continued development of the Health, Wellbeing and Inclusive Sport Campus on the University's landholdings alongside the River Severn in the City Centre. The site is already the home of the University's Arena and Riverside Building, which provides a range of teaching and social learning spaces. These facilities will be added to over the coming two – three years with the refurbishment of the former Berrows House to create a new Centre for Medicine, Health and Wellbeing (CMHW), the construction of the International Inclusive Cricket Education Centre (IICEC) and the development of the campus infrastructure.

The main focus of the University's work on the development of the new campus in 2020/21 has been the refurbishment of the former Berrows House building, previously the home of the Worcester News to create the new CMHW. The building was acquired by the University in 2019/20 and planning permission for the refurbishment work was awarded in April 2021. The refurbishment will create a versatile and modern teaching environment for student doctors, physician associates, nurses, midwives, and other health professionals. Facilities will include a range of teaching rooms, an Anatomy lab, and a suite of 12 GP/Medical/Health consultation training rooms which will be used as part of the students' education and training as well as providing a resource for community health and wellbeing. Stepnells Ltd commenced the refurbishment work on site in May 2021 and it is anticipated that the building will be completed in December 2022.

The co-located Garage, currently used by Art students, who are relocating to the City Campus, will be repurposed for the training of students in Occupational Therapy, Physiotherapy and Sports Therapy. These two buildings will form the centre of the new Health Hub.

The University has over a number of years acquired the majority of the land holding on the former industrial estate and in 2020/21 acquired a significant site fronting on to the Hylton Road which provided the opportunity to start the development of the wider campus infrastructure. The campus infrastructure plans include the development of an internal roadway, pedestrian, and wheeled routes, with the latter providing easy, shorter and more accessible connections through from the City Centre to the St John's area of the City and the University's St John's Campus. The plans also include car parking, including 100 electric vehicle charging points and extensive storage for cycles. Whilst these facilities are important for the development of the new campus the primary objective of the infrastructure development is to create a campus which provides its users opportunities to improve their health and wellbeing. Therefore, the plans include a number of green areas both for social and quieter activities and a health, wellbeing and recuperation route. The latter is being designed to take advantage of the existing changes of level within the site and provide opportunities for exercise not only for staff and students but also for the wider community, especially through advice and support to be provided by the Health Hub. This innovative approach has resulted in the University being successful in obtaining matched funding from the government's Getting Building Fund. A planning application for the infrastructure works was submitted in July 2021 and the planning decision is pending.

The new International Inclusive Cricket Education Centre (IICEC) is the third significant component of the development of the new Health, Wellbeing and Inclusive Sport Campus. Work has continued during 2020/21 to develop the proposals for the new facility which will provide extensive indoor training space for all forms of cricket from elite to community and will also incorporate specific training space for disabled cricket including for those with visual impairments. Visually impaired cricket is played using hearing rather than sight and therefore requires an acoustically specialist facility. The England Cricket Board, Worcestershire Cricket Board, Worcestershire County Cricket Club and the Lord's Taverners have all been deeply involved in developing the plans for this significant strategic project to promote inclusion in sport and society. It is envisaged that the IICEC will become the home of England disability cricket and that Worcester and Worcestershire will regularly host national and international tournaments during the cricket season and training camps all year round as well as providing a top quality, inspiring inclusive facility for the community. The planning application for the new facility was submitted in July 2021 and a decision is pending.

SECTION 4: Infrastructure Development Programme *(continued)*

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

SECTION 5: Staff

AN INCLUSIVE COMMUNITY FOR HIGH ACHIEVING STAFF

The University's long-term commitment to equality and inclusivity is reflected in our Gender Pay Gap data: https://www.worcester.ac.uk/about/university-information/. The data demonstrates that female employees are well represented at all levels of the University and is indicative of the University's inclusive approach in all areas of work and the value it places on female employees at all levels.

TRADE UNION FACILITY TIME APRIL 2020- MARCH 2021

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

The information below is for the period **1 April 2020 to 31 March 2021**.

Relevant union officials:

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

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
17	15.82

Percentage of time spent on facility time:

The number of employees who were relevant union officials employed during the relevant period spent the following percentage of their working hours on facility time.

Percentage of time	Number of employees
0%	-
1-50%	17
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£13,045.00
The total pay bill	£58,089,797.00
The percentage of the total pay bill spent on facility time	0.02%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours = 31.61%

SECTION 6: Corporate Governance Statement

The following statement is given to assist the readers of the financial statements in obtaining an understanding of the Governance procedures applied by the University's Board of Governors.

Compliance

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

- in accordance with the seven principles identified by the Committee on Standards in Public Life (the Nolan Principles) namely: selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
- in compliance with the CUC Higher Education Code of Governance, published in September 2020.

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

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

The University is registered with the OfS as a higher education provider with degree awarding powers.

Summary of the University's Structure of Corporate Governance

The Governance structure of the University is specified in the Instrument and Articles of Government approved by the Privy Council in October 2016 which sets out the responsibilities of the Board of Governors, the Academic Board, and the Vice Chancellor in managing and overseeing the University's activities. The Instrument and Articles of Government were reviewed and updated during the 2020/21 academic year with revisions formally approved by the Board of Governors on the 6th July 2021, a copy has subsequently been lodged with the OfS.

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

In line with the Articles of Government, the Board of Governors holds itself responsible:

- for the determination of the educational character, mission, strategy and reputation of the University and for oversight of its activities;
- for the effective and efficient use of resources, the solvency of the University and the Corporation and for safeguarding of its assets;
- for the approval of annual estimates of income and expenditure and the annual report and accounts;
- for the appointment, grading, appraisal, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts, including the Vice Chancellor; and
- for setting a framework for the pay and conditions of all other staff.

Matters specifically reserved to the Board of Governors for decision are set out in the University's Schedule of Delegation. The Board is in receipt of regular reports from the University's senior management on the day-to-day operation of the University and its subsidiary companies.

The Board of Governors meets formally five times during the academic year and is supported by a sub-committee structure comprising the: Audit Committee, Nominations & Governance Committee, Finance & Development Committee, HR Committee, Remunerations (VC & Chief Executive) Committee and Remunerations (Senior post holders) Committee. All sub-committees operate with agreed terms of reference, with independent governors in

SECTION 6: Corporate Governance Statement *(continued)*

the majority, one of whom is designated as Chair. The major sub-committees meet formally between three and five times a year, all sub-committees report formally to the Board in writing.

Due to the Covid-19 pandemic the Board and its Committees moved to meeting virtually for the whole of the 2020/21 academic year. The agenda for the Board meetings was split across two sessions on two days within the same week thereby ensuring all normal business, plus additional business in relation to Covid-19, could be discussed and making the length of the virtual meeting more manageable for members. Whilst the use of virtual meeting tools has been welcomed by the Board, there remains a desire to meet in person to provide for better team building and informal discussion. The Board was pleased to hold its first in person meeting in July 2021.

In 2019/20 the Board of Governors established a Board Business Continuity Group which continued to meet during 2020/21. The purpose of the group is to provide a forum for accountability for the Vice Chancellor and senior management team. During 2020/21 the Board Business Continuity Group met twice, with full reports submitted to the Board at the next available meeting.

Audit Committee

The Audit Committee meets four times a year, with the University's External and Internal Auditors in attendance. The University appointed BDO as its External Auditors in 2017/18 and KPMG as its Internal Auditors in 2019/20. The Committee members meet with the auditors on their own for at least one independent discussion per annum. During 2020/21, one 'in camera', session of this type was held with both the internal and external auditors.

The Committee membership includes three independent members appointed by the Board of Governors, none of whom are members of Finance & Development Committee. The membership also includes two co-opted Committee members, one with relevant finance and accounting experience, as well as student and staff governors in an observer capacity. Members of the University's senior management team attend the meetings, but they are not members of the Committee. The Committee also invites senior managers to attend its meetings to present and discuss reports.

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

The Committee has a responsibility, under the University Risk Management Policy, and reporting to the Board of Governors, for oversight of the University's risk management arrangements. It reviews the University's Risk Register twice a year and reviews the Risk Management Policy and Risk Appetite Statement annually. As a result of the Covid-19 pandemic in 2019/20 a Covid-19 Risk Register was introduced, with an update provided to each meeting of the Committee during 2020/21. The Covid-19 Risk Register was subsumed into the Strategic Risk Register at the end of 2020/21.

During the course of its work the Committee also receives regular reports on the University's Procurement function (including value for money), the Whistleblowing Policy and Sustainability Policy. It also considers the Students' Union's Annual Accounts and approves the annual TRAC Return. In addition, in 2020/21, the Committee approved a new Counter-Fraud Policy and adopted Data Assurance and Fraud Assurance Maps.

In 2020/21 the Committee adopted the CUC HE Audit Committee Code of Practice and undertook a review of its own Effectiveness.

The Committee presents an Annual Report to the Board of Governors that is part of the annual assurance process required by the OfS, which is considered by the Board of Governors alongside the Annual Opinion Statement of the Internal Auditors. The Annual Report of the Audit Committee includes an assurance on the quality of the University's data management and the accuracy of data returned to external agencies.

SECTION 6: Corporate Governance Statement *(continued)*

Finance & Development Committee

The Finance & Development Committee meets five times during the year. Membership is primarily of independent members with staff and student members as governor observers. Members of the senior management team also attend.

The Committee reviews in detail the University's Budget, Financial Forecasts and Accounts, prior to formal approved by the Board of Governors. The Committee monitors the in year financial performance in relation to the Budget and relevant financial performance indicators.

On behalf of the Board, the Committee monitors the development and implementation of strategic projects approved by the Board. During 2020/21 these included the continued development of the Severn Campus into a Health, Wellbeing and Inclusive Sport Campus and the progress of the Three Counties Medical School through the GMC accreditation process.

Nominations & Governance Committee

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

Membership of the Committee comprises the Chairs of the Board and Committees and a Student Governor, normally the President of the Students' Union.

In 2020/21 the Committee oversaw the implementation of the Action Plan arising out of the Board's Review of its Effectiveness in 2019/20. This included a review of the composition of the Board's membership, review and updating of job descriptions and person specification for the Chair and Vice Chairs and a significant review and update of the Instrument and Articles of Government. The revisions will allow, from 2021/22, student and staff governors to be full members of Committees.

The Committee also oversaw a recruitment campaign for new Independent Governors, which sought to diverse the Board and was promoted through targeted social media channels. As a result of the campaign five new independent governors have been appointed from diverse backgrounds. The Committee has also overseen succession planning for the Chair and Vice Chair with a Chair Elect appointed for 2021/22, who will take up the position of Chair in 2022/23.

HR Committee

The HR Committee met twice in 2020/21; its membership has a majority of independent members with staff and student members as observers. The HR Committee oversees the development and implementation of the human resources strategy and receives reports from the Director of HR and also the Health, Safety and Wellbeing Committee.

The Committee keeps under review national arrangements for pay bargaining and makes recommendations to the Board on the appropriateness of the University's continued participation in the national bargaining arrangements. The Committee reviews the profile of University staff by key contractual groups, staffing and recruitment trends and the number engaged in CPD and staff development activities. The Committee, as does Finance & Development Committee, maintains a watching brief on the current situation in relation to the various pension schemes operating in the University.

In 2020/21 the terms of reference for the Committee were reviewed and expanded and the Committee, from 2021/22, will be recast as the People and Culture Committee with an increased focus on equality, diversity and inclusion matters.

SECTION 6: Corporate Governance Statement *(continued)*

Remuneration Committee (Vice Chancellor and Chief Executive)

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

In 2020/21 the Committee met on one occasion to discuss the remuneration of the Vice Chancellor, who is not a member of the Committee and was not present. The Vice Chancellor's remuneration is reported later in this document in the format, and with the justification, as required by the OfS in its Accounts Direction.

Remuneration Committee (Board Appointees)

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

The Committee met once in 2020/21 to discuss the remuneration of the Board appointees and the Vice Chancellor was in attendance as an adviser.

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

Academic Board

Subject to the overall responsibility of the Board of Governors, the Academic Board has oversight of the academic affairs of the University and draws its membership from the staff and students of the University. The Academic Board is particularly concerned with general issues relating to the learning, teaching and research work of the University. An independent member of the Board of Governors attends meetings of the Academic Board, in an observer capacity, an arrangement which has existed since 2005. The Board of Governors receives a written report from each meeting of the Academic Board and receives regular reports from the Deputy Vice Chancellor and Provost, who is Chair of Academic Board, on the academic business and governance of the University. The Board of Governors receives an annual report from the Academic Board on the quality of academic provision and the student experience in order to be generally assured and able to verify the required statements in the OfS Annual Accountability Return.

Additional Governance Matters

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

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

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

SECTION 6: Corporate Governance Statement *(continued)*

Statement of Internal Control

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

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

A Strategic Risk Register is maintained, which is presented on a six-monthly basis to the Audit Committee and the Board of Governors for approval. In addition to the Strategic Risk Register, and departmental operational risk registers, separate and detailed risk registers are maintained for key capital developments including the Three Counties Medical School project, as well as Cyber Security. Risk assessments are also undertaken alongside any proposals for major new partnerships.

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

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

Board of Governors' Responsibilities Statement

In accordance with the Education Reform Act 1988, the Board of Governors is responsible for oversight of the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and which enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the SORP on Accounting in Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of a Memorandum of Assurance and Accountability agreed between the OfS and the Board of Governors of University of Worcester, the Board of Governors, through its Accountable Officer, the Vice-Chancellor, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Board of Governors has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and accounting estimates are made that are reasonable and prudent;

SECTION 6: Corporate Governance Statement *(continued)*

- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on a going-concern basis unless it is inappropriate to presume that the University will continue in operation.

The Board of Governors is satisfied that it has adequate resources to continue in operation for the foreseeable future; for this reason, the going concern basis continues to be adopted in the preparation of the financial statements, full details of the board's consideration and conclusions on going concern can be found in the going concern section on page 39.

The Board of Governors has taken reasonable steps to:

- ensure that funds from the OfS, UK Research and Innovation (UKRI) and the Education and Skills Funding Agency (ESFA) used are used only for the purposes for which they have been given and in accordance with the memorandum of assurance and accountability with the OfS and any other conditions which the OfS or other public funding bodies may from time to time prescribe;
- 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 to prevent and detect fraud; and
- secure the economical, efficient and effective management of the university's resources, income and expenditure.

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of and the authority delegated to the leadership team of the University group;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- monthly reviews of financial results involving variance reporting and updates of forecast outturns;
- comprehensive financial regulations, detailing financial controls and procedures, approved by the Board of Governors;
- a professional internal audit service, under contract from a major accounting firm, whose annual programme is approved by the Audit Committee. Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material mis-statement or loss.

Governance Developments in 2020/21

The Board of Governors, having reviewed its practice against each of the six elements, adopted the new CUC Higher Education Code of Governance published in September 2020. The Audit Committee also reviewed its practice against the new CUC HE Audit Committees Code of Practice and adopted the Code. The Audit Committee also undertook a review of its Effectiveness during 2020/21.

During 2020/21 the Board significantly progressed the actions arising out of the Review of Effectiveness in 2019/20. Substantive work included the review and updating of job descriptions and person specifications for the Chair and Vice Chairs, review of the Board's composition and a major review of the University's Instrument and Articles. This work was undertaken through a range of workshops with members of the Board of Governors.

As part of the work arising out of the Review of Effectiveness the Board of Governors has considered succession planning for the Chair and Vice Chairs, as well as Chairs of the Committees. A Chair Elect has been appointed for 2021/22, who will take up the role of Chair in 2022/23.

SECTION 6: Corporate Governance Statement *(continued)*

Going Concern

In preparing the financial statements, the Governors have considered going concern. Financial sustainability was already a key foundation for the Strategy but has become a more significant focus in the light of COVID-19. This involved a forecast covering the period 1st August 2021 to 30th November 2022 including an assessment of the opportunities, risks and mitigating actions should the University's financial performance be unexpectedly worse than the forecasts. The University has already taken a series of actions to ensure financial sustainability. The negative impact on income in 2020/21 including the University refunding accommodation fees back to students, was offset by reductions in expenditure, capital investment was deferred, and cash reserves increased to prepare for 2021/22. In addition, the University has comfortably, once again, achieved all its bank covenants with significant headroom.

A detailed cash flow forecast for the period 1st August 2021 to 30th November 2022 has been produced. 82% of the total income for the current financial year relates to tuition fees and therefore modelling has primarily focused on both student enrolments and student retention. The current forecast model has not factored in any mitigating circumstances such as reducing operating expenses, delaying the maintenance work forecast for the summer of 2022, deferring capital expenditure, or seeking additional borrowing. The forecast demonstrate that the University remains financially viable and is able to meet all its financial obligations as they fall due with significant cash balances being maintained, all loan payments being made on time and covenant compliance is maintained for at least 12 months.

Additionally, agreement has been reached with Barclays Bank Plc to continue their support of the University by providing the full rollover of the £23.4m tranche C loan for a further period of up to five years. This positive support and endorsement of the University shows that the bank understands the performance of the University and its on-going ability to rise to the challenge presented.

At the date of approval of these financial statements, the Board has prepared cash flow forecasts to 30 November 2022 and performed an assessment which considers a period of at least 12 months from this date of approval. Given the unprecedented nature of the COVID-19 events, it is difficult to predict future performance and cash flows with certainty. The actual scenarios which materialise in the period ahead will undoubtedly be different to the scenarios modelled. In the event that the actual position is worse than that modelled in the forecasts, the Board of Governors has a reasonable expectation that the University's current liquidity and the further mitigation actions available would enable the University to respond to such circumstances. As such, the Board of Governors acknowledge that uncertainty exists but do not consider this to be material uncertainty in relation to going concern that would cast doubt on the University's ability to continue as a going concern for the foreseeable future, which is a period of at least 12 months from the date of signing the accounts and audit report. Therefore, the Board of Governors considers it appropriate to continue to adopt the going concern basis in preparing the annual financial statements.

Mr John Bateman OBE

Chair of the Board of Governors

Professor David Green CBE

Vice Chancellor and Chief Executive

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

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2021 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the Group's and the University's cash flows for the year then ended; and

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of University of Worcester ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2021 which comprise the Consolidated and University Statements of Comprehensive Income and Expenditure, the Consolidated and University Balance Sheets, the Consolidated and University Statements of Changes in Reserves, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the board members with respect to going concern are described in the relevant sections of this report.

Other information

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

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

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

based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, in all material respects:

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

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

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

Responsibilities of the governors

As explained more fully in the Board of Governors' responsibilities statement set out on pages 37-38, the governors 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 governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governors are responsible for assessing the Group and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intends to liquidate the Group or the 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations are related to their registration with the Office for Students ("OfS") and their ongoing conditions of registration, and we considered the extent to which non-compliance might have a material

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

effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the OfS Accounts Direction and tax legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence if any.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

The audit procedures to address the risks identified included:

- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility;

- Discussions with management, Governors and the Audit Committee , including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, including direct representation from the Accountable Officer;

- Reviewing items included in the fraud register as well as the results of internal audit's investigation into these matters;

- Challenging assumptions made by management in their significant accounting estimates in particular in relation to investment land, the USS pension scheme liability, the LGPS pension scheme liability and debtor provisions;

- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition; and

- Identifying and testing journal entries, in particular material journals, rounded journals, manual postings to cash and revenue and journals containing specific text.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

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

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

Use of our report

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

Samantha Lifford (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Birmingham

Date:

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

Consolidated and Institution Statements of Comprehensive Income and Expenditure
For the year ended 31st July 2021

	Note	Group 2021 £000	Group 2020 £000	University 2021 £000	University 2020 £000
INCOME					
Funding Body Grants	2	7,363	6,479	7,363	6,479
Tuition fees and education contracts	3	77,197	76,432	77,210	76,432
Research grants and contracts	4	620	967	620	967
Other income	5	8,701	9,958	8,701	9,928
Investment Income	6	6	226	25	269
Donations and endowments	7	16	16	16	16
TOTAL INCOME		**93,903**	**94,078**	**93,935**	**94,091**
EXPENDITURE					
Staff Costs	8	55,936	55,806	55,743	55,598
Other operating expenses	9 & 11	29,940	28,176	30,169	28,361
Depreciation and amortisation	9,12 & 13	4,155	4,302	4,297	4,416
Interest and other finance costs	10	4,124	4,307	4,124	4,307
TOTAL EXPENDITURE	11	**94,155**	**92,591**	**94,333**	**92,682**
(Deficit)/ Surplus before other gains/(losses)		**(252)**	**1,487**	**(398)**	**1,409**
Gain on disposal of fixed assets	13	-	56	-	56
Loss on impairment of fixed assets	13	(177)	-	-	-
Gain on investment property	14	3,310	2,130	3,310	2,130
Surplus before taxation		2,881	3,673	2,912	3,595
Taxation	27	(2)	(19)	-	(19)
Surplus for the year		**2,879**	**3,654**	**2,912**	**3,576**
Actuarial gain/(loss) in respect of pension schemes	26	4,545	(17,757)	4,545	(17,757)
Total comprehensive income for the year		**7,424**	**(14,103)**	**7,457**	**(14,181)**
Represented by:					
Restricted comprehensive income for the year		(51)	26	(51)	26
Unrestricted comprehensive income for the year		7,475	(14,129)	7,508	(14,207)
		7,424	**(14,103)**	**7,457**	**(14,181)**
Surplus for the year attributable to:					
Non-controlling interest		-	-	-	-
University		2,879	3,654	2,912	3,576
Total Comprehensive income for the year attributable to					
Non-controlling interest		-	-	-	-
University		7,424	(14,103)	7,457	(14,181)

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

The notes on pages 48 to 83 form part of these financial statements.

Consolidated and Institution Balance Sheets as at 31st July 2021

	Note	Group 2021 £000	Group 2020 £000	University 2021 £000	University 2020 £000
Non-current assets					
Intangible assets	12	443	552	443	552
Tangible fixed assets	13	147,495	143,941	154,009	149,714
Investments	14	8,750	5,449	8,770	5,460
Total Non-current assets		**156,688**	**149,942**	**163,222**	**155,726**
Current assets					
Stock	15	18	50	8	44
Trade and other receivables	16	4,183	4,232	4,640	5,322
Short term Investments	17	-	-	-	-
Cash and cash equivalents		49,017	44,839	48,730	44,641
Total Current assets		**53,218**	**49,121**	**53,378**	**50,007**
Current liabilities					
Creditors: amounts falling due within one year	18	(37,303)	(10,971)	(37,259)	(10,900)
Net Current assets		**15,915**	**38,150**	**16,119**	**39,107**
Total assets less current liabilities		**172,603**	**188,092**	**179,341**	**194,833**
Creditors: amounts falling due after more than one year	19	(60,979)	(83,874)	(60,943)	(83,874)
Provisions					
Pension	21	(62,494)	(62,461)	(62,494)	(62,461)
Other	21	-	(51)	-	(51)
Total Net assets		**49,130**	**41,706**	**55,904**	**48,447**
Restricted Reserves					
Income and expenditure reserve - endowment					
Income and expenditure reserve - restricted	22	53	104	53	104
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		39,177	31,460	45,951	38,201
Revaluation reserve		9,900	10,142	9,900	10,142
		49,077	**41,602**	**55,851**	**48,343**
Total Reserves		**49,130**	**41,706**	**55,904**	**48,447**

The financial statements on pages 44 to 83 were approved by the Board of Governors on 23rd November 2021 and signed of their behalf:

The notes on pages 48 to 83 form part of these financial statements.

Mr John Bateman OBE
Chair of the Board of Governors

Professor David Green CBE
Vice Chancellor and Chief Executive

Consolidated and Institution Statements of Changes in Reserves
For the year ended 31st July 2021

Group	Income and expenditure reserve		Revaluation reserve	Total excluding Non-Controlling Interest	Non-controlling interest	Total Reserves
	Restricted £000	*Unrestricted* £000	£000	£000	£000	£000
Balance at 1 August 2020	**104**	**31,460**	**10,142**	**41,706**	**-**	**41,706**
Surplus/(deficit) from the income and expenditure statement	(51)	2,930	-	2,879	-	2,879
Other comprehensive income	-	4,545	-	4,545	-	4,545
Total comprehensive income/ (expense) for the year	(51)	7,475	-	7,424	-	7,424
Transfers between revaluation and income and expenditure reserve	-	242	(242)	-	-	-
Balance at 31 July 2021	**53**	**39,177**	**9,900**	**49,130**	**-**	**49,130**

University	Income and expenditure reserve		Revaluation reserve	Total excluding Non-Controlling Interest	Non-controlling interest	Total Reserves
	Restricted £000	*Unrestricted* £000	£000	£000	£000	£000
Balance at 1 August 2020	**104**	**38,201**	**10,142**	**48,447**	**-**	**48,447**
Surplus/(deficit) from the income and expenditure statement	(51)	2,963	-	2,912	-	2,912
Other comprehensive income	-	4,545	-	4,545	-	4,545
Total comprehensive income/ (expense) for the year	(51)	7,508	-	7,457	-	7,457
Transfers between revaluation and income and expenditure reserve	-	242	(242)	-	-	-
Balance at 31 July 2021	**53**	**45,951**	**9,900**	**55,904**	**-**	**55,904**

Consolidated Cash flow Statement for the year ended 31st July 2021

	2021	2020
	£000	£000
Cash flow from operating activities		
Surplus for the year	2,879	3,654
Adjustment for non-cash items		
Depreciation and amortisation	4,155	4,302
Decrease/ (increase) in stock	32	(38)
(Increase)/ decrease in debtors	(1,310)	436
Increase/ (decrease) in creditors	4,978	(503)
Annual pension cost adjustments	4,578	3,341
Decrease in other provisions	(51)	(158)
Revaluation of non-current asset investments	(3,310)	(2,130)
Adjustment for investing or financing activities		
Investment income	(6)	(226)
Interest payable	3,090	3,375
Donations income	(16)	(16)
Impairment of investments	9	-
Gain on the disposal of fixed assets	-	(56)
Loss on impairment of fixed assets	177	-
Net cash flow from operating activities	**15,205**	**11,981**
Cash flows from investing activities		
Proceeds from sales of Investments	1,359	1,359
Proceeds from sales of tangible assets	-	88
Investment income	6	226
Payments made to acquire tangible and intangible fixed assets	(7,776)	(3,699)
Net cash flow used in investing activities	**(6,411)**	**(2,026)**
Cash flows from financing activities		
Interest paid	(2,903)	(3,181)
Interest element of finance lease and service concession payments	(187)	(194)
Donation cash received	16	16
New unsecured loans	36	124
Repayments of amounts borrowed	(1,468)	(1,450)
Capital element of finance lease and service concession payments	(110)	(104)
Net cash flow used in financing activities	**(4,616)**	**(4,789)**
Increase in cash and cash equivalents in the year	4,178	5,166
Cash and cash equivalents at beginning of the year	44,839	39,673
Cash and cash equivalents at end of the year	49,017	44,839
In year movement	4,178	5,166

Notes to the financial statements
Year ended 31st July 2021

1. Statement of Principal Accounting Policies

Basis of preparation

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

Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31st July 2021. Intra-group transactions are eliminated on consolidation. The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions. Associated companies and joint ventures are accounted for using the equity method.

Going Concern

In preparing the financial statements, the Governors have considered going concern. Financial sustainability was already a key foundation for the Strategy but has become a more significant focus in the light of COVID-19. This involved a forecast covering the period 1st August 2021 to 30th November 2022 including an assessment of the opportunities, risks and mitigating actions should the University's financial performance be unexpectedly worse than the forecasts. The University has already taken a series of actions to ensure financial sustainability. The negative impact on income in 2020/21 including the University refunding accommodation fees back to students, was offset by reductions in expenditure, capital investment was deferred, and cash reserves increased to prepare for 2021/22. In addition, the University has comfortably, once again, achieved all its bank covenants with significant headroom.

A detailed cash flow forecast for the period 1st August 2021 to 30th November 2022 has been produced. 82% of the total income for the current financial year relates to tuition fees and therefore modelling has primarily focused on both student enrolments and student retention. The current forecast model has not factored in any mitigating circumstances such as reducing operating expenses, delaying the maintenance work forecast for the summer of 2022, deferring capital expenditure, or seeking additional borrowing. The forecast demonstrate that the University remains financially viable and is able to meet all its financial obligations as they fall due with significant cash balances being maintained, all loan payments being made on time and covenant compliance is maintained for at least 12 months.

Additionally, agreement has been reached with Barclays Bank Plc to continue their support of the University by providing the full rollover of the £23.4m tranche C loan for a further period of up to five years. This positive support and endorsement of the University shows that the bank understands the performance of the University and its on-going ability to rise to the challenge presented.

At the date of approval of these financial statements, the Board has prepared cash flow forecasts to 30 November 2022 and performed an assessment which considers a period of at least 12 months from this date of approval. Given the unprecedented nature of the COVID-19 events, it is difficult to predict future performance and cash flows with certainty. The actual scenarios which materialise in the period ahead will undoubtedly be different to the scenarios modelled. In the event that the actual position is worse than that modelled in the forecasts, the Board of Governors has a reasonable expectation that the University's current liquidity and the further mitigation actions available would enable the University to respond to such circumstances. As such, the Board of Governors acknowledge that uncertainty

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

exists but do not consider this to be material uncertainty in relation to going concern that would cast doubt on the University's ability to continue as a going concern for the foreseeable future, which is a period of at least 12 months from the date of signing the accounts and audit report. Therefore, the Board of Governors considers it appropriate to continue to adopt the going concern basis in preparing the annual financial statements.

Income recognition

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

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

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

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

Grant funding

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

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

Donations and endowments

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

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

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

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

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

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

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.

Capital grants

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

Accounting for retirement benefits

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

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

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

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

Defined contribution plan

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

Defined benefit plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University recognises a liability

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

for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Employment benefits

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

Finance leases

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

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

Service concession arrangements

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are brought into use with a corresponding financial liability.
Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

Operating leases

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

Foreign currency

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

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

Fixed assets

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

The University's buildings are largely specialised buildings and therefore it is not appropriate to value them on the basis of open market value. A valuation of the educational land and buildings was carried out by GVA Grimley International Property Advisers and Chartered Surveyors as at 31st July 1995 on the basis of depreciated replacement cost. The three houses owned by the University were valued on an open market value for existing use basis. Other buildings constructed since 1995 are included in the Balance Sheet at cost. The option under the transitional provisions of FRS 15, and more recently the 2019 HE SORP, to retain the book values of land and buildings based on the 1995 revaluation has been adopted and the valuation has not been updated subsequently.

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

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

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

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

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

Equipment

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

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

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

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

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

Borrowing costs

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

Intangible assets

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

Investment properties

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

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

Investments

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

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

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

Stocks

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

Cash and cash equivalents

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

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

Provisions, contingent liabilities and contingent assets

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

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

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

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

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

Taxation

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

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

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

Financial Instruments

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

Reserves

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

Critical accounting judgements and estimation uncertainty

Investment Land (note 14) – As part of the FRS102 transition the University reclassified the land held at University Park as Investment Land. This was following an update to the University's long-term capital development programme. As the land was not currently being used by the University on a continuing operational basis, management reviewed the options in relation to the possible sale of the land in the future. In the meantime, the University is not generating any cash flow from the land and therefore until the point of sale the land is deemed as being held for capital appreciation and therefore was reclassified as investment land in 2016. For the year ending 31st July 2018, the University instructed

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

a formal revaluation of the site in order to ensure the land is held at fair value. Due to external factors, such as residential planning permission approval, on both parts of the site, and on other similar local sites, the land was and continues to be valued based on 'residential' use rather than 'employment' use. During the year ending 31st July 2019 part of the land was sold and an updated valuation was received relating to the remaining land at each financial year end. For the year ending 31st July 2021, the fair value of investment land as shown in note 14, has been determined based on market value. The market value has been determined from an assessment of recent sealed bids received by the University following the land being marketed for sale. At the date of these accounts being signed, the University has already accepted a suitable bid and the sale process is underway, with the intention of completion taking place in the coming few months.

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

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

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

Tangible fixed asset depreciation – Tangible fixed assets are stated at historic purchase cost or valuation less accumulated depreciation and accumulated impairment losses. The annual depreciation charge is calculated by applying an appropriate economic useful life to each asset. Management have made a judgement regarding the appropriate economic useful lives, for which details are shown on page 52.

2. Funding body grants

	Group		University	
	2021	**2020**	**2021**	**2020**
	£000	£000	£000	£000
Recurrent grant:				
Office for Students	3,243	3,344	3,243	3,344
Research England	1,114	1,034	1,114	1,034
Specific Grants:				
Fellowship Monies	-	7	-	7
Higher Education Innovation Fund	470	491	470	491
Widening Participation	1,092	416	1,092	416
National College for Teaching and Leadership	97	86	97	86
Department for Education Apprenticeship Levy	45	55	45	55
Research England Other Grants	101	-	101	-
Deferred Capital Grants released:				
Buildings	385	386	385	386
Equipment	816	660	816	660
	7,363	6,479	7,363	6,479

3. Tuition fees and education contracts

	Group		University	
	2021	**2020**	**2021**	**2020**
	£000	£000	£000	£000
Full time home students fees	63,255	63,337	63,259	63,337
Part time home students fees	2,972	3,229	2,981	3,229
EU student fees	5,081	4,182	5,081	4,182
Overseas student fees	2,873	2,151	2,873	2,151
Apprenticeships	553	559	553	559
Short course fees	135	290	135	290
Other fees	2,328	2,257	2,328	2,257
Contract Income Health Education England	-	427	-	427
	77,197	76,432	77,210	76,432

Grant and Fee Income

	Group		University	
	2021	**2020**	**2021**	**2020**
	£000	£000	£000	£000
Grant income from the OfS	4,541	4,476	4,541	4,476
Grant income from other bodies	2,164	3,431	2,162	3,399
Fee income for research awards (exclusive of Vat)	509	531	509	531
Fee income from non-qualifying courses (exclusive of Vat)	135	290	135	290
Fee income for taught awards (exclusive of Vat)	74,237	72,927	74,237	72,927
	81,586	81,655	81,584	81,623

4. Research grants and contracts

	Group		University	
	2021	**2020**	**2021**	**2020**
	£000	£000	£000	£000
Research Councils	67	48	67	48
UK Industry	11	89	11	89
UK Government	345	250	345	250
UK Based Charities	139	498	139	498
Other Grants & Contracts	58	82	58	82
	620	967	620	967

5. Other Income

	Group		University	
	2021	**2020**	**2021**	**2020**
	£000	£000	£000	£000
Residences, catering and conferences	5,358	6,241	5,358	6,241
Other services rendered	191	169	191	169
Release of other deferred capital grants	74	124	74	124
Other income	3,078	3,424	2,921	3,208
Inter Company Sales	-	-	157	186
	8,701	9,958	8,701	9,928

6. Investment income

	Group		University	
	2021	**2020**	**2021**	**2020**
	£000	£000	£000	£000
Other investment income	6	226	6	224
Interest from Subsidiaries and Joint Ventures	-	-	19	45
	6	226	25	269

7. Donations and endowments

	Group		University	
	2021	**2020**	**2021**	**2020**
	£000	£000	£000	£000
Donations with restrictions	13	15	13	15
Unrestricted donations	3	1	3	1
	16	16	16	16

8. Staff costs	Group		University	
	2021 £000	2020 £000	2021 £000	2020 £000
Wages and Salaries	40,226	41,180	40,057	40,998
Social Security Costs	4,193	4,301	4,172	4,277
Movement on USS provision	(66)	(428)	(66)	(428)
Other Pension Costs	11,548	10,709	11,547	10,707
Termination Costs	35	44	33	44
	55,936	55,806	55,743	55,598

The termination costs above relate to 5 individual payments made during the year (2020: 5)

Emoluments of the Vice Chancellor and Chief Executive:	Group		University	
	2021 £000	2020 £000	2021 £000	2020 £000
Salary	325	325	325	325

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

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

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

During 2020/21 the membership of Remuneration Committee (Vice Chancellor and Chief Executive) comprised:

Remuneration Committee (Vice Chancellor and Chief Executive)
Chair:
Vice Chair of the Board of Governors
Members:
Chair of the Board of Governors
Chair of the Finance and Development Committee
Chair of the Audit Committee
Chair of the HR Committee
President of the Students Union
In attendance
Director of Human Resources
Secretary
Clerk to the Board of Governors.

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

8. Staff costs *(continued)*

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

The Committee met on 30th March 2021 to review the Vice Chancellor's remuneration for 2020/21. In advance of the meeting, Committee members received a report from the Director of Human Resources outlining the review process for the Vice Chancellor. The report included an overview of the current salary arrangements; historical detail relating to the annual national pay negotiations; and historical data relating to the annual review of remuneration for the Vice Chancellor. The report provided comparator data relating to the University's benchmark universities, using data provided by UCEA Senior Staff Remuneration Survey 2020 and data from the CUC's 2020 Survey of Vice-Chancellors for Post 1992 institutions with similar turnover.

It was noted by the Committee that the Vice Chancellor had waived the offered pay increase for the past three years.

The Committee also noted the pay freeze that had applied to staff salaries at the University for 2020/21.

The Chair of the Board of Governors presented a paper summarising the performance review of the Vice Chancellor for the period 2019/20. The appraisal framework, introduced in 2018/19, comprised of seven key areas of University performance, with subset objectives relating to areas of strategic importance for the University and the main duties outlined in the Vice Chancellor's job description.

The Chair noted that at the start of the academic year 2019/20, no one could have foreseen the Covid-19 pandemic and the significant challenges that it would present the University. The Chair's report to the Committee included a range of documents in relation to the Vice Chancellor's leadership in relation to the University's response to the Pandemic, in addition to information relating to performance against the specific appraisal objectives.

The Committee agreed that the pandemic had led to a challenging year, but the University had continued, under the Vice Chancellor's leadership, to thrive with increases in health-related student numbers, a more positive financial outcome than originally budgeted and an increase in third party funding to support capital projects. The Committee noted that the approach embodied in the Vice Chancellor's leadership had also demonstrated the civic responsibilities of universities and this was welcomed by the Committee.

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

The Committee, whilst recognising the Vice Chancellor's significant contribution, also noted that there had been no national pay award for staff in August 2020, and that whilst it would have liked to offer an award to recognise outstanding performance, it could not do so and there would be no pay award for the Vice Chancellor for this year.

8. Staff costs *(continued)*

The multiple of The Vice Chancellor and Chief Executive's total remuneration, to that of the median total remuneration for all staff, including student employees was 9.6 (2020: 11.0).

The multiple of The Vice Chancellor and Chief Executive's total remuneration, to that of the median total remuneration for all staff, but EXCLUDING student employees was 7.8 (2020: 7.8).

The multiple of the Vice Chancellor and Chief Executive's salary, to that of the median salary, for all staff, including student employees was 11.0 (2020: 12.5).

The multiple of the Vice Chancellor and Chief Executive's salary, to that of the median salary, for all staff, but EXCLUDING student employees was 9.6 (2020: 9.6).

Key Management Personnel	**Group**		**University**	
	2021 £000	**2020** £000	**2021** £000	**2020** £000
Salary and employee benefits including pension contributions	1,170	1,100	1,170	1,100

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

The membership of the University Executive Board includes the Vice Chancellor and Chief Executive, Deputy Vice Chancellor Provost and Deputy Chief Executive, Pro Vice-Chancellors, Director of Finance and Resources, Director of Human Resources, Director of Communications and Participation, Clerk to the Board of Governors, and Head of Vice Chancellor's Office. In Feb 2021 a new role of Deputy Provost was also added to the University Executive Board.

Governors are entitled to reimbursement of travel expenses. During the year £61 was claimed by 1 individual (2020: £528.85 by four individuals).

Emoluments of higher paid staff:

	2021 number	**2020** number	**2021** number	**2020** number
£100,001 - £105,000	1	2	1	2
£130,001 - £135,000	1	1	1	1
£135,001 - £140,000	-	1	-	1
£195,001 - £200,000	-	1	-	1
£200,001 - £205,000	1	-	1	-
£325,001 - £330,000	1	1	1	1

8. Staff costs *(continued)*

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

Average Monthly number of staff:

	Group		University	
	2021	**2020**	**2021**	**2020**
	fte	fte	fte	fte
Academic Departments	555	584	555	584
Academic Services	65	64	65	64
Administrative and central services	300	314	294	306
Premises	111	109	111	109
Research	29	28	29	28
Residences, catering and conferences	8	19	8	19
	1,068	1,118	1,062	1,110

9. Other operating expenses

	Group		University	
	2021	**2020**	**2021**	**2020**
	£000	£000	£000	£000
Residences, catering and conferences	1,907	2,860	1,901	2,842
Consumables and laboratory expenditure	804	657	804	657
Books and periodicals	984	957	984	957
Heat, light, water and power	2,099	1,727	2,099	1,727
Repairs and general maintenance	1,945	2,101	1,945	2,101
Grants to UW Students' Union	542	529	542	529
Auditors remuneration:				
External	90	91	83	85
Internal	67	54	67	54
Property operating leases	298	455	298	455
Equipment operating leases	91	108	91	108
Payments to Partner Colleges	5,826	5,930	5,826	5,930
Student Bursaries	2,084	1,745	2,084	1,746
Other expenses	13,203	10,962	13,445	11,170
	29,940	28,176	30,169	28,361
Depreciation and Amortisation	4,155	4,302	4,297	4,416

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

10. Interest and other finance costs

	Group		University	
	2021	**2020**	**2021**	**2020**
	£000	£000	£000	£000
Loans not wholly repayable within 5 years	2,903	3,181	2,903	3,181
Lease Finance Costs	187	194	187	194
Unwind of discount on USS pension provision	5	17	5	17
Pension Interest	1,029	915	1,029	915
	4,124	4,307	4,124	4,307

11. Analysis of Expenditure by Activity

Group

	Staff costs	Other expenses	Depreciation and amortisation	Interest and other finance costs	2021 Total	2020 Total Restated
	£000	£000	£000	£000	£000	£000
Academic Departments	33,680	10,712	339	5	44,736	44,374
Academic Services	3,556	5,048	524	187	9,315	8,806
Administrative and central services	13,066	6,291	492	3,932	23,781	22,375
Premises	2,892	5,526	1,992	-	10,410	10,725
Research	1,711	454	-	-	2,165	2,609
Residences, catering and conferences	1,031	1,909	808	-	3,748	3,702
	55,936	29,940	4,155	4,124	94,155	92,591

University

	Staff costs	Other expenses	Depreciation and amortisation	Interest and other finance costs	2021 Total	2020 Total Restated
	£000	£000	£000	£000	£000	£000
Academic Departments	33,680	10,711	339	5	44,735	44,374
Academic Services	3,556	5,048	524	187	9,315	8,806
Administrative and central services	12,873	6,519	491	3,932	23,815	22,347
Premises	2,892	5,528	1,992	-	10,412	10,725
Research	1,711	454	-	-	2,165	2,609
Residences, catering and conferences	1,031	1,909	951	-	3,891	3,821
	55,743	30,169	4,297	4,124	94,333	92,682

11. Analysis of Expenditure by Activity *(continued)*

Access and Participation

	2021 £000	2020 £000
Access Investment	1,091	988
Financial Support	1,100	1,222
Disability Support (excluding expenditure included in the two categories above)	812	598
Research and Evaluation	198	-
	3,201	2,808

Included in the above are staff costs of £1,222,826 which are already included in the overall staff costs disclosed in note 8 to the financial statements.

Details of the approved plan can be found at: https://www.worcester.ac.uk/documents/University-of-Worcester-Access-and-Participation-Plan.pdf. The total approved expenditure in our plan did not include the cost of support for disabled students, which has been included in the above figures. Research and evaluation expenditure fell below planned spend as a result of the pandemic.

12. Intangible assets

	Group and University	
	2021 £000	2020 £000
Cost		
At beginning of year	1,113	1,172
Additions at cost	2	-
Assets in course of development	-	114
Disposals	(339)	(170)
Reclassifications	-	(3)
At end of year	776	1,113
Accumulated amortisation		
At beginning of year	561	715
Charge for year	112	2
Amortisation on disposals	(339)	(170)
Reclassifications	(1)	14
At end of year	333	561
Net book value		
At end of year	443	552
Previous year	552	457

13. Tangible Fixed Assets

	Group					
	Freehold Land and Buildings	Service concession arrangement Land and Buildings	Plant and Machinery	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total 2021
	£000	£000	£000	£000	£000	£000
Cost or valuation at beginning of year	161,504	11,331	741	9,508	3,099	186,183
Additions at cost	4,410	-	-	478	2,886	7,774
Transfers (reclassification)	44	-	-	487	(531)	-
Disposals at cost	(8)	-	(15)	(337)	-	(360)
Impairments	(177)	-	-	-	-	(177)
At end of year	165,773	11,331	726	10,136	5,454	193,420
Accumulated depreciation						
At beginning of year	33,094	1,731	519	6,898	-	42,242
Charge for year	2,978	189	82	794	-	4,043
Depreciation on disposals	(8)	-	(15)	(337)	-	(360)
At end of year	36,064	1,920	586	7,355	-	45,925
Net Book Value						
At end of year	129,709	9,411	140	2,781	5,454	147,495
Previous Year	128,410	9,600	222	2,610	3,099	143,941

13. Tangible Fixed Assets *(continued)*

	University					
	Freehold Land and Buildings	Service concession arrangement Land and Buildings	Plant and Machinery	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total 2021
	£000	£000	£000	£000	£000	£000
Cost or valuation at beginning of year	167,990	11,331	727	9,508	3,097	192,653
Additions at cost	5,115	-	-	478	2,888	8,481
Transfers (reclassification)	44	-	-	487	(531)	-
Disposals at cost	(8)	-	(15)	(337)	-	(360)
At end of year	173,141	11,331	712	10,136	5,454	200,774
Accumulated depreciation						
At beginning of year	33,805	1,731	505	6,898	-	42,939
Charge for year	3,121	189	82	794	-	4,186
Depreciation on disposals	(8)	-	(15)	(337)	-	(360)
At end of year	36,918	1,920	572	7,355	-	46,765
Net Book Value						
At end of year	136,223	9,411	140	2,781	5,454	154,009
Previous year	134,185	9,600	222	2,610	3,097	149,714

14. Investments

	Group		University	
	2021	**2020**	**2021**	**2020**
	£000	£000	£000	£000
Investment Land				
At beginning of year	5,440	3,310	5,440	3,310
Movement in fair value	3,310	2,130	3,310	2,130
At end of year	**8,750**	**5,440**	**8,750**	**5,440**
Investments in subsidiary companies				
Investments in subsidiary companies	-	-	20	20
Investment in BBL Franchise for UW Worcester Wolves Limited				
Opening value of investment	9	9	-	-
Impairment	(9)	-	-	-
Closing value of investment	**-**	**9**	**-**	**-**
	8,750	5,449	8,770	5,460

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

Due to the land being classified as investment property, any movements in its fair value is recognised in income or expenditure. For the year ending 31st July 2021, the fair value of investment land as shown in note 14, has been determined based on market value. The market value has been determined from an assessment of recent sealed bids received by the University following the land being marketed for sale. At the date of these accounts being signed, the University has already accepted a suitable bid and the sale process is underway, with the intention of completion taking place in the coming few months.

Subsidiaries

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

(*) Held indirectly

15. Stocks

	Group		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Stock (wine for ceremonies & events and merchandise)	18	50	8	44

16. Trade and other receivables

	Group		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Amounts falling due within one year:				
Other trade receivables	2,801	1,670	2,795	1,654
Amounts owed from sale of investments	-	1,359	-	1,359
Amounts owed by subsidiary undertakings	-	-	57	700
Prepayments and accrued income	1,382	1,203	1,381	1,202
	4,183	4,232	4,233	4,915
Due after more than one year				
Amounts owed by subsidiary undertakings	-	-	407	407
	4,183	4,232	4,640	5,322

17. Short Term Investments

Neither the Group or the University held any short term investments as at 31st July 2021 (2020: £nil). All cash balances are held in instant access accounts.

18. Creditors: Amounts falling due within one year

	Group		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Payments received on account	381	565	381	565
Trade Creditors	551	435	551	435
Amounts owed to group undertakings:				
Subsidiary undertakings	-	-	2	-
Finance Lease	114	110	114	110
Tax and Social Security	96	111	95	109
Accruals and deferred income	9,186	6,503	9,145	6,434
Other Creditors	2,067	1,778	2,063	1,778
Bank Loan	24,908	1,469	24,908	1,469
	37,303	10,971	37,259	10,900

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

Deferred income

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

	Group		University	
	2021	**2020**	**2021**	**2020**
	£000	£000	£000	£000
Research grants received on account	223	230	223	230
Grant income	24	26	24	26
Other income	1,033	1,076	1,033	1,076
Student tuition and accommodation fees received in advance	1,216	800	1,216	800
	2,496	2,132	2,496	2,132

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

	Group		University	
	2021	**2020**	**2021**	**2020**
	£000	£000	£000	£000
Accruals and deferred income	583	752	583	752
Obligations under finance lease	2,435	2,549	2,435	2,549
Secured loans	40,714	65,540	40,714	65,540
Unsecured loans	55	102	19	102
Deferred Income in relation to Government Capital Grants	17,192	14,931	17,192	14,931
	60,979	83,874	60,943	83,874

Analysis of secured and unsecured loans:

	Group		University	
	2021	**2020**	**2021**	**2020**
	£000	£000	£000	£000
Due within one year or on demand	24,908	1,469	24,908	1,469
Due between one and two years	1,448	24,908	1,448	24,908
Due between two and five years	4,299	4,305	4,285	4,305
Due in five years or more	35,022	36,429	35,000	36,429
Due after more than one year	40,769	65,642	40,733	65,642
Total secured and unsecured loans	65,677	67,111	65,641	67,111

19. Creditors: Amounts falling due after more than one year (*continued)*

Analysis of finance lease repayments

	Group		University	
	2021	**2020**	**2021**	**2020**
	£000	£000	£000	£000
Due within one year	293	297	293	297
Due between one and two years	295	293	295	293
Due between two and five years	842	858	842	858
Due in five years or more	2,769	3,048	2,769	3,048
Total gross payments	4,199	4,496	4,199	4,496
Less finance charges included above	(1,650)	(1,837)	(1,650)	(1,837)
	2,549	2,659	2,549	2,659

Finance lease liability

	Group		University	
	2021	**2020**	**2021**	**2020**
	£000	£000	£000	£000
Opening balance	2,659	2,763	2,659	2,763
Payments	(110)	(104)	(110)	(104)
Closing balance	2,549	2,659	2,549	2,659

The University has a loan facility with Barclays Bank PLC of £80 million for capital development works, of which all has now been drawn down. The outstanding balance as at 31st July 2021 is £66 million. Of the loan drawn down £43 million is at a fixed interest rate of 4.952%, with the remaining £23 million subject to interest at LIBOR. The repayment schedule of the £43 million includes a bullet payment of £12.5 million payable on 31st July 2042. The capital repayment schedule of the more recent £23 million drawn down, was originally due for repayment in February 2022, however final terms have recently been agreed with Barclays for this facility to rollover with final repayment now due in 2024 (with option to extend this to 2026). The loans are secured by specific charges on the St Johns Campus and City Campus. Total carrying amounts of these assets as at 31st July 2021 are £86,223K (2020: £86,888K).

The University has a 25 year finance lease in respect of the joint library with Worcestershire County Council. The finance lease liability relates to the University share of the library facility, The Hive which opened in July 2012. The Hive has been developed through a partnership between the University of Worcester (UoW) and Worcestershire County Council (WCC) and has been financed through a Private Finance Initiative (PFI). The project partnership is for the provision of a fully integrated public and University library. The PFI agreement is between the contractor, Galliford Try Investments Ltd and WCC for the construction and provision of the library. During the life of the contract the unitary payment value is £4.65m, at April 2007 prices. The contract allows for indexation by the retail prices index of the service element of the contract (30% of the unitary payment) annually. A stakeholder agreement exists between WCC and UoW for the 25 year term of the development project. The partners are committed to the project in the share WCC 70% and UoW 30%, or as altered by mutual agreement to reflect actual usage of The Hive by the various parties. The cost is reflected in these proportions after PFI credits have been applied. The value on the balance sheet of £2.549 million relates to a 30% share of the total PFI contract. The finance lease cost represents the UoW obligation to the project for the building element of the agreement plus any allocated depreciation for the period.

20. Consolidated reconciliation of net debt

	2021 £000
Net debt 1 August 2020	(24,931)
Movement in cash and cash equivalents	4,178
Other non-cash changes	1,544
Net debt 31 July 2021	(19,209)
Change in net debt	5,722

Analysis of net debt:

	2021 £000	2020 £000
Cash and cash equivalents	49,017	44,839
Borrowings: amounts falling due within one year		
Secured loans	(24,908)	(1,469)
Obligations under finance leases	(114)	(110)
	(25,022)	(1,579)
Borrowings: amounts falling due after more than one year		
Obligations under finance lease	(2,435)	(2,549)
Secured loans	(40,714)	(65,540)
Unsecured loans	(55)	(102)
	(43,204)	(68,191)
Net debt	(19,209)	(24,931)

21. Provisions for liabilities

	Group and University					
	Obligation to fund deficit on USS Pension £000	**Pension enhancements on termination** £000	**Defined Benefit Obligations (Note 26)** £000	**Total Pension Provisions** £000	**Legal** £000	**Total Other** £000
At 1 August 2020	623	207	61,631	62,461	51	51
Utilised in year	-	(42)	-	(42)	-	-
Additions in 2020/21	-	16	149	165	-	-
Unused amounts reversed in 2020/21	(88)	(2)	-	(90)	(51)	(51)
At 31 July 2021	535	179	61,780	62,494	-	-

USS deficit

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

Pension enhancement

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

Defined benefit obligations - See note 26

22. Restricted Reserves

Reserves with restrictions are as follows:

	Capital grants	Donations	Other	2021 Total	2020 Total
	£000	£000	£000	£000	£000
Balances at 1 August 2020	-	41	63	104	78
New grants	-	-	27	27	40
New donations	-	13	-	13	15
Expenditure	-	(12)	(79)	(91)	(29)
At 31 July 2021	-	42	11	53	104

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

23. Capital and other commitments

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

	2021	2020
	£000	£000
Commitments contracted for:		
Building Refurbishment Works	13,704	36
Infrastructure Works	121	4
Construction	12	-
Enabling Works for Future Capital Developments	43	-
General Refurbishment Works	73	86
	13,953	126

24. Contingent liabilities

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

25. Lease obligations

Total rentals payable under operating leases:

	Land and Buildings £000	Equipment £000	31 July 2021 £000	31 July 2020 £000
Payable during the year	55	78	**133**	297
Future minimum lease payments due:				
Not later than 1 year	48	85	**133**	239
Later than 1 year and not later than 5 years	182	-	**182**	614
Later than 5 years	841	-	**841**	1,916
Total lease payments due	1,071	85	**1,156**	2,769

26. Pension schemes

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

Worcestershire Pension Fund (WPF)

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

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

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

Under the definitions set out in FRS 102, the WCCPF is a multi-employer defined benefit pension scheme. In the case of the WPF, the actuary of the scheme has identified the University's share of its assets and liabilities as at 31st July 2021, using the updated assumptions shown below:

	2021	2020
Rate of CPI inflation	2.60%	2.30%
Rate of increase in salaries	4.10%	3.80%
Rate of increase in pensions	2.70%	2.40%
Discount Rate	1.60%	1.60%

Mortality Assumptions

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

	As at 31st July 2021	As at 31st July 2020
Males		
Current Pensioner	22.7	22.6
Future pensioner aged 65 in 20 years' time	24.4	24.2
Females		
Current Pensioner	25.1	25.0
Future pensioner aged 65 in 20 years' time	27.1	27.0

26. Pension schemes *(continued)*

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

The breakdown of Assets in the scheme are as follows:

	% at 31st July 2021 %	Value at 31st July 2021 £000	% at 31st July 2020 %	Value at 31st July 2020 £000
Equities	83.20	68,887	67.00	45,606
Government Bonds	0.00	-	7.00	4,765
Other Bonds	0.10	83	5.10	3,472
Property	4.40	3,643	5.50	3,744
Cash/Liquidity	2.50	2,070	3.50	2,382
Other	9.80	8,114	11.90	8,100
		82,797		68,069

Reconciliation of fair value of assets

	2021 £000	2020 £000
Fair Value of assets at beginning of year	68,069	66,884
Interest on plan assets	1,107	1,501
Administration expenses	(63)	(64)
Re-measurements of assets	11,431	(2,897)
Employer Contributions	2,866	2,853
Member Contributions	1,043	1,065
Benefits/transfers	(1,656)	(1,273)
Fair Value of assets at end of year	82,797	68,069

Reconciliation of present value of scheme liabilities

	2021 £000	2020 £000
Benefit Obligation at beginning of year	129,700	106,930
Current Service Cost	6,534	5,750
Interest on Pension Liabilities	2,070	2,349
Member Contributions	1,043	1,065
Past Service Costs	-	19
Re-measurements of liabilities	6,886	14,860
Benefits/transfers paid	(1,656)	(1,273)
Benefit obligation at end of year	144,577	129,700

	2021 £000	2020 £000
Total market value of assets	82,797	68,069
Present value of scheme liabilities	(144,577)	(129,700)
Deficit – Net pension liability	(61,780)	(61,631)

The value of pension payments made in year to the Worcestershire Pension Fund was £3,907,893 (2020: £3,916,146).

26. Pension schemes *(continued)*

Provision for pensions

	2021	2020
	£000	£000
As at 1st August	61,631	40,046
Increase in pension liability	149	21,585
As at 31st July	61,780	61,631

Amount recognised in the Statement of Comprehensive Income (SOCI)

	2021	2020
	£000	£000
Current service Cost	6,534	5,750
Past service cost	-	19
Net interest cost	963	848
Administration expenses	63	64
Total pension cost recognised in Income & Expenditure	7,560	6,681
Re-measurements (liabilities & assets)	(4,545)	17,757
Total pension costs recognised in SOCI	3,015	24,438

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

	2021	2020
	£000	£000
Deficit on scheme at 1st August	(61,631)	(40,046)
Current service cost	(6,534)	(5,750)
Past service cost	-	(19)
Contributions	2,866	2,853
Net interest cost	(963)	(848)
Re-measurements (liabilities & assets)	4,545	(17,757)
Administration expenses	(63)	(64)
Effect of curtailments		
Deficit at 31st July	(61,780)	(61,631)

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

26. Pension schemes *(continued)*

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme 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.

Valuation of the Scheme

As a result of the latest scheme valuation employer contributions were increased in September 2019 from a rate of 16.4% to 23.6%. Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses. The next valuation is expected to take effect in 2023. A copy of the latest valuation report can be found on the Teachers' Pension Scheme website.

Scheme Changes

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

Since then, claims have also been lodged against the main public service schemes including the TPS. The Department has conceded those in line with the rest of the government. In July 2020 HM Treasury launched a 12-week public consultation which will provide evidence to support the delivery of an appropriate remedy for the affected schemes, including TPS. A final remedy will be determined once the results of the consultation are established.

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

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

26. Pension schemes *(continued)*

Universities Superannuation Scheme (USS)

Principal accounting policies

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

Critical accounting judgements

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

Pension Costs

The total cost charged to the Consolidated Statement of Comprehensive Income is £185K (2020: positive charge of £137K) including Pension Choice, but excluding the impact of the change in the deficit recovery plan, is made up of the following entries:

UNIVERSITIES SUPERANNUATION SCHEME

	2021 £000	2020 £000
Employer contributions paid	273	298
Interest Payable - Unwinding of discount	4	17
Element of employer contributions allocated against the deficit	(26)	(23)
Difference between actual contribution and past expectations	(66)	(428)
Total amount charged to the Income and Expenditure Account	**185**	**(136)**
Brought Forward Pension Provision	(623)	(1,057)
Movement	(185)	136
Cash payments made to USS	273	298
Carried Forward Pension Provision (Note 21)	(535)	(623)

26. Pension schemes *(continued)*

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

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

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

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

	2018 valuation
Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females Post retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:	**2018 Valuation**	**2017 Valuation**
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

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

	2021	**2020**
Discount rate	0.87%	0.73%
Pensionable salary growth	2.00%	2.00%

Requirement of paragraph 28.40A(c) of FRS 102 for the comparative information presented (i.e. how the liability recognised in FY19/20 was determined) In the year ended 31st July 2020, the liability was based on the previous deficit recovery plan, which required payment of 5% of salaries over the period 1 April 2020 to 30 June 2034.

26. Pension schemes *(continued)*

A further full valuation as at 31 March 2020 is currently underway. There is still work to be done agreeing the technical provisions assumptions, the extent of future investment risk, and the duration of the deficit period and the level of deficit contributions. Rule changes in respect of strengthening the employer covenant are also in progress including restrictions on employer exits, debt monitoring and pari passu arrangements. The valuation has not met its statutory deadline of 30 June 2021. It is anticipated that there will be an increase in the deficit provision and impact on cash flow as a consequence of the new schedule of contributions.

27. Taxation

The University Group paid £2K (2020:£19K) in corporate tax during the year, which related to the trading activities of one of the subsidiary companies.

28. NCTL Training salaries and bursaries

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

	2021	2020
	£000	£000
Funding	3,305	3,073
Disbursements to Students	(3,283)	(2,933)
Balance unspent as at 31st July	22	140

29. Related party transactions

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

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

29. Related party transactions *(continued)*

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

	2021 £0's	2020 £0's
Acorns Children's Hospice	2,344	1,768
Advance HE	3,222	-
AMOSSHE	393	2,568
Association of University Administrators (AUA)	-	1,353
Association for the Study of Medical Education (ASME)	599	-
Association of University Administrators (AUA)	711	-
Birmingham Women's Hospital	-	972
British Psychological Society	3,317	3,214
Cardiff University	1,010	2,019
Charles Hastings Education Centre	524	3,649
Chartered Institute of Library and Information Professionals (CILIP)	685	-
Chartered Institute of Marketing (CIM)	2,250	8,500
Chartered Institute of Personnel and Development (CIPD)	2,490	2,490
College and University Business Officers (CUBO)	1,110	-
Elsevier	81,199	-
Graduate Prospects	-	700
GuildHE	24,072	24,285
Hanley Castle High School	4,845	3,140
Herefordshire & Worcestershire Chamber of Commerce	16,374	-
Higher Education Business Continuity (HEBCON)	250	-
Higher Education Statistics Agency (HESA)	56,402	-
Leeds Beckett University	-	12,362
Office for Students	117,900	117,900
Quality Assurance Agency (QAA)	23,589	34,856
Royal Television Society	430	4,150
Rural Media Company	-	8,635
Spring Gardens Group Medical Practice	675	-
St Georges CoE Primary School	494	622
Student Minds	100	-
The King's School, Worcester	3,130	-
The Maggs Day Centre	2,072	-
UCET Management Committee	5,138	-
UKSG	410	-
Universities and Colleges Employers Association (UCEA)	8,181	-
University of Birmingham	-	38,503
Universities UK	805	47,145
UUK Accommodation Code Sector Advisory Group	554	717
West Mercia Police	65,811	41,851
Worcester Cathedral Council	122	-
Worcester City Council	220,505	122,753
Worcester Students' Union	548,454	559,253
Worcestershire County Council	899,024	716,545
Worcester Live	8,100	-
Worcester Sixth Form College	450	-

29. Related party transactions *(continued)*

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

University of Worcester Students' Union:

In accordance with FRS 102 section 33, the activities of Worcester Students' Union have not been consolidated on the grounds that the University does not operate dominant influence over its activities. During the year, the University contributed grants of £542K (2020: £529K) to the Students' Union, along with reimbursement for travel costs relating to student sporting teams and specific insurance costs relating to equipment. In addition, the Students' Union occupies the building on a rent free basis under a licence agreement, subject to the Union maintaining the building in a good state of repair. The President, Vice President (Education) and Vice President (Student Activities) occupy a position on the Board of Governors.