



REPORT AND FINANCIAL STATEMENTS

for the year ended 31st July 2024



REPORT AND FINANCIAL STATEMENTS 2024

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ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31st JULY 2024

UNIVERSITY OF WORCESTER DIRECTORATE AND PROFESSIONAL ADVISERS

VICE CHANCELLOR AND CHIEF EXECUTIVE

Professor David Green CBE MA (Cantab.)

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REPORT AND FINANCIAL STATEMENTS 2024

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 Elliot Atkinson	Student Governor (from 10 June 2024)
Ms Lerverne Barber	Academic Staff governor
Dr Diana Beech	Independent governor - Vice Chair of the Board
Mr Louis Coiffait-Gunn	Independent governor (resigned 20 September 2024)
Ms Elizabeth Davies-Ward	Academic Staff governor (term ended 5 March 2024)
Mr Sean Devlin	Independent governor
Professor David Green CBE	Vice Chancellor & Chief Executive
Mr Mike Hardy	Independent governor
Mr Tim Heywood	Independent governor (resigned 14 October 2024)
Mr Sebastian James	Student governor (term ended 30 November 2023)
Dr Claire Jones	Independent governor
Mr Nadeem Khan	Independent governor
Mr Jack Lambert	Student governor (from 10 June 2024)
Ms Al Linforth	Student governor (term ended 14 June 2024)
Miss Ruttuja Mane	Student governor (from 10 June 2024)
Ms Carolyn Moir	Professional Staff governor
Mrs Sally Morgan	Independent governor
Mr Asif Noorani	Independent governor
Mr Darius Pocha	Independent governor
Miss Isobel Price	Student governor (term ended 14 June 2024)
Mr Robert Richards	Independent governor (from 21 May 2024)
Mr Marc Scriven	Professional Staff governor
Mr Ian Smith	Independent governor
Mr Keith Sorrell MBE	Independent governor - Vice Chair of the Board
Mrs Sarah Speck	Independent governor - Chair of the Board
Ms Lucy Taylor	Independent governor

STRATEGIC REPORT

FOR THE YEAR ENDED: 31st JULY 2024

This statement covers the period 1st August 2023 up to 21st November 2024

SECTION 1: The University's Strategy

THE UNIVERSITY OF WORCESTER'S VALUES AND VISION

The University published its last Strategic Plan 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 University's Strategic Plan 2019-2024 sets out three commitments: to create possibilities; to develop potential; and to increase community engagement. Among the detail was the vision to create a Medical School and to grow courses in the health professions; to extend our partnerships with schools, colleges, charities and businesses; and to further innovate to retain our long-standing graduate employment success. Over the past five years the University has made significant progress in these areas, the detail of which is explored in the following Public Benefit statement.

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 has performed notably well in the tables since its inception.

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.

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

The University's executive leadership has 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 equality including being among the best in the UK for fair gender pay since national reporting was launched in 2018.

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

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 People & Culture 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 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

As a university, we are an expression of democracy, progress, knowledge and principle. We have always sought to stay true to our fundamental democratic values, and, at a time when universities nationally have come under increasing scrutiny, we have shown that there is a different approach; one which combines expertise, commitment and passion.

The University provides quality education that is inclusive and helps individuals to achieve their own full potential. This is evidenced by the fact that, in the 2024 government-published Longitudinal Educational Outcomes survey, our graduates were ranked top in the UK for sustained employment and/or further study five years after graduation (excluding specialist institutions) and that we were ranked 1st in the UK for Quality Education in the Times Higher Education University Impact Rankings 2024.

We carry out research that contributes to our wider understanding of the world, working across boundaries to achieve genuinely inclusive impact.

We engage with our communities both locally, nationally and internationally to share our expertise, our facilities, and our vision for a more inclusive society. We aim to make a significant contribution to the region's health and wellbeing, education and skills, economy and regeneration.

In May 2023, we received arguably the best Ofsted report of any teacher training provider in the 21st Century with both our Primary and Secondary programmes rated 'Outstanding'. The report opens: "Trainees benefit from an exceptional learning experience at the University of Worcester. This experience instils in them a deep-rooted commitment to making a difference to the lives of the children in the communities they serve."

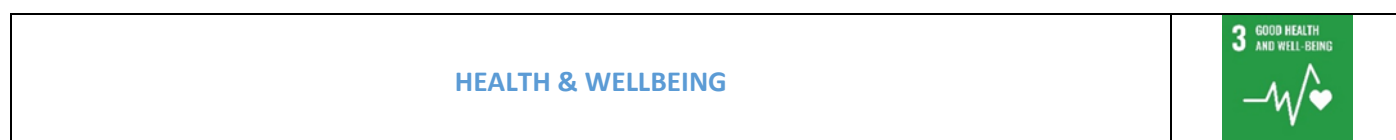
SECTION 2: Public Benefit *(continued)*

Though our roots lie in teacher education, we have extensively grown our work in health and wellbeing, sport, psychology, business and science, recognising that going forwards, the nation will need more well-qualified professionals with the ability to keep on learning and adapting to our changing world.

We are committed to our civic duties and are dedicated to social inclusion and the levelling up agenda. We work hard to ensure our work has a positive impact on wider society and that local communities see and enjoy the benefits from having a university on their doorstep.

At the heart of what we do, and our inherent charitable objectives, is to ensure all who can benefit from a higher education can do so.

In preparing our Public Benefit statement, we have assessed our work against the [United Nations’ Sustainable Development Goals](#) to demonstrate our fundamental, transformative effect on individuals and society as a whole. We have also reflected on how our work feeds into the new Labour government’s [five missions](#), focused on: economic growth, net zero, criminal justice, childcare and education systems, the NHS.



From the education of professionals who go on to work in our hospitals and GP surgeries, to research that addresses fundamental physical and mental health challenges and wicked problems within healthcare systems, to community engagement initiatives designed to improve public wellbeing, the University is engaged in extensive work in this area.

Education

This year our largest ever number of Nurses graduated – more than 250, compared to just under 150 five years ago. We are now graduating more than 1,000 health professionals every year who go on to make a significant contribution to society.



We welcomed our first ever cohort of Medical and Diagnostic Radiography students this academic year who, in the coming years, will join this growing community of professionals, supporting and sustaining our National Health Service.

Working alongside employers, including the NHS, the University has embraced nursing and allied health apprenticeships, recognising their ability to help individuals to overcome economic and social barriers to secure entry into health care professions, while meeting local, regional, and national employer needs. In January 2024, we were awarded almost £500,000 from the Office for Students to increase level 6 apprenticeship opportunities in health.

Health Graduates	2023/24*
Nurses	250
Midwives	52
Paramedics	64
Social Workers	48
Physiotherapists	60
Occupational Therapists	46

**figures as of August 7 2024 - prior to final reassessments*

SECTION 2: Public Benefit (*continued*)

Research

Researchers across the University are engaged in a wide range of activity focused on health and wellbeing:

- Professor Derek Kyte, lead of our **Living Well with Long-Term Conditions Research Group**, is engaged in a long-term programme of research exploring the use of patient-reported outcomes and monitoring (PROMs) across a range of conditions and clinical areas including chronic kidney disease, cancer and musculoskeletal care. The research has demonstrated the positive impact of PROMs on patient wellbeing and quality of life and the drive is to take its findings into policy and practice within the NHS and beyond.
- Our **Biomedical Research Group** in collaboration with Worcestershire Acute Hospitals NHS Trust have discovered a new way of identifying cardiac patients at risk of a second heart attack and the type of heart attack that might be, looking at biomarkers in the blood of patients presenting with an Acute Coronary. This research has the potential to improve the ongoing care for these patients and potentially to lead to better outcomes.
- Researchers in our **Mood Disorder Research Group** continue to publish experimental studies in collaboration with institutions all over the world which have explored the genetic make-up of bipolar and other mood disorders: for example the group has been part of a global study that has [implicated genetic factors in suicide attempts](#). 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. Another key area of work within the group is focused on understanding perinatal mental health, in particular risk factors for postpartum psychosis and depression: [Perinatal sleep disruption and postpartum psychosis in bipolar disorder: Findings from the UK BDRN Pregnancy Study](#).

Community Engagement

The University of Worcester is passionately committed to promoting and developing good health and wellbeing, not only among its own student and staff community but for the wider county and beyond.

Sustained investment throughout the campus, typified by the University of Worcester Arena, the country's first indoor sports arena purpose-designed to include wheelchair athletes, promotes participation for those with physical impairment and encourages wellbeing. The Arena has become a hub for schools' outreach activity, grass roots clubs and community groups.



In addition, thousands of community visitors have enjoyed sport and leisure experiences at Lakeside Campus, St John's Campus and at the Riverside Building.

The University's Sport, Exercise and Recreation service welcomes up to 250 seniors clients a week attending adapted sport sessions and gym based classes; over 130 community fitness centre members, and over 40 community sport clubs booking the indoor/outdoor sport facilities throughout the year. This year we ran a specialist falls prevention programme, which was featured by the BBC. [Read the article](#)

Facility	Community users 2023/24
University of Worcester Arena	78 public events hosted, of which 13 were disability sport focused. Over 65,000 attendances at these events.
Lakeside Campus	10,503 users made up of primary and secondary schools, youth groups, holiday club, events and general public.
St John's Campus and Riverside building	250 seniors clients, over 130 community fitness centre members, over 40 community sports club bookings.

SECTION 2: Public Benefit (continued)

QUALITY EDUCATION



The University is driven by a deep-seated commitment to educational opportunity and works hard to break down barriers to higher level learning. In the 2024 Times Higher Education University Impact Rankings, Worcester was ranked 1st in the UK for Quality Education, a measure of how well an institution is ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all.

Education

Described in our 2023 Teaching Excellence Framework report as “an engine of opportunity – supporting its students to benefit from an educational experience that is personally transformative and allows them to succeed in their chosen career”, Worcester is widely recognised as one of the UK’s most inclusive universities.

For many years the University has consistently sought to reach out to communities and individuals who in previous generations would not have had the opportunity to benefit from higher education, working with colleges and high-quality educational organisations to provide programmes in many parts of the UK in such vital but neglected areas as Child and Adolescent Mental Health, Learning Support, Early Years and Parent Education. The University has fostered and developed partnerships locally, nationally, and internationally to raise aspirations and promote inclusion and social mobility.



Schools and education have been at the heart of our work since our inception in 1946. As one of the country’s 10 biggest providers of teacher training, we are at the forefront of educating caring and insightful professionals. The University is the only higher education institution in Herefordshire and Worcestershire offering teacher education, so we have a key role in developing the future workforce for schools. The nature of our provision is strongly influenced by the needs of schools and other educational settings in this region and throughout the West Midlands.

Whilst others withdrew from teacher education, Worcester expanded training for teachers, tutors and teaching assistants across England, from Devon, Somerset and Dorset, through to Norfolk and Lincolnshire.

Educational Impact	2023/24
Teacher Training graduates	464

Research

Over the last 12 months, staff from across the University have written and edited books aimed at educators, students and professionals in health, teacher education, social work and law, each with an overarching aim of enhancing educational quality. These include:

- Andrews, Scott (2023) *Learning and Researching with Case Studies: A Student Companion for Business and Management Research*. Routledge, London
- Kington, Alison (2023) *Effective teaching: Measurements, antecedents, correlates, characteristics, and links with outcomes*. Frontiers Research Projects. Frontiers Media, Lausanne.
- Lipscomb, Martin (2023) *Routledge Handbook of Philosophy and Nursing*. Routledge, London.
- McLoone-Richards, Claire (2023) *Researching Domestic Abuse and Sexual Violence: Critical Perspectives for Student-Practitioner Researchers*. Routledge, Abingdon.

SECTION 2: Public Benefit (*continued*)

- Monaghan, Chris (2024) *Impeachment in a Global Context: Law, Politics, and Comparative Practice*. Routledge Frontiers in Accountability Studies. Routledge, Abingdon.
- Monaghan, Nicola (2024) *Contemporary Challenges in the Jury System: A Comparative Perspective*. Routledge Contemporary Issues in Criminal Justice and Procedure . Routledge, Abingdon.
- Sealey, Clive (2023) *Applying Social Policy to Criminal Justice Practice: What Every Practitioner Should Know*. Policy Press, Bristol.

Community Engagement

The University seeks to minimise barriers to participation and contribute to the expansion of higher education opportunities, locally, nationally and internationally. At Worcester we have reimagined the modern university, developing facilities to be public by design, opening our doors to the community to raise aspirations from the earliest age.

Which is why, in December 2023, the University was among the winners of the Purpose Coalition’s Breaking Down Barriers Awards, winning the award for Goal 14 - Achieve Equality Through Diversity and Inclusion. The previous year the University won the award for Goal 1 – Strong Foundations in the Early Years, for our efforts to drive social mobility through educational opportunities for children.

We recognise that barriers still exist for many communities to access higher education and are committed to doing all we can to engage with those communities.

In March 2024, we signed up to the Gypsies, Travellers, Roma, Showman and Boaters (GTRSB) in Higher Education Pledge committing to creating a welcoming environment in which GTRSB students feel welcomed and supported and can thrive academically and personally. We are aware that members of the GTRSB community can experience barriers when accessing education and want to change this. Our academics have worked closely with members of these communities, carrying out research and developing best practice guides for professionals. Two members of our IMPACT group, made up of people who use health and social care services, are Romany Gypsies who regularly input into a range of health and social care classes.



The University has a fundamental commitment to educational and social inclusion, to gender equality and to promoting social justice not least through our championing of fundamental British values: ‘democracy; the rule of law; individual liberty; and mutual respect for and tolerance of those with different faiths, beliefs and for those without faith’.

Education

Throughout the 21st Century, more than 97% of Worcester’s students have come from state schools. Many of those students begin their higher education with lower than national average UCAS tariff points. It is perhaps remarkable then that we have one of the best sustained employment rates of any university in the Country - currently 1st in the UK for sustained employment and/or further study five years after graduation (LEO 2024, excluding specialist institutions). This has been achieved through creating an environment where every student can flourish and has been particularly important for students with an impairment, who are all too often made ‘downwardly mobile’ by societal indifference. More than 20% of Worcester’s students have a declared disability.

SECTION 2: Public Benefit (continued)

The University has consistently sought to develop initiatives to support potential students from areas of greater social deprivation, mature learners, those from BAME communities and students with a disability.

The University has formed a new partnership with Dudley, Walsall and Halesowen Colleges to provide higher education courses in the Black Country, identified as one of the most deprived areas of the Country, according to the Government’s Index of Multiple Deprivation. The Black Country, with a population of about 1.19m, has historically been poorly served by higher education. This new partnership will provide opportunities for people to study for a health profession, including Nursing, on their doorstep.

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. More than 40% of Worcester students joined the University with non-traditional qualifications such as Btec, Foundation Year or Access to Higher Education qualifications, over 32% of home students come from addresses within the bottom two quantiles of the Government’s Index of Multiple Deprivation and 52% are first-generation entrants.

Read the full Plan:

[University of Worcester Access and Participation Plan 2024-25 to 2027-28](#)

Our fundamental approach is to encourage all students to become well informed and to engage in peaceful, respectful democratic discussion of the issues. Most recently, we actively encouraged our students to engage in the General Election, providing information about how to register and explaining the mechanics of the voting system. This is an important part of our statutory duty to promote democratic values and participation in the democratic process. In both the May 2024 local elections and the July 2024 General Election, the University’s Riverside Building was used as a Polling Centre, further encouraging and supporting democracy.

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	2023/24
Number of student representatives	339 Course Reps, 22 Department Reps
Number of student volunteering hours	6,924.75 – these were done as part of student group committees, as Reps, or for community activities and projects (12% increase on last year)
Number of student societies	35
Number of student hours worked at University Arena	8,620

SECTION 2: Public Benefit (*continued*)

Research

Our researchers are engaged in a range of projects which address the themes of gender equality, poverty reduction, social inequalities, particularly in relation to race and disability, and the justice system. These are just some examples:

- Caring responsibilities routinely and disproportionately fall on women in most societies. Our researchers in the **Association of Dementia Studies** have engaged in research which looks to support formal and informal carers in their role. Crossing the Line, a project funded by the National Institute of Health Research ran from 2022-24, set out to provide a comprehensive understanding of the personal care giving experiences of family carers who support someone with dementia.
- Dr Jessica Mee has received £950k from the UKRI Future Leaders Fellowship scheme for the project 'Improving females' health and performance by mitigating heat strain. From the effects of the warming climate to hot offices, the project which began in April 2024 will explore how heat affects females of varying ages and levels of activeness.
- Researchers in Education have worked closely with partner Schools to explore the impact of school Health and Well-being Leads in supporting families in poverty. Whilst the research has highlighted the efficacy of these roles in supporting children and families during the cost-of-living crisis, it argues that such roles will only be successful and sustainable if the government also addresses the need for early intervention, funding and the workload crisis in children's services and schools.
- Researchers in our **Social Pedagogy Research Group**, led by Dr Carla Solvason and Dr Alison Prowle, are working with Blaenau Gwent Disability Services on a longitudinal project that seeks to better understand the support provided by Blaenau Gwent for children and young people with a range of disabilities, at various phases during their lives. The aim of the project is to create a picture of the child's support experience across their transition from teenager to adult and to provide recommendations for the future development of the service. The project also has the potential to feed into disability services elsewhere in the UK.
- Dr Peter Unwin and Professor Gyozo Molnar are engaging in a programme of research and knowledge exchange focused on the lived experience of Gypsy, Roma and Traveller (GRT) communities of health and social services. Most recently they have received funding from Understanding Patient Data to explore the attitudes and perspectives of Gypsy, Roma and Traveller communities on the collection of ethnicity data in health services and develop recommendations to ensure these groups are better represented in healthcare data.
- Our **Constitutions, Rights and Justice Research Group** conducts research on the nature of constitutions, different categories of rights (i.e., social, political, legal and employment) and the importance of justice in its many forms. This innovative group brings together academics at the University and other institutions, legal practitioners and active and retired judges to work together on a myriad of issues and seek scope for collaboration within the wider academy and legal practice.

SECTION 2: Public Benefit (continued)

Community Engagement

Through the creation of some of the UK’s most inspiring and inclusive facilities, including the UK’s first indoor sports arena purpose-designed to include the wheelchair athlete, as well as Europe’s first fully integrated university and public library, The Hive, we have sought to reduce inequality of opportunity. The Hive is unique and since opening in 2012, has hosted over 40,000 visits from schoolchildren and supported over 4,700 adults with community learning and developing vital job skills.



Building on the University’s exceptional and proven record on widening access to higher education, the Three Counties Medical School focuses recruitment primarily on 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. A further priority has been to encourage and support applications from local students, as part of the medical school’s mission to address difficulties in recruiting and retaining doctors in the region. The John Weston Stretton Trust of Kidderminster has opened its bursaries to support Medical students at Worcester from areas including Birmingham City, Dudley and Wolverhampton.

We recognise that our role in supporting those from disadvantaged backgrounds to have an equal chance of success starts well before students join the University at 18. That is why we manage the local branch of the nationwide scheme, Children’s University, which aims to provide opportunities for children of all backgrounds to take part in learning activities outside of school. 332 children graduated from Worcestershire Children’s University in 2023.



Our academics are engaged in work around the world to help promote peace and justice. Over this past year, Professor Nicoleta Cinpoes has been helping citizens in Ukraine to preserve their theatrical heritage. Moved by what she had seen happening to the Country, Nicoleta was keen to help with its long-term plan for recovery. She has been working to help train colleagues in how to write theatre history and supporting practitioners through the European Shakespeare Research Association.

Our academics also take their work out to the community encouraging discourse on many topics. The recent Talking Taboos’ series at The Hive covered topics including body positivity and consent. The talks were well attended by members of the public and were important in starting conversations and raising awareness.

ECONOMIC GROWTH



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 1,592 staff and 542 students in a wide range of roles. We offer competitive rates of pay and good employment benefits.

SECTION 2: Public Benefit (*continued*)

Education

The University is currently number one in the country for sustained employment and/or further study 5 years after graduation (excluding specialist institutions) in the 2024 Government-published Longitudinal Education Outcomes. Our graduates are highly employable and are snapped up in the workplace.

As well as educating students for professions such as Nursing, Midwifery, Teaching and Paramedicine, we actively foster and support entrepreneurship through a variety of schemes that offer practical experiences, training, mentoring, and networking opportunities for students, empowering them to pursue their business ventures and contribute to the local economy.



The Business School's BOSS competition – a Dragon's Den-style contest - offers entrepreneurial students from across the University the opportunity to pitch their ethical and sustainable business idea in front of a panel of distinguished business leaders in the hope of scooping a cash investment. After a successful first year, attracting dozens of applications, the competition grew with an even bigger prize pot in 2023/24.

The Business & IP Centre (BIPC) Worcestershire is now placed within The Hive, our joint university and public library, enabling all students access to free IP/Patent advice, grant advice and workshops to attend.

In 2023 Worcester's inclusive apprenticeship provision was praised by Ofsted who said the curriculum "prepares apprentices well for their next steps" and that "apprentices are ambitious to achieve to advance their career".

Research

Researchers in our Business School are engaged in research designed to help businesses become more effective and to support the development of entrepreneurs. For example:

- Dr Sajad Rezaei has led a project funded by the Economic and Social Research Council to explore how AI-powered knowledge management systems (AI-KMS) enhance productivity, planning and strategic decisions among leadership teams of care homes and home care businesses in England.
- Tapuwa Mwedzi, a doctoral student funded by the University of Worcester, under the lead supervision of Dr Laila Kasem, is investigating precarity amongst forced migrant entrepreneurs in the UK. His study will look at the challenges experienced by forced migrant entrepreneurs in the UK at different stages of the entrepreneurship journey, how they manage these challenges and elucidate the support that they need to succeed as entrepreneurs.
- Robin Bell, Professor of Entrepreneurship, has engaged in a programme of research focused on enterprise education in an international context. His research has informed the development of entrepreneurial education curricula across Europe, Asia, and Africa, increasing capacity for sustainable entrepreneurial development. Some of his most recent work has focused on disabled entrepreneurs and how best they can be supported.

Community Engagement

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.

SECTION 2: Public Benefit *(continued)*

The Business School supports the local authority’s Start-up Business Mentoring Programme by delivering free training to the mentors and launched the Herefordshire and Worcestershire Help to Grow Management Programme for local business leaders. 21 students successfully completed the 12-week programme in the first year. The Department for Business, Energy and Industrial Strategy (BEIS) has agreed to provide funding for the University to expand the course.



We have deliberately chosen to develop our estate inclusively, creating buildings that are sustainable and conducive to co-operation and success. The opportunity to study at The Hive is a day-to-day encouragement to active citizenship and learning.

The Hive remains unique as the UK’s first and only fully integrated university and public library. Working together with Worcestershire County Council, with a shared belief in learning and inclusion, we have provided a cultural, learning and information centre of excellence for the City and wider region’s residents, as well as the University’s students.

Education

The Hive is a learning hub, a place where university students, school and college pupils and adult learners sit side by side and engage in education and research. The varied adult learning programme helps people to secure jobs or start formal learning, having never been confident enough to do so before.

The University library, with its extensive collection of academic texts and books, is largely housed on the upper library floors, providing a wonderful study facility which all are welcome to use.

Since opening, 70,000 academic queries have been answered by university library staff and more than 4,500 school, college and university students have attended Study Happy events, designed to help them look after their mental and physical health while studying.



Research

Our Association for Dementia Studies (ADS) are involved in two long term programmes of research and implementation which strive to create sustainable community-based approaches to improving the lives of people living with dementia and their families and carers.

- The Dementia Meeting Centre Programme began in 2014. Meeting Centres are a community-based support system for people living with dementia and their families and carers. The project showed the model brought significant benefits for people recently diagnosed with dementia, including reducing the use of anti-psychotics, and for those around them. Research into Meetings Centres has continued with the team completing an NIHR-funded project in 2023 which examined the sustainability of the Meeting Centre model and the team has been awarded further NIHR funding to explore food interventions in community-based support systems, which project began in Spring 2024. Alongside the research, the team has been supporting organisations to implement meetings centres. At the time of writing there are over 50 Meeting Centres in the UK and many more internationally.

SECTION 2: Public Benefit (*continued*)

- ADS is also involved in a programme of research focused on Housing and Dementia. It hosts the Housing and Dementia Research Consortium (HDRC), a membership group of housing and care organisations and academics who are committed to deliver timely, appropriate, high quality research in order to build a stronger evidence base to support the way services and buildings are designed for people with dementia, and to directly influence policy and practice in relation to accommodation and care services for people with dementia in the UK and beyond.

Community Engagement



Since opening in 2012, The Hive has introduced more than 500,000 children to library services. In 2023, it relaunched its ‘learning outside the classroom’ programme to support children and young people at all stages of their education. The programme saw engagement swell from around 15,000 children and young people in 2021/22 to almost 30,000 in 2022/23. It also launched the Careers Worcs Youth Hub, a dedicated space for young people aged 15-24 to help find the right pathway into employment, training, and education.

More than 4,700 adults have been supported with community learning and developing vital job skills in The Hive’s first decade. There is a weekly Job Club to assist people in creating CVs and applying for jobs, and there are opportunities throughout the year for young people to gain work experience.

This year total visits to The Hive rose by more than 125,000 compared to last year and teenage library membership rose by almost 6,000. The number of children and adults participating in community events was up by over 20,000 and the number of people attending public lectures almost doubled.

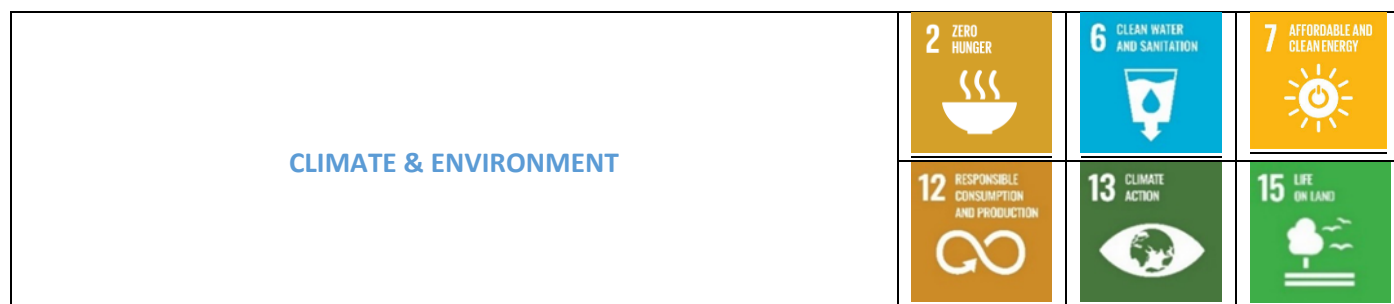
By opening our facilities in imaginative ways for the public benefit, we encourage cohesion and contribute to our community becoming even safer, stronger, and more engaged.

Hive Library	2023/24
Total number of visits	508,822
Teenage library membership	16,732
Number of children and adults participating in community events	53,392
Number of people attending public lectures	1,308

This year the University worked with our local BBC radio station, BBC Hereford and Worcester, to host its inaugural Community Games at our Lakeside Campus. [The Games](#) brought communities together to share in the excitement of the Paris Olympic and Paralympic Games.

Lakeside Campus was also successful this year in securing Holiday Activities and Food (HAF) funding for 1,620 free places on its 2024 summer holiday clubs. HAF is a Department for Education (DfE) funded programme aimed at enabling children and young people in receipt of benefits-related free school meals (FSM), vulnerable or in need of this provision to attend school holiday activities and experiences during Easter, summer and Christmas.

SECTION 2: Public Benefit *(continued)*



Worcester is a leader in environmental sustainability regionally and nationally. Our campus is a living laboratory for developing, testing and implementing solutions that enhance the health of people and planet. We have been awarded First Class Honours in the People and Planet ‘Green’ university league every year since 2009 and were judged to be ‘leading the way’ in the battle to reduce carbon emissions, according to independent research by Students Organising for Sustainability UK (SOS-UK).

Read the University’s latest Annual Sustainability Report

[Annual Sustainability Report 2022/23](#)

We engage with key issues such as food security, climate change and flooding across our curriculum, our research and our community engagement.

Education

Key to the University’s work is inspiring our students to become sustainability leaders and thinkers of the future. We encourage all students at enrolment to take the global Sustainable Literacy Test and they are also offered the opportunity to undertake Carbon Literacy training. Our Sustainability Hub on campus acts as a focal point for encouraging action and discourse.

Each year our staff engage in the [annual SDG Teach In](#) pledging to include the SDGs in their teaching, training, learning and assessments. For the past two years we have been in the Top 10 for the number of educators participating.

We were recognised by the UN this year as one of only five business schools from a global network of more than 800 to be awarded a Recognition for Excellence in SIP (Sharing Information on Progress) Reporting award under the UN’s Principles of Responsible Management Education (PRME) banner.

Research

Professor Mahmut Tor is leading our [Molecular Plant and Microbial Biosciences Research Unit](#) in a vital programme of research examining interactions between plants and the pathogens, such as downy mildew, which kill or at the very least reduce the yield of these plants. The programme of research, largely funded by the Biotechnology and Biological Sciences Research Council but also science funders in Turkey and the USA, in particular sets out to understand these interactions at microbial level, exploring the natural defences of the plants and finding ways of enhancing these natural defences. The programme has the potential to improve food security through increasing crop productivity whilst also reducing the use of harmful pesticides. Professor Tor has brought his research to the wider public through, for example, an event held at the University to coincide with the UN’s Day of Plant Health (May 12th 2024). This event, which involved a series of talks, displays and hands-on demonstrations, sought to shed light on often overlooked significance of plants in sustaining life and maintaining the health of our ecosystems.

SECTION 2: Public Benefit (continued)

The University, led by Professor Alan Dixon and Dr Cedric Nkiko, is part of a large multinational research project, bringing together collaborators from the UK, USA, Germany and Canada with researchers and communities in Central Africa, in particular Kenya, Tanzania and Uganda, to explore the factors that contribute to climate-induced migration and to build resilience in these communities. The CLARS (Climate Adaptation and Resilience Strategies) project, which has received £2.3m funding, will seek to increase understanding of climate change in African communities and develop effective responses that reduce poverty in these communities.

Researchers in our Sustainable Environment Research Group, led by Professor Ian Maddock, are engaged in a programme of research and consultancy focused on natural flood management. Professor Maddock working with colleagues at Cardiff University identified that river barriers similar to those built by beavers can protect communities at risk of flooding. The research found that the barriers deliberately increased water levels upstream to slow down river flow and provided benefits to the river and nearby farmland.

Community Engagement

We aim to strengthen our role as a regional anchor institution, improving the wellbeing of communities whilst protecting natural assets, and connecting sustainability with local regeneration and skills development.

One example of a student-led approach impacting our community is delivering free Carbon Literacy training to Worcestershire citizens via the County’s libraries. This collaboration with Worcestershire Libraries is bringing dynamic learning opportunities for our students alongside helping to reduce carbon emissions locally. By helping our students to develop through their learning experiences, the greater their impact as future sustainability professionals who work across borders and drive industry change.

This year we were named the most Electric Vehicle (EV) friendly university in the UK after installing 100 EV charging points at our Severn Campus, which are available for anyone to use, not only future proofing for the University but helping our community to decarbonise.

We are working on a Community Heat Network for the City to decarbonise our and others heating using the River Severn as the energy source.



The University has also worked in the wider community over many years delivering projects such as Go Green Week, encouraging local residents in the City to take action for the climate and we have been the lead in bringing national awareness raising projects to the City, including the Solar Butterfly and the Running Out of Time Climate Relay, which engaged the wider community in the climate emergency.

PARTNERSHIPS	
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The University is committed to working in partnership in the design, development and delivery of our curriculum, our research and our community engagement. It is through this co-production that we maximise the quality and impact of what it does. Our partners are local, regional, national and international.

SECTION 2: Public Benefit (*continued*)

Education

The delivery of our health education is fundamentally dependent on the placement opportunities provided by our NHS partners. In particular, we work closely with local NHS Trusts across Worcestershire, Herefordshire, Gloucestershire and the wider West Midlands. Similarly, our trainee teachers can gain real classroom experience because of the rich partnerships we have with almost 500 schools across the region and beyond.

In many other areas we work closely with employers, charities, sports clubs and other organisations who support our students in gaining invaluable work experience. In Law, pro bono activity is built into the course, giving students the chance to work alongside practising solicitors and developing their legal skills while making a genuinely positive contribution to society.

Our Business School also works closely with local businesses to provide opportunities for our business students to work within these businesses or to deliver applied projects that benefit these businesses. One example of this is Student-led environmental consultancy which our business students have provided to local SMEs. This scheme has not only developed the student's skills around environmental management but also benefited the business not least through cost-reductions through implementing the students' recommendations.

Research

We have enhanced our collaboration with the Co-Lab, a community-focused digital health innovation hub, set up by the Herefordshire and Worcestershire Integrated Care System based in Kidderminster Hospital. The Co-Lab is a physical space where health professionals can explore technological solutions to their everyday challenges in the health and care sector. The University's research team have been working with the Co-Lab to evaluate its overall effectiveness as well the effectiveness of specific technologies and interventions.

Our **Sustainable Environments Research Group** has longstanding partnerships with charities, NGOs and government agencies in Central Africa, in particular Malawi and Ethiopia, which set out to enable subsistence farmers to live sustainably whilst maintaining and enhancing the catchment-wetland ecosystems which they farm. These partners including Tiyeni, Self Help Africa, Wetland Action, the Ethio-Wetlands and Natural Resources Association and the Ethiopian Government's Environment, Forest and Climate Change Commission.

Beas Banerjee is currently undertaking a funded doctoral project within the group, supervised by Professors Alan Dixon and Ian Maddock, to explore how anticipatory action can reduce disaster risk in the Global South. The project focused specifically on Nepal involves collaboration with Nepal Flying Labs, a non-profit social enterprise, and Naxa, a Geo-ICT tech consulting firm, both based in Nepal.

Community Engagement

The University's engagement with the city of Worcester is writ large throughout this report but it is worth highlighting our **Community Forum**, a space where the public and key partners across the city provide comment and insight on university initiatives, helping to shape and develop those initiatives for the good of University and community. The Community Forum has been running for more than 20 years, even operating online during the Covid-19 pandemic.

Our staff also play a key role in the wider community through their various roles as board members, trustees and advisors for the Local Enterprise Partnership, health and education bodies, for charities, for NGOs and for businesses.

SECTION 3: Financial Management and Sustainability

In meeting the on-going challenges within the Higher Education sector as the UK tuition fees remain frozen whilst the cost base endures high inflationary pressure, our financial strategy is to:

- 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 payments to creditors and suppliers as per the relevant agreed terms;
- Maximise opportunities to diversify sources of income and increase income generation from these activities; and
- Attempt to improve overall cost efficiency to mitigate the ongoing challenges of higher inflation.

RESULTS FOR THE YEAR

The 2023/24 consolidated financial statements show a deficit of £(4.5)m (2023: deficit £(3.2)m). The deficit, the third consecutive year with a significant deficit, was not unexpected having been previously budgeted and forecast. The continuing freezing of the UK tuition fees, that form the majority of the University's income, combined with ever increasing inflationary cost pressures results in the University's finances becoming increasingly stretched. On-going increases in international student tuition fees and cost efficiency measures, including voluntary severance schemes, partly mitigate this but it remains a struggle in the current economic and political environment to achieve the banking covenants. The deficit (before other gains and losses) reduced from £(3.2)m in 2022/23 to £(2.2)m in 2023/24. This was a result of a variety of factors such as: increase in funding body grants and also an increase in investment income. Income from residences, catering and conferencing, also increased slightly. Overall tuition fee income was consistent with the previous year, which was disappointing as no growth was seen. 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. No new trading activity took place during the year. The only transactions during the year related to interest receivable and audit fees.

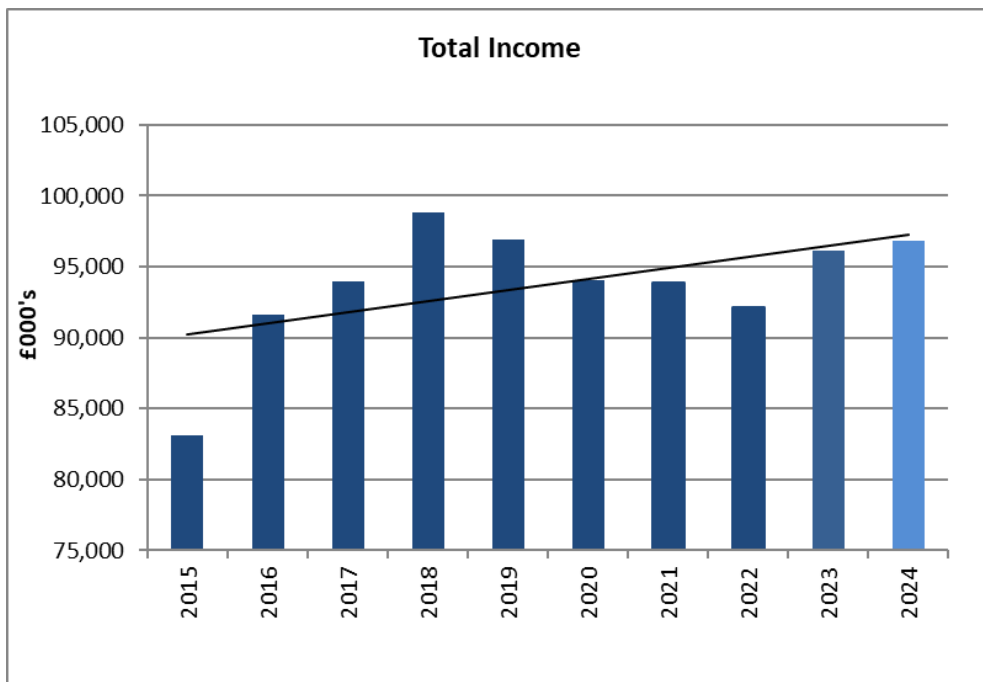
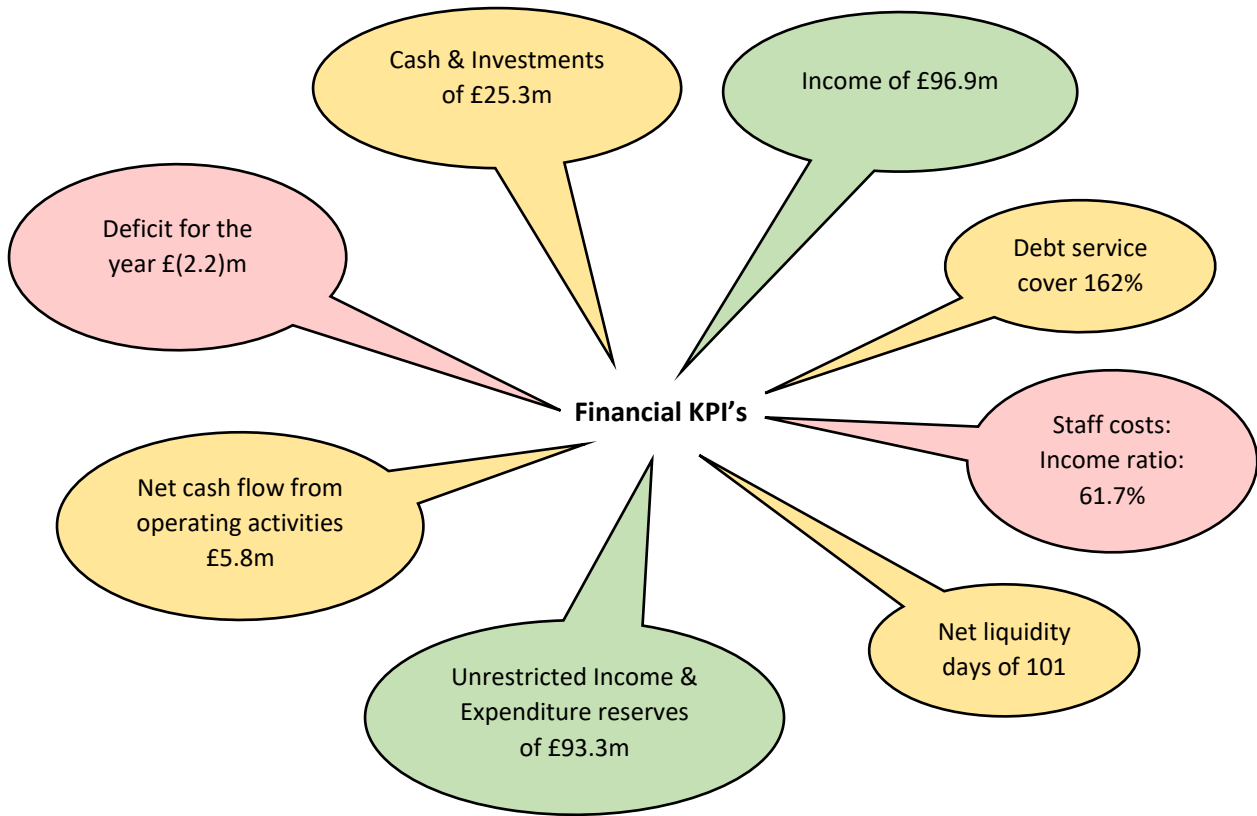
U W Enterprises Limited is the entity through which the University's commercial activities are channelled. Following a steady decline in full commercial trading, the University made the decision a few years ago that the on-going minimal amount of trading relating to the National Pollen and Aerobiology 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 2024 no trading activity was undertaken. There is a longer-term intention for the Company to be utilised for the employability of students, for which initial project planning works have commenced but as yet with no confirmed start date.

UW Worcester Wolves Limited is a 100% subsidiary company of U W Enterprises Limited. The principal activity of the company is to focus the company's operations on strengthening the grassroots basketball activities. The Company now operates 3 teams, being predominately all student teams, including operating one of the 4 UK High Performance Partnerships with British Wheelchair Basketball.

During the year the University set up a new 100% owned subsidiary company, Uniworc Ltd. The company was incorporated on 18th June 2024 and the main activity of the company will be the employment of staff for which services will then be recharged to the University of Worcester. No trading activity took place during the year, and it is anticipated that activity will commence during 2024/25.

SECTION 3: Financial Management and Sustainability (continued)

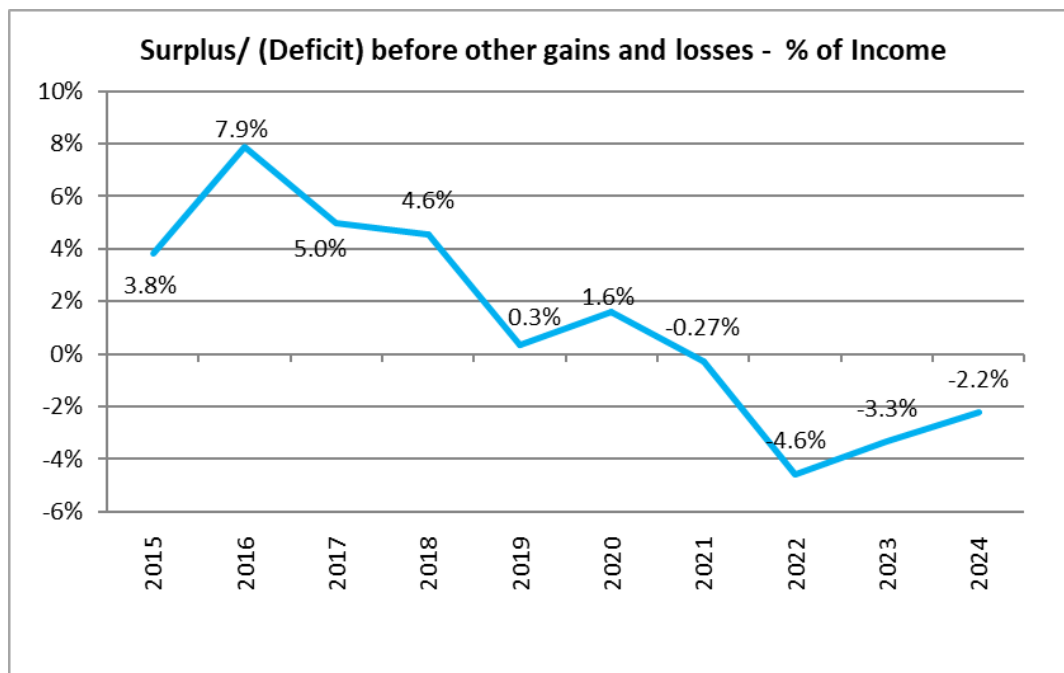
A visual summary of the financial Key Performance Indicators (KPI's) used by the University are shown below. The results of which relate to the actual performance during the year:



2023/24 saw a slight increase to the University's income, attributable to small increases in several areas being, funding body grants, residences catering and conferencing along with a substantial increase in investment income.

The budget for 2024/25 anticipates an increase in income, which is predominately related to a growth in student fees and student accommodation occupancy levels.

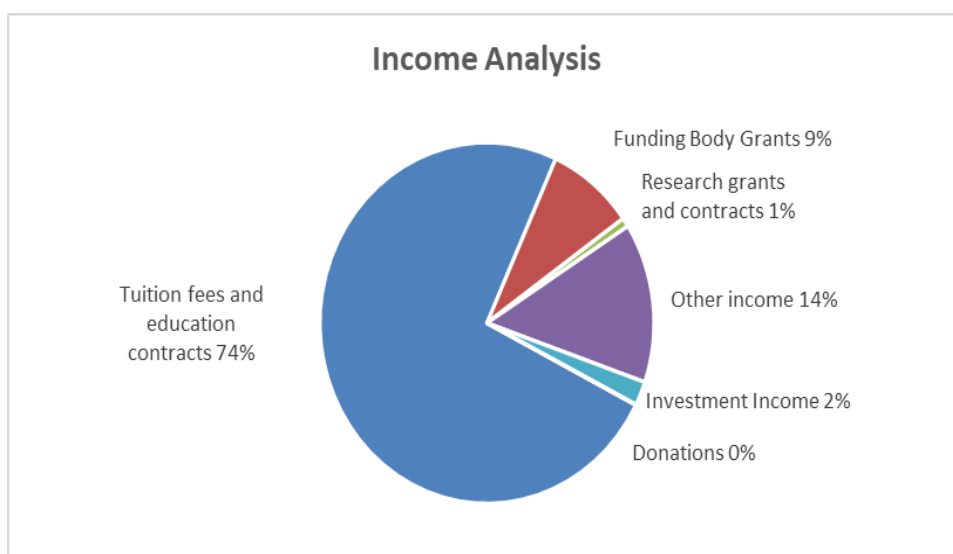
SECTION 3: Financial Management and Sustainability (continued)



2023/24 was the third year of a significant deficit position, however the position has improved compared to the last two years. The fluctuations between years are due to elements of non-recurrent income, differences relating to the movement of pension liabilities, and the rise in inflation over the last two years, albeit this has now slowed down.

The challenges facing the Higher Education sector are frequently reported in the press and the new government is aware that easing financial stability for the sector is key. However, the University continues to struggle with the frozen UK tuition fees that form the majority of the overall income, as well as substantial cost increases, primarily salary inflation and the associated Teachers Pension defined benefit scheme (TPS). The combination of these factors is significantly causing the financial deficits and pressure on the banking covenants. To try to mitigate this the University has engaged in vigorous cost cutting measures and successfully operated two voluntary severance schemes for academic staff. Consequently, 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 achieve banking covenants whilst enabling it to exploit any opportunities as they arise, such as the recent launch 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.

As expected, the 2023/24 financial results show the majority of income continuing to be received directly from tuition fees, as shown in the chart on the right. However, the percentage of student fees has continued to decrease, now being 74% of total income, whereas in the past it was usually around 80%. As previously mentioned, it is expected that this percentage will increase to 77% given the budgeted increase in student tuition fees in 2024/25.

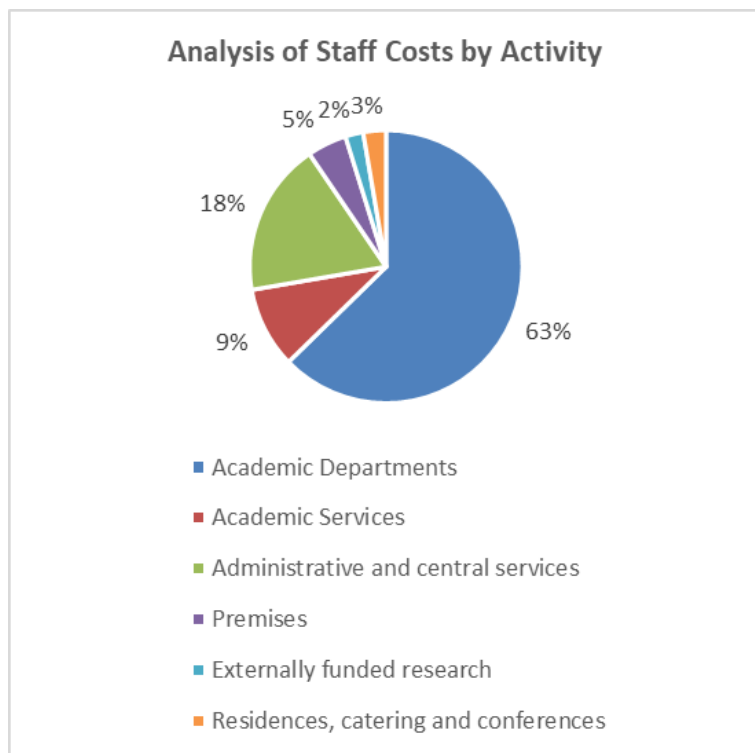
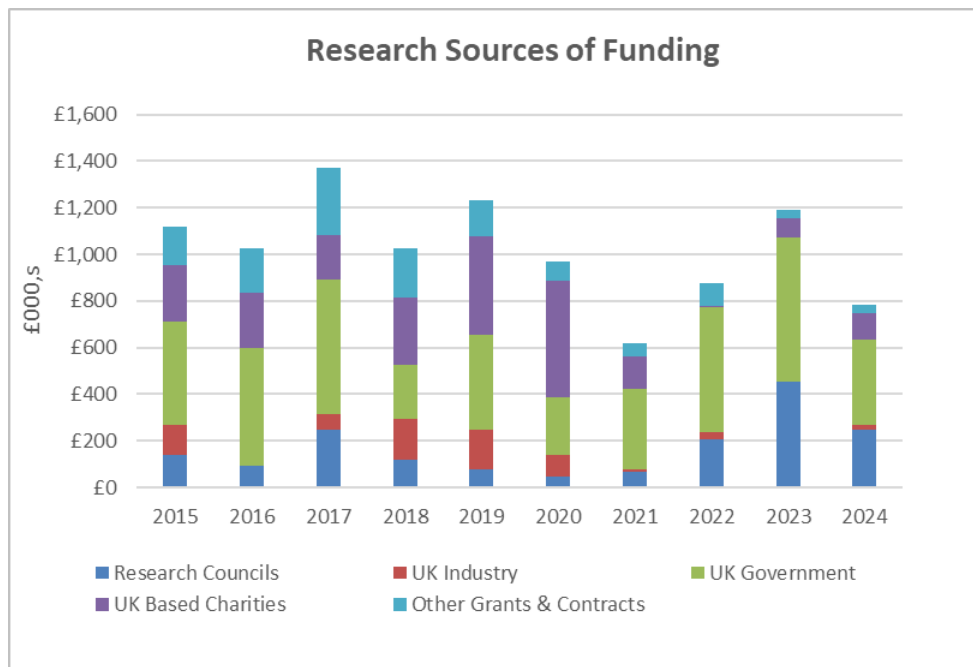


SECTION 3: Financial Management and Sustainability (continued)

The University of Worcester is not 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. Research income levels in 2023/24 saw a decline compared to usual levels, which is due to a number of factors, however levels are expected to return to around £1m over the next year.

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 2023/24. This income will be released in future years as each project progresses.

The chart opposite shows the analysis of research related income relating to 2023/24 along with previous years.

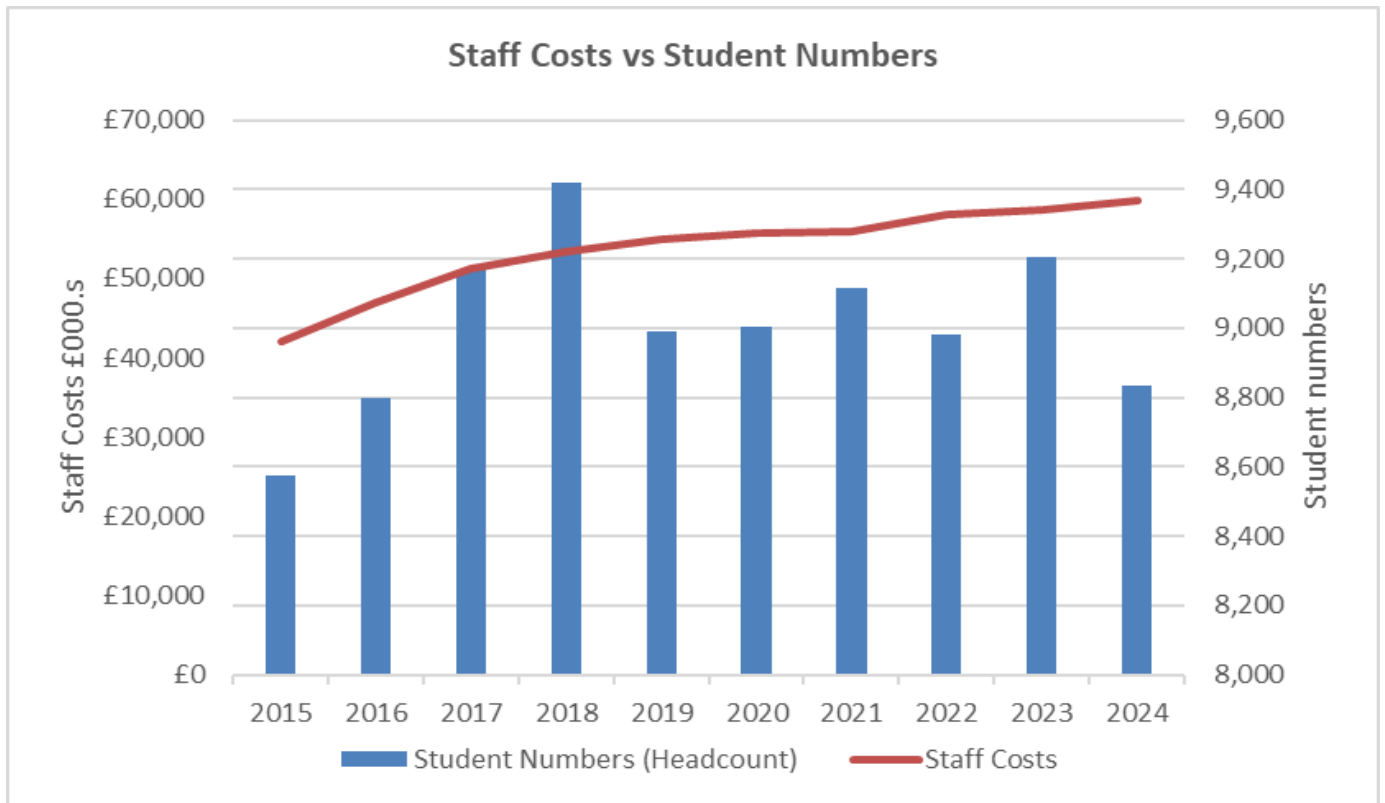


Total expenditure decreased in the year by £0.3m to £99.0m (2023: £99.3m). Staff costs remain the University’s largest area of expenditure with salaries continuing to rise, however due to the release of the USS pension deficit and also the LGPS current service cost being lower than employer contributions (see Note 27 for further details) the staff costs overall total has not increased greatly year on year, although the real cash costs of wages and salaries continues to increase. The ratio of staff cost: income has, has risen slightly from 61.0% to 61.7%. There are still challenges facing the University in relation to staff costs. Partly this is due to the cost-of-living crisis and therefore the demand for higher salaries is becoming more apparent, as it now becomes more difficult to recruit and retain good quality staff in schools and departments of the University.

The pressure of maintaining appropriate staff numbers to ensure high levels of student satisfaction, against the ongoing increases in pension contributions is a major challenge. During the year the University did launch an academic voluntary severance scheme, for which further details are shown in Note 8. The chart above shows the analysis of staff costs between key areas.

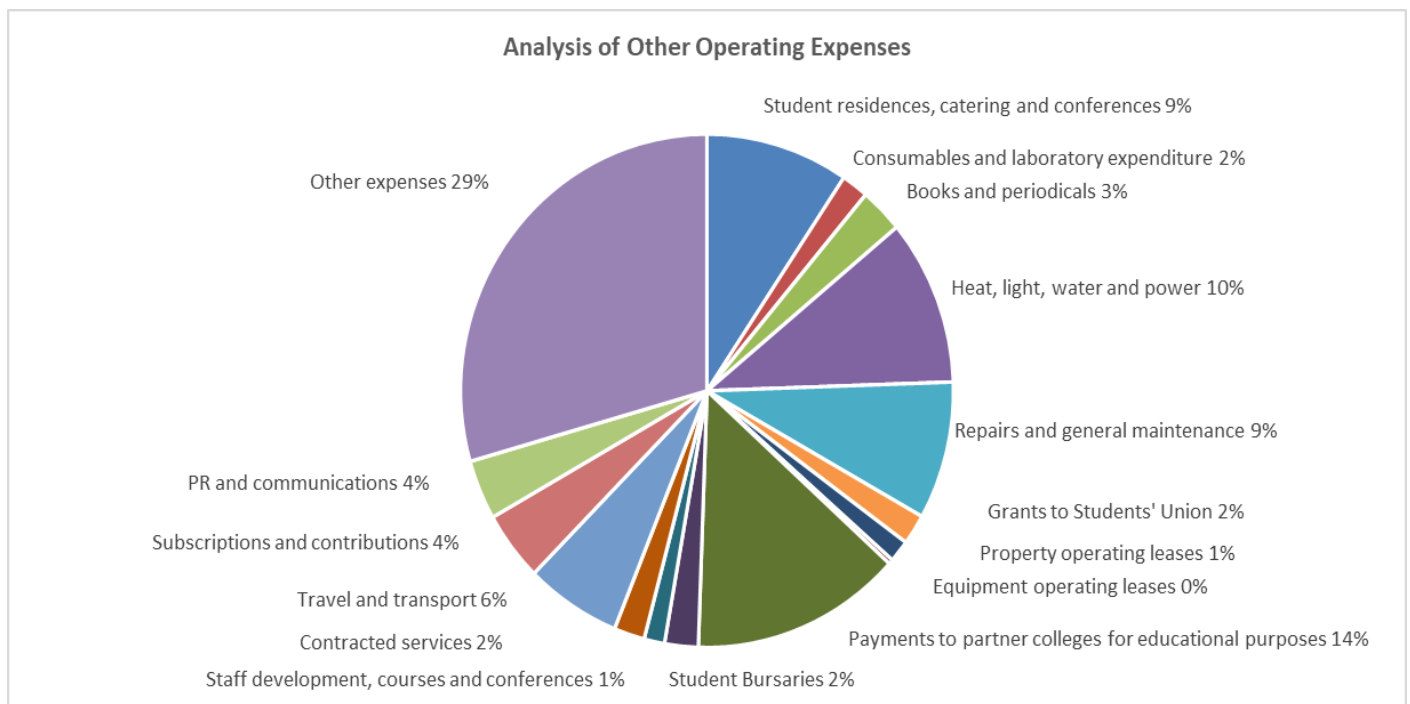
SECTION 3: Financial Management and Sustainability (continued)

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



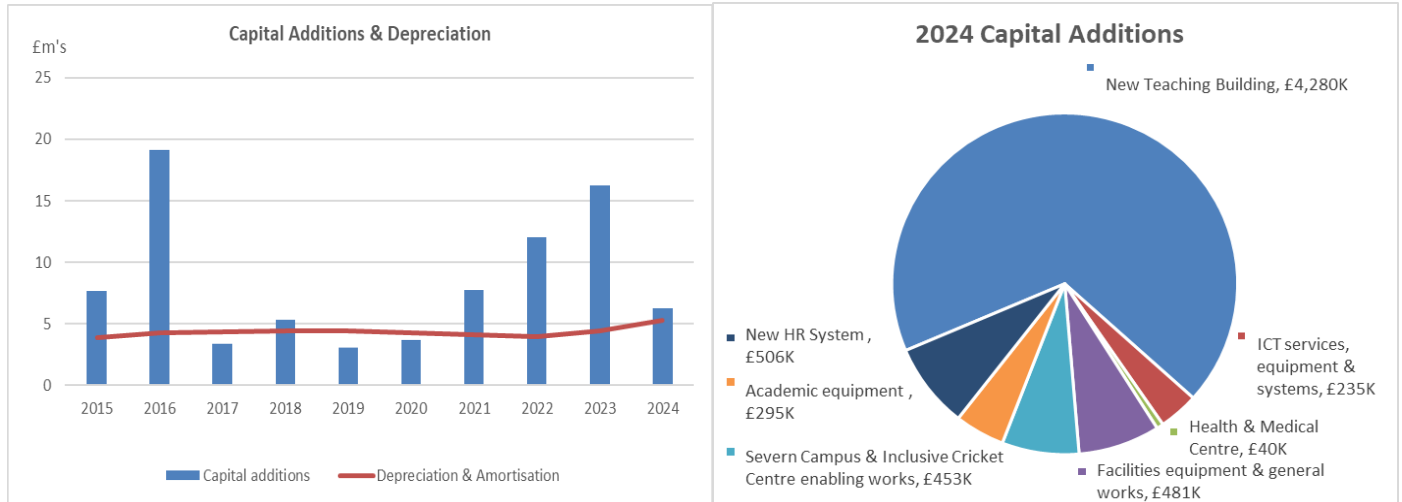
Other operating expenses decreased from £32.3m in 2022/23 to £31.3m in 2023/24. Considering the impact of inflation and also taking into account that the pre-pandemic level of other operating expenses was approx. £33m, the University has done significantly well at controlling costs across a wide range of spend categories. 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 increased due to the level of capital investment during 2022/23. The level of capital investment during the year has decreased from that of the previous year, which was due to the previous year including the new Three Counties Medical School located in the Elizabeth Garrett Anderson building, which is now fully operational. Work relating to the new Health and Wellbeing Teaching building, at the Severn campus, is progressing well and it should be operational by March 2025.



The University Group balance sheet showed a healthy position with net assets at £104.0m (2023: £109.7m). The main aspects of this were total non-current assets of £164.7m mostly relating to the physical estate of the University and associated equipment.

Net Current assets decreased from £19.1m to £6.0m due to lower cash and investment balances, due to the Board of Governors making the sensible decision to repay all of the Barclays Tranche C loan early to save interest costs. The closing cash and investments balance at the end of the year remains healthy and the longer term cashflow forecast anticipates a closing cash and investments balance for next year to be in the region of £24m.

- Trade and other receivables £4.1m (2023: £4.1m)

The total value of trade and other receives has for another year remained consistent. The University's credit control processes remain strong, which has resulted in a continued low level of student debt at the year-end.

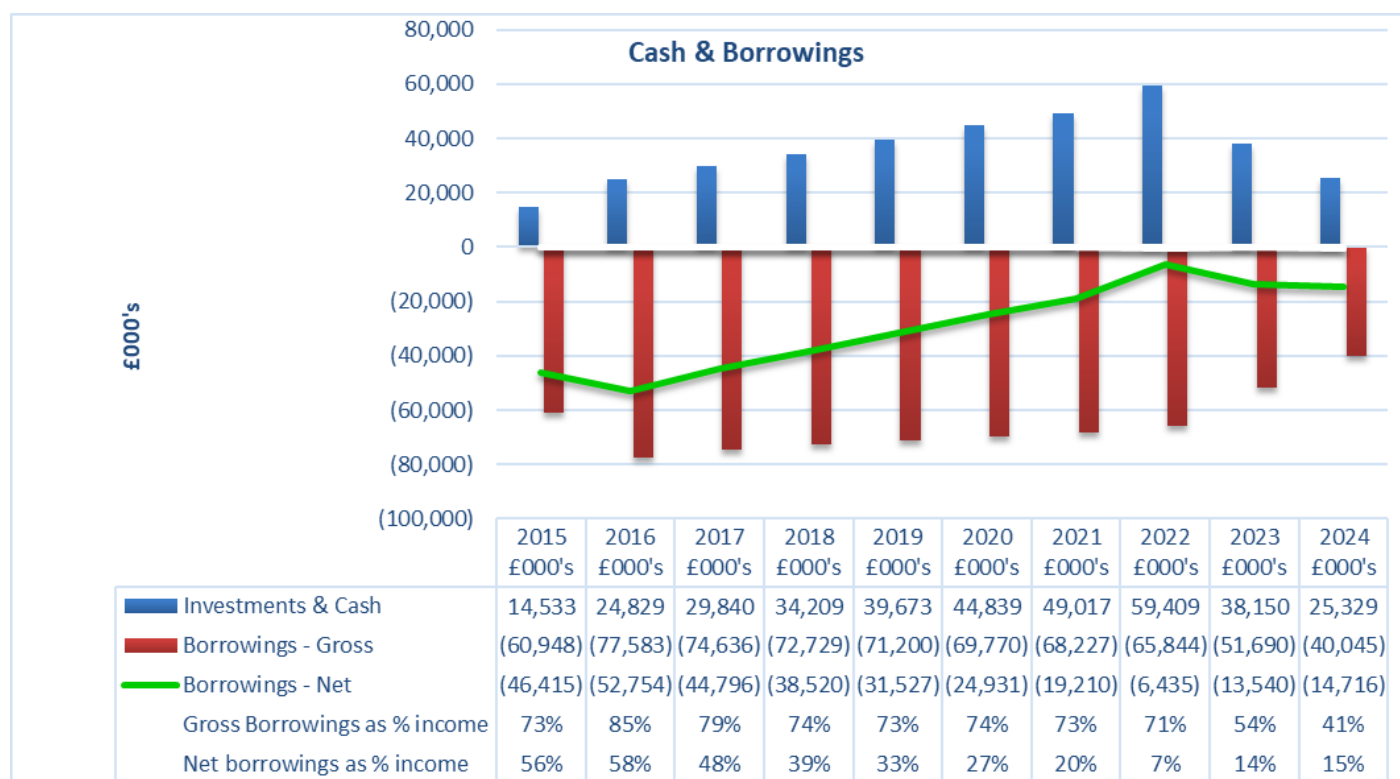
- Creditors (amounts falling due within one year) £(23.5)m (2023: £(23.2)m)

Tax and social security, along with the WLGPS pension payments, relating to July, were not paid early this year, and therefore form part of the outstanding balance at 31st July. Accruals and deferred income, which includes, income in relation to research contracts, capital grants and student tuition and accommodation fees decreased slightly from £16.1m to £15.3m, whereas trade creditors increased from £1.5m to £2.1m, which was purely down to timing of supplier payments across the year end.

Longer-term liabilities are related to loan borrowings, the Hive finance lease and government deferred capital grants, which will be released to income from 2025/26 onwards. The total bank loan drawn down as at 31st July 2024 remained at the full £80.0m although all of tranche C has now been repaid, so the borrowings are at their lowest level since 2008 when the original loans were agreed. Further breakdown is shown in Note 19.

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

Due to the rising interest rates, and the fact that Tranche C of the Barclays loan was subject to a variable interest rate, the Board of Governors made the decision to repay the final part of the loan early, resulting in gross borrowings reducing from £51.7m to £40.0m.



Most of the remaining 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 2024 meant that all bank and related covenant tests were again achieved. Further information on the loan repayments is shown in Note 19.

Provisions for liabilities

The University is now only accounting for an internal pension provision, due to the USS deficit being released in year and the WLGPS now being in a surplus position. The performance of WLGPS assets during the year was positive, and with only a small increase in the scheme's liabilities, the fund surplus has increased from £7.8m to £13.7m. This surplus value has not been recognised as a non-current asset within the financial position due to the accounting standards requirements around defined benefit plan assets. Further details regarding this are included within the accounting policies: critical accounting estimates and judgements section on page 54 and also set out in Note 27.

In relation to the University's element to fund the USS deficit liability, the whole liability has now been released due to the change in scheme position. This has created a credit to the income and expenditure statement of £706K. Further details on this are shown in Note 27. A further rise in Teachers Pension employer contributions remains a concern for the University, along with continued rises in contributions for the other schemes and is a key factor in the long-term financial planning of the University, which is necessitating looking at alternative ways to mitigate the ever-increasing costs of the defined benefit pension schemes.

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

Consolidated Cash flow

The cash inflow for the year from operating activities was £5.8m (2023: £9.2m restated). This was used to repay both the interest and capital elements of the loan during the year. Considering the challenges that have been faced this year, given the continued freeze in tuition fees, this encouraging cash generation, highlights how successfully the University management controlled the cash position, and as a result the relevant covenants with the University lenders were achieved. Future year achievement of the covenants remains a challenge with both Debt Service Cover and Net Borrowings Cover becoming equally demanding to meet, however the latest forecast indicates that this will be possible with on-going focus on income generation and cost control.

SECTION 4: Infrastructure Development Programme

The further development of the University's Severn Campus has been a key priority for the 2023/24 financial year. The relocation of a mobile phone mast has unlocked a development plot adjacent to the Elizabeth Casson Building. Planning permission for a new teaching facility, on the site, was granted in August 2023 with works commencing in February 2024 and scheduled to be completed in March 2025.

The scheme has been designed by Birmingham based Architects Glancy Nicholls and is being constructed by the Worcestershire based contractor, Speller Metcalfe (Malvern) Limited. Part funded by a OfS Strategic Capital Priorities Capital Grant of £3.3m, the building will provide sports performance laboratories, clinical skills spaces, seminar rooms and staff accommodation.



Image supplied by Glancy Nicholls Architects

The final phase of infrastructure development at the Severn Campus has been completed in this reporting year – this work included further demolition of vacant buildings, the creation of additional pedestrian routes, landscaping and the creation of cycle parking facilities.

SECTION 4: Infrastructure Development Programme (*continued*)



At the St John's Campus, the demolition of the Bredon Building has been completed. The building was constructed as one of a number of temporary Air Ministry office buildings during the Second World War. Despite serving the University as teaching facilities, office space and at one time a student hall of residence its lack of energy efficiency meant in 2022/23 it accounted for approx. 8% of the University's emissions from energy consumption on campus. The area will be used as green space and as a temporary car park in the immediate future.

A condition-based assessment of the University's property portfolio has been commissioned with the findings due to be published in the Autumn of 2024. This work will inform the future development of a University Estates Strategy.

Work to develop a planning application for the 29 (approx.) acres of land at Oldbury Road, previously known as University Court, has commenced – it is anticipated an application for over 200 residential units will be submitted by the end of 2024. Should the planning consent be granted the University will, in conjunction with specialist advisors, seek to dispose of the land holding and realise a capital receipt.

SECTION 5: Staff

SUPPORTING STAFF WELLBEING AND WELFARE

This year we continued to offer support to staff on a range of wellbeing and welfare topics.

This has included support and advice for those experiencing increasing **financial and economic pressures** through a series of financial wellbeing workshops delivered by external financial advisers. Advice for staff in planning **retirement**, from a financial and a personal wellbeing perspective, was also made available.

Financial and legal advice has also been provided for **staff who are carers**. We know from information collected in the staff survey that 33% of staff are carers and we have continued to offer bespoke workshops in partnership with the regional carers network group. A staff network has been formed where people can share experiences and exchange information.

Mental wellbeing support continued to be available through the external confidential EAP and this service has been promoted more widely. Occupational Health advice has been available from the same provider. The accredited programme for Mental Health First Aid has been expanded and offered as part of the staff development programme and as a bespoke event for team ‘away days’. We continue to work with two mental health charities, one of which is a specialist in suicide awareness and prevention and has provided several workshops.

Menopause continues to be an important topic within the wellbeing programme. The guidance on managing menopause has been promulgated widely, alongside e-learning and in-person workshops. The staff network group continues to meet.

Activity within the **Equality, Diversity and Inclusion** programme has also addressed wellbeing, especially for individuals who are members of minoritised groups. There are active staff network groups for LGBTQ+ and Disability matters, facilitated by colleagues with personal lived experience. These have offered staff briefing sessions on ways in which all can contribute to the further development of inclusion. There have been network meetings for members of these minoritised groups.

HEALTH AND SAFETY

This year has seen further investment and development in our health and safety arrangements. Improvements to our incident reporting portal include an **accident analysis tool**, providing an opportunity to identify trends in reporting, as well as enabling more detailed analysis by School/Department. We have continued to offer a range of training activities to promote Health and Safety awareness, including **fire safety and risk assessment**. We continue to promote the importance of **DSE assessments** to ensure good working practices are in place. The introduction of the Workrave app encourages staff to be more proactive in taking short breaks whilst at the computer screens and assists in the prevention and recovery of Repetitive Strain Injury.

GENDER PAY GAP REPORT 2023

This year’s [Gender Pay Gap Report](#) reconfirms the University’s inherent commitment to equality and inclusivity. Females continue to be well represented at all levels of the University, with females accounting for **over 59% of employees in all four pay quartiles**. This data is indicative of the University’s inclusive approach in all areas of work and the value it places on attracting and retaining female employees in roles at all levels of the institution.

We continue to offer our students the opportunity to undertake work at the University through the ‘earn as you learn’ scheme which has been very successful in helping students to develop skills for further employment. The majority of these roles fall within Quartile 1 of the data and, as 70% of our student population is female, it is inevitable that this gender split will have an impact on Quartile data and some impact on the overall data.

Indeed, when student workers are removed from our gender pay gap data for the 2023 report, the **median pay gap for the University is 3%**.

SECTION 5: Staff (continued)

We pro-actively review and monitor the employment ‘lifecycle’ of our staff; from initial recruitment, ensuring that we have fair and consistent selection processes; providing career development opportunities for all job roles; clear and consistent promotion and salary processes; and fair and flexible working practices.

TRADE UNION FACILITY TIME APRIL 2023 – MARCH 2024

Facility Time is the provision of paid or unpaid time off from an employee’s normal role to undertake TU duties and activities as a TU representative.

The information below is for the period **1 April 2023 to 31 March 2024**.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
10	8.72

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%	0
1-50%	10
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£11,436.52
The total pay bill	£58,855,183.00
The percentage of the total pay bill spent on facility time	0.019

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours
26.41%

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 in 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 originally approved by the Privy Council in 2016 and subsequently reviewed and updated with revisions approved by the Board of Governors in July 2021 and July 2024. The Instrument and Articles of Government set out the responsibilities of the Board and Governors, Academic Board and the Vice Chancellor in managing and overseeing the University's activities.

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 accordance with the Article of Government, the Board holds itself responsible:

- for the determination of the educational character, mission and strategy and reputation of the University and for oversight of its activities;
- for the effective and efficient use of its 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 reports 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 condition of all 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 four to five times during the academic year and is supported by a sub-committee structure comprising: the Audit Committee, Nominations & Governance Committee, Finance & Development Committee, People & Culture Committee, Remuneration Committee (VC & Chief Executive) and

SECTION 6: Corporate Governance Statement (*continued*)

Remuneration Committee (Board Appointees). All sub-committees operate with agreed terms of reference, with independent governors in the majority, one of whom is designated as Chair. The major sub-committees meet formally between three and five times a year, other sub-committees meet formally between once and three times a year. All sub-committees report formally to the Board in writing.

Audit Committee

The Audit Committee meets four or five times a year. The University's External Auditors attend two-three meetings a year, dependent on their business, and the Internal Auditors attend all meetings. The External Auditors in 2023/24 were Grant Thornton, appointed in 2021/22 and the Internal Auditors were Uniac, appointed in 2023/24. The Committee members meet with the auditors on their own for at least one independent discussion per annum. During 2023/24, one 'in camera' session of this type was held with both the internal and external auditors.

The Committee membership in 2023/24 included initially five, increasing to six, independent members of the Board of Governors, none of whom are members of Finance & Development Committee, at least one of whom has relevant finance and accounting experience. The membership also included student and staff members of the Board, who are full members of the Committee. The Vice Chancellor and Chief Executive is not a member of the Committee but is invited to attend meetings in an advisory capacity from time to time. The PVC Finance & Resources attends meetings of the Committee but is not a member. The Committee also invites senior managers to attend its meetings to present and discuss reports.

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

The Committee has a responsibility for oversight of the University's risk management arrangements, as articulated in the University's Risk Management Policy. It reviews the University's Strategic Risk Register twice a year, the Risk Appetite Statement annually and the Risk Management Policy every three years

During the course of its work the Committee also receives regular reports on the University's Procurement function, the Whistleblowing Policy and Sustainability Policy, as well as an annual update to the Fraud Assurance Map. It also considers the Students' Union's Annual Accounts and approves the annual TRAC Return to the OfS and the Annual Value for Money (VFM) Report.

The Committee presents an Annual Report to the Board of Governors, which is considered by the Board alongside the Annual Opinion Statement of the Internal Auditors. In addition to including assurances regarding risk management and corporate governance processes the Audit Committee's Annual Report includes assurance on the quality of the University's data management and the accuracy of data returned to external agencies, this is in part informed by the annual update to the Data Assurance Map.

Finance & Development Committee

The Finance & Development Committee meets four to five times during the year. Membership is primarily of independent members, as well as student and staff members who are full members of the Committee. Members of the senior management team, namely the PVC Finance & Resources and the PVC Communications & External Affairs also attend meetings but are not members of the Committee. The Vice Chancellor and Chief Executive, who is a member of the Board of Governors, is a full member of the Committee.

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

SECTION 6: Corporate Governance Statement *(continued)*

On behalf of the Board, the Committee monitors the development and implementation of strategic projects approved by the Board. During 2023/24 these included the development of a new teaching building for Health courses, the Duke's Building, on Severn Campus.

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 format of the skills matrix was updated in 2023/24. The Committee reports annually to the Board on the profile of the Board in respect of equality and diversity.

The Committee also has oversight, on behalf of the Board, for the University's formal governance documents and undertaking reviews of the Board's effectiveness and annual reviews of members of the Board. In 2023/24 the Committee oversaw the implementation of a small number of recommendations arising out of the 2022/23 internal audit review of the effectiveness of the Board's committee structure.

Membership of the Committee comprises the Chairs of the Board and Committees and a Student Governor, normally the President of the Students' Union. The Vice Chancellor and Chief Executive is a member of the Committee.

People & Culture Committee

The Committee meets three times a year. Its membership has a majority of independent members as well as staff and student members, who are full members of the Committee. The Director of HR and the PVC Education, Culture & Society, whose responsibilities include Equality, Diversity and Inclusion, attend meetings but are not members of the Committee. The Vice Chancellor and Chief Executive, who is a member of the Board of Governors, is a full member of the Committee.

The People & Culture Committee oversees the development and implementation of the Human Resources Strategy and receives an Annual Report from the Director of HR as well as regular reports from the Health, Safety and Wellbeing Committee and the Equality, Diversity and Inclusion Committee. The Committee receives the Annual EDI Report.

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, 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 2023/24 the Committee considered the outcomes of the University-wide staff survey which was carried out by People Insight; this was the first University-wide staff survey for some years. The Committee will receive further reports on actions arising out of the survey during 2024/25.

Remuneration Committee (Vice Chancellor & Chief Executive)

Membership of the Committee comprises the Chairs of the Board's Committees, the Chair of the Board, Vice Chairs of the Board and the President of the Students' Union. The Committee is chaired by one of the Vice Chairs of the Board. The Vice Chancellor and Chief Executive is not a member of the Committee, nor do they attend meetings or receive meeting papers. A written report of the Vice Chancellor and Chief Executive's appraisal is provided to the Committee by the Chair of the Board.

In 2023/24 the Committee met once to discuss the remuneration of the Vice Chancellor and Chief Executive and approved a new appraisal process. The Vice Chancellor and Chief Executive's remuneration is reported later in this document in the format, and with the justifications, as required by the OfS in its Accounts Direction.

SECTION 6: Corporate Governance Statement (*continued*)

The Director of HR attends meetings of the Committee in an advisory capacity. The Clerk to the Board is the Secretary to the Committee.

Remuneration Committee (Board Appointee)

The Remuneration Committee (Board Appointee) considers the remuneration of Board appointees other than the Vice Chancellor and Chief Executive; in 2023/24 this was the Clerk to the Board. The Committee's membership comprises the Chairs of the Board's Committees and Vice Chairs. The Chair of the Board and the Vice Chancellor and Chief Executive attend the meeting but are not members of the Committee. The Committee is chaired by one of the Vice Chairs of the Board. The Director of HR attends in an advisory capacity. The Clerk to the Board does not attend the meeting and does not receive papers for the meeting.

The Committee met once in 2023/24 to discuss the remuneration of the Board appointee and the Vice Chancellor and Chief Executive was in attendance as an adviser.

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

Investment Committee

During 2023/24 the Board of Governors established an Investment Committee to provide oversight, on behalf of the Board of Governors, of the management of the University's investments arising out of donations, endowments and bequests to the University. The Investment Committee is a sub-committee of the Finance & Development Committee and reports to the Board of Governors, via the Finance & Development Committee. Membership of the Committee comprises of three independent governors, one of whom is Chair, the Vice Chancellor and Chief Executive, the PVC Finance & Resources, the PVC Research and the President of the Students' Union. The Chair of Finance & Development Committee is excluded from being a member of the Investment Committee.

The Committee met three times in 2023/24, it is anticipated that going forward it will meet once or twice a year.

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 on the academic business and governance of the University.

The Board of Governors receives an annual report from Academic Board on the quality of the academic provision and the student experience in order to be generally assured and able to verify the required statements of the OfS Annual Accountability Return.

Clerk to the Board of Governors

The Board of Governors is served by the Clerk to the Board, who is also the University Secretary, who attends all meetings of the Board and its Committees, with the exception of the Remuneration Committee (Board Appointees). The Clerk's role is to advise on matters of governance and the operation of the Board and its Committees. The Clerk ensures there is appropriate demarcation between their two roles and that independent advice on matters of governance is provided to all Board members. The Clerk is supported by the Assistant Clerk who is responsible for

SECTION 6: Corporate Governance Statement (continued)

the preparation of papers and minutes of all Board and Committee meetings, with the exception of the Remuneration Committee (Vice Chancellor and Chief Executive).

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 nominated observer representation on the Boards of the University's wholly owned subsidiary companies.

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

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 principle risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. It is designed to manage rather than eliminate the risk of failure and can therefore only provide reasonable and not absolute assurance of effectiveness against material mis-statement or loss.

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 department and operational risk registers, separate and detailed risk registers are maintained for the key capital developments. Risk Assessments are also undertaken against 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 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 affecting the University.

The Board receives an annual assessment of the University's compliance with each of the OfS Conditions of Registration as well as updates on matters relating to the OfS, including Reportable Events, to each of its Board meetings.

SECTION 6: Corporate Governance Statement *(continued)*

Board of Governors' Responsibilities Statement

In accordance with the Education Reform Act 1998, 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 enables it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the SORP for 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 the University of Worcester, the Board of Governors, through its Accountable Officer, the Vice Chancellor and Chief Executive, 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;
- 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 37.

The Board of Governors has taken reasonable steps to:

- ensure that funds from the OfS, UK Research and Innovation (UKRI) and Education and Skills Funding Agency (ESFA) 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 outturn;
- comprehensive financial regulations, detailing financial controls and procedures, approved by the Board of Governors;
- a professional internal audit service, under contract, 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.

SECTION 6: Corporate Governance Statement *(continued)*

Governance Developments in 2023/24

Membership of the Board and its Committee during 2023/24 has been unchanged; with the exception of one new independent governor who joined the Board at the start of June 2024. There have been no changes to the Chair, Vice Chairs nor Chairs of Committee during 2023/24. The Nominations & Governance Committee at the end of 2023/24, recognising a small number of independent governors' second terms will be ending over the coming year, agreed to embark on a recruitment campaign for new independent governors in 2024/25.

As part of the continuing development of the effectiveness of the Board and its members three half day Development Sessions for the Board jointly with the senior management team were held. These sessions were designed to start to inform the Board's and senior management team's thinking around the development of a new Strategic Plan for the University and its continued financial sustainability. They focussed on the wider Higher Education Landscape, Strategic Partnerships, the University's Borrowings and financial strategy, and the Worcester Cultural Compact. In addition, an online briefing session was provided to the Board on the University's rebranding.

Going Concern

In preparing the financial statements, the Governors have considered going concern. Financial sustainability has always been a key foundation for the University strategy, but this has come under increasing scrutiny given the lingering financial consequences of the COVID-19 pandemic, the enduring 'cost-of-living' crisis and the on-going inflationary impact and the decision to significantly increase the employer's contribution to the Teachers' Pension Scheme. Despite the recent change in Government and the recognition that having frozen tuition fees is an unsustainable position for the Higher Education Sector to endure, there is still no firm action to resolve this or provide any other financial support (e.g. through increased grants or other mechanisms). Consequently, the University budget and forecasts have not assumed that immediate Government support will become available even though it is now well recognised that universities are struggling financially.

In light of the above and despite on-going deficits the key determinant of the University's ability to remain a going concern is focused on cash flow, banking covenant achievement and on-going bank support. To assess whether the University is still maintaining sufficient cash to pay its creditors, a detailed cash flow forecast for the period 1st August 2024 to 30th November 2025 has been produced. The key part of this analysis relates to the income from student tuition fees and therefore modelling has primarily focused on both student enrolments and student retention. Some actions have already been undertaken to reduce expenditure, but the current forecast model has not factored in any mitigating circumstances such as further reducing operating expenses or seeking additional borrowing. The forecast demonstrates that the University remains financially viable and is able to meet all its financial obligations as they fall due with positive cash balances being maintained, all loan payments being made on time and covenant compliance maintained for at least 12 months. The forecast has also been appropriately risk assessed through sensitivity analysis.

Barclays Bank Plc continue their support of the University and a further £11.5m was repaid by the University in the year 23/24 to reduce the bank loan outstanding. This repayment also included the full repayment of Tranche C so that the only remaining outstanding loans are now long dated ones repayable in 2042. This positive support and endorsement of the University remains strong and shows that the Bank understands the performance of the University and its on-going ability to rise to the challenges presented.

At the date of approval of these financial statements, the Board has prepared cash flow forecasts to 30th November 2025 and performed an assessment which considers a period of at least 12 months from this date of approval. Given the unprecedented nature of the current general economic environment, 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

SECTION 6: Corporate Governance Statement *(continued)*

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.

Mrs Sarah Speck

Chair of the Board of Governor

Professor David Green CBE

Vice Chancellor and Chief Executive

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

We have audited the financial statements of University of Worcester (the 'parent University') and its subsidiaries (the 'group') for the year ended 31 July 2024, which comprise the Consolidated and University Statements of Comprehensive Income and Expenditure, the Consolidated and University Balance Sheets, the Consolidated and University Statements of Changes in Reserves, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent University's affairs as at 31 July 2024 and of the group's and the parent University's income and expenditure, gains and losses, changes in reserves and of the group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

In our evaluation of the Board of Governors' conclusions, we considered the inherent risks associated with the group's and the parent University's business model including effects arising from macro-economic uncertainties such as the decreasing international student numbers, rising inflation and the war in the Middle East, we assessed and challenged the reasonableness of estimates made by the Board of Governors and the related disclosures and analysed how those risks might affect the group's and the parent University's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the Board of Governors' 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's and the parent University's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

The other information comprises the information included in the Reports and Financial Statements other than the financial statements and our auditor’s report thereon. The Board of Governors is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Office for Students (‘OfS’) Accounts direction (issued October 2019) (the ‘OfS Accounts direction’)

In our opinion, in all material respects:

- funds from whatever source administered by the parent University for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS, UK Research and Innovation (including Research England), the Education & Skills Funding Agency and the Department for Education have been applied in accordance with the OfS Terms and Conditions of funding for higher education institutions (issued July 2023), the funding agreement with UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education, and any other terms and conditions attached to them; and
- the requirements of the OfS Accounts direction have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the OfS Accounts direction requires us to report to you where:

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

Responsibilities of Board of Governors

As explained more fully in the Statement of Responsibilities of the Board of Governors page 36, the Board of Governors is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Governors are responsible for assessing the group’s and the parent University’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using

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

the going concern basis of accounting unless the Board of Governors either intends to liquidate the group or the parent University or to cease operations, or has 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the University and the sector in which it operates. We determined that the following laws and regulations were most significant: The Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102), FEHE SORP 2019, Further and Higher Education Act 1992, Higher Education and Research Act 2017, OfS Accounts Direction (October 2019), Relevant OfS regulatory notices and advices, The Higher Education Code of Governance and The Data protection Act 2018 ;
- We understood how the University is complying with these legal and regulatory frameworks by making inquiries of management and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of relevant committee minutes and through our legal and professional expenses review;
- We assessed the susceptibility of the University's financial statements to material misstatement, including how fraud might occur and the risk of material override of controls. Audit procedures performed by the engagement team included: – Identifying and assessing the design effectiveness of certain controls management has in place to prevent and detect fraud – Challenging assumptions and judgements made by management in its significant accounting policies – Identifying and testing journal entries, with a focus on unusual journals with specific risk characteristics and large value journals. – Review of business register of interest and the general ledger for any undisclosed related party transactions – Inspecting the Board of Governors and other committee minutes – Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's. – understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation – knowledge of the higher education sector – understanding of the legal and regulatory requirements specific to the University including: – the provisions of the applicable legislation – guidance issued by the OfS. ;
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue through manipulation of income and management override of controls ; and
- In assessing the potential risks of material misstatement, we obtained an understanding of: – the University's operations, including the nature of its income and expenditure and its services and of its objectives and strategies

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

to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement. – the University's control environment, including: the policies and procedures implemented by the University to ensure compliance with the requirements of the financial reporting framework and relevant laws and regulations. – the policies and procedures implemented by the University to ensure compliance with the requirements of the financial reporting framework and relevant laws and regulations – the adequacy of procedures for authorisation of transactions and review of management accounts – procedures to ensure that possible breaches of laws and regulations are appropriately resolved.

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.

Use of our report

This report is made solely to the University's Board of Governors, as a body, in accordance with paragraph 13(2) of the University's articles of government. Our audit work has been undertaken so that we might state to the University's Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University's Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

Consolidated and University Statements of Comprehensive Income and Expenditure
For the year ended 31st July 2024

	Note	Group		University	
		2024 £000	Restated 2023 £000	2024 £000	Restated 2023 £000
INCOME					
Funding Body Grants	2	8,135	7,365	8,135	7,365
Tuition fees and education contracts	3	71,932	71,981	71,959	72,002
Research grants and contracts	4	786	1,190	786	1,190
Other income	5	13,891	12,617	13,908	12,651
Investment Income	6	2,078	1,421	2,083	1,431
Donations and endowments	7	38	1,519	141	1,519
TOTAL INCOME		96,860	96,093	97,012	96,158
EXPENDITURE					
Staff Costs	8	59,789	58,576	59,751	58,536
Other operating expenses	9 & 11	31,345	32,306	31,534	32,490
Depreciation and amortisation	9,12 & 13	5,321	4,443	5,445	4,567
Interest and other finance costs	10	2,555	3,976	2,555	3,976
TOTAL EXPENDITURE	11	99,010	99,301	99,285	99,569
Deficit before other gains/(losses)		(2,150)	(3,208)	(2,273)	(3,411)
(Loss)/ profit on disposal of fixed assets	13	(105)	7	(105)	7
Loss on investment property	14	(2,255)	-	(2,255)	-
Surplus before taxation		(4,510)	(3,201)	(4,633)	(3,404)
Taxation	29	-	(5)	-	-
Deficit for the year		(4,510)	(3,206)	(4,633)	(3,404)
Actuarial (loss)/gain in respect of pension schemes	27	(1,179)	23,599	(1,179)	23,599
Total comprehensive income/ (expenditure) for the year		(5,689)	20,393	(5,812)	20,195
Represented by:					
Endowment comprehensive income for the year		-	500	-	500
Restricted comprehensive income for the year		(24)	955	(24)	955
Unrestricted comprehensive income for the year		(5,665)	18,938	(5,788)	18,740
		(5,689)	20,393	(5,812)	20,195
Deficit for the year attributable to:					
University		(4,510)	(3,206)	(4,633)	(3,404)
Total Comprehensive income for the year attributable to					
University		(5,689)	20,393	(5,812)	20,195

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

The notes on pages 47 to 83 form part of these financial statements.

Consolidated and University Balance Sheets as at 31st July 2024

	Note	Group		University	
		2024 £000	Restated 2023 £000	2024 £000	Restated 2023 £000
Non-current assets					
Intangible assets	12	1,146	721	1,146	721
Tangible fixed assets	13	152,163	165,724	158,305	171,991
Investments	14	11,350	-	11,370	20
Total Non-current assets		164,659	166,445	170,821	172,732
Current assets					
Stock	15	46	62	42	56
Trade and other receivables	16	4,111	4,131	4,524	4,486
Short term Investments	17	-	5,000	-	5,000
Cash and cash equivalents		25,329	33,150	25,028	32,903
Total Current assets		29,486	42,343	29,594	42,445
Current liabilities					
Creditors: amounts falling due within one year	18	(23,452)	(23,240)	(23,444)	(23,228)
Net Current assets		6,034	19,103	6,150	19,217
Total assets less current liabilities		170,693	185,548	176,971	191,949
Creditors: amounts falling due after more than one year	19	(66,572)	(74,935)	(66,572)	(74,935)
Pension provision	21	(97)	(900)	(97)	(900)
Total Net assets		104,024	109,713	110,302	116,114
Restricted Reserves					
Income and expenditure reserve - endowment	23	500	500	500	500
Income and expenditure reserve - restricted	23	1,003	1,027	1,003	1,027
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		93,344	98,770	99,622	105,171
Revaluation reserve		9,177	9,416	9,177	9,416
		102,521	108,186	108,799	114,587
Total Reserves		104,024	109,713	110,302	116,114

The financial statements on pages 43 to 83 were approved by the Board of Governors on 21st November 2024 and signed of their behalf:

The notes on pages 47 to 83 form part of these financial statements.

Mrs Sarah Speck
Chair of the Board of Governors

Professor David Green CBE
Vice Chancellor and Chief Executive

Consolidated and University Statements of Changes in Reserves
For the year ended 31st July 2024

Group	Income and expenditure reserve			Revaluation reserve	Total Reserves
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>		
	£000	£000	£000	£000	£000
Balance at 1 August 2023 (restated)	500	1,027	98,770	9,416	109,713
Surplus/(deficit) from the income and expenditure statement	-	(24)	(4,486)	-	(4,510)
Other comprehensive income	-	-	(1,179)	-	(1,179)
Total comprehensive income/(expense) for the year	-	(24)	(5,665)	-	(5,689)
Transfers between revaluation and income and expenditure reserve	-	-	239	(239)	-
Balance at 31 July 2024	500	1,003	93,344	9,177	104,024

University	Income and expenditure reserve			Revaluation reserve	Total Reserves
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>		
	£000	£000	£000	£000	£000
Balance at 1 August 2023 (restated)	500	1,027	105,171	9,416	116,114
Surplus/(deficit) from the income and expenditure statement	-	(24)	(4,609)	-	(4,633)
Other comprehensive income	-	-	(1,179)	-	(1,179)
Total comprehensive income/(expense) for the year	-	(24)	(5,788)	-	(5,812)
Transfers between revaluation and income and expenditure reserve	-	-	239	(239)	-
Balance at 31 July 2024	500	1,003	99,622	9,177	110,302

Consolidated Cash flow Statement for the year ended 31st July 2024

	2024 £000	Restated 2023 £000
Cash flow from operating activities		
Surplus for the year	(4,510)	(3,206)
Adjustment for non-cash items		
Depreciation and amortisation	5,321	4,443
Decrease/(increase) in stock	16	(47)
Increase/(decrease) in debtors	(30)	(73)
Increase/(decrease) in creditors	3,654	5,914
Annual pension cost adjustments	(1,982)	1,914
Revaluation of non-current asset investments	2,255	-
Adjustment for investing or financing activities		
Investment income receivable	(1,524)	(1,421)
Interest payable	2,532	3,244
Donations income	(38)	(1,519)
Loss/(profit) on the disposal of fixed assets	105	(7)
Net cash flow from operating activities	5,799	9,242
Cash flows from investing activities		
Proceeds from sales of tangible assets	397	7
Withdrawal of deposits	5,000	15,000
Investment income	1,574	1,453
Payments made to acquire tangible and intangible fixed assets	(6,290)	(16,244)
Net cash flow used in investing activities	681	216
Cash flows from financing activities		
Interest paid	(2,511)	(2,931)
Interest element of finance lease and service concession payments	(163)	(171)
Donation cash received	38	1,519
Repayments of amounts borrowed	(11,522)	(14,011)
Capital element of finance lease and service concession payments	(143)	(123)
Net cash flow used in financing activities	(14,301)	(15,717)
Decrease in cash and cash equivalents in the year	(7,821)	(6,259)
Cash and cash equivalents at beginning of the year	33,150	39,409
Cash and cash equivalents at end of the year	25,329	33,150
In year movement	(7,821)	(6,259)

Notes to the financial statements
Year ended 31st July 2024

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 2024. 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.

Going Concern

In preparing the financial statements, the Governors have considered going concern. Financial sustainability has always been a key foundation for the University strategy, but this has come under increasing scrutiny given the lingering financial consequences of the COVID-19 pandemic, the enduring 'cost-of-living' crisis and the on-going inflationary impact and the decision to significantly increase the employer's contribution to the Teachers' Pension Scheme. Despite the recent change in Government and the recognition that having frozen tuition fees is an unsustainable position for the Higher Education Sector to endure, there is still no firm action to resolve this or provide any other financial support (e.g. through increased grants or other mechanisms). Consequently, the University budget and forecasts have not assumed that immediate Government support will become available even though it is now well recognised that universities are struggling financially.

In light of the above and despite on-going deficits the key determinant of the University's ability to remain a going concern is focused on cash flow, banking covenant achievement and on-going bank support. To assess whether the University is still maintaining sufficient cash to pay its creditors, a detailed cash flow forecast for the period 1st August 2024 to 30th November 2025 has been produced. The key part of this analysis relates to the income from student tuition fees and therefore modelling has primarily focused on both student enrolments and student retention. Some actions have already been undertaken to reduce expenditure, but the current forecast model has not factored in any mitigating circumstances such as further reducing operating expenses or seeking additional borrowing. The forecast demonstrates that the University remains financially viable and is able to meet all its financial obligations as they fall due with positive cash balances being maintained, all loan payments being made on time and covenant compliance maintained for at least 12 months. The forecast has also been appropriately risk assessed through sensitivity analysis.

Barclays Bank Plc continue their support of the University and a further £11.5m was repaid by the University in the year 23/24 to reduce the bank loan outstanding. This repayment also included the full repayment of Tranche C so that the only remaining outstanding loans are now long dated ones repayable in 2042. This positive support and endorsement of the University remains strong and shows that the Bank understands the performance of the University and its on-going ability to rise to the challenges presented.

At the date of approval of these financial statements, the Board has prepared cash flow forecasts to 30th November 2025 and performed an assessment which considers a period of at least 12 months from this date of approval. Given

1. Statement of Principal Accounting Policies (continued)

the unprecedented nature of the current general economic environment, 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.

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.

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

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

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

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). In May 2022, the University also became an approved member of the NHS Pension Scheme.

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

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 NHS Pension Scheme is a statutory, unfunded, defined benefit occupational pension scheme backed by the Exchequer, which is open to all NHS employees and employees of other approved organisations, of which the University became one in May 2022. The University accounts for the scheme as if it is a defined contribution scheme.

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.

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

Defined benefit plan

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

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. Termination benefits are recognised as a liability, and an expense, at the point the University is committed to either terminate the employment of an employee or group of employees before their normal retirement date; or provide termination benefits as a result of an offer made to encourage voluntary redundancy.

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

1. Statement of Principal Accounting Policies (continued)

that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Fixed assets

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

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

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 probable 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

Financial assets and liabilities are recognised when the University becomes party to the contractual provision of the instrument, and they are classified according to the substance of the contractual arrangements entered into. A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

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

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

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

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

Financial liabilities

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

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

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

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at the reporting date. Changes in the fair value of derivatives are recognised in the statement of comprehensive income in finance costs or finance income as appropriate.

To the extent that the Institution enters into forward foreign exchange contracts which remain unsettled at the reporting date the fair value of the contracts is reviewed at that date. The initial fair value is measured as the transaction price on the date of inception of the contracts. Subsequent valuations are considered on the basis of the forward rates for those unsettled contracts at the reporting date. The Institution does not apply hedge accounting in respect of forward foreign exchange contracts held to manage cash flow exposures of forecast transactions denominated in foreign currencies.

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

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 estimates and judgements

Critical accounting estimates

Provisions - Provision has been made for early retirement obligations for which 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 administrators of the fund. A judgement is then taken to assess if the information and factors used centrally are appropriate in determining the net pension obligation or surplus in the balance sheet.

1. Statement of Principal Accounting Policies (continued)

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 51.

Significant Judgements

For the year ending 31st July 2023, the University's share of the Worcestershire Local Government Pension Scheme was reported to be a surplus position. At the time management reviewed the appropriate accounting standard, being FRS102 section 28 and HE SORP, and considered the asset to be recoverable, mainly due to the University's right to reduced contributions in the future.

For the year ending 31st July 2024, the University's share of the Scheme continued to report a surplus position. However, due to the limited guidance contained with FRS102 on this area, IFRIC 14 has been considered and after assessing the present value of the future accounting service costs, taking into account the asset ceiling, no asset has been recognised and the prior year has been restated. Further information is provided in note 27.

2. Funding body grants

	Group		University	
	<u>2024</u> £000	<u>2023</u> £000	<u>2024</u> £000	<u>2023</u> £000
Recurrent grant:				
Office for Students	4,120	3,957	4,120	3,957
Research England	1,125	1,224	1,125	1,224
Specific Grants:				
OFS Apprenticeship Funding	498	-	498	-
Higher Education Innovation Fund	488	530	488	530
Widening Participation	238	320	238	320
Department for Education	141	57	141	57
Department for Education Apprenticeship Levy	87	54	87	54
Office for Students other grants	2	-	2	-
Research England other grants	421	170	421	170
Deferred Capital Grants released:				
Buildings	347	320	347	320
Equipment	668	733	668	733
	8,135	7,365	8,135	7,365

3. Tuition fees and education contracts

	Group		University	
	<u>2024</u> £000	<u>2023</u> £000	<u>2024</u> £000	<u>2023</u> £000
Full time home students fees	50,381	53,635	50,408	53,656
Part time home students fees	3,067	3,233	3,067	3,233
EU student fees	3,543	3,666	3,543	3,666
Overseas student fees	12,326	8,983	12,326	8,983
Apprenticeships	683	476	683	476
Short course fees	296	269	296	269
Other fees	1,636	1,719	1,636	1,719
	71,932	71,981	71,959	72,002

4. Research grants and contracts

	Group		University	
	<u>2024</u> £000	<u>2023</u> £000	<u>2024</u> £000	<u>2023</u> £000
Research Councils	248	453	248	453
UK Industry	22	2	22	2
UK Government	366	616	366	616
UK Based Charities	110	83	110	83
Other Grants & Contracts	40	36	40	36
	786	1,190	786	1,190

5. Other Income

	Group		University	
	<u>2024</u> £000	<u>2023</u> £000	<u>2024</u> £000	<u>2023</u> £000
Residences, catering and conferences	8,565	8,178	8,565	8,178
Other services rendered	153	166	153	166
Release of other deferred capital grants	441	368	441	368
Other income	4,732	3,905	4,650	3,842
Inter Company Sales	-	-	99	97
	13,891	12,617	13,908	12,651

Other income above includes £108K of funding in relation to the Turing Scheme. Further information on the scheme can be found here: <https://www.turing-scheme.org.uk/>.

6. Investment income

	Group		University	
	<u>2024</u> £000	<u>2023</u> £000	<u>2024</u> £000	<u>2023</u> £000
Other investment income	1,524	1,421	1,521	1,421
Net return on pension scheme	554	-	554	-
Interest from Subsidiaries	-	-	8	10
	<u>2,078</u>	<u>1,421</u>	<u>2,083</u>	<u>1,431</u>

7. Donations and endowments

	Group		University	
	<u>2024</u> £000	<u>2023</u> £000	<u>2024</u> £000	<u>2023</u> £000
New endowments	-	500	-	500
Donations with restrictions	28	1,015	28	1,015
Unrestricted donations	10	4	10	4
Donations from subsidiary companies	-	-	103	-
	<u>38</u>	<u>1,519</u>	<u>141</u>	<u>1,519</u>

8. Staff costs

	Group		University	
	<u>2024</u> £000	<u>2023</u> £000	<u>2024</u> £000	<u>2023</u> £000
Wages and Salaries	46,542	43,931	46,508	43,896
Social Security Costs	4,919	4,706	4,916	4,702
Movement on USS past service cost on pensions	(781)	(122)	(781)	(122)
Other Pension Costs	8,478	9,716	8,477	9,715
Termination Costs	631	345	631	345
	<u>59,789</u>	<u>58,576</u>	<u>59,751</u>	<u>58,536</u>

The termination costs above include £440K relating to the first Academic voluntary severance scheme which took place during the year. A second scheme was launched towards the end of the financial year for which costs totalling £260K have also been accounted for within the termination costs above, but the payments for this fall into the following year.

8. Staff costs (continued)

Emoluments of the Vice Chancellor and Chief Executive:	Group		University	
	2024 £000	2023 £000	2024 £000	2023 £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).

The Committee is committed to acting in accordance with the Higher Education Senior Staff Remuneration Code, and reports to the Board of Governors on an annual basis. This report was approved by Board members at the meeting on 7th May 2024 and is also published on the university website.

During 2023/24 the membership of Remuneration Committee (Vice Chancellor and Chief Executive) comprised: -

Members:

Vice Chair of the Board (Remuneration Committee (VC) Chair).
 Chair of Audit Committee
 Chair of People & Culture Committee
 Chair of Finance & Development Committee
 President of the Students' Union & Student Governor
 Chair of the Board

In attendance

Director of HR
 Clerk to the Board of Governors

The performance review of the Vice Chancellor is conducted with reference to the CUC Code on Higher Education Senior Staff Remuneration and Regulatory Advice 9 from the Office for Students. When making decisions, Committee members refer to the Terms of Reference for the Remuneration Committee and the delegated powers as outlined in the Articles of Government (3.5.3.).

The Chair of the Board conducts an annual review of the performance of the Vice-Chancellor and Chief Executive against objectives, which are agreed at the start of the year. In advance of the review, the University Secretary seeks comments on the Vice Chancellor's performance from all members of the University's Board, including the staff and student representatives. The outcome is discussed at the Remuneration Committee and subsequently reported to the Board of Governors. The Vice Chancellor is not present at the Committee nor at the Board meeting when his performance and remuneration are discussed.

The Committee met on 22nd January 2024 to consider the performance review of the Vice Chancellor for the academic year 2022/23 and to conduct a review of the Vice Chancellor's remuneration. The Director of Human Resources provided the Committee with an overview of the remuneration review process, information on the previous outcomes of the remuneration committee and details of the current salary arrangements for the Vice Chancellor. Benchmark salary data from the CUC survey of Vice-Chancellors remuneration was also provided, with reference to institutions of a similar size and/or in the region and included data and an analysis of salary trends over recent years.

8. Staff costs (*continued*)

The Chair of the Board presented their report summarising the performance review of the Vice Chancellor for the period 2022/23. The report highlighted the notable success of the Outstanding Ofsted for the University's ITT provision, the allocation of funded medical school places, the opening of the Elizabeth Garrett Anderson building, the achievement of TEF silver and the wider Severn Campus development. The report also referred to the financial challenges faced by the University and the steps taken by the Vice Chancellor in the past period to address this. Members recognised that many of the challenges facing the University were outside of the University's control and were reflected across the sector. Members were satisfied that the appraisal summary presented a good balance between the positive achievements and more challenging aspects.

Members were advised that University staff had received a total pay award of 5% this year (2% paid from February and 3% paid from August) which had not been applied to the Vice Chancellor. It was also noted that a pay award had not been applied to the Vice Chancellor's salary since 2017.

Members concluded that the Vice Chancellor's achievements and commitment over the past period were significant and should be acknowledged. However, the Committee concluded that it was not appropriate at this time due to the financial position of the University to apply an award to the Vice Chancellor's salary.

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 9.4 (2023: 9.9).

The multiple of the Vice Chancellor and Chief Executive's salary, to that of the median salary, for all staff, including student employees was 10.9 (2023: 11.4).

The above ratios are required to be disclosed under the Office for Students Accounts Direction. Due to the considerable earn as your learn programme that the University operates, the below ratios have also been calculated which exclude any student employees:

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 7.1 (2023: 7.6).

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 8.8 (2023: 9.1).

No Governor has received any remuneration from the group during the year (2023: £nil). Governors are entitled to reimbursement of travel expenses of which £138 was claimed by 1 individual (2023: £293 by 2 individuals).

8. Staff costs (continued)

Key Management Personnel	Group		University	
	<u>2024</u> £000	<u>2023</u> £000	<u>2024</u> £000	<u>2023</u> £000
Salary and employee benefits including pension contributions & employers' national insurance	2,377	2,199	2,377	2,199

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, Pro Vice-Chancellors, Deputy Pro Vice-Chancellors, Provost, Director of Human Resources, Director of Quality and Educational Development, Clerk to the Board of Governors, Chief Information Officer, Academic Registrar and Head of Vice Chancellor's Office.

Emoluments of higher paid staff:	Group		University	
	<u>2024</u> number	<u>2023</u> number	<u>2024</u> number	<u>2023</u> number
£100,001 - £105,000	1	3	1	3
£105,001 - £110,000	2	3	2	3
£110,001 - £115,000	3	1	3	1
£115,001 - £120,000	-	1	-	1
£120,001 - £125,000	1	-	1	-
£125,001 - £130,000	1	2	1	2
£130,001 - £135,000	2	-	2	0
£145,001 - £150,000	-	2	-	2
£150,001 - £155,000	2	-	2	-
£325,001 - £330,000	1	1	1	1

The above figures are exclusive of any pension contributions where applicable.

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

Average Monthly number of staff:	Group		University	
	<u>2024</u> fte	<u>2023</u> fte	<u>2024</u> fte	<u>2023</u> fte
Academic Departments	585	563	585	563
Academic Services	132	124	132	124
Administrative and central services	249	246	248	245
Premises	81	87	81	87
Research	24	31	24	31
Residences, catering and conferences	56	45	56	45
	1,127	1,096	1,126	1,095

9. Other operating expenses

	Group		University	
	2024 £000	2023 £000	2024 £000	2023 £000
Residences, catering and conferences	2,938	2,796	2,938	2,796
Consumables and laboratory expenditure	555	691	554	691
Books and periodicals	890	839	890	839
Heat, light, water and power	3,281	3,153	3,281	3,153
Repairs and general maintenance	2,725	2,556	2,725	2,556
Grants to UW Students' Union	600	600	600	600
External audit fees in relation to the financial statements	86	81	78	73
Other fees charged by the external auditors	7	12	7	12
Other audit fees	91	59	91	59
Property operating leases	440	347	440	347
Equipment operating leases	92	70	92	70
Payments to Partners	4,329	4,079	4,329	4,079
Student Bursaries	690	734	690	734
Other expenses	14,621	16,289	14,819	16,481
	31,345	32,306	31,534	32,490
Depreciation and Amortisation	5,321	4,443	5,445	4,567

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	
	2024 £000	2023 £000	2024 £000	2023 £000
Loans not wholly repayable within 5 years	2,369	3,073	2,369	3,073
Lease Finance Costs	163	171	163	171
Unwind of discount on USS pension provision	18	31	18	31
Pension Interest	5	701	5	701
	2,555	3,976	2,555	3,976

11. Analysis of Expenditure by Activity

Group	Staff costs	Other expenses	Depreciation and amortisation	Interest and other finance costs	2024 Total	2023 Total
	£000	£000	£000	£000	£000	£000
Academic Departments	37,491	5,679	473	-	43,643	44,503
Academic Services	5,731	6,897	381	163	13,172	14,794
Administrative and central services	10,887	8,236	3,222	2,392	24,737	21,499
Premises	2,798	6,906	408	-	10,112	11,197
Research	1,271	580	19	-	1,870	2,091
Residences, catering and conferences	1,611	3,047	818	-	5,476	5,217
	59,789	31,345	5,321	2,555	99,010	99,301

University	Staff costs	Other expenses	Depreciation and amortisation	Interest and other finance costs	2024 Total	2023 Total
	£000	£000	£000	£000	£000	£000
Academic Departments	37,491	5,679	473	-	43,643	44,503
Academic Services	5,731	6,897	381	163	13,172	14,794
Administrative and central services	10,849	8,425	3,222	2,392	24,888	21,641
Premises	2,798	6,906	408	-	10,112	11,199
Research	1,271	580	19	-	1,870	2,091
Residences, catering and conferences	1,611	3,047	942	-	5,600	5,341
	59,751	31,534	5,445	2,555	99,285	99,569

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

	Group and University	
	2024 £000	2023 £000
Access Investment	1,393	1,056
Financial Support	358	315
Disability Support (excluding expenditure included in the two categories above)	853	767
Research and Evaluation	279	240
	2,883	2,378

Included in the above are staff costs of £2,194K 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/about/university-information/governance/access-and-participation-plan.aspx>. 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.

12. Intangible assets

	Group and University	
	2024 £000	2023 £000
Cost		
At beginning of year	1,223	806
Assets in course of development	554	417
Disposals	(2)	-
At end of year	1,775	1,223
Accumulated amortisation		
At beginning of year	502	373
Charge for year	129	129
Amortisation on disposals	(2)	-
At end of year	629	502
Net book value		
At end of year	1,146	721
Previous year	721	433

All intangible assets consist of software and system implementation costs.

13. Tangible Fixed Assets

Group	Freehold Land and Buildings £000	Service concession arrangement Land and Buildings £000	Plant and Machinery £000	Fixtures, Fittings and Equipment £000	Assets in the Course of Construction £000	Total 2024 £000
Cost or valuation at beginning of year	184,607	11,331	661	18,964	2,170	217,733
Additions at cost	(234)	-	106	839	5,025	5,736
Transfers	337	-	-	-	(337)	-
Disposals at cost	(559)	-	-	(1,232)	-	(1,791)
Reclassification to Investment property	(12,433)	-	-	-	(1,172)	(13,605)
At end of year	171,718	11,331	767	18,571	5,686	208,073
Accumulated depreciation						
At beginning of year	42,034	2,298	609	7,068	-	52,009
Charge for year	3,668	189	48	1,287	-	5,192
Depreciation on disposals	(206)	-	-	(1,085)	-	(1,291)
At end of year	45,496	2,487	657	7,270	-	55,910
Net Book Value						
At end of year	126,222	8,844	110	11,301	5,686	152,163
Previous Year	142,573	9,033	52	11,896	2,170	165,724

Included within the above Freehold Land and Buildings figure is £40,042K that relates to freehold land that is not subject to depreciation.

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 2024 £000
	£000	£000	£000	£000	£000	£000
Cost or valuation at beginning of year	191,976	11,331	661	18,964	2,170	225,102
Additions at cost	(234)	-	106	839	5,025	5,736
Transfers	337	-	-	-	(337)	-
Disposals at cost	(559)	-	-	(1,232)	-	(1,791)
Reclassifications to Investment property	(12,433)	-	-	-	(1,172)	(13,605)
At end of year	179,087	11,331	767	18,571	5,686	215,442
Accumulated depreciation						
At beginning of year	43,136	2,298	609	7,068	-	53,111
Charge for year	3,792	189	48	1,287	-	5,316
Depreciation on disposals	(206)	-	-	(1,084)	-	(1,290)
At end of year	46,722	2,487	657	7,271	-	57,137
Net Book Value						
At end of year	132,365	8,844	110	11,300	5,686	158,305
Previous year	148,840	9,033	52	11,896	2,170	171,991

Included within the above Freehold Land and Buildings figure is £40,042K that relates to freehold land that is not subject to depreciation.

14. Investments

	Group		University	
	<u>2024</u> £000	<u>2023</u> £000	<u>2024</u> £000	<u>2023</u> £000
Investment Land				
At beginning of year	-	-	-	-
Reclassifications from tangible assets	13,605	-	13,605	-
Movement in fair value	(2,255)	-	(2,255)	-
At end of year	11,350	-	11,350	-
Investments in subsidiary companies				
Investments in subsidiary companies	-	-	20	20
	11,350	-	11,370	20

The Investment land value stated above relates to the land held at University Court (Oldbury Road). The reclassifications value includes the initial purchase price and associated fees along with the values of works that were undertaken by the University, following initial purchase, relating to the intended plans to convert the site into a Halls of Residence. 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 being held for capital appreciation and has been classified as an investment asset. As required by FRS102, the land has been revalued to fair value, with the movement recognised within income or expenditure. This has resulted in a revaluation charge of £2.3m as shown above. The valuation was undertaken by Avison Young (UK) Limited, which is regulated by the Royal Institution of Chartered Surveyors. The valuation was performed in accordance with the RICS Valuation – Professional Standards.

Work to develop a planning application for the 29 (approx.) acres has commenced. It is anticipated that an application for over 200 residential units will be submitted by the end of 2024, at which point the University will then look to dispose of the land.

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
Uniworc Ltd	100%	Incorporated 18 June 2024 - No trading activity

(*) Held indirectly

The registered office of all of the above is Henwick Grove, Worcester, WR2 6AJ.

15. Stock

	Group		University	
	<u>2024</u> £000	<u>2023</u> £000	<u>2024</u> £000	<u>2023</u> £000
Merchandise stock	46	62	42	56

16. Trade and other receivables

	Group		University	
	<u>2024</u> £000	<u>2023</u> £000	<u>2024</u> £000	<u>2023</u> £000
Amounts falling due within one year:				
Research grants receivables	360	95	360	95
Other trade receivables	1,182	1,537	1,182	1,536
Amounts owed by subsidiary undertakings	-	-	159	50
Prepayments and accrued income	2,569	2,499	2,566	2,498
	<u>4,111</u>	<u>4,131</u>	<u>4,267</u>	<u>4,179</u>
Due after more than one year				
Amounts owed by subsidiary undertakings	-	-	257	307
	<u>4,111</u>	<u>4,131</u>	<u>4,524</u>	<u>4,486</u>

17. Short Term Investments

	Group		University	
	<u>2024</u> £000	<u>2023</u> £000	<u>2024</u> £000	<u>2023</u> £000
Short term deposits	-	5,000	-	5,000

As at 31st July 2024 highly liquid investments were held with Barclays Bank PLC for which £6.5m matured on 2nd August 2024 and £250K matured on 12th September 2024, therefore these have been accounted for as cash equivalents. The interest rate for both was fixed for the duration of the deposit.

18. Creditors: Amounts falling due within one year

	Group		University	
	<u>2024</u> £000	<u>2023</u> £000	<u>2024</u> £000	<u>2023</u> £000
Payments received on account	270	258	270	258
Trade Creditors	2,052	1,494	2,052	1,494
Amounts owed to group undertakings:				
Subsidiary undertakings	-	-	8	10
Finance Lease	123	144	123	144
Tax, Social Security and Pension	2,371	796	2,368	789
Accruals and deferred income	15,254	16,132	15,241	16,117
Other Creditors	1,953	1,825	1,953	1,825
Bank Loan	1,429	2,591	1,429	2,591
	<u>23,452</u>	<u>23,240</u>	<u>23,444</u>	<u>23,228</u>

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

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

	Group		University	
	<u>2024</u> £000	<u>2023</u> £000	<u>2024</u> £000	<u>2023</u> £000
Research grants received on account	360	237	360	237
Grant income	1,673	1,983	1,673	1,983
Other income	1,386	1,424	1,386	1,424
Student tuition and accommodation fees received in advance	5,917	5,651	5,917	5,651
	<u>9,336</u>	<u>9,295</u>	<u>9,336</u>	<u>9,295</u>

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

	Group		University	
	<u>2024</u> £000	<u>2023</u> £000	<u>2024</u> £000	<u>2023</u> £000
Accruals and deferred income	532	246	532	246
Obligations under finance lease	2,065	2,187	2,065	2,187
Secured loans	36,429	46,788	36,429	46,788
Deferred Income in relation to Government Capital Grants	27,546	25,714	27,546	25,714
	<u>66,572</u>	<u>74,935</u>	<u>66,572</u>	<u>74,935</u>

Analysis of secured and unsecured loans:

	Group		University	
	<u>2024</u> £000	<u>2023</u> £000	<u>2024</u> £000	<u>2023</u> £000
Due within one year or on demand	1,429	2,591	1,429	2,591
Due between one and two years	1,429	10,360	1,429	10,360
Due between two and five years	4,285	4,285	4,285	4,285
Due in five years or more	30,714	32,143	30,714	32,143
Due after more than one year	36,428	46,788	36,428	46,788
Total secured and unsecured loans	<u>37,857</u>	<u>49,379</u>	<u>37,857</u>	<u>49,379</u>

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

	Group		University	
	<u>2024</u> £000	<u>2023</u> £000	<u>2024</u> £000	<u>2023</u> £000
Due within one year	277	306	277	306
Due between one and two years	279	277	279	277
Due between two and five years	822	833	822	833
Due in five years or more	1,947	2,215	1,947	2,215
Total gross payments	3,325	3,631	3,325	3,631
Less finance charges included above	(1,137)	(1,300)	(1,137)	(1,300)
	<u>2,188</u>	<u>2,331</u>	<u>2,188</u>	<u>2,331</u>

Finance lease liability

	Group		University	
	<u>2024</u> £000	<u>2023</u> £000	<u>2024</u> £000	<u>2023</u> £000
Opening balance	2,331	2,454	2,331	2,454
Payments	(143)	(123)	(143)	(123)
Closing balance	<u>2,188</u>	<u>2,331</u>	<u>2,188</u>	<u>2,331</u>

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 2024 is £38 million. Of the loan drawn down £38 million is at a fixed interest rate of 4.952%. The repayment schedule includes a bullet payment of £12.5 million payable on 31st July 2042. Due to the rising interest rates, and the fact that Tranche C of the Barclays loan was subject to a variable interest rate, the Board of Governors made the decision to repay the final part of the loan early. 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 2024 are £40,864K (2023: £42,722K).

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 was originally between Galliford Try Investments Ltd and WCC for the construction and provision of the library, however it is now with Equitix (Caterham) Acquisition Co 1 Limited. 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 £2.188 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

	<u>2024</u> £000	
Net debt 1 August 2023	(18,560)	
Movement in cash and cash equivalents	(14,571)	
Other non-cash changes	11,665	
Net debt 31 July 2024	(21,466)	
Change in net debt	(2,906)	
Analysis of net debt:		
	<u>2024</u> £000	<u>2023</u> £000
Cash and cash equivalents	18,579	33,150
Borrowings: amounts falling due within one year		
Secured loans	(1,429)	(2,591)
Obligations under finance leases	(123)	(144)
	(1,552)	(2,735)
Borrowings: amounts falling due after more than one year		
Obligations under finance lease	(2,065)	(2,187)
Secured loans	(36,429)	(46,788)
	(38,493)	(48,975)
Net debt	(21,466)	(18,560)

21. Provisions for liabilities

	Group and University			Total Pension Provisions £000
	Obligation to fund deficit on USS Pension £000	Pension enhancements on termination £000	Defined Benefit Obligations (Note 27) £000	
	At 1 August 2023	785	115	
Utilised in year	-	(49)	-	(49)
Additions in 2023/24	-	31	-	31
Unused amounts reversed in 2023/24	(785)	-	-	(785)
At 31 July 2024	-	97	-	97

USS deficit

Due to the current USS scheme position, the previous provision relating to the USS deficit has been released in full during the year. Further information is shown in note 27.

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

The Worcestershire Local Government Pension Scheme is now valued with a surplus position rather than a liability; therefore, no liability is recognised. See note 27 for further details.

Note 22. Financial instruments

	Group		University	
	<u>2024</u> £000	<u>2023</u> £000	<u>2024</u> £000	<u>2023</u> £000
<i>Financial assets</i>				
Financial assets that are debt instruments measured at				
- Cash and cash equivalents	25,329	33,150	25,028	32,903
- Other investments		5,000		5,000
- Trade debtors	1,182	1,537	1,182	1,536
- Other debtors	-	-	416	357
- Accrued Income	1,295	890	1,294	889
	<u>27,806</u>	<u>40,577</u>	<u>27,920</u>	<u>40,685</u>
<i>Financial liabilities</i>				
Financial liabilities measured at amortised cost				
- Loans	37,857	49,379	37,857	49,379
- Service concessions	2,188	2,331	2,188	2,331
- Trade creditors	2,052	1,494	2,052	1,494
- Accruals	7,935	6,711	7,925	6,701
	<u>50,032</u>	<u>59,915</u>	<u>50,022</u>	<u>59,905</u>

Risk management

The University operates a centralised treasury management function which is responsible for managing the credit, liquidity, interest and foreign currency risk. These financial risks are managed within the parameters specified by the Finance and Development Committee approved Treasury Management Policy. The treasury management policy adopts the key recommendations of the Code of Practice on Treasury Management in Public Service as issued by Chartered Institute of Public Finance and Accountancy (CIPFA) as recommended by the Office for Students and is reviewed and updated bi-annually.

The University's principal financial instruments are cash, investments and loans. The core objective of these financial instruments is to meet the financing needs of the University's operations. Additionally, the University has other financial assets and liabilities arising directly from its operations i.e. trade debtors and creditors.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the University.

The University's credit risk arises from bank balances, investments, student debtors and commercial organisations as customers. Management of credit risk is a prime objective of the Treasury Management Policy. At 31 July 2024, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

The credit risk of liquid funds and financial instruments is limited because the counterparties are banks with investment grade credit ratings assigned by international credit-rating agencies. The University's exposure and the credit ratings of its counterparties are monitored regularly.

Note 22. Financial instruments (continued)

Student and commercial debtors are reviewed on an-ongoing basis and a bad debt provision is made if recovery becomes uncertain. If a debtor is deemed irrecoverable it is written off. Increasing numbers of self-funded students from overseas over recent years have increased levels of credit risk. Despite this the concentration of risk remains limited due to a large number of diverse customers across both students and commercial customer populations.

Liquidity risk

Liquidity risk refers to the risk that the University will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities.

Cash flow forecasts form part of the University's 5-year strategic model and are revised during the financial year. Excess funds are invested to maximise the return whilst observing the Treasury Management Policy limits.

Foreign currency risk

Foreign currency risk refers to the risk that unfavourable movement in exchange rates may cause financial loss to the University. It is unlikely that fluctuations in foreign exchange rates would create a significant unexpected burden on the University's overall finances. The University is committed to best value in reducing charges relating to foreign currency transactions. The University does not currently enter into any currency hedging or similar arrangements due to the low volume of activity. Any schemes for currency hedging or similar will be presented to the Finance and Development Committee for approval.

Interest rate risk

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of balance sheet items (i.e. price risk) or changes in interest income or expenses (i.e. re-investments risk). The University will incorporate in its budgets and cash flows, the effect of fluctuating interest rates where appropriate.

Financial instruments – fair values

The fair values of each category of the University's financial instruments are the same as their carrying value in the balance sheet.

23. Restricted Reserves

Reserves with restrictions are as follows:

	Restricted Permanent Endowments	Restricted Donations	<u>2024</u> Total £000	<u>2023</u> Total £000
	£000	£000		
Balances at 1 August	500	1,027	1,527	72
New endowments	-	-	-	500
New restricted donations	-	28	28	1,015
Investment Income	-	23	23	-
Expenditure	-	(75)	(75)	(60)
At 31 July	500	1,003	1,503	1,527

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.

In September 2023, the University's new Three Counties Medical School welcomed its first cohort of students. During 2022/23 the University received a donation from the Kildare Trust for the sum of £1.5m, of which £1m is to be used for scholarship awards in relation to medical school students, and the other £0.5m is to be held as a permanent endowment, of which any associated income can also be used for medical school scholarships awards. Awards have started to be issued during the year, and these will increase in the coming years. The balance of the donation is being invested and any return on the funds is shown within the restricted donations value above.

24. Capital and other commitments

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

	2024 £000	2023 £000
Commitments contracted for:		
Building Refurbishment Works	17	194
Infrastructure Works	8	215
Construction	7,716	-
Enabling Works for Future Capital Developments	14	418
General Refurbishment Works	15	325
HR System Upgrade	90	508
Equipment	53	-
	7,913	1,660

25. 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.

26. Lease obligations

Total rentals payable under operating leases:

	Land and Buildings £000	Equipment £000	31 July 2024 £000	31 July 2023 £000
Payable during the year	95	88	183	173
Future minimum lease payments due:				
Not later than 1 year	85	88	173	170
Later than 1 year and not later than 5 years	256	75	331	448
Later than 5 years	725	-	725	750
Total lease payments due	1,066	163	1,229	1,368

27. 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). In May 2022, the University also became a member of the NHS Pension Scheme. 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 2022 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.

The employer contribution payable increased from 15.7% to 17.4% in April 2023 following the latest actuarial valuation. Employee contribution rates ranged from 5.5% to 12.5%

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 2024, using the updated assumptions shown below:

	2024	2023
Rate of CPI inflation	2.75%	2.70%
Rate of increase in salaries	4.25%	4.20%
Rate of increase in pensions	2.75%	2.80%
Discount Rate	5.00%	5.10%

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 2024	As at 31st July 2023
Males		
Current Pensioner	21.2	21.5
Future pensioner aged 65 in 20 years' time	22.5	22.8
Females		
Current Pensioner	23.6	23.8
Future pensioner aged 65 in 20 years' time	25.4	25.6

27. 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 2024	Value at 31st July 2024	% at 31st July 2023	Value at 31st July 2023
	%	£000	%	£000
Equities	66.00	70,885	72.90	68,924
Government Bonds	8.00	8,592	0.00	-
Other Bonds	0.00	-	2.50	2,364
Property	25.00	26,850	8.60	8,131
Cash/Liquidity	1.00	1,074	0.90	851
Other	0.00	-	15.10	14,277
		107,401		94,547

Reconciliation of fair value of assets

	2024	2023
	£000	£000
Fair Value of assets at beginning of year	94,547	86,166
Interest on plan assets	4,889	3,062
Administration expenses	-	(71)
Remeasurements of assets	5,350	2,755
Employer Contributions	3,356	3,147
Member Contributions	1,269	1,195
Benefits/transfers	(2,010)	(1,707)
Fair Value of assets at end of year	107,401	94,547

Reconciliation of present value of scheme liabilities

	2024	2023
	£000	£000
Benefit Obligation at beginning of year	86,714	107,665
Current Service Cost	2,687	4,481
Interest on Pension Liabilities	4,335	3,757
Member Contributions	1,269	1,195
Past Service Costs	44	-
Remeasurements of liabilities		
- Experience (gain)/ loss	1,774	5,435
- (Gain)/ loss on financial assumptions	(1,039)	(30,923)
- (Gain)/ loss on demographic assumptions	(51)	(3,189)
Benefits/transfers paid	(2,010)	(1,707)
Benefit obligation at end of year	93,723	86,714

	2024	2023
	£000	£000
Total market value of assets	107,401	94,547
Present value of scheme liabilities	(93,723)	(86,714)
Net pension Surplus	13,678	7,833

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

	2024	2023
	£000	£000
As at 1st August	(7,833)	21,499
Increase in pension surplus	(5,845)	(29,332)
As at 31st July	(13,678)	(7,833)

Amount recognised in the Statement of Comprehensive Income (SOI)

	2024	Restated 2023
	£000	£000
Current service Cost	2,687	4,481
Past service cost	44	-
Net interest cost	(554)	695
Administration expenses	-	71
Total pension cost recognised in Income & Expenditure	2,177	5,247
Remeasurements (liabilities & assets)	(4,666)	(31,432)
Adjustment for asset ceiling	5,845	7,833
Total pension transactions recognised in SOI	3,356	(18,352)

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

	2024	2023
	£000	£000
Surplus/(Deficit) on scheme at 1st August	7,833	(21,499)
Current service cost	(2,687)	(4,481)
Past service cost	(44)	-
Contributions	3,356	3,147
Net interest cost	554	(695)
Remeasurements (liabilities & assets)	4,666	31,432
Administration expenses	-	(71)
Surplus at 31st July	13,678	7,833

The present value of the defined benefit obligation as of 31st July 2024 is less than the fair value of plan assets which has generated the above surplus. Management have reviewed the appropriate accounting standard, being FRS102 section 28 and HE SORP, and do not consider the asset to be recoverable, therefore no asset has been disclosed. This conclusion has been reached after assessing the present value of the future accounting service costs, taking into account the asset ceiling, in comparison to the reported surplus.

27. 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 April 2024 from 23.6% to 28.6%. Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses. A copy of the latest valuation report can be found on the Teachers' Pension Scheme website.

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 and the deficit recovery contributions payable under the scheme's Recovery Plan.

Where a scheme valuation determines that the scheme is in deficit on a technical provisions basis (as was the case following the 2020 valuation), the trustee of the scheme must agree a Recovery Plan that determines how each employer within the scheme will fund an overall deficit. The University, has in the past, recognised a liability for the contributions payable that arise from such an agreement (to the extent that they relate to a deficit) with related expenses being recognised through the income statement.

27. Pension schemes (continued)

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) with the resulting expense charged through the profit or loss account in accordance with section 28 of FRS 102.

At 31 July 2023, the University's balance sheet included a liability of £785K for future contributions payable under the deficit recovery agreement. A deficit recovery plan was put in place as part of the 2020 valuation, which required payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate would increase to 6.3%. No deficit recovery plan was required under the 2023 valuation because the scheme was in surplus on a technical provisions basis. The University was therefore no longer required to make deficit recovery contributions from 1 January 2024 and accordingly released the outstanding provision to the profit and loss account.

Pension Costs

The total adjustment to the Consolidated Statement of Comprehensive Income is positive £706K (2023: charge of £59K) and is made up of the following entries:

	2024	2023
	£000	£000
Employer contributions paid	79	211
Interest Payable - Unwinding of discount	18	31
Element of employer contributions allocated against the deficit	(22)	(61)
Difference between actual contribution and past expectations	(781)	(122)
Total amount charged to the Income and Expenditure Account	(706)	59
Brought Forward Pension Provision	(785)	(937)
Movement	706	(59)
Cash payments made to USS	79	211
Carried Forward Pension Provision (Note 21)	-	(785)

The latest available complete actuarial valuation of the Retirement Income Builder is as at 31 March 2023 (the valuation date), which was carried out using the projected unit method. Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2023 valuation was the seventh valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions (the statutory funding objective). At the valuation date, the value of the assets of the scheme was £73.1 billion and the value of the scheme's technical provisions was £65.7 billion indicating a surplus of £7.4 billion and a funding ratio of 111%.

27. Pension schemes (continued)

The key financial assumptions used in the 2023 valuation are described below. More detail is set out in the Statement of Funding Principles <https://www.uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles>

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.0% p.a. to 2030, reducing linearly by 0.1% p.a. from 200
Pension increases (subject to a floor of 0%)	Benefits with no cap: CPI assumption plus 3bps Benefits subject to a “soft cap” of 5% (providing inflationary increases up to 5%, and half of any excess inflation over 5% up to a maximum of 10%): CPI assumption minus 3bps CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.5% p.a. Post retirement: 0.9% p.a.

The main demographic assumptions used relate to the mortality assumptions. These assumptions are based on analysis of the scheme’s experience carried out as part of the 2023 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2023 valuation
Mortality base table	101% of S2PMA “light” for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2021 with a smoothing parameter of 7.5, an initial addition of 0.4% p.a., 10% w2020 and w2021 parameters, 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:

	2024	2023
Males currently aged 65 (years)	23.7	24.0
Females currently aged 65 (years)	25.6	25.6
Males currently aged 45 (years)	25.4	26.0
Females currently aged 45 (years)	27.2	27.4

NHS Pension Scheme

The NHS Pension Scheme is a statutory, unfunded, defined benefit occupational pension scheme backed by the Exchequer, which is open to all NHS employees and employees of other approved organisations, of which the University became one in May 2022. Contributions due to the Scheme are set at rates determined by the Scheme’s Actuary and approved by the Secretary of State for Health and Social Care. Employee contribution rates range from 5.2% - 12.5%. The employer contribution rate payable is 14.38%, plus an additional 1.8% payable every 6 months. During the year contributions were made relating to six employees.

28. Restatement Entries

	Group	University
	<u>2023</u>	<u>2023</u>
	£000	£000
<u>Statement of Comprehensive Income</u>		
Total comprehensive income for the year as initially disclosed	28,226	28,028
Derecognition of pension asset	(7,833)	(7,833)
Restated Total comprehensive income for the year	<u>20,393</u>	<u>20,195</u>
<u>Balance Sheet</u>		
Total non-current assets as initially disclosed	174,278	180,565
Derecognition of pension asset	(7,833)	(7,833)
Restated total non-current assets	<u>166,445</u>	<u>172,732</u>
Total net assets as initially disclosed	117,546	123,947
Derecognition of pension asset	(7,833)	(7,833)
Restated net assets	<u>109,713</u>	<u>116,114</u>
Total reserves as initially disclosed	117,546	123,947
Derecognition of pension asset	(7,833)	(7,833)
Restated reserves	<u>109,713</u>	<u>116,114</u>

For the year ending 31st July 2023, the University's share of the Worcestershire Local Government Pension Scheme was reported to be a surplus position. At the time management reviewed the appropriate accounting standard, being FRS102 section 28 and HE SORP, and considered the asset to be recoverable, mainly due to the University's right to reduced contributions in the future. Since then, due to the limited guidance contained with FRS102 on this area, IFRIC 19 has been considered and after assessing the present value of the future accounting service costs, taking into account the asset ceiling, it is felt that no asset should be recognised, therefore the prior year has been restated. Further information is provided in note 27.

The cashflow statement for the prior year has also been restated due to the incorrect classification of some investment income and interest payable accruals, which had been initially included within the debtor and creditor movements for the year.

	Group
	<u>2023</u>
	£000
<u>Cashflow Statement</u>	
Net cash flow from operating activities as initially disclosed	9,416
Reclassification to investing activities regarding investment income accrual	(32)
Reclassification to financing activities regarding interest payable accrual	(142)
Restated net cash flow from operating activities	<u>9,242</u>
Net cash flow from investing activities as initially disclosed	184
Reclassification as shown above	32
Restated net cash flow from investing activities	<u>216</u>
Net cash flow from financing activities as initially disclosed	(15,859)
Reclassification as shown above	142
Restated net cash flow from financing activities	<u>(15,717)</u>

29. Taxation

The University Group incurred a tax liability of £0K (2023:£5K) during the year as all subsidiary profits were donated to the parent charity, the University of Worcester, under a deed of covenant.

30. Department for Education Training 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.

	2024	2023
	£000	£000
Funding	2,487	983
Disbursements to Students	(2,405)	(1,071)
Balance unspent/(overspent) as at 31st July	82	(88)

31. 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.

All members of the Board, along with the University's Senior Management Team, are required to complete an annual Declaration of Interest form. Any interests disclosed are then assessed in nature to determine if they come under the definition of FRS 102 section 33, 'Related Party Disclosures'. No interests have been declared which meet this definition.

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 £600K (2023: £600K) 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.