



UNIVERSITY OF
BATH

Annual Report & Accounts

for the year ended 31 July 2019



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Awarded Gold

We have been awarded Gold in the Teaching Excellence Framework for delivering the highest quality teaching found in the UK



Research Excellence Framework

In the 2014 Research Excellence Framework (REF), 87% of our research was defined as world-leading or internationally excellent



Our ranking overall in the THE Student Experience Survey 2018



Our ranking in the best university in the UK by the Guardian University Guide 2020



Our ranking in the best university in the UK The Complete University Guide 2020

£294 million

The value added contribution to Bath and North East Somerset's GDP in 2014/15 we supported (Oxford Economic Report)

We have **18,676** students enrolled



We have alumni living and working in **173** countries around the world



Over two thirds of our undergraduates spend a placement year in private, public, or not-for-profit sectors



We have over 170 Students' Union societies encompassing sports, arts and other interests

£44.4 million

Our deficit for the year before gains and losses

£12.6 million

We achieved a historical cost operating surplus for the year of 4.2% against a budget of 3%

3,500 employees

We employ over 3,500 people, including researchers, landscapers, administrators and nursery staff

£310 million

Our turnover for the financial year 2018/19

£44.2 million

Our investment in our estate and infrastructure for the financial year 2018/19

1,100

We have approximately 1,100 students currently in receipt of bursaries for fees with a household residual income of less than £22k

Foreword by Pamela Chesters CBE, Chair of Council

As the new Chair of Council, I am delighted to be writing this foreword to our new-look integrated report which brings together our annual report and accounts and seeks to provide greater transparency on our activities and their contribution to the public good.

Our core purpose remains the conducting of high quality research and the provision of an outstanding teaching and learning experience for our students. In these endeavours, this has been a successful year. We continue to be competitive in gaining research funding and elsewhere in this report we highlight some of the successes from this work. The National Student Survey results and our Gold TEF status also confirm there is much we can be proud of but at the same time we are clear there is more we want to achieve. Careful stewardship of our resources to facilitate this will therefore continue to be a feature of our planning going forward.

This year has rightly seen a particular focus on strengthening our governance arrangements and I would like to record the University's thanks to Mrs Ruth Foreman who stepped into the role of Acting Chair of Council and has led the delivery of the Halpin Review recommendations. This has enabled us to be confident we now have a firm base from which to move forward. With Privy Council approval, the University Council has been reduced in size, a broader staff representation has been achieved and a number of new lay members have been appointed following competitive recruitment.

I should also like to thank Professor Bernie Morley for taking on the role of Acting Vice Chancellor at a testing time for the institution. The excellent work done in the first half of the year has enabled our incoming Vice Chancellor, Professor Ian White, together with Council, to focus on developing a refreshed strategy, the first part of which, an extensive engagement exercise, is already underway.

Significant work has also been undertaken during the year to strengthen our approach to strategic risk management, identifying the challenges which we face and determining appropriate mitigations. The external environment remains extremely unpredictable. Our emerging strategy will of necessity incorporate a greater degree of scenario planning to ensure that we are well prepared for any eventuality.

None of this can be done in isolation however. Not only do we seek to deepen engagement with our staff and students but we are committed to working constructively with the wider community, both in the City of Bath and its surrounding geography and also other partners in Higher Education, industry and beyond.

Pamela Chesters CBE
Chair of Council



We've been awarded gold
Teaching Excellence Framework



Vice-Chancellor's Introduction



It is a pleasure to write this introduction to our first integrated annual report and accounts.

I would like to say how grateful I have been for the warm welcome shown to me by many since I took up the position of Vice-Chancellor and President in April 2019, and express my appreciation of the work of my colleagues here at the University of Bath, the community's professionalism and its pioneering spirit.

This report is written, however, at a time of great change, and in which considerable uncertainty is being felt across many universities. Noting our strengths, this report, therefore, sets out how the University has sought to respond to its challenges over the past year and is seeking to be proactive in the creation of opportunities for the common good.

At this juncture, I would also like to thank our new Chair of Council, Pamela Chesters CBE, for the role she has played in the governance of our University since she joined in April 2019 working with a structure that has been significantly reformed as a result of the Halpin Report.

We are most grateful to our Chancellor, His Royal Highness The Earl of Wessex, for his continuing and active engagement with our community, including through graduation ceremonies and his interest in our research. I am also most grateful for the positive engagement I have had with members of Bath and North East Somerset Council, and other local and regional organisations. I look forward to working closely with them in the years to come.

This integrated annual report reflects on the many developments and achievements of our community over the last academic year. I would like to pay tribute to Professor Bernie Morley, Deputy Vice-Chancellor and Provost who took on the role of Acting Vice-Chancellor before my arrival, making a significant contribution over this period. I would also like to pay tribute to Professor Steve Egan CBE who has worked hard in his role as Vice-President (Implementation) to ensure success in many areas across the University, and who will be retiring in February. The success of his work has led to the decision to recruit a Chief Operating Officer to contribute to the future success of the University.

Our students are at the heart of our community, and we are committed to seeking to ensure that Bath students have the best experience possible. We have created a new senior role of Vice-President for Student Experience who sits on our Executive Board and will play a key role, building on the excellent work done so far in this area. I am also very pleased that Professor Veronica Hope-Hailey, who has been an outstanding Dean of the School of Management, is set to drive forward the University's engagement with external partners generally but particularly with corporate and business partners as Vice-President.

We are currently undertaking a redesign of our curriculum to maintain our reputation for excellence and to ensure that our courses are at the forefront of learning and teaching. Vanguard courses have been rolled out, with initial responses from student feedback being very encouraging. A major step that we have taken in the last year is to launch a new suite of online MScs in Computer Science, Applied Economics (Banking and Financial Markets) and Entrepreneurship, Management and Innovation. We are looking forward to further developments in this area. On campus, significant construction work has been underway on our new School of Management building. This will support teaching, student experience and research, and provide the ideal platform for us to achieve our ambition to be a top 50 global business school.

The launch in September 2018 of the Milner Centre for Evolution, a unique research centre that bridges biology, health and education, represented another important development. The Milner Centre is not only pioneering in the latest evolution research, with a world-leading publication record, but also researches the best methods to teach evolution and provides invaluable resources to schools to support their teaching of evolution.

One of the most ambitious projects that the University is undertaking, or indeed has ever undertaken, is the development of the Institute for Advanced Automotive Propulsion Systems (IAAPS). The Institute builds on world-leading research at Bath, aiming also to be world-leading in the development of future generations of ultra-low emission vehicles. In June 2019, Minister Chris Skidmore joined us at the Bristol & Bath Science Park to mark the start of the construction of our £70m facility which is due to open in 2021. We are extremely grateful to Research England and the West of England Combined Authority and Local Enterprise Partnership for their support, and to our ongoing partners in the automotive industry, which include McLaren, Ford and Jaguar Land Rover as well as local partners and the companies involved in the construction and development of this innovative site.

Looking ahead, the individuals who make up our community are fundamental to our success, and their wellbeing is a priority. We have made significant progress on our Health and Wellbeing Action Plan for students and staff this year, including appointing a Health and Wellbeing Manager, introducing the role of Wellbeing Champions and delivering a series of workshops for staff on managing mental wellbeing. We have also established a proactive programme for students in conjunction with our Students' Union and Sports Training Village, 'Prescription for Exercise', and a new partnership with Mind, the mental health charity. We will continue to develop our programmes in this important area.

It is our aim at Bath to recruit the best students with the most talent and potential, recognising the value diversity brings to our student body. This year, we were delighted to support the launch of a new learning centre, established by educational charity 'IntoUniversity', to support children and young people in Weston-super-Mare to improve their educational attainment. We will be working on further activities to widen participation at our University in the year to come.

We understand that Brexit, and the uncertainty surrounding it, has been the source of a great deal of anxiety for many people, including staff and students at our University and their families. Many members of staff continue to work hard to ensure that we are prepared for different scenarios and that our community is supported with advice and information. Whatever the events of the coming months, attracting and nurturing the very best talent from across the globe is essential for our future success. The next few years will see us striving to realise our vision of being recognised as an international centre of research and teaching excellence, partnering with organisations in Europe and beyond, and cherishing the diversity this brings.

Finally, to ensure continuing relevance and effectiveness, it is vital for universities to listen to and learn from those around them. The next year will see us launching 'Our University, Our Future', an engagement programme which will enable staff, students, alumni and external partners to work with us to help shape our next steps. Together, we will progress our mission to benefit the wider population through world-class research and teaching.

Professor Ian White
Vice Chancellor & President



Strategic and Operational Review

Strategic Review

The University Strategy 2016-2021 describes our vision to be recognised as an international centre of research and teaching excellence, achieving global impact through our alumni, research and strategic partnerships. The Strategy builds on our heritage of invention, enterprise and international engagement and our goal to become an international leader in high quality, innovative graduate education. In delivering our Strategy we will;

- extend our research power by recruiting dynamic researchers, nurturing their talent and fuelling their ambition;
- affirm our international influence through worldwide partnerships to create dynamic responses to research and educational opportunities;
- attract increasing numbers of postgraduates by enhancing our existing prestige portfolio with innovative and global modes of delivery;
- enrich the postgraduate and undergraduate experience by engaging purposefully with our student, donor and alumni communities;
- expand our capacity and capability by investing in new infrastructure, facilities and technologies.

Our Strategy 2016-2021 articulates our values and these can be demonstrated in our commitment to:

- deliver quality and excellence
- nurturing high aspirations
- supporting freedom to challenge received wisdom
- aspiring to the highest standards of scientific and professional integrity
- working responsibly and with respect for others
- fostering equality, diversity, inclusivity and accessibility
- adopting best environmental practice.

Our community prizes the following attributes;

The determination to excel:

Ambitious in our goals for future excellence and success, and united in our drive to achieve greater prominence and higher standards.

An international perspective:

Attracting the best intellectual talent from around the world, placing research and teaching in an international context and forming strategic relationships with leading international partners.

An enterprising mindset:

Encouraging creativity and entrepreneurship across the community, researching new ways to meet global challenges, developing problem-solving and enterprise skills, and introducing innovative business processes.

A collaborative approach:

Pursuing our academic objectives in partnership with business, the professions, the public, charities and other partners, nationally and internationally.

A supportive culture:

Creating a welcoming, inclusive community that values the individual and supports the realisation of their potential.

We are currently, through the launch of 'Our University, Our Future', bringing together our many stakeholder groups to help us shape our next steps and deliver a strategy to take us beyond 2021.

Operational Review

Over the following pages are a series of case studies which are intended to illustrate where we, as an academic community, have added value to our stakeholders. We have a broad and diverse set of stakeholders and these case studies can only cover a subset of the range of ways in which we add value. In our Value Creation statement Model on pages 12-13 we reference some of the case studies below to evidence this.



HOW WE CREATE VALUE

As part of our Annual Report & Accounts, we show how we use what we draw from to create and sustain value for our numerous stakeholders. Examples within the report demonstrate how we allocate resources, manage risks and develop opportunities through our education, research and engagement.

What we draw from

We draw from the following to create non-financial and financial value



People



Networks and Partnerships



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Infrastructure



Finance

How we create value

We enhance teaching and research by utilising the skills of exceptional individuals who have specific expertise and experience.

We work with our stakeholders to identify the challenges that face society and the skills required for our students and this informs our curriculum.

We work with our partners in providing placement opportunities for our students further enhancing their learning experiences with real life work environments.

We employ the best possible staff from around the world who undertake both applied and blue sky research to generate knowledge. This enhanced understanding benefits society and is embedded within our teaching which attracts highly able students to our city.

Our high quality campus and activities are sustained by fees received for teaching and payments for undertaking research. We also receive donations and generates income from other areas such as accommodation, facility use and investments. All surpluses are reinvested for the benefit of our stakeholders.

Our research addresses global challenges and our graduates make significant contributions to society.



Outputs

Knowledge and understanding

The generation of new knowledge for global benefit results in an enhanced reputation for working at the highest level (see pages 14-15).

Student experience

Exceptional curricular, non-curricular sporting and social opportunities result in high rates of graduate employment in professional jobs or further study (see pages 22-23).

Enhancing capability of people

People with the skills, motivation, knowledge and experience to deliver together as a community (see pages 26-27).

Capacity of infrastructure

High quality sustainable built environment with an ongoing investment in facilities and equipment (see pages 24-25).

Financial stability

A successful operating model and a strong financial position enables financial sustainability and provides for future investment (see pages 28-29).

Stakeholder value

We share the value we create for the benefit of our stakeholders

Students

We reinvest in our educational provision for both current and future students.

Staff

We develop our staff through a number of programmes to grow their capability and our base and reinvest in staff facilities and new appointments.

Alumni

We have developed a significant professional alumni network and support graduates into professional employment or further study.

Society

We create over £294m for the benefit of the regional economy and are the 2nd largest employer in the city. We work with local communities to attract jobs and investment into the region.

Partner organisations

We work with research funders, government agencies and society to share the value we create and nurture partnerships with employers and other universities to create additional value.

Changing the world with our research

We are tackling global challenges through our research, collaborating with academic and industrial partners to deliver environmental, societal and economic impact. Below are two examples of this.

Reducing plastic pollution in our oceans

Our spin-out company Naturbeads is working with industry to replace microplastics in personal care products with biodegradable microbeads made from cellulose, the material that forms the tough fibres found in wood and plants. The aim is to ensure that products do not leave harmful residues in our environment.

Microbeads are little spheres of plastic less than 0.5 mm in size that are added to personal care products including cosmetics and suncreams to give them a smooth texture.

When they are washed away, they are too small to be removed by sewage filtration systems and so pollute rivers and oceans, where they can be eaten by birds, fish and other marine life. These plastic fragments can then pass up the food chain ending up on our plates.

Whilst plastic microbeads are now banned in the UK from rinse-off products like shower gels and toothpaste, they are still found in many other personal care products. An estimated 30,000 tonnes of microplastics from consumer products end up in the world's oceans every year.

The technology to create the biodegradable microbeads was developed by Professors Janet Scott and Davide Mattia from our Centre for Sustainable Chemical Technologies in 2017.

In 2018, spin-out company Naturbeads was formed to commercialise the technology and has since been awarded £582,842 by a partnership between UK Research and Innovation (UKRI) and Sky Ocean Ventures (SOV), through the Plastic Research and Innovation Fund to scale up the technology.

“Our microbeads are produced using cellulose, the most abundant bio-material on Earth.”

Professor Davide Mattia, from the Centre for Sustainable Chemical Technologies and co-founder of Naturbeads, said: “Our microbeads are produced using cellulose, the most abundant bio-material on Earth, and what plants and trees are made of. We’re working with a number of cosmetic companies so they can test our microbeads in their formulations and make our product compatible with their current processes. We are excited to see our technology deployed commercially and to contribute to reducing plastic pollution in our oceans.”



L-R: Professor Janet Scott, Dr Giovanna Laudisio and Professor Davide Mattia



Calling out worker exploitation in the garment industry

Retailers and fashion brands are increasingly vocal about their desire to banish worker exploitation from their global supply chains but are the people who make their products seeing change?

Research from our School of Management and Faculty of Humanities & Social Sciences has uncovered considerable evidence that while top-down initiatives from brands have led to some improvements in working conditions, they have failed to eradicate labour exploitation.

In a project funded by the British Academy in partnership with the UK Department for International Development, researchers collaborated with academics at the University of Sheffield and Royal Holloway, University of London, to study working conditions in Tirupur, the South Indian garment industry powerhouse which accounts for 45-50% of all knitwear exports from the country.

Interviews with over 135 business leaders, workers, NGOs, unions and government agencies in the state of Tamil Nadu revealed that the ethical aspirations of

companies are at odds with the reality of their actions. The companies pledge to end worker exploitation but are hampering progress through sourcing practices.

Short production windows, cost pressures and constant fluctuations in orders by brands and dealing with large retail chains make it very difficult for local suppliers to comply with the standards on decent working practice that the companies say they expect.

“When we interviewed manufacturers who supply knitwear to major global brands they explained that brands are growing louder in their demands for an end to bad labour practices but the demand for fast fashion at cheap prices means they are unwilling to alter their commercial practices to support improvements,” said report author Andrew Crane, Professor of Business and Society from the School of Management.

“Workers told us about extensive violations of their rights including routine disregard for health and safety standards, restricted freedom of movement and

“Workers told us about extensive violations of their rights including routine disregard for health and safety standards.”

verbal abuse. They also reported incidents of child and bonded labour, and told us how they suffered from gender discrimination, unfair pay, a lack of contracts, and limited freedom to speak.”

In their report, Decent Work and Economic Growth in the Southern Indian Garment Industry, the researchers call for the formation of a new taskforce in Tirupur to solve the labour issues facing the industry. They have made recommendations designed to improve freedom of movement, health and safety, and worker-driven social responsibility and hope that giving workers a voice will bring about meaningful change.

Providing the best education

How do we shape the engineers, scientists, policy makers, social scientists, researchers, and leaders of the future? We are asking big questions to equip each of our students with the knowledge, skills, and vision to achieve impact throughout their careers.

Transforming our curriculum

Praised by *The Times* and *The Sunday Times Good University Guide 2020*, our university-wide Curriculum Transformation programme is redesigning our courses, with the active participation of students, to develop creative approaches to assessment, teaching, and course delivery.

The project is an exciting opportunity for departments to rethink their teaching so that Bath courses continue to be at the forefront of learning and teaching. Staff are working collaboratively to recognise, share, and build on the many areas of strength and good practice that currently exist across our community.

In line with our Education Strategy 2016-2021, we are aiming to redesign all undergraduate and taught postgraduate courses to ensure that they reflect our strengths, values, and strategy within the changing landscape of Higher Education. "In order to deliver higher education for the next generation we must challenge ourselves to think ahead to the future needs of our students and staff, and consider what their experience at Bath will need to provide them in order to thrive in an ever-changing world," explained Professor Peter Lambert, Pro Vice-Chancellor (Learning and Teaching).

The redesign of each course involves teaching staff and students, alongside professional services and other key stakeholders, including employers, accrediting bodies and alumni. The initiative is partnered with, and supported by, the Curriculum Development Office within the Centre for Learning and Teaching.

For the academic year 2018-19, four Student Engagement Ambassadors were employed to ensure that students became genuine partners in the Curriculum Transformation project. Matthew Dawes, studying for a Masters in Chemical Engineering, is the Student Engagement Ambassador helping to embed Sustainability and Citizenship within the curriculum.

"The process so far has been fantastic, I'm particularly delighted with the large amount of student engagement that has been undertaken by departments. Having students at the heart of both Curriculum Transformation and the undertaking of the student engagement activities is crucial as I believe that to make courses relevant to students they should be designed by students."

"The process so far has been fantastic, I'm particularly delighted with the large amount of student engagement that has been undertaken by departments."



Matthew Dawes

Teaching Excellence Framework

The University's TEF Gold rating recognises that our teaching is of the highest quality in the UK and demonstrates that we deliver outstanding teaching, learning and outcomes for students.

The Teaching Excellence Framework (TEF) evaluates universities on criteria including teaching quality, learning environment and student outcomes, taking into account factors such as student satisfaction, retention rates and employment.

In 2017, the TEF panel praised us for our strong employment orientation that ensures students develop the knowledge and skills most highly valued by employers. There is extensive professional accreditation across the curriculum and the panel was impressed by support from the Bath Connection network which provides mentoring by alumni.

Our graduates enjoy a starting salary which is on average £4,500 higher than the national average for first degree graduates in full time UK employment. Bath is ranked fourth and fifth respectively for graduate prospects in *The Guardian University Guide 2020* and *The Times and Sunday Times Good University Guide 2020*.

We were also endorsed for our embedded strategy that recognises and rewards excellent teaching, including institutional teaching awards, Higher Education Academy (HEA) accreditation, a University Teaching Development Fund and an internal course for enhancing academic practice.

The TEF report highlighted the top quality physical and digital resources used by students to enhance their learning, including a special mention of our library provision.

The TEF panel also commended our embedded culture which values students as co-creators of learning through our Transforming Curriculum and Assessment scheme, and our frequent engagement of students with developments at the forefront of research, scholarship and professional practice via final year dissertations and projects.



Strengthening our industrial partnerships and international collaborations

Deepening our formal partnerships with pre-eminent international universities, industry and policy makers is strengthening our international networks and extending our influence. Increasing mobility and inter-cultural support for established and early career researchers helps to raise their international profile and expand research networks.

Extending our links with Jordan

Our connections in Jordan span teaching, research and student and staff mobility activities. For the past three decades our Department of Education has collaborated with Amman Baccalaureate School, an international study centre for our MA Education programme. Twice a year our academics travel to Jordan to teach on the course.

In recent years, as the humanitarian crisis in the region has developed, Jordan has faced increasing pressures from the arrival of displaced Iraqis, Syrians, Yemenis, Somalis and Sudanese. In response we have set up new education programmes and research projects to deepen our engagement with the country.

Working with the Queen Rania Teacher Academy, the Department has supported 11 Jordanian state school teachers on our PG Certificate in Educational Studies, through scholarships provided by us. A number of these teachers are now teaching refugee children after the Jordanian school day. A new cohort of 13 teachers joined the programme in September 2019.

With our strategic partners at Princess Sumaya University for Technology in Amman and the German Jordanian University in Madaba, our researchers are working on a major project to improve shelter design for the more than 110,000 Syrians living in the Zaatari and Azraq refugee camps.

This innovative, interdisciplinary project involves both our Department of Architecture & Civil Engineering and Department of Social & Policy Sciences. The team is looking at how small, low-cost design interventions can improve ventilation and insulation to make life for residents in these camps more bearable.

In 2018 we launched a new, two-year part-time distance learning MSc in Humanitarian, Conflict and Development, which includes a residential week in Jordan. The course is designed for those who already work in the field, or aspire to, and want to study alongside their jobs.

One of those benefitting is Bath graduate Rand Altaher who works for UNICEF in Amman on social protection projects for refugees in the country. Balancing her studies with her work is helping to give her fresh insights around topics related to peacebuilding and our humanitarian response.

She explains: "Having worked for UNICEF for four years I wanted to further my knowledge from an academic perspective but without taking a career break. The course has been fantastic for opening up a network from around the world and in challenging my thinking on complex issues."

"Having worked for UNICEF for four years I wanted to further my knowledge from an academic perspective but without taking a career break. The course has been fantastic for opening up a network from around the world and in challenging my thinking on complex issues."

As our network in Jordan extends with new research projects, increasing numbers of student placements and an active network of alumni, including the influential FCO Chevening Scholars in Amman, our complementary areas of activity will bring mutual benefit.



Rand Altaher (Credit: UNICEF)



Chris Skidmore and Professor Ian White

Growing our expertise for the automotive industry

In June 2019 we marked another milestone in the development of our new £70m Institute for Advanced Automotive Propulsion Systems (IAAPS) with the unveiling of a commemorative plaque by Universities Minister Chris Skidmore MP.

IAAPS, which will be based at the Bristol & Bath Science Park when it opens in 2021, builds on our long-standing, internationally recognised research conducted through our Department of Mechanical Engineering in collaboration with some of the world's leading automotive companies. It will help to position us as a global centre of excellence, delivering transformational research and innovation to support automotive industries in the development of future generations of ultra-low and zero emission vehicles.

We are helping to address engineering skills shortages facing the UK automotive sector, developing a pipeline of talented researchers.

Complementing this, in February 2019 we announced our new EPSRC (Engineering and Physical Sciences

Research Council) Centre for Doctoral Training (CDT) in Advanced Automotive Propulsion Systems which welcomed its first students in autumn 2019.

Over the next five years, more than 80 doctoral students from different countries and disciplines will address key challenges through industry-supported projects.

CDT Co-Director Dr Richard Burke explained: "I'm really excited about the interdisciplinary nature of this project and in seeing what happens when I teach a group of students approaching the same topic from different vantage points. In training the next generation of leaders we are massively scaling up our resource and our responsiveness to industry needs."

Dr Ed Chappell, a Research Fellow in our Department of Mechanical Engineering, is helping to train and support the next generation of automotive engineers. A mechanical engineering graduate from the University, Ed completed his PhD with the Department working with one of our partners, Ford Motor Company.

"Through our work we're creating a unique environment for collaboration between industry and academia."

At Ford he worked on a major process improvement project focused on new testing techniques for vehicle emissions, learning first-hand how to apply his research in an industry setting. Now back in Bath he oversees a range of automotive research projects.

He explained: "The automotive industry is embarking upon an unprecedented period of transformation, as a whole range of new technologies redefine our preconceptions of solutions for mobility. Through our work we're creating a unique environment for collaboration between industry and academia. Having trained here at the University it is very rewarding to now be using my skills to supervise a team of researchers and students on projects that work directly with industry in addressing the challenges which will shape the future direction of the whole automotive sector."

Fostering a diverse student community

We want to recruit the best students with the most talent and potential, recognising the value of diversity in our student body. By providing an inclusive environment which recognises the varied support requirements of our diverse student population, we help individual students to achieve their potential.

Gold Scholarship Programme

Sherifat Adeniyi studies Economics and is one of the first Gold Scholarship Programme cohort, which began in 2017.

Our Gold Scholarships offer a full personal development programme including support with placements and internships, alumni mentoring and a £5,000 grant per year of study. Scholars commit to undertake 50 hours of volunteering per year. Students from households with an income of £25,000 or below are eligible to apply for the programme.

Sherifat said: "Getting onto the Gold Scholarship felt incredible. I knew that I wouldn't have so many financial issues and I'd have a strong support network.

"The best thing about my life right now would be my independence. I've never had my own room before and having my own space has been really empowering. I'm from East London. The area I grew up

in can be regarded as rough I guess, but I've always really loved it. I was raised by a single mother and because of that and the fact that I had two autistic brothers I had to bear some carer responsibilities. I go home monthly. My mum's been able to adapt to me not being there, but also knows that I'm there whenever she needs me. It's impacted not only me but my whole family.

Before moving to Bath I thought it wouldn't be very diverse; however it's proved me wrong and it's really homely, welcoming and accepting. There is a strong sense of community at the university and on campus. I also enjoy going out with my friends in the town, it's very close and accessible.

The support system on the Scholarship programme has been very, very important to me. I have a mentor and she's amazing. The Gold Scholarship involved things

"The support system on the Scholarship programme has been very, very important to me."

that I'd already done, like volunteering, alongside my studies. Volunteering does enrich my life by teaching me new skills as well as strengthening the ones I already have. I see many things for my future.

I see me growing into myself further, becoming even more independent, discovering who I want to be as a career woman, going into finance as a black woman studying economics, and having other people follow my path. The Gold Scholarship programme is funded by alumni so I'd like to give a huge thank you to them. I'm so excited about my future."

Each academic year 50 Gold Scholarships are available. For more information visit: go.bath.ac.uk/gold-scholarship



Sherifat Adeniyi



Baron Gracias

On Track to Bath

Physics with Astrophysics student Baron Gracias, 19, made Bath his first choice after completing the On Track to Bath programme in Years 12 and 13.

The programme is for academically able local students whose background may make them less likely to go to a leading university. Some may not be considering going to university at all.

During Year 12 On Track students complete a research project during monthly sessions on campus. Baron said: "We got to use the physics labs here and so I had a good idea of the equipment. Actually knowing what facilities they have and what you're going to spend your time doing is really useful. Writing the research report gave me an insight into lab writing skills. If you got an A grade that allowed you an alternative offer (one grade lower) at the University so that was a really good incentive.

I managed to get an A and so got the alternative offer, so that lightened the stress of A Levels a bit."

Baron then attended a residential summer school between Year 12 and 13, with around 40 students on the scheme, to see what life at Bath is like. He said: "It gives you a good idea of what coming to university is like and I genuinely feel it made me so much more confident. Coming here I had no stress at all. I know some people that were nervous whereas I felt like I was perfectly comfortable with this."

In Year 13, On Track students receive expert help and guidance to prepare high quality university applications, which Baron said gave him an understanding he simply wouldn't have had otherwise. After scoring A's across the board at A Level he came to Bath in 2018.

"I've absolutely loved it, having all that background experience and confidence coming in it just made the whole first year much smoother - I didn't have any of the obstacles that people may encounter."

In fact, Baron is now a student ambassador helping students on the On Track scheme themselves.

"I love it, it's one of the best jobs I could have, I learn so much from the students I work with, and I like conveying to these students what I've learned and insights. On Track is something you gain a lot out of and compared with other summer schools I did it was much more developmental. It was a two year helping hand essentially, and there were so many beneficial things. I felt they really wanted to help me do well."

Enriching our student experience

We want to make sure that every student enjoys a first-class experience at Bath, both in their learning and their life as a whole. Over the past year, we have concentrated efforts in this area by investing in projects to improve how students can interact with the University, and by working with the Students' Union (SU) to listen and respond to their suggestions. These included requests to improve the quality and number of study spaces, and provide further focused mental health support.



Students using the study space at the Virgil Building

Learning Spaces

The Learning Commons are open-plan areas, but most have study rooms available for group or individual work. Each one is equipped with comfortable seating, workstations, whiteboards, printing and copying equipment and Wi-Fi.

By increasing the number of Learning Commons areas, we have introduced new working spaces for independent student or group study. The Learning Commons ease the demand for existing study spaces, such as those in the Library, and provide different environments in which to work. This year the number of on-campus commons areas has increased with the addition of Polden Learning Commons.

These supplement those already located in the Library, 6 West South, and Norwood House on campus and in the Virgil Building in the city centre. A Graduate Commons, providing a study and social environment for postgraduate students, is based in 10 West.

SU Education Officer Rucja Osman said: "Having the right environment in which to study is essential when you're studying at university. It's useful to have a variety of places to study, from quiet areas in the library, to more relaxed spaces that you can book for group working in Polden and other places across campus. The new facilities make a big difference to helping with students' studies and improving their experience at Bath."

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Student Wellbeing

The wellbeing of students is a clear priority for us. Our Health and Wellbeing Steering Group, which has staff and student representatives, has worked alongside frontline professionals to develop and put into practice our Mental Health and Wellbeing Action Plan.

Some of the key initiatives in the action plan include extending mental health training to student leaders and volunteers within SU groups and clubs, and a SU-led campaign on male mental health.

The Student Services Team has also increased its focus this year on preventative programmes. These include Read Well, a joint project with the Library to offer books selected by the Counselling & Mental Health and Wellbeing teams that can support wellbeing, covering topics ranging from assertiveness and body image to anxiety.

Prescription for Exercise is another Student Services initiative run in partnership with the SU, Sports Development and Recreation and the Department for Health. It is a pilot project aimed at improving student mental health and wellbeing through meaningful engagement with an exercise programme. We provided more funding to this project after participants showed good outcomes in improvements in their mental health.

Further initiatives focusing on ensuring good mental health among students include the Silvercloud online self-

help platform, which was made open for self-referrals this year and offers secure access to Cognitive Behavioural Therapy (CBT) programmes.

We are also partnering with local organisations and services to strengthen our own work. Anthony Payne, Director for Student Services, says: "We recently announced we will be taking part in the Mentally Healthy Universities partnership with national charity Mind. The project aims to ensure students have the tools and knowledge to build their resilience and are equipped to manage their mental health at university and beyond. We are also working with Mind to run two new initiatives: one around using food to develop social connections, wellbeing and good mental health, and another to introduce a Social Prescribing model for gardening, to support recovery and also for general maintenance of wellbeing. Programmes like these will help us to further develop our wellbeing offer to be more rounded and effective."

In response to student demand, we will soon introduce a 24 hour online/ telephone listening and advice service which will complement and support our in-house resources. This service will be particularly beneficial for students who are on placement, who find it more difficult to access campus support during office hours, and international students, since support will be available in many languages.

In addition, we have contracted the local counselling service 'Off the Record' to give students further choice in counselling. Our 365 days a year Wellbeing drop-in service in partnership with our new Mental Health duty rota means that any student experiencing a mental health crisis can be seen on the same day by qualified staff.

Our links with local NHS services have also been boosted by running NHS workshops on campus for students. This will be further strengthened next year as we review the referral pathways for students with eating disorders into NHS services.

In partnership with the SU we identified the use of alcohol as an area for further attention, both to support students' wellbeing and to ensure that our campus is inclusive of those that do not drink, for whatever reason. As such, a joint campaign 'Set your own Volume' was launched in Welcome Week 2019. This work will be assessed in partnership with Dr Sally Adams of the Addiction and Mental Health Group.

We have also just started to explore the theme of loneliness with the guidance of Professor Julie Barnett, Associate Dean of the Faculty of Health and Social Sciences. We will be exploring opportunities to further encourage student connections, building on the SU's peer mentoring and hall reps approach.



Our Student Services team

Enhancing our campus

In order to support the growth of our research power and meet demand from our students, we are continuously working to enhance our campus through investment in new buildings and IT infrastructure. Even though we are expanding our physical infrastructure we are continuously exploring new ways to minimise our impact on the environment.

Generating our own sustainable energy

At a time of expansion and development, we must meet the challenge of enhancing our capacity whilst minimising our impact on the environment.

Through efficiency measures implemented by our Department of Estates, energy consumption and water usage on campus is lower today than 12 years ago, despite significant growth. The amount of electricity consumed has also reduced by 2% over the last two years despite two major new buildings being built.

We generate up to 9% of our own energy, through solar panels and two Combined Heat and Power (CHP) plants. Our CHP engines – one powering the Chancellors'

Building, The Quads residences and the Lime Tree refectory, and another in the Sports Training Village - generate two million units of electricity each year, enough to power 600 houses.

The CHPs have an overall efficiency of approximately 80-90%, much higher than a normal power station on the national grid that only achieves efficiencies of around 35%. This is in part because in our CHP plants the waste heat is recycled to heat the buildings on campus as well as the swimming pool in the Sports Training Village.

Generating our own power also reduces the considerable energy losses that result from transporting energy across the

National Grid. We also have solar panels (both photovoltaic and solar thermal) on a number of buildings across campus which provide 40,000 units of electricity per year, saving 20 tonnes of CO₂ annually.

Energy and Environment Manager, Peter Phelps said: "Generating our own energy in these ways results in less fuel consumption, saving £75,000 in fuel costs, as well as saving 350 tonnes in carbon emissions annually.

We're very proud that overall our carbon emissions are down 22% since 2005, despite a period of significant growth in our student population and physical infrastructure."



Solar panels on the roof of 10 West



Local schoolchildren visiting the Milner Centre for Evolution

Building a world-leading Centre for Evolution

On 21 September 2018, we opened a new building to house the Milner Centre for Evolution, a hub for world-class evolutionary research supported by the philanthropic gift from Bath alumnus Dr Jonathan Milner. The Milner Centre, the first of its kind in the UK, undertakes fundamental research into how and why species change over time, and applies this knowledge to address real-world problems including treating cancer more effectively and helping tackle climate change. The Centre also engages the public with its research, hosting workshops for schools as well as participating in community outreach events.

The Milner Centre building was designed to create a highly collaborative research and social space. Key to this was enabling the Milner Centre team, including faculty and students, to work closely with and provide feedback to the architects at every

stage of the project. From the design brief and initial plans, to the colours of the furniture.

Professor Laurence Hurst, Director of the Milner Centre for Evolution, said: “The Milner building was several months in the planning but what was amazing was the extent to which the architects engaged with us as end users - it was a truly collaborative project and we have a real sense of owning the building.”

The building committee took inspiration from Pixar Studios by locating the Milner Centre social space, lecture space, toilets and coffee areas centrally to encourage people from every part of the Centre to run into each other, socialise and work together.

“One major purpose of the building is to bring together communities - be this for public engagement or for scientific

workshops. To this end our coffee area was designed to merge with the seminar area. We hope this will make a great place for interactions,” said Professor Hurst.

The space was designed to be flexible to adapt as the needs of the group change. For example, offices for academics and graduate students are the same size, so if the ratio of students to faculty changes, they can easily be repurposed without knocking walls down.

As well as the functional, the design elements of the building also had input from the Milner Centre staff, including a ceiling feature inspired by a nautilus shell, and the external Alignment Wall which shows a series of colour-coded gene sequences showing the evolution from fish to humans.

Supporting our people to develop

We are proud to have nurtured a community that is inclusive, supportive and engaged, enriched by the diverse and international backgrounds of our staff. Investing in our leadership and management capacity is helping us to support colleagues to respond to the changing needs of our students and other stakeholders. Recruiting the best people and supporting them to realise their full potential is helping us deliver our objectives and respond flexibly to a changing environment.

Developing management and leadership skills

Bath's 3L Programme offers skills development opportunities for those in team leader, supervisor or manager roles. Delivered through classroom and online learning, project work and coaching sessions, the programme hones participants' leadership, management, communication and problem-solving skills.

Sarah Stead is the Faculty Operations and Projects Manager in our Faculty of Engineering & Design. She is responsible for the departmental teams and their

activities as well as supporting the Heads of Department and Directors of Studies with projects that relate to student experience and supporting widening participation of students.

Sarah started Level 5 of the 3L Programme in January 2019, a course lasting 24 months. She said: "The 3L programme is allowing me to gain knowledge and skills in leadership, management, communication and problem-solving which will support and

develop my role as a manager, as well as giving me time to reflect on how I manage myself and my team. I hope that by the end of the programme my skills and knowledge will be enhanced, and I will increase my effectiveness as a manager.

The opportunity to be part of this programme has been a fantastic benefit to me. My line manager has been supportive and encouraging, allowing me to take up this opportunity and I feel privileged to be part of the 3L programme."



Sarah Stead

Recognising excellence in our staff

We aim to support staff working across all levels and disciplines. In 2018, we signed up to the Technician Commitment, a national university and research institution initiative.

The Commitment aims to ensure technicians within the organisation are identifiable and their valuable contribution is visible within and beyond the institution; it seeks to help technicians gain recognition through professional registration and external awards schemes.

Further, it aims to create clear, documented career progression opportunities, ensure the future sustainability of technical skills across the organisation and use the full potential of that technical expertise.

We are now acting on our commitment. A technicians' conference ran in June, attended by technical and non-technical

staff alike, and a steering group has been formed to drive the Technician Commitment for this valued community. Technicians have been regularly honoured in our Staff Recognition awards.

Paul Griffiths is a Senior Technician in Engineering & Design Technical Services and was winner of the Staff Recognition Award for Enhancing the Student Experience. Paul's technical skills, pastoral and emotional support to the Bath Zero Electric Motorcycles student teams were outstanding.

He said: "I was very proud to receive a Staff Recognition Award. We have worked very hard with the promotion of our electric vehicles over the past three years and I was very happy to be involved with this year's success after the devastation of seeing all the work the students put into our 2018 race bike at the Isle of Man catching fire in the van whilst charging.

"The University has been recognised globally for cutting-edge electric vehicle progression."

I can't thank the University enough for not giving up on this project, and with the building of another completely new machine within seven months for 2019, was simply amazing. They finished the TT Zero race in fourth place with an average speed of over 94mph, which made it worth all the effort, because now the University has been recognised globally for cutting-edge electric vehicle progression.

The students have been very kind for nominating me for this award and I hope that I have made a small contribution to their future working lives - it's been a very worthwhile commitment."



Paul Griffiths (Right) with students from the Bath Zero electric motorcycle team

Ensuring our financial sustainability

Our financial sustainability is based on the following principles:

- create capacity for strategic development by achieving an average historical cost operating surplus of at least 3% of income in any financial year
- maintain a robust balance sheet with sufficient cash reserves to meet our financial obligations
- deliver value for money in all our activities
- use our cash reserves and, if necessary, borrowing capacity, to invest in academic and student experience, to enhance research quality and reputation, teaching quality and student satisfaction.

We are pleased to be able to report that we have exceeded the 3% target of historical cost operating surplus and will use the cash that this provides to invest for the future. Our financial sustainability is crucial to our ongoing activities and operations.

Managing our resources effectively

Professional service departments play a critical role in delivering a positive student experience, contributing to our financial growth and sustainability and supporting our Strategy.

The Higher Education sector faces growing financial challenges and in September 2018 Project ahs (involving the Department of Accommodation, Hospitality, Events, Retail and Security) was launched with an ambitious target of contributing an additional £1m surplus by August 2019. It focused on evaluating the existing use and allocation of resource across the department and identifying areas where efficiencies could be made, or management tightened. As part of this resource analysis exercise and in consultation with staff, contracts

were reworked to better meet the needs of the business, and skills were examined and roles adapted to best match capabilities to the changing requirements.

Materials and equipment were reused in refurbishment projects; tighter stock control measures were introduced and choice was reduced on staff ordering systems to achieve greater economies of scale. Using redundant teaching spaces and student accommodation for commercial activities through the summer months generated £1m for us in the month of July.

In total the project returned an additional £1.1m to our surplus, exceeding its target.

All members of the ahs team were involved in the success of this project, in part attributable to the newly established ahs culture centred on empowering staff: promoting transparency, problem-solving and encouraging flexibility. Bringing staff on-board and engaging them with the project was achieved quickly and effectively.

Staff were encouraged to interrogate their resource allocation and requirements and solve challenges creatively rather than relying on traditional financial, procurement or recruitment-based solutions. An increased focus on joined-up working more widely across our departments was also central to the success of the project.





Students on University scholarship programmes

Using our networks to support financial stability

Like many universities, we have an extensive network of alumni and benefactors who support us in delivering our goals and objectives. Their philanthropic contributions (financial and non-financial) help both sustain our activities and allow us to provide additional support to our student body to give them the broadest experiences possible during their time with us.

When most universities turn 50, as we did in 2016, they set themselves a target of raising £50 million, but we're not most universities. So, given that the name of our campaign was 'Look Further', we set ourselves the challenge of raising £66 million, because we were founded in 1966. Thanks to our generous donors we have now surpassed this target. It can be difficult to visualise the difference this kind of support makes, beyond the three amazing new buildings on campus, but we know this investment in our campus, people and students will have a substantial impact on our stakeholders.

During the 'Look Further' campaign, gifts received have supported a huge range of activities:

- creating almost 1,400 scholarships at undergraduate, postgraduate and PhD level
- establishing the new Gold Scholarship Programme, for 50 students to join us every year
- financing the construction of new buildings and equipping them
- research, through the funding of many awards to academic and research staff that are referenced throughout this report
- placement grants for students to gain extraordinary experiences across the globe
- supporting athletes through the award of scholarships and by investing in our sporting infrastructure.

The 'Look Further' campaign also brought many of our colleagues together, it established routes for sharing

information about numerous stakeholder groups, be it donors, alumni, colleagues, placement providers and students, and without doubt this collaboration and networking will grow in the years to come.

We have also learned, through the campaign, that thousands of alumni and friends stand ready to support us when we ask, also that gifts so frequently come in non-financial guises, including offering networking opportunities, mentoring, careers guidance, or guest lectures, all adding to the value for today's students and recent graduates. We now have over 1,400 alumni mentors on Bath Connection and graduates regularly volunteer at our Get Connected networking events, which have been held in the UK, Brussels, New York, Hong Kong and China, through what is now very definitely a global Bath network. Looking further forward our networks and donations continue to grow, most notably this year we have received over £600k for three new endowments.

Key Operational Performance Indicators

Council monitors our performance and progress by referencing Key Performance Indicators (KPIs) for its most important areas of activity. This report refers to a number of these indicators, whereas the financial performance indicators as agreed by Council are reported separately in the Financial Review. Council, through the Effectiveness Steering Group, has commissioned a review of KPI measures following a recommendation by the Halpin review. In developing KPIs we focus on the five key areas of our Strategy, thereby providing Council with sufficient assurance of our performance in areas such as financial sustainability, access and compliance. The five areas that we have from our Strategy can be summarised as follows: research power; international influence; graduate education; student experience; and infrastructure.

League table performance

National and international rankings are one of the KPIs we monitor and whilst we have improved our position in domestic rankings, our international rankings are lower, as illustrated below.

Current ranking	Previous ranking	Publication
Domestic rankings		
6th	6th	Guardian University Guide
9th	11th	Complete University Guide
11th	13th	Times and Sunday Times Good University Guide
International rankings		
172nd	158th	Quacquarelli Symonds (QS)
251-300	201-250	Times Higher Ranking

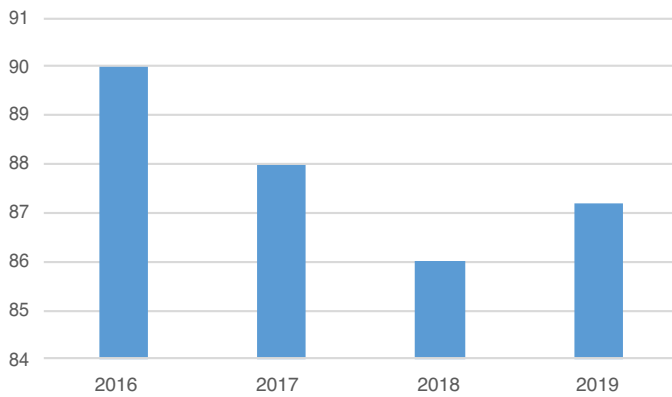
Teaching

Average tariff scores are used to monitor the quality of our home/EU undergraduate intake and are sourced from *The Times & Sunday Times University Guide*.

Year of Guide	Entry Standard Score	Ranking
2020	182	12
2019	186	10
2018	186	12

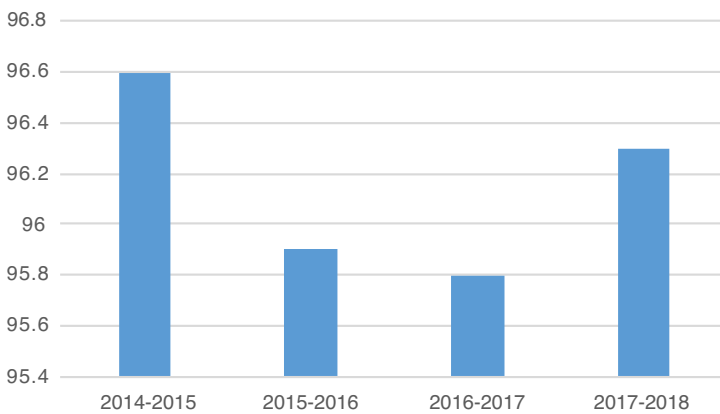
The table above reflects our popularity as a destination in so far as we have retained both our high entry standard score and intake during years when the demographic for 18 year olds in the UK has fallen.

Satisfaction rates %



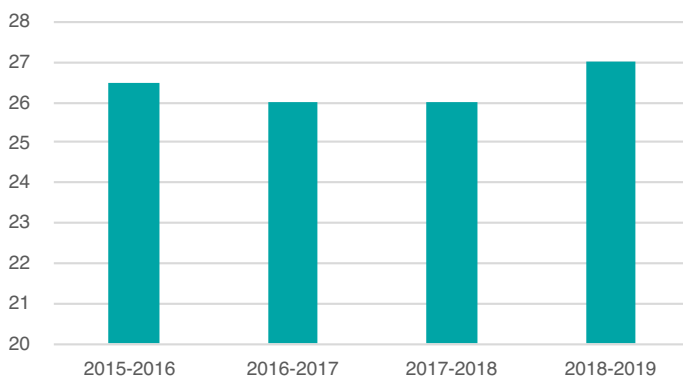
The quality of our teaching is measured by reference to students who either 'definitely' or 'mostly' agree with the National Student Survey (NSS) question: "Overall I am satisfied with the quality of my course." In 2019, we increased our score to 87.3% (previously 86%) compared to a sector average, which was in the low 80's. We are working hard to improve student experience and we believe the strategy we have in place will continue to improve this metric.

Continuation rates %



Continuation rates are used as a proxy for student satisfaction and the effectiveness of our student support and welfare structures. At 96.3% (95.8% 2016/17), we continue to perform at a high level when compared to the sector as a whole.

Grant and contract income per academic FPE (£000s)



Research

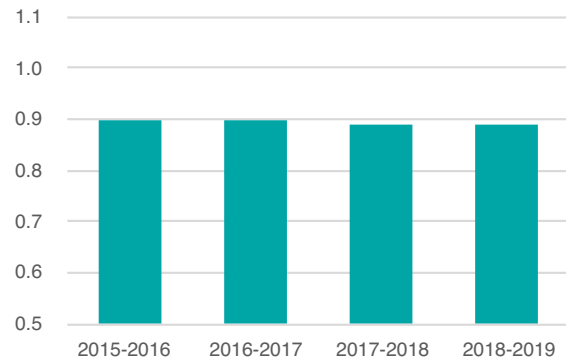
We use grant and contract income per academic FPE (Full Person Equivalent) as a measure of research activity. The chart shows an increase of 5.4% to £27k (£25.9k 2017/18).

For data relating to academic FPE provisional data is shown for 2018/19.

Postgraduate research students per academic FPE is another measure of our research performance and we have maintained at 0.9 in 2018-19.

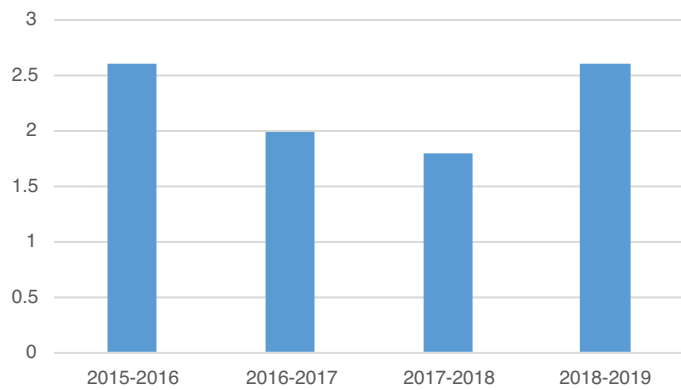
For data relating to academic FPE provisional data is shown for 2018-19

Postgraduate research students per academic (FPE)



Intellectual property (IP) and industrial research income per academic is a measure of the commercialisation of our research activity. In 2018-19 this ratio was £2.6k per academic (2017-18 £1.8k) and is largely attributable to the growth of our industry funded research, which increased by £1.2m in 2018/19. Our investment in IAAPS will see this measure increase further in years to come, as our industrial research activity is expected to grow significantly.

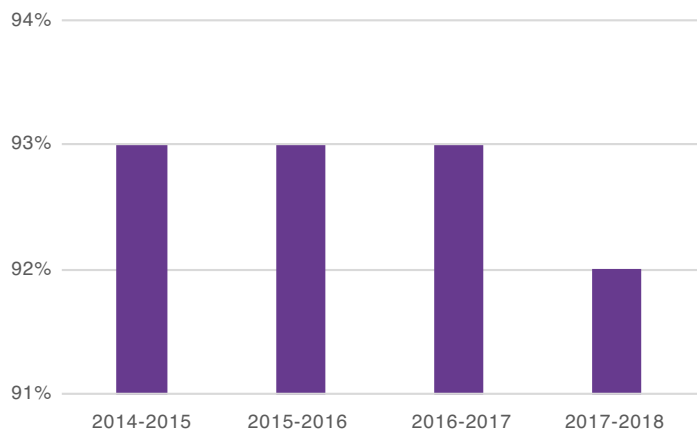
IP/ Industrial income per academic (£000s)



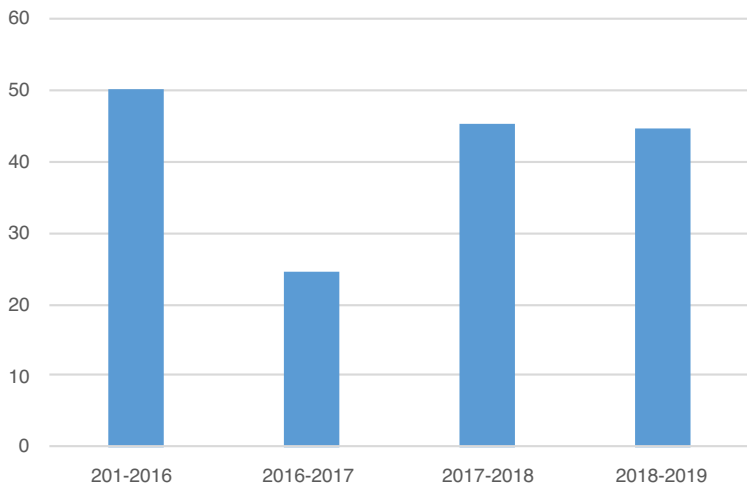
Infrastructure

We monitor the condition of our estate as a measure of the quality of the space we provide. At 92% we perform well above the 79% average of our HE peer group. We are undertaking a Condition Survey to assist in determining where further capital investment is required.

Gross internal area in condition A&B %



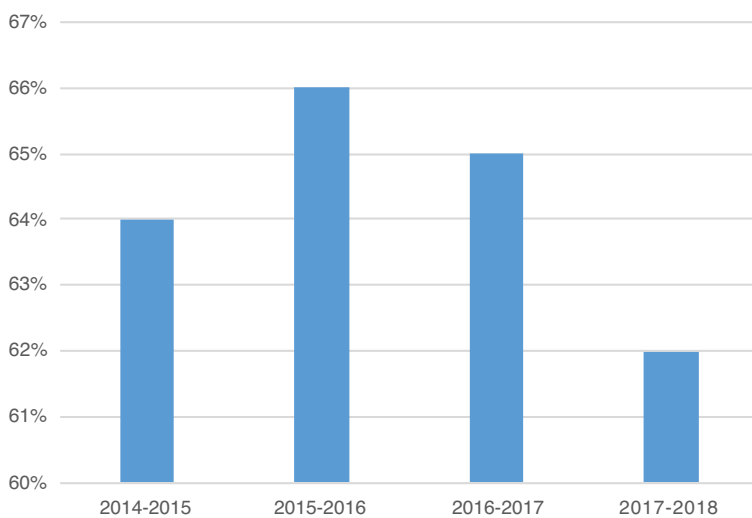
Capital additions £m



Capital additions were £44.2m in 2018/19. We have invested significantly in our building and equipment (including digital) infrastructure. We opened Polden, a 290 bed postgraduate student residence and the Milner Centre for Evolution. We purchased land at the Bristol & Bath Science Park, to develop the IAAPS facility and started the construction of a new building for our School of Management. These two projects represent our largest two investments ever, both being in excess of £70.0m.

Nearly one quarter of our capital investment this year has been in equipment at £9.7m and this represents a significant increase over 2017/18.

% frequency of use of teaching space



The % frequency of use of teaching space measures the effectiveness of our timetabling and teaching space management processes. With the growth in student numbers, we have seen a fall in the utilisation of smaller rooms which make up most of our general area teaching space and at the same time a significant increase in utilisation of larger lecture theatres and pc labs and it is this change in the mix of space utilisation that has resulted in the fall in this metric.

The 62% frequency of use compares favourably with our peer institutions, however, we acknowledge that this could be improved and recent investments have re-purposed some of our space to provide for more flexible use and to allow the teaching of greater numbers at a single seating.

Public Benefit Statement

Charitable purposes

Our **Mission** is to deliver world class research and teaching, educating our students to become future leaders and innovators, and benefiting the wider population through our research, enterprise and influence.

This Mission derives from our constitutional charitable **Objects** to “**advance learning and knowledge by teaching and research**, particularly in science and technology, and in close association with industry and commerce”. These Objects are set out in our Royal Charter of 1966 and constitute the University’s charitable purposes for the public benefit.

Members of the University Council, as trustees, have had due regard to the guidance on public benefit published by the Charity Commission in exercising their trustees’ powers or duties. The induction programme for new members of Council includes coverage of the Commission’s guidance. The full Council membership receives periodic briefings on regulatory matters, including the Charity Commission’s guidance and the requirements of the Office for Students.

Our commitment to delivering public benefit is at the core of our Mission. In furtherance of our Mission, our key objective continues to be to deliver excellence in our two primary charitable purposes, research and education.

Excellence in research, for us, means:

- our research is internationally-renowned – tackling global challenges and attracting world-class researchers to work with us
- our research collaborations attract prestigious academic and commercial partners – increasing our research power and extending our influence
- our enterprise and innovation delivers scientific and economic impact – benefiting communities locally, regionally, nationally and internationally
- our research environment is vibrant and supportive – nurturing talent from doctoral students and early career researchers through to established academics
- our culture is one of open enquiry and debate – challenging received wisdom and fostering the highest standards of research integrity.

Excellence in education, for us, means:

- our teaching is inspiring and highly valued, delivered through a focussed range of curricula that are academically rigorous, research driven and practice-based
- our learning is enhanced through high-quality spaces, effective technologies, and support for students’ active participation
- our community is inclusive, supportive and engaged, enriched by the diverse and international backgrounds of our students and staff
- our students are empowered to make positive contributions to society – locally, nationally or internationally – through attributes including awareness, understanding, reflection and intellectual curiosity
- our graduates have high levels of personal, professional, and academic skills enabling them to fulfil their potential and thrive in their chosen employment.

Research

In accordance with our Mission and charitable purposes, we aim to benefit society through our research. Our research ethos has a strong focus on impact, tackling challenges of global significance from sustainability to health and wellbeing. Our faculty comprises some of the finest researchers from around the world. As established in our Royal Charter, we value research partnerships and work with business, industry, the professions, the public sector and the voluntary sector. Consequently, our research benefits a wide range of stakeholders with international as well as national beneficiaries, ranging from individuals with improved health to international corporates with more energy efficient products.

Through advancing knowledge, our research has a wide range of public benefits:

- stimulating economic development
- informing public policy and professional practice
- innovating, informing and inspiring
- advancing individual and societal wellbeing
- building international connections.

The international excellence of our research was evidenced in 2014-15 by the outcomes of the Research Excellence Framework (REF) evaluation of research quality. In terms of the overall quality of our submission, 32% was judged to be 4*, defined as world-leading in terms of originality, significance and rigour, with a total of 87% judged 4*/3*, defined as world-leading/internationally excellent. Our overall grade point average (GPA) was 3.17, placing us 12th in the research quality ranking of UK universities (excluding specialist institutions). The REF methodology also included a national evaluation of research impact for the first time and we performed strongly in this measure.

Our research continues to have tangible economic and social benefits internationally, as outlined in the preceding section of this report.

In continuing to invest in the strategic expansion of our research base we will increase its impact and, hence, its public benefit. In 2018/19, the value of our research portfolio was around £150 million. Around 55% of our research income is provided by UK research councils and these funders include impact in their criteria for evaluating grant applications. Consequently, we have an objective view of the potential public benefit of much of its research.

We will continue to strengthen our international networks and partnerships to enhance our international profile and our ability to sustain a world class research capability.

Further examples of how our research is delivering public benefit can be found at: www.bath.ac.uk/research.

Teaching

In advancing and disseminating knowledge, our teaching has a wide range of public benefits:

- developing people
- providing skills for the workforce
- informing professional practice
- innovating, informing and inspiring
- building international connections.

We were awarded Gold in Year 2 of the Teaching Excellence Framework and the TEF Panel found that: “The provider metrics supplemented by the submission indicate that students from all backgrounds achieve consistently outstanding outcomes. Very high proportions of students continue with their studies and progress to employment, highly skilled employment or further study, notably exceeding the provider benchmark. The metrics indicate outstanding levels of satisfaction with teaching on each course, academic support and assessment and feedback from a diverse body of students, notably exceeding the provider benchmarks.” This confirms that the main beneficiaries of our teaching (by volume), our undergraduates, are receiving a high quality experience.

We are a first choice university destination for students in an increasingly competitive, international recruitment market. Students are attracted by our excellent academic reputation, our outstanding graduate employment record, our world class sports facilities, and the wide array of other social, recreational and personal development opportunities we offer. Our ability to offer placement options across our discipline base, and with leading organisations, is one of the features that distinguishes us from other top UK research-intensive universities. Our graduates have excellent employment prospects, not only because of their discipline-specific knowledge and skills but also because of the emphasis we place on developing well-rounded, enterprising individuals with high aspirations. As a result, our graduates are well-equipped to contribute to economic growth and policy development, as well as making a positive social contribution. Graduate destination data for 2016/17 indicates that 89% of our employed full-time UK first degree graduates were in the top three occupational groups, compared with 74% of employed graduates nationally (compared with 2015/16 figures of 87% and 71% respectively).

In response to the high demand for our programmes, our student population has been growing. The growth in our core headcount student population between 2017/18 and 2018/19 was 2.6%. In 2018/19, our core student population comprised 13,403 undergraduates, 3,109 taught postgraduates and 1,591 research postgraduates.

Our students are key beneficiaries of our teaching activities and we measure our success in terms of their retention rates, their employability and their satisfaction. Our completion and employment rates are some of the best in the sector and our students had an overall satisfaction rating of 87.3% in the National Student Survey 2019. Council receives annual reports on completion and employability performance. Our aim is to ensure that the percentage of our employed UK full-time first degree graduates in the top three occupational groups (professional or

managerial jobs) remains above 80%. The latest available dataset relates to 2016/17 and the proportion of our employed graduates in the top three occupational groups was 89%, compared with 74% nationally. National data show that the percentage of our full-time first degree entrants who continue or qualify with us following their year of entry is around 96.5% (Source: HESA Performance Indicators - Table T3a).

Beneficiaries of our teaching activities range from school age (aspiration raising/mentoring) through to mature learners (continuing professional development and MOOCs), and include undergraduates, taught postgraduates and research postgraduates. We recruit internationally and are committed to promoting a diverse student population. During 2018/19, we launched three new online programmes in partnership with Wiley. This enables us to deliver teaching in a mode that is likely to be more convenient for mature students and those with caring responsibilities.

Our goal is a socially inclusive and diverse student population. We support social mobility through a range of activities:

- aspiration raising and outreach activities for young people from under-represented groups, with special emphasis on STEM subjects
- diversifying our curriculum offer, delivery methods and modes of learning to attract a wider range of students
- promoting access and minimising barriers to progression by working to better understand and to mitigate the difficulties some applicants experience in achieving an offer from us
- enhancing student services and support networks to minimise barriers to success that prevent students from attaining a top Bath degree.

We recognise that undergraduate tuition fees may be a barrier to accessing our teaching. We publicise the financial support that we can provide to prospective students through our website and Open Days. In 2018-19 we provided £3.64m of financial support to 1,141 undergraduate students in the form of bursaries and fee waivers for individuals paying fees under the 2012 fee regime with a household residual income (HRI) of £22,000 or below. This included £465k of support to 94 students in receipt of our Gold Scholarship Programme, which started in 2017/18 and is jointly funded by the University and its sponsors. Our Alumni Funds provided £334k of financial support to 178 undergraduates with an HRI of £42,875 and below, and we provided £4k of support to the 3 remaining eligible students under the pre-2012 regime. In total, £4.0m of financial support was awarded to 1,239 undergraduate students. We have not yet achieved our access goals and are continuing to work hard on improving our widening participation performance.

Employers are also beneficiaries of our teaching activities through the skillset of our graduates. In the 2020 QS world ranking, we were ranked 119th in the world in the employer reputation performance measure. We also measure our success in delivering the skills that employers want in terms of our ability to maintain our network of placement sponsors. During 2018/19 we launched our first degree apprenticeship, the Level 7 Digital and Technology Solutions Specialist Integrated Degree.

During 2018/19, we led a consortium, which launched the new national Institute of Coding to improve digital skills in the UK workforce. The Institute of Coding brings together universities, large corporates, small and medium sized enterprises, established industry groups, experts in the delivery of distance and non-traditional learning and professional bodies to develop and deliver innovative, industry-focused education across the UK.

The wider community also benefits from our ability to attract high quality, engaged students. Working in close partnership with the Students' Union, we offer a wide range of opportunities for personal development, including volunteering, summer internships, personal development and skills training. In providing a wide range of opportunities to learn through experience and enhance personal development and career prospects, we are producing graduates who are well-equipped to act as good citizens and members of local, national and international society.

Students can volunteer to help with outreach activities, encouraging gifted and talented young people from socio-economic groups under-represented in Higher Education to raise their educational aspirations. We provide a supportive learning environment, with central student services and academic departments working in partnership, and have one of the highest retention and success rates in the UK. We have an excellent record for supporting students with disabilities in the successful completion of their studies. Our low non-continuation rates are reflected in our TEF metrics for our total full-time undergraduate population and also our population of students with disabilities. We encourage students from diverse backgrounds and provide financial support.

Students can also volunteer to help with our public engagement activities, particularly the annual 'Bath Taps into Science' event, which is designed to enthuse members of the community about science.

We are keen to ensure that our students and graduates have a strong awareness of the environmental impact of their actions. Students in campus residences are encouraged to take part in an annual competition to reduce energy use and we are increasing opportunities for students to recycle waste materials.

Creativity, enterprise and innovation

The knowledge that we generate through our research and teaching activities can be exploited to achieve a number of public benefits:

- innovating, informing and inspiring
- engaging communities and working in partnership
- stimulating local economic and social development
- building international connections.

We are sector leaders in knowledge exchange, applying fresh thinking to accelerate economic growth and social advances. Our Innovation Centre is helping to diversify the economic profile of the city by incubating high yield businesses. We are a member of the SETSquared partnership which in February 2018 was ranked as the world's leading University-linked business incubator, a position it has occupied since 2015.

Enterprise@Bath, a resource for our whole University community, is aimed at creating tomorrow's business leaders and fostering an innovative culture. It signposts sources of skills development, funding and support. We offer enterprise education for students and they are encouraged to develop entrepreneurial skills. A number of students develop business models or launch their own businesses whilst studying.

As part of our culture of creativity, enterprise and innovation, we seek to make a positive social, as well as economic, impact. We have outstanding sports facilities and offer a programme of community sport, TeamBath Tribe, encouraging young people in particular to engage in sporting activities. We also offer a public arts programme, including visual arts, theatre, dance and music.

International engagement

We believe that there is a benefit to our academic activities and hence our charitable objectives, in having a truly international culture on campus. Our international culture also has benefits locally and regionally. Our ability to attract internationally renowned researchers aids our capacity to contribute to the regional and national knowledge economy. Through our international connections we can provide a conduit to disseminate best international practice and cutting edge research locally, regionally and nationally. We also believe that a culturally diverse student population makes a positive impact on the experience of all of our students.

In addition to the international profile of our teaching and research activities, we are forging international connections through our alumni network and our world class sports facilities. We have over 100,000 alumni, representing 173 countries. Our alumni are encouraged to make philanthropic donations to enhance the student experience, our physical infrastructure and our research capacity. This enhances our ability to deliver our charitable objectives. During 2018/19, we opened the Milner Centre for Evolution, supported by its largest ever philanthropic donation of £5.6 million from Dr Jonathan Milner.

Other impacts of our activities

We are the second largest employer in Bath & North East Somerset (B&NES) with around 3,800 staff. Our 2016 Staff Satisfaction Survey showed that 87% of respondents thought our University was a good place to work. In 2015/16, we commissioned Oxford Economics to undertake an evaluation of the economic impact that we have on the B&NES area. Its report estimated that in 2014/15, we contributed £294 million to its GDP (around 6.2% of its economic output).

We do not believe that there is any direct harm or detriment to the public arising from our Mission and corporate goals. However, our success in attracting students does mean that our student population puts a significant demand on the residential accommodation in the B&NES area. During 2018/19, we have been liaising with B&NES Council during the development of our new Campus Masterplan which will inform, and be informed by, the new B&NES Local Plan. Our emerging Masterplan was included in the B&NES Local Plan Options Consultation. We hold three meetings a year of the Local Residents' Forum to ensure

that our nearest neighbours are briefed on our capital plans and our programme of events for campus. In this way, we try to mitigate the impact of our activities on our immediate community.

We also recognise that our activities have environmental consequences and we have made a number of commitments to promote effective environmental management:

- continually improve our environmental performance as far as the constraints of our physical infrastructure and estate will permit
- make the most efficient and effective use of all resources, encouraging members of our community to develop a sustainable approach
- minimise carbon emissions from regular commuting to and from campus by encouraging the use of public transport, cycling or walking
- implement effective energy and water conservation measures
- reduce overall waste production and increase the recycled component of the waste stream
- implement a procurement policy that includes consideration of sustainability in all tender evaluations
- work with our suppliers to help us achieve our sustainable and socially responsible procurement policy aspirations in the delivery of our products and services
- support the principles of fair trade and maintain our Fairtrade status
- manage our grounds in an environmentally and biodiversity-sensitive manner.

We are fully committed to minimising carbon emissions and were the first UK HEI to undertake the Carbon Trust's Higher Education Carbon Management process in its 'pre-pilot' phase in 2003. Our initial carbon reduction target was to reduce CO₂ emissions from gas combustion and electricity usage by 12.5% from a 2003/04 baseline of 0.11 tonnes/m² building floor area by 2010, which we achieved by December 2010. Council monitors four Key Performance Indicators in relation to sustainability: total carbon emissions (total impact); carbon emissions per m² GIA (efficiency measure); total water use; and water use per m² GIA. During 2018/19, Council noted reductions in all four measures between 2016/17 and 2017/18.

We have recently launched our intention to develop an ambitious Climate Action Framework aimed at reducing carbon emissions and contributing to climate change mitigation and adaptation. We have a strong record in this area. Earlier in this report we focussed on our partnership with the Ford Motor Company. Our work with Ford Motor Company improved turbomachinery design and evaluation methods. This contributed to a new engine design that saved 9% CO₂ relative to the best-in-class engine at the time. These engines, which are now in production, deliver an annual cumulative CO₂ saving significantly larger than the current total annual emissions for our University.

We seek to promote the highest standards of scientific and professional integrity and to give due consideration to the ethical, social and environmental issues arising from our activities. In 2018/19, we published our fifth annual statement on research integrity. In advancing knowledge to improve health and wellbeing, we undertake various projects in medical research and medically-associated biological research.

This work is funded by the Medical Research Council, the Biotechnology and Biological Sciences Research Council, and major medical charities including the Wellcome Trust, Cancer Research UK, British Heart Foundation, Versus Arthritis and Diabetes UK. Research in the UK involving vertebrate animals is regulated, within the framework of the Animals (Scientific Procedures) Act 1986, by the Home Office Animals Scientific Procedures Division and Inspectorate. All work on vertebrate animals is conducted under Home Office Licence. This means that any projects we undertake have been through an ethical review process, and have then been assessed by a Home Office Inspector. We are committed to the three Rs – Refinement, Reduction and Replacement of experiments involving animals.

Our statement in response to the Modern Slavery Act 2015 section 54(1) is published on our website at <http://www.bath.ac.uk/corporate-information/modern-slavery-and-human-trafficking-statement>.



Statement of Corporate Governance 1 August 2018 to 28 November 2019

We were established as a University in 1966 by Royal Charter. Our governance structure is laid down in our Charter and Statutes, which can only be amended by the Privy Council. We are committed to exhibiting good practice in all aspects of corporate governance and comply with the Higher Education Code of Governance (the Code) adopted by the Committee of University Chairs (CUC) in December 2014 and revised in June 2018. We fully considered and took account of the Code when reviewing the effectiveness of Council during 2017/18 and when implementing the recommendations arising from the review during 2018/19.

This statement of corporate governance is intended to help the reader understand our corporate governance and legal status, and how we apply the principles and good practice set out in the CUC Code of Governance. A guide to our corporate governance is published at: www.bath.ac.uk/corporate-information/guidance-on-corporate-governance/. Members of the public and external stakeholders can access this website, as well as members of our University community. We ensure the transparency of our corporate governance arrangements through a number of approaches, including the publication of the roles and responsibilities of our various committees, through the publication of records of the meetings of key committees, and through student representation on all key governance committees.

(a) Corporate governance structures

Our governing body is Council. Subject to the statutory powers of Senate with respect to academic matters, Council has overall responsibility for the conduct of all our affairs. The membership and functions of Council are laid down in Sections 16 and 17 of our Statutes. Council membership includes lay members (who are neither staff nor students of the University) and staff and student members. Lay members form the majority. The role of Council is described more fully under the 'Responsibilities of Council' sub-heading below.

Council normally meets five times a year and its terms of reference are published at: www.bath.ac.uk/corporate-information/councils-terms-of-reference/. Its committees include a Finance Committee, Nominations Committee, Remuneration Committee and Audit and Risk Assurance Committee. All of these committees are formally constituted with terms of reference and specified membership. The membership of these committees includes lay members of Council, one of whom is the chair.

The Finance Committee is responsible to Council for financial strategy, budget setting, annual accounts, monitoring investment activity and consideration of capital expenditure. The Finance Committee normally meets four times a year. The terms of reference of the Finance Committee are published at: www.bath.ac.uk/corporate-information/finance-committee-terms-of-reference/.

The Nominations Committee is responsible for considering nominations for: membership of Council and its committees, including the key roles of Chair of Council, Vice-Chair, Pro-Chancellor and Treasurer; members of Court appointed by Council; and representation of the University on a number of external bodies. It normally meets at least twice a year but often more depending on the need. The terms of reference of the Nominations Committee are published at: www.bath.ac.uk/corporate-information/nominations-committee-terms-of-reference/.

The Remuneration Committee normally meets four times a year. The terms of reference of the Remuneration Committee are published at: www.bath.ac.uk/statutory-bodies-committees/bodies-and-committees-council/remuneration/. The work of the Remuneration Committee is considered in more detail in the Annual Report of the Remuneration Committee.

The Audit and Risk Assurance Committee (ARAC), formerly the Audit Committee, is responsible to Council for reviewing the adequacy and effectiveness of our system of internal control and risk management, governance and value for money arrangements. It normally meets five times a year. The terms of reference of the ARAC are published at: www.bath.ac.uk/corporate-information/audit-and-risk-assurance-committee-terms-of-reference/. (The work of the ARAC is considered in more detail under the 'statement of internal control' sub-heading below.)

The Court is the formal body representing the interests of our internal and external constituencies. It does not take part in the day-to-day oversight of our affairs or in the decision-taking process but provides a public forum where members of Court can raise any matters concerning the University. Statute 15.5 provides that Court may "make representations to the Council on any matter affecting the University". The Court meets at least once a year.

In accordance with the CUC Code, Council undertakes regular reviews of the adequacy and effectiveness of our arrangements for corporate governance, risk management and oversight of statutory and regulatory responsibilities. An external Review of Council Effectiveness was undertaken during 2017/18 by the Halpin Partnership. A Steering Group was set up by Council to consider the recommendations of the Halpin Review of Council Effectiveness and related governance issues, review representations from the University community, investigate practices at other institutions, consider options and practical implications and make recommendations to Council for actions to be taken. During 2018/19, the following responses to the primary recommendations of the Halpin Review were made by the Steering Group and approved by Council:

- the size of Council has been reduced from 26 to 21 members, with effect from 1 August 2019, to align more closely with CUC guidance
- the maximum time limits of membership have been re-defined as three terms of three years for Council members, other than in exceptional circumstances
- the reserved business section of Council agendas has been abolished to facilitate full student member participation;
- the confirmed minutes of Council will be published on our website (redacted if necessary)
- a new post of Head of Strategic Governance has been established to support Council, Court and the sub-committees of Council and to advise Council members (post holder appointed from 19 August 2019). This new role acts independently of the executive management and reports directly to the Chair of Council
- a Senior Independent Director has been appointed (who is also Vice-Chair of Council) to be responsible for appraising the Chair of Council, and to be available to members to address any concerns or issues they feel have not been adequately dealt with through the usual channels of communication;
- a review of the Remuneration Committee was carried out and its membership was expanded to include a staff and a student Council member
- a Stakeholder Engagement Review was set up, to include a review of the University Court
- a student member of Council has been added to the membership of Nominations Committee
- search agents were employed to assist with the recruitment of new members of Council, with a special emphasis on diversity and breadth and depth of expertise.

As a result of these actions, the transparency of our corporate governance arrangements has been enhanced through staff and student representation on the Remuneration Committee, student representation on the Nominations Committee and the publication of confirmed minutes of Council.

Council discharges its functions with due regard to the 'seven principles of public life' defined by the Nolan Committee (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). Members of Council sign an annual declaration of guiding principles stating that they will act in accordance with our guidance on corporate governance and with the 'Nolan Principles' in reference to the CUC Higher Education Code of Governance. Council also commits to upholding the public interest governance principles set out by the Office for Students, including the additional public interest governance principle, 'Records', namely: 'Where degree awarding powers are solely contained in the provider's governing documents, and no order either under section 76 of the Further and Higher Education Act 1992, or under HERA exists, the provisions setting out those powers must be retained and may not be altered without the consent of the OfS.'

It is central to the proper conduct of business that members of Council and its Committees act, and are perceived to act, impartially and not be influenced in their role by personal, social or business relationships. A register of the interests of Council

members is maintained and updated annually. From 2019/20, the Declaration of Interests will be published alongside the biography of each Council member on our website. Any member of Council who believes that they may have a direct or indirect personal or financial interest in any matter under discussion at a meeting is expected to state that interest at the earliest opportunity and withdraw from the meeting when the relevant business is reached unless invited to stay by the Chair. Members of Council are also required to declare if any of the contra-indicators published by the OfS in the context of 'fit and proper' person status apply to them.

Senate is responsible for regulating and directing our academic work. Its membership and functions are laid down in Sections 18 and 19 of the Statutes. The terms of reference of Senate are published at: www.bath.ac.uk/corporate-information/senate-terms-of-reference/. Senate meets five times a year and has a number of sub-committees, including the Research Committee and the Learning, Teaching and Quality Committee. Senate provides Council with an annual report each year providing assurance that there is a programme in place for continuous improvement of the student academic experience and student outcomes. Senate undertakes regular reviews to ensure that our academic governance is effective. A review of Senate effectiveness is taking place in 2019/20.

Council and Senate have a number of joint sub-committees, including:

- Council/Senate/Students' Union Committee
- Equality and Diversity Committee
- Honorary Degrees Committee
- Senior Academic Appointments Committee
- Committee of the Office of Chancellor
- Committee on the Office of Vice-Chancellor.

The Vice-Chancellor and President is our chief executive officer, is a member of Council and Chair of Senate, and is responsible to Council for maintaining and promoting our efficiency and good order in accordance with Statute 5.4. In discharging this responsibility, the Vice-Chancellor and President is advised by the Executive Board. The Executive Board normally meets at least three times per month. Members are appointed by the Vice-Chancellor and President and include senior academic and professional service officers.

Council recognises that there are clear distinctions between governance and management. Governance involves oversight and assurance. Council members need to be satisfied that processes and procedures are in place which are sufficient, necessary and effective in running our business. Management has to, amongst other things, advise the governing body on policies and objectives, devise means of meeting the agreed objectives and is held accountable for implementing the policies of the governing body.

(b) Statement of responsibilities of Council

The matters specifically reserved for Council for decision are set out in the Statutes, and the requirements placed upon Council, as the governing body, by the regulator, the OfS, are outlined in the 'Terms and conditions of funding for HEIs' and the regulatory framework.

The primary responsibilities of Council are:

- approving the mission and strategic vision of the institution, long-term business plans, key performance indicators (KPIs) and annual budgets, and ensuring these meet the interests of stakeholders
- appointing the head of the institution as chief executive of the institution and putting in place suitable arrangements for monitoring their performance
- ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and clear procedures for handling internal grievances and for managing conflicts of interest
- monitoring institutional performance against plans and approved KPIs, which should be, where possible and appropriate, benchmarked against other institutions.

Council receives regular reports from executive officers on the day-to-day operations of our business and that of our subsidiary companies.

We are an educational charitable and chartered corporation, exempt under the terms of the Charities Act 2011. Members of its Council are therefore managing trustees of the charity. The OfS acts as principal regulator in respect of our status as an exempt charity.

In accordance with our Charter of Incorporation, Council is responsible for the administration and management of the affairs of the Group and is required to present audited financial statements for each financial year. Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable it to ensure that the financial statements are prepared in accordance with the University's Charter of Incorporation, the FE/HE SORP, and other relevant accounting standards.

Under Condition E3 of the OfS's regulatory framework, Council must ensure our "compliance with all of its conditions of registration and with the OfS Accounts Direction". Council confirms that its accounts have been prepared in accordance with the OfS Accounts Direction and give a true and fair view of the state of affairs of the University and Group and of the surplus or deficit and cash flows for 2018/19.

Council is responsible for the maintenance and integrity of the corporate and financial information published on our website. Council notes that legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In causing the financial statements to be prepared, Council has ensured that:

- suitable accounting policies are selected and applied consistently
- judgements and 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
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in operation. Council is satisfied that the Group 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.

Council has taken reasonable steps to:

- ensure that public funds are used only for the purposes for which they have been given and in accordance with any specific terms and conditions from the Office for Students, Research England and other public funding bodies
- 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 Group and prevent and detect fraud and other irregularities
- secure the economical, efficient and effective management of the Group's resources and expenditure.

In accordance with the terms and conditions of funding published by the OfS, Council is responsible for the use of public funds and has assured itself that we:

- a. Have robust and comprehensive system of risk management, control and corporate governance, including procedures for the prevention and detection of corruption, fraud, bribery and irregularities
- b. Have regular, reliable, timely and adequate information to monitor performance and track the use of public funds
- c. Plan and manage our activities to remain sustainable and financially viable
- d. Inform the OfS of any material change in our circumstances, including any significant developments that could impact on the mutual interests of the University and the OfS
- e. Use public funds for proper purposes and seek to achieve value for money from public fund
- f. Comply with the mandatory requirements relating to audit and financial reporting, set out in the OfS Audit Code of Practice and in the OfS annual accounts direction

- g. Submit to the OfS:
 - i. The annual accountability return, including signed audited financial statements prepared in accordance with the OfS Accounts Direction
 - ii. Other information that the OfS may reasonably request.
 - iii. Any data requested on the Office for Students' or Research England's behalf by the Higher Education Statistics Agency (HESA)
- h. Have adequate and effective arrangements for the management and quality assurance of data submitted to HESA, the Student Loans Company, the OfS and other funding or regulatory bodies
- i. Have an effective framework – overseen by our Senate – to manage the quality of learning and teaching and to maintain academic standards
- j. Consider and act on the OfS' assessment of our risk specifically in relation to these funding purposes.

To assist and enable it to discharge its responsibilities under the OfS terms and conditions, Council has designated the Vice-Chancellor/ Acting Vice-Chancellor as its Accountable Officer to report to the OfS on its behalf. The Accountable Officer is personally responsible to the governing body for ensuring compliance with the terms and conditions of funding and for providing the OfS with clear assurances to this effect.



(c) Membership of Council
(between 1 August 2018 and 28 November 2019)

Mr Thomas Sheppard	Chair of Council (until 25 September 2018)
Mrs Ruth Foreman	Acting Chair of Council (from 26 September 2018 to 7 April 2019) (also Vice-Chair of Council throughout this period)
Mrs Pamela Chesters CBE	Chair of Council (from 8 April 2019)
Mr Peter Troughton	Pro-Chancellor (ex officio member until 31 July 2019)
Mr Roger Whorrod	Pro-Chancellor (ex officio member until 31 July 2019)
Mr John Preston	Treasurer
Professor Dame Glynis Breakwell	Vice-Chancellor (until 31 August 2018)
Professor Ian White	Vice-Chancellor (from 8 April 2019)
Professor Bernie Morley	Acting Vice-Chancellor (from 1 September 2018 until 7 April 2019) Deputy Vice-Chancellor and Provost (member to 31 July 2019)
Dr Jane White	Chair of Academic Assembly
Mrs Maria Bond	Appointed by Council (from 1 August 2019)
Mr Tim Ford	Appointed by Council
Professor Barry Gilbertson	Appointed by Council
Professor Dorothy Griffiths OBE	Appointed by Council (from 1 August 2019)
Ms Anne Goodman	Appointed by Council (until 31 July 2019)
Baroness Ruby McGregor-Smith	Appointed by Council (until 31 July 2019)
Mrs Catherine Mealing-Jones	Appointed by Council
Mrs Charlotte Moar	Appointed by Council (from 26 September 2018)
Mrs Christine Gibbons	Appointed by Convocation (until 31 July 2019) and appointed by Council from 1 August 2019
Professor David Bird	Elected by Senate (until 31 July 2019)
Professor Gareth Price	Elected by Senate (until 31 December 2018)
Professor Danae Stanton Fraser	Elected by Senate
Ms Kate Robinson	Elected by Senate
Dr Michael Carley	Elected by Academic Assembly (to 31 July 2019)
Dr David Moon	Elected by Academic Assembly (from 1 August 2019)
Mr Malcolm Holley	Elected by Professional Service Staff (from 27 September 2019)
Mr Mesar Hameed	Elected by Professional Service Staff
Ms Eve Alcock	Student Member (President)
Mr Jack Kitchen	Student Member (Education Officer) (until 28 June 2019)
Miss Ruqia Osman	Student Member (Education Officer) (from 29 June 2019)

(d) Statement of Internal Control 1 August 2018 to 28 November 2019

As our governing body, Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible. Council acts in accordance with the responsibilities assigned to it in our Charter and Statutes, and the regulatory framework and terms and conditions of funding published by the OfS.

We have established the following processes in relation to our risk management approach and for reviewing the effectiveness of our system of internal control:

- Council normally meets five times a year to consider our plans and strategic direction
- Council approves our Risk Management Strategy and Risk Register. Corporate risks are identified in terms of our ability to achieve our strategic objectives
- Council has established that the Executive Board is responsible for operational risk management at the institution
- risk management forms part of our planning process and covers all risks – governance, management, quality, compliance, reputational and financial
- faculties and key professional service departments have risk registers in place, which are updated annually as part of the planning process
- we maintain a corporate risk register which is updated annually. The risk register includes an evaluation of the likelihood and impact of risks becoming a reality
- Council receives a report reviewing the corporate risk register at each of its meetings. Annually, it receives an overall report for the year, and an updated register
- Council annually reviews the effectiveness of the risk management process and internal controls, via receipt of reports from ARAC
- ARAC receives regular reports from the Head of Internal Audit on specific areas of internal control together with recommendations for improvement. Audit planning arrangements and the methodology and approach of internal audit conforms to the latest professional standards reflecting the adoption of risk management techniques
- ARAC approves the programme of internal audits and internal audits address value for money as appropriate. This informs the opinion on value for money in the annual report from Internal Audit.

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

Council is responsible for: (i) agreeing our key risks; (ii) approving the framework for risk assessment and management; (iii) monitoring risk management activities; and (iv) the continuous process of calibrating our risk appetite. Council is responsible for approving our Risk Management Strategy and the Risk Register and Management Plan. The Risk Management Strategy was last reviewed by Council in November 2018 and includes a statement about our risk appetite, a description of roles of responsibilities in relation to risk management and the governance of risk management.

The Risk Register and Management Plan for 2018/19 was approved by Council in July 2018. The Risk Register considers risk in eight areas of activity associated with the delivery of our strategic objectives (research, teaching, student recruitment & access, student experience, physical infrastructure, IT infrastructure, people, and financial capacity). Performance, sustainability and compliance risks are considered under each of these areas of activity. At each of its meetings, Council receives a report from the Executive Board on any developments, positive and negative, that might impact on the likelihood or impact of the risk becoming a reality. The Risk Register and Management Plan also includes the super-ordinate reputational risk associated with a failure of its internal control and/or other practices.

During the course of 2018/19, the terms of reference of the ARAC were revised. Following the approval by Council of the new terms of reference, the risk management reports from the Executive Board were submitted to Council for consideration via ARAC. Working with ARAC, the Executive Board enhanced its risk management reporting during 2018/19 to include a more systematic approach to reporting on the risk mitigation activities in the corporate risk register, a mapping of risks against strategic objectives and an operational risk register.

Risk management is embedded within our decision-making processes and is an ongoing process. Risks are identified through various self-assessment exercises. Strategic and operational risks are identified through our ongoing planning process, whilst most project risks are identified by individual project management teams. Our planning process provides a systematic approach to integrating strategic planning, financial planning, environment scanning, performance review, risk management and resource allocation. Faculties and key departments are asked to update risk management plans as part of their planning submissions. The planning process provides a bottom-up operations-wide assessment of operational and project risk. Our Risk Register provides a top-down strategic assessment of risk, and addresses the risks to the achievement of our strategic objectives identified during the planning process.

ARAC considers detailed reports together with recommendations for the improvement of our systems of internal control and management's response and implementation plans and monitors the progress of these plans. It also receives and considers reports from the OfS, as they affect our business, and monitors adherence with the regulatory requirements. It is responsible for meeting with our external auditors and internal auditor and reviews and discusses reports issued. Whilst senior executives do attend meetings of the ARAC as necessary, they are not members of the Committee, and the Committee meets with the external auditors on their own for independent discussions.

Council's review of the effectiveness of the system of internal control is informed by the Internal Audit unit. The internal auditors submit regular reports, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.

During 2018/19, we identified a fraud involving a financial loss in excess of £25k, which was reported to the OfS. An internal audit was undertaken and the report was considered by the ARAC on 12 June 2019. Our external auditors, PwC, were represented at the meeting and our Chair of Council was also present when the internal audit was discussed. ARAC considered the recommendations from the internal audit report to improve order descriptions, strengthen budget holder responsibilities and enhance training for budget holders. This is the only control weakness requiring disclosure during this reporting period. It is not deemed significant in terms of achievement of our strategic objectives, our financial performance or our reputation, and it has not led to any qualification in the internal or external auditors' annual opinions. We estimate the loss to us to be £37k.

Council is also responsible for ensuring that we have a framework of policies, procedures and other internal control measures are sufficient to assure itself that we are using public funding for the purposes for which it is received. During 2018/19, Council reviewed our Anti-Bribery Policy and approved an Anti-Criminal Finances Policy. We are in receipt of recurrent and capital grant funding from the OfS and Research England, as well as specific grant funding from OfS and UKRI. We also receive specific grant and contract funding from other Government departments and the NHS.

ARAC has oversight of our assurance processes for ensuring the accuracy of the data returns underpinning the formula-based allocations, and there is a rolling programme of internal audits of the data returns. ARAC also considers reports from the Internal Auditor on specific publicly-funded projects. For example, during 2018/19, ARAC considered an internal audit report on the Institute of Coding, a HEFCE/OfS- funded project for which we are the lead institution. The Finance Committee has been receiving regular reports throughout 2018/19 on the progress with the Institute for Advanced Automotive Propulsion Systems (IAAPS) which has received public funding via HEFCE/OfS and the Local Economic Partnership. We engage in fundraising to support our charitable objectives. We reclaim Gift Aid from HMRC under our exempt charity status and we have a code of practice to which we adhere to for the solicitation and acceptance of gifts.

Council's review of the effectiveness of the system of internal control is also informed by the work of our executive managers, who have responsibility for the development and maintenance of our internal control framework, and by comments made by the external auditors in their management letter and other reports.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2019 and up to the date of approval of the financial statements, has operated effectively throughout the year and accords with guidance from the HEFCE and the OfS.

Statement of Equality Objectives 2019-21

- Increase the proportion of women in senior roles and take positive action to address gender imbalances and the gender pay gap.
- Improve the recruitment of staff and students from under-represented groups in order to better reflect the society in which we operate. Where gaps in outcomes or opportunities for progression are identified, we will seek to address these
- Create and maintain a living and working environment that supports the health and wellbeing of all staff and students
- Foster a culture of inclusion and belonging through a programme of raising awareness and training
- Create a supportive environment for our LGBT+ community

In addition to these overarching equality objectives, we are committed to the following actions to help achieve our equality objectives:

- Apply for an institutional Silver Athena SWAN award in 2021
- Work towards appearing on the Stonewall Workplace Equality Index
- Explore the benefits of an institutional Bronze Race Equality Charter award.

Annual Report of the Remuneration Committee

Introduction

The Remuneration Committee, under delegated authority from Council, determines the remuneration of our senior officers. The current Terms of Reference are published at www.bath.ac.uk/statutory-bodies-committees/bodies-and-committees-council/remuneration/. The minutes of each meeting are presented to Council by the Committee Chair.

Remuneration Committee membership and meeting attendance for academic year 2018/2019							
Status	Name	Start of term	End of term	Attendance at meetings			
				17 Sep 2018	19 Dec 2018	13 Mar 2019	10 Jul 2019
Chair	Prof Barry Gilbertson	22 Feb 2018	31 Jul 2020	✓	✓	✓	✓
Members	John Preston, Treasurer	ex-officio		✓	✓	✓	✓
	Thomas Sheppard	1 Aug 2014	25 Sep 2018	✓			
	Ruth Foreman	26 Sep 2018	7 Apr 2019		✓	X	
	Pamela Chesters CBE	ex-officio					✓
	Catherine Mealing-Jones	1 Aug 2018	31 Jul 2021	✓	✓	✓	✓
	Eve Alcock, SU President	ex-officio		✓	✓	✓	✓
	Mesar Hameed	1 Aug 2018	31 Jul 2021	✓	X	✓	✓
In attendance	Prof Bernie Morley, Acting VC	-	-	✓			
	Richard Brooks, Secretary	-	-	✓	✓	✓	✓
	Katharine Turner, FIT Consultants	-	-	✓	✓	✓	✓
	Darrell Hare, FIT Consultants	-	-		✓		
	Pamela Chesters CBE, Chair of Council (des)	-	-			✓	

Key

✓ attended meeting

X did not attend meeting

■ not required at meeting

The Remuneration Committee started the new academic year having appointed a new Chair in February 2018, and two new members: one representing students and one representing staff. With four meetings per year, more comprehensive minutes and greater engagement in decision making, the year represents the first steps in implementing the recommendations of the Halpin Review (published at: www.bath.ac.uk/publications/the-halpin-review/) and the new HE Senior Staff Remuneration Code, published by the Council of University Chairs at:

www.universitychairs.ac.uk/wp-content/uploads/2018/06/HE-Remuneration-Code.pdf. At the end of the year, Council approved a new Framework for the determination of senior remuneration packages, which has been published at: www.bath.ac.uk/publications/senior-staff-remuneration-framework/. (The term 'remuneration package' may include any combination of basic pay, other financial allowances, non-financial benefits in kind such as private healthcare or indeed other specific benefits or reward associated with the role.)

Approach to remuneration

The overall goal of our approach to senior staff remuneration is to offer levels appropriate to attract, retain and motivate senior staff that have the appropriate skills and qualifications to lead delivery of our mission and strategic objectives. We recognise that our status as a public body is a fundamental part of the decisions regarding pay for all employees, particularly senior staff. Students and staff are important stakeholders for us and we recognise that our reputation as an education provider, and as an employer, can be influenced by perceptions of value for money and the way in which senior remuneration is set and governed.

We offer remuneration packages appropriate to a leading university, benchmarked against other UK HE institutions of comparable scale, status and complexity operating in a competitive market. All decisions regarding the remuneration associated with specific roles are taken, with external advice when required, in accordance with our commitment to equality and diversity; financial position and value for money; the nature of the role; reward levels for other members of our University community; guidance issued by OfS and CUC; metrics and benchmarks from across the sector (with a particular focus on pre-92 Universities with revenue in the range £200m - £400m). When considering individuals, this will also include the attributes and skills of the candidate, any changes in responsibilities and individual performance.

Our policies on expenses and on income generated by individuals from external bodies are published at: www.bath.ac.uk/corporate-information/travel-subsistence-and-entertaining-policy/, www.bath.ac.uk/ordinances/18.pdf and www.bath.ac.uk/corporate-information/academic-consultancy/. A refreshed page on remuneration for all staff has also been introduced this year and it is published at www.bath.ac.uk/professional-services/pay-and-reward/.

Decisions in the 18/19 academic year

In **September 2018** the Remuneration Committee made decisions regarding the staff within its remit for the preceding academic year. The meeting took written input from the previous Vice-Chancellor and Acting Vice-Chancellor alongside considering market data. Context was provided by the Acting Vice-Chancellor who left the meeting prior to any discussion on remuneration decisions. The Committee welcomed the fact that many members of the senior team, recognising the financial context, did not wish to accept any form of pay increase this financial year beyond the national pay award. The Committee decided to award one bonus for exceptional performance, equivalent to 1.7% of salary.

In **December 2018** the Remuneration Committee undertook specialist training provided by FIT Remuneration Consultants and our Director of Human Resources. As well as covering the external context and legislation, the training gave the meeting the opportunity to understand and review the different reward processes in operation.

In **March 2019** the results of an internal audit, commissioned by the Council Effectiveness Steering Group, were presented to the meeting. The meeting recognised the significant progress made against all of the recommendations from HEFCE, Halpin, CUC

and the Financial Reporting Council. A mature working draft of the new 'Framework for the Remuneration of Designated Senior Staff' was discussed in detail ahead of an update to Council from the Committee Chair in May 2019.

In **July 2019** the meeting approved the new Framework which, following a presentation from the Committee Chair, was approved by Council later in the month. The Remuneration Committee also considered a paper reviewing salary benchmarks for Deans of business schools worldwide in preparation for recruitment of a new Dean for our School of Management. Finally, in preparation for September, the meeting discussed and reminded itself of the financial challenges in the coming year.

In the next academic year, the Remuneration Committee expects to implement the new Remuneration Framework, consider policies on external earnings and advise on developments in Professorial remuneration.

The Vice-Chancellor

Professor Ian White took up post on 8 April 2019. His starting remuneration package was determined by the Remuneration Committee with reference to other benchmark Universities. The main data is from the Committee of University Chairs annual survey of Vice-Chancellor remuneration, making comparison with Universities of similar scale, complexity and ranking. (The main comparators were: Surrey, Loughborough, Lancaster, UEA, York and Essex. Although different in scale, the following were also considered: Exeter, Newcastle, Bristol, Liverpool, and Warwick.) One of the key principles adopted was for the Vice-Chancellor to be subject to the same policies as other staff wherever practical and details of the remuneration package were subsequently published at www.bath.ac.uk/corporate-information/vice-chancellor-remuneration/.

From September 2018 – April 2019 the current Deputy Vice-Chancellor, Professor Bernie Morley undertook the role of Acting Vice-Chancellor. Although seeking no further remuneration for the role, to align with procedures for other staff he received a payment commensurate with taking on most of the duties of the higher role in addition to his substantive position.

The remuneration package for the former Vice-Chancellor was as reported in the previous year.

Disclosure of pay multiples

We have chosen to adopt, in advance, the revised pay multiples requirement as set out in paragraph 12d of the new Office for Students' Accounts Direction, OfS 2019.41, but all other disclosures apply to the remainder of Part A of the Office for Students' Accounts direction issued in 2018, OfS 2018.26

Annual Report of Remuneration Committee (Financial Disclosures)

Audited information

Emoluments of the Head of Institution

Total emoluments of the three Heads of Institution who served during the year were as follows:

	2019	2018
	£	£
Salary	260,705	407,840
Salary in lieu of pension contributions	31,882	61,910
Benefits in kind	33,637	8,748
	326,224	478,498
Pension contributions	3,844	-
	330,068	478,498
Benefits in kind included above;		
Medical Expenses	1,774	4,741
Accommodation	308	2,814
Loan Write-off	31,489	-
Subscriptions	-	406
Subsidised loans	66	787
	33,637	8,748
Non-taxable benefits include:		
Accommodation	1,084	12,750
	1,084	12,750

The individual emoluments of the three Heads of Institution who served during the year were as follows:

Professor Ian White

Head of Institution from 8 April 2019

Salary	83,892
Salary in lieu of pension contributions	12,827
Benefits in kind	-
	96,719
Pension contributions	1,762
	98,481

Professor Ian White's basic salary was 8.8 times the median pay of staff and 15.6 times the lowest pay of staff, where median and lowest pay are calculated on a full-time equivalent basis for the salaries paid to our staff. Professor Ian White's total remuneration was 8.4 times the median total remuneration and 18.3 times the lowest total remuneration, where median and lowest total remuneration are calculated on a full-time equivalent basis for the total remuneration paid to our staff.

The above ratios exclude agency workers, data in respect of the working hours of these workers are not held in a consistent manner with that of employees and therefore they have been omitted from the ratio calculations. Professor Ian White received £17,810 in respect of relocation expenses under the terms of our relocation and expenses policy.

Audited Information

Professor Bernie Morley
Head of Institution 1 September 2018 to 7 April 2019

	Head of Institution 1 Sep 2018 to 7 Apr 2019	Deputy Vice-Chancellor 8 Apr 2019 to 31 Jul 2019	Total
Salary	142,795	61,126	203,921
Salary in lieu of pension contributions	13,896	7,905	21,801
Benefits in kind	1,560	819	2,379
	158,251	69,850	228,101
Pension contributions	2,082	1,086	3,168
	160,333	70,936	231,269
Benefits in kind included above;			
Medical Expenses	1,560	819	2,379
	1,560	819	2,379

Professor Bernie Morley's basic salary was 7.5 times the median pay of staff and 13.3 times the lowest pay of staff, where median and lowest pay are calculated on a full-time equivalent basis for the salaries paid to our staff. Professor Bernie Morley's total remuneration was 7.5 times the median total remuneration and 15.0 times the lowest total remuneration, where median and lowest total remuneration are calculated on a full-time equivalent basis for the total remuneration paid to our staff. Professor Bernie Morley's salary includes a one-off payment of £25,562 to reflect the period for which he additionally undertook the role of Acting Vice-Chancellor.

Professor Dame Glynis Breakwell
Head of Institution 1 to 31 August 2018

	Head of Institution 1 Aug 2018 to 31 Aug 2018	Professor 1 Sept 2018 to 28 Feb 2019	Total	2018
Salary	34,018	204,105	238,123	407,840
Salary in lieu of pension contributions	5,159	30,955	36,114	61,910
Benefits in kind	32,076	2,416	34,492	8,748
	71,253	237,476	308,729	478,498
Pension contributions	-	-	-	-
	71,253	237,476	308,729	478,498
Benefits in kind included above;				
Medical Expenses	214	1,980	2,194	4,741
Accommodation	308	-	308	2,814
Loan Write-off	31,489	-	31,489	-
Subscriptions	-	43	43	406
Subsidised loans	66	393	459	787
	32,077	2,416	34,493	8,748
Non-taxable benefits include:				
Accommodation	1,084	-	1,084	12,750

Professor Dame Glynis Breakwell's basic salary was 12.7 (12.2 2017-18) times the median pay of staff and 24.6 (24.6 2017-18) times the lowest pay of staff, where median and lowest pay are calculated on a full-time equivalent basis for the salaries paid to our staff. Professor Dame Glynis Breakwell's total remuneration was 12.3 (11.9 2017-18) times the median total remuneration and 28.3 (28.3 2017-18) times the lowest total remuneration, where median and lowest total remuneration are calculated on a full-time equivalent basis for the total remuneration paid to our staff.

Professor Dame Glynis Breakwell's emoluments as Professor are also included in the remuneration of other higher paid staff note. Non-taxable benefits relate to market value rental of the proportion of the property provided by us and occupied by Professor Dame Glynis Breakwell in the period.

The loan write-off for £31,489 had been previously disclosed as a contractual arrangement. It was written off on 28 February 2019 when Professor Dame Glynis Breakwell ceased to be our employee.

Audited Information

Remuneration of other higher paid staff

Remuneration of other higher paid staff, excluding employer's pension contributions and before salary sacrifice are:

FTE Salary Band		Academic		Professional Services		
		Teaching & Research	Senior Leadership			
				2019	2018	
				Number	Number	
£100,000	- £104,999	13	1	2	16	8
£105,000	- £109,999	9	-	1	10	11
£110,000	- £114,999	8	1	2	11	7
£115,000	- £119,999	3	-	-	3	5
£120,000	- £124,999	6	2	1	9	5
£125,000	- £129,999	3	-	-	3	1
£130,000	- £134,999	-	-	-	-	1
£135,000	- £139,999	2	-	1	3	3
£140,000	- £144,999	-	-	-	-	1
£145,000	- £149,999	3	-	-	3	1
£150,000	- £154,999	-	1	-	1	-
£155,000	- £159,999	-	-	-	0	2
£160,000	- £164,999	-	-	1	1	1
£165,000	- £169,999	1	-	-	1	2
£170,000	- £174,999	1	-	-	1	1
£175,000	- £179,999	-	-	1	1	-
£180,000	- £184,999	-	1	-	1	-
£190,000	- £194,999	-	-	1	1	-
£195,000	- £199,999	-	-	-	-	1
£200,000	- £204,999	-	-	-	-	1
£225,000	- £229,999	-	1	-	1	-
£235,000	- £239,999	1	-	-	1	-
		50	7	10	67	51

The increase in numbers is due to newly recruited senior staff (6 Academic and 1 Professional Services); staff who meet the threshold for this list for the first time (11 Academic and 1 Professional Services) offset by those who have left (3).

Audited Information

	2019	2018
Average staff numbers by major category:	Number	Number
Education & Research	1,306	1,244
Technical & Experimental	147	144
Management, Specialist & Administrative	1,187	1,129
Operational & Facilities Support	534	544
	3,174	3,061

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling our activities. Positions held by our key management personnel are:

Vice-Chancellor & President	Vice-President (Strategic External Engagement)
Deputy Vice-Chancellor & Provost	Vice-President (Implementation)
Pro-Vice-Chancellor (International & Doctoral)	Director of Finance
Pro-Vice-Chancellor (Learning and Teaching)	Director of Policy & Planning
Pro-Vice-Chancellor (Research)	

	2019	2018
Key management personnel compensation	£1,547,890	£1,784,893
Full time equivalent (number)	7.60	7.70

Compensation includes remuneration and all employer benefits paid or payable in exchange for services provided by our key management personnel in the year.

	2019	2018
Severance Payments		
Total amount of compensation paid for the loss of office	£354,393	£366,588
Number of Staff	73	72

Severance payments include a mixture of redundancy costs, typically at the end of a fixed term contract and settlement agreements.

Financial Review

I am pleased to be able to report our significant achievement for another year. In a year of transition we've continued to perform strongly in national and international league tables. We have made good progress on the delivery of a number of elements of the University Strategy for 2016-2021. This year the Annual Report and Accounts has adopted an Integrated Reporting format and has focused on how we add value for our stakeholders.

The Financial Strategy supports our Strategy and at its core is the need to generate sufficient funds to support the investment in people and infrastructure described in the Strategy. This combined with our intention to maintain a high level of liquidity helps ensure our financial sustainability. Cost control is maintained through good budgetary control and a robust investment approval process. By applying this strategy we have maintained a strong financial position and have been able to make the planned investments.

This review describes the 7 Key Performance Indicators that we use to measure our financial performance and sustainability before going on to describe the Income, Expenditure and Balance Sheet data that the KPIs are drawn from. These KPIs were approved by Council in May 2019. The report concludes with a summary of risks and opportunities.

Key Performance Indicators

A key financial measure that we refer to is our Historic Cost Operating Surplus (HCOS). This is described below and is an internal measure of our operating performance. The ratio of HCOS to income is one of our KPIs and the budget process aims to ensure that the budget surplus achieves a HCOS/Income target of 3%.

Historic Cost Operating Surplus/Total Income

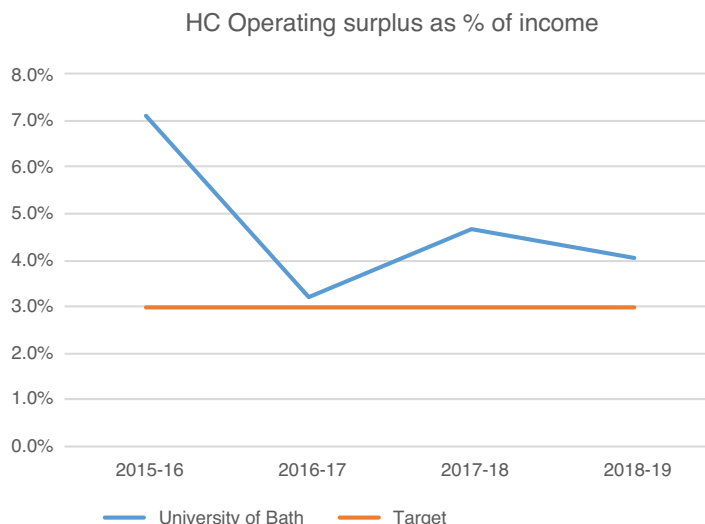
The Statement of Comprehensive Income (SOCI) shows a deficit before gains and losses of £44.4m (2017/18 £5.4m surplus) on page 66.

The table below shows a reconciliation between this figure and the HC Operating Surplus.

	2018/19	2017/18
	£m	£m
Statement of Consolidated Income	(44.4)	5.4
Capital Grants	(9.5)	(2.9)
Valuation adjustment for pension schemes	55.7	3.1
Valuation adjustment for land & buildings	(1.0)	(1.1)
Valuation adjustment for HC depreciation	10.7	9.4
Valuation adjustment for derivatives	1.1	(0.5)
Gain on disposal of investments & financial derivatives	-	(1.0)
HC Operating Surplus	12.6	12.4

KPI1. HC Operating Surplus/Total Income

We aim to achieve a HC Operating Surplus of at least 3% of income and this is the basis on which we prepare our annual budget. We focus on this as the best measure of our ability to generate cash. It is less susceptible than our surplus reported in the SOCI to movements in property and investment valuations and changes in discount rates which impact pension scheme provisions. This metric represents the level of surplus required to provide sufficient cash to fund our capital expenditure programme and meet loan payments.



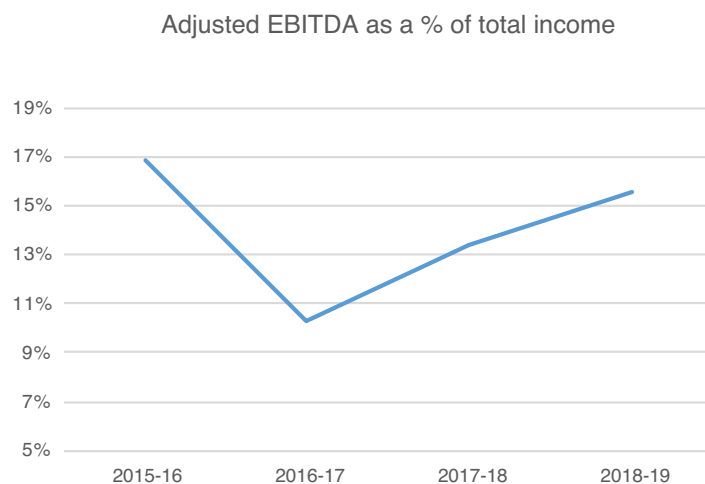
2018/19 was another good year for us as the HC Operating Surplus was 4.2% of income exceeding the budgeted target of 3%.

The additional surplus generated was due to the control of expenditure as income streams were close to those predicted in the budget. Areas of significant variance to budget are summarised below;

- Academic department pay was lower than budget by £3.4m, this is mainly due to positions included in the budget not being filled and also a greater level of vacancies arising in the year than estimated. The budget also included £0.9m for a potential increase in USS employer contributions which did not materialise in 2018/19. Academic pay was £2.5m and operating budget pay was £1.0m lower than budget.
- Academic department strategic development spending at £1.3m was lower than budget by £0.8m, mainly due to delays in spending rather than the budget not being fully allocated to areas of expenditure. Some element of this will be carried forward and incurred in 2019/20.
- Estates expenditure was £2.5m below budget and this was due to a higher than normal level of staff vacancies, a lower level of long term maintenance whilst an estate condition survey is completed and a lower utilities spend. The conclusion of the condition survey in 2020 will better enable the prioritisation of tasks and budgeting for our Estate.
- Depreciation expenditure increased by £2.5m compared to budget, this was caused by accelerated charges as one of the original campus buildings, 3 West, has been partially written down in value in advance of refurbishment.

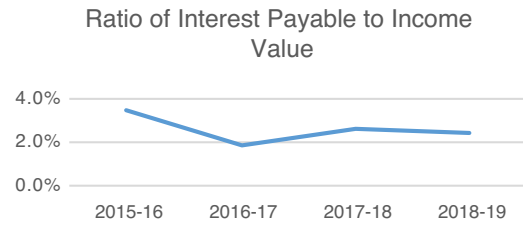
KPI2. Adjusted EBITDA

Adjusted EBITDA is widely used by the sector. This metric is earnings before interest, tax, depreciation and amortisation, it is also adjusted to remove pension provision. The University has this as a KPI to provide a sector comparison of operating performance. EBITDA is reported at 15.6% of income (13.4% 2017-18) the increase reflects the benefit of the investments made in recent years.



KPI3. Ratio of Interest Payable to Income

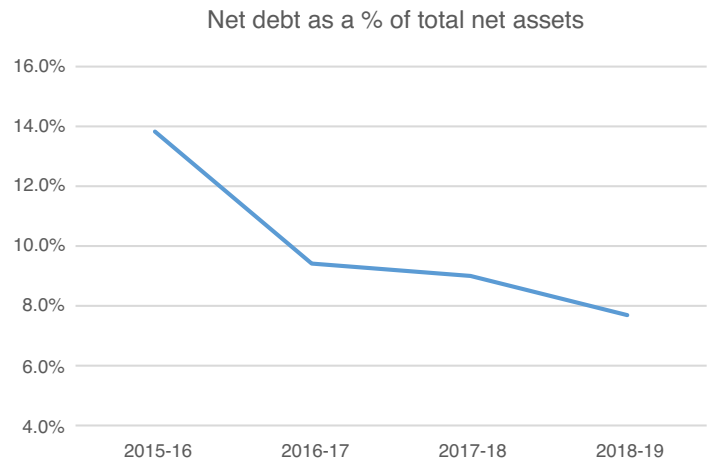
Interest payable over income is the metric used to show how much of our income is spent on paying the interest on our loans. This measure is also used by some of our lenders to assess our financial performance. For 2018/19 we achieved an actual metric of 2.4% (2.1% 2017/18) the increase in the amount of income used to settle interest costs reflects the inclusion of a full year of interest for the £100m private placement received in January 2018.



KPI4. Net Debt to Net Assets – Gearing

Our gearing ratio remains low at 7.8% (9.1% 2017/18). Net Debt to Net Assets is a measure to show the extent to which our assets are financed by debt. Whilst low compared to many sectors we have a high value relative to the HE sector and this reflects our financial strategy to borrow to fund investment in our strategy whilst maintaining a high level of liquidity. Gearing is also a metric monitored by lenders and whilst the definition of debt varies our financial covenant gearing levels are between 40% and 50%. So whilst the level against the sector is relatively high it is well within the thresholds set by lenders.

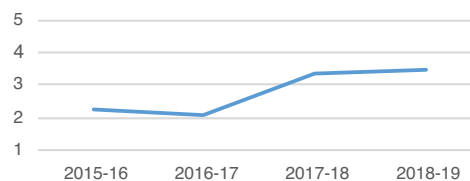
In 2018/19 our Net Debt improved by £5.7m to £45.1m (2017/18 £50.8m) and with the uplift in the value of our assets gearing improved to 7.7% (2017/18 9.1%). The improvement was reflected in the growth in our Investments and Cash of £5.0m whilst the level of our total debt remained static. Investments are included in the calculation because they can be converted to cash at relatively short notice



KPI5. Ratio of current assets to current liabilities

The ratio of current assets to current liabilities, known as the current ratio, shows our ability to cover our short term liabilities, such as payroll, loan repayments and other creditors through our short term assets. Our financial strategy is to maintain high levels of liquidity however the ratio is higher than we would consider desirable in the long term as additional funds are held to finance the IAAPS and School of Management building investments. At the year end the ratio was 3.5 (2017/18 3.4).

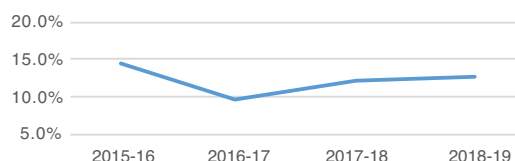
Ratio of Current Assets to Current Liabilities



KPI6. Net cash inflow from operating activities as % of income.

This measure shows the cash flow from our ongoing regular activities as a proportion of total income, it does not include long-term capital expenditure or investments. It can be used to determine our ability to self-finance new investments or reduce debt. We continue to generate sufficient levels of cash to meet our currently approved capital investments. Operating cash flow at £37.8m is 12.2% of income (£32.9m and 11.4% 2017/18) is in-line with our financial strategy.

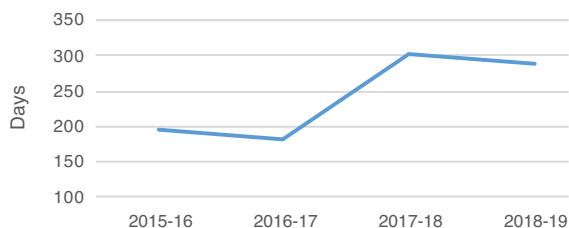
Net Cash Inflow to Income



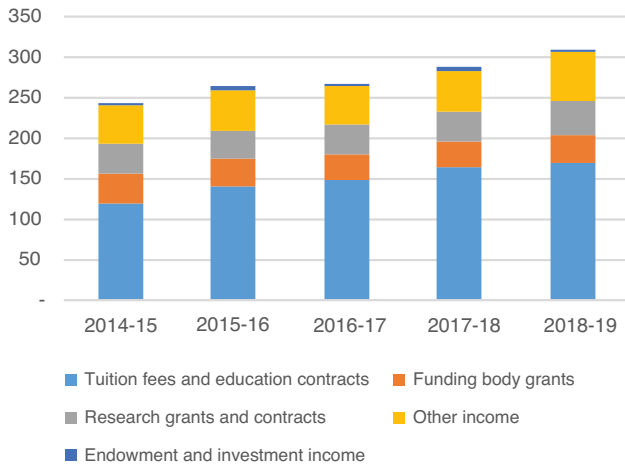
KPI7. Net Liquidity days.

This metric shows the number of days that we can operate without generating any cash inflows. Our strategy is to retain high levels of liquidity and as a result we could operate for 288 days (2017/18 303 days) without generating any cash inflows. As with the current ratio this is higher than is considered desirable in the long term due to the additional funds held for capital investment.

Net Liquidity Days



Total Income £m



Income

Total income increased by 7.6% (7.9% 2017/18) to £309.8m, the key income streams are summarised below;

Tuition fee income has grown by 3.6% to £169.9m and is 55% (2017/18 57%) of total income.

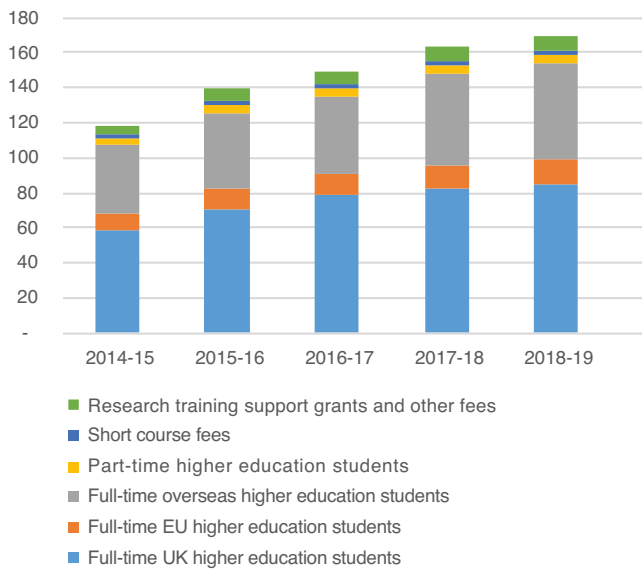
Total Funding body grants at £34.9m (2016-17 £32.0m) showed an increase for both SASSE and from Institute of Coding activity with both OfS recurrent and capital grants being consistent with the previous year.

Research of £39.6m (2017/18 £37.0m) has increased by 7%. The continued growth in research is a key element of our Strategy 2016-21.

Other income £53.0m has increased by 7.1% (2017/18 £49.5m). Residences income increased by £2.5m and includes income from the new Polden residence.

Donations and endowments at £9.2m (2017/18 £2.8m) reflect donations recognised in the year. This includes £6.3m recognised following the completion of the Milner Centre for Evolution.

Fee Income £m



Tuition Fee income

Tuition Fee income rose by 3.6% to £169.9m for the year.

Fees from Home & EU students rose by £2.6m (2.7%) with the undergraduate fee remaining at £9,250 most of this increase came from student number growth. EU student numbers remained buoyant despite the political uncertainty and this fee income increased by 6.1% to £13.9m.

Fees from overseas students grew by 5.9% to £55.6m and represent 32.7% (2017/18 32.0%) of total fee income.

Short Course and apprenticeship fees increased by 7.4% to £2.9m. In April 2019 we launched our first two on line programmes with a further three programmes commencing in the next 12 months.

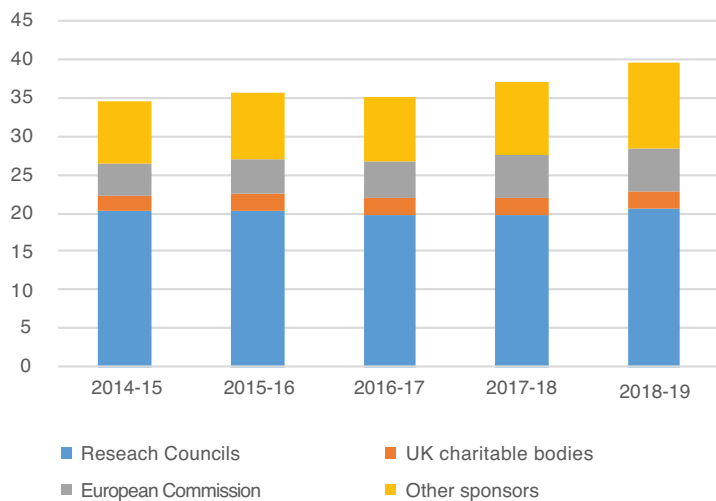
Analysis of fee paying students as at 1st December

	1/12/2017	1/12/2018
Full-time Home and EU students		
Undergraduate	11,560	11,598
Postgraduate Taught (excl apprenticeships)	461	521
Postgraduate Research	604	588
Full-time Overseas and Channel Island students		
Undergraduate	1,649	1,710
Postgraduate Taught	1,144	1,193
Postgraduate Research	227	222
TOTAL	15,645	15,832

This table summarises our student numbers at 1 December 2017 and 2018 respectively, this is the census date for HESA.

It illustrates the consistency of undergraduate students and the growth in post-graduate students which is a key part of our strategy. This growth has resulted from the expansion in courses being offered and the emphasis on promoting the post graduate experience through, for example, the activities of the Doctoral College.

Research Income £m

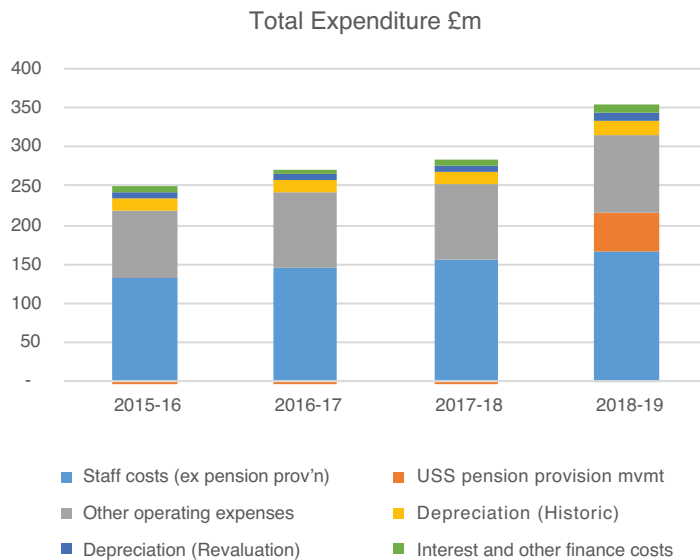


Research income

Research income was £39.6m (2017/18 £37.0m) for the year.

Research Councils continue to be the largest source of research income and has been consistently at £20.0m over recent years.

Our research portfolio at the year-end is £145.0m (£149.0m 2017/18).



Expenditure

Expenditure reported in the SOCI increased by £71.6m, 25.3% (5.6% 2017/18) to £354.2m (2016-17 £282.6m) during the year. This includes a £50.7m charge (2017/18 £1.6m credit) for the increase in the USS pension provision as a result of the 2017 valuation. The USS trustees have agreed the results of the 2018 scheme valuation and we anticipate a credit of £31.4m to be reported in 2019/20.

Expenditure without the USS pension movement increased by 6.8% (2017/18 5.9%). Underlying staff costs increased by 6.3% (2017/18 8.7%) to £166.6m (2017/18 156.6m).

Our staff costs at £166.6m (£156.6m 2017/18) represent 53.8% (54.4% 2017/18) of our income, this includes recurrent employer pension contributions and reflects an increase of 6.3% on the previous year as we continued to invest in our staff to support growth in teaching and research. This is consistent with the growth in our staff numbers of 3.7% and pay increases including pay progression of 2.6%.

Other operating expenses were £97.3m (2017/18 £94.7m), an increase of £2.6m, or 2.7% more than 2017/18.

In the analysis of expenditure by activity (note 9), Academic Department expenditure increased by £6.9m to £109.1m and represents 35.9% of expenditure before the USS charge and this is consistent with previous years. When combined with Academic Services this rises to 45.6% of all expenditure.

Central Administration expenditure grew by 3.1% to £19.9m, the reduced growth reflects the reduced budget targets put in place for our professional and support services for the year 2018/19.

Premises expenditure increased by £3.9m, or 10.8%, however of this £2.5m was in respect of accelerated depreciation on older parts of the Estate.

Other expenses includes a cost of £50.7m (credit £1.6m 2017/18) for the increase in the USS pension provision.

Total Depreciation increased by £3.9m or 15.4% to £29.3m (2017/18 £25.4m), of this £2.5m is accelerated depreciation in anticipation of the refurbishment of the older parts of the Estate, it also increased following the opening of Polden and the Milner Centre for Evolution.

Other comprehensive income

The total comprehensive income in the year as disclosed in the SOCI is a surplus of £20.0m (2017/18 £49.4m). Within this surplus, £84.5m (£26.4m 2017/18) is as a result of the movement in valuation of our land and buildings which this year included all on campus buildings. The actuarial loss on the LGPS scheme was £22.5m (2017/18 £15.5m gain) and results from the increase in liabilities of the scheme members compared to the assets held to fund the liability.

The fair value of derivatives held to mitigate currency rate variation (foreign exchange options) and future interest rate (swaps) charges increased by £2.7m (2017/18 £0.7m fall). Foreign exchange options changed in value by £1.2m and reflect the change in anticipated US Dollar rates over the previous twelve months. The interest rate swaps changed in value by £1.5m and this is based on the market expectation that interest rates will remain lower for longer than had been the position at the start of the year. We acquired interest rate swaps with our loans taken out in 2007. Subsequent borrowing from the EIB, Northwestern Mutual & Met Life have all been taken at fixed rates.

Balance Sheet

Fixed Assets

Our capital additions in 2018/19 were £44.2m with two new buildings completed in the year, Polden and the Milner Centre for Evolution. In addition we have paid £16.6m on the construction of the Institute for Advanced Automotive Propulsion Systems (IAAPS) facility, including the acquisition of land at the Bristol & Bath Science Park where the facility is located. A further £11.2m has been invested in the new building for use by the School of Management, this prestigious building will be open for September 2021. We continue with our policy of revaluing our land and buildings on a rolling basis, this resulted in an increase in value of £87.8m at 31 July 2019. At the end July 2019 we received valuations for all our campus buildings.

Current assets

Current assets increased by £12.9m to £244.2m, of this £6.2m was an increase in debtors, most notably, increases in teaching related debtors £2.0m, research debtors £1.9m and conference activity in July which exceeded £1.0m.

Our investments and cash increased by £5.3m to £218.5m. Our investments are segmented based on our predicted cash flows with approximately 50% held for use within one year (short-term), 25% held for investment of between one and three years (medium-term) and the remaining held for in excess of three years (long term). These durations reflect our intention to hold these investments however they all have liquidity of considerably shorter duration.

Creditors, amounts falling due in more than one year

Creditors of more than one year have increased by £15.1m to £273.2m. Bank loans have reduced by £5.0m as we make regular repayments for those held by Clerical Medical, Barclays and the European Investment Bank (EIB). Deferred income of £15.9m represents capital grant income received from UKRI and the WECA towards the construction of IAAPS. Total grants due are £38.9m and we will recognise these as income once the IAAPS facility is operational. Interest rate swap liabilities have increased by £2.3m to £15.9m, these financial instruments are used to manage our loan costs.

Pension provisions

Pension provisions have increased by £79.2m to £147.8m.

The USS is a multi-employer scheme with no basis to accurately identify our share of the assets and liabilities, we do not make a balance sheet provision for our share of the deficit. However, we are required to make a balance sheet provision for our obligation to make deficit recovery payments. This liability increased by £51.3m during the year to £76.5m. It is based on the deficit recovery plan approved by the USS trustees following the completion of the March 2017 valuation. The USS trustees have worked with stakeholders to agree a deficit recovery plan based on the March 2018 valuation and this was agreed in September 2019. Under the 2018 valuation that will be reported in next year's accounts the USS provision at 31 July 2019 is estimated to be £45.1m (£76.5m at 31 July 2019). The resulting credit of £31.4m will be reported as a reduction in staff costs in the year ending 31 July 2020.

LGPS is also a multi-employer scheme but its assets and liabilities can be established for individual employers and we saw our pension deficit increase by £27.9m to £71.3m. Whilst assets increased by £8.6m in the year, liabilities grew by £36.5m as the discount rate for liabilities reduced from 2.9% to 2.1%. Contribution rates are determined as a result of a triennial valuation which uses a different set of assumptions. The scheme undertook a triennial valuation on 31 March 2019 and the new contribution rates will become effective from April 2020. We anticipate our current employer contributions of 15.1% will increase from this date.

Going concern

Council confirms that it has reasonable expectation that we have adequate resources to continue in operation for the foreseeable future. For this reason it continues to adopt a going concern basis for preparing the Annual Report and Accounts. In reaching this conclusion, it has reviewed our sustainability and is satisfied that the strategies, plans and policies in place will help ensure this financial sustainability is maintained. Council regularly reviews performance using the key performance indicators included in this review in areas that are relevant to financial sustainability. Council, through Audit & Risk Assurance Committee regularly reviews strategic and operational risks and any financial assessment of these as determined by management. Council, through Finance Committee, reviews the compliance with financial covenants in our loan documentation

Risks and future prospects

We plan on a cautious basis and our expectation is for the financial performance in 2019/20 to be similar to that experienced in 2018/19. Early indications are that 2019 student recruitment has been broadly in line with budget. Student recruitment for 2019/20 and beyond are key concerns and whilst the number of home undergraduates coming to university are expected to increase nationally following the 2020 cycle it will be some years yet before they recover to previous levels. Whilst the environment for Higher Education is challenging we feel that the quality of our student experience and our teaching and research reputation leave us relatively well placed to manage the impact of these issues.

Brexit

We have been working hard to protect and communicate to our staff, in particular those who originate from the EU. These staff make a valuable contribution to all aspects of our activity and they are integral to our success and culture. It is important for our future success that we are able to recruit and retain staff from the EU. To assist with this we have introduced a range of measures to support both our EU & non-EU staff.

Student recruitment & Augar Review

Further challenges exist with the demographic changes in our domestic market. Our strategy has been to stabilise the intake of undergraduate students whilst maintaining the quality of the intake and this has proved successful. The recruitment of international students remains a key focus for us as it does for many universities. The international markets are becoming increasingly competitive with Australia and Canada proving successful in recruiting more students. It remains a key task for us to compete effectively in international markets. Maintaining the Gold TEF award means we are recognised as offering excellent teaching and this recognition along with our continued high ranking in league tables mitigates the risk of a fall in our future intake.

In February 2018 the Government launched a major review of post 18 education and funding, the Augar Review was published in May 2019 making a number of recommendations to Government. How and when Government will adopt any of these recommendations is uncertain, we acknowledge that the impact will be to reduce our income if any reduction in fees is not then matched by equal financial support from Government. We are concerned about the impact of this for the sector and the potential for a reduction in the quality of service for students and a reduction in research capacity, quality and output. Notwithstanding the Augar Review maintaining the Home Undergraduate fee cap at £9,250 is a reduction in funding in real terms. Like many universities this regulated fee income is our largest income source and it being maintained at its current level results in us having to secure alternative income sources or reduce our costs.

Pensions

The majority of our staff are in either the LGPS or USS pension schemes. The LGPS is a defined benefit (DB) scheme and the USS is a hybrid scheme with a large DB element. We are committed to providing our employees with a good quality affordable pension. We are concerned about the long term affordability of these schemes. In recent months we have expressed support of the Joint Expert Panel (JEP) process in establishing an agreed basis for valuation of the USS pension and we hope that it provides a basis for finding an affordable solution for the coming years.

Capital projects

The IAAPS and School of Management construction projects are the two largest investments that we have made and both promise to be transformational in their respective areas. The projects are on course to be delivered in 2021 and risks are being managed as effectively as possible utilising in-house and external expertise but as with any large construction project execution risks can't be completely mitigated.

Conclusion

Despite the risks and uncertainties there are many opportunities and we continue to be committed to maximise these for the benefit of all members of our community. Our strong financial position is due to the effort, talent and collaboration of our staff, students, alumni and community and business partners and I look forward to reporting on our progress in future years.

Martin Williams

Director of Finance

Independent auditors' report to the Council of the University of Bath (the "institution")

Report on the audit of the financial statements

Opinion

In our opinion, the University of Bath's group financial statements and parent institution financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2019 and of the group's and of the parent institution's income and expenditure, gains and losses, changes in reserves and of the group's cash flows for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law)
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education and the requirements of the Office for Students' Accounts Direction*.

We have audited the financial statements, included within the Annual Report and Accounts containing the financial statements (the "Annual Report"), which comprise the Consolidated and University Balance Sheets as at 31 July 2019; the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, and the Consolidated Statement of Cash Flows for the year then ended, the Principal Accounting Policies; and the notes to the financial statements.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group and parent institution's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's and parent institution's activities, students, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Council is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Council for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 40, the Council is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Council is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Council as a body in accordance with the Charters and Statutes of the institution, and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinions on other matters prescribed in the Office for Students' and Research England's Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation
- income has been applied in accordance with the institution's statutes
- funds provided by the OfS and Research England have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
28 November 2019

* The relevant Office for Students' Accounts Direction consists of the Accounts Direction issued on 19 June 2018 (OfS 2018.26) (the "2018 Accounts Direction"), except for paragraph 15d of the 2018 Accounts Direction for which the entity has instead early adopted, as permitted, paragraph 12d of the Accounts Direction issued on 25 October 2019 (OfS 2019.41).

Consolidated and University Statement of Principal Accounting Policies

1 Basis of preparation

The financial statements have been prepared in accordance with both the FE/HE SORP and with FRS 102). We are a public benefit entity and therefore have applied the relevant public benefit requirements of FRS102.

The financial statements are prepared under the historical cost convention (modified by the revaluation of fixed assets, non-current and current asset investments and derivative financial instruments).

As the Group has substantial reserves and is forecasting continuing surpluses, the financial statements have been prepared on a going concern basis.

2 Basis of consolidation

These financial statements consolidate the results of our and our subsidiary undertaking for the financial year to 31 July 2019.

The consolidated financial statements do not include those of our Students' Union as it is a separate organisation over which we do not exert control, nor exercise dominant influence, over their policy decisions.

3 Recognition of income

Income from the sale of goods or services is credited to the Statement of Consolidated Income (SOI) when the goods or services are supplied to the external customer 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 SOI over the period in which the students are studying. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

All income from short-term investments and deposits (including those held as endowments) is credited to the SOI on a receivable basis.

Grant funding

Grant funding, including Funding Council grant; research grants from government sources; and grants (including research grants) from non-government sources are recognised as income when we are entitled to the income and performance related conditions have been met. Income received in advance of the performance related condition 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 include donations and endowments. Those with donor imposed restrictions are recognised in income when we are 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 the general reserve through a reserve transfer. Donations freely given, with no donor imposed restriction, are recognised in income when we are entitled to the funds.

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

- restricted donations – the donor has specified that the donation must be used for a particular objective.
- unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for our general benefit.
- restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and we have the power to use this capital.
- 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

Capital grants are recognised as income when we are entitled to the income and performance related conditions have been met.

4 Accounting for retirement benefits

The two principal pension schemes in which we participate are Universities Superannuation Scheme (USS) and the Avon Pension Fund (APF), part of LGPS. Throughout current and preceding periods, both these schemes are defined benefit only schemes and externally funded. The assets of these schemes are held in separate trustee-administered funds. Each fund is valued every three years by professionally qualified independent actuaries.

Defined benefit scheme

Defined benefit schemes are post-employment benefit schemes other than defined contribution schemes. Our 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 us. We recognise a liability for our obligations under defined benefit schemes net of scheme 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 scheme 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 we are able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using the closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of the equivalent term to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to the operating surplus are the current service costs and the cost of scheme introductions, benefit charges, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the SOCI and comprises the interest cost on the defined benefit obligation and interest income on the schemes assets, calculated by multiplying the fair value of the schemes assets at the beginning of the period by the rate used to discount the benefit obligations.

Defined contribution scheme

Defined contribution schemes are post-employment benefit schemes under which we pay 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 schemes are recognised as an expense in the SOCI in the periods during which services were rendered by employees.

Universities Superannuation Scheme (USS)

USS is a multi-employer scheme for which it is not possible to identify our share of the underlying assets and liabilities due to the mutual nature of the scheme. Therefore we are required to account for it as if it were a defined contribution scheme. The SOCI represents the contributions payable to the scheme in the accounting period.

A liability is recorded within provisions for the discounted fair value of the contractual contributions under the deficit recovery plan in existence at the balance sheet date.

5 Employee benefits

Short-term employment benefits, such as salaries and compensated absences (paid annual leave) are recognised as an expense in the year in which the employees render service to us. Any unused benefits are accrued and measured as the additional amount that we expect to pay as a result of the unused entitlement.

6 Foreign currency

Transactions denominated in foreign currencies are translated using the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period, with all resulting exchange differences being recognised in the SOCI. Exchange differences arising on the translation of a financial liability designated as an effective hedge against a foreign denominated investment are recognised in the SOCI as Other Comprehensive Income.

7 Leases

Operating leases are where we do not assume substantially all the risks and rewards of ownership, rental costs under operating leases are charged to the SOCI as the costs are incurred. Any lease premium or incentives are spread over the minimum lease term.

Finance leases are where we assume substantially all the risks and rewards of ownership of the asset. Leased assets acquired by way of a finance lease and the corresponding lease liability 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 so as to produce a constant rate of interest on the remaining balance of the liability.

8 Fixed Assets

Land and buildings

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to their fair value. We have a policy of ensuring all assets are revalued by an external valuer every four years, such that the fair value is not materially different to the current value. The basis of the valuation is a combination of depreciated replacement cost, existing use and open market value depending on the nature of the property.

Freehold and Leasehold land are not depreciated as they are considered to have an indefinite useful life.

Buildings are depreciated over a maximum period of 50 years. The remaining expected life of buildings is reviewed annually by an appropriately qualified member of our Estates department and, where material, the accumulated and future depreciation is adjusted in accordance with FRS15. Land and building additions since the last valuation and assets in the course of construction are valued at cost. Depreciation commences at the beginning of the year following occupation.

Building refurbishments are depreciated over the remaining expected life of the building in which the refurbishment takes place, up to a maximum of 25 years. At the next revaluation the entire building will be re-lifed as appropriate.

Assets under the course of construction are all valued at cost and include a mixture of new buildings and refurbishments and improvements to existing buildings.

Interest is capitalised where it is incurred in the construction of new buildings which are substantially funded by loans arranged by us. The cost is depreciated in line with the building.

Equipment

Equipment costing less than £25k per individual item is written off in the year of acquisition unless it forms part of a group of related items or part of a capital project, in which case it is capitalised.

Capitalised equipment is stated at cost or, where donated, at valuation, and depreciated, on a straight line basis, as follows:

General equipment	- 5 years
Furniture	- 5 years
Catering equipment	- 7 years
Equipment required for specific grants (generally 3 years)	- project life

Where equipment is donated, the asset is recorded at valuation. The donation is recorded as income in the SOCI in the year it is received.

9 Maintenance of premises

The cost of routine corrective maintenance and planned maintenance are both charged to the SOCI in the period in which it is incurred. We have a planned maintenance programme, which is reviewed on an annual basis.

10 Investments

Non-current and current asset investments are held at fair value where this can be readily determined and cost where no market exists. Those investments with a maturity of 3 months or less are shown as cash and cash equivalents. The fair value movement in non-current and current asset investments is recognised in the SOCI.

11 Derivatives

We use derivative financial instruments to reduce exposure to interest rate movements on our loans and foreign exchange movements on our investments. These derivatives are not held for speculation purposes and relate to actual assets or liabilities. Derivatives are held on the Balance Sheet at fair value. We have adopted and complied with the requirements of hedge accounting and as a result movements in fair values are recorded within other comprehensive income where the hedging arrangement is effective and in interest payable where it is deemed to be ineffective.

12 Stocks

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

13 Cash and cash equivalent

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if, in practice, they are 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.

Assets that form Endowment funds are included within Cash at Bank or Investments as appropriate.

14 Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- we have a present (legal or constructive) obligation as a result of a past event; and
- it is probable that a transfer of economic benefit will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

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

Contingent liabilities arise from a past event that gives us a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within our control. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resource 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 us a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within our control.

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in the notes when required.

15 Taxation status

We are an exempt charity within the meaning of Schedule 3 of the Charities Act 2011. It is therefore a charity within the meaning of Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, we are 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 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.

We receive no similar exemption in respect of 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. Our subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

16 Key sources of estimation uncertainty and judgements in applying accounting policies

Key sources of estimation uncertainty:

Fixed assets

Land and buildings are held at fair value. A periodic valuation exercise is undertaken by an external qualified chartered surveyor to ensure the carrying value of the assets are not materially different to their fair value. We will apply the methodology adopted by the external surveyor to other buildings by extrapolation to ensure the assets are not materially misstated in the financial statements. Tangible fixed assets, other than investment properties, are depreciated over their remaining useful economic lives taking into account residual value, where appropriate, see note 13 for the carrying amount of the property, plant and equipment. The remaining useful economic life of an asset and any residual value are assessed annually by a qualified member of staff and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are taken into account.

Local Government Pension Scheme (LGPS)

The present value of the LGPS defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Sensitivity analysis is also included in note 26 based on the assumptions used. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Universities Superannuation Scheme (USS)

The present value of the USS provision depends on a number of estimates used by management in respect of discount rate, future salary increases and numbers of staff in the USS. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability.

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 USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements.

Impairment of debtors

We make an estimate for the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 15 for the net carrying amount of the debtors and associated impairment provision.

Classification of financial liabilities

All of our financial liabilities have been classified as basic financial instruments. In respect of the loans made by North Western Mutual Life Insurance Company and Met Life (note 19), judgement has been applied in determining this classification.

As part of the agreement, the issuers of the debt, who are based in the US, have entered into a cross currency swap to ensure that they are not adversely impacted by foreign exchange rate movements between \$ and £, should we repay the debt early. We consider any resultant financial impact for us to represent reasonable compensation for early repayment and as such have classified the debt as basic. As a result, the financial liability is reflected in the financial statements at amortised cost.

Consolidated and University Statement of Comprehensive Income For the year ended 31 July 2019

	Note	Consolidated		University	
		2019 £m	2018 £m	2019 £m	2018 £m
Income					
Tuition fees and education contracts	1	169.9	164.0	169.9	164.0
Funding body grants	2	34.9	32.0	34.9	32.0
Research grants and contracts	3	39.6	37.0	39.6	37.0
Other	4	53.0	49.5	53.0	49.5
Investment income	6	3.2	2.7	3.2	2.7
Donations & endowments	7	9.2	2.8	9.1	2.7
Total income		309.8	288.0	309.7	287.9
Expenditure					
Staff costs	8	166.6	156.6	166.6	156.6
Change in USS pension provision	8	50.7	(1.6)	50.7	(1.6)
Other operating expenses	9	97.3	94.7	97.3	94.7
Depreciation	13	29.3	25.4	29.3	25.9
Interest and other finance costs	11	10.3	7.5	10.3	7.5
Total expenditure		354.2	282.6	354.2	283.1
(Deficit)/Surplus before gains and losses		(44.4)	5.4	(44.5)	4.8
(Decrease) in market value of non current asset investments	14	-	(0.1)	-	(0.1)
Increase in market value of current asset investments	16	5.1	1.5	5.1	1.5
(Deficit) Surplus for the year		(39.3)	6.8	(39.4)	6.2
Actuarial (loss)/gain in respect of pension schemes	26	(22.5)	15.5	(22.5)	15.5
Change in the fair value of tangible fixed assets		84.5	26.4	84.5	26.4
Change in the fair value of derivatives	20	(2.7)	0.7	(2.7)	0.7
Total Comprehensive Income in the year		20.0	49.4	19.9	48.8
Represented by					
Endowment comprehensive income for the year		0.6	0.6	0.6	0.6
Restricted comprehensive income for the year		-	0.4	-	0.4
Unrestricted comprehensive income for the year		(65.1)	22.0	(65.2)	21.4
Revaluation comprehensive income for the year		84.5	26.4	84.5	26.4
Total Comprehensive Income in the year		20.0	49.4	19.9	48.8

Consolidated and University Statement of Changes in Reserves For the year ended 31 July 2019

Consolidated

	Endowment Reserve £m	Restricted Reserve £m	Unrestricted Reserve £m	Revaluation Reserve £m	Total £m
At 1 August 2017	6.0	1.9	200.8	303.1	511.8
Surplus for the year	0.6	0.5	22.0	-	23.1
Depreciation on revalued assets	-	-	9.4	(9.4)	-
Reclassification of reserve	0.3	(0.3)	-	-	-
Other comprehensive income	-	-	-	26.4	26.4
At 31 July 2018	6.9	2.1	232.2	320.1	561.3
At 1 August 2018	6.9	2.1	232.2	320.1	561.3
Deficit for the year	0.5	-	(65.1)	-	(64.6)
Depreciation on revalued assets	-	-	10.7	(10.7)	-
Other comprehensive income	-	-	-	84.5	84.5
At 31 July 2019	7.4	2.1	177.8	393.9	581.2

University

	Endowment Reserve £m	Restricted Reserve £m	Unrestricted Reserve £m	Revaluation Reserve £m	Total £m
At 1 August 2017	6.0	1.9	201.7	303.1	512.7
Surplus for the year	0.6	0.5	21.4	-	22.5
Depreciation on revalued assets	-	-	9.4	(9.4)	-
Reclassification of Restricted reserve	0.3	(0.3)	-	-	-
Other comprehensive income	-	-	-	26.4	26.4
At 31 July 2018	6.9	2.1	232.5	320.1	561.6
At 1 August 2018	6.9	2.1	232.5	320.1	561.6
Deficit for the year	0.5	-	(65.2)	-	(64.7)
Depreciation on revalued assets	-	-	10.7	(10.7)	-
Other comprehensive income	-	-	-	84.5	84.5
At 31 July 2019	7.4	2.1	178.0	393.9	581.4

Consolidated and University Balance Sheets as at 31 July 2019

	Note	Consolidated		University	
		2019	2018	2019	2018
		£m	£m	£m	£m
Non-Current Assets					
Fixed Assets	13	826.8	724.5	827.4	725.1
Investments	14	1.3	1.2	1.3	1.2
		828.1	725.7	828.7	726.3
Current Assets					
Stock		0.7	0.7	0.6	0.6
Trade and other Receivables	15	25.0	17.4	25.0	17.4
Investments	16	214.5	204.9	214.5	204.9
Cash and cash equivalents		4.0	8.3	3.7	8.1
		244.2	231.3	243.8	231.0
Creditors : Amounts Falling Due Within One Year	17	(70.1)	(69.0)	(70.1)	(69.0)
Net Current Assets		174.1	162.3	173.7	162.0
Total Assets Less Current Liabilities		1,002.2	888.0	1,002.4	888.3
Creditors : Amounts Falling Due After More Than One Year	18	(273.2)	(258.1)	(273.2)	(258.2)
Provisions					
Pension provisions	21	(147.8)	(68.6)	(147.8)	(68.6)
Total Net Assets		581.2	561.3	581.4	561.5
Restricted Reserves					
Income & expenditure reserve - endowment reserve	22	7.4	6.9	7.4	6.9
Income & expenditure reserve - restricted reserve	23	2.1	2.1	2.1	2.1
Unrestricted Reserves					
Income & expenditure reserve - unrestricted reserve		177.8	232.2	178.0	232.5
Revaluation Reserve		393.9	320.1	393.9	320.0
Total Reserves		581.2	561.3	581.4	561.5

The Financial Statements on pages 62 to 90 were approved by the Council on 28th November 2019 and signed on its behalf by:

Professor Ian White
Vice-Chancellor and President

Mr John Preston
Treasurer

Consolidated Cash Flow Statement for year ended 31 July 2019

	Note	Consolidated	
		2019	2018
		£m	£m
Cash flow generated from operating activities			
Surplus for the year		(39.3)	6.8
Adjustment for non-cash items			
Depreciation	13	29.3	25.4
Impairment of Tangible Fixed Assets	9	(1.0)	(1.1)
Increase/(Decrease) in USS pension provision	21	51.3	(1.1)
LGPS pension costs less contributions paid	26	4.1	3.7
Loss on non-current asset investments	14	-	0.1
(Gain) on current investments	16	(5.1)	(1.5)
Loss/(gain) on hedging arrangements	11	1.1	(0.5)
Decrease in stock		(0.2)	0.1
(Increase)/decrease in operational debtors	15	(7.6)	(1.0)
Increase/(decrease) in operating creditors	17	10.8	1.8
Adjustment for investing or financing activities			
Investment income	6	(3.2)	(2.8)
Interest payable	11	7.5	6.2
New endowment income	7	(0.6)	(0.3)
Capital grant income	2 & 7	(9.3)	(2.9)
Net cash inflow from operating activities		37.8	32.9
Cash flow from investing activities			
Investment income	6	3.2	2.8
Payments made to acquire fixed assets		(48.2)	(39.9)
Capital grant receipts		19.2	4.1
Net (acquisitions) of current asset investments		(4.4)	(87.8)
Proceeds from the sale of Fixed Asset Investments	14	-	0.4
Net cash outflow from funding activities		(30.2)	(120.4)
Cash flow from funding activities			
Interest paid	11	7.5	(6.2)
New loans received	19	-	100.0
New endowment cash received	7	0.6	0.3
Repayments of amounts borrowed	19	(5.0)	(5.0)
Net cash outflow from funding activities		(11.9)	89.1
Increase/(decrease) in cash and cash equivalents in the year		(4.3)	1.6
Cash and cash equivalents at the beginning of the year		8.3	6.7
Cash and cash equivalents at the end of the year		4.0	8.3
		(4.3)	1.6

Notes to the Annual Accounts

1 Tuition Fees and Education Contracts

	Consolidated & University	
	2019	2018
	£m	£m
Full-time UK students	84.1	82.9
Full-time EU students	13.9	13.1
Full time overseas students	55.6	52.5
Part-time higher education students	4.8	4.6
Short course & apprenticeship fees	2.9	2.7
Research training support grants and other fees	8.6	8.2
	169.9	164.0

2 Funding body Grants

	Consolidated & University	
	2019	2018
	£m	£m
Office for Students Recurrent Grants	27.3	27.7
Office for Students Specific Grants	4.6	1.4
Office for Students Capital Grants	3.0	2.9
	34.9	32.0

3 Research Grants and Contracts

	Consolidated & University	
	2019	2018
	£m	£m
UK Research and Innovation (UKRI)	20.6	19.8
UK charitable bodies	2.3	2.2
European Commission	5.5	5.5
UK central government, Local Authorities or Health Trust	4.5	4.7
UK industry	3.6	2.4
Other sponsors	3.1	2.4
	39.6	37.0

Notes to the Annual Accounts (continued)

4 Other Income

	Consolidated & University	
	2019	2018
	£m	£m
Residences, catering and conferences	34.7	32.2
Other services rendered (note 5)	7.9	7.3
Retail income	4.9	4.7
Other income	5.5	5.3
	53.0	49.5

5 Other Services Rendered

	Consolidated & University	
	2019	2018
	£m	£m
Academic departments & services	2.1	2.7
Sports and related facilities	4.6	4.3
Other	1.2	0.3
	7.9	7.3

6 Investment Income

	Consolidated & University	
	2019	2018
	£m	£m
Investment Income on Endowments	0.1	0.1
Net income and gains from short-term investments	1.8	2.1
Other investment income	1.3	0.5
	3.2	2.7

Notes to the Annual Accounts (continued)

7 Donations & Endowments

	Consolidated	
	2019	2018
	£m	£m
Capital Donations	6.3	-
New Endowments	0.6	0.3
Donations with restrictions	0.5	0.7
Unrestricted donations	1.8	1.8
	9.2	2.8

	University	
	2019	2018
	£m	£m
Capital Donations	6.3	-
New Endowments	0.6	0.3
Donations with restrictions	0.5	0.7
Unrestricted donations	1.7	1.7
	9.1	2.7

8 Staff Costs

	Consolidated & University	
	2019	2018
	£m	£m
Salaries	134.0	128.2
Movement in USS pension provision	50.7	(1.6)
Social security costs	12.3	11.5
Other pension costs	24.9	22.5
	221.9	160.6
less: paid on behalf of other organisations	(4.3)	(4.2)
less: capitalised within the cost of buildings	(0.3)	(0.1)
	217.3	156.3

Emoluments of the Head of Institution, remuneration of other higher paid staff, average staff numbers by major category and key management personnel comparatives has been included on page 47 to 50 of the Annual Report of the Remuneration Committee. These disclosures have been audited.

Notes to the Annual Accounts (continued)

9 Analysis of Expenditure by Activity

	2019	2018
	£m	£m
Academic departments	109.1	102.2
Academic services	29.4	27.3
Central administration	19.9	19.3
General educational expenditure	21.1	19.5
Staff & student facilities	14.0	13.9
Premises	39.9	36.0
Residences, retail & catering operations	35.8	34.4
Research grants and contracts	28.0	26.6
Other services rendered	1.6	1.8
Other expenses	55.4	1.7
Consolidated	354.2	282.7
University of Bath	354.2	283.2
	Consolidated & University	
Other Operating Expenses include:	2019	2018
	£	£
External Auditors Remuneration (Group and University)		
- Audit Services - Consolidated financial statements	63,720	61,800
- Other Fees	4,400	7,200
- US federal loan	3,120	3,000
	71,240	72,000

Reimbursements to Council Members for expenditure incurred whilst carrying out their duties amounted to £7,249 (2017/18 £7,825). 14 members of Council (2017/18 12) claimed expenses during the year.

Council Members did not receive any remuneration from us, except through reason of their employment by the University.

Notes to the Annual Accounts (continued)

10 Related Party Transactions

Due to the nature of our operations and the composition of the Council (being drawn from public and private organisations, some of which are local), it is likely that transactions will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of the Council may have an interest that took place in the year were conducted at arms length and in accordance with our financial regulations and normal procurement procedures.

Students' Union

We provided a grant of £1.7m (2017-18 £1.6m) to the Students' Union. At 31 July 2019 we were owed £197k (2017-18 £160k) by the Students' Union.

Universities Superannuation Scheme Ltd (USS)

USS provide a pension scheme for our staff, details of the transactions with USS are disclosed in Note 26. Professor Dame Glynis Breakwell resigned as a Director of USS on 31 August 2018.

11 Interest & Other Finance Cost

	Consolidated & University	
	2019	2018
	£m	£m
Loans not wholly repayable within five years	7.5	6.2
Change in discounted value of future USS payments (note 21)	0.6	0.5
Change in the fair value of derivatives (note 20)	1.0	(0.5)
LGPS net interest charge (note 26)	1.2	1.3
	10.3	7.5

12 Capital Commitments

	Consolidated & University	
	2019	2018
	£m	£m
Provision has not been made for the following capital commitments at 31 July 2019		
Capital Commitments		
Funded by University funds	92.5	42.5
Funded by UKRI	22.8	-
Capital commitments contracted at 31 July	115.3	42.5

Notes to the Annual Accounts (continued)

	Consolidated				
	Land and Buildings		Equipment	Assets in the Course of Construction	Total
	Freehold	Leasehold			
	£m	£m	£m	£m	£m
Cost / Valuation					
At 1 August 2018	14.6	651.3	80.0	53.6	799.5
Additions at Cost	3.1	43.5	9.7	(12.1)	44.2
Disposals	-	-	(3.8)	-	(3.8)
Revaluations	(0.6)	67.7	-	(7.0)	60.1
At 31 July 2019	17.1	762.5	85.9	34.5	900.0
Accumulated Depreciation					
At 1 August 2018	0.2	6.8	67.9	0.1	75.0
Charge in Year	0.9	23.2	4.2	1.0	29.3
Disposals	-	-	(3.4)	-	(3.4)
Revaluations	(0.1)	(27.6)	-	-	(27.7)
Reclassifications	-	0.1	0.1	(0.2)	-
At 31 July 2019	1.0	2.5	68.8	0.9	73.2
Net Book Value					
At 31 July 2019	16.1	760.0	17.1	33.6	826.8
At 1 August 2018	14.4	644.5	12.2	53.4	724.5

We revalue our freehold and leasehold Land and Buildings on a rolling basis. This valuation is carried out by Eddisons Commercial Limited, an external Chartered Surveyor on the basis of Existing Use, Depreciated Replacement Cost or Market Valuation according to the nature and use of each building. The valuation was prepared in accordance with the Valuation Standards published by the Royal Institute of Chartered Surveyors.

The 31 July 2019 Valuation from Eddisons Commercial Limited of a selection of buildings increased the fair value of land and buildings by £87.8m.

The movement in land and buildings values following the revaluation is written back through the reversal of accumulated depreciation charged since the previous valuation exercise.

Included in the revaluation credited to accumulated depreciation is £2m in respect of the reversal of an impairment recognised in prior years.

Included in the revaluation is £1.3m in respect of the John Wood Building (see Note 17).

Notes to the Annual Accounts (continued)

	University					Total
	Land and Buildings		Equipment	Assets in the Course of Construction		
	Freehold	Leasehold				
	£m	£m	£m	£m	£m	
Cost / Valuation						
At 1 August 2018	14.6	653.6	80.0	53.6		801.8
Additions at Cost	3.1	43.5	9.7	(12.1)		44.2
Disposals	-	-	(3.8)	-		(3.8)
Revaluations	(0.6)	67.7	-	(7.0)		60.1
At 31 July 2019	17.1	764.8	85.9	34.5		902.3
Accumulated Depreciation						
At 1 August 2018	0.2	7.9	68.4	0.2		76.7
Charge in Year	0.9	23.3	4.2	0.9		29.3
Disposals	-	-	(3.4)	-		(3.4)
Revaluations	(0.1)	(27.6)	-	-		(27.7)
Reclassifications	-	0.1	0.1	(0.2)		-
At 31 July 2019	1.0	3.7	69.3	0.9		74.9
Net Book Value						
At 31 July 2019	16.1	761.1	16.6	33.6		827.4
At 1 August 2018	14.4	645.7	11.6	53.4		725.1

Freehold and Leasehold Land and Buildings measured by valuation at 31 July 2019 includes the following historical cost:

	Consolidated & University	
	2019	2018
	£m	£m
Freehold land and buildings	15.0	11.8
Leasehold land and buildings	505.2	461.7

Leasehold land and buildings includes land with a value of £85,790,000 at 31 July 2018.

Equipment includes assets donated to us, these are valued at market value as at the date when they were received.

Notes to the Annual Accounts (continued)

14 Non Current Asset Investments

	Consolidated & University	
	2019	2018
	£m	£m
At 1 August		
Other investments	1.2	1.7
Acquisition of investments	0.1	-
Disposal of investments	-	(0.4)
Movement in market value	-	(0.1)
At 31 July	1.3	1.2

15 Trade and Other Receivables

	Consolidated & University	
	2019	2018
	£m	£m
Prepayments and accrued income	5.2	3.7
Research grant receivables	10.1	8.3
Other receivables	9.7	5.4
	25.0	17.4
Due within one year	24.5	17.4
Due in more than one year	0.5	-
	25.0	17.4

Debtors due in more than one year are all Other receivables.

16 Current Asset Investments

	Investments measured at Market Value	Investments measured at Cost	Consolidated & University	
			2019	2018
	£m	£m	Total £m	Total £m
At 1 August	157.9	47.0	204.9	115.5
New investments	9.3	83.0	92.3	140.5
Disposal of investments	(44.4)	(43.4)	(87.8)	(52.6)
Market value movement	5.1	-	5.1	1.5
At 31 July	127.9	86.6	214.5	204.9

Investments measured at market value includes Quoted investments of £115.9m (£119.5m) and those held in unit funds where a market value can be determined of £12.0m (£38.4m).

Investments measured at cost include those held in money market funds, certificates of deposit and fixed deposits.

17 Creditors: Amounts Falling Due Within One Year

	Consolidated & University	
	2019	2018
	£m	£m
Bank loans	5.0	5.0
Trade Payables	20.2	20.3
Social Security and other taxation payable	6.9	5.9
Derivatives	0.9	1.0
Finance lease obligations	0.4	-
Deferred income	36.7	36.8
	70.1	69.0

Deferred Income

Included in deferred income are the following items which have been deferred until specific performance related conditions are met.

	Consolidated & University	
	2019	2018
	£m	£m
Donations	0.8	6.9
Research grants received on account	17.9	17.5
Grant income	4.8	1.1
Other income	13.2	11.3
	36.7	36.8

During the year we identified that an operating lease for the John Wood Building should have been classified as a finance lease, as the agreement includes a reversion at the end of the lease. We have assessed the impact on the financial statements as not being material.

In the current year fixed assets have been uplifted by £1.3m, finance lease liabilities included by £2.3m and the balance of £1.0m expensed in the SOCI.

18 Creditors: Amounts Falling Due After More Than One Year

	Consolidated & University	
	2019	2018
	£m	£m
Bank loans	239.5	244.6
Deferred income	15.9	-
Derivatives	15.9	13.6
Finance lease obligations	1.9	-
	273.2	258.2

Deferred Income

Included in deferred income are the following items which have been deferred until specific performance related conditions are met.

	Consolidated & University	
	2019	2018
	£m	£m
Grant income	15.9	-
	15.9	-

19 Borrowings

	Consolidated & University	
	2019	2018
	£m	£m
<i>Analysis of Financing</i>		
Bank loans and overdrafts are repayable as follows:		
In one year or less	5.0	5.0
Between one and two years	5.0	5.0
Between two and five years	15.1	15.2
In five years or more	219.4	224.4
	244.5	249.6

Notes to the Annual Accounts (continued)

20 Derivatives

The University is using hedge accounting for its interest rate swaps and foreign exchange options and as a result determined the effectiveness of the hedging arrangements. The analysis below shows the results of this assessment:-

Hedging Instrument	Expiry Date	Amount	Consolidated & University					
			Market Value at 2019	Market Value at 2018	Movement in market value 2019	Disposals in year 2019	Total Movement 2019	Movement in market value 2018
			£m	£m	£m	£m	£m	£m
Interest rate swaps	Between 2027 & 2037	£36.6m	15.9	13.6	2.3	-	2.3	(2.0)
Foreign exchange options	Between 2019 & 2020	\$41.8m	0.9	1.0	1.1	(1.2)	(0.1)	0.8
			16.8	14.6	3.4	(1.2)	2.2	(1.2)

Interest rate swaps are hedging instruments associated with the University's loan portfolio with Lloyds Bank plc and Barclays Bank plc
Foreign Exchange options are hedging instruments associated with our current asset investments in USD denominated funds.

The movement in market value for 2018/19 is a loss of £3.4m (2017/18 gain of £1.2m) is reported as follows;

	Consolidated & University	
	2019	2018
	£m	£m
Interest Payable (note 11)	1.0	(0.5)
Other Comprehensive Income	2.7	(0.7)
	3.7	(1.2)

	Consolidated & University	
	2019	2018
	£m	£m
Disclosure of Derivatives as Liabilities		
Liabilities due in less than one year	0.9	1.0
Liabilities due in more than one year	15.9	13.6
	16.8	14.6

Notes to the Annual Accounts (continued)

21 Provision For Liabilities

	Consolidated & University			
	Obligations to fund deficit on USS Pension (note 26)	Defined Benefit obligations LGPS (note 26)	Total 2019	Total 2018
	£m	£m	£m	£m
At 1 August	25.2	43.4	68.6	80.1
Utilised in year	50.7	-	50.7	(1.6)
Additions in year	0.6	4.2	4.8	4.3
Interest in year	-	1.2	1.2	1.3
Actuarial gains/(losses) in respect of pension	-	22.5	22.5	(15.5)
At 31 July	76.5	71.3	147.8	68.6

Obligations to fund deficit on USS Pension

The obligation to fund the past deficit on our Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payments over the 15 year period of the contracted obligation in assessing the value of this provision and these are disclosed below;

	2019	2018
Discount rate at year end	1.91%	2.21%
Pensionable salary growth:	Between 2.4% and 3.7% in first 4 years and then 2.4% thereafter	Between 2.6% and 3.9% in first 4 years and then 2.4% thereafter
USS membership growth:	in the range 0% - 3.5%	in the range 0% - 2.7%

Defined Benefit obligations (LGPS)

As a multi-employer scheme where the share of assets and liabilities applicable to each employer can be defined, we have accounted for the scheme under FRS 102 as a defined benefit scheme based on a full actuarial valuation of the Fund as at 31 March 2016, updated to 31 July 2019 by a qualified independent actuary.

Notes to the Annual Accounts (continued)

22 Endowments**Consolidated & University**

Restricted net assets relating to endowments are as follows:

	Restricted Permanent	Expendable	2019 Total	2018 Total
	£m	£m	£m	£m
At 1 August				
Capital	2.4	4.1	6.5	5.7
Accumulated Income	-	0.4	0.4	0.3
	2.4	4.5	6.9	6.0
New endowments	-	0.6	0.6	0.3
Investment and donation income	0.1	0.3	0.4	0.3
Expenditure	-	(0.6)	(0.6)	(0.2)
Increase in market value of investments	-	0.1	0.1	0.3
Reclassification	-	-	-	0.2
At 31 July	2.5	4.9	7.4	6.9
Representing:				
Capital	2.2	4.2	6.4	6.5
Accumulated Income	0.3	0.7	1.0	0.4
	2.5	4.9	7.4	6.9
Analysis by type of purpose				
Lectureships	1.5	2.3	3.8	3.9
Scholarships and bursaries	0.7	2.3	3.0	2.4
Prize Funds	0.1	0.1	0.2	0.2
General	0.2	0.2	0.4	0.4
	2.5	4.9	7.4	6.9
Analysis by asset				
Current and non-current asset investments	2.2	3.7	5.9	5.0
Cash and cash equivalents	0.3	1.2	1.5	1.9
	2.5	4.9	7.4	6.9

Notes to the Annual Accounts (continued)

23 Restricted Reserves

Reserves with restrictions are as follows:	Consolidated & University			
	Other Income	Donations	2019	2018
	£m	£m	Total £m	Total £m
At 1 August	0.6	1.5	2.1	1.9
New grants	0.2	-	0.2	0.2
New donations	-	0.5	0.5	0.6
Reclassification of reserves	(0.2)	-	(0.2)	(0.3)
Expenditure	(0.1)	(0.4)	(0.5)	(0.4)
At 31 July	0.5	1.6	2.1	2.0

Analysis by type of purpose

Lectureships	-	-	-	-
Research support	0.2	-	0.2	0.2
Scholarships and bursaries	-	0.5	0.5	0.5
General	0.3	1.1	1.4	1.3
	0.5	1.6	2.1	2.0

24 Contingent Obligations

On 5 April 2016 we entered a number of short-term nomination agreements with Empiric (Bath JSW) Limited whereby we underwrite the shortfall in the letting of a number of student residences. At 31 July 2019 the maximum value of the underwriting is £4,650,702 (£6,610,619 31 July 2018). We do not expect any liability to be incurred as a result of these contracts as we expect all residences will be fully let as per the nomination agreements.

25 Lease Obligations

The University had total operating lease commitments in respect of leased property as follows:

	Consolidated & University	
	2019 £m	2018* £m
Lease Commitments		
Lease commitments due in more than one year but less than five years	5.1	5.0
Lease commitments due between two & five years	22.1	21.5
Lease commitments due in more than five years	33.8	39.5
Total Lease commitments	61.0	66.0

Operating leases are held for eight properties used by us as student and office accommodation. As we do not control the significant residual value in these properties upon the expiry of the lease period they have not been accounted for as Service Concession Arrangements.

The lease arrangements for student accommodation expire between 2024 and 2032 and include seven properties, the lease payments are reported in other operating expenses.

* The 2018 value, as originally reported, has been adjusted to reflect the fact that the lease commitments in respect of the John Wood Building have now been reclassified as a finance lease. The present value of the minimum lease payments is now shown as a finance lease obligation at 31st July 2019, with all the adjustments posted in the financial year.

Notes to the Annual Accounts (continued)

26 Pensions

Universities Superannuation Scheme

We participate in the Universities Superannuation Scheme (USS), a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. USS has over 202,000 members and we had 2,339 (2,210) active members at 31 July 2019.

Because of the mutual nature of the scheme, its assets are not attributed to individual Universities and a scheme-wide contribution rate is set, at the balance sheet date this was 19.5%. We are exposed to actuarial risks associated with other Universities' employees and are unable to identify our share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis, therefore, as required by FRS 102 (28), we account for the scheme as if it were a defined contribution scheme. The total cost charged to the SOCI is £68.3m (£14.3m 2017/18).

Since we have entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, we recognise a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.



Notes to the Annual Accounts (continued)

26 Pensions (continued)

Universities Superannuation Scheme (continued)

The actuarial valuation of the Retirement Income Builder is at 31 March 2017 (the valuation date), which was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), rates of increase in salary and pensions and the assumed rates of mortality.

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

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

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

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	
Pre-retirement:	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females "
Post-retirement:	96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently 65 yrs:	24.6	24.5
Females currently 65 yrs:	26.1	26.0
Males currently 45 yrs:	26.6	26.5
Females currently 45 yrs:	27.9	27.8

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2018 and 2019

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

Notes to the Annual Accounts (continued)

26 Pensions (continued)**Universities Superannuation Scheme (continued)**

To illustrate how sensitive the funding level is to experience being different from assumed, the table below shows how the valuation results at 31 March 2017 would have differed given small changes in the key assumptions.

Assumption	Change in Assumption	Impact on scheme liabilities
Investment return	Decrease by 0.25%	Increase by £3.3 billion
Long-term inflation	Increase by 0.25%	Increase by £3.3 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Life expectancy at retirement	1 year higher	Increase by £1.6 billion
Asset values	Fall by 10%	Increase by £6 billion

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

As a result of the court case ruling in respect of the Lloyds Banking Group Pension Schemes, Schemes are required to equalise Guaranteed Minimum Pensions accrued between 17 May 1990 and 5 April 1997. The precise impact of the ruling on the scheme benefits has not been determined and so no explicit allowance for this has been made in the 2017 actuarial valuation. Any additional funding costs required to uplift benefits will be met by either the Scheme's assets or future contributions from the Employer, although it is expected that these will be immaterial in the context of the scheme as a whole.

Local Government Pension Scheme

We participate in the Avon Pension Fund which is a funded defined benefit pension scheme with the assets held in separate trustee administered funds. The assumptions which have the most significant effect on the determination of contribution levels are as follows:

Return on investments	4.4%
Long-term Salary inflation	3.7%
Pension inflation	2.2%

Valuation date	31 March 2016
Valuation method	Projected Unit
Market value of assets at date of last valuation	£3,737 million
Market value of assets as a percentage of accrued benefits	86%

The contributions payable by us were equal to 15.10% of total pensionable salaries for a duration of the financial year.

Notes to the Annual Accounts (continued)

26 Pensions (continued)

Local Government Pension Scheme

As a multi-employer scheme where the share of assets and liabilities applicable to each employer can be defined, we have accounted for the scheme under FRS 102 as a defined benefit scheme based on a full actuarial valuation of the Fund as at 31 March 2016, updated to 31 July 2019 by a qualified independent actuary.

The material assumptions used by the actuary for FRS 102 at 31 July 2019 were:-

At end of year	31 July 2019	31 July 2018
	%	%
Rate of CPI inflation:	2.2	2.2
Rate of increase in salaries:	3.7	3.7
Rate of increase in pensions:	2.3	2.3
Discount rate:	2.1	2.9

Post retirement mortality assumptions for members retiring in normal health

	31 July 2019	31 July 2018
Non-retired members	S2PA CMI_2015_[1.75%] 94% (male) S2PA CMI_2015[1.5%] 81% (female)	S2PA CMI_2015_[1.75%] 94% (male) S2PA CMI_2015[1.5%] 81% (female)
Retired members	S2PA CMI_2015_[1.75%] 93% (male) S2PA CMI_2015_[1.5%] 85% (female)	S2PA CMI_2015_[1.75%] 93% (male) S2PA CMI_2015_[1.5%] 85% (female)
Life expectancy		
Male / female future pensioner 65 in 20 years time	26.3 / 29 years	26.2 / 28.8 years
Male / female current pensioner aged 65	23.7 / 26.2 years	23.6 / 26.1 years

The decisions of the Court of Appeal in the Sargeant/McCloud cases (generally referred to for the LGPS as "McCloud") have ruled that the transitional protections afforded to older members when the Public Service Pension Schemes were amended constituted unlawful age discrimination. At this stage it is uncertain whether or not there will be an issue for the LGPS and its employers, nor is it clear what the exact extent would be of any required changes, but this note sets out some approximate effects of the costs if the transitional protections need to be extended to younger members.

The potential effect of McCloud as at 31 July 2019 has been calculated, based on our individual member data, as supplied for the 31 March 2016 actuarial valuation, and the results of those calculations based on the IAS19/FRS102 assumptions used for us are set out below. The approach to the calculations is as instructed by the administering authority after consideration of the categories of members potentially affected, but in very broad terms calculates the cost of applying a 'final salary underpin' (on a member by member basis) to those active members who joined the Fund before 1 April 2012 and would not otherwise have benefited from the underpin. As a result an additional past service cost liability of £953,000 has been calculated.

The sensitivities regarding the principal assumptions used to measure our share of the scheme liabilities as at the valuation on 31 July 2019 are set out below:

Assumption	Change in Assumption	Impact on scheme liabilities
Discount rate	Increase by 0.1%	Decrease by £3.7 million
Rate of CPI Inflation	Increase by 0.1%	Increase by £3.8 million
Rate of salary growth	Increase by 0.1%	Increase by £0.3 million
Members live longer	1 year longer	Increase by £3.9 million

Notes to the Annual Accounts (continued)

26 Pensions (continued)**Local Government Pension Scheme (continued)***Our University's share of the scheme's assets and liabilities:*

	2019	2018
	£m	£m
Market value of assets	133.8	125.2
Present value of scheme liabilities	(205.1)	(168.6)
Net pension liability	(71.3)	(43.4)

Amounts charged to SOCI:

Included in staff costs and operating expenses for the year (note 8)

	2019	2018
	£m	£m
Current service cost	6.2	6.7
Past service cost	1.0	-
Administration expenses	0.1	0.1
Deficit recovery costs recharged	(0.9)	(0.8)
Employer contributions	(3.2)	(3.0)

Total operating charge

3.2	3.0
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	2019	2018
	£m	£m

Analysis of amount charged to interest payable

Net interest charge (note 11)	1.2	1.3
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Net charge

1.2	1.3
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Notes to the Annual Accounts (continued)

26 Pensions (continued)		
Local Government Pension Scheme (continued)		
<i>Amounts recognised in the Statement of Comprehensive Income</i>		
	2019	2018
	£m	£m
Change in assumptions underlying the present value of the scheme assets	5.1	5.2
of the scheme liabilities	(27.6)	10.3
Actuarial (loss)/gain recognised in the SOCI	(22.5)	15.5
<i>The movement in the scheme's deficit during the year is made up as follows:</i>		
	2019	2018
	£m	£m
Deficit in scheme at 1 August	43.4	53.8
Movement in the year:		
Current service and curtailment costs	6.3	6.7
Contributions by the employer	(3.2)	(3.0)
Past service cost	1.0	-
Administrative charge	0.1	0.1
Net interest charge	1.2	1.3
Net Movement in the year	5.4	5.1
Actuarial loss/(gain)	22.5	(15.5)
Deficit in scheme at 31 July	71.3	43.4
<i>Analysis of the movement in the present value of the scheme liabilities:</i>		
	2019	2018
	£m	£m
At the beginning of the year	168.6	170.8
Current service cost	6.2	6.7
Interest on pension liabilities	4.8	4.2
Member contributions	1.2	1.2
Past service cost	1.0	-
Actuarial losses on liabilities - other	27.6	(10.3)
Curtailments	0.1	-
Benefits/transfers paid	(4.4)	(4.0)
At the end of the year	205.1	168.6

Notes to the Annual Accounts (continued)

26 Pensions (continued)**Local Government Pension Scheme (continued)****Analysis of the movement in the market value of the scheme assets:**

	2019	2018
	£m	£m
At the beginning of the year	125.2	117.0
Expected return on plan assets	3.6	2.9
Actuarial gains on assets	5.1	5.2
Administrative expenses	(0.1)	(0.1)
Contributions by the employer	3.2	3.0
Contributions by scheme participants	1.2	1.2
Benefits/transfers paid	(4.4)	(4.0)
At the end of the year	133.8	125.2

Analysis of the scheme assets:

	2019	2018
	£m	£m
Equities	62.6	49.1
Government bonds	-	14.5
Other bonds	14.6	15.4
Property	7.4	11.6
Cash/liquidity	1.6	4.8
Other	47.6	29.8
At the end of the year	133.8	125.2

Total pension costs (note 8)

	2019	2018
	£m	£m
Universities Superannuation Scheme: employer only contributions	17.6	15.8
Universities Superannuation Scheme: provision movement	50.7	(1.6)
	68.3	14.2
Avon Pension Fund	7.2	6.7
Contributions to other pension schemes	0.1	0.1
Total pension costs	75.6	21.0

Notes to the Annual Accounts (continued)

27 Post Balance Sheet Event

Universities Superannuation Scheme

The movement in the USS pension provision and charge of £50.7m reflected on the face of SOCI is based on the scheme valuation at 31 March 2017. USS have after the balance sheet date approved a new valuation at 31 March 2018 with lower contributions to fund the scheme deficit and a shorter duration of repayment than under the March 2017 valuation.

We estimate the USS liability at 31 July 2019 is £45.1m and the resulting £31.4m adjustment will be reported as a credit against staff costs in the year ending 31 July 2020.



Note on our Integrated Reporting Approach

We are working towards an integrated reporting approach to our Annual Report and Accounts, in common with several other Higher Education Institutions. This is informed by the Integrated Reporting (IR) global framework that is intended to enhance accountability and transparency as well as improve decision making, resource allocation and trust. We are using the framework to help us understand the resources we draw from that materially affect our ability to create value for our students, staff and external partners. This value creation is at the heart of our Vision and Strategy 2016-2021.

This year's Annual Report and Accounts is our first step towards fully adopting integrated reporting (IR). We have combined our Annual Report and Financial Statements into a single document, and expanded the narrative statements included in this document. We have created a value creation document to show how we draw from a number of different resources and set out how our activities add value to our stakeholders. Our Strategic and Operational Report identifies, through a series of case studies, real examples of where we create and add value to members of our community.

The Annual Report and Accounts has been informed by the IR framework developed by the International Integrated Reporting Council (IIRC). For this first year we have explained more about our approach to risk, changes in our corporate governance structure and provided more information about our performance through key performance indicators (KPIs). As we further develop our IR approach we will refine our overview of strategic objectives, the description of our key stakeholders and partnerships and outline key factors influencing performance.

In relation to the IIRC Framework for integrated reporting, we confirm that Executive Board and Council have been involved in the development of our Annual Report and Accounts. Council acknowledges its overall responsibility for the accuracy and integrity of the report's contents. Whilst we recognise that this report does not fully align with the IIRC Framework we are implementing a staged process to the Framework's introduction to match the developments in our strategy and governance.

Martin Williams
Director of Finance



List of Acronyms

Acronym	full title
APF	Avon Pension Fund
ARAC	Audit and Risk Assurance Committee
B&NES	Bath & North East Somerset Council
BUFDG	British Universities Finance Directors Group
CPI	Consumer Price Index
CUC	Committee of University Chairs
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EC	European Community
EU	European Union
FE/HE SORP	Statement of Recommended Practice
FPE	Full Person Equivalent
FRC	Financial Reporting Council
FRS	Financial Reporting Standard
GIA	Gross Internal Area
GPA	Grade Point Average
HC	Historical Cost
HCOS	Historic Cost Operating Surplus
HE	Higher Education
HEFCE	Higher Education Funding Council for England
HEI	Higher Education Institution
HERA	Higher Education Role Analysis
HESA	Higher Education Statistics Agency
HRI	Household Residual Income
IAAPS	Institute for Advanced Automotive Propulsion Systems
IOC	Institute of Coding
ISA	International Standards on Auditing
JEP	Joint Expert Panel
LEP	Local Enterprise Partnership
LGPS	Local Government Pension Scheme
LIBOR	London Interbank Offered Rate
MAA	Memorandum of Assurance and Accountability
MOOCS	Massive Open Online Courses
NSS	National Student Survey
OfS	Office for Students
QS	Quacquarelli Symonds
R&D	Research and Development
REF	Research Excellence Framework
SOCI	Statement of Comprehensive Income
STEM	Science Technology Engineering Maths
TEF	Teaching Excellence Framework
UKRI	United Kingdom Research and Innovations
USS	Universities Superannuation Scheme
VAT	Value Added Tax
WECA	West of England Combined Authority

