

ANNUAL REPORT 2021

BISHOP GROSSETESTE UNIVERSITY
LONGDALES ROAD
LINCOLN
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COMPANY NUMBER: 11963500
CHARITY NUMBER: 1184682

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Foreword

We began 2020/21 having emerged from the first COVID-19 national ‘lockdown’ and an easing of restrictions during the summer. Two more national lockdowns followed and the unpredictability of the pandemic caused huge disruption in all walks of life. There were significant challenges for the higher education sector and therefore the University. As a small institution we were nimble as we responded to government directives and advice (sections 2 & 4), but the impact of the pandemic affected all aspects of our performance (sections 2, 3, 5, 6, 9 & 10). This report should be read in that context.

In keeping with our values (section 1), our primary focus throughout the year was securing the health, safety and well-being of our community, students and staff (section 6). From the outset, we implemented the necessary preventative measures across the campus (e.g. hand sanitising stations, one-way systems, protective screens, signage). As things developed, we provided on-site testing facilities (section 10), and took additional steps to ensure that students and staff were supported during the periods of greatest uncertainty and potential hardship. When the campus was closed, students who vacated the halls of residence had their accommodation fees refunded (section 10) – some other providers did not do this. Staff eligible for the Coronavirus Job Retention Scheme (‘furlough’) were protected from unexpected financial difficulties by receiving 100% of their salary, rather than the recommended maximum of 80% (section 17). No member of staff had their pay reduced, and we did not introduce a voluntary salary sacrifice scheme. Career enhancement and progression were also maintained, as the University proceeded with academic promotions to Grades 8, 9 and 10 (i.e. Senior Lecturer, Reader, Professor) – here again, a significant number of universities chose to freeze promotions and spinal pay progression.

The measures we took specifically in response to the pandemic contributed significantly to the deficit reported in the Financial Statements (section 17), both through additional expenditure (e.g. on-site testing and refunding student accommodation fees) and from our moral decision not to make savings in staff costs, as outlined above. Also, for obvious reasons beyond our control, a large proportion of our anticipated income from catering and (in particular) conferencing services did not materialise, further exacerbating the Covid-related deficit.

The impact of COVID-19 was felt across Key Performance Indicators (section 9). Academic colleagues showed admirable creativity and resourcefulness in the delivery of a different approach to learning and teaching. However, the transition first to blended learning and then to fully remote/online was particularly challenging for many of our learners who benefit most from in-person contact with their tutors, peers and our partners. Consistent with the higher education sector overall, BGU’s results in the National Student Survey were adversely impacted, and there were small reductions in our continuation rates (section 2).

Despite the challenging circumstances the University made significant progress in many aspects of the delivery of the *Strategy 2019-25*. We led successful community and business engagement projects, primarily through BG Futures (e.g., Greater Lincolnshire Local Enterprise Partnership Community Grants Project, Lincolnshire Food Partnership – section 7). Funded by the Office for Students, through LiNCHigher we were the hub of the main project committed to widening access and increasing participation in higher education from under-represented groups across the county (sections 5 & 6). Our submission to the Research Excellence Framework 2021 was a major milestone towards achieving Research Degree Awarding Powers (section 3). The first iteration of the Knowledge Exchange Framework was notable for our outstanding level of performance for ‘Local Growth and Regeneration’ with BGU ranked third in the cluster of universities defined as “smaller universities, often with a teaching focus “ for this category of activity (section 3).

The impact of COVID-19 will continue to be felt in the short- to medium-term as the sector recovers from the pressures the pandemic has exerted on it. Nevertheless, the University is well positioned to deliver on many of the commitments of its *Strategy* (some of which may even have been accelerated by the response to the pandemic) whilst building upon the achievements outlined in this report.

1. Introduction

Bishop Grosseteste University is a vibrant community of more than 2,700 students, over 300 staff, and alumni who reside across the globe. We are tremendously proud of the University and its many achievements. We want to expand our reach and influence so that we can transform the lives of more individuals and communities.

The University is at the historic heart of Lincoln, and through many years of providing high-quality education, has become an important asset to Greater Lincolnshire. Most recently we have contributed significantly to the government's 'levelling up' agenda, helping to drive broad-based, inclusive economic growth and productivity as well as tackling the social inequalities that are prevalent in the region. There are many facets to our role within Greater Lincolnshire beyond our reputation for delivering high-quality education, increasing access to HE and producing graduates who go on to highly skilled employment.

To monitor our progress and success, the University has Key Performance Indicators (KPIs) which are linked to our strategic priorities through the Business Plan. The University Executive Group regularly reviews the University's performance, ensuring that emerging risks and questions are addressed, with this being reported to both the Finance, Employment & General Purposes (FE&GP) Committee and University Council.

During the past year, the University has focused on delivering high-quality teaching and learning opportunities, whilst delivering key programmes of improvement, all against the backdrop of the impact of COVID-19 upon the HE sector and our wider community.

This report outlines the story of the University in the 2020/21 financial year, including the issues we have faced, along with the successes we have achieved. All of the achievements are set within the context of the Strategy which was launched in October 2019 and included the following guiding principles:

Our values: Inspired by our Anglican foundation, we will continue to live the values of respect, integrity, courage, excellence, resilience and inclusion.

Our purpose: By valuing all of our people and through ethical and enduring partnership working, we deliver individualised and creative support and transformation to our learning and business communities.

Our ambition: Shaped by our heritage and led dynamically into our future, by 2025 BGU will be a mature, confident, sustainable and accessible university.

2. Education and Students' Experiences

Academic Year 2020/21 saw the COVID-19 pandemic continue. Like most of the higher education sector, BGU planned for the reopening of its campus with social distancing and the delivery of blended learning.

Over the summer of 2020, academic teams and our Centre for Enhancement in Learning and Teaching (CELT) worked together to share online learning good practice and the development of learning materials and approaches for the new academic year. The intention for 2020/21 was to deliver 50% of the scheduled teaching hours through in-person small-group seminars and workshops and the other 50% through online delivery of knowledge-rich lecture-type material.

This blended-learning approach was successfully delivered until December through the collaborative effort of the subject teams, professional support services, BGU's Students' Union and our students.

BGU, in line with the rest of the sector, was guided by the government and moved to wholly online learning to facilitate the safe travel of students for the Christmas vacation. National lockdown then required online learning to continue for semester 2 for the majority of BGU's programmes.

Providing a student-focused and enabling approach that focuses on the individual's needs is at the core of BGU's student experience. The move to online learning and teaching in response to the COVID-19 pandemic lockdown during 2020/21 was particularly challenging for some of our learners, who relied very much on in-person contact with tutors.

The National Student Survey (NSS) results for 2020/21, both for the sector and for BGU, saw a significant fall in overall satisfaction, reflecting the impact of the pandemic on in-person delivery. The BGU average decreased by 13 points to 72% compared to the sector average of 75%.

This relative fall in satisfaction compared to the sector average resulted in BGU moving from 106th to 122nd in the Complete University Guide (CUG) league table, which is a return to the rank position in four of the previous six years.

Continuation at BGU is typically stable year on year, with the average over the past five years sitting at 93% across undergraduate and postgraduate levels; for 2020/21 the undergraduate continuation figure fell to 89% as students found facing the COVID-19 situation while studying a significant challenge.

Despite the move to remote learning, the attainment rate – the proportion of undergraduate students achieving a 2.1 or first-class degree (upper degree) in 2020/21 – was 68%, just slightly down on 2019/20. This is broadly in line with the previous five years. In the Graduate Outcomes survey, 92% of BGU graduates from 2018/19 were in further study or employment by January 2021.

BGU continues to develop and diversify its portfolio of programmes and 2020/21 saw the introduction of two new degree apprenticeship programmes in Business/Management Studies. These programmes allow individuals to boost their skills while also helping improve economic productivity, by accessing high-quality apprenticeship training provision paid for by their employer, while remaining in employment.

The Level 7 Senior Leader Master's Degree Apprenticeship incorporated a post-graduate MBA degree. The award is completed through short block release and allows students to study with peers from other organisations and sectors. Successful apprentices have the option to apply for professional recognition from relevant professional bodies such as the Chartered Management Institute or the Institute for Leadership and Management. The Level 6 Chartered Manager Degree Apprenticeship follows a similar format but incorporates a BA (Hons) Business, Leadership and

Management qualification. Both programmes commenced in Semester 1, 2020 and have attracted learners from the local authorities, local businesses and public sector organisations, and seen BGU colleagues benefitting from our Apprenticeship Levy Fund.

The recruitment cycle ending in September 2021 was impacted by COVID-19 with high applications but lower conversions, as students across the sector deferred or, with higher A-Level grades, got into their first-choice universities.

BGU saw a total of 629 undergraduates begin their degree in 2021; this is a 3% decrease on the 2020 recruitment cycle, when 648 undergraduates enrolled. In addition, 111 students (up 11%) on taught masters and 352 PGCE (down 5%) students came to BGU in 2021.

The University's international activity continues to demonstrate encouraging signs of growth and development. In November 2020, the University had a successful outcome from its first audit by the UK Visa and Immigration service, indicating the processes and systems in place for the recruitment of international student are robust, fit for purpose and meet the regulations for being a UK government sponsor license holder for the recruitment of international students.

During the past 12 months, applications from international students have risen by 74% from 136 to 237. This resulted in the number of new international fee payers enrolled on to programmes for 2021/22 rise by 100% from 15 to 30. This figure, coupled with continuing students, has seen the international student cohort rise to 37 in 2021/22 from 19 in 2020/21. Additionally, BGU will welcome 22 Erasmus students from partners across Europe to study with us in the first semester of 2021/22.

3. Research and Knowledge Exchange (RKE)

The BGU submission to the Research Excellence Framework (REF) in 2021 was the University's third return to the periodic assessment of research activity and marked a step change in research volume since the REF in 2014. With a four-fold increase in the number of academic staff with significant responsibility for research, a total of 45.2 full-time equivalent (FTE) independent researchers were submitted.

Returns were made to the following Units of Assessment and included case studies of the impact of our research:

- 4 – Psychology, Psychiatry and Neuroscience (9.0 FTEs) – dream science, health and wellbeing; mindfulness and wellbeing
- 23 – Education (20.5 FTEs) – initial teacher education in Thailand; participatory approaches to autism education; challenging racism and promoting equality
- 27 – English Language and Literature (5.0 FTEs) – the influence of William Blake; women's lives in Victorian Lincolnshire
- 28 – History (6.0 FTEs) – the 'long' First World War; medieval settlement landscapes
- 31 – Theology and Religious Studies (4.7 FTEs) – the radicalism of Robert Grosseteste; punk and implicit religion.

The first iteration of the Knowledge Exchange Framework (KEF) was published by Research England in March 2021. It provides information on the knowledge exchange activities of higher education providers in England with performance measured across a range of metrics. The University is grouped within Cluster M – 'smaller universities, often with a teaching focus' – and the overview report for BGU noted that: 'Prominent and emerging areas of knowledge exchange (KE) include those relating to business, heritage, health, open data, as well as education. BGU works actively with a wide range of communities, public and third sector bodies, commercial organisations and funding bodies through its KE'. In particular, there was an outstanding level of performance for 'Local Growth and Regeneration' with BGU ranked third in its cluster in terms of the proportion of its total KE income received from this set of activities.

In support of its RKE ambitions, the University has a suite of RKE Units:

- Communication and Language
- History on Record – Unlocking the Archives
- Literature and Literacies
- Pedagogy and Practice in Higher Education
- Philosophy and Theory in Research
- Promoting Engagement, Enabling Participation across Society
- Psychology, Health and Wellbeing
- Social Justice
- The Ordered Human Project
- Voicing the Past
- Wellbeing and Workload in Education
- World Religions and Education.

The Lincolnshire Open Research and Innovation Centre (LORIC) has secured funding from the European Regional Development Fund for continuation of its work delivering data-driven innovation, advice, and consultancy, to small- and medium-sized enterprises in Greater Lincolnshire. With a total of £399k over two years, the LORIC 2.0 project will provide a variety of low-, medium- and high-

intensity support activities, and encourage collaborations between the academic community and businesses. Specifically, it will include bespoke data consultancy, events and seminars, digitisation services, new research possibilities and opportunities for students.

Some RKE activities were curtailed because of the COVID-19 pandemic but, in addition to the £76k of UK Research and Innovation grants received by BGU, projects that began or were ongoing during 2020/21 that reflect the scope of the University's RKE interests include:

- Future Farming Resilience Programme (in collaboration with Rose Regeneration). An investigation of the social impact that Farmer Support Networks have on the farming communities that they support (Department of Environment, Food & Rural Affairs; £17k).
- Student Teacher Well-being: Developing Understanding and Building Support. BGU is leading a consortium including University College Copenhagen and the University of Eastern Finland (Erasmus+ 2020 – 2023 project; £62k).
- Enabling Gender Equality in Leadership: an exploration of leadership and self-awareness. The aim of the project is to enhance understanding of gender and leadership to promote inclusion and facilitate change (Church University Fund; £4k).
- Improving Access to Medical Services and Information for Newly Diagnosed Elderly Patients with Cancer in Rural Settings (United Lincolnshire Hospitals NHS Trust – through cancer charitable funds; £23k).
- Postdoctoral Research Fellowship to develop the Edward Bailey Centre (The Centre for the Study of Implicit Religion and Contemporary Spirituality; £40k).

4. Collaboration and Partnerships

Following the launch of the Lincoln Civic University Agreement in 2020, in July 2021 BGU extended the scope of its partner-working across the city by signing a Memorandum of Co-operation with LAGAT College – a provider of training, education and support with a strong history of meeting the local needs of businesses, schools and third-sector organisations. The collaboration between LAGAT College and BGU is intended to:

- generate academic pathways into higher education across the suite of provision;
- develop community-based initiatives to enhance the city and Greater Lincolnshire;
- embark on research and knowledge exchange projects; and
- provide employability and work-based learning opportunities.

The Uni Connect programme is funded by the Office for Students and was set up in 2017. There are 29 consortia of universities, colleges and other local partners that offer activities, advice and information on the benefits and realities of studying at university or college – especially in those local areas where participation in higher education is lower than might be expected. Initially called the National Collaborative Outreach Programme, the programme for Lincolnshire, LiNCHigher, is based at BGU and is entering its third phase of funding. The University acts as the hub for partner further education colleges, as well as the University of Lincoln, and delivers outreach across the county.

The University validates degrees for delivery of a variety of partners (details of which can be found in the Collaborative Provision Register¹). Engagement with these partner organisations is through a Joint Board of Studies and annual strategic meetings. The partnerships fall under the domain of University Senate (chaired by the Vice-Chancellor, who is also a director of the company) and reporting to Council is through the Vice-Chancellor.

The International Office continued its work with departments across the University to continue to develop and support international activity, including:

- a review of the University's approach to international student mobility and the development of a university-wide 'Statement of Intent';
- delivery of a consultancy project (£46k) for Vytautas Magnus University in Lithuania with a focus on the development of a strategy for internationalising the curriculum;
- development of online exchange programmes with partners in Thailand and China for students on Education and TESOL programmes;
- validation of a new MSc International Business programme to start in September 2022; and
- development of enhanced induction and academic support programmes for international students.

During 2020/21 BGU welcomed the first cohorts to the new Degree and Higher Degree apprenticeship programmes; The University now delivers three apprenticeship programmes Senior Leadership Master Degree Apprenticeship (two year part-time with an MBA qualification), Chartered Manager Degree Apprenticeship (incorporating a three-year honours degree) and an OCR Careers Development Professional award. These programmes were developed in collaboration with local employers and organisations to enhance workforce skills.

In response to the COVID-19 pandemic, the University worked in collaboration with external

¹ See <https://www.bishopg.ac.uk/document-download/61878>

stakeholders to ensure that the BGU community was as COVID-19-safe as it could be. Throughout 2020/21 there was an ongoing dialogue with the City of Lincoln Council, the University of Lincoln and Lincolnshire County Council's Local Health Protection Team. Key work undertaken included:

- introduction of the on-campus testing site;
- approval and implementation of the University's Outbreak Response Plan;
- shared communications about 'hands-face-space', testing arrangements and the vaccination roll-out; and
- distribution of home testing kits.

Student sport was badly affected by the COVID-19 restrictions during 2020/21. The easing of restrictions allowed for the resumption of competitive varsity sport and the return of the annual Cathedral Cup encounters with the University of Lincoln in June 2021.

5. An Inclusive University

BGU continues to deliver its widening access and participation agenda to provide educational and transformative opportunities for learners not normally represented across the higher education sector.

In *The Times* and *The Sunday Times* newspapers in 2021 BGU was ranked second nationally for social inclusion. This reflects the proportion of our students that comes from state schools, the proportion of first-generation students and the proportion with a known disability. This recognises the consistent outreach activity that BGU has developed with schools and colleges in conjunction with LiNCHigher, as well as engagement work with local communities, businesses and employers.

LiNCHigher is a pan-Lincolnshire consortium of nine stakeholders, led by BGU, and is part of a wider national initiative, the Uni Connect Programme, which is funded by the Office for Students. Through 29 national partners, its primary aim is to increase aspirations among young people by targeting areas of low participation in higher education. During 2020/21 external engagement continued to be affected by the COVID-19 pandemic because of the closure of schools and bubbles. Despite that, LiNCHigher and its consortium of partners provided funded support to 45 schools and six colleges. There were 521 outreach activities delivered between August 2020 and July 2021, an increase of 65% compared to the previous year. The programme supported 9,180 students, an increase of 252% on 2019/20, and well above the programme's targets set by the Office for Students.

First Steps is a free-of-charge Widening Participation Programme delivered by BGU for students in Years 9–11 in schools across Lincolnshire (and near the border in surrounding counties). The programme is usually delivered through a combination of outreach sessions in schools and taster days on the University campus, although in 2020/21 some of these activities took place as virtual alternatives because of COVID-19 restrictions in schools. The schools are asked to select students who have barriers that make them less likely to consider university as an option for their future. Each step of the programme has a focus on developing students' study skills while allowing them to find out more about higher education to aid their progression to university in the future.

Next Steps is a four-staged Widening Participation Programme aimed at students in Year 12 and is delivered through a combination of outreach sessions in schools and taster days on the University campus. In the 2020/21 academic year one of the campus visits took place as a live webinar instead, because of COVID-19 restrictions, and some schools opted for some of the other steps to be virtual too. The programme is free of charge for schools and colleges across Lincolnshire (and near the border in surrounding counties). Schools are encouraged to select students who face barriers to accessing and participating in higher education, and the programme aims to develop students' study skills while answering their questions about higher education.

In terms of access in 2020/21, more than half of BGU's new entry of undergraduate students resided in POLAR4 Q1 and Q2 areas (27% and 28% respectively), meaning that they are more likely to be the first generation in their family to attend university. Similarly, 42% of our students are from backgrounds of socio-economic disadvantage. BGU attracts a high proportion of mature students, making up 39% of the undergraduate entry, and 31% of our students declare a disability, almost twice the national average.

As well as attracting students from under-represented backgrounds, BGU works with its students to ensure their successful participation and achievement.

Continuation is the proportion of learners who are still in higher education after their initial year of Level 4 study. As in 2019/20 the continuing COVID-19 pandemic through 2020/21, with national lockdown restrictions from December to May, meant that our students had to receive their teaching, learning and tutor support online while also managing their lives, including caring for family, home schooling and recovering from illness. This has meant that more students this year were unable to continue with their studies and the University's continuation fell to 89%. This impacted most students from low socio-economic backgrounds, minority ethnic students and students on the foundation year programme.

Despite the move to remote learning, the attainment rate – the proportion of undergraduate students achieving a 2.1 or first-class degree (upper degree) in 2020/21 – was 68%, just slightly down on 2019/20. BGU will, through its Access and Participation Plan², continue to work on closing differential performance gaps for ethnic minority students, students with a known disability, mature students and students from low socio-economic backgrounds.

In the Graduate Outcomes survey, 92% of BGU graduates from 2018/19 were in further study or employment 18 months later in January 2021.

² See <https://www.bishopg.ac.uk/document-download/63134>

6. Infrastructure

BGU is committed to providing a high-quality learning environment with the focus during this year being a 'safe' learning environment.

The pandemic has impacted the operation of the University's physical environment with a multitude of unforeseen issues being managed.

The Estates team ensured that the student residential accommodation was maintained to a safe standard, with students being co-located in teaching bubbles and cleaning increased in communal areas. A separate building and rooms were provided for students who were required to self-isolate because of travel from overseas – their wellbeing being a primary concern.

The teaching facilities were configured to ensure social distancing measures were achieved, with sanitisation stations and one-way systems set up throughout the University campus. This ensured that, where required, students could attend face-to-face teaching sessions, knowing that all safety measures were in place. An inspection from the NHS provided the assurance and confirmation that all measures being taken were in line with government guidance, and the University could reassure staff and students that every effort was being made to maintain a safe campus. The Site Visit Report from the NHS Deep Cleaning and Advisory Service dated 26 March 2021 remarked that BGU was:

"A very well-maintained University run very well and maintained to an exceptional standard throughout. Very well planned out rooms and all COVID-19 secure. The protocols here are excellent and the staff appear to have thought of everything in making the appropriate changes required for the current situation."

The collaborative work of professional services and academic teams has been effective to ensure that BGU has remained open for all staff and students to access the facilities and services needed to continue to work and study.

Over the course of the year, partner-working has taken place with the following organisations and groups:

- Local Health Protection Teams (HPT)
- The City of Lincoln Council
- University of Lincoln
- Lincoln College Group

7. Section 172 Statement

Pursuing our purpose and priorities means focusing primarily on strategic issues, while having regard to our values and economic, political and social issues, as well as other relevant external matters that may influence or affect the development of BGU's business. By working collaboratively with the University's many stakeholders, BGU produced its *Strategy 2019–2025*³, which was released in October 2019.

The Objects of the company are “for the public benefit to advance education through the provision of a university at or near Lincoln, such university to be designated as having a Church of England character”. The Strategy sets out a series of objectives that will ensure BGU achieves success in the delivery of these Objects over the planning period and delivers value to its students and other stakeholders. Performance against the Strategy is monitored frequently by the University Executive Group and reported to University Council, as well as Key Performance Indicators and risks to the delivery of its objectives⁴. University Council includes representation from the University's student body, staff and the diocese of Lincoln as well as other interested members of the public. All are key stakeholders in the delivery of the Objects⁵ and the Strategy by which these are achieved.

Core projects within the business plan reported to University Council include the identification and delivery of core aspects of a Student Journey, the development of a Workload Allocation Model and the purchase and implementation of a new Student Records System. These projects are regularly reviewed on Council's behalf, at the Finance, Estates and General Purposes Committee, with amendments to project timelines etc influencing future business plans.

A key pillar of the Strategy is Collaboration and Partnerships (see p.10ff). These concepts are at the heart of the University and are implicit in the way we work with students, collaborate to conduct research and knowledge exchange, and situate ourselves within Greater Lincolnshire and the City of Lincoln. BGU has engaged with a broad range of stakeholders on a range of topics throughout the year. This report contains many examples of the work that BGU has undertaken, including:

- Future Farming Resilience Programme (in collaboration with Rose Regeneration)⁶
- Improving Access to Medical Services and Information for Newly Diagnosed Elderly Patients with Cancer in Rural Settings⁷
- Student Teacher Well-being: Developing Understanding and Building Support. Enabling Gender Equality in Leadership: an exploration of leadership and self-awareness⁸
- The Greater Lincolnshire Local Enterprise Partnership Community Grants project⁹
- The Greater Lincolnshire MOVE Project¹⁰
- The Lincolnshire Food Partnership¹¹

³ See <https://www.bishopg.ac.uk/document-download/63024>

⁴ Strategic risks for the University in 2020-21 are outlined on pp.27ff and performance achieved on pp.18ff

⁵ See pp.30-31

⁶ See p.9

⁷ See p.9

⁸ See p.9

⁹ See p.29

¹⁰ See p.29

¹¹ See p.29

- The Lincolnshire Open Research and Innovation Centre¹²

In addition to working to support businesses in the region, we also depend on the capability and performance of our suppliers, contractors and other partners, such as small businesses and sector peers to help deliver our services. Our workforce is key to our success, and our people help us to maintain our strong reputation for high standards of business conduct and are fundamental to the delivery of the Strategy. The University Executive Group engages with staff through a number of fora to enable it to better understand their interests and concerns, particularly the Staff Survey and Staff Forum.

This year there has also been a number of initiatives focusing on the professional development of our staff, including promoting the values and leadership behaviours that will help to engender a strong sense of culture at BGU. University Council includes an academic staff member and a member of staff from professional support services, who regularly attend University Council and engage with its discussions. Feedback on University Council business is disseminated through Senate.

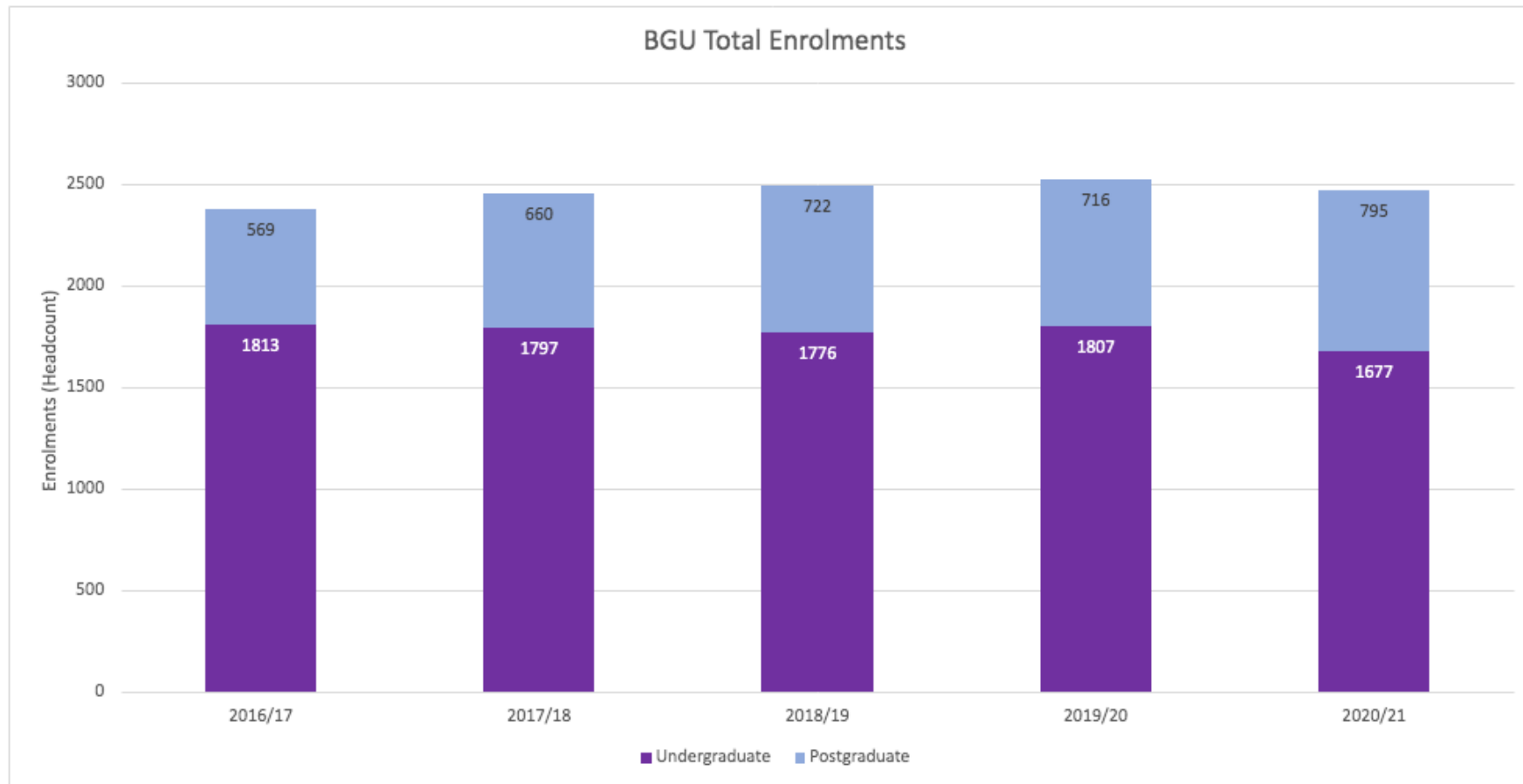
¹² See pp.8-9

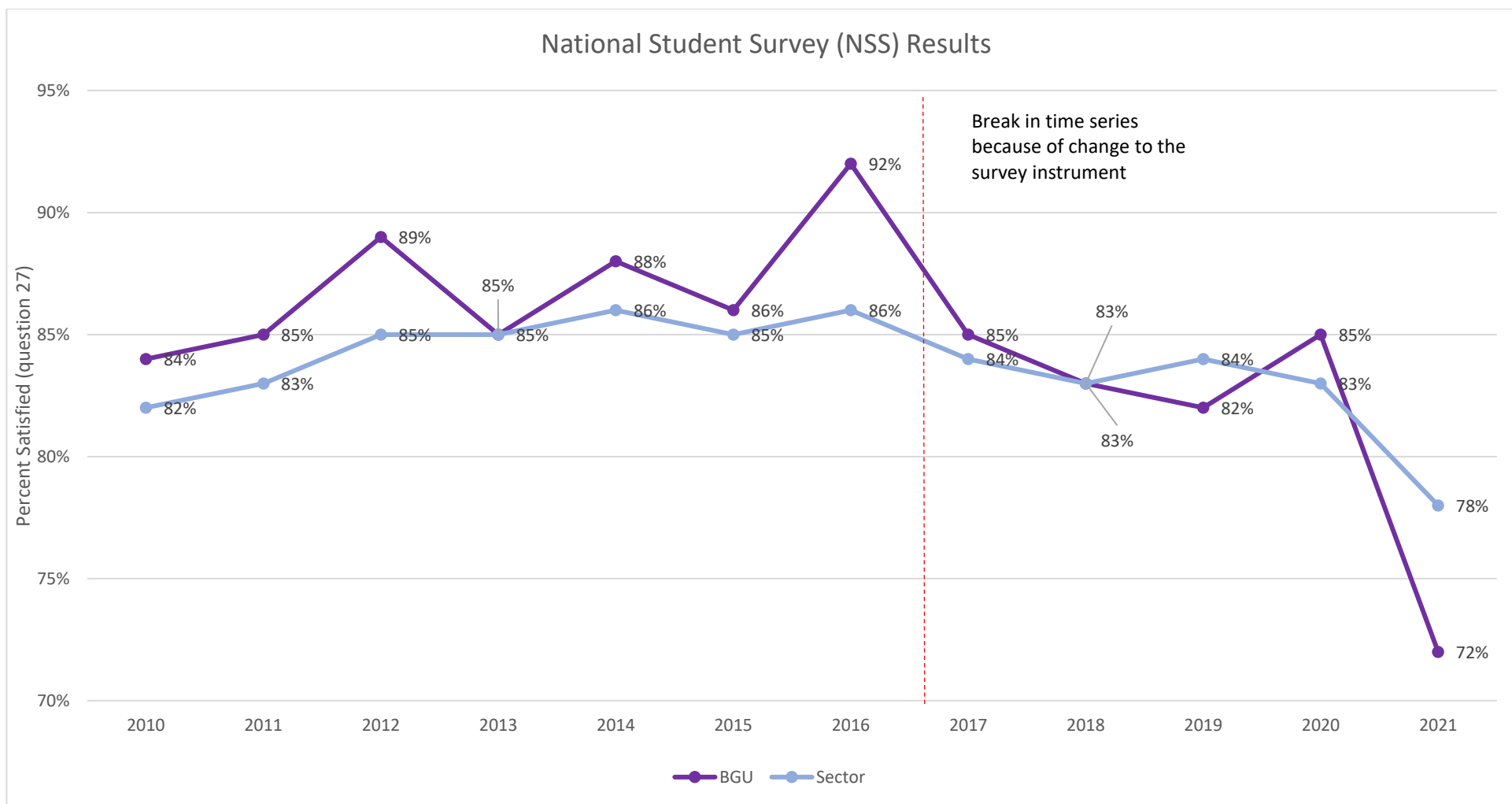
8. Streamlined Energy and Carbon Report

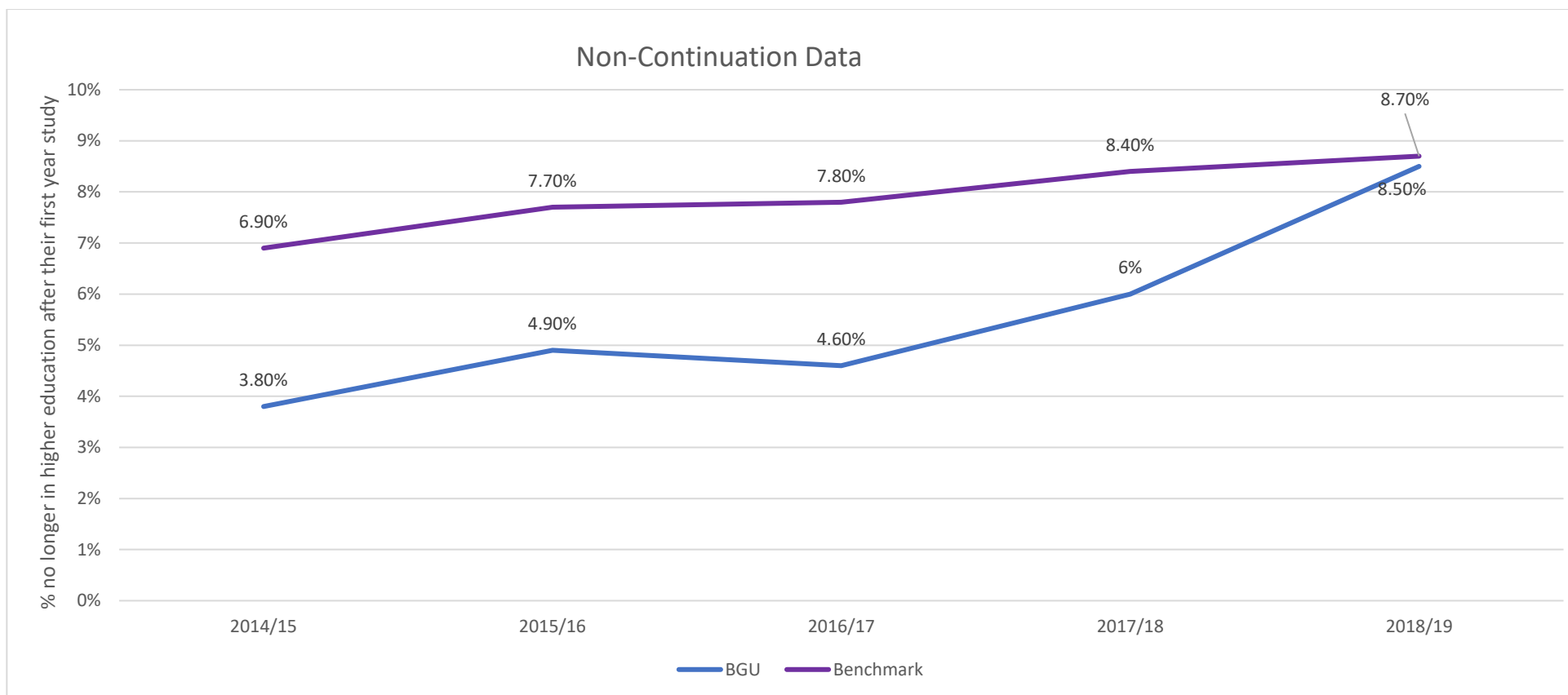
The Streamlined Energy and Carbon Reporting Regulations are designed to increase awareness of energy costs and to provide reliable data to inform how we adopt energy efficiency measures, which help to reduce our impact on the environment. The table below discloses the University's energy consumption and emissions for the 2020/21 reporting period.

UK greenhouse gas emissions and energy-use data for the period 1 August 2020 to 31 July 2021	
Energy consumption used to calculate emissions (kWh)	4,398,004
Scope 1 Emissions (kgCO₂e)	
Gas consumption	571,475
Total scope 1	571,475
Scope 2 Emissions (kgCO₂e)	
Purchased electricity	300,742
Scope 3 Emissions (kgCO₂e)	
Fleet vehicles:	
Petrol	735
Diesel	596
Total gross emissions (kgCO₂e)	872,217
Business travel in employee-owned vehicles (miles)	24,952
Intensity ratio (kgCO₂e per FTE student)	N/A – COVID-19
Quantification and Reporting Methodology	
We have followed the 2019 HM Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard, and have used the 2020 UK government conversion factors for company reporting of greenhouse gas emissions	
Intensity measurement	
N/A	
Measures taken to improve energy efficiency	
Bishop Grosseteste University has recognised the importance of work regarding sustainability and the environmental agenda and it is included in the recently launched Strategy. It has also identified the importance of sector recognition through the EcoCampus Award and ultimately the ISO standard, and has begun working towards the EcoCampus Bronze Award. The newly formed Sustainability Working Group will ensure that strategic and operational targets will be delivered as we work towards achieving Net Zero Carbon by 2030.	

9. Key Performance Indicators (KPIs)

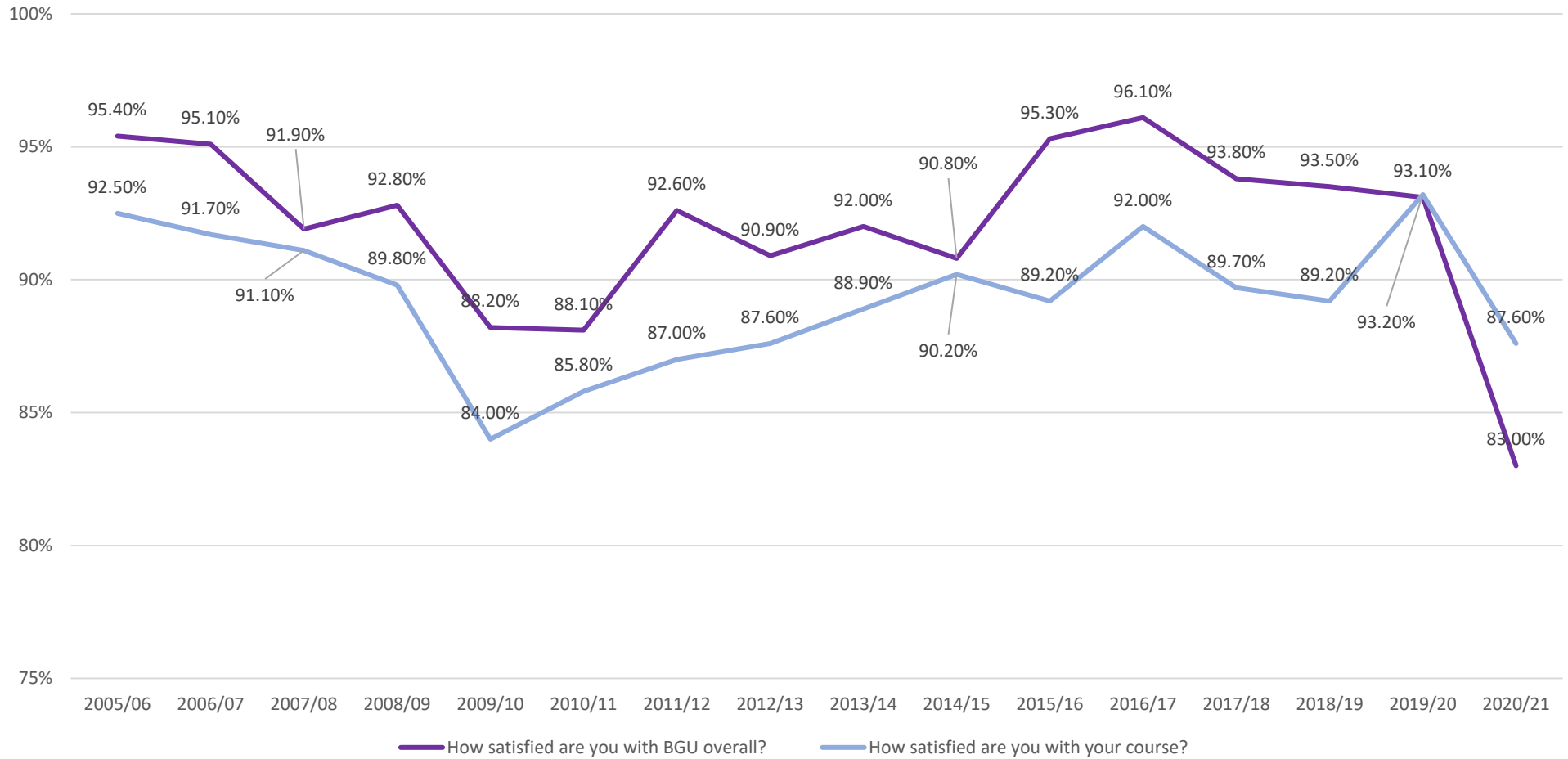






Source: HESA, Non-continuation following year of entry 2014/15 to 2018/19, hesa.ac.uk/data-and-analysis/performance-indicators/non-continuation/table-t3.

BGU Student Satisfaction Survey (BGUSSS)



10. Financial Review

The Financial Statements for the year ended 31 July 2021 consolidate the results of the University and its subsidiary company BG (Lincoln) Limited. The accounts have been prepared in accordance with Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice on Accounting for Higher and Further Education 2019.

The Business Plan approved by University Council in June 2020 emphasised the necessity for financial sustainability and stated: 'While BGU is financially strong in the sense that it has no external debt and a sizeable cash balance for an institution of its size, it is not a sustainable position for the University to operate in deficit on an ongoing basis'. An increase in income from 2019/20 to 2020/21 was offset by the adverse financial impact of COVID-19. The University is well positioned to implement the steps required to ensure continued financial sustainability, alongside the academic achievements and student experience described elsewhere in this Annual Report.

Financial Results for the Year

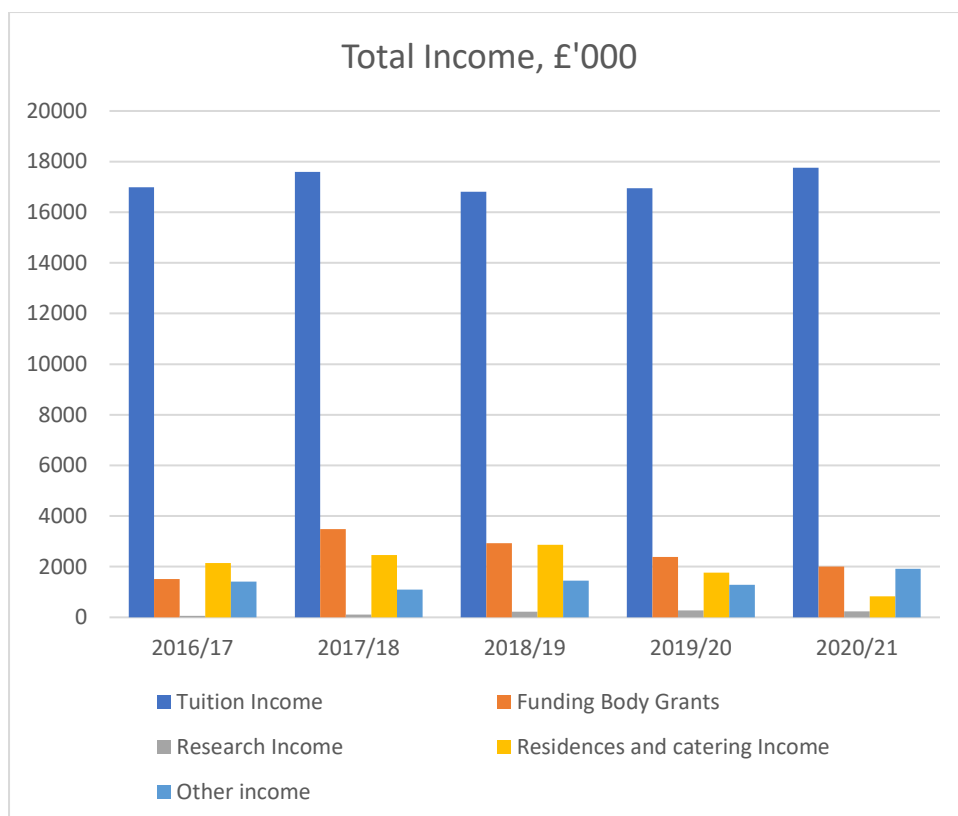
The consolidated income and expenditure results for the University are summarised as follows:

	2020/21		2019/20	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Income	22,743	22,485	22,652	21,706
Expenditure	26,798	26,385	24,914	23,802
(Loss)/Surplus for the year	(4,055)	(3,900)	(2,262)	(2,096)
Actuarial Gain /(Loss)	612	592	(5,171)	(5,028)
Taxation	8	-	-	-
Transfer from Revaluation Reserve	36	36	36	36
Total Comprehensive Income for the Year	(3,399)	(3,272)	(7,397)	(7,088)

The year to 31 July 2021 presented several financial challenges to BGU, specifically arising from COVID-19. There was a reduction in income from student accommodation and the loss of income from catering-related services, while retaining largely fixed staff costs. The adverse variances that led to the financial deficit were primarily because of the impact of COVID-19 on student accommodation, catering and conferencing, and the cost of provision of on-site testing. These amounted to £1.1m of income foregone and additional costs that would not otherwise have been incurred. A decision was taken by the University to waive fees for accommodation that students would not have been able to use, which although a financial cost to the University represents fair treatment of students.

Income

Total income of £22.7m was consistent with last year, despite the significant absence of student accommodation and catering income because of COVID-19. As in previous years, tuition fees were the primary source of income, representing 78% of total income (2019/20: 75%).

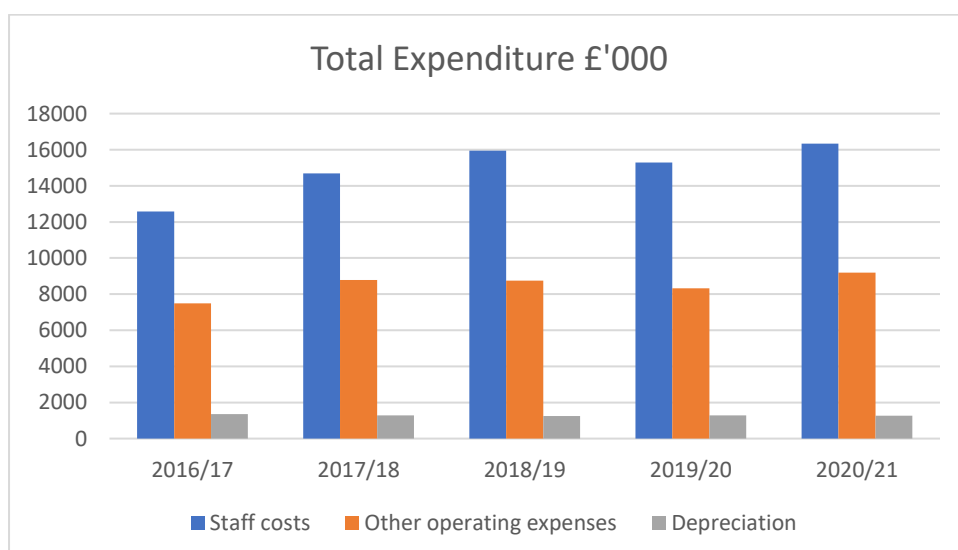


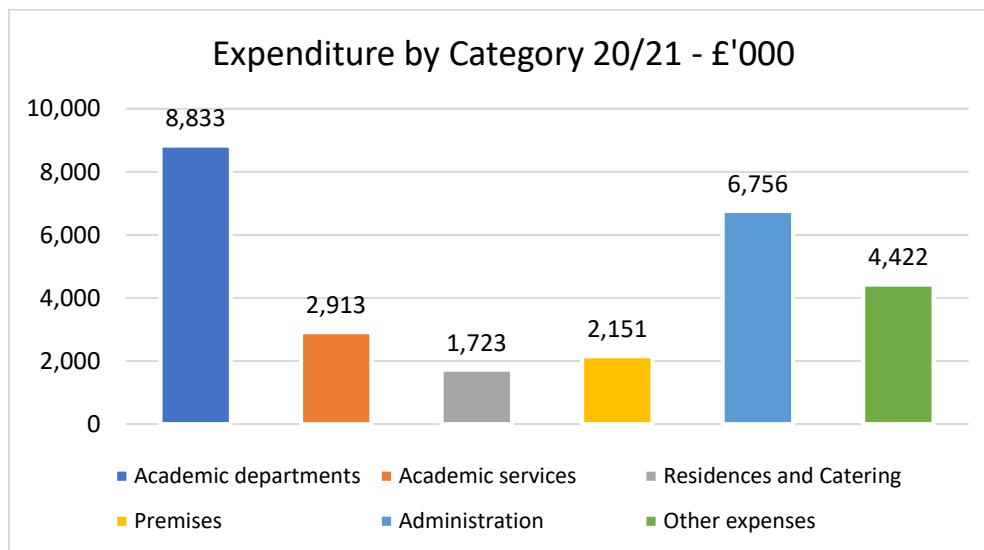
Income from residences, catering and conferences was greatly reduced after being affected by the COVID-19 campus closure.

Expenditure

Total expenditure increased by 7.6% from last year to £26.8m. Staff costs represented 61% of overall expenditure.

Other operating expenses increased to £9.0m, compared to £8.1m in 2019/20.





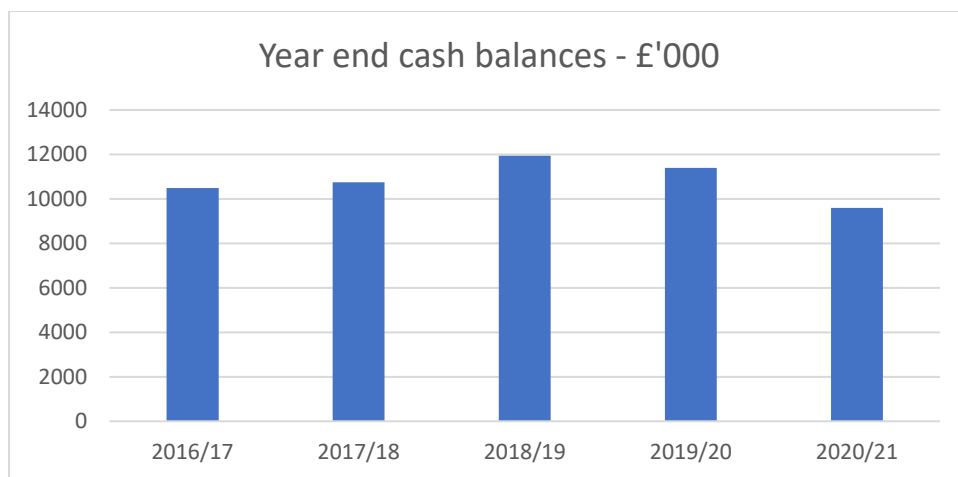
Balance Sheet

Cash and cash equivalents of £9.5m on 31 July 2021 are lower than the year before (July 2020: £11.3m). Cash flow, and operating surpluses, ensure that the University can finance its strategic objectives and ensure long-term financial sustainability.

The current ratio, a measure commonly used to measure liquidity (current assets to current liabilities), reduced from 5.0 in 2019/20 to 3.8 this year. Net liquidity days (excluding Depreciation from expenditure) reduced from 184 in 2019/20 to 154 days in 2020/21.

The University's employees belong to five principal pension schemes: the Church of England Funded Pensions Scheme, the Teachers' Pension Scheme (TPS), the Local Government Pension Scheme (LGPS), the Universities Superannuation Scheme (USS) and the Bishop Grosseteste University Flexible Retirement Account provided by Friends Life. Four of these schemes are defined benefit schemes, while the Bishop Grosseteste University Flexible Retirement Account is a defined contribution scheme.

Total pension deficit provisions increased from £14.5m to £15.0m. The University accounts for pension liabilities in accordance with FRS102 and includes the actual funding requirements as part of annual budgets and in forward planning for financial sustainability.



The University continues to invest on its infrastructure and equipment. Capital investment was funded from capital grants received in the year and the use of reserves. The University invested £0.9m in fixed assets and project-related costs.

11. Risk

In common with all organisations, we are affected by a large number of risks. However, informed risk-taking is essential if the University is to innovate and succeed. Effective risk management is about ensuring that all significant risks are understood and prioritised – as part of business as usual – to increase the probability of successful outcomes, while protecting the reputation and sustainability of the University.

Our Approach to Risk Management

Traditionally, risk management has been defined as any action taken by an organisation to minimise a threat to achieving its objectives. To do this, threats – or risks – must be identified and assessed, and control measures implemented, to reduce the impact and/or likelihood of the risk occurring. Risk management is what the University does every day as it delivers services to our students and partners. Every control in every process has, in some way, been implemented to make sure that required services meet the needs of our communities, services and individuals to the fullest extent possible within current resources.

Opportunity Risk Management builds on the principles of traditional risk management by considering not just what could go wrong (risks or threats), but what could be achieved over and above what was originally planned, by taking proactive action to take advantage of identified opportunities. By its very nature, Opportunity Risk Management is designed to promote innovation throughout the whole University and encourage all employees to identify new and more effective ways of working. But it also helps ensure that threats to achieving objectives are identified and eradicated or minimised.

The University's approach to the management, oversight and monitoring of risks has been to build risk management into its structures and processes through a framework comprising:

- governance;
- identification, evaluation and management of significant risks;
- policy; and
- control environment.

Bishop Grosseteste University is a risk-embracing organisation that understands the importance of risk-taking and accepts that there is an element of risk in most of the activities it undertakes. While not being able to eliminate all risk, the University will seek to manage risk to a level that it is prepared to tolerate. To support staff in their assessment and management of risk, the University has formally defined Risk Tolerance and Risk Acceptance levels as a guide to determining the level of effort and resource that should be applied to identified risks. When combined with the target score for the risk, these provide a framework to help make decisions about what resources are needed to manage each identified risk.

The University's approach is to minimise its exposure to compliance, reputational and financial risk. The University has a very low risk appetite where there is a likelihood of significant and lasting damage to its provision of teaching and research; loss of life or harm to students, staff and visitors; significant and lasting reputational damage; significant financial loss or negative variations to financial plans; illegal or unethical activity; and breaches of regulatory compliance. The University will endeavour to eliminate such risks or reduce them to the lowest practical level. The University has a high appetite for risk in the context of encouraging and promoting critical enquiry, academic freedom and open debate. The University is also open to innovation in education and student

experience, where such activities support and enhance its reputation and position and do not expose it to undue financial, compliance or reputational risk.

The University Executive Group monitors and reviews emerging and changing risks throughout the year. It reports to the full University Council and the Audit Committee. Each year an annual report on its risk management work is produced.

Risk owners assess risk regularly, and the risk register is reviewed by the Finance and Business Planning Group. All major projects have individual risk registers, and risk assessment is incorporated into planning and decision-making processes. Each year the Internal Audit function bases its audit plan around the risk register, undertaking reviews of key areas according to a rolling plan.

Our Risks

The responsibility of oversight and the management of strategic risks rests with the University Executive Group, the membership of which includes all the strategic risk owners. The corporate risks are considered in detail by the University Executive Group several times a year. Assurance oversight for risk rests with the Audit Committee.

The Risk Register is a dynamic strategic tool that is influenced by external factors and the University's overall 'risk readiness'. The main risks facing the University in 2020/21 were (not in rank order):

- Achievement of research income
- Data quality
- Effective reporting systems
- Financial sustainability
- Key financial controls
- Recruitment and retention
- Relationships with regulatory bodies
- Reputational damage
- Responsiveness to significant incidents
- Strategic project delivery
- Student numbers
- University ranking
- Utilisation of assets and resources.

These high-level risks affecting the University in 2020/21 have been impacted by COVID-19, which was taken into account within each of the relevant risk areas. The financial management actions of the University, together with the cash reserves, have meant that financial sustainability, while a risk, has not triggered any substantive conversations or actions with the Regulator and the University continues as a healthy going concern. Pension liabilities remain an ongoing concern. Risks addressed and reduced include risks pertaining to the accuracy of data and specific health and safety matters.

A core risk to the University during 2020/21 arose from COVID-19. The impact on the 2020/21 academic year was monitored and appropriate mitigation put in place to enable the completion of the academic year. While the protection of health and safety was a key issue, the University also worked to ensure students' interests were protected through the maintenance of appropriate degree standards. The University continued to develop and monitor its COVID-19 mitigation measures to ensure a quality student experience.

12. Charitable Purpose and Public Benefit Statement

BGU has no linked charities, and our charitable objectives are for the public benefit to advance education by providing a university at or near Lincoln. With a Church of England character, our students, potential students and the general public are the principal beneficiaries. In recent years BGU has also developed a range of collaborative partnerships with other educational providers, knowledge exchange with small- and medium-sized enterprises, and international research projects.

As a university with an Anglican foundation, BGU is committed to welcoming and hosting a diverse community and lives by the values of respect, integrity, courage, excellence, resilience and inclusion. We are committed to widening access and aim to encourage applications from all potential learners, particularly those currently under-represented in higher education, and at the University specifically. We have a strong track record in widening access and improving participation but continue to experience challenges with respect to the:

- recruitment of black, Asian and minority ethnic (BAME) students when compared to sector benchmarks;
- recruitment of male students, including from disadvantaged backgrounds;
- recruitment of mature students; and
- improvement of outcomes for students with access needs.

Since 2006 BGU has delivered a highly successful outreach programme to secondary schools and is committed to maintaining core activities and expanding its scope to maximise participation from target groups. The outreach programme includes:

- First Steps 2 Study – Years 9/10/11;
- Next Steps 4 Study – Years 12/13; and
- a Year 12 residential summer school.

Additional input is provided to help individual students from under-represented groups – for example, care leavers, estranged students – and support engagement with procedures associated with the admissions procedure – for example, UCAS applications, student finance, securing accommodation. We also have support services for students, including counselling, financial advice, academic and study skills, careers advice, placement and volunteering services, health services, and specialist dyslexia and disability assessment.

Our Access and Participation Plan outlines our widening participation activities as well as the financial mechanisms in place that help to ensure that the opportunity to benefit from higher education is not restricted by the ability to afford fees or living costs. These arrangements are intended to complement the government's provision of loans and maintenance grants and are targeted at those identified as being most in need.

During 2020/21 £749k of bursaries and learning-fund awards were paid out to students from low-income backgrounds, students experiencing financial hardship during their studies, disabled students and students from care.

Community engagement projects are led primarily by BG Futures. During 2020/21 they included:

- The Graduate Skills Builder Programme in collaboration with the Careers Team at the University of Lincoln, through which groups of students delivered projects for large employers across

Greater Lincolnshire. With a focus on skill development, the twin aims of the project were to create better awareness of employment opportunities within the county and to provide local employers with a better understanding of the added value that graduates can bring to their businesses.

- The Greater Lincolnshire MOVE project, worth £37k, supported unemployed and economically inactive adults to get back into work or explore other options, such as learning or volunteering. It focused on careers guidance, employability skills, psychometric testing, life coaching, business start-up support and ongoing personal support.
- The Lincolnshire Food Partnership, worth £341k, was administered by BG Futures and brings stakeholder groups together to work for greener, fairer and healthier food, through sustainable local action. Initiatives include tackling food poverty, school growing projects, and community gardens and orchards.
- The Community Grants project was commissioned by the Greater Lincolnshire Local Enterprise Partnership and is funded by the European Social Fund. It has a total value of £316k and makes grants available to third-sector and other small organisations to support the delivery of projects to people who are unemployed or who are distant from the labour market and face multiple disadvantages and profound barriers to work.
- The Kickstart Scheme, worth £19k, offers six-month jobs for young people aged 16 to 24 years old who are at risk of long-term unemployment. It seeks to provide an employment opportunity for a young person and supports them to develop transferable skills that are aimed at increasing their chances of sustained employment.

13. Corporate Governance

The University is committed to exhibiting best practice in all aspects of corporate governance. This section summarises and explains the arrangements for the governance of the University that applied during the financial year 2020/21.

In August 2019 the University became a private limited company by guarantee without share capital, and with the use of 'Limited' exemption. The Articles of Association can be found at bishopg.ac.uk/about-bgu/governance/articles-of-association.

Broadly speaking, University Council is responsible for overseeing the running of the University and specifically for the effective, efficient and economic use of resources, the approval of annual budgets and senior appointments. The Vice-Chancellor is responsible for the organisation and management of the University and for making recommendations to University Council on the matters for which it is responsible. The Members of University Council are Directors under the Companies Act 2006.

These arrangements for 2020/21 are set out in the University's Articles of Association; the terms of reference of committees of University Council; the University's Schedule of Delegation; the University's financial regulations; and such resolutions as University Council may from time to time adopt, including Bye-laws. The University's governance arrangements were, and continue to be, consistent with good practice and Committee of University Chairs (CUC) Higher Education Code of Governance.

Roles and Responsibilities

The Articles of Association (2019) empowered University Council to delegate certain of its functions to committees of University Council or to the Vice-Chancellor. University Council could not delegate responsibility for:

- (a) the pursuit of the charitable object and the determination of the educational character and mission of the University
- (b) the approval of the annual estimates of income and expenditure
- (c) ensuring the solvency of the University and the safeguarding of its assets
- (d) the process of appointment or dismissal of the Vice-Chancellor
- (e) the recommendation to the University in general meeting for the varying or revoking of these Articles.

University Executive Group

The University Executive Group has responsibility for planning, directing and controlling the activities of the University.

University Council: Constitution

When complete, under the 2019 Articles, University Council has 16 to 22 members, appointed for four years and eligible for one reappointment for consecutive service, with the exception of the Vice-Chancellor, the President of the Students' Union, the elected Student member of University Council and the Bishop of Lincoln. The composition of University Council under the 2019 Articles is as follows:

- (a) the Bishop
- (b) the Vice-Chancellor
- (c) four people appointed by the Bishop's Council of Diocesan Trustees, or any successor body, after consideration of the skills required by University Council
- (d) one member of the academic Staff of the University elected by the academic Staff in accordance with rules established from time to time by University Council
- (e) one member of the support Staff of the University elected by the support Staff in accordance with rules established from time to time by University Council
- (f) two representatives of the Students elected by the Students in accordance with rules established from time to time by University Council
- (g) six to 12 Members appointed by University Council in accordance with rules made by University Council.

The Chair's term of office as an appointed position is for three years with a possible renewal period of three years. During 2019 Mr Bob Walder was re-appointed for another three years as Chair of Council.

The Bishop, by notice in writing to University Council, may appoint a representative to act as alternative director in their absence from meetings of University Council.

During 2020/21 Stephanie Gilluly was Registrar and University Secretary to University Council, ensuring that appropriate procedures were followed to support the governance processes in line with best practice. The Vice-Chancellor was (and remains) the accountable officer in respect of reporting to the Office for Students.

The Governance Office maintains a register of financial and personal interests of University Council. The register for 2020/21 is available for inspection at the University address.

During 2020/21 University Council and its committees met as follows:

University Council

7 October 2020
25 November 2020
24 March 2021
5 July 2021

Audit Committee

30 September 2020
12 November 2020
10 March 2021
16 June 2021

Finance, Employment and General Purposes

11 November 2020 (including joint meeting with Audit Committee)
24 February 2021
26 May 2021
24 June 2021 (Extraordinary)

Remuneration Committee

15 October 2020
4 November 2020
23 June 2021

Governance and Nominations Committee

21 October 2020
10 February 2021
10 June 2021

Selection Committee

26 October 2020
18 November 2020

University Council Member Attendance 2020/21	University Council	Audit	Finance & General Purposes	Governance & Nominations	Joint Finance/Audit	Remuneration	Selection
Mr David Babb (to 25 March 2021)	3/3	N/A	2/2	N/A	1/1	2/2	2/2
Reverend Sonia Barron	1/4	N/A	N/A	2/3	N/A	N/A	N/A
Miss Erin Bell	4/4	N/A	N/A	N/A	N/A	N/A	N/A
Dr Stephen Critchley	4/4	4/4	N/A	3/3	1/1	3/3	2/2
Mrs Jackie Croft	2/4	N/A	2/4	N/A	1/1	2/3	2/2
Reverend David Dadswell (to 25 March 2021)	2/3	1/3	N/A	N/A	1/1	N/A	N/A
Ms Jessica Darnell	1/1	N/A	N/A	N/A	N/A	N/A	N/A
Mr Jordan Fane (from 31 August 2020 to 30 June 2021)	3/3	N/A	N/A	N/A	N/A	N/A	N/A
Mr Abraham Hall (from 1 September 2020 to 23 June 2021)	2/3	N/A	N/A	N/A	N/A	N/A	N/A
Mr Richard Hallsworth	4/4	N/A	4/4	N/A	1/1	0/1	N/A
Professor David Head	4/4	N/A	N/A	2/3	N/A	N/A	2/2
Miss Kaylee Hemenstall	1/1	N/A	N/A	N/A	N/A	N/A	N/A
Professor Marianne Howarth	4/4	4/4	N/A	N/A	1/1	N/A	N/A
Reverend Dr Sarah Lawrence (from September 2020)	4/4	4/4	N/A	N/A	1/1	N/A	N/A
Mr Stephen Lawrence	4/4	N/A	4/4	N/A	1/1	N/A	N/A
Mr Walter Leschenko	4/4	N/A	3/4	N/A	1/1	N/A	N/A
Air Vice-Marshal Gavin Mackay	4/4	N/A	4/4	N/A	1/1	N/A	N/A
Dr Sacha Mason	4/4	N/A	N/A	3/3	N/A	N/A	N/A
Reverend Dr Sally Myers (to 25 March 2021)	3/3	3/3	N/A	N/A	1/1	N/A	N/A
Reverend Canon Professor Peter Neil	4/4	N/A	4/4	3/3	1/1	N/A	2/2
Rt Reverend Dr Nigel Peyton	4/4	N/A	4/4	N/A	1/1	3/3	1/2
Mr Alan Stacey (to 1 January 2021)	2/2	N/A	N/A	N/A	N/A	N/A	N/A
Mr Bob Walder (Chair of University Council)	3/4	N/A	N/A	3/3	N/A	2/3	1/2

Recognising that decisions may sometimes be required at times when it is not possible or expedient for University Council as a whole to meet, University Council has agreed a Schedule of Delegation in line with sector best practice and in accordance with the guidance from the Committee of University Chairs (CUC).

This Schedule was updated at the July 2019 meeting to align to the revised Articles of Association of the Company incorporating the Instruments and Articles of Governance of the University. University Council also has an approved Decisions in Writing procedure. More details can be found at bishopg.ac.uk/about/Governance.

University Council delegates certain of its functions to subcommittees. University Council determines the membership of its committees, which then elect their own Chair. During 2020/21, these sub-committees were as follows:

Committee	Responsible for
Audit	Monitoring the performance and effectiveness of internal and external audit, reviewing the effectiveness of the internal control system and a range of other matters relating to financial efficiency, effectiveness and propriety.
Finance, Employment and General Purposes	Considering, and advising University Council on employment, financial and administrative matters as the Council may refer to it.
Governance and Nominations	Advising University Council on matters of governance and Council effectiveness as well as on the appointment of independent members to University Council and the membership of committees of University Council, other than the Governance and Nominations Committee itself.
Remuneration	Advising University Council on the remuneration and terms and conditions of employment of senior staff, including the Vice-Chancellor.
Selection	Managing the appointment process for senior posts and advising the Council members about such appointments.

Senate is the highest academic committee of the staff of the University. Its composition and functions during 2020/21 were defined in terms of reference approved at Council. During the reporting period, it made recommendations to the Vice-Chancellor or University Council, as appropriate, about the content of University curricula, academic standards and a range of related matters.

The statement of corporate governance covers the financial year and up to the date of approval of these financial statements by University Council on 27 January 2022.

14. Statement of University Council's Responsibilities

University Council is the Governing Body of the Institution. Subject to the powers of Senate as provided for in the Instruments and Articles, it has ultimate responsibility for the affairs of the University. In accordance with the University's Articles of Association, University Council is responsible for the administration and management of the University's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year to Companies House and the Charity Commission.

The Council is responsible for ensuring that the University has appropriate systems of controls, financial and otherwise. The Council is also responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the University and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities Act 2011 and regulations made thereunder. The Council is also responsible for safeguarding the assets of the University and ensuring their proper application under law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In addition, in accordance with the requirements of the Office for Students, University Council, through its designated office holder, is required to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the University and of the income and expenditure, surplus or deficit, changes in reserves and cash flows for that year.

In preparing the financial statements University Council is required to:

select the most suitable accounting policies and then apply them consistently;

- observe the methods and principles in the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019, and of the Office for Students Accounts direction;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the University will continue in business.

On 1 August 2019 the University incorporated as a company limited by guarantee (company number 11963500) and a registered charity (charity number 1184682). This has modernised and strengthened the governance arrangements. As part of this process, all assets and liabilities of the unincorporated University were transferred to the new company.

More information can be found within Note 3 of the Accounting Policies section of the Financial Statements below.

University Council has taken reasonable steps to:

- ensure that funds from the Office for Students and the Teaching Regulation Agency are used only as permitted by the relevant agreements and any other conditions that the funding bodies may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;

- safeguard the assets of the University and prevent and detect fraud;
- secure the economical, efficient and effective management of the University's resources and expenditure; and
- ensure that the University Executive Group has an adequate system of internal control designed to manage rather than eliminate the risk of failure to achieve business objectives, providing only reasonable and not absolute assurance against material misstatement or loss and that it regularly monitors and reviews the effectiveness of that system.

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

- clear definitions of the responsibilities of, and the authority delegated to, senior managers;
- comprehensive medium- and short-term planning process, supplemented by detailed annual income, expenditure, capital and cashflow budgets;
- regular reviews of the performance dashboard, including risk and key performance indicators and termly reviews of financial results involving variance reporting and updates of forecast out-turns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by University Council;
- financial regulations, detailing financial controls and procedures, discussed at the Finance, Employment and General Purposes Committee and agreed by University Council; and
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by University Council, and whose head provides University Council with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

15. Statement of Internal Control

1. As University Council of Bishop Grosseteste University, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the University's Articles of Association, Office for Students' Terms and Conditions of Funding for Higher Education Institutions, other funding bodies' conditions, the CUC Higher Education Code of Governance and the Charity Commission.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
3. 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 2021 and up to the date of approval of the financial statements and accords with the Office for Students' guidance.
4. As University Council, we have responsibility for reviewing the adequacy and effectiveness of the system of internal control and arrangements for the management and quality assurance of data submitted to Higher Education Statistics Agency, Student Loans Company, the Office for Students and other bodies. The following processes have been established:
 - a. regular meetings (at least termly) are held to consider the plans and strategic direction of the University;
 - b. the Audit Committee oversees risk management and receives regular reports from the Head of Internal Audit, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement;
 - c. the University's Risk Register is actively reviewed by the University Executive Group, Audit Committee and University Council and informed by robust internal and external audits;
 - d. regular updates are received from the Chair of the Audit Committee concerning internal control, and we require regular reports from the Vice-Chancellor on the steps being taken to manage risks, including progress reports on key projects; and
 - e. an effectiveness review of Council and all subcommittees was undertaken during 2016/17. The University commissioned an independent appraisal of the effectiveness of the implementation of the subsequent actions completed in July 2019.

These actions were accepted as complete during 2018/19. A review will be undertaken in 2021/22 aligned with the new CUC Higher Education Code of Governance.

5. Our review of the effectiveness of the system of internal control is informed by the internal audit service, reviewed for effectiveness by the HEFCE Audit Service in December 2017. The internal auditors submit regular reports that include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the University's system of internal control, with recommendations for improvement.
6. Our review of the effectiveness of the system of internal control is also informed by the work

of the University Executive Group, which has responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

During 2018 the Office for Students became the independent regulator of higher education in England. The University was registered with the Office for Students in September 2018 in the category of Approved (feecap).

Principal Risks

During 2020/21 the University reviewed its Risk Management Policy and procedures. Monthly reporting of risk to the University Executive Group is undertaken to inform decisions of the University Executive Group and University Council. The University Executive Group considers core risks and the mitigation actions proposed. The Risk Register is then submitted to the Audit Committee for consideration and core risks, together with mitigating actions, pertaining to business, operational, compliance and finance are reported to University Council. These risks, and the effectiveness of mitigating actions, are submitted to the Governing Body for consideration within the Vice-Chancellor's report.

More detail on the management of risk by the University and the key risks identified during 2020/21 and their management can be found on pp. 26-27. Having taken all reasonable steps to assure itself – for example, through scrutiny of internal and external audit reports and opinions, the University's Risk Register and key performance indicators, and the consideration of the regular reports to the Audit Committee – the Audit Committee has identified no significant control weaknesses that should be disclosed.

The statement of internal control covers the financial year and up to the date of approval of these financial statements by University Council on 27 January 2022.

Employee Engagement

University Council – and, therefore, the Board of Directors – includes:

- one member of the academic Staff of the University elected by the academic Staff in accordance with rules established from time to time by University Council; and
- one member of the support Staff of the University elected by the support Staff in accordance with rules established from time to time by University Council.

The academic staff member on University Council regularly reports to Senate – the highest academic committee in the University – on matters discussed at Council. There is an annual joint meeting of Senate and University Council to discuss the academic health of the institution.

Regular staff fora are held throughout the year to discuss key strategic items and ensure a common understanding of the financial and business planning activities of the University. Topics included for discussion at these meetings in 2020/21 included:

- the University's response to COVID-19 and subsequent return to campus – insight was gained through updates from the Business Continuity Group/Covid-19 Oversight Response Group;

- the Business Plan;
- issues related to graduation;
- the selection of a new Chancellor; and
- updates from the Students' Union.

The University is a recognised union environment; University and College Union and Unison are regularly consulted through the Joint Consultation Committee (JCC). The Director of Human Resources meets with BGU Union chairs on a weekly basis. They also cascade information to union members. Unions have played a key role in the Business Continuity Group, which was formed because of COVID-19.

Bishop Grosseteste University is a member of the Universities and Colleges Employers Association (UCEA), which represents the University's interests during pay negotiations at the Joint Negotiating Committee for Higher Education Staff (JNCHES) alongside the unions. Council minutes and the University's finances are made publicly available on the University's website.

Disclosure of Information to Auditors

University Council members who held office at the date of approval of this report confirm that so far as they are each aware there is no relevant audit information of which the University's auditors are unaware; and each Council member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the University's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.



Revd. Canon Professor Peter Neil
Vice-Chancellor
27 January 2022



Mr Bob Walder
Chair of University Council
27 January 2022

16. Independent Auditor's Report

Opinion

We have audited the financial statements of Bishop Grosseteste University (the 'University') and its subsidiary (the 'group') for the year ended 31 July 2021 which comprise the consolidated statements of comprehensive income, the consolidated and University statement of changes in reserves, the consolidated and University balance sheet, the consolidated statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and University's affairs as at 31 July 2021 and of the group's and University's deficit, comprehensive income and expenditure 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; and the Statement of Recommended Practice: Accounting for Further and Higher Education;
- in all material respects, funds from whatever source administered by the University for specific purposes have been properly applied only for those purposes for which they were received, and managed in accordance with relevant legislation;
- in all material respects, funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of OfS's accounts direction have been met.

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

- the group and University's grant and fee income, as disclosed in note 1 to these financial statements has been materially misstated; and
- the group and University's expenditure on access and participation activities for the financial year has been materially misstated.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members of the Council are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the members of the Council's report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the members of the Council's report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the University and its environment obtained in the course of the audit, we have not identified material misstatements in the members of the Council's report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- the statement of internal control includes as part of the Corporate Governance Statement is inconsistent with our knowledge of the University;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the University Council

As explained more fully in the statement of responsibilities of members of the Council, the members of the Council are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members of the Council 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 members of the Council are responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members of the Council either intend to liquidate the University or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the University through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the University, including the Further and Higher Education Act 1992, Companies Act 2006, funding agreements with the OfS and associated funding rules, OfS regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;

- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.
- We assessed the susceptibility of the University's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
 - making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
 - considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias.
- In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
 - agreeing financial statement disclosures to underlying supporting documentation;
 - reading the minutes of University Council meetings;
 - enquiring of management as to actual and potential litigation and claims; and
 - reviewing any available correspondence with HMRC and the University's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members of the Council and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the University's members, as a body, in accordance with the University's Articles of Governance and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the University's members those matters we are required to state

to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University's members as a body, for our audit work, for this report, or for the opinions we have formed.

Hugh Swainson (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

A handwritten signature in dark ink that reads "Buzzacott LLP". The script is cursive and fluid, with the letters "B", "L", and "P" being particularly prominent.

28 January 2022

17. Financial Statements

Company Number: 11963500

Charity Number: 1184682

Consolidated Statement of Comprehensive Income and Expenditure

		Year ended 31 July 2021		Year ended 31 July 2020	
	Notes	Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	1 & 2	17,755	17,755	16,944	16,944
Funding body grants	1	2,008	2,008	2,380	2,368
Research grants and contracts	1 & 3	241	241	268	268
Other income	4	2,729	2,471	2,999	2,065
Investment income	5	10	10	61	61
Total income		22,743	22,485	22,652	21,706
Expenditure					
Staff costs	6	16,338	15,712	15,294	14,727
Other operating expenses	7	9,008	9,229	8,162	7,637
Depreciation / amortisation	11 & 12	1,265	1,261	1,288	1,275
Interest and other finance costs	8	187	183	170	163
Total expenditure	9	26,798	26,385	24,914	23,802
Loss before other (losses)		(4,055)	(3,900)	(2,262)	(2,096)
Taxation		8	-	-	-
Loss for the year		(4,047)	(3,900)	(2,262)	(2,096)
Actuarial gain/(loss) in respect of pension schemes	24	612	592	(5,171)	(5,028)
Transfers between revaluation and income and expenditure reserve		36	36	36	36
Total comprehensive expenditure for the year		(3,399)	(3,272)	(7,379)	(7,088)
Represented by:					
Unrestricted comprehensive expenditure for the year		(3,435)	(3,308)	(7,433)	(7,124)
Revaluation reserve comprehensive income for the year		36	36	36	36

All items of income and expenditure relate to continuing activities in the current and prior years.

All recognised gains and losses are included in the above statement of comprehensive income and expenditure.

Consolidated Statement of Changes in Reserves
Year ended 31 July 2021

Consolidated	Income and expenditure account		Revaluation reserve	Total
	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000
Balance at 1 August 2019	844	22,244	3,441	26,529
Deficit from the income and expenditure statement	-	(2,262)	-	(2,262)
Other comprehensive income	-	(5,171)	-	(5,171)
Transfers between revaluation and income and expenditure reserve	-	36	(36)	-
Total comprehensive income for the year	-	(7,397)	(36)	(7,433)
Balance at 1 August 2020	844	14,847	3,405	19,096
Deficit from the income and expenditure statement		(4,047)		(4,047)
Other comprehensive income		612		612
Transfers between revaluation and income and expenditure reserve		36	(36)	-
Release of reserves spent in year		(19)		(19)
Total comprehensive income for the year	-	(3,418)	(36)	(3,454)
Balance at 31 July 2021	844	11,429	3,369	15,642

University Statement of Changes in Reserves
Year ended 31 July 2021

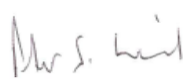
University	Income and expenditure account		Revaluation reserve	Total
	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000
Balance at 1 August 2020	844	22,384	3,441	26,669
Deficit from the income and expenditure statement	-	(2,096)	-	(2,096)
Other comprehensive income	-	(5,028)	-	(5,028)
Transfers between revaluation and income and expenditure reserve	-	36	(36)	-
Total comprehensive income for the year	-	(7,088)	(36)	(7,124)
Balance at 1 August 2020	844	15,296	3,405	19,545
Deficit from the income and expenditure statement		(3,900)		(3,900)
Other comprehensive income		592		592
Transfers between revaluation and income and expenditure reserve		36	(36)	-
Release of reserves spent in year		(16)		(16)
Total comprehensive income for the year	-	(3,288)	(36)	(3,324)
Balance at 31 July 2021	844	12,008	3,369	16,221

Notes to the financial statements

Consolidated Balance Sheet

	Notes	As at 31 July 2021		As at 31 July 2020	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Intangible assets	11	46	46	79	79
Fixed assets	12	27,631	27,625	28,207	28,191
		27,677	27,671	28,286	28,270
Current assets					
Stock	13	11	-	15	-
Trade and other receivables	14	625	620	1,056	1,033
Cash and cash equivalents	15	9,595	9,586	11,389	11,396
		10,231	10,206	12,460	12,429
Less: Creditors: amounts falling due within one year	16	(2,718)	(2,602)	(2,497)	(2,477)
Net current assets		7,513	7,604	9,963	9,952
Total assets less current liabilities		35,190	35,275	38,249	38,222
Creditors: amounts falling due after more than one year	17	(4,537)	(4,537)	(4,646)	(4,646)
Provisions					
Pension provisions	19	(15,011)	(14,517)	(14,507)	(14,031)
Total net assets		15,642	16,221	19,096	19,545
Restricted Reserves					
Income and expenditure reserve - endowment reserve	19	697	697	697	697
Income and expenditure reserve - restricted reserve	19	147	147	147	147
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		11,429	12,008	14,847	15,296
Revaluation reserve		3,369	3,369	3,405	3,405
Total Reserves		15,642	16,221	19,096	19,545

The financial statements were approved by the Governing Body on 27 January 2022 and were signed on its behalf on that date by:

Vice-Chancellor  Chair of University Council



Notes to the financial statements

Consolidated Statement of Cash flows

	Notes	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000	
Cash flow from operating activities				
Loss for the year		(4,055)	(2,262)	
Adjustment for non-cash items				
Depreciation and amortisation	11 & 12	1,265	1,288	
Decrease in stock	13	4	2	
Decrease in debtors	14	431	161	
Increase in creditors	16	221	250	
Write off fixed assets	12	178	-	
Decrease in pension provision	19	(235)	(220)	
Defined pension costs less contributions payable		1,149	1,109	
Defined benefit pension finance costs		187	170	
Adjustment for investing or financing activities				
Investment income	5	(10)	(61)	
Movement in Salix loan	17	(22)	56	
Capital grant income	16	(211)	(219)	
Taxation		8	-	
Net cash (outflow) / inflow from operating activities		(1,090)	274	
Cash flows from investing activities				
Capital grants receipts		155	105	
Investment income		10	61	
Payments made to acquire fixed assets		(869)	(990)	
		(704)	(824)	
Decrease in cash and cash equivalents in the year		(1,794)	(550)	
Cash and cash equivalents at beginning of the year	15	11,389	11,939	
Cash and cash equivalents at end of the year	15	9,595	11,389	
Analysis of change in net debt				
	At 1 August 2020 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 July 2021 £'000
Cash	11,389	(1,794)		9,595
Loans falling due within one year		-	(23)	(23)
Loans falling due after more than one year	(91)	-	22	(69)
Total	11,298	(1,794)	(1)	(9,503)

Notes to the financial statements

1. Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

2. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP) and in accordance with Financial Reporting Standards 102 – “The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)”. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the University’s accounting policies.

3. Basis of accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of certain fixed assets, and are presented in £000s.

4. Basis of consolidation

The consolidated financial statements include the University and its subsidiary undertaking, BG (Lincoln) Limited. Intra-group sales and profits are eliminated fully on consolidation. No separate statement of comprehensive income has been presented for Bishop Grosseteste University alone, as permitted by section 408 of the Companies Act 2006.

The consolidated financial statements do not include the income and expenditure of the Students’ Union as the University does not exert control or dominant influence over policy decisions.

All financial statements are made up to 31 July 2021.

5. Recognition of income

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

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

Investment income is credited to the statement of income and expenditure on a receivable basis.

Notes to the financial statements

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

Grant funding:

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

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

Capital grants:

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

6. Maintenance of premises

The University has produced a long-term maintenance plan. The plan includes all recurring work, the number of years necessary to complete a full maintenance cycle, and the likely annual cost. The cost of long-term and routine corrective maintenance is charged to the income and expenditure account as incurred.

7. Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year-end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

8. Pension schemes

Retirement benefits for most employees of the University are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are independently administered schemes, funded by contributions from the University and the employees. Contributions to the TPS are charged to the income and expenditure so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quadrennial valuations using a prospective benefit method. As stated in note 24,

the TPS is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the Statement of Comprehensive Income and Expenditure.

The institution participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

As required by Section 28 of FRS102 "Employee benefits", the institution accounts for the USS scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

Bishop Grosseteste University also participates in the Church of England Funded Pension Scheme which is a defined benefit scheme but the University is unable to determine its share of the underlying assets and liabilities on a consistent and reasonable basis. The Scheme is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The University operates a defined contributions pension scheme, the Bishop Grosseteste University Flexible Retirement Account. The assets of the scheme are held separately from those of the University in an independently administered fund.

9. Enhanced pensions

The actual cost of any enhanced on-going pension to a former member of staff is paid by the University annually. An estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to the University's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using guidance prepared for the Higher Education Funding Council for England by Deloitte & Touche Actuarial & Benefit Services in 1998. At 31 July 2021 the enhanced early retirements relating to Local Government Pension Scheme unfunded liabilities have been included as part of the main FRS 102 pension disclosure

at Note 24 to these accounts. Unfunded enhanced pension liabilities that relate to the Teachers' Pension Scheme remain as part of the Enhanced Pensions Provision at 31 July 2021.

10. Tangible fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- market value of the fixed asset has subsequently improved;
- asset capacity increases;
- substantial improvement in the quality of output or reduction in operating costs; and
- significant extension of the assets life beyond that conferred by repairs and maintenance.

a. Land and buildings

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

The basis of valuation is open market value for existing use or, where such a valuation is not practicable, depreciated replacement cost. A full valuation of the land was carried out by Hodgson Elkington Chartered Surveyors on transition to FRS 102.

Land is held freehold and is not depreciated. Buildings are depreciated over their expected useful lives of 50 years from 1 August 1993 or from the date of acquisition. Subsequent capital improvements to existing buildings are depreciated over the remaining useful life of the building to which the expenditure relates.

No depreciation is charged on assets in the course of construction.

b. Equipment

All equipment, including computers and software costing more than £10,000 per individual item and having an expected life of more than one year is capitalised. Equipment, including motor vehicles, is stated at cost and depreciated over its expected useful life of 5 years.

11. Intangible assets

Computer software is carried at cost less accumulated amortisation and any recognised impairment loss. Externally acquired computer software and software licences are capitalised and amortised on a straight-line basis over their useful lives of five years. Amounts capitalised include the total cost of any external products or services and labour costs directly attributable to development. The amortisation period is 5 years.

12. Stocks

The stocks are catering provisions and shop items. Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

13. Taxation

The University is an exempt charity within the meaning of Part 3 of the Charity Act 2011. It is considered to pass the tests set out in paragraph 1 schedule 6 of the Finance Act 2010 and accordingly the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 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 is applied to exclusively charitable purposes.

The University receives no similar exemption in respect of value added tax (VAT). For this reason, the University is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

The University's subsidiary company, BG (Lincoln) Ltd, is subject to corporation tax and VAT in the same way as any commercial organisation.

14. Cash and cash equivalents

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included in cash.

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

15. Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, 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.

16. Employment benefits

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

17. Operating leases

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

18. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, The Members of the Council has made the following judgements:

Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Local Government Pension Scheme

The present value of the Local Government Pension Scheme 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 24, will impact the carrying amount of the pension liability. 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 2021. 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

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

Bad debt provision

Provision is made for debts that are not considered to be collectable – referred to as a bad debt provision. This provision is calculated based on experience of previous years' collectability of differing type of debt and applied to the amount of outstanding debt.

Assessment of going concern

In making their assessment of going concern, the Members of Council have considered the current financial position and the level reserves of the University, in particular the cash balance, as well as the outcome of student recruitment for the 2021/22 academic year.

During the financial year 2020-21, the COVID-19 outbreak has caused extensive disruption to businesses and to global economic activities. The impact of this outbreak on the University has been considered, and it has been recognised that the impact on the future operations and to plan effectively for the

Notes to the financial statements

medium term would be affected. It is however, not anticipated at this current time that the overall financial position of the University would be adversely affected by COVID-19. University Council therefore considers that there are no material uncertainties about the University's ability to continue as a going concern.

1 Grant and fee income	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Grant income from the OfS	1,730	1,730	1,495	1,495
Grant income from other bodies	214	214	796	784
Fee income for taught awards (see Note 2)	17,755	17,755	16,944	16,944
Fee income from research awards (see Note 3)	241	241	268	268
Total grant and fee income	19,940	19,940	19,503	19,491
Deferred capital grants released in year				
Office for Students	64	64	89	89
	20,004	20,004	19,592	19,580
2 Tuition fees and education contracts	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
UK Higher Education Students	17,755	17,755	16,944	16,944
3 Research grants and contracts	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Research councils	154	154	128	128
Research charities	34	34	60	60
Government (UK and overseas)	3	3	80	80
Non public research Income	37	37	-	-
Public research Income	13	13	-	-
	241	241	268	268

Notes to the financial statements (continued)

4 Other income	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Residences, catering and conferences	828	748	1,770	836
Non Funding Council capital grants released	147	147	130	130
Other income	1,754	1,576	1,099	1,099
	2,729	2,471	2,999	2,065

Other income includes £300,000 furlough income (2020: £272,000)

5 Investment income	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Investment income from short-term deposits	10	10	61	61
	10	10	61	61

6 Staff costs	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Staff costs:				
Salaries	11,964	11,454	11,114	10,680
Social security costs	1,017	988	1,056	1,022
Movement on USS provision	(135)	(135)	(204)	(204)
Other pension costs - FRS102 adjustment	1,147	1,115	1,109	1,074
Other pension costs	2,345	2,290	2,219	2,155
Total	16,338	15,712	15,294	14,727

	2021	2020
	£	£
Emoluments of the Vice-Chancellor:		
Basic Salary	195,362	195,362
Bonus	5,000	-
Benefits	8,395	9,572
	208,757	204,934
Pension contributions to USS	21,085	40,700
Payments made in lieu of pension contributions	17,363	-
	247,205	245,634

In January 2022, the Vice-Chancellor requested to repay the bonus of £5,000 awarded to him in the year ended 31 July 2021. This repayment will be effected in the February 2022 payroll.

The pension contributions in respect of the Vice-Chancellor are in respect of employer's contributions to the Universities Superannuation Scheme and are paid at the same rate as for other employees. The Vice-Chancellor ceased to receive employer contributions made to the Universities Superannuation Scheme in January 2021 and from that date was paid a taxable allowance as an addition to pay. In addition, the Vice-Chancellor receives a non-taxable benefit of on-site accommodation with an estimated rental value of £10,800.

Notes to the financial statements (continued)

Remuneration Committee determines the base salary and other benefits of the Vice-Chancellor.

The Vice-Chancellor is in attendance of Remuneration Committee, but is not involved in, or present at, any discussions or decisions of the Committee in relation to his own salary or benefits.

To enable the Remuneration Committee to assess the value and performance of the Vice-Chancellor the following information is provided to the Committee:

1. A summary of discussions at the Vice-Chancellor's personal development review (PDR) meeting with the Chair and Deputy Chair of the University Council.
2. An assessment of achievement against the Vice-Chancellor's personal objectives for the year.
3. A summary of the salary and benefits received by the Vice-Chancellor.
4. Details of the remuneration received by the Vice-Chancellor in previous years.
5. Guidance and advice provided by the Committee of University Chairs on the setting of senior staff remuneration
6. Benchmarking data gathered by the Universities and Colleges Employers Association with a particular focus on, post-92 by income up to £70 million, institutions within the membership of the Cathedrals Group of Universities and Rest of England income.
7. Lowest paid staff members pay ratio and median pay rate ratio data for the University.

Remuneration of other higher paid staff, excluding employer's pension contributions:

	2021 No.	2020 No.
£110,000 to £114,999	-	1
£115,000 to £119,999	1	-

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Pay Multiples (as at 31 July 2021)	2021	2020
Vice-Chancellor basic salary (£)	195,362	195,362
Median basic remuneration (£)	25,941	25,941
Ratio	7.53	7.53
 Pay Multiples (as at 31 July 2021)	 2021	 2020
Vice-Chancellor total remuneration (£)	258,005	256,435
Median total remuneration (£)	31,583	30,006
Ratio	8.17	8.55

Notes to the financial statements (continued)

The Vice-Chancellor's basic salary is 7.5 (2020: 7.5) times the median pay of staff, where the median pay is calculated on a full time equivalent basis for the salaries paid by the provider to its staff.

The Vice-Chancellor's total remuneration is 8.2 (2020: 8.5) times the median total remuneration of staff, where the median total remuneration is calculated on a full time equivalent basis for the total remuneration by the provider of its staff.

	2021	2020
	No.	No.
Average staff numbers by major category:		
Academic	129	125
Management & Administrative	132	130
Other	60	63
	321	318

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University and include members of the University Executive Group and University Council. Staff costs paid to key management personnel are as follows:

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Key management personnel compensation	583	614

Compensation for loss of office:

	Year ended 31 July 2021 No.	£'000	Year ended 31 July 2020 No.	£'000
Compensation payable recorded within staff costs	15	134	8	138

Of the 15 compensation payments made for loss of office in the financial year to 31 July 2021, 11 payments were made relating to the transfer of catering and conferencing operating activities from BG Limited to the University.

Council Members

University Council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including

Notes to the financial statements (continued)

those identified below, are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

No University Council member has received any remuneration from the group during the year (2020: none).

The total expenses paid to or on behalf of council members was £481 (2020: £7,755). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and Charity events in their official capacity.

7 Other operating expenses

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Residences, catering & conferences operating expenditure	706	529	1,113	603
Residences - long-term maintenance	62	62	-	-
Consumables and laboratory expenditure	40	40	47	47
Books and periodicals	193	193	213	213
Heat, light, water and power	366	366	293	293
Repairs and general maintenance	81	81	180	180
Non-residential - long-term maintenance	43	43	37	37
Grants to BG Students' Union	145	145	131	131
External auditors' remuneration				
Financial statements audit	25	22	24	20
Other services	2	-	5	5
Internal auditors' remuneration	36	36	32	32
Bursary payments to students	910	910	869	869
Other expenses	6,399	6,802	5,218	5,207
	9,008	9,229	8,162	7,637

	Notes	Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
8 Interest and other finance costs					
Net charge on pension scheme	24	187	183	170	163
		187	183	170	163

Notes to the financial statements (continued)

9 Analysis of total expenditure by activity

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Academic departments	8,833	8,833	8,435	8,435
Academic services	2,913	2,913	2,600	2,600
Residences and catering	1,723	952	1,986	943
Premises	2,151	2,151	1,609	1,609
Administration	6,756	6,748	6,176	6,165
Other expenses	4,422	4,788	4,108	4,050
	26,798	26,385	24,914	23,802

10 Access and participation

	Year ended 31 July 2021	Year ended 31 July 2020
	£'000	£'000
Access investment	1,541	1,541
Financial support	750	527
Disability support (excluding expenditure included in the two categories above)	306	397
Research and evaluation	164	86
Total	2,761	2,551

Of the above balance, £1,854,000 relates to staff costs.

11 Intangible assets

Software	Consolidated and University	
	£'000	£'000
Cost		
At 1 August 2020	1,674	1,674
At 31 July 2021	1,674	1,674
Amortisation		
At 1 August 2020	1,595	1,595
Charge for the year	33	33
At 31 July 2021	1,628	1,628
Net book value		
At 31 July 2021	46	46
At 31 July 2020	79	79

Notes to the financial statements (continued)

12 Fixed assets

Consolidated	Land	Leasehold land	Buildings	Fixtures, fittings and equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 August 2020	2,700	8	31,812	3,682	604	38,806
Additions	-	-	635	220	14	869
Transfers	-	-	41	370	(411)	-
Disposals	-	-	-	(28)	(207)	(235)
At 31 July 2021	2,700	8	32,488	4,244	-	39,440
At valuation	2,700	-	2,500	-	-	5,200
At cost	-	8	29,988	4,244	-	34,240
	2,700	8	32,488	4,244	-	39,440
Depreciation						
At 1 August 2020	-	1	7,655	2,943	-	10,599
Charge for the year	-	-	837	395	-	1,232
Disposals	-	-	-	(22)	-	(22)
At 31 July 2021	-	1	8,492	3,316	-	11,809
Net book value						
At 31 July 2021	2,700	7	23,996	928	-	27,631
At 31 July 2020	2,700	7	24,157	739	604	28,207

Notes to the financial statements (continued)

University	Land	Leasehold land	Buildings	Fixtures, fittings and equipment	Assets in the course of construction	Total
Cost and valuation						
At 1 August 2020	2,700	8	31,812	3,602	604	38,726
Additions	-	-	635	220	14	869
Transfers	-	-	41	370	(411)	-
Disposals	-	-	-	(22)	(207)	(229)
At 31 July 2021	2,700	8	32,488	4,170	-	39,366
At valuation	2,700	-	2,500	-	-	5,200
At cost	-	8	29,988	4,170	-	34,166
	2,700	8	32,488	4,170	-	39,366
Depreciation						
At 1 August 2020	-	1	7,654	2,880	-	10,535
Charge for the year	-	-	837	391	-	1,228
Disposals	-	-	-	(22)	-	(22)
At 31 July 2021	-	1	8,491	3,249	-	11,741
Net book value						
At 31 July 2021	2,700	7	23,997	921	-	27,625
At 31 July 2020	2,700	7	24,158	722	604	28,191

Certain buildings have been partially funded from external sources. Should these buildings be sold, the University may either have to surrender the proceeds to the external party or use them in accordance with the financial memorandum agreement made with that particular external party. A full valuation of the land was carried out by Hodgson Elkington Chartered Surveyors on transition to FRS102.

13 Stock

	31 July 2021		31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
General consumables	11	-	15	-
	<u>11</u>	<u>-</u>	<u>15</u>	<u>-</u>

14 Trade and other receivables

	31 July 2021		31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Other trade receivables	142	139	347	324
Prepayments and accrued income	483	481	709	709
	<u>625</u>	<u>620</u>	<u>1,056</u>	<u>1,033</u>

15 Cash and cash equivalents

	31 July 2021		31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
At 1 August 2020	11,389	11,396	11,939	11,849
Cash flows	(1,794)	(1,810)	(550)	(453)
At 31 July 2021	<u>9,595</u>	<u>9,586</u>	<u>11,389</u>	<u>11,396</u>

16 Creditors: amounts falling due within one year

	31 July 2021		31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Trade payables	786	767	1,217	1,007
Social security and other taxation payable	319	319	278	278
Corporation tax	-	-	-	-
Accruals	752	752	574	574
Payments received in advance	534	534	214	214
Deferred capital grants (see Note 18)	211	211	203	203
Loan payment due within one year	23	23	-	-
Amounts owed to subsidiary	-	(97)	-	190
Amounts owed to funding councils	93	93	11	11
	<u>2,718</u>	<u>2,602</u>	<u>2,497</u>	<u>2,477</u>

17 Creditors: amount falling due after one year

	Consolidated and University	
	31 July 2021	31 July 2020
	£'000	£'000
Unsecured loan	69	114
Deferred capital grants (see note 18)	4,468	4,532
	<u>4,537</u>	<u>4,646</u>

18 Deferred capital grants

Consolidated and University			
	Office for Students	Other	Year ended 31 July 2021
	£'000	£'000	£'000
At 1 August 2020	2,045	2,690	4,735
Cash received/receivable	155	-	155
Released to income and expenditure account in respect of depreciation	(64)	(147)	(211)
At 31 July 2021	2,136	2,543	4,679
Of which:			
Due to be released within one year (note 16)	64	147	211
Due to be released after one year (note 17)	2,072	2,396	4,468
	2,136	2,543	4,679

19 Pension provisions

Consolidated	Obligation to fund deficit on USS pension	Pension enhancements on termination	Defined benefit obligations (Note 24)	Total
	£'000	£'000	£'000	£'000
At 1 August 2020	233	314	13,960	14,507
Utilised in year	(6)	(29)	-	(35)
Additions in 2020/21	-	40	739	779
Unused amounts reversed in 2020/21	(129)	(111)	-	(240)
At 31 July 2021	98	214	14,699	15,011

University	Obligation to fund deficit on USS pension £'000	Pension enhancements on termination £'000	Defined benefit obligations (Note 24) £'000	Total £'000
At 1 August 2020	233	314	13,484	14,031
Utilised in year	(6)	(29)	-	(35)
Additions in 2020/21	-	40	721	761
Unused amounts reversed in 2020/21	(129)	(111)	-	(240)
At 31 July 2021	98	214	14,205	14,517

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in Note 24. Following the completion of the 2018 actuarial valuation, a new deficit recovery plan was agreed of which more detail is given in Note 24. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028.

Enhanced pension provision

The actual cost of any enhanced on-going pension to a former member of staff is paid by the University annually. An estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to the University's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using guidance prepared for the Higher Education Funding Council for England by Deloitte & Touche Actuarial & Benefit Services in 1998. At 31 July 2021 enhanced early retirements of £111,000 relating to Local Government Pension Scheme unfunded liabilities have been included as part of the main FRS 102 pension disclosure at Note 24 to these accounts. Unfunded enhanced pension liabilities that relate to the Teachers' Pension Scheme remain as part of the Enhanced Pensions Provision at 31 July 2021.

20 Restricted reserves

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Permanent endowment reserves				
At 1 August 2020 and at 31 July 2021	697	697	697	697
	697	697	697	697
Other restricted reserves				
At 1 August 2020 and at 31 July 2021	147	147	147	147
	147	147	147	147
Total restricted reserves at 31 July 2021	844	844	844	844

Permanent endowment reserves

Permanent endowment reserves are made up from the sale of two properties previously owned by the University. As required by the Charity Commission, University Council obtained and considered proper advice before investing this money. To date £332,000 has been used to purchase an additional residential building and the remaining funds are currently held in an interest-bearing account.

As part of the incorporation process of the University legal documents in relation to its land and buildings were reviewed by the University's legal advisers. They identified a potentially significant portion of the estate that may need to be transferred to the permanently endowed fund of the University but there was substantial uncertainty over which elements and the amounts attributed to each. The matter was referred to the Charity Commission in January 2020 for advice on a resolution of this matter. At the time of approving these financial statements no response has been received from the Charity Commission so no reclassification adjustments to the University's fund balances have been made. The University will keep this matter under review and seek a resolution during 2021/22.

Other restricted reserves

During 2006, the University sold a property with proceeds of £147,000. The proceeds from the sale were to be reinvested within 3 years from the sale date. The funds were used to assist with the building of a new administration office at the University.

21 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2021:

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for				
Land and buildings	60	60	336	336
Equipment	-	-	28	28
	<u>60</u>	<u>60</u>	<u>364</u>	<u>364</u>

22 Lease obligations

Consolidated and University

Total rentals payable under operating leases:

	Year ended 31 July 2021			Year ended 31 July 2020
	Land and Building £'000	Plant and Machinery £'000	Total £'000	Total £'000
Payable during the year	401	27	428	471
Future minimum lease payments due:				
Not later than 1 year	401	28	429	535
Later than 1 year and not later than 5 years	100	22	122	1,603
Later than 5 years	-	-	-	3,607
Total lease payments due	501	50	551	5,745

23 Training bursaries

Consolidated and University

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Balance brought forward as 1 August	11	134
NCTL grants	2,073	1,834
Disbursed to students	(1,991)	(1,957)
Balance unspent at 31 July, included in creditors	<u>93</u>	<u>11</u>

NCTL grants are available solely for students; the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the Statement of Consolidated Income and Expenditure Account.

24 Pension and similar obligations

The University's employees belong to five principal pension schemes, the Church of England Funded Pensions Scheme, the Teachers' Pensions Scheme (TPS), the Local Government Pension Scheme (LGPS), the University Superannuation Scheme (USS) and the Bishop Grosseteste University Flexible Retirement Account provided by Friends Life. Four of these schemes are defined benefit schemes with the Bishop Grosseteste University Flexible Retirement Account being a defined contribution scheme.

Total pension cost for the year

The pension contributions for the year were £2,345,000 (2020: £2,219,000) excluding the FRS 102 adjustment.

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Teachers' Pension Scheme: contributions payable	1,152	1,152	1,061	1,061
Local Government Pension Scheme: charge to the Consolidated Statement of Income and Expenditure	1,047	1,019	992	960
Universities Superannuation Scheme: contributions payable	76	76	96	96
Church of England Funded Pension Scheme	10	10	10	10
Bishop Grosseteste University Flexible Retirement Account	60	32	60	28
Total Pension Cost for the Year (excluding FRS 102 adjustment)	<u>2,345</u>	<u>2,289</u>	<u>2,219</u>	<u>2,155</u>

Church of England Funded Pensions Scheme

Bishop Grosseteste University participates in the Church of England Funded Pensions Scheme and employs one member of the Scheme out of a total membership within the Scheme of approximately 8,100 active members. This scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the employer and the other participating employers.

The Church of England Funded Pensions Scheme is a defined benefit scheme, but Bishop Grosseteste University is unable to identify its share of the underlying assets and liabilities.

For schemes such as the Church of England Funded Pensions Scheme, paragraph 28.11 of FRS 102 requires Bishop Grosseteste University to account for pension costs based on contributions payable to the scheme in the year.

The most recent scheme valuation completed was carried out at 31 December 2018. The valuation reported a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- Discount rate 3.2%
- Retail Price Inflation 3.4%
- Pension increases:
 - Increasing in line with RPI (capped at 5%) 3.2%
 - Increasing in line with RPI (capped at 3.5%) 2.4%

The Bishop Grosseteste University contribution rate during the financial year was 33.4% of pensionable stipends.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Regulations. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The University is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the University has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion, giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The employer's pension costs paid to TPS in the period amounted to £1,152,000 (2020 - £1,061,000).

Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The cost charged to the Consolidated Statement of Comprehensive Income was £76,000 (2020: £96,000), but excluding the impact of the change in the deficit recovery plan, as shown in note 19.

Deficit recovery contributions due within one year for the institution are £13,000 (2020: £7,000).

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

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

The 2018 valuation was the fifth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £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.

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%
Pension increase (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% per annum.

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	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females <u>Post retirement:</u> 96.5% of SAPS S1NMA “light” for males and 101.3% of RFV00 for females
Future Improvements to mortality	CMI_2018 with a smoothing parameter of 8.5 and a long term improvement rate of 1.25% per annum for males and females.

The current life expectancies on retirement at age 65 are:

	2021	2020
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

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%, until 31 March 2028. The 2021 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2021	2020
Discount rate	0.89%	0.74%
Pensionable salary growth	5%	5%

In the year ended 31 July 2020, the liability was based on the previous deficit recovery plan, which required payment of 5% of salaries over the period 1 April 2020 to 30 June 2034.

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

Bishop Grosseteste University Flexible Retirement Account

The University operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the University in an independently administered fund. The pension cost charge represents contributions payable by the University to the fund and amounted to £60,000 (2020 - £60,000).

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2021 was £1,334,000 (2020 - £1,280,000), of which employer's contributions totalled £1,047,000 (2020 - £992,000) and employees' contributions totalled £287,000 (2020 - £288,000). From 1 April 2021, the agreed employer contribution rate for the University was 23.5% plus an annual lump sum of £76,000 as a deficit payment. Contributions are between 5.5% and 12.5% for employees, depending upon salary and other pensionable earnings.

Assumptions

The financial assumptions used to calculate scheme liabilities under FRS 102 are:

	At 31 July 2021	At 31 July 2020
	% per year	% per year
Pension increases	2.80%	2.10%
Rate of increase in salaries	3.10%	2.40%
Discount rate	1.60%	1.40%

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	Males		Females	
	Pensioner	Non-pensioner (currently aged 45)	Pensioner	Non-pensioner (currently aged 45)
At 31 July 2020	21.4 years	22.4 years	23.7 years	25.2 years
At 31 July 2021	21.2 years	22.0 years	23.6 years	25.0 years

Analysis of plan assets

	At 31 July 2021	At 31 July 2020
Equities	72%	68%
Bonds	14%	21%
Property	10%	10%
Cash	4%	1%

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Analysis of the amount shown in the balance sheet				
Scheme assets	28,256	27,323	22,901	22,147
Scheme liabilities	(42,955)	(41,528)	(36,861)	(35,631)
Deficit in the scheme – net pension liability recorded within pension provisions (Note 19)	(14,699)	(14,205)	(13,960)	(13,484)
Current service cost	2,196	2,136	2,051	1,986
Past service cost	-	-	50	48
Total operating charge	2,196	2,136	2,101	2,034
Analysis of the amount charged to interest payable/credited to other finance income				
Interest cost	(513)	(496)	(663)	(638)
Expected return on assets	326	313	493	475
Net charge to other finance income	(187)	(183)	(170)	(163)
Total profit and loss charge before deduction for tax				
Analysis of other comprehensive income:				
Gain on assets	4,361	4,218	(1,472)	(1,332)
Experience gain on liabilities	550	528	115	(15)
Changes in financial assumptions	(4,676)	(4,515)	(3,293)	(3,176)
Changes in demographic assumptions	377	361	(521)	(505)
Total other comprehensive income before deduction for tax	612	592	(5,171)	(5,028)

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Analysis of movement in the fair value of scheme obligations				
Scheme obligations at beginning of year	36,861	35,631	30,548	29,410
Employee contributions	287	280	288	280
Benefits paid	(651)	(641)	(438)	(427)
Current service cost	2,196	2,136	2,051	1,986
Past service cost	-	-	50	48
Other finance charge	513	496	663	638
Gain recognised in other comprehensive income	3,749	3,626	3,699	3,696
Scheme obligations at end of year	42,955	41,528	36,861	35,631

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Analysis of movement in the fair value of scheme assets				
Fair value of assets at the start of the year	22,901	22,147	23,038	22,191
Expected return on assets	326	315	493	475
Actuarial gain /(loss) on assets	4,361	4,218	(1,472)	(1,332)
Actual contributions paid by University	1,047	1,019	992	960
Actual member contributions (including notional contributions)	287	280	288	280
Actual benefit payments	(666)	(656)	(438)	(427)
Fair value of scheme assets at the end of the year	28,256	27,323	22,901	22,147

Sensitivity analysis

The sensitivities for the University regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 July 2021:	Approximate increase to defined benefit obligation	Approximate monetary amount £'000
0.1% decrease in real discount rate	2.6%	1,115
0.1% increase in long term salary increase rate	0.4%	185
0.1% increase in the pension increases and deferred revaluation	2.1%	916
One year increase in life expectancy	4.5%	1,969

25 Related party transactions

Due to the nature of the University's operations and the composition of University Council (being drawn from public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of University Council may have an interest. All transactions involving organisations in which a member of University Council may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under the provisions of FRS 102. In the opinion of University Council, there is no controlling party.

26 Investments

The University holds all issued ordinary share capital of BG (Lincoln) Limited, a company registered in England and Wales (Company number 2467793) the principal activity of which is the organisation of functions and conferences and catering. The University's interest in the company at 31 July 2021, comprised share capital of £2 (2020: £2). BG (Lincoln) Limited ceased trading on 31 July 2021, with all operations transferring to the University on 1 August 2021.

27 Post balance sheet events

The Universities Superannuation Scheme 2020 valuation has been signed and filed with The Pensions Regulator with an effective date of 1 October 2021. The 2020 valuation came into effect with a dual rate schedule of contributions: a) leg 1, which includes a small increase in contribution rates from the 2018 valuation and a longer deficit recovery period as a result of the decision to proceed with benefit change by the Joint Negotiating Committee subject to member consultation and b) leg 2, which includes more significant increases in contribution rates from the 2018 valuation and shorter deficit recovery period, which only becomes applicable if the JNC recommended deed on benefit changes has not been executed by 28 February 2022. The longer deficit recovery period based will lead to an increased overall liability, based on the expected numbers of USS staff employed by the University. The estimated present value of payments for the deficit recovery contributions is £169,000 based upon the requirements of leg 1 or £308,000 under leg 2.

INSIDE BACK COVER

Constitution

The University is Private Limited Company by guarantee without share capital use of 'Limited' exemption and a Registered Charity (Charity Number 1184682). It is governed by the Articles of Association of the Company incorporating the Instruments and Articles of Governance of the University dated instruments and articles of governance dated 1 August 2019.

Council and Administering Trustees

The Council members who served in the year and up to the date of the signature of the financial statements were:

Memberships 2020/21 and 2021/22

Chair

Mr B Walder

Ex officio

Bishop's Nominee: Rt Rev Dr Nigel Peyton

Rev. Canon Professor Peter Neil

Diocesan Council Nominees

Rev. David Dadswell (to 25 March 2021)

Rev. Dr Sally Myers (to 25 March 2021)

Rev. Sonia Barron

Rev. Dr Sarah Lawrence (from 1 September 2020)

Higher Education Institution

Professor David Head

Co-Opted Council Members

Mr David Babb (to 25 March 2021)

Dr Stephen Critchley

Mrs Jackie Croft

Mr Richard Hallsworth

Professor Marianne Howarth

Mr Stephen Lawrence

Mr Walter Leschenko

Air Vice-Marshal Gavin MacKay

Elected Staff

Dr Sacha Mason

Mr Alan Stacey (to 1 January 2021)

Ms Jessica Darnell (from 25 June 2021)

Students' Representation

Miss Erin Bell, Students' Union President

Mr Abraham Hall, Students' Union Representative (from 1 September 2020 to 5 July 2021)

Miss Kaylee Hempenstall, Students' Union Vice-President: Education and Students' Union Representative (from 25 June 2021)

Mr Jordan Fane, Students' Union Vice-President (to 30 June 2021)

Registrar and University Secretary

Ms Stephanie Gilluly

Bankers

National Westminster Bank plc

Principal Solicitors

Shakespeare Martineau, Waterfront House, Waterfront Plaza, Nottingham, NG2 3DQ

External Auditors

Buzzacott LLP, 130, Wood Street, London, ECV2 6DL

Internal Auditors

UNIAC, Armstrong House, Oxford Road, Manchester, M1 7ED

Bishop Grosseteste University is a company limited by guarantee and a registered charity. Registered in England and Wales. Company number 11963500. Charity number 1184682.