



UNIVERSITY OF
BATH



Annual Report & Accounts

for the year ended 31 July 2020





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Research Excellence Framework

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



for graduate prospects in The Times and The Sunday Times 2021



16 Athena SWAN awards



Our ranking as the best university in the UK The Complete University Guide 2021

£297.7 million

turnover and a surplus for the year of £21.1m

We have **19,000** students enrolled





in the Guardian University
Guide 2021



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

173

countries in which our alumni
are working

TOP 10

in 3 national league tables 2021

**3,442
employees**

including researchers,
landscapers, administrators
and nursery staff



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

£66.3 million

Our investment in our estate
and infrastructure

1,190

students in receipt
of bursaries with a household
residual income of less
than £22k

Foreword by Pamela Chesters CBE, Chair of Council



In last year's foreword I noted that we were planning for an external environment which remained extremely unpredictable – and so it proved, although not for the reasons anticipated at that time. So it seems only right to begin by paying tribute to all our staff, led by our Vice-Chancellor and the leadership team, who have worked so hard to respond to the challenge of COVID19, switching rapidly to online teaching and supporting our students, particularly those anxious about their final year arrangements. As ever, in this we benefitted from the insight and perspective of our Student Sabbatical Officers who also worked hard to support the student community through lockdown.

The dire financial situation which the Higher Education sector faced in March: refunded student accommodation fees, loss of summer commercial income and massive uncertainty around the 2020/21 student intake (and thus fees) was mitigated in part by Government support but principally by the University taking decisive action to reduce its cost base. The scenario planning which we had begun last year stood us in good stead but it is important to stress that while the financial outcome for this year is better than we originally feared, the longer term challenge to our ability to continue to deliver our core mission of teaching and research to the high standard we would wish is undiminished.

The continued COVID19 impact on overseas student numbers, the Augar Review of student fees, rising pension costs, the national underfunding of research work and our need to respond appropriately to the reality of climate change all have a bearing on the economic environment in which we will be operating going forward. Consequently, we will continue to take such steps as may be necessary to respond to these challenges.

As we strive for excellence it is pleasing to see this recognised in

our strong performance in the national league tables and other accolades which are mentioned elsewhere in this report. However, we are not complacent and in other areas of our work such as Diversity and Inclusion and Widening Participation we are working hard to ensure that there are no hidden barriers to success that would hinder staff or students from reaching their potential.

Finally, as every cloud has a silver lining, I would highlight two positives from the impact of COVID19. Firstly, the University has demonstrated that when it needs to be flexible, creative and move at pace it is more than capable of doing so. Secondly, it has brought into sharp focus the clear benefits of partnership working – whether with elected officials, other HE/FE providers or major contributors to the economy here in the South West. These are attributes to be built on going forward.

Pamela Chesters CBE
Chair of Council



Vice-Chancellor's Introduction



It is my pleasure to introduce this year's integrated Annual Report and Accounts 2019-20. It demonstrates the commitment and hard work of the University community which has led to success in a wide range of activities, from national and international awards, through national league table rankings to valued local contributions. That this has occurred in a year with unprecedented challenges is a tremendous credit to our community. I am most grateful therefore to my colleagues for all they have achieved and to the Council, and in particular the Chair of Council, for the guidance and leadership that they have shown.

From the outset, this year was intended to be one of transition, innovation and learning. We were delighted to see the strengthening of leadership in Student Experience through the appointment of Dr Cassie Wilson as Vice-President, and our desire to support staff and students in as inclusive a manner as possible lasted throughout. We also agreed new initiatives to strengthen Equality, Diversity and Inclusion, which have now resulted in Professor Rajani Naidoo, Director of the International Centre for Higher Education Management in the School of Management, being appointed as the Head of our new Race Equality Taskforce and our Chief Information Officer, Alex Butler, appointed as the Executive Chair of the Equality, Diversity

& Inclusion Committee. I look forward to working with them both over the coming year. We placed great emphasis on building up links with the local community, this resulting in the launch of "Our Shared Future"; later in the year, University members were to become heavily involved in COVID19 response boards both at local and regional levels.

Emboldened by an increased student intake, reversing the fall of the previous year, we recognised that we needed to think again about the special role that the University of Bath has, and how that can best be developed. This led to a hugely valuable and successful engagement exercise, 'Our University, Our Future', which facilitated valuable conversations with our students and staff - (see report p24-25). Over a number of events, this addressed a range of themes including enhancing student experience and research excellence, building our international partnerships, local and community engagement and widening participation. Feedback from participants is helping to inform our direction and planning, and along with a series of follow-up activities, has allowed us to reassess our overarching principles, strategic imperatives and values. I am very grateful indeed to everyone in our community who took part and contributed their thoughts.

Major projects, including a new building on campus for the School of Management and the development of the Institute for Advanced Automotive Propulsion Systems (IAAPS) off-site at the Bristol & Bath Science Park in South Gloucestershire have continued apace (see report p27). Both will play a significant role in shaping our activities moving forward. We also adopted our Climate Action Framework principles and have reduced CO₂ emissions by 35% since 2005, despite significant growth in infrastructure. We have also had wider impact through two major research advances, each of which are predicted to reduce emissions by 500,000 tonnes CO₂ per year or more in the coming years. One of these research projects, led by Professor Furong Li and colleagues, has already helped a major local distribution network operator to improve the accuracy of peak load estimation in low voltage distribution networks that form the "last mile" of the electrical supply chain, resulting in both cost and carbon savings,

Of course the year was not without its challenges. The impact of industrial action was felt again, and some of our members were particularly affected by issues arising from Brexit. I am grateful, however, to all those who have been affected by these challenges, that goodwill and a strong community spirit has continued throughout.

The outbreak of COVID19 at the start of 2020 and the ensuing global pandemic brought with it tremendous challenge across all our operations and for our whole community, from lockdown through to the gradual and phased reopening of services. I pay tribute to everyone who has played a part in the University of Bath's response to this unprecedented situation and I am so proud of what we have achieved together.

For our academic staff, alongside colleagues in our professional services teams, this required the reconfiguration of all our teaching, learning and assessment online in record speed, demonstrating tremendous agility and ensuring Bath students continued to receive excellent support with minimal disruption. For example, within three days of lockdown, 5,000 hours of online lectures had been delivered, and our end of year evaluations showed satisfaction levels comparable with those before COVID19. I pay great tribute to our teaching staff and those in the Centre for Learning and Teaching and in Digital, Data and Technology who worked so hard to allow online provision to be so successful.

Early in the pandemic, our Widening Access Team transitioned their outreach work online to continue to support disadvantaged students across the country, succeeding in working with more students than ever before. It highlighted the additional barriers that the most disadvantaged students face due to a 'digital divide' of access to technology, the internet and digital skills. In response, the team set up a consortium of third sector organisations and charities to support approximately 100,000 post-16 students in schools and colleges, to bridge the gap and help them to succeed in their education.

Our researchers – from across the Faculties and School of Management – have been nimble and proactive in realigning their work to meet the demands of the pandemic. An array of new research from Bath academics is helping us to understand the science of the virus; its health and psychological effects; and its business, economic and political impacts on wider society (see report p16&17). Innovative ideas have arisen from new forms of research networking, not least concerning COVID19 itself. Drawing on their skills, experience and expertise, our academics are helping to shape significant, real-time national debates.

Most visible locally here in Bath, this commitment to respond to the global crisis has included the remarkable efforts of staff, students and volunteers from the Department of Mechanical Engineering and across the University. Since March they have been drawing on their skills to design, manufacture and deliver essential personal protective equipment to frontline healthcare workers – including our friends and neighbours at Bath's Royal United Hospital. This extraordinary, voluntary achievement has now helped to deliver 200,000 face shields and eye protectors. We are enormously grateful to them for their contribution to the local community, which so well reflects the spirit of our forthcoming Civic University Agreement (see report p23).

Of course, these feats could not be achieved in isolation. During this tumultuous year I have been struck by the strength of our community and our ability to pull together at a time of crisis. This is all underpinned by the exceptional day-in, day-out work of our Security, Accommodation, Hospitality and Estates teams, and others, who have helped to keep our campus safe and secure and to support our students throughout this challenging period. I have the highest respect for those both in academic departments and professional

services who have worked so hard to prepare for our new socially distanced academic year. The innovations that have been introduced over the summer have been dramatic and more has been achieved in a few months than might have been expected feasible in much longer times in the past. The commitment to do our best to welcome back new and returning students to campus from autumn 2020 has been inspiring.

For the new academic year, we know that COVID19 will continue to be at the forefront of our minds and affect how we operate. We are of course grateful that applications to our University and our admissions remain strong. We are however vigilant to the threat posed by COVID19 and committed to ensure that Bath continues to offer its students the best teaching and learning opportunities possible in this context. This year, despite the upheavals, we find ourselves in the top 10 of UK universities for *The Guardian*, *The Times*, *Sunday Times* and *Complete University Guide* rankings. These accolades are testament to our University community's sustained efforts over the last year and stand us in very good stead for whatever is to come.

As is evident from the pages that follow, despite unprecedented change and challenge this year, Bath has continued to deliver exceptionally well. I am most grateful to everyone who has helped to make this year a success and ensure that staff and students can feel proud that they belong at Bath.

With warm good wishes,

Professor Ian White
Vice-Chancellor and 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, these can be demonstrated in our commitment to;

- deliver quality and excellence;
- nurturing high aspirations;
- supporting the 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 have further developed our thinking around our new strategy following extensive consultation with our stakeholders. This has been published in a discovery report and feedback from this will be built into the 2021-26 Strategy.

Operational Review

Below are a series of case studies which are intended to illustrate where we, as an academic community, have added value to our stakeholders over the last 12 months. This includes several COVID19 related activities where we reacted to the rapidly changing environment in which we and our stakeholders operate in.

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 have added value. Our Value Creation Model on pages 12-13 illustrates how we add value.



Our University
Our Future

Together, we can shape
the future of our University.

Find out how to get involved:
[go.bath.ac.uk/our-university-our-future](https://www.bath.ac.uk/our-university-our-future)



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



01001101010
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 generate 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 18-19).

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 20-21).

Enhancing capability of people

People with the skills, motivation, knowledge and experience to deliver together for a community (see pages 14-17).

Capacity of infrastructure

High quality sustainable built environment with an ongoing investment in facilities and equipment (see pages 26-27).

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 value 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.

Response to COVID19

The COVID19 pandemic saw us adapt quickly to a new normal. Teams across our community came together to support our people during this challenging time.

Staff

For staff, we introduced measures in recognition of the difficult circumstances many of them faced. We offered Emergency Paid Leave for those struggling with childcare and other caring responsibilities, and team managers were also given greater flexibility to allow colleagues to fit their work schedules around their responsibilities at home. When the decision was made to place some of our colleagues on furlough, we topped-up the Government's 80% allowance to full pay, ensuring our people would not be financially impacted.

To keep our community informed, our communications team focussed on eight relevant topic areas. We sent frequent messages from our University Executive Board, showcased our coronavirus experts, provided educational information for home-schooling parents and shared stories celebrating our key workers.

Supporting the wellbeing of our people became more important than ever. Factoring in new challenges, such as coping with anxiety, we adapted existing resources and surveyed all our staff to identify where we could offer further support.

As our focus moved to planning for the 2020-21 academic year, over 700 colleagues joined us for a series of Virtual Town Hall events to hear from the Vice-Chancellor and senior managers and ask questions.

“Supporting the wellbeing of our people became more important than ever. Factoring in new challenges, such as coping with anxiety, we adapted existing resources and surveyed all our staff to identify where we could offer further support.”





“Our academic colleagues worked tirelessly to deliver lectures and seminars virtually, with students engaging with up to 10,000 hours of content per week throughout lockdown”

Students

For the student community, our immediate priorities were to minimise the impact on education, provide clarity around assessments and ensure that those remaining in Bath felt supported.

Our academic colleagues worked tirelessly to deliver lectures and seminars virtually, with students engaging with up to 10,000 hours of content per week throughout lockdown. We replaced on campus exams with alternative assessments and introduced no-detriment measures to reassure our students that they would fulfil their potential and achieve the degree classification that they deserved.

Students living in our accommodation around the City were invited to move into campus accommodation. All students on campus received three free meals a day, courtesy of our hard-working colleagues in Accommodation and Hospitality Services (AHS).

Nur Fatini Binti Mohd Nasri, a Mechanical Engineering student, said: “I want to say thank you to the University for providing us with food and taking care of our needs during these uncertain times. I couldn’t ask for more. When I was celebrating Ramadan, the University provided us with meals to break our fast.”

In response to the increased financial hardship faced by some of our students, we enhanced the availability of financial assistance, thanks to our alumni and friends’ network. To date, nearly £100,000 has been donated to help our pandemic response.

To enhance wellbeing and retain a sense of community, our Student Services team transitioned all of their services online. These included a daily wellbeing drop-in service, mental health support, counselling, and other virtual sessions. The Student’s Union set up a Corona Community Facebook page offering a daily programme of activities, including quizzes, exercise classes and cooking.



Supporting our local community

As the UK-wide lockdown was activated, our colleagues turned their focus to efforts to help our local communities deal with the effects of the COVID19 outbreak.

In many cases working with local partners, our community helped keep people in our area physically fit, mentally active and socially engaged, and helped to protect frontline healthcare workers.

A team from the Faculty of Engineering & Design collaborated with the Royal United Hospitals Bath (the RUH), using their expertise to make essential personal protective equipment (PPE). Working from a safe lab on campus, the team had by late June made over 100,000 items of PPE, including face shields that achieved BSI certification, while a

project with local sewing volunteers and other partners produced more than 2,200 medical gowns.

The effort also saw colleagues create Perspex covers for hospital equipment trolleys, protecting medicines during ward rounds and saving on time spent cleaning them between appointments.

Members of the Faculty of Science and the Material and Chemical Characterisation Facility helped keep Avon and Wiltshire Mental Health Partnership (AWP) NHS Trust staff safe, by producing and donating chemical solutions used in face mask ‘fit tests’. Fit tests are carried out to confirm masks provide effective protection and are vital to ensuring the Trust’s staff can continue their work.

Sharing our expertise

When COVID19 swept the globe, our academics were quick to share both their knowledge and their resources with the world, helping to boost understanding of the pandemic and give meaningful shape to our fight against the coronavirus.

Through their enthusiastic engagement with national and international media, our experts featured in over 3,500 media stories during the first 90 days of lockdown. Highlights include biologist Dr Andy Preston being interviewed repeatedly for BBC news (among many other print, broadcast and radio outlets); mathematician Dr Kit Yates appearing on Sky News and Radio 4's More or Less, and multiple appearances by psychology lecturer Dr Maria Loades in the British broadsheets, Daily Mail, the BBC, LBC radio and around 200 international outlets.



Kit Yates



Healthy in body and mind

While the competitive efforts of our elite athletes and Sports Training Village users were paused, Team Bath continued to help people work out and keep in shape by offering free online classes. Several live exercise classes were streamed each week as part of a full timetable of fitness activities, as well as wellbeing talks giving tips and advice.

Team Bath Netball training sessions, held online by player-coach and England international Rachel Shaw, were also made freely available for players and clubs around the world via Facebook, attracting thousands of participants every week.

Our Arts Team based at The Edge produced online creative skills workshops, wellbeing classes, online yoga, dance fitness and choir sessions, all run by local tutors.

The Arts Team also ran online interactive storytelling sessions inspired by our research, and 'Invent' craft sessions for children which fused arts and science. The Visions of Science Art Prize moved online, inviting submissions from UK-based artists whose work depicts or represents Faculty of Science research.

Stunning range of expertise

From the moment the virus became a serious international threat, our mathematicians worked hard to make sense of the pandemic's numeric complexities, framing their explanations in clear, understandable terms to reach the widest possible audience.

Our health researchers devised invaluable exercise programmes to keep people aged 60+ active in lockdown. Meanwhile, psychologists highlighted both the mental health risks of an extended quarantine and the importance of maintaining good hygiene to minimise virus transmission.

Biologists, and epidemiologists informed the public on every imaginable aspect of virus transmission and vaccine creation.

Instrument specialists from our Material and Chemical Characterisation facility were tasked with checking the quality and purity of chemicals used in the manufacture of tests to diagnose the coronavirus.

A group from the Centre for Photonics and Photonic Materials designed and built endoscopic devices as part of a major project to test new lung treatments for the disease. Experts from our School of Management shared their knowledge on how to lead in a crisis, exploring the consequences of the pandemic for business.

“Instrument specialists from our Material and Chemical Characterisation facility were tasked with checking the quality and purity of chemicals used in the manufacture of tests to diagnose the coronavirus.”

Shifts in behaviour

Health Psychology lecturer Dr Ben Ainsworth leads a team that aspires to create a global shift towards greater 'protective behaviours' against the coronavirus (such as better home hygiene and stronger infection control). Through his Germ Defence website, 100,000 people across 150 countries have accessed the team's evidence-based behaviour-change techniques.

“Until a vaccine is available, behavioural measures are the only way to limit the spread of the coronavirus,” said Dr Ainsworth. “The website has been translated into over 20 languages, and our hope is to reach as many people around the world as possible.”

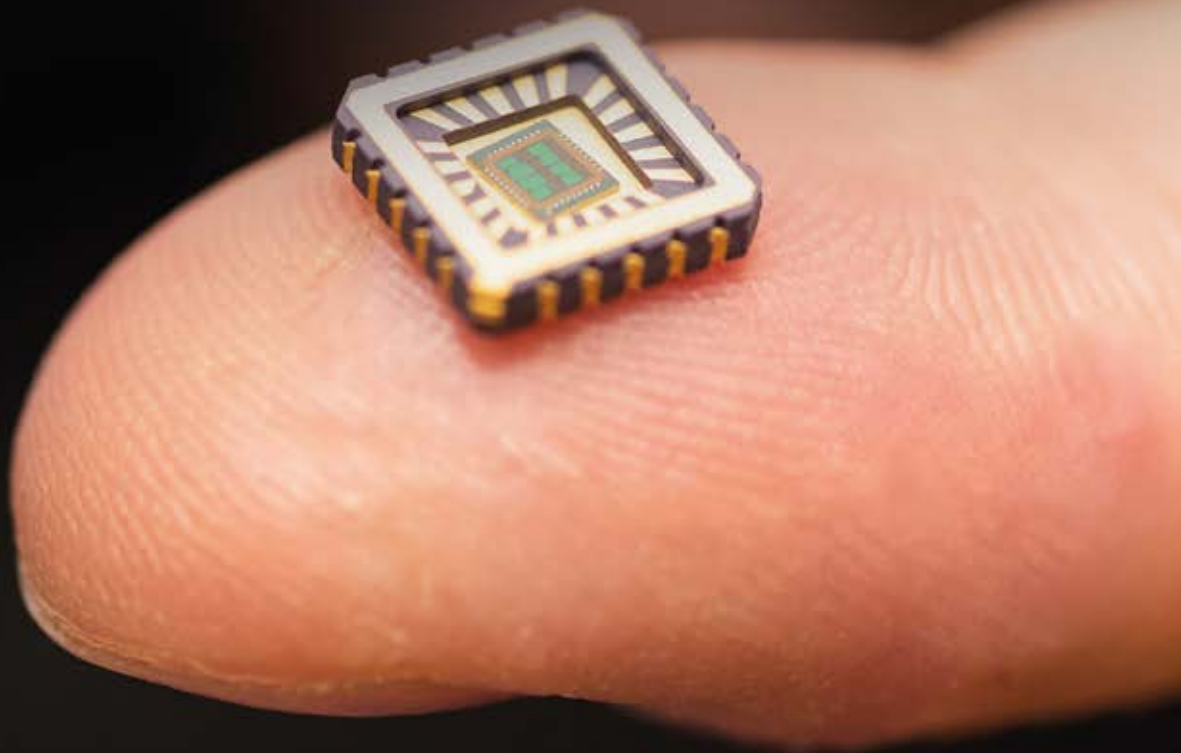
Maths lecturer Dr Paula Moraga is part of an international group that is using innovative mathematical and statistical

modelling to make forecasts about the pandemic. Her modelling makes it easier, among other things, to detect disease clusters, assess the effects of social distancing and weigh up the risks of spreading the virus through travel.

“The outputs of this research will help health authorities and the general public take informed decisions about disease prevention and control,” she said.

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 examples of this.



Successfully reproducing the electrical properties of biological neurons onto semiconductor chips



In 2019, we made headlines around the world when our physicists reported a first-of-its-kind achievement – successfully reproducing the electrical properties of biological neurons onto semiconductor chips.

These artificial neurons behave just like the real thing and have enormous scope for medical devices to cure chronic diseases, such as heart failure, Alzheimer's and other diseases of neuronal degeneration. The 'neurons' only need one-billionth the power of a microprocessor, making them ideally suited for use in medical implants and bio-electronic devices.

The research team was led from Bath. Researchers from the Universities of Bristol, Zurich and Auckland also participated.

Designing artificial neurons that respond properly to signals from the nervous system has been a major goal in medicine for decades, as it opens up the possibility of curing conditions where neurons don't work correctly. In heart failure, for example, neurons in the base of the brain don't respond properly to nervous system feedback. In turn, they don't send the right signals to the heart, resulting in the heart not pumping as effectively as it should.

“Designing artificial neurons that respond properly to signals from the nervous system has been a major goal in medicine for decades, as it opens up the possibility of curing conditions where neurons don't work correctly.”

Overcoming the challenges

Despite the potential of artificial neurons, developing them has been immensely challenging due to the biological complexity and hard-to-predict neuronal responses.

The researchers successfully modelled and derived equations to explain how neurons respond to electrical stimuli from other nerves. This is complicated as responses are 'non-linear'. In other words, if a signal becomes twice as strong, it doesn't necessarily elicit twice as big a reaction – the response might be three times bigger, or something else.

The team designed silicon chips that accurately modelled biological ion channels and went on to

prove that these silicon neurons precisely mimicked real, living neurons responding to a range of stimulations.

The researchers accurately replicated the complete dynamics of hippocampal neurons and respiratory neurons from rats, under a wide range of stimuli. Professor Alain Nogaret, from the Department of Physics, led the project.

He said: “Until now, neurons have been like black boxes, but we have managed to open the black box and peer inside. Our work is paradigm-changing because it provides a robust method to reproduce the electrical properties of real neurons

in minute detail. But it's wider than that because our neurons only need 140 nanoWatts of power; a billionth the power requirement of a microprocessor. This makes the neurons well suited for bio-electronic implants to treat chronic diseases. For example, we're developing smart pacemakers that will use these neurons to respond in real time to demands placed on the heart – which is what happens in a healthy heart.”

The study was funded by a European Union Horizon 2020 Future Emerging Technologies Programme grant and a doctoral studentship from the Engineering and Physical Sciences Research Council.

Providing quality education and student experience

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.

Our student experience draws together our academic, pastoral, social and extracurricular provision, and is enriched through our excellent facilities and supportive staff.

New Vice-President for Student Experience

In July 2019, Dr Cassie Wilson was appointed Vice-President for Student Experience, a new role created to lead on delivering an holistic, ambitious and co-ordinated approach to enhancing the student experience.

As part of the role, Dr Wilson is responsible for supporting belonging and engagement across our diverse student body; safeguarding, protecting and supporting the wellbeing of our students; enhancing the employability of students and strengthening partnerships with the Students' Union.

Since September she has worked closely with Professor Peter Lambert, Pro-Vice-

Chancellor for Learning & Teaching, to monitor and improve student satisfaction and ensure that the student voice is heard.

Dr Wilson said: "With more students joining us with existing complex mental health conditions, along with the increasing financial, academic and emotional pressure on all students, it's our duty to support our students as much as we can. Over the last year we've expanded our preventative mental health activities, along with additional training workshops for staff, complementing our existing advice line."



"... along with the increasing financial, academic and emotional pressure on all students, it's our duty to support our students as much as we can." Dr Cassie Wilson



Never OK campaign

We have been working with the Students' Union and Student Services to improve the awareness around and reporting of all forms of harassment and misconduct, as part of our Never OK campaign.

This academic year we've also reviewed our Dignity and Respect, Student Discipline and Student Complaint policies, working with stakeholders across the campus and listening to the student voice. This has resulted in clearer guidance for students on what to expect and greater transparency in the processes, as well as improved systems for communicating with students.

In addition, we launched a Student Engagement audit, and have also developed an Access and Participation Plan to provide a more inclusive environment for our student community.

Belong at Bath

Initially launched as a social media engagement campaign for students joining us in 2018 to celebrate 'A' level results day, #BelongAtBath has now evolved into a campus-wide identity, fostering a sense of community for students joining as well as those continuing their studies with us.

A new visual identity showcasing the diversity of our student community was adopted as a theme for the 2019 undergraduate prospectus, was promoted extensively across social media channels and featured on recruitment banners at UCAS fairs. The theme was also continued in the induction process for new students as they were welcomed onto campus, with signage and digital screens in accommodation and across the rest of campus.



Strengthening our partnerships and collaborations

Deepening our formal partnerships with pre-eminent international universities, industry and policy makers strengthen our international networks and extends our influence. Increasing mobility and inter-cultural support for our people helps to raise their international profile and expand research networks.

The Women Global Chair Scheme

We marked our commitment to international collaboration and the celebration of women academics with The Women Global Chair Scheme 2019/20, which turned the spotlight on women in academia through the funding of international visiting professorships.

Two world-leading academics joined us as 2019/20 Women Global Chairs - Professor Soraya Seedat, an expert on global mental health from Stellenbosch University in South Africa, and Professor Jacqui True, a renowned scholar on gender-based violence from Monash University in Australia.

A special call in the Bath Global Chair Scheme, the Women Global Chair award commemorated the centenary of the 1918 Representation of the People Act, which extended the right to vote to women in Great Britain and Ireland. Designed to provide role models to students interested in academic careers and encourage early career women in academia, the special call built on established University-wide initiatives such as Celebrating Women in STEM.

Professor Seedat is a prominent expert on post-traumatic stress and anxiety disorders, and has more than 20 years



of clinical, epidemiological and basic neuroscience research experience as a psychiatrist. Professor True focuses on understanding the political economy of violence against women globally, among other things.

World Heritage City of Bath

We value our location in the World Heritage City of Bath, and our place in the community is important to us. Working with local organisations, we are developing a Civic University Agreement to ensure we are good neighbours and citizens.

Partnering with key organisations in Bath enables us to play our part in helping the city and its community to thrive. The COVID19 pandemic has highlighted the importance of collaboration, and so we are joining forces with businesses, council leaders and education providers to support the economic, social and cultural recovery of the City and wider region.

Our Vice-Chancellor is a member of several of the task forces driving this forward. Our role as a key partner in BANES's new Economic Renewal Partnership is one example. The partnership brings together representatives from technology, culture, manufacturing, services, tourism and the Bath Business Improvement District with the aim of rebuilding confidence in our area as a safe, sustainable and green place in which to visit, study and work.

In addition to our recent collaboration with the Royal United Hospitals Bath NHS Trust to produce PPE for staff (see page 15), our longstanding research relationship with the Trust is now set to develop into a more strategic partnership. Together, we will be working to improve the health of people in Bath and beyond.

Our research expertise is also contributing to four pressing areas on the agenda for BANES, as part of a new, partnership working initiative called Our Shared Future. It will address the aspects of major global challenges brought by Bath's status as a UNESCO World Heritage City: climate change; infrastructure; digital democracy, and travel and transport.

“The COVID19 pandemic has highlighted the importance of collaboration, and so we are joining forces with businesses, council leaders and education providers to support the economic, social and cultural recovery of the City and wider region.”



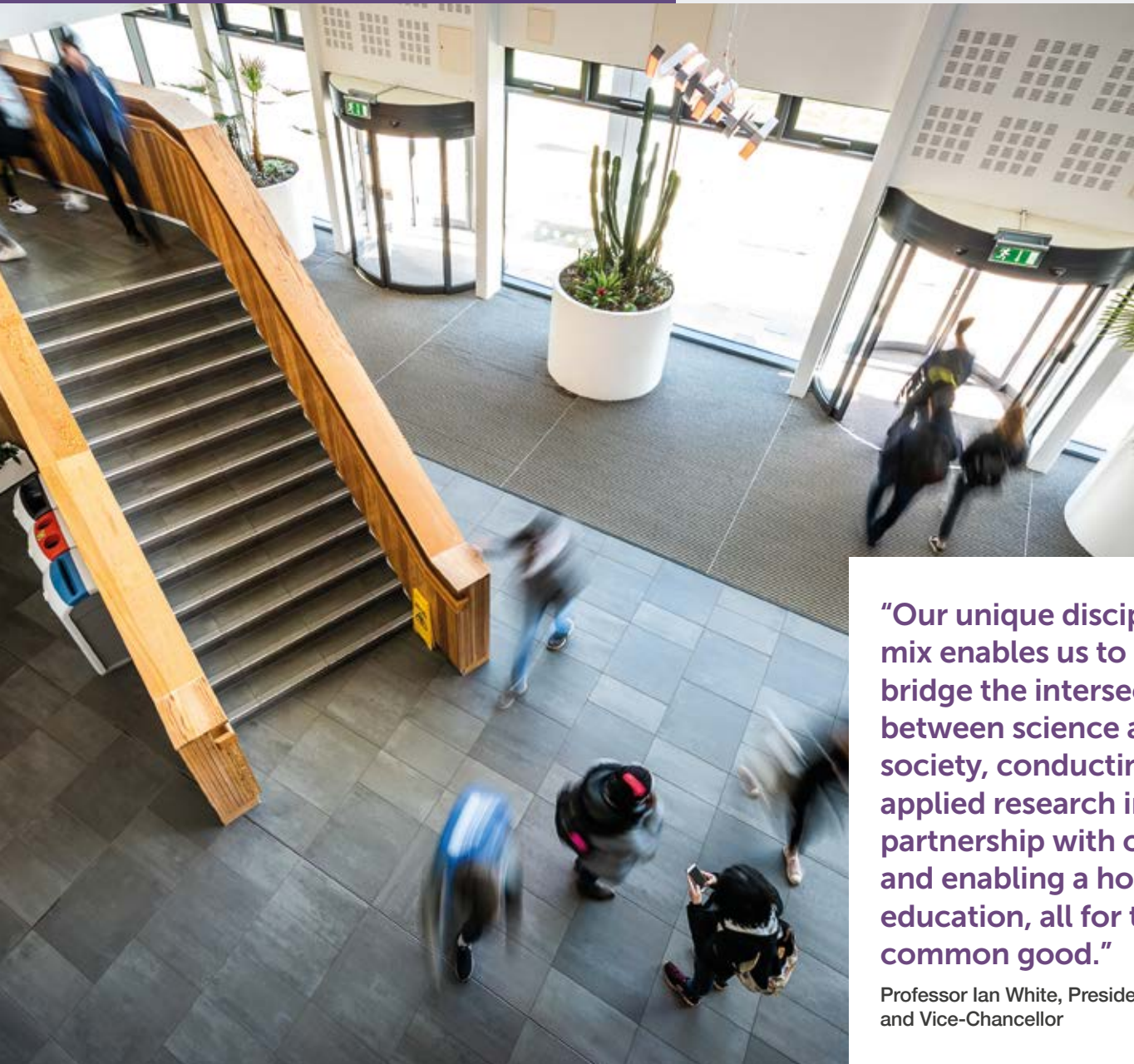
Developing our strategy

Over the past year, we have strengthened our efforts in this area by investing in people and continuing to develop thinking on our strategy as well as supporting several campaigns important to our students and staff.

“How do we become more inclusive for all students and staff?” “What does great student experience look like?” These were just two of the questions we asked our community as part of ‘Our University, Our Future’ - an ambitious staff and student engagement exercise held this year to help inform our future direction and strategic planning.

Led by the Vice-Chancellor with the Department of Communications, our over-arching objective was to enable an authentic dialogue between members of our community. Contributions have started important conversations and provided us with a richer understanding of emerging priority areas for our next University Strategy.





“Our unique discipline mix enables us to bridge the intersection between science and society, conducting applied research in partnership with others and enabling a holistic education, all for the common good.”

Professor Ian White, President and Vice-Chancellor

Seven key topics

Over the course of exhibitions and six ‘world café’ discussion events, as well as through our online surveys, we asked members of the community for their reflections, thoughts and suggestions on seven key topics: research excellence; international partnerships and opportunities; the student experience; wellbeing; our role in the region; inclusion and widening participation; and our shared purpose.

We received more than 3,300 pieces of feedback, with around 400 staff and students signing up for our world café events. Our online survey received responses from 1,442 staff and students and more than 3,100 alumni. The outcomes of this engagement exercise have been published in a comprehensive discovery report. This has enabled us to identify areas we can address

quickly and longer-term challenges and opportunities which can be built into the 2021-2026 organisational strategy.

“I believe that the fundamental ethos and values on which this University was formed are still as relevant today as they ever were. Our unique discipline mix enables us to bridge the intersection between science and society, conducting applied research in partnership with others and enabling a holistic education, all for the common good. However, the world has changed significantly in the 50 years since we were founded, and the external environment continues to evolve rapidly. Therefore, in order to live our founding principles fully, we must also change in the years to come.” – Professor Ian White, President and Vice-Chancellor



Enhancing our campus

In order to support the growth of our research power and meet demand from our students, we are always working to enhance our facilities through investment in new buildings and IT infrastructure. Even though we are expanding our physical infrastructure we are always exploring new ways to minimise our impact on the environment, both through our own activities but also through research and the wider benefits this will bring.



Our engineers have a proud history of working with the automotive industry to deliver cutting-edge propulsion systems research. By investing in a new world-class research facility, we are set to significantly grow our role in charting the future of low and zero-carbon vehicles.

IAAPS, the Institute of Advanced Automotive Propulsion Systems, will next year open a new purpose-built facility that will lead the development of future generations of ultra-low and zero-emissions vehicles, and help auto manufacturers improve efficiency and meet future air quality standards.

Based at the Bristol and Bath Science Park, the IAAPS facility represents a major £30m investment by us, and as a nationally-important site it has also attracted funding from local and national government totalling a further £39m. Construction has progressed strongly throughout 2020 and despite the impact of COVID19, work continued in a socially-distanced way during lockdown.

The Institute will provide our academics, research fellows and associates, technicians and postgraduate students the resources and tools to deliver world-class research that addresses the challenges of delivering clean, efficient and affordable propulsion systems in a sustainable way.

“IAAPS, the Institute of Advanced Automotive Propulsion Systems, will next year open a new purpose-built facility that will lead the development of future generations of ultra-low and zero-emissions vehicles.”

Benefits to the regional economy

The impact of IAAPS will also be felt beyond the research carried out on site - it will energise the regional economy too. Predicted to deliver £220m in economic value and £800m of additional turnover in the automotive industry within five years, it will provide the necessary skills required by the UK's automotive industries. Developing 300 apprentices and Masters- and PhD-level experts is a key training target, and 1,900 new jobs are set to be generated nationally.

The new facility will house a unique combination of state-of-the-art equipment in 17 research laboratories capable of investigating the characteristics of high-efficiency engines, future fuels, advanced battery combinations, electrical motors and drives and whole-vehicle systems. Regardless of the propulsion systems

being developed to meet future legislative emissions requirements, equipment in the new facility has been specifically planned to allow any configuration to be investigated.

Partnership is at the heart of the IAAPS facility, and the internal layout has been designed to encourage collaborative working. Labs are positioned either side of a central communal area that features teaching spaces, meeting rooms and flexible working areas that will allow our people to engage with industry and other institutions.

IAAPS is key to our national leadership in propulsion systems efficiency for the Advanced Propulsion Centre UK (APC UK), an organisation set up by Government and industry to keep UK automotive capability at the cutting edge.

Ian Constance, APC UK chief executive officer, says: “IAAPS will be pivotal in bringing together UK academic excellence and industry to develop and test the next generation of automotive propulsion technology. Advanced testing facilities help to anchor and grow R&D activity, and with a focus on zero-emission and ultra-low carbon technology the facility will be an important part of the UK's green recovery and transition.”

IAAPS builds on our 40-year history of research into propulsion systems, funded by APC UK, EPSRC, Innovate UK, along with a wide range of national and global businesses. The new research facility is supported by Research England and the West of England Combined Authority Local Enterprise Partnership.

Response to financial sustainability following the COVID19 pandemic

Our financial sustainability is based on the following principles:

- Create capacity for strategic development by achieving an average historical cost operating surplus (HCOS) 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 appropriate, borrowing capacity, to invest in academic and student experience, to enhance research quality and reputation, teaching quality and student satisfaction.

We can report a HCOS of 1.7% against our target of 3% and believe this represents a strong result given the impact of COVID19 on our operations in the final 5 months of the year.





In March, when it became apparent that a lockdown would be imposed, we recognised this would have a significant impact on our financial performance. We initially identified a shortfall in income of £20m was likely and whilst there would be some associated reduction in cost substantial savings were required. Several changes were introduced immediately to mitigate expenditure, and these included;

- Incurring only essential expenditure to support on-going research, the transition to on-line teaching and compliance matters;
- Removing certain payment methods;
- Reducing budgetary allocations;

In parallel we reviewed our in-year estimates against our loan covenants. This identified a level of surplus and operating cash inflow required to ensure that we met our obligations. We created

a Financial Sustainability Group (FSG) lead by the Vice Chancellor to review and prioritise cost savings and oversee their delivery. FSG recognised that some recurrent cost saving was required to address underlying financial issues most notably, the likelihood that the regulated fee for home undergraduates would remain fixed going forward, whilst other savings would be one-off to address the consequences of the pandemic.

Some of the cost reductions identified have been delivered in 2019/20 and these have contributed towards the improved HCOS of £5.1m which compares well to the breakeven position estimated in April.

Examples of cost saving measures delivered include the surrendering of leases on property, cancelling some maintenance and capital projects and a voluntary exit scheme.

In addition, we took advantage of the support packages made available by the Government, primarily the Job Retention Scheme (JRS). We furloughed staff in operating areas that were closed as well as support staff in professional service and academic departments as activity reduced.

The delivery of cost saving measures will continue through 2020/21 as we recognise the financial uncertainty, in particular around student recruitment, will continue. We acknowledge the key requirement for 2020/21 is to meet our financial obligations to our lenders and whilst a small negative HCOS is currently budgeted for, we will generate sufficient operating cash to ensure these obligations are met. We will maintain oversight of this Finance Committee and Council with projects being prioritised and reviewed by FSG.

Key Operational Performance Indicators

Council monitors our performance and progress by referencing KPIs for our most important activities. 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 dialogue with stakeholders as part of the “Our University, Our Future strategy review will be approving performance indicators to support the strategy. In our current KPIs we focus on the five key areas of our current Strategy, thereby providing Council with sufficient assurance of our performance in areas such as financial sustainability, access and compliance. The five areas 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 key performance indicators we monitor. We have maintained and enhanced our high position in national league table rankings, these are increasingly competitive as Universities recognise the importance of these rankings in attracting new domestic students. We are proud of our achievement to be ranked in the top ten in each of the three major national rankings.

Our international rankings are also consistent with last year and these are illustrated below.

Current ranking	Previous ranking	Publication
Domestic rankings		
6th	6th	Guardian University Guide 2021
9th	9th	Complete University Guide 2021
9th	11th	Times and Sunday Times Good University Guide 2021
International rankings		
173rd	172nd	Quacquarelli Symonds 2021 (QS)
201-250	251-300	Times Higher Ranking 2021

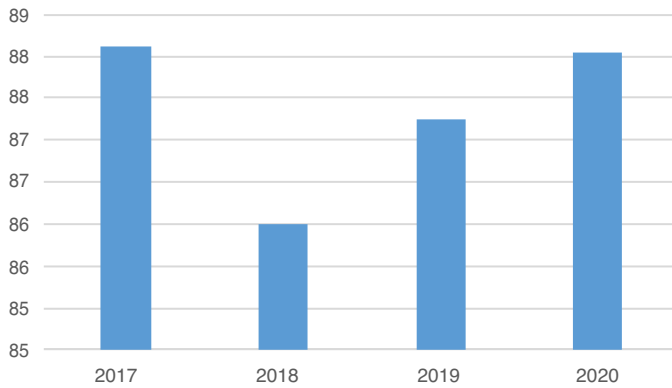
Teaching

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
2021	174	12
2020	182	12
2019	186	10

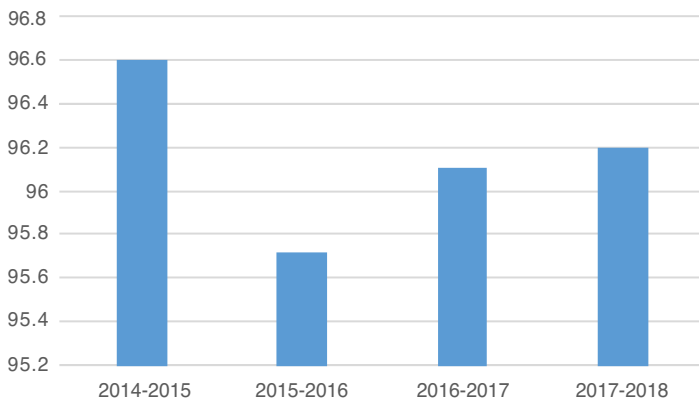
The table above reflects our popularity as a destination. We have retained both our high entry standard score and intake during years when the demographic for 18-year olds in the UK has fallen.

Satisfaction rates %



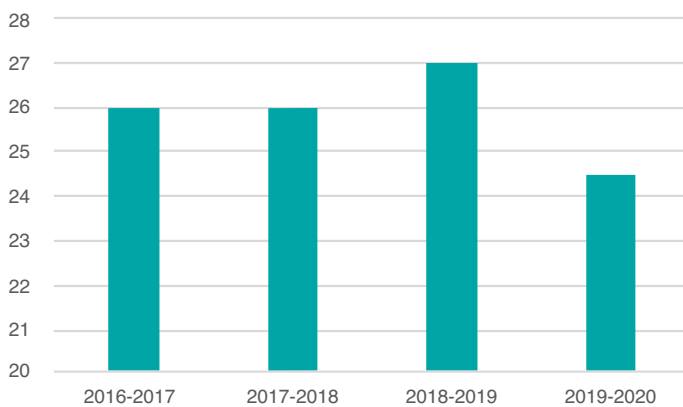
The quality of our teaching is measured by reference to students who either 'definitely' or 'mostly' agree with the National Student Survey (NSS) question "Overall I am satisfied with the quality of my course." In 2020, we increased our score to 88.3% (previously 87.3%) compared to a sector average, which was in the mid 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 96.2% (96.1% 2016-17), we continue to perform at a high level when compared to the sector as a whole and our peers whose average was 94.9%.

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



Research

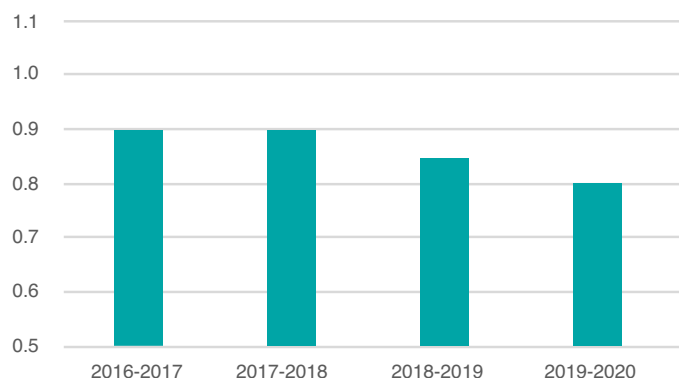
We use grant and contract income per academic FPE (Full Person Equivalent) as a measure of research activity. The chart shows a reduction of 9.1% to £24.6k (£27.0k 2018-19). This reflects our increased investment in academic staff and the reduction in income as a result of COVID19.

For data relating to academic FPE provisional data is shown for 2019-20.

Postgraduate research students per academic FPE is another measure of our research performance and we have maintained at 0.8 in 2019-20. The modest fall reflects the increase in newly appointed academic staff rather than a fall in research students.

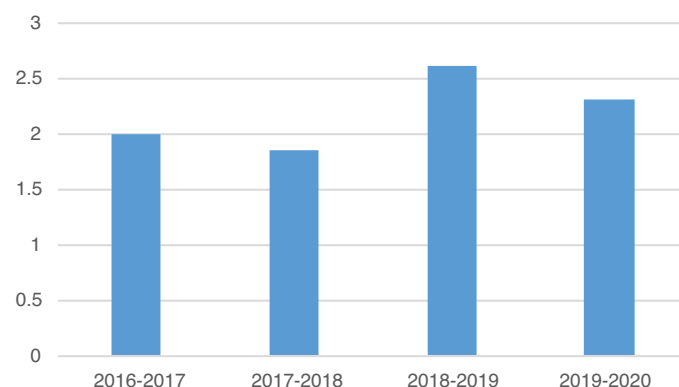
For data relating to academic FPE provisional data is shown for 2019-20

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 2019-20 this ratio was £2.3k per academic (2018-19 £2.6k) and this modest reduction reflects more our increase in academic staff than a fall in industrial income against the previous year. Our investment in IAAPS will see this measure increase further in years to come, as our industrial research activity is expected to grow significantly.

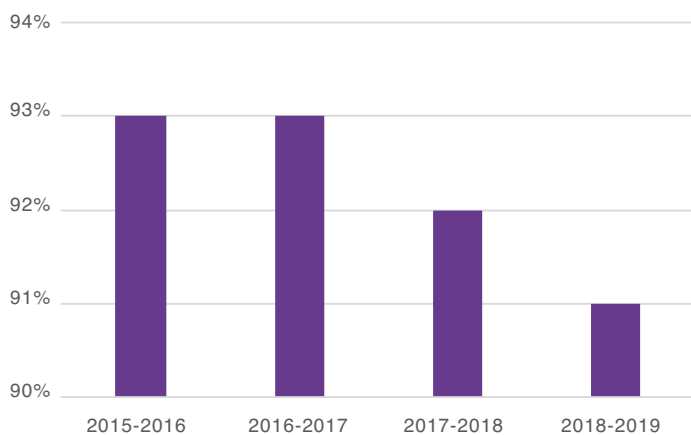
IP/ Industrial income per academic (£000s)



Infrastructure

We monitor the condition of our estate as a measure of the quality of the space we provide. At 91% we perform well above the 79% average of our HE peer group. We have undertaken a Condition Survey of the full estate and this is currently being reviewed to determine the priority areas for future capital investment.

Gross internal area in condition A&B %

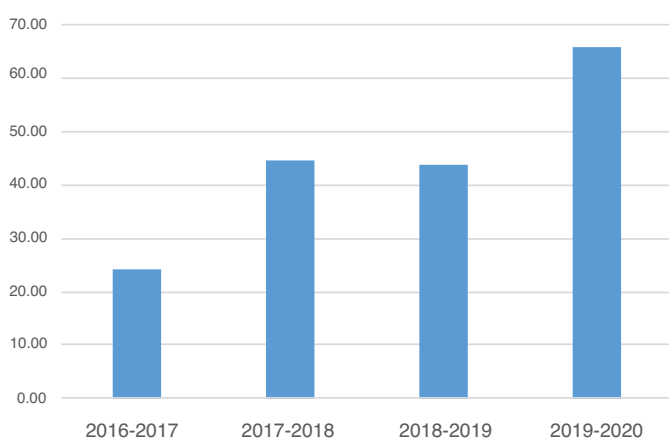


Capital additions were £66.3m.

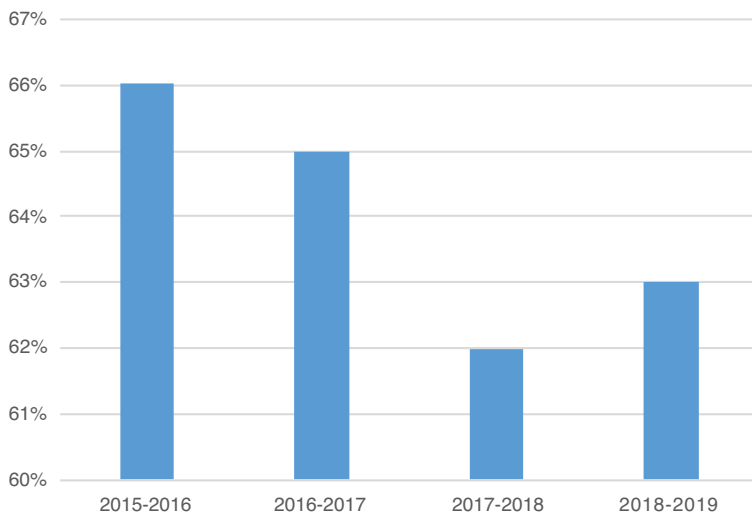
We have continued to invest significantly in our building and equipment (including digital) infrastructure this year, most notably with investment in the new School of Management building and the IAAPS research facility.

At £10.5m (£9.7m 2018-19) we have continued to invest significantly in equipment to support our activities.

Capital additions £m



% frequency of use of teaching space

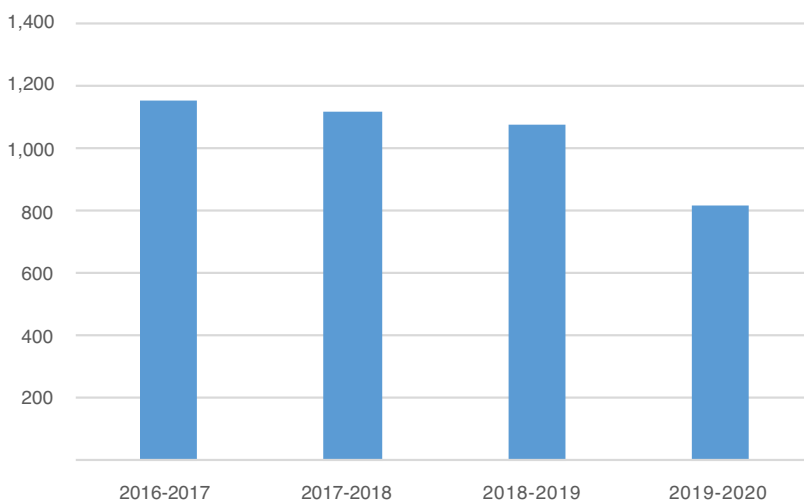


The % frequency of use of teaching space measures the effectiveness of our timetabling and teaching space management processes. With the growth in student numbers, we have seen a fall in the utilisation of smaller rooms which make up most of our general area teaching space. At the same time a significant 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 over time.

The 63% frequency of use compares favourably with our peer institutions.

Post COVID19 we are working hard to repurpose all our space and ensure it is used as efficiently and safely as possible to meet the needs of our community.

Water use per m2 of Gross Internal Area

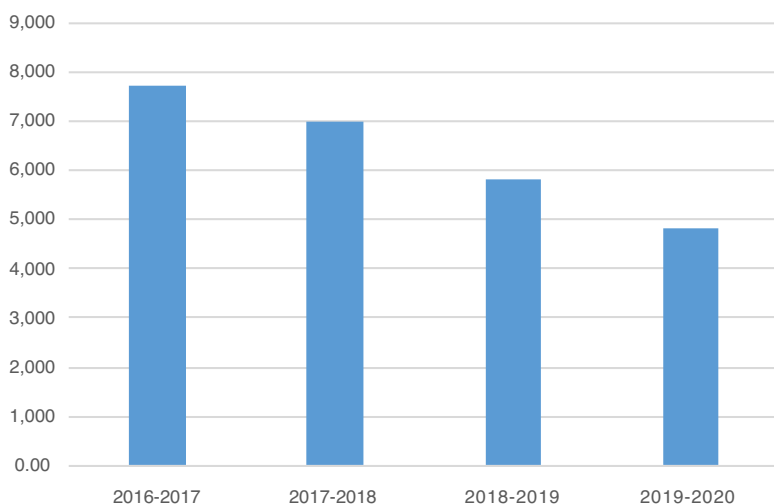


Sustainability

Water use per unit of building floor area is a measure of one of our key environmental impacts but normalised to take account of growth in our Estate. Water use in 19/20 fell due to COVID19 and is also an estimated figure as the main campus supply was being upgraded.

Through efficiency work our consumption continues to fall. Actual consumption has fallen over the last 15 years despite the University growing significantly (floor area up by 40%), and the normalised figure has been halved over this period.

Carbon emissions by m2 of Gross Internal Area



Carbon emissions per unit of building floor area is a measure of our direct carbon footprint due to energy use, normalised again to take account of campus expansion. The lockdown due to COVID19 had a clear impact, although energy use was still significant during this period. The decarbonisation of the UK electricity grid through greater use of renewables has also helped – our emissions due to electricity use have halved in recent years purely due to this.

Through efficiency work our footprint has continued to fall – absolute emissions have fallen by a third over the last 15 years despite significant growth, and the normalised figure has more than halved.

The future pace of reduction will need to be significantly quicker, however, to achieve our new ambitious carbon targets where we aim to have net zero energy emissions by 2030.

Public Benefit Statement 2019/20

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 the University’s 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, locally, regionally and nationally. As outlined in previous sections, during 2019/20 the University was able to deploy aspects of its research expertise to support the national response to COVID19. Whilst lockdown undoubtedly had a negative impact on the University’s research activities during the latter half of 2019/20, the resumption of research was one of the University’s top priorities for bringing activity back to campus. Recognising the impact of COVID19 on its doctoral students, one of its key stakeholder groups, the University offered them an automatic 3-month extension.

In continuing to invest in the strategic expansion of our research base we will increase its impact and, hence, its public benefit. Construction work on our new, fully-integrated research facility for the Institute for Advanced Automotive Propulsion Systems at the Bristol and Bath Science Park, has continued, albeit with some COVID19-related delays. The new opening date for these world-class, purpose-built facilities to support our target stakeholders in the automotive industry is now June 2021.

In 2019/20, the value of our research portfolio was around £156 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, the University has 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. In 2019/20, for example, we signed a Memorandum of Understanding with the Agency for Science, Technology, and Research, Singapore's lead public sector R&D agency, to establish a collaboration in sustainable food technologies.

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

We believe that there is a clear secondary order public benefit in having an informed population, both nationally and internationally, particularly where complex global issues are concerned. We are proactive in engaging the media with our research work and providing expert comment on topical issues.

We work actively to ensure that our research is disseminated and understood beyond the world of academia. Our Institute for Policy Research has published a series of Policy Briefs which are circulated to key decision-makers. Our Public Engagement unit also plays a key role in disseminating our research. We utilise a wide variety of media to disseminate knowledge beyond the confines of campus, including MOOCs, Twitter and Facebook.

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.

The University was 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 my 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. Recently published Longitudinal Education Outcomes (LEO) data on the employment and earnings outcomes in the 2017/18 tax year for UK-domiciled first degree graduates from 2015/16, 2013/14 and 2011/12 indicate that the University's graduates do well in the employment market. This conclusion is supported by the initial releases of experimental data from the national HESA Graduate Outcomes Survey 2017/18.

In response to the high demand for our programmes, our student population has been growing. The growth in our core headcount student population between 2018/19 and 2019/20 was 4.2%. In 2019/20, our core student population comprised 13,619 undergraduates, 3,669 taught postgraduates and 1,580 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 88.3% in the National Student Survey 2020. Council receives annual reports on completion and employability performance. National data shows that the percentage of our full-time first degree entrants who continue or qualify with us following their year of entry is around 96.3% (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. The 2019/20 session saw the second year of delivery of our new online programmes in partnership with Wiley. This partnership enables us to deliver teaching in a mode that is likely to be more convenient for mature students and those with caring responsibilities. We are currently working on an expansion of our online provision. The lessons we learned from this initiative helped us in moving to remote delivery of teaching when the UK moved into lockdown in response to the COVID19 pandemic, and in developing our new Bath Blend model for 2020/21.

During 2019/20, our Access and Participation Plan for 2020-25 was approved by the Office for Students. We have identified that the main area we need to focus on is recruiting more students from lower socio-economic groups and, specifically, narrowing the gap between the percentage of students from the top POLAR4/IMD quintile 5 compared with those from POLAR4/IMD quintiles 1 and 2. We are also committed to encouraging access to the University for BAME students, students with disabilities and mature students, care leavers, refugees, estranged students, carers and student parents.

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 2019-20 we provided £3.92m of financial support to 1,190 undergraduate students in the form of bursaries for individuals paying fees under the 2012 fee regime with a household residual income (HRI) of £25,000 or below. This included £603k of support to 126 students in receipt of the University's Gold Scholarship Programme, which started in 2017-18 and is jointly funded by the University and sponsors. Our Alumni Funds provided £349k of financial support to 179 undergraduates with an HRI of £42,875 and below. In total, £4.3m of financial support was awarded to 1,311 undergraduate students.

Employers are also beneficiaries of our teaching activities through the skillset of our graduates. In the 2021 QS world ranking, the University of Bath was ranked 101st 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. In 2018/19 we launched our first degree apprenticeship, the Level 7 Digital and Technology Solutions Specialist Integrated Degree, and during 2019/20 we extended the number of employers with whom we partnered to deliver this provision.

The wider community also benefits from our ability to attract high quality, engaged students. Working in close partnership with the Students' Union, the University offers 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 to 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 in the city 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 students are involved in the development of our Climate Action Framework.

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 contributes to 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 around 120,000 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 capacity to deliver our charitable objectives. We also have around 1,500 Alumni Experts, spread across 140 countries who support other alumni and students via our online mentoring platform, Bath Connection. During 2019/20, our alumni contributed £65K which enhanced our hardship funding for students who found themselves in financial difficulties as a result of COVID19.

Other impacts of our activities

We are the second largest employer in Bath & North East Somerset, with 3,442 full time equivalent employees. Our 2016 Staff Satisfaction Survey showed that 87% of respondents thought the University was a good place to work.

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 Bath and North East Somerset area. During 2019/20, we continued to liaise with Bath and North East Somerset Council over the development of our new Campus Masterplan, undertaking additional work on the potential visual and ecological impacts of further development. Our Emerging Masterplan was included in the B&NES Local Plan Options Consultation.

During 2019/20, we announced a plan to develop a Civic University Agreement. In signing up to such agreements, universities commit to prioritising the economy and quality of life in their home towns or cities, working alongside partners including schools, colleges, local authorities, charities, the NHS, civil society and businesses. On 13 January 2020, we launched a new initiative, "Our Shared Future", in collaboration with our local authority, Bath and North East Somerset Council.

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 2019/20, Council noted reductions in all four measures between 2017/18 and 2018/19.

During 2019/20, we continued to develop our Climate Action Framework. Our Council approved a new target of having net zero carbon emissions in Scope 1 and 2 activities, and cutting the University's Scope 3 emissions by 50%, by 2030. Council also declared a Climate Emergency and approved the key principles underpinning the emerging Climate Action Framework.

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 2019/20, we published our sixth 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, Arthritis Research UK 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. The University is 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 2019 to 26 November 2020

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.

This statement of corporate governance is intended to help the reader understand our corporate governance and legal status, and to demonstrate the ways in which we apply the principles and good practice set out in the CUC Code. 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 Council and through student representation on all key governance committees.

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 (ARAC). All 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 in each case.

The **Audit and Risk Assurance Committee (ARAC)** 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 also reviews the final version of the audited financial statements after they have been submitted to the Finance Committee, taking into consideration the auditors' formal opinion. ARAC normally meets five times a year. The terms of reference of ARAC are published at: www.bath.ac.uk/corporate-information/audit-and-risk-assurance-committee-terms-of-reference/. Its work is considered in more detail under the 'statement of internal control' sub-heading below.

The **Finance Committee** is responsible to Council for financial strategy, budget setting, reviewing the 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, Senior Independent Director and Treasurer, and members of Court appointed by Council. In making its decisions the Committee has regard to the diversity and skills of Council members, which it assesses on an annual basis. It normally meets at least twice a year. 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/corporate-information/remuneration-committee-terms-of-reference/. Its work is considered in more detail in the Annual Report of the Remuneration Committee.

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 apart from approving amendments to the Charter and appointments of Pro-Chancellors, but provides a 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". Court meets at least once in every academic year.

At the onset of the Coronavirus pandemic in 2019/20, Council and its committees increased the frequency of their meetings in order to receive regular updates and receive assurance on the strategic and operational response across all areas of our activity. Meetings were held remotely, and minutes published on the website in the normal way. During this period a decision of Court was required on the appointment of three Pro-Chancellors. As Court Standing Orders make no provision for Court to take decisions by correspondence, the consent of its members was sought to vary its procedures, and OfS was notified of both the variation and the subsequent appointment of the Pro-Chancellors.

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. The majority of recommendations made in this Review were implemented in 2018/19, with the remainder approved by Council at its meeting on 24 October 2019. The principal changes are as follows:

- the size of Council has been reduced from 26 to 21 members, with effect from 1 August 2019
- the maximum time limits of membership were redefined as three terms of three years for Council members – except in the case of Chair and Treasurer where the maximum is set at six – other than in exceptional circumstances
- the confirmed minutes of Council are now published on our website (with redactions made only in line with the published redactions policy)
- a Head of Strategic Governance took up post from 19 August 2019, acting independently of the executive management and reporting directly to the Chair of Council
- the role of Senior Independent Director was successfully introduced in 2019/20, with a new appointment made on 1 August 2020. The post-holder has responsibility for appraising the Chair of Council and making themselves available to members to address any concerns or issues cannot be dealt with through the usual channels of communication
- the Remuneration Committee now includes both a staff and a student Council member
- the Nominations Committee now includes a student member of Council
- search agents were employed in both 2018/19 and 2019/20 to assist with the recruitment of new lay members of Council. The exercise in 2019/20, which resulted in three appointments, placed a particular emphasis on diversity

As a result of these actions, the robustness and transparency of our corporate governance arrangements have been enhanced. Council continues actively to consider ways in which it can improve the discharge of its functions: this is an iterative and ongoing process, informed in 2019/20 by a self-assessment exercise and by individual appraisals of each member of Council, discussed in Council in July 2020.

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 Interests of Council members is maintained and updated annually. From 2019/20, each Council member’s entry in the Register has been published alongside their biography 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. It 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 full review took place in 2019/20, the recommendations from which are currently under consideration.

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

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 University Executive Board, which normally meets at least twice 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.

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 2019/20.

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 funds
- 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 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.



Membership of Council (between 1 August 2019 and 26 November 2020)

Pamela Chesters CBE	Chair of Council
Eve Alcock	Student Governor (President) (until 30 June 2020)
Maria Bond	Appointed by Council
Tim Ford	Senior Independent Director (from 1 August 2020)
Ruth Foreman	Vice Chair of Council and Senior Independent Director (until 31 July 2020)
Christine Gibbons	Appointed by Council (reappointed from 1 August 2020)
Professor Barry Gilbertson	Appointed by Council (until 31 July 2020)
Professor Dorothy Griffiths OBE	Appointed by Council
Mesar Hameed	Elected by Professional Service Staff
David Hardy	Appointed by Council (from 1 August 2020)
Dr Marion Harney	Elected by Senate (from 1 August 2020)
Malcolm Holley	Elected by Professional Service Staff (from 27 September 2019)
Tim Hollingsworth	Appointed by Council (from 1 January 2020)
Professor Tim Ibell	Elected by Senate (from 1 August 2020)
Francesco Masala	Student Governor (President) (from 1 July 2020)
Don McLaverty	Appointed by Council (from 1 August 2020)
Sujata McNab	Appointed by Council (from 12 October 2020)
Catherine Mealing-Jones	Appointed by Council
Charlotte Moar	Appointed by Council
Dr David Moon	Elected by Academic Assembly
John Preston	Treasurer
Kate Robinson	Elected by Senate (until 31 July 2020)
Professor Danae Stanton Fraser	Elected by Senate (until 31 July 2020)
Ruqia Osman	Student Governor (Education Officer) (until 30 June 2020)
Professor Ian White	Vice-Chancellor
Dr Jane White	Chair of Academic Assembly
Annie Willingham	Student Governor (Education Officer) (from 1 July 2020)

Statement of Internal Control

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 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 processes, or as circumstances require, for example, in response to COVID19
- we maintain a corporate risk register, which includes an evaluation of the likelihood and impact of risks becoming a reality. Council receives from ARAC a report reviewing the corporate risk register at each of its meetings, enabling it to make amendments in light of changes in the risk profile in particular areas. An overall report and updated register is considered annually
- Council reviews the effectiveness of the risk management process and internal controls via receipt of reports and minutes from ARAC throughout the year
- ARAC considers regular reports from the Head of Internal Audit on specific areas of the University together with recommendations for improvement. Audit planning arrangements and the methodology and approach of internal audit conform 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
- ARAC considers other reports on matters of internal control, including the annual Procurement Report, the annual statement and any associated reports on Public Interest Disclosure, and the University policy and associated actions on fraud and irregularity

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, 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.

It is also 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 2019/20 was approved by Council on 18 July 2019. 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. 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.

At each of its meetings, ARAC receives a report from the University Executive Board on any developments, positive and negative, that might impact on the likelihood or impact of the risk becoming a reality. ARAC then reports to Council on these developments. In 2019/20 the University Executive Board continued to use the enhanced risk management reporting introduced in 2018/19, which includes a more systematic approach to reporting on the risk mitigation activities in the corporate risk register, a mapping of risks against strategic objectives, and the operational risk register. From March 2020, the University Executive Board also introduced a COVID19 Risk Register to manage risks related to the Coronavirus pandemic and reported on the risks on this register via ARAC to Council.

Risk management is embedded within our decision-making processes and is therefore ongoing. Risks are identified through various self-assessment exercises or flagged by external agencies, including OfS and the Council of HE Internal Auditors. 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 submissions to the planning process, which 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 audit reports together with management action plans for the improvement of our systems of internal control. It monitors management's response and progress made against the implementation plans. ARAC 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 once a year for independent discussions.

The Chair of ARAC is available to discuss matters with the Head of Internal Audit or External Auditors.

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.

In December 2019, the University became aware that there had been a phishing attack on one University email account, meaning that some email communications may have been seen by an unknown external party. Immediate steps were taken to secure our systems and extensive checks on other accounts did not identify any other security issues. The matter was reported to the Information Commissioner's Office (ICO) and, in January 2020, the Principal Cyber Investigation Officer for the ICO confirmed that the incident that had been reported would not result in any regulatory action.

Council is responsible for ensuring that we have a framework of policies, procedures and other internal control measures which are sufficient to assure itself that we are using public funding for the purposes for which it is received. 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 central and regional government departments, agencies 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 returns. A HESA Student Data audit report was considered by ARAC in October 2020. ARAC also considers reports from the Internal Auditor on specific publicly funded projects. For example, an Institute of Coding (IoC) audit report was completed for consideration by ARAC in October 2020. The IoC is a HEFCE/OfS-funded project for which we are the lead institution.

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 2020 and, up to the date of approval of the financial statements, has operated effectively throughout the year and accords with guidance from 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

We can report significant progress against the Statement of Equality Objectives 2019-2021.

Our achievements over the last two years include a 9% increase in those identifying as women in senior professional service roles, from 58 (41%) to 75 (50%) including an additional two members of the University Executive Board. The newly formed Gender Pay Gap Working Group has made recommendations on how we can continue to diversify the gender profile of senior staff.

The number of our departmental Athena SWAN awards has increased to 16, with an increase from 2 to 6 silver awards, making us one of the most highly awarded HEIs in the country regarding the Gender Equality Charter Mark. This strong performance at the department level will add significant value to our submission for an institutional Silver Award in 2021.

We acknowledge continued work is required to improve the recruitment of students from under-represented groups and we remain committed to achieving this. We have worked to increase the proportion of BAME students studying with us. We are continuing to develop our activities to encourage greater student participation from lower socio-economic groups and will be reporting the outcomes from this in future years.

Further enhancements to the living and working environments include the development of new staff networks, the creation and delivery of Equality, Diversity and Inclusion (EDI) training, working with our staff and students to support various educational events and activities, such as Black History and LGBT+ History months, and consultancy on issues around inclusivity, as well as EDI training for Bath-based charities.

Work on #NeverOk has continued and has been supported through the development of new University regulations, enhanced Report and Support and a more streamlined disciplinary process.

A race equality task force is currently being set up to help address racial inequalities and will explore the benefits of an institutional Bronze Race Equality Charter award. Work with Stonewall indicates we are well on our way to appearing on their Workplace Equality Index within the next year as per our target.

We have recently appointed the Head of our new Race Equality Taskforce and an Executive Chair of our Equality, Diversity & Inclusion Committee who sits on our Executive Board.



Annual Report of the Remuneration Committee

Introduction

Our Remuneration Committee, under delegated authority from our Council, determines the remuneration of our senior officers. The current Terms of Reference are available on our web pages. The minutes of each meeting are presented to Council by the Committee Chair.

Remuneration Committee membership and meeting attendance for academic year 2019/2020							
Status	Name	Start of term	End of term	Attendance at meetings			
				02 Oct 2019	18 Dec 2019	25 Mar 2020	1 Jul 2020
Chair	Prof Barry Gilbertson	22 Feb 2018	31 Jul 2020	✓	✓	✓	✓
Members	John Preston, University Treasurer	ex-officio		✓	✓	✓	✓
	Pamela Chesters CBE, Chair of Council	<i>ex-officio, non-voting member</i>		✓	✓	✓	✓
	Catherine Mealing-Jones	1 Aug 2018	31 Jul 2021	✓	✗	✗	✓
	Eve Alcock, SU President	ex-officio		✓	✓	✓	
	Francesco Masala, SU President	ex-officio					✓
	Mesar Hameed	1 Aug 2018	31 Jul 2021	✓	✓	✗	✓
In attendance	Emily Commander, Secretary	-	-	✓	✓	✓	✓
	Richard Brooks, Director of HR	-	-	✓	✓	✓	✓
	Prof Ian White, Vice-Chancellor	-	-	✓ _(part)			
	Katharine Turner, FIT Consultants	-	-	✓	✓	✗	✗
	Darrell Hare, FIT Consultants	-	-			✓	✗
	Francesco Masala, SU President (des)					✓	

Key

✓ attended meeting

✗ did not attend meeting



not required at meeting

At the end of the previous year Council approved a new Framework for the determination of senior remuneration packages. The Remuneration Committee has operated the Framework for this year and will now conduct a review and recommend improvements to Council.

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 who 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 in the University and we recognise that the reputation of the University 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; and metrics and benchmarks from across the sector. When considering individuals, this also includes the attributes and skills of the candidate and, any changes in responsibilities and individual performance.

Our policies on expenses and on sharing income generated by individuals from external bodies are published on our webpages.

Decisions in the 19/20 academic year

In **October 2019** the Remuneration Committee made decisions regarding the staff within its remit for the preceding academic year. The meeting took written input from the Vice-Chancellor alongside consideration of market data. Context was provided by the 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-off 'acting-up' payments to two staff who had taken on additional roles during the previous year.

In **December 2019** the Remuneration Committee undertook specialist training provided by FIT Remuneration Consultants which included an update on trends in the broader sphere of executive remuneration. The meeting also received a report from the Chair who had attended the Professorial and Senior Staff salary committee.

In **January 2020** the Remuneration Committee approved the recruitment package for the new Dean of the School of Management by correspondence.

In **March 2020** the Remuneration Committee approved the recruitment package for the new Chief Operating Officer by correspondence, which was noted at the March meeting. The Committee also discussed the issue of diversity within the leadership team and raised this further with Council.

In **July 2020** the Remuneration Committee reviewed the sector salary benchmark data for all of the roles within its remit. Decisions were also taken to award one-off 'acting-up' payments to two staff who had taken on additional roles during the year.

The Vice-Chancellor

The Vice-Chancellor's salary was set with reference to external benchmarks on recruitment in April 2019, making comparison with Universities of similar scale, complexity and ranking. The salary is not due for review until the third anniversary of his recruitment and until that point will only be adjusted by the Joint Negotiating Committee for Higher Education Staff (JNCHES) pay award. There are no performance-related elements in the remuneration package. 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.

Annual Report of Remuneration Committee (Financial Disclosures)

Audited information

Emoluments of the Head of Institution

Total emoluments of the Head of Institution are as follows:

	2020	2019
	£	£
Salary	270,788	260,705
Salary in lieu of pension contributions	44,774	31,882
Benefits in kind	1,744	33,637
	317,306	326,224
Pension contributions	5,461	3,844
	322,767	330,068

Benefits in kind included above;

Medical Expenses	1,744	1,774
Accommodation	-	308
Loan Write-off	-	31,489
Subsidised loans	-	66
	1,744	33,637

Non-taxable benefits include:

Accommodation	-	1,084
	-	1,084

Professor Ian White served as Head of Institution for the year ending 31 July 2020. In the year ending 31 July 2019 three individuals held the position of Head of Institution and their emoluments are disclosed as comparatives only as follows:

Professor Ian White

Head of Institution from 8 April 2019

Salary	270,788	83,892
Salary in lieu of pension contributions	44,774	12,827
Benefits in kind	1,744	-
	317,306	96,719
Pension contributions	5,461	1,762
	322,767	98,481

Professor Ian White's basic salary was 7.8 (8.8) times the median pay of staff and 15.4 (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 7.3 (8.4) times the median total remuneration and 17.9 (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.

Audited Information

Professor Bernie Morley

	2020	2019
	£	£
Salary	-	142,795
Salary in lieu of pension contributions	-	13,896
Benefits in kind	-	1,560
	-	158,251
Pension contributions	-	2,082
	-	160,333
Medical Expenses	-	1,560
	-	161,893

Professor Dame Glynis Breakwell

	2020	2019
	£	£
Salary	-	34,018
Salary in lieu of pension contributions	-	5,159
Benefits in kind	-	32,076
	-	71,253
Pension contributions	-	-
	-	71,253
Benefits in kind included above;		
Medical Expenses	-	214
Accommodation	-	308
Loan Write-off	-	31,489
Subsidised loans	-	66
	-	33,077
Non-taxable benefits include:		
Accommodation	-	1,084
	-	1,084

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.

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		2020 Number	2019 Number
		Teaching & Research	Senior Leadership				
£100,000	- £104,999	11	1	1		13	16
£105,000	- £109,999	9	-	2		11	10
£110,000	- £114,999	14	1	2		17	11
£115,000	- £119,999	3	1	-		4	3
£120,000	- £124,999	5	-	-		5	9
£125,000	- £129,999	2	1	-		3	3
£130,000	- £134,999	2	-	1		3	-
£135,000	- £139,999	1	-	-		1	3
£140,000	- £144,999	1	1	-		2	-
£145,000	- £149,999	1	-	1		2	3
£150,000	- £154,999	1	-	-		1	1
£155,000	- £159,999	-	1	-		1	-
£160,000	- £164,999	-	-	-		-	1
£165,000	- £169,999	-	-	1		1	1
£170,000	- £174,999	1	1	-		2	1
£175,000	- £179,999	-	-	-		-	1
£180,000	- £184,999	-	-	1		1	1
£185,000	- £189,999	1	1	-		2	-
£190,000	- £194,999	-	-	-		-	1
£225,000	- £229,999	-	1	-		1	1
£235,000	- £239,999	-	-	-		-	1
		52	9	9		70	67

Audited Information

	2020	2019
Average staff numbers by major category:	Number	Number
Education & Research	1,354	1,306
Technical & Experimental	149	147
Management, Specialist & Administrative	1,207	1,187
Operational & Facilities Support	514	534
	3,224	3,174

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)	Chief Operating Officer

	2020	2019
Key management personnel compensation	£1,816,178	£1,547,890
Full time equivalent (number)	8.29	7.60

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

	2020	2019
Severance Payments		
Total amount of compensation paid for the loss of office	£204,344	£354,393
Total amount of payments paid as part of a Voluntary Exit Scheme	£2,225,003	-
Number of Staff	180	73

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



Financial Review

In the days approaching the national lockdown the University pivoted from business as usual to supporting the health and wellbeing of all those associated with the University and to providing the best possible student experience under quite exceptional circumstances. The financial performance in the first half of the year was good and the expectation was for a surplus slightly above target, consistent with results in recent years. This outlook changed quickly in March. Our response to the financial challenge, described in financial sustainability case study (page 28), was rapid and ultimately successful in mitigating the worst of the impact of COVID19. That said our main measure of financial operating performance the Historic Cost Operating Surplus (HCOS) was below target (3%) for the first time in more than ten years at 1.7%.

The impact however, will be more noticeable in 2020/21. The budget was set recognising the potential impact of COVID19 on income, the need to meet our borrowing requirements, the priority placed on delivering the new strategy and the need to deliver high quality teaching and research in a very different environment. Expectations during the summer were for a reduction in income of £48.0m in response to which Council approved a £31.0m cost saving plan resulting in a budget deficit being approved by Council. In approving the budget Council recognised the exceptional circumstances and the rapidly changing situation and anticipated revising income and expenditure allocations as the year progressed.

We are grateful for the various support packages that have been made available by the Government. Our strategy to maintain a high level of liquidity has meant that we have not needed to access any of the corporate funding schemes. However, we have utilised the Coronavirus Job Retention Scheme (CJRS) and this has played an important part in supporting the University through the crisis. Similarly, we await further details of the scheme announced in July and would expect to access the benefit it offers.

Whilst COVID19 has dominated activity in the spring and summer we also progressed the development of our new strategy and the financial strategy to support it. COVID19 aside, we along with many others in the sector face a financial sustainability challenge from the lack of increase in regulated tuition fees and cost inflation, most notably from increasing pension costs. In developing the financial strategy, we are anticipating a modest rise in student numbers and an increase of around 75% in research income. Reducing our dependence on regulated fee income and cost management will be key elements in the successful delivery of the new strategy. The cost saving programme approved by Council in July is intended to address the underlying financial sustainability issue for the strategy period as well as the immediate shortfall caused by COVID19. In acting quickly Council has enabled us to deliver some of the cost savings in 2019-20 through, amongst others, a voluntary exit scheme and the closure of our London office. These have resulted in additional expense in 2019-20 but will help secure our financial position for the future.

The financial strategy is based on generating enough operating cashflow to fund the investment in people and infrastructure described in the Strategy. We have for some years maintained a high level of liquidity and this combined with a sound system of cost control has proved very valuable in addressing the financial strain caused by the pandemic.

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 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 target of 3%.

The Statement of Comprehensive Income (SOC) shows a surplus before gains and losses of £21.0m (2018-19 £44.4m deficit) on page 70.

The table below shows a reconciliation between this figure and the HCOS.

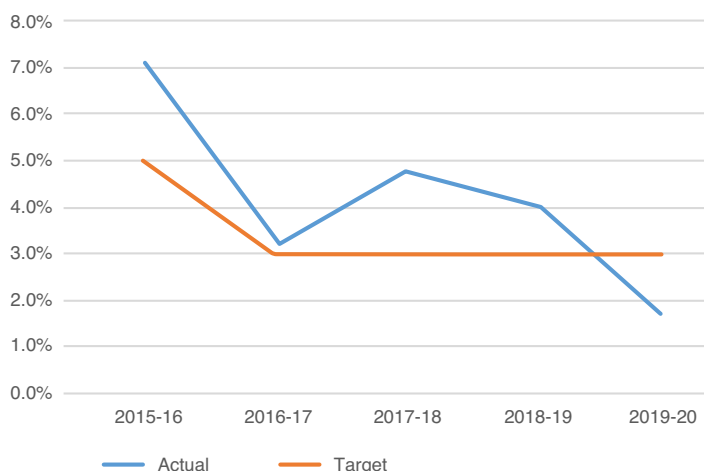
	2019/20	2018/19
	£m	£m
Surplus/(deficit) before gains and losses	21.0	(44.4)
Capital Grants	(2.6)	(9.5)
Valuation adjustment for pension schemes	(26.8)	55.7
Valuation adjustment for land & buildings	-	(1.0)
Valuation adjustment for HC depreciation	12.8	10.7
Loss on sale of fixed assets	(0.5)	-
Valuation adjustment for derivatives	1.2	1.1
HCOS	5.1	12.6

KPI1. HC Operating Surplus/Total Income

We aim to achieve a HCOS 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.

A commentary on income and expenditure is included later in this review.

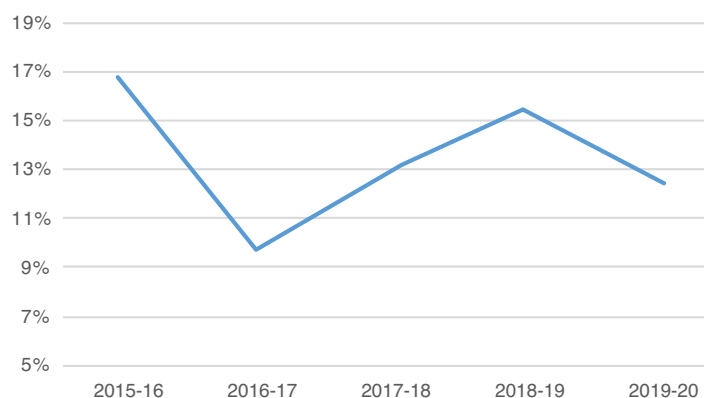
HC Operating surplus as % of income



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 movements. The University has this as a KPI to provide a sector comparison of operating performance. EBITDA is reported at 12.4% of income (15.6% 2018-19). The reduction is less than that for the HCOS as the investment in recent years has increased the depreciation cost which is excluded from this metric.

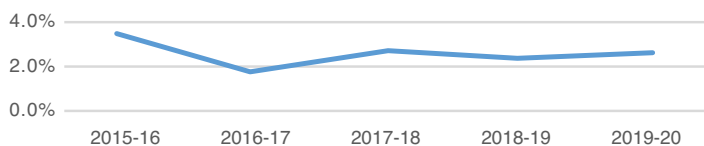
Adjusted EBITDA as a % of total income



KPI3. Ratio of Loan Interest Payable to Income

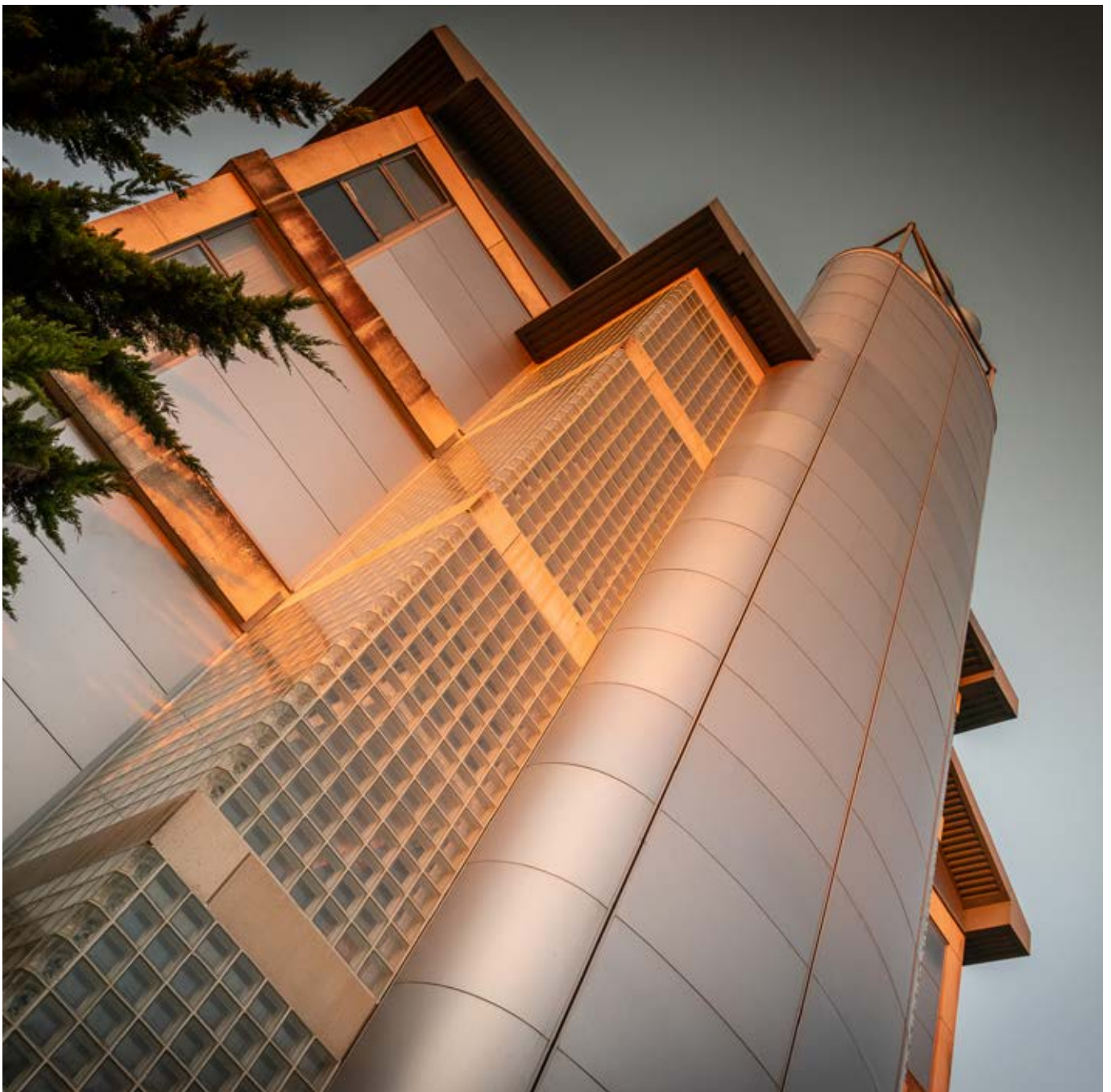
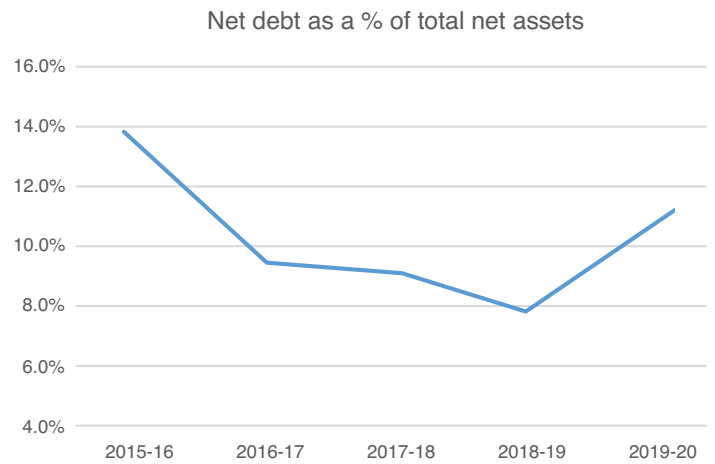
Loan Interest payable to income is the metric used to show how much of our income is spent on paying the interest on our loans. This measure is also used by some of our lenders to assess our financial performance. For 2019/20 we achieved an actual metric of 2.5% (2.4% 2018/19) with the majority of our borrowing on fixed rates and no large repayments this measure is consistent with recent years.

Ratio of Loan Interest Payable to Income



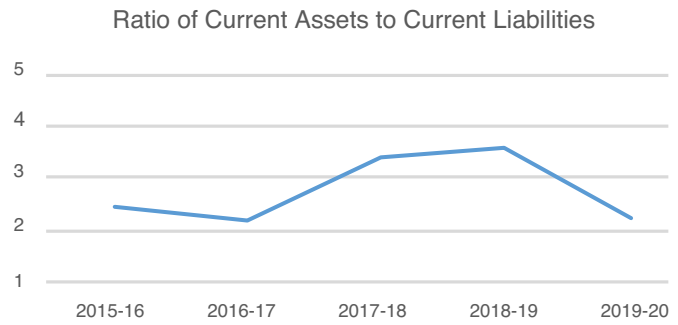
KPI4. Net Debt to Net Assets – Gearing

Our gearing has increased to 11.3% (7.8% 2018/19). 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, where many have no net debt. 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 varies slightly between lender the threshold of 40% to 50% is well above our current level. In 2019/20 our Net Debt increased by £18.8m to £63.9m (2018/19 £45.1m) as a result of our capital investments and this resulted in the increase in our gearing.



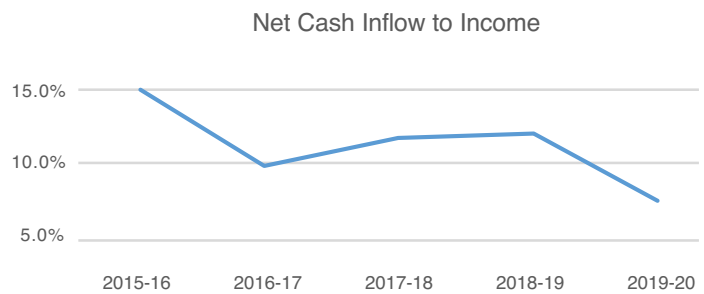
KPI5. Ratio of current assets to current liabilities

The ratio of current assets to current liabilities, known as the current ratio. This 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 has been higher than we would ordinarily expect in recent years as we have drawn down loans in advance of capital expenditure. The reduction in the ratio to 2.2:1 (2018/19 3.5:1) is a result of the progress in the capital expenditure programme.



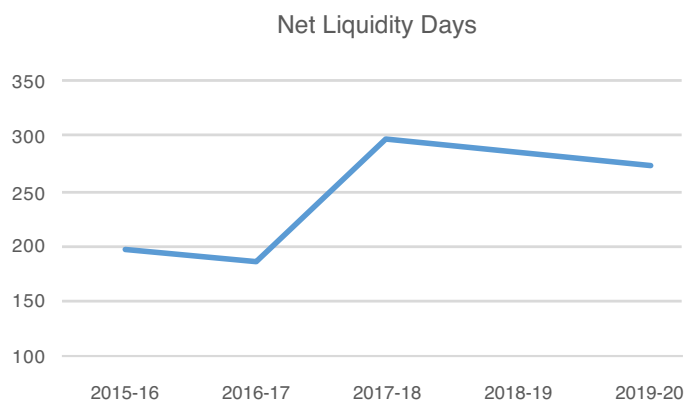
KPI6. Net cash inflow from operating activities as % of income

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 investment returns. It can be used to determine our ability to self-finance new investments or reduce debt. Operating cash inflow of £22.6m is 7.6% of income (£37.8m and 12.2% 2018/19). COVID19 has significantly reduced the operating cash generated and is below the desired long-term level.

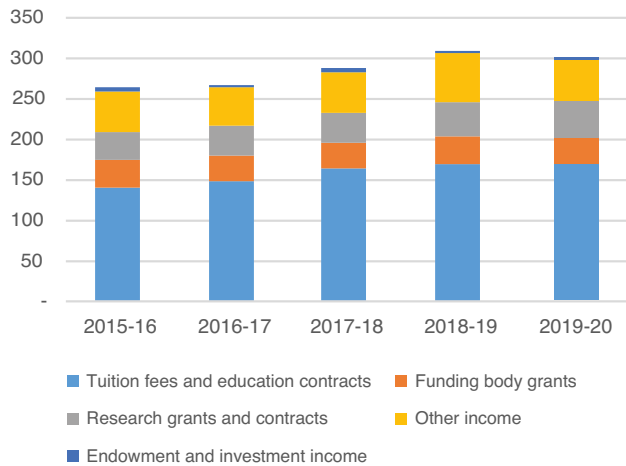


KPI7. Net Liquidity days

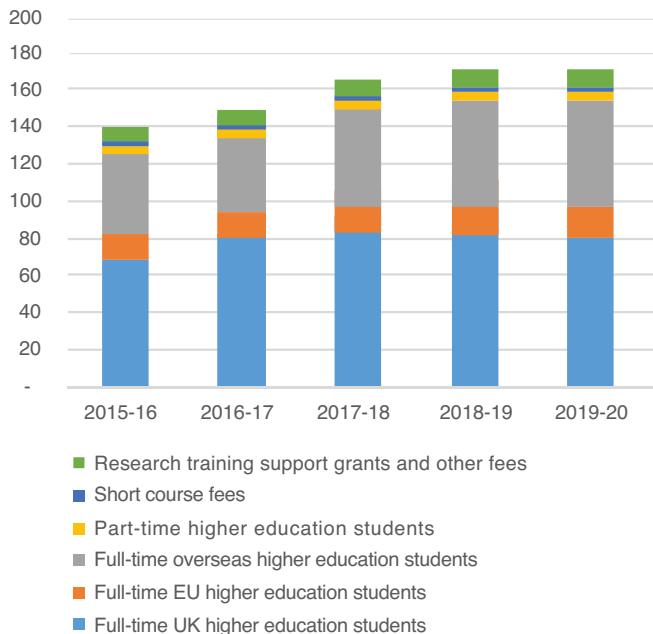
This metric indicates the time that we can operate without generating any cash inflows by showing the ratio of expenditure to income expressed in days. Our strategy is to retain high levels of liquidity and as a result our ratio is 272 days (2018/19 288 days). As with the current ratio this is higher than is considered desirable in the long term due to the additional funds held for capital investment.



Total Income £m



Fee Income £m



Analysis of fee paying students as at 1st December

	1 Dec 2018	1 Dec 2019
Full-time Home and EU students		
Undergraduate	11,598	11,779
Postgraduate Taught (excl apprenticeships)	521	605
Postgraduate Research	588	630
Full-time Overseas and Channel Island		
Undergraduate	1,710	1,729
Postgraduate Taught	1,193	1,203
Postgraduate Research	222	231
TOTAL	15,832	16,177

Income

Total income decreased by 3.9% (7.6% increase in 2018/19) to £297.7m, the key income streams are summarised below;

Tuition fee income has grown by 2.8% to £174.6m and is 59% (2018/19 55%) of total income.

Total Funding body grants at £36.3m (2018-19 £34.9m) showed an increase for both Scale Up Programme (SUP) and from Institute of Coding (IoC) activity with the OfS recurrent grant increasing by £1m and capital grants reducing by £0.4m.

Research of £37.1m (2018/19 £39.6m) has decreased by 6.4%. During COVID19 there was a reduction in research activity for existing projects furloughed and the start of new grants were delayed. Other income £46.1m has decreased by 12.9% (2018/19 £53.0m). Many students left their accommodation prior to the lockdown and the final rent instalment was not collected from these students. With little activity on campus hospitality and retail income was also reduced.

Donations and endowments at £2.2m (2018/19 £9.2m) reflect donations recognised in the year. The reduction is due to £6.3m being recognised in 2018/19 following the completion of the Milner Centre for Evolution.

Tuition Fee income

Tuition Fee income rose by 2.8% to £174.6m for the year.

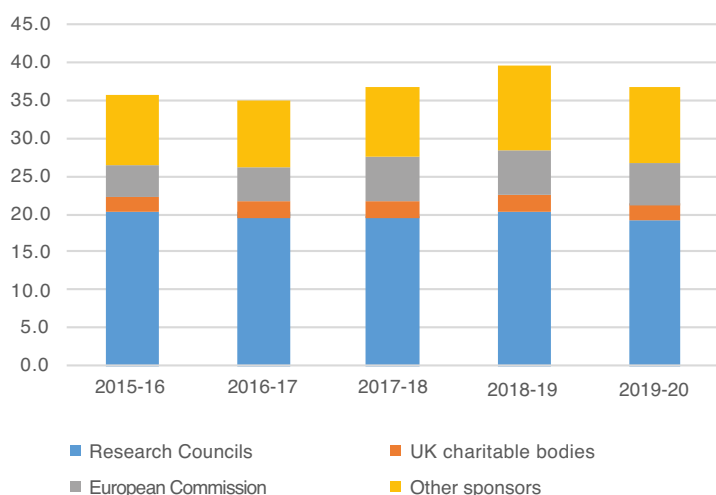
Fees from Home & EU students rose by £2.4m (2.9%). With the undergraduate fee remaining at £9,250 most of this increase came from student number growth. EU student numbers remained relatively static despite the political uncertainty with a modest reduction of 0.8% (£0.1m).

Fees from overseas students grew by 3.4% to £57.5m and represent 32.9% (2018/19 32.7%) of total fee income.

Short Course and apprenticeship fees decreased by 16.7% to £2.4m. Face to face courses planned for the summer have been delayed or cancelled during the pandemic.

The table to the left summarises student numbers at 1 December 2018 and 2019 respectively, this is the census date for HESA.

Research Income £m



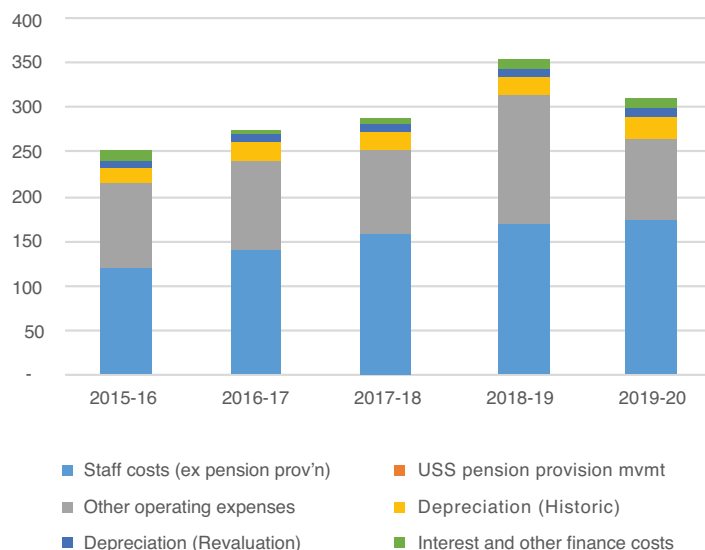
Research income

Research income was £37.1m (2018/19 £39.6m) for the year.

Research Councils continue to be the largest source of research income but has reduced by 6.3% to £19.3m (2018/19 £20.6m).

Our research portfolio at the year-end is £157.5m (£145.0m 2018/19).

Total Expenditure £m



Expenditure

Expenditure reported in the SOCI decreased by £77.5m, 21.8% (25.3% increase 2018/19) to £276.7m (2018/19 £354.2m) during the year. This includes a £33.7m credit (2018/19 £50.7m charge) for the decrease in the USS pension provision as a result of the 2018 valuation now being adopted.

Expenditure without the USS pension movement increased by 2.3% (2018/19 6.8%). Underlying staff costs increased by 6.8% (2018/19 6.3%) to £177.9m (2018/19 166.6m).

Our staff costs at £177.9m represent 60.0% (53.8% 2018/19) of our income, this includes recurrent employer pension contributions and reflects an increase of 6.8% 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 1.6% and pay increases including pay progression of 2.6%. Other operating expenses were £86.8m (2018/19 £97.3m), a decrease of £10.6m, or 10.9% less than 2018/19. In response to the COVID19 pandemic restrictions were placed on other operating expenses with only essential purchases being allowed.

In the analysis of expenditure by activity (note 9), Academic Department expenditure increased by £4.7m to £113.8m and represents 36.6% of expenditure before the USS credit, a slight increase on previous years (2018/19 35.9%). When combined with Academic Services this rises to 46.5% of all expenditure. Costs incurred as part of the savings plan are £5.0m and this includes supporting the transition to on-line teaching, the Voluntary Exit scheme (VES), surrendering the lease on our London property and the move to remote working.

Central Administration expenditure decreased by 7.6% to £18.4m, reflecting savings made in response to COVID19.

Other expenses includes a credit of £33.7m (£50.7m charge in 2018/19) for the decrease in the USS pension provision.

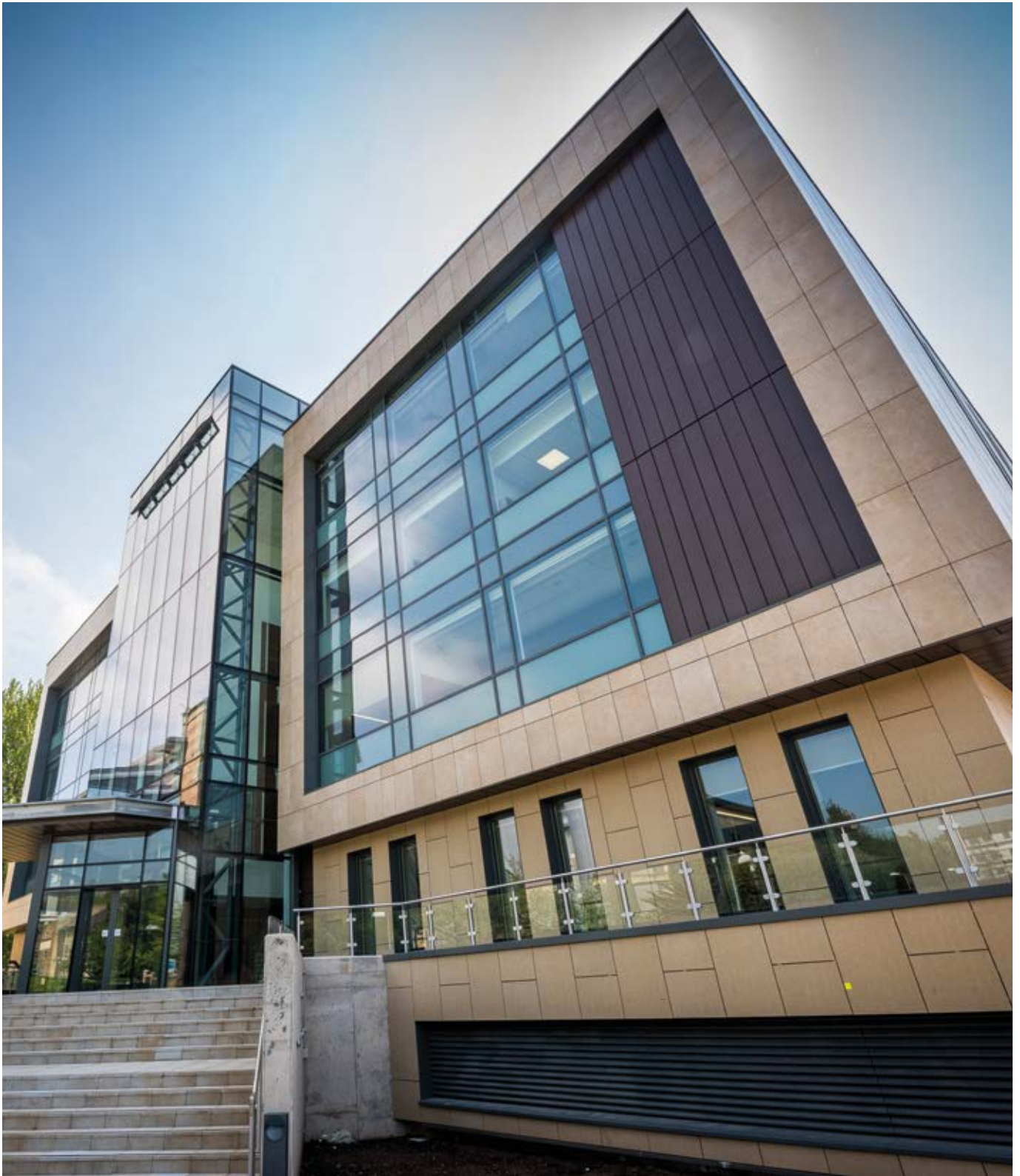
Total Depreciation increased by £5.0m or 17.1% to £34.3m (2018/19 £29.3m), of this £1.5m is accelerated depreciation in anticipation of the refurbishment of the older parts of the Estate.

Other Comprehensive Income/Expense

The total comprehensive income in the year as disclosed in the SOCI is a deficit of £16.1m (2018/19 surplus £20.0m). Within this deficit is an actuarial loss on the LGPS scheme of £22.3m (2018/19 £22.5m) and results from the increase in liabilities of the scheme members compared to the assets held to fund the liability.

There was a reduction in the fair value of land and buildings of £15.4m (2018/19 gain £84.5m) this was a result of the fall in market value of student residences exceeding the gain on campus academic and support buildings.

The fair value of derivatives held to mitigate currency rate variation (foreign exchange options) and future interest rate (swaps) charges are £0.5m (2018/19 (£2.7m)).



Balance Sheet

Fixed Assets

Our capital additions in 2019/20 were £66.3m. Included within this was £31.7m investment towards the completion of IAAPS. A further £16.8m has been invested in the new building for use by the School of Management, this prestigious building will be open for September 2022. Both investments have seen delays in their completion due to the impact of COVID19 on the construction industry with IAAPS now due to open in June 2021.

We continue with our policy of revaluing our land and buildings, the valuation of campus academic and support buildings increased by £8.9m whilst the value of on-campus student residences fell by £24.3m at 31 July 2020, resulting in a net expense movement of £15.4m in Other Comprehensive Income/Expense.

Current Assets

Current assets reduced by £22.5m to £221.7m, of this £24.1m was a reduction in investments and cash as these were used to fund the capital investments made in the year. Our current asset investments at the year-end were £191.1m, 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 less than one year.

Creditors due in less than one year increased by £29.6m to £99.7m. Deferred income includes £36.9m of 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 when the IAAPS facility commences operation in June 2021. Other creditors have fallen by £5.3m as we settled our liabilities more promptly to support our suppliers and our cash position in the current year.

Creditors, amounts falling due in more than one year.

Creditors of more than one year have reduced by £19.3m to £253.9m. Bank loans and finance leases have reduced by £5.1m as we make regular repayments for those held by Clerical Medical, Barclays and the European Investment Bank (EIB). Deferred income has reduced by £15.9m as capital grant income received has now been reclassified as due in less than one year. Interest rate swap liabilities have increased by £1.6m to £17.5m, these financial instruments are used to manage our loan costs and reflect the prospect of an extended period of lower interest rates than estimated last year.

Pension Provisions.

Pension provisions have reduced by £4.0m to £143.8m.

The USS is a multi-employer scheme. With no basis to accurately identify our share of the assets and liabilities we are unable to report our deficit. We are required to estimate a provision for our obligation to make deficit recovery payments under the 2018 valuation plan. This liability reduced by £32.2m during the year to £44.3m. It is based on the deficit recovery plan approved by the USS trustees following the completion of the March 2018 valuation. The USS trustees have worked with stakeholders to agree a deficit recovery plan and we are expecting a further valuation at March 2020 and the result of this is anticipated to be reported in the year ending 31 July 2021.

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 £28.2m to £99.5m. Asset values fell by £3.1m and this reflects the impact of COVID19 on markets in the year, liabilities grew by £25.8m as the discount rate for liabilities reduced from 2.1% to 1.6%. 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 our new contribution rates effective for April 2020 is 16.3%.

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 ARAC 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

This year there is a greater immediacy to the risks faced in comparison with any recent year. Clearly this is dominated by concerns around COVID19 and principally the health and wellbeing of our staff, students and all those connected with the University. We have transitioned very quickly to new working practices and approaches in both research and education. Our courses have switched to a blended learning model offering a mixture of on-line and face to face experience for the current academic year with the option of an entirely on-line experience for those who desire it. The delivery risk associated with such a rapid change has been mitigated by the efforts of academic and professional service staff to re-imagine the student experience for the changed environment. Substantial investment in facilities, equipment and software have been made to enable a successful transition. Similarly processes and working practices have been, and continue to be, adapted to support a high quality and safe experience.

In recent years we have budgeted to achieve an HCOS of 3% of income and have usually exceeded this level. The financial strategy has also been to maintain a high level of liquidity to provide flexibility to respond to adverse events or opportunities that may arise. The quick response to implement further cost control measures and to reduce costs has mitigated the impact of lost income in 2019/20 such that the HCOS is only £4m below budget. The impact of COVID19 in 2020/21 will be more profound and the budget anticipated a significant reduction in tuition fee income as well as smaller reductions in income from research, accommodation, retail and sports facilities. In July, Council approved a budget for 2020/21 which did not meet the 3% operating surplus target for 2020/21. The five-year plan included a recovery to the 3% target. The budget for 2020/21 was set to ensure that we maintained our education and research capacity protecting the quality and quantity of services whilst being compliant with our financial obligations. To support this a savings programme was started in May with some savings delivered in 2019/20 and further savings planned for the current year. Early indications are that overseas student recruitment will be lower than in previous years but above the level anticipated in the budget. This is encouraging but we remain cautious knowing that the COVID19 situation can deteriorate quickly and that this may well impact our income. This uncertainty has led us to carry out scenario planning to confirm our going concern status. We have taken our future financial plans and assessed them against a range of adverse scenarios in respect of the level of future recruitment and fees. Using this approach, even with a substantial reduction in income and no additional cost reduction, our forecast shows sufficient net operating cash headroom to maintain our compliance with our banking covenants and therefore the accounts are presented on the going concern basis.

In previous years we have highlighted some of the systemic issues that face the sector. These have been overshadowed by the current crisis but remain a major concern. Foremost amongst these concerns is the impact of freezing or reducing the home undergraduate fee cap currently set at £9,250. It is not clear the extent to which the recommendations in the 2019 Augar Report on post 18 education and funding will be implemented. For us this regulated fee income is our largest source of income and the lack of increase in the fee cap means that we need to reduce costs or find alternative income each year in order to continue to provide the same services and facilities. The savings plan described above includes recurrent savings largely to address this concern.

The growing deficit on defined benefit pension schemes has been highlighted in previous reports and the situation appears to be worsening with the size of our LGPS deficit increasing to £100m and the latest valuation on the USS scheme indicating that further contributions will be necessary to maintain the level of benefits provided. We are committed to providing our employees with good quality affordable pensions. Further increases in contributions to the USS will make this scheme unaffordable for universities and for many of their employees. Whilst our options are limited for USS we have more control over the LGPS scheme. The increasing cost of this scheme and the substantial growth in the deficit have resulted in the decision to introduce a high-quality defined contribution scheme for new entrants. Existing members will continue to participate in LGPS. Over time it is expected that this measure will limit the increasing cost of the LGPS.

The importance of overseas tuition fee income has been highlighted by the impact of COVID19 and remains a key source of alternative income to address the stagnation in the home undergraduate fee cap. It is reassuring to note that the governments strategy is for a substantial increase in the number of overseas students in the coming decade. There are several headwinds in achieving this. The pandemic, Brexit and wider international relations are all a cause for concern in meeting this goal. The UK higher education sector has an excellent reputation internationally and it is as important that the policy environment supports this as it is for universities to continue to maintain their standards and international reputation.

As I mentioned last year, we are currently part the way through the two largest construction projects that we have undertaken. The IAAPS and School of Management building projects are major investments that will transform their respective activities. Some delay has been inevitable as a consequence of the current restrictions but this has been limited and the high level of liquidity has meant that we are able to continue to fund these projects which will be important sources of future income as well as excellent teaching and research facilities. The impact of COVID19 on the future income streams is a concern in the short to medium term however, the long-term case for both facilities is largely unchanged. These risks continue to be closely managed by the executive and Council.

Our focus is on the health and wellbeing of students and staff. Whilst the impact of COVID19 will be with us for many years we anticipate that its impact will be greatest this year and our plans are aimed at navigating the current crisis to protect staff and students and to leave us in the best position to prosper in the coming years.

Martin Williams
Director of Finance

26 November 2020

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 2020 and of the group's and of the parent institution's income and expenditure, gains and losses and 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); and
- have been properly prepared in accordance with the requirements of the Office for Students' Accounts Direction (OFS 2019.41).

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise the Consolidated and University Balance Sheets as at 31 July 2020; the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, and the Consolidated Cash Flow Statement for the year then ended; and the Consolidated and University Statement of 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

We have nothing to report in respect of the following matters in relation to which 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.

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.

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 of the Council 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 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' Accounts Direction (OfS 2019.41)

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;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions.

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matters:

- The institution's grant and fee income, as disclosed in the notes 1 - 3 to the financial statements, has been materially misstated; or
- The institution's expenditure on access and participation activities for the financial year has been materially misstated.

We have no matters to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
26 November 2020

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).

Going Concern

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

In recent years we have had a financial strategy that includes budgeting to achieve an operating surplus of 3% of income and maintaining a high level of liquidity. This has left us well placed to withstand the impact of COVID19. The impact of COVID19 will be more profound in 2020/21 and Council have approved a budget for 2020/21 which does not meet the 3% target for HCOS. The five-year plan includes a recovery to the 3% target. Future forecasts have been tested against a number of financial scenarios and these indicate sufficient headroom exists that loan covenants will not be breached.

2 Basis of consolidation

These financial statements consolidate the results of our and our subsidiary undertaking for the financial year to 31 July 2020.

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 (SOCi) 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 SOCi 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 SOCi 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 future depreciation is adjusted in accordance with FRS102. 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-lived 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 2019 has been used by the actuary in valuing the pensions liability at 31 July 2020. 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.

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 2020

	Note	Consolidated		University	
		2020 £m	2019 £m	2020 £m	2019 £m
Income					
Tuition fees and education contracts	1	174.6	169.9	174.6	169.9
Funding body grants	2	36.3	34.9	36.3	34.9
Research grants and contracts	3	37.1	39.6	37.1	39.6
Other	4	46.1	53.0	46.1	53.0
Investment income	6	1.4	3.2	1.4	3.2
Donations & endowments	7	2.2	9.2	2.1	9.1
Total income		297.7	309.8	297.6	309.7
Expenditure					
Staff costs	8	177.9	166.6	177.9	166.6
Change in USS pension provision	8	(33.7)	50.7	(33.7)	50.7
Other operating expenses	9	86.8	97.3	86.7	97.3
Depreciation	13	34.3	29.3	34.3	29.3
Interest and other finance costs	11	11.4	10.3	11.4	10.3
Total expenditure		276.7	354.2	276.6	354.2
Surplus/(Deficit) before gains and losses		21.0	(44.4)	21.0	(44.5)
Loss on disposal of fixed assets		(0.5)		(0.5)	
Decrease in market value of non current asset investments	14	(0.8)	-	(0.8)	-
Increase in market value of current asset investments	16	1.4	5.1	1.4	5.1
Surplus/(Deficit) for the year		21.1	(39.3)	21.1	(39.4)
Actuarial loss in respect of pension schemes	26	(22.3)	(22.5)	(22.3)	(22.5)
Change in the fair value of tangible fixed assets		(15.4)	84.5	(15.4)	84.5
Change in the fair value of derivatives	20	0.5	(2.7)	0.5	(2.7)
Total Comprehensive (Expense)/Income in the year		(16.1)	20.0	(16.1)	19.9
Represented by					
Endowment comprehensive income for the year		(0.3)	0.6	(0.3)	0.6
Restricted comprehensive income for the year		0.1	-	0.1	-
Unrestricted comprehensive expense for the year		(0.5)	(65.1)	(0.5)	(65.2)
Revaluation comprehensive (expense)/Income for the year		(15.4)	84.5	(15.4)	84.5
Total Comprehensive (Expense)/Income in the year		(16.1)	20.0	(16.1)	19.9

Consolidated and University Statement of Changes in Reserves For the year ended 31 July 2020

Consolidated

	Endowment Reserve £m	Restricted Reserve £m	Unrestricted Reserve £m	Revaluation Reserve £m	Total £m
At 1 August 2018	6.9	2.1	232.2	320.1	561.3
Surplus/(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
At 1 August 2019	7.4	2.1	177.8	393.9	581.2
(Deficit)/surplus for the year	(0.3)	0.1	(0.5)	-	(0.7)
Depreciation on revalued assets	-	-	12.8	(12.8)	-
Other comprehensive expense	-	-	-	(15.4)	(15.4)
At 31 July 2020	7.1	2.2	190.1	365.7	565.1

University

	Endowment Reserve £m	Restricted Reserve £m	Unrestricted Reserve £m	Revaluation Reserve £m	Total £m
At 1 August 2018	6.9	2.1	232.5	320.1	561.6
Surplus/(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
At 1 August 2019	7.4	2.1	178.0	393.9	581.4
(Deficit)/Surplus for the year	(0.3)	0.1	(0.5)	-	(0.7)
Depreciation on revalued assets	-	-	12.8	(12.8)	-
Other comprehensive expense	-	-	-	(15.4)	(15.4)
At 31 July 2020	7.1	2.2	190.3	365.7	565.3

Consolidated and University Balance Sheets as at 31 July 2020

	Note	Consolidated		University	
		2020	2019	2020	2019
		£m	£m	£m	£m
Non-Current Assets					
Fixed Assets	13	840.0	826.8	840.6	827.4
Investments	14	0.8	1.3	0.8	1.3
		840.8	828.1	841.4	828.7
Current Assets					
Stock		0.6	0.7	0.6	0.6
Trade and other Receivables	15	26.7	25.0	26.7	25.0
Investments	16	191.1	214.5	191.1	214.5
Cash and cash equivalents		3.3	4.0	2.9	3.7
		221.7	244.2	221.3	243.8
Creditors : Amounts Falling Due Within One Year	17	(99.7)	(70.1)	(99.7)	(70.1)
Net Current Assets		122.0	174.1	121.6	173.7
Total Assets Less Current Liabilities		962.8	1,002.2	963.0	1,002.4
Creditors : Amounts Falling Due After More Than One Year	18	(253.9)	(273.2)	(253.9)	(273.2)
Provisions					
Pension provisions	21	(143.8)	(147.8)	(143.8)	(147.8)
Total Net Assets		565.1	581.2	565.3	581.4
Restricted Reserves					
Income & expenditure reserve - endowment reserve	22	7.1	7.4	7.1	7.4
Income & expenditure reserve - restricted reserve	23	2.2	2.1	2.2	2.1
Unrestricted Reserves					
Income & expenditure reserve - unrestricted reserve		190.1	177.8	190.3	178.0
Revaluation Reserve		365.7	393.9	365.7	393.9
Total Reserves		565.1	581.2	565.3	581.4

The Financial Statements on pages 66 to 94 were approved by the Council on 26th November 2020 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 2020

	Note	Consolidated	
		2020	2019
		£m	£m
Cash flow generated from operating activities			
Surplus/(Deficit) for the year		21.1	(39.3)
Adjustment for non-cash items			
Depreciation	13	34.3	29.3
Impairment of Tangible Fixed Assets		-	(1.0)
(Decrease)/Increase in USS pension provision	21	(33.7)	50.7
LGPS pension costs less contributions paid	26	4.4	4.1
Loss on disposal of fixed assets		0.5	-
Loss on non-current asset investments	14	0.8	-
(Gain) on current investments	16	(1.4)	(5.1)
Loss on hedging arrangements	11	1.2	1.1
LGPS pension interest		1.4	1.2
(Decrease) in stock		-	(0.2)
(Increase) in operational debtors	15	(1.7)	(7.6)
(Decrease)/Increase in operating creditors	17	(7.6)	10.2
Adjustment for investing or financing activities			
Investment income	6	(1.4)	(3.2)
Interest payable	11	7.3	7.5
New endowment income	7	-	(0.6)
Capital grant income	2 & 7	(2.6)	(9.3)
Net cash inflow from operating activities		22.6	37.8
Cash flow from investing activities			
Investment income	6	1.4	3.2
Payments made to acquire fixed assets		(62.6)	(48.2)
Capital grant receipts		23.6	19.2
Net disposals/(acquisitions) of current asset investments		24.1	(4.4)
Proceeds from the sale of Fixed Asset Investments	13	2.9	-
Net cash outflow from funding activities		(10.6)	(30.2)
Cash flow from funding activities			
Interest paid	11	(7.3)	(7.5)
New endowment cash received	7	-	0.6
Repayments of amounts borrowed	19	(5.4)	(5.0)
Net cash outflow from funding activities		(12.7)	(11.9)
Decrease in cash and cash equivalents in the year		(0.7)	(4.3)
Cash and cash equivalents at the beginning of the year		4.0	8.3
Cash and cash equivalents at the end of the year		3.3	4.0
		(0.7)	(4.3)

Notes to the Annual Accounts

1 Tuition Fees and Education Contracts

	Consolidated & University	
	2020	2019
	£m	£m
Full-time UK students	86.5	84.1
Full-time EU students	13.8	13.9
Full time overseas students	57.5	55.6
Part-time higher education students	5.7	4.8
Short course & apprenticeship fees	2.4	2.9
Research training support grants and other fees	8.7	8.6
	174.6	169.9

2 Funding body Grants

	Consolidated & University	
	2020	2019
	£m	£m
Office for Students Recurrent Grants	28.3	27.3
Office for Students Specific Grants	5.4	4.6
Office for Students Capital Grants	2.6	3.0
	36.3	34.9

3 Research Grants and Contracts

	Consolidated & University	
	2020	2019
	£m	£m
UK Research and Innovation (UKRI)	19.3	20.6
UK charitable bodies	2.7	2.3
European Commission	4.4	5.5
UK central government, Local Authorities or Health Trust	3.8	4.5
UK industry	3.1	3.6
Other sponsors	3.8	3.1
	37.1	39.6

Notes to the Annual Accounts (continued)

4 Other Income

	Consolidated & University	
	2020	2019
	£m	£m
Residences, catering and conferences	27.1	34.7
Other services rendered (note 5)	5.9	7.9
Retail income	3.5	4.9
Other income	9.6	5.5
	46.1	53.0

5 Other Services Rendered

	Consolidated & University	
	2020	2019
	£m	£m
Academic departments & services	1.4	2.1
Sports and related facilities	3.6	4.6
Other	0.9	1.2
	5.9	7.9

6 Investment Income

	Consolidated & University	
	2020	2019
	£m	£m
Investment Income on Endowments	0.2	0.1
Net income and gains from short-term investments	0.2	1.8
Other investment income	1.0	1.3
	1.4	3.2

Notes to the Annual Accounts (continued)

7 Donations & Endowments

	Consolidated	
	2020	2019
	£m	£m
Capital Donations	-	6.3
New Endowments	-	0.6
Donations with restrictions	0.4	0.5
Unrestricted donations	1.8	1.8
	2.2	9.2

	University	
	2020	2019
	£m	£m
Capital Donations	-	6.3
New Endowments	-	0.6
Donations with restrictions	0.4	0.5
Unrestricted donations	1.7	1.7
	2.1	9.1

8 Staff Costs

	Consolidated & University	
	2020	2019
	£m	£m
Salaries	141.1	134.0
Movement in USS pension provision	(33.7)	50.7
Social security costs	12.8	12.3
Other pension costs	28.8	24.9
	149.0	221.9
less: paid on behalf of other organisations	(4.4)	(4.3)
less: capitalised within the cost of buildings	(0.4)	(0.3)
	144.2	217.3

Further information on staff costs is included within the Annual Report of The Remuneration Committee, starting on page 47.

Notes to the Annual Accounts (continued)

8 Staff Costs (continued)

	Consolidated & University	
	2020	2019
	£m	£m
Access and Participation		
Access Investment	1.8	-
Financial Support	-	-
Disability Support (excluding expenditure included in severance payments and key management personnel)	0.3	-
Research and Evaluation	-	-
	2.1	-

9 Analysis of Expenditure by Activity

	2020	2019
	£m	£m
Academic departments	113.8	109.1
Academic services	30.7	29.4
Central administration	18.4	19.9
General educational expenditure	20.2	21.1
Staff & student facilities	14.6	14.0
Premises	41.3	39.9
Residences, retail & catering operations	37.4	35.8
Research grants and contracts	25.3	28.0
Other services rendered	1.7	1.6
Other expenses	(26.7)	55.4
Consolidated	276.7	354.2
University of Bath	276.6	354.2

	Consolidated & University	
	2020	2019
	£	£
Other Operating Expenses include:		
External Auditors Remuneration (Group and University)		
- Audit Services - Financial statements - subsidiary	3,000	-
- Financial statements - University	77,880	63,720
- Other Fees	1,980	4,400
- US federal loan	3,084	3,120
All fees include VAT		
	85,944	71,240

Notes to the Annual Accounts (continued)

9 Analysis of Expenditure by Activity (continued)

	Consolidated & University	
	2020	2019
	£m	£m
Access and Participation		
Access Investment	2.6	-
Financial Support	4.3	-
Disability Support	0.3	-
Research and Evaluation	-	-
	7.2	-

Link to our published access and participation plan (APP):

<https://www.bath.ac.uk/publications/university-of-bath-access-and-participation-plans/attachments/access-and-participation-plan-for-the-2019-20-academic-year.pdf>

Access Investment

We have underspent by £573k, which reflects the fact we were unable to deliver a significant element of our face-to-face access activity because of the pandemic at a key point in the cycle (March through to August 2020) as well as planned expenditure for travel and participation in external events. In particular the costs associated with an extensive programme of residential summer schools were not required. In response to the pandemic the University was able to move much of this activity online, which was able to be delivered at a much lower cost to a much higher number of participants than originally intended. The University also opted to vire some resource indicated in the APP (e.g. AAP note 90 - funding for a proposed initiative with Generating Genius which did not pass internal scrutiny when subject to the tender process) to other planned outreach activity (expansion of sustained contact summer schools (APP note 85) and curriculum enhancement activity with the Brilliant Club (APP note 82).

Financial Support

Actual financial support at £4,294k is £470k above the financial support APP submission of £3,824k. Financial support now includes payments in respect of placements, specific care leavers, PGT bursaries and young carers for which the budget was £468k and was budgeted for (and previously reported) as part of Progression and Student Success. For 2019/20 we raised the household income threshold to qualify for the Gold Scholarship and Bath Bursary to £25k/year (note 50 in the APP) which increased the number of eligible recipients, and also attracted some additional external funding for additional Income Contingent Scholarships. These amendments also contributed to the overall increase in financial support spend from the budget.

Research and Evaluation

Costs incurred in 2019-20 for Research and Evaluation have been included under Access Investment as this was not recorded as a separate expenditure in the 2019-20 Access and Participation Plan but from 2020-21 has its own budget line.

10 Related Party Transactions

The financial statements of the University include transactions with related parties. In accordance with FRS 102 these are disclosed where members of the University of Bath's Council or Key Management Personnel (KMP) disclose an interest in a body with whom the University undertakes transactions which are considered material to the University's Financial Statements and/or the other party. Due to the nature of the University's operations and the composition of the Board, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of Council or KMP may have an interest. All transactions involving organisations in which a member of Council or KMP may have an interest, including those identified below, are conducted at arms length and in accordance with the University's Financial Regulations and usual procurement procedures.

An updated register of the interests of the members of Council is maintained.

The University has taken advantage of the exemption within FRS102 and has not disclosed transactions with other group entities where it holds 100% of the voting rights. Included within the financial statements are the following transactions with related parties:

Notes to the Annual Accounts (continued)

	Income recognised within the financial statements	Expenditure recognised within the financial statements	Balance due to the University at 31 July recognised within the financial statements	Balance due from the University at 31 July recognised within the financial statements
	£m	£m	£m	£m
Student Loans Company	75.1	-	0.1	-
University of Bath Students' Union	-	1.7	0.1	-

Student Loans Company

The Student Loans Company administers loans and grants to students in universities and colleges in the UK. One member of Council is a director of the company.

University of Bath Students' Union

The Students' Union provide a range of services and facilities to the University's student body. Two members of Council sit of the governing body of the Student Union.

Reimbursements to members of Council for expenditure incurred whilst carrying out their duties amounted to £5,015 (2018/19 £7,249). 11 members of Council (2018/19 14) claimed expenses during the year.

11 Interest and Other Finance Cost

	Consolidated & University	
	2020	2019
	£m	£m
Loans not wholly repayable within five years	7.3	7.5
Change in discounted value of future USS payments (note 21)	1.5	0.6
Change in the fair value of derivatives (note 20)	1.2	1.0
LGPS net interest charge (note 26)	1.4	1.2
	11.4	10.3

12 Capital Commitments

	Consolidated & University	
	2020	2019
	£m	£m
Provision has not been made for the following capital commitments at 31 July 2020		
Capital Commitments		
Funded by University funds	67.4	92.5
Funded by UKRI	-	22.8
Capital commitments contracted at 31 July	67.4	115.3

Notes to the Annual Accounts (continued)

	Consolidated					Total
	Land and Buildings		Equipment	Assets in the Course of Construction		
	Freehold	Leasehold				
	£m	£m	£m	£m	£m	
Cost / Valuation						
At 1 August 2019	17.1	762.5	85.9	34.5		900.0
Additions at Cost	3.9	6.3	10.5	45.6		66.3
Disposals	(3.0)	(0.6)	(1.0)	-		(4.6)
Revaluations	-	(39.4)	-	-		(39.4)
Reclassifications	0.3	11.2	-	(11.5)		-
At 31 July 2020	18.3	740.0	95.4	68.6		922.3
Accumulated Depreciation						
At 1 August 2019	1.0	2.5	68.8	0.9		73.2
Charge in Year	0.5	29.0	4.6	0.2		34.3
Disposals	-	(0.2)	(1.0)	-		(1.2)
Revaluations	-	(24.0)	-	-		(24.0)
Reclassifications	-	1.1	-	(1.1)		-
At 31 July 2020	1.5	8.4	72.4	-		82.3
Net Book Value						
At 31 July 2020	16.8	731.6	23.0	68.6		840.0
At 31 July 2019	16.1	760.0	17.1	33.6		826.8

We revalue our freehold and leasehold Land and Buildings on a rolling basis with approximately 25% of the Estate valued each year. 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 2020 Valuation from Eddisons Commercial Limited of a selection of buildings decreased their fair value by £15.4 million.

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.

Notes to the Annual Accounts (continued)

13 Fixed Assets (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 2019	17.1	764.8	85.9	34.5	902.3	
Additions at Cost	3.9	6.3	10.5	45.6	66.3	
Disposals	(2.9)	(0.6)	(1.0)	-	(4.5)	
Revaluations	-	(39.4)	-	-	(39.4)	
Reclassifications	0.3	11.2	-	(11.5)	-	
At 31 July 2020	18.4	742.3	95.4	68.6	924.7	
Accumulated Depreciation						
At 1 August 2019	1.0	3.7	69.3	0.9	74.9	
Charge in Year	0.5	29.1	4.5	0.2	34.3	
Disposals	-	(0.2)	(0.9)	-	(1.1)	
Revaluations	-	(24.0)	-	-	(24.0)	
Reclassifications	-	1.1	-	(1.1)	-	
At 31 July 2020	1.5	9.7	72.9	-	84.1	
Net Book Value						
At 31 July 2020	16.9	732.6	22.5	68.6	840.6	
At 1 August 2019	16.1	761.1	16.6	33.6	827.4	

Freehold and Leasehold Land and Buildings measured by valuation at 31 July 2020 includes the following historical cost:

	Consolidated & University	
	2020	2019
	£m	£m
Freehold land and buildings	12.6	15.0
Leasehold land and buildings	509.7	505.2

Leasehold land and buildings includes land with a value of £85.8 million 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	
		2020	2019
		£m	£m
At 1 August			
Other investments		1.3	1.2
Acquisition of investments		0.3	0.1
Movement in market value		(0.8)	-
At 31 July		0.8	1.3

15 Trade and Other Receivables		Consolidated & University	
		2020	2019
		£m	£m
Prepayments and accrued income		4.2	5.2
Research grant receivables		9.5	10.1
Other receivables		13.0	9.7
		26.7	25.0
Due within one year		26.3	24.5
Due in more than one year		0.4	0.5
		26.7	25.0

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

16 Current Asset Investments				Consolidated & University	
		Investments measured at Market Value	Investments measured at Cost	2020	2019
		£m	£m	Total £m	Total £m
At 1 August		127.9	86.6	214.5	204.9
New investments		68.4	38.0	106.4	92.3
Disposal of investments		(61.3)	(69.9)	(131.2)	(87.8)
Market value movement		1.4	-	1.4	5.1
At 31 July		136.4	54.7	191.1	214.5

Investments measured at market value includes Quoted investments of £89.4m (£115.9m) and those held in unit funds where a market value can be determined of £47.0m (£12.0m).

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

Current Asset investments include £5.2m held in respect of Endowments as disclosed in note 22.

17 Creditors: Amounts Falling Due Within One Year

	Consolidated & University	
	2020	2019
	£m	£m
Bank loans	5.0	5.0
Trade Payables	19.7	20.2
Social Security and other taxation payable	3.1	6.9
Derivatives	-	0.9
Finance lease obligations	0.2	0.4
Deferred income	71.7	36.7
	99.7	70.1

Deferred Income

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

	Consolidated & University	
	2020	2019
	£m	£m
Donations	0.9	0.8
Research grants received on account	18.2	17.9
Grant income	42.0	4.8
Other income	10.6	13.2
	71.7	36.7

18 Creditors: Amounts Falling Due After More Than One Year

	Consolidated & University	
	2020	2019
	£m	£m
Bank loans	234.5	239.5
Deferred income	-	15.9
Derivatives	17.5	15.9
Finance lease obligations	1.9	1.9
	253.9	273.2

Deferred Income

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

	Consolidated & University	
	2020	2019
	£m	£m
Grant income	-	15.9
	-	15.9

19 Borrowings

	Consolidated & University	
	2020	2019
	£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	10.1	5.0
Between two and five years	15.1	20.1
In five years or more	209.3	214.4
	239.5	244.5

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					Total Movement	Movement in market value
			Market Value at	Market Value at	Movement in market value	Disposals in year	2020		
			2020	2019	2020	2020	2020		
			£m	£m	£m	£m	£m	£m	
Interest rate swaps	Between 2027 & 2037	£36.6m	17.5	15.9	1.6	-	1.6	2.3	
Foreign exchange options	In 2020	\$39.1m	(0.8)	1.0	(0.9)	(0.8)	(1.7)	1.1	
			16.7	16.9	0.7	(0.8)	(0.1)	3.4	

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 2019/20 is a loss of £0.7m (2018/19 loss of £3.4m) is reported as follows;

	Consolidated & University	
	2020	2019
	£m	£m
Interest Payable (note 11)	1.2	1.0
Other Comprehensive (Income)/expense	(0.5)	2.4
	0.7	3.4

	Consolidated & University	
	2020	2019
	£m	£m
Disclosure of Derivatives as Liabilities		
Liabilities due in less than one year	(0.8)	0.9
Liabilities due in more than one year	17.5	15.9
	16.7	16.8

Notes to the Annual Accounts (continued)

21 Provisions

	Consolidated & University			
	Obligations to fund deficit on USS Pension (note 26)	Defined Benefit obligations LGPS (note 26)	Total 2020	Total 2019
	£m	£m	£m	£m
At 1 August	76.5	71.3	147.8	68.6
Released in year	(33.7)	-	(33.7)	50.7
Additions in year	1.5	4.5	6.0	4.8
Interest in year	-	1.4	1.4	1.2
Actuarial loss in respect of pension	-	22.3	22.3	22.5
At 31 July	44.3	99.5	143.8	147.8

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;

	2020	2019
Discount rate at year end	0.74%	1.91%
Pensionable salary growth:	1.5% for the first two years and 2.4% thereafter	Between 2.4% and 3.7% in first 4 years and then 2.4% thereafter
USS membership growth:	in the range (1.5) to 1%	in the range 0% - 3.5%

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 2019.

Notes to the Annual Accounts (continued)

22 Endowments**Consolidated & University**

Restricted net assets relating to endowments are as follows:

	Restricted Permanent £m	Expendable £m	2020 Total £m	2019 Total £m
At 1 August				
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
New endowments	-	-	-	0.6
Investment and donation income	-	0.2	0.2	0.4
Expenditure	-	(0.1)	(0.1)	(0.6)
Increase in market value of investments	(0.2)	(0.2)	(0.4)	0.1
At 31 July	2.3	4.8	7.1	7.4
Representing:				
Capital	2.1	4.0	6.1	6.4
Accumulated Income	0.2	0.8	1.0	1.0
	2.3	4.8	7.1	7.4
Analysis by type of purpose				
Lectureships	1.2	2.2	3.4	3.8
Scholarships and bursaries	1.0	2.1	3.1	3.0
Prize Funds	0.1	0.3	0.4	0.2
General	-	0.2	0.2	0.4
	2.3	4.8	7.1	7.4
Analysis by asset				
Current and non-current asset investments	2.1	3.1	5.2	5.9
Cash and cash equivalents	0.2	1.7	1.9	1.5
	2.3	4.8	7.1	7.4

Notes to the Annual Accounts (continued)

23 Restricted Reserves

	Consolidated & University			
	Other Income	Donations	2020	2019
	£m	£m	Total £m	Total £m
Reserves with restrictions are as follows:				
At 1 August	0.5	1.6	2.1	2.1
New grants	-	-	-	0.2
New donations	-	0.5	0.5	0.5
Reclassification of reserves	-	-	-	(0.2)
Expenditure	-	(0.4)	(0.4)	(0.5)
At 31 July	0.5	1.7	2.2	2.1
Analysis by type of purpose				
Research support	0.1	-	0.1	0.2
Scholarships and bursaries	-	0.6	0.6	0.5
General	0.4	1.1	1.5	1.4
	0.5	1.7	2.2	2.1

24 Contingent Liability

We have entered a number of nomination agreements with three organisations whereby we underwrite the shortfall in the letting of a number of student residences. At 31 July 2020 the maximum value of the underwriting is £17,017,320 (£4,650,702 July 2019), summarised below. 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.

Dates	Residences	Legal Entity with whom the agreement is held	Maximum liability 31 July 2020	Maximum liability 31 July 2019
			£m	£m
24/09/2016 - 18/09/2021	"Hello Student"	Empiric (Bath James House) Limited	2.2	4.7
14/09/2020 - 19/03/2021	Green Park House	Bath Spa University	1.0	-
16/09/2021 - 15/09/2030	Acquilla Court	Eagle One Acqua Sulis Limited and Acquilla MMXX Limited	13.8	-
Total			17.0	4.7

25 Lease Obligations

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

	Consolidated & University	
	2020 £m	2019 £m
Lease Commitments		
Lease commitments due in more than one year but less than two years	5.0	5.1
Lease commitments due between two & five years	20.4	22.1
Lease commitments due in more than five years	28.9	33.8
Total Lease commitments	54.3	61.0

Operating leases are held for six properties used by us as student 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 six properties, the lease payments are reported in other operating expenses.

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 2,342 (2,339) active members at 31 July 2020.

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 21.1% (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.

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 latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2020 is underway but not yet complete. The assumptions that 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.

The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

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

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

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

Mortality base table	
Pre-retirement:	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females "
Post-retirement:	97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females
Future improvements to mortality	CMI_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:

	2020	2019
Males currently 65 yrs:	24.4	24.6
Females currently 65 yrs:	25.9	26.1
Males currently 45 yrs:	26.3	26.6
Females currently 45 yrs:	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2019
Discount rate	2.59%	2.44%
Pensionable salary growth*	4.20%	2.11%

*institutions should use their own discount rate and pensionable growth rate

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 2018 would have differed given small changes in the key assumptions.

Assumption	Change in Assumption	Change in shortfall
Discount rate	Increase by 0.1%	Reduce by £1.2 billion
RPI/CPI Spread	Increase by 0.1%	Reduce by £0.7 billion
Life expectancy	Higher than assumed *	Increase by £1.6 billion
Asset values	Fall by 10%	Increase by £6.4 billion

*Assumes member life expectancy is consistent with someone one year younger than their current age (i.e. a 60 year old is observed to have the life expectancy of someone aged 59)

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.

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	4.2%
Long-term Salary inflation	3.9%
Pension inflation	2.4%

Valuation date	31 March 2019
Valuation method	Projected Unit
Market value of assets at date of last valuation	£4,820 million
Market value of assets as a percentage of accrued benefits	95.0%

The contributions payable by us were equal to 15.10% of total pensionable salaries for the period to 31 March 2020 and 16.2% for the balance of the period to the end 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 2019, updated to 31 July 2020 by a qualified independent actuary.

The material assumptions used by the actuary for FRS 102 at 31 July 2020 were:

At end of year	31 July 2020	31 July 2019
	%	%
Rate of CPI inflation:	2.3	2.2
Rate of increase in salaries:	3.8	3.7
Rate of increase in pensions:	2.4	2.3
Discount rate:	1.6	2.1

Post retirement mortality assumptions for members retiring in normal health

	31 July 2020	31 July 2019
Non-retired members	S2PA CMI_2015_[1.75%] 98% (male) S2PA CMI_2015[1.5%] 88% (female)	S2PA CMI_2015_[1.75%] 94% (male) S2PA CMI_2015[1.5%] 81% (female)
Retired members	S2PA CMI_2015_[1.75%] 92% (male) S2PA CMI_2015_[1.5%] 87% (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	24.7 / 27.3 years	26.3 / 29 years
Male / female current pensioner aged 65	23.2 / 25.3 years	23.7 / 26.2 years

The sensitivities regarding the principal assumptions used to measure our share of the scheme liabilities as at the valuation on 31 July 2020 are set out below:

Assumption	Change in Assumption	Impact on scheme liabilities
Discount rate	Increase by 0.1%	Decrease by £4.0 million
Rate of CPI Inflation	Increase by 0.1%	Increase by £4.1 million
Rate of salary growth	Increase by 0.1%	Increase by £0.4 million
Members live longer	1 year longer	Increase by £7.1 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:*

	2020	2019
	£m	£m
Market value of assets	130.5	133.8
Present value of scheme liabilities	(230.0)	(205.1)
Net pension liability	(99.5)	(71.3)

Amounts charged to SOCI:

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

	2020	2019
	£m	£m
Current service cost	8.2	6.2
Past service cost	0.8	1.0
Administration expenses	0.1	0.1
Total operating charge	9.1	7.3

	2020	2019
	£m	£m
<i>Analysis of amount charged to interest payable</i>		
Net interest charge (note 11)	1.4	1.2
Net charge	1.4	1.2

Notes to the Annual Accounts (continued)

26 Pensions (continued)**Local Government Pension Scheme (continued)***Amounts recognised in the Statement of Comprehensive Income*

	2020	2019
	£m	£m
Change in assumptions underlying the present value of the scheme assets	(7.8)	5.1
of the scheme liabilities	(14.5)	(27.6)
Actuarial loss recognised in the SOCI	(22.3)	(22.5)

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

	2020	2019
	£m	£m
Deficit in scheme at 1 August	71.3	43.4
Movement in the year:		
Current service and curtailment costs	8.2	6.3
Contributions by the employer	(4.6)	(3.2)
Past service cost	0.8	1.0
Administrative charge	0.1	0.1
Net interest charge	1.4	1.2
Net Movement in the year	5.9	5.4
Actuarial loss	22.3	22.5
Deficit in scheme at 31 July	99.5	71.3

Analysis of the movement in the present value of the scheme liabilities:

	2020	2019
	£m	£m
At the beginning of the year	205.1	168.6
Current service cost	8.2	6.2
Interest on pension liabilities	4.2	4.8
Member contributions	1.3	1.2
Past service cost	0.8	1.0
Actuarial losses on liabilities - other	14.5	27.6
Curtailments	-	0.1
Benefits/transfers paid	(4.1)	(4.4)
At the end of the year	230.0	205.1

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:**

	2020	2019
	£m	£m
At the beginning of the year	133.8	125.2
Expected return on plan assets	2.8	3.6
Actuarial (losses)/gains on assets	(7.8)	5.1
Administrative expenses	(0.1)	(0.1)
Contributions by the employer	4.6	3.2
Contributions by scheme participants	1.3	1.2
Benefits/transfers paid	(4.1)	(4.4)
At the end of the year	130.5	133.8

Analysis of the scheme assets:

	2020	2019
	£m	£m
Equities	57.7	62.6
Government bonds	9.4	-
Other bonds	3.5	14.6
Property	11.5	7.4
Cash/liquidity	3.9	1.6
Other	44.5	47.6
At the end of the year	130.5	133.8

Total pension costs (note 8)

	2020	2019
	£m	£m
Universities Superannuation Scheme: employer only contributions	20.8	17.6
Universities Superannuation Scheme: provision movement	(33.7)	50.7
	(12.9)	68.3
Avon Pension Fund	9.0	7.3
Contributions to other pension schemes	0.1	0.1
Total pension costs	(3.8)	75.7

Note on our Integrated Reporting Approach

We continue to work on improving the presentation of our Annual Report and Accounts, by adopting the principles of Integrated Reporting (IR). This is informed by the IR global framework and is intended to enhance accountability, transparency and readability of our Annual Report and Accounts, thus improving the trust between us and our stakeholders. We are continuing to use 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 remains at the heart of both our current Vision and Strategy 2016-2021 as well as our work in developing our new strategy.

This year's Annual Report and Accounts consolidates our steps towards adopting IR. We continue to combine our previous Annual Report and Financial Statements into this single document and have expanded the narrative statements. We have retained our value creation document to show how we draw from a number of different resources. We have set out how our activities add value for our stakeholders, through a series of case studies, real examples of where we create and add value to members of our community. These emphasise the actions we have taken to support members of our community through the challenge of the COVID19 pandemic.

The Annual Report and Accounts has been informed by the IR framework developed by the International Integrated Reporting Council (IIRC). This year we have expanded our approach to risk and corporate governance structure and provided more evidence of our performance through the inclusion of two further key performance indicators (KPIs) supporting our environmental sustainability. More importantly we have revised our production process to facilitate greater consultation with members of our approving Committees of the content of the Annual Report and Accounts.

It is our intention to further develop and enhance the content of the Annual Report and Accounts over the coming years to support the delivery and reporting of performance against new strategy.

We hope you find this document informative and useful.

Martin Williams
Director of Finance





