



**BATH  
SPA  
UNIVERSITY**

**Annual Report and  
Financial Statements  
Year ended 31 July 2020**

## Front cover

---

Students from BA (Hons) Film, Television and Digital Production and BA (Hons) Comedy courses created a 30-minute comedy improvisation show entitled 'Pulling the Strings'. They conceived, wrote, filmed and edited the whole show while working remotely and with social distancing measures in place.

## Contents

<b>1</b>	<b>Forewords</b>
<b>5</b>	<b>University information</b>
<b>9</b>	<b>Strategic update</b>
11	A Year in Summary
13	Academic Excellence
15	Student Experience
17	Research and Enterprise
19	External Affairs
21	People and Culture
23	Finance and Infrastructure
25	Academic Planning
27	Legal, Governance and Compliance
<b>29</b>	<b>Report of the Board of Governors</b> (Operating and Financial Review)
<b>37</b>	<b>Independent Auditor's Report</b>
<b>41</b>	<b>Statement of Accounting Policies</b>
<b>47</b>	<b>Financial Statements</b>
49	Statement of comprehensive income and expenditure
50	Consolidated statement of changes in reserves
50	University statement of changes in reserves
51	Consolidated balance sheet
52	Consolidated cash flow statement
<b>53</b>	<b>Notes to the Financial Statements</b>





**Terence Jagger**  
Chair of the Board of Governors

## Foreword from the Chair

It has been an unprecedented and unpredictable year for the world, and of course for the University. A continually changing external political and educational climate, along with the global pandemic, has made dramatic and sudden changes to how we recruited for the current year, and how we are teaching students now. This will undoubtedly continue to bring challenges to the University, its staff, and students for the foreseeable future. Through all of this, providing students with a learning environment in which they can thrive has, as ever, been at the forefront of the University's endeavours.

Early in this reporting year, we reviewed how we measure ourselves financially, and adopting new financial targets going forward, reflecting both our recent investment in the new Locksbrook Campus, and a new estates strategy, focusing on concentrating the University in fewer, higher quality facilities more closely co-located with each other where possible. The University continues to be financially strong and robustly managed, and in the face of reducing grants and public funding sources there is enthusiasm and commitment to diversifying income streams. I am pleased to say this is already beginning to produce new and exciting opportunities, which we will continue to explore into 2021, making strategic inroads into new markets, particularly in the South East and London, including the creation of Bath Spa University London as a part of the Bath Spa community and securing the growth of our teacher training provision.

This year we declared a climate emergency, in collaboration with our Students' Union. As part of the commitment to reducing our carbon footprint, we have adopted the target of being carbon neutral by 2030, and the University will be reviewing its sustainability strategy more broadly to advance its ambitions in the coming year. The University has also refreshed its commitment to equality and diversity, which will be strengthened by the implementation of a new people and culture strategy during the coming year.

Preparations for the Research Excellence Framework (REF) 2021 have continued apace, despite the pandemic, and we are confident of increased success in next year's REF. Grant success continues with several new research projects being funded this year, including several UK Research and Innovation awards from UKRI's twin Covid-19 emergency schemes, and others which address the UN Sustainable Development Goals in sub-Saharan Africa and the Indian sub-continent.

Following our success with regional partners in establishing the South West Creative Technology Network and the Bristol and Bath Creative R&D partnership, in autumn 2019 the University opened its new enterprise centre, The Studio at Palace Yard Mews, which has enabled greater collaboration with creative industries and the wider community.

In the face of everything that has changed since the arrival of Covid-19, I have been enormously impressed by the response of the Vice-Chancellor, and all her colleagues in both the academic and professional teams. They worked quickly and flexibly, in the face of continually changing requirements, first to put teaching online remarkably quickly, then to manage a disrupted admissions processes over the summer, and then to ensure that teaching could resume safely on a blended basis in September. I and my fellow governors thank all of them for their professionalism and dedication in very difficult times. I have also been extremely impressed by the response of students, some of whom have missed the excitement of end of year shows, graduation ceremonies and so on, and others who have naturally been concerned about starting or continuing their studies with us, and they have proved flexible and understanding, and have adapted to the new situation cheerfully and positively.

Finally, my thanks must also go to my fellow governors who have given their time and skills more generously than ever to the University. We have welcomed five new independent members of the Board of Governors since the commencement of the last academic year and in November 2020 we said farewell to two long serving governors, Professor Philip Martin and Rosemary Heald, who have both contributed enormously and they will be sorely missed.

By the time this report is published, we will be well into the first semester of what is going to be an equally tumultuous year, but we are already delivering new and innovative courses, giving students the best possible experience, and continuing to challenge ourselves and those around us to be the best we can now and next year. I have little idea what the next twelve months will bring in terms of adapting to the pandemic, but I am very confident that the University continues to develop in exciting and productive ways!



**Professor Sue Rigby**  
Vice-Chancellor

### Foreword from the Vice-Chancellor

In a year like no other, this Annual Report shows us to be a University comfortable with its identity and capable of rapid change. We have proved this year that we are creatively entrepreneurial at our core, through our grant success, our ability to teach out this year successfully, our external reach and our partnerships. This gives us a strong basis for moving forward, in tune with our four values; respect, inclusivity, collaboration and sustainability.

Having said this, it has been a roller-coaster year. In autumn we signed off our ten-year strategic plan and our key performance indicators covering our core objectives and our priorities for development and growth. We set out a plan to bring our identity work to the Board of Governors regularly over the next three years, and fixed timelines and deliverables for this beginning to our strategy. We also welcomed a large undergraduate cohort, a result of our innovative and pioneering 321 Go! support package for new students. No sooner had this reporting cycle begun than the pandemic hit. Nevertheless, I am delighted to report progress made across all aspects of our strategy over the year, as well as an effective response to the unexpected.

We have had a good year for research, with new grants of £1.43m awarded to date, and major success at home and internationally. The GALA partnership is beginning to show its capacity for research and grant generation and will be an independent, financially autonomous entity from the end of this year.

Our partnerships have deepened and widened this year, with more work with Bath College, significant progress on iSTART and Restart, our educational and innovation partnerships across Bath and North East Somerset, and significant links to employers and regional authorities.

We look forward to training new teachers in London as well as the South West, in a major extension to our Teach First contract.

Teaching has been a core focus alongside the wellbeing and wider development of students. We have increased investment in Student Support, and set up a Strategic Group of independent experts to advise us on staff and student wellbeing, chaired by Simon Blake. We have brought onto our books innovative new degrees, for example Cybersecurity and Wildlife Conservation, and seen our NSS rise against a backdrop of a falling sector.

Our response to the pandemic was a huge testimony to our staff and students, who co-designed their solutions to moving teaching online. With no break in delivery, we continued teaching through a different medium, and the results are a graduating cohort with the normal distribution of marks, as well as some incredibly imaginative solutions to the pandemic restrictions, such as our art degree show, 'No Show'.

Our Governors have supported us through thick and thin, and the range of expertise on the Board is invaluable to me and my senior team as we work through the normal and abnormal challenges of this year. Looking forward, I am excited as well as daunted by the coming academic year, sure that we will make the best of what we have and that students will have a fulfilling learning experience with us.



©Thomas seagar



©Lauren Cattle

©Saffron Murray Brown



©Florence Sebastianelli

# UNIVERSITY INFORMATION



## Governors as at 10 December 2020

Terence Jagger (Independent) (Chair)

Jonathan Glasspool (Independent) (Deputy Chair)

Professor Susan Rigby (Vice-Chancellor and Chief Executive)

Dr Jacqueline Brasted (from 1 June 2020) (Independent)

Emily Casey (SU President) (from 1 July 2020)

Richard Clarke (from 1 September 2019) (Independent)

Suzanne Harris (from 25 November 2020) (Staff)

Teresa Fisk (Independent)

Sue Lane (from 1 September 2019) (Independent)

Simon Lockren (from 1 September 2019) (Independent)

Joy Luxford (nee Saunders) (Independent)

Lauren Stone (from 1 July 2020) (Student)

Dr Susan McMillan (Staff)

Vinita Nawathe (Independent)

Nicholas Sturge (from 1 September 2020) (Independent)

## Others who served as Governors during 2019/20

Lady Theresa Lloyd (to 20 November 2019) (Independent)

Trevor Osborne (to 20 November 2019) (Independent)

Nina Campbell (to 20 November 2019) (Independent)

Rosemary Heald (to 25 November 2020) (Independent)

Professor Philip Martin (to 25 November 2020) (Independent)

Jazz Nesbitt-Larking (to 30 June 2020) (SU President)

Dr Charles Wiffen (to 25 November 2020) (Staff)

## Senior Staff as at 10 December 2020

Professor Susan Rigby (Vice-Chancellor and Chief Executive)

Professor Neil Sammells (Deputy Vice-Chancellor and Provost)

Professor Georgina Andrews (Vice Provost)

Paul Fox (Pro Vice-Chancellor Finance and Infrastructure, from 2 September 2019)

Dr Mark McGuinness (Pro Vice-Chancellor Academic Planning, from 1 August 2019)

David Newman (University Secretary)

Professor Andy Salmon (Pro Vice-Chancellor External Affairs, from 1 August 2019)

Dr Rebecca Schaaf (Pro Vice-Chancellor Student Experience, from 1 August 2019)

Arlene Stone (Director of Human Resources)

Professor John Strachan (Pro Vice-Chancellor Research and Enterprise)

## Other Senior Staff during 2019/20

Neil Latham (Chief Operating Officer to 4 October 2019)

## Auditors

Grant Thornton UK LLP  
Chartered Accountants  
2 Glass Wharf  
Temple Quay  
Bristol  
BS2 0EL

## Bankers

Lloyds Bank PLC  
47 Milsom Street  
Bath  
BA1 1DN

## Solicitors

Veale Wasbrough Vizards  
Narrow Quay House  
Narrow Quay  
Bristol  
BS1 4QA

## Glossary

AHRC	Arts and Humanities Research Council
BANES	Bath and North East Somerset (Council)
BBS	Bath Business School
BME	Black and Minority Ethnic
BSU	Bath Spa University
CASE	Council for Advancement and Support of Education
CIC	Community Interest Company
CPI	Consumer Price Index
CUC	Committee of University Chairs
DAC	Development Assistance Committee
DLHE	Destination of Leavers from Higher Education
DfE	Department for Education
EAU	External Affairs Unit
EIB	European Investment Bank
EU	European Union
FE	Further Education
FRS	Financial Reporting Standard
FTE	Full Time Equivalent
GCRF	Global Challenges Research Fund
HE	Higher Education
HEFCE	Higher Education Funding Council for England
HEIF	Higher Education Innovation Fund
HESES	Higher Education Students Early Statistics Survey
IOF	Institute of Fundraising
KEF	Knowledge Exchange Framework
LGPS	Local Government Pension Scheme
LLC	Limited Liability Company
LLP	Limited Liability Partnership
MBA	Master of Business Administration
NSS	National Student Survey
NS-SEC	National Statistics Socio-Economic Classification
OfS	Office for Students
OfSTED	Office for Standards in Education
PGCE	Post Graduate Certificate in Education

PLC	Public Limited Company
POLAR	Participation of Local Areas
PVC	Pro-Vice-Chancellor
REF	Research Excellence Framework
RSO	Research Support Office
SAVP	Statement of Asset Valuation Practice
SLG	Senior Leadership Group
SORP	Statement of Recommended Practice
TPS	Teachers' Pension Scheme
UCAS	Universities and Colleges Admissions Service
UCEA	Universities and Colleges Employers Association
UKRI	United Kingdom Research and Innovation
US	United States (of America)
VAT	Value Added Tax
WECA	West of England Combined Authority

# STRATEGIC UPDATE



# A YEAR IN SUMMARY

F&I OPERATING CASHFLOW TO DEBT SERVICE COSTS RATIO OF 1.59

£1.43 MILLION research grants

## STUDENT SATISFACTION

2020 78.06%  
2019 76.45%  
UNDERGRADUATE

2020 77%  
2019 71%  
POSTGRADUATE TAUGHT

2020 82%  
2019 75%  
POSTGRADUATE RESEARCH

£0.2 MILLION operating surplus



NEW 7 COURSES LAUNCHED



NEW PEOPLE  
VALUES AGREED



106 LIQUIDITY DAYS



CLIMATE EMERGENCY DECLARED

£5.4 MILLION cash generated from operations



UNDERGRADUATE RETENTION



NEW ESTATES STRATEGY PUBLISHED



2018-19 2019-20

UNDERGRADUATE RECRUITMENT

£300K funding to develop iStart



# ACADEMIC EXCELLENCE

## Schools overview

### Key priorities in 2019/20

The eight academic Schools are responsible for driving the delivery of priorities in collaboration with PVCs. Key 'academic excellence' priorities and outcomes for 2019-2020 are as follows.

**Boosting recruitment** by launching seven industry relevant new courses in September 2019 and 2020 (Interior Design, Forensic Psychology, Fashion Marketing and Management, Computing, Law, the MSc Cybersecurity and the MA Marketing and Brand Management.) 13% of the September 2020 undergraduate cohort (i.e. 240 students) have enrolled on the five new UG courses, underlining how vital curriculum development is to the University. The Schools also began working with Portfolio Planning, using market intelligence, to develop a further ten new courses / combinations for September 2021.

**Improving student support and satisfaction** through targeted School and Course level actions. The successful launch of the Locksbrook Campus in 2019 helped the School of Art's Overall Satisfaction score increase from 67% to 94%.

**Improving financial sustainability** by forging and strengthening partnerships with FE (Swindon) and private education institutions such as Boomsatsuma, Bristol and the MGA Academy, Brighton. Existing partnerships, combined courses and masters provision have also been streamlined.

**Increasing external engagement** and enhancing our reputation for academic excellence through high profile initiatives such as:

- Channel 5 presenting Matt Baker and the food science team on Secrets of your Supermarket food series 2 about the nutrient content of fresh and frozen vegetables.
- Three interviews on BBC Points West by Pat Black, Head of Initial Teacher Education, on supporting children's learning at home schooling and schools preparing for re-opening.
- Channel 4 presenting Iain Haysom and the food science team on the programme Food Unwrapped

on the 5-second rule and whether it is safe to pick up food that has been dropped on the floor.

- Agnieszka Janik McEarlean presenting her work on ASMR (Autonomous Sensory Meridian Response) on the BBC series Trust me, I'm a Doctor
- Furniture and Product Design students working with the Bristol Waste Company to find innovative solutions for waste management in residential areas.
- 'Encapture' a film installation featuring Jeremy Irons, creatively directed by the BAFTA Award winning Bristol Company BDH.
- Collaborative work with the Wessex Museums Partnership and the South West Federation of Museums.
- Dawn Albertson's pilot for Kaleidoscope Live!, a research-focused mental healthcare programme, was picked up for monthly episodes by Maudsley Learning.

### Successes

The rapid transition to becoming a Virtual University provided an unexpected opportunity for academic schools to unleash their creativity by showcasing academic excellence during lockdown. This was recognised by BBC Points West in their news item - 'Students at Bath Spa haven't let lockdown get in the way of creativity...'

- 'SparkFest Digital' provided a platform for 45 films, podcasts, DJ sets, radio dramas and recorded performances created, performed and edited by students of music, theatre, dance, clowning and animations. SparkFest Digital attracted 4497 total online views, which is a marked increase in audience engagement both within the UK and overseas.
- 'Publishing for Everyone' was a sell-out online publishing event with industry partners, whilst the poetry festival 'Lyra' switched between live in person and online during the early months of lockdown and has attracted external funding from ACE.
- 'See What I See' was a National competition developed in partnership with the Royal Fine Art Commission Trust for children aged 5-16 years.

- The Bath School of Design Showcase, and the School of Art Show: No Show provided an online exhibition space for our talented students.

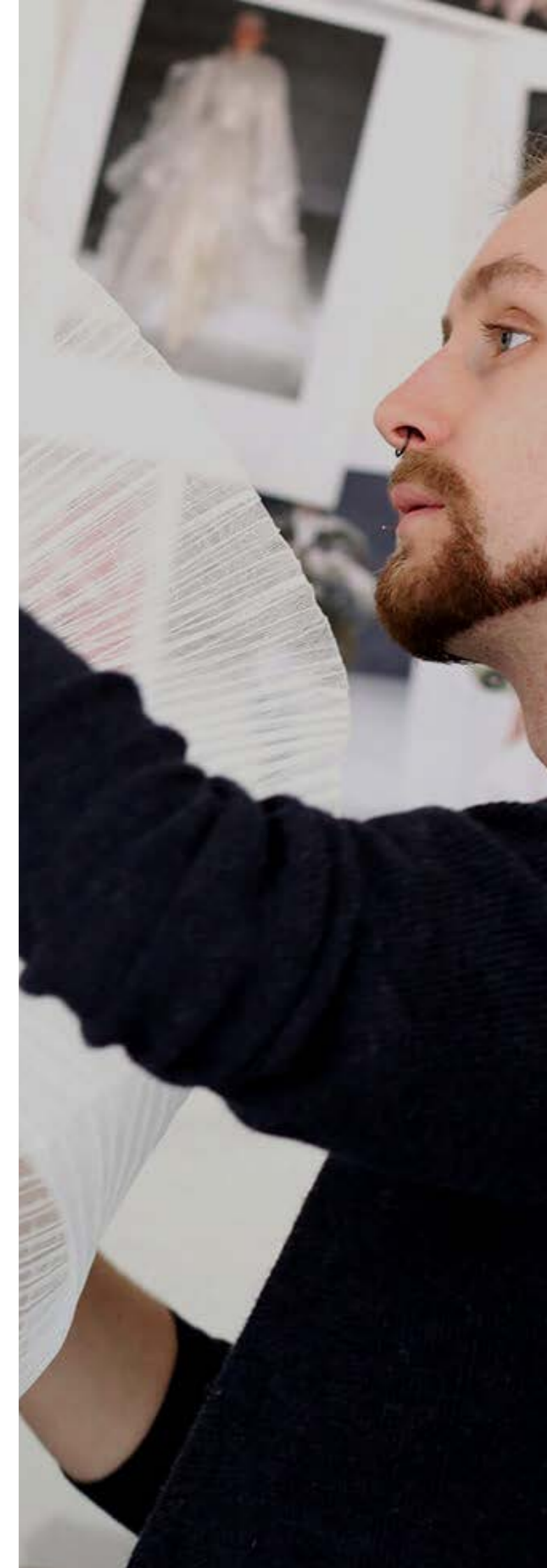
Other exemplars of academic excellence, in addition to the Teach First grant and research outputs highlighted elsewhere in this report include:

- The successful OFSTED pilot participation which enabled the School of Education to influence national developments and the design of the new inspection framework which Initial Teacher Education providers will be judged against.
- The BSc (Hons) Food with Nutrition programme accreditation by the Institute of Food Science and Technology, and the Business School commitment to the Principles of Responsible Management (PRME).
- Bath Business School has been short-listed for The Times Higher Education 'Business School of the Year' award 2020 in recognition of its progressive and distinctive mission, placing creative enterprise at the heart of all we do, whilst embracing responsible management and sustainable development. This is the second time BBS have been short-listed for the award. Results will be announced in November 2020.

### Key priorities for 2020/21

Key priorities for Schools in 2020-21 are as follows:

- Develop a suite of innovative new courses for 2022 and identify our portfolio direction to 2025 (including streamlining, updating, repositioning and consolidating existing provision.)
- Diversification of income through the development of BSU London, the delivery of TeachFirst London, and the development of sustainable new partnerships.
- Improve student support by focussing on retention, online delivery, and satisfaction.
- Develop and extend our academic focus on Creative Enterprise, external engagement and reputation.



# STUDENT EXPERIENCE

## Key priorities in 2019/20

The National Student Survey (NSS) results in 2019 saw a very high response rate, but disappointing satisfaction scores overall. The key priority in 2019/20 was therefore a different approach to managing the University's response to the NSS in order to secure an improvement in outcomes. Programmes achieving the lowest scores were placed under active management for the year, and programme teams worked with the Head of School and Pro Vice-Chancellor Student Experience to address issues and effect change. The 2020 NSS results saw an encouraging improvement in satisfaction scores, with overall satisfaction increasing to 78.06%, and the gap to the sector average closing by 3.29%. All programmes under active management saw an increase in satisfaction scores, with an average improvement of 19%.

Our provision of welfare support underwent significant improvements in 2019/20, with the team re-branded as Student Wellbeing Services. Recognising the considerable and increasing demand for wellbeing services, particularly in relation to mental health, the team created clearer referral pathways, an online booking system, and developed a wider range of services to cater for a broad spectrum of need. New services included a team of Bath Spa Care Dogs, Mindfulness courses delivered in our new Wellbeing Space in Main House, a Quiet Space and a Multi-Faith Space. We also piloted a new app aimed at helping students build their emotional resilience.

Supporting these services are revised policies and procedures, including our Support to Study and Mental Health Framework, with associated guidance for students and staff. These changes to the service have also paved the way for the creation of an out of hours wellbeing team, which will start in September 2020.

The repositioning of Student Wellbeing Services reflects a shift towards a whole University approach to inclusivity, moving away from a deficit model that seeks to make adjustments for individuals. This work will continue over the coming years, and will involve embedding inclusive practice across academic schools and professional services throughout the student journey.

The focus for 2019/20 was the start of the student journey, with revision of the personal tutor system as a key tool in aiding the transition to University. After a successful pilot of pre-arrival web pages in 2019, a comprehensive new section of the website was delivered

in the summer of 2020. This pre-arrival package included information on preparing for university study, tips for mental health and wellbeing, information on university services particularly in the context of Covid-19, and programme pre-reading and activities. In addition, a new tool kit for parents and supporters was published - all aimed at supporting the transition to university for our students and their families.

The Careers and Employability team also underwent a significant restructure and repositioning of their services. 2019/20 saw the exciting launch of a new Careers Space in Main House, with student-facing activities, services, and support, all located at the heart of the Newton Park campus. The team's efforts were also recognised nationally, achieving the award of 'The most improved commitment to employability' at the National Undergraduate Employability Awards.

This year saw the continuation of our Digital First policy in the Library and a range of activities to enhance the online learning and teaching environment and experience. Our review of the Virtual Learning Environment continued, with a cross-university pilot of an alternative approach to engagement and online learning. We implemented a new tool to enhance the accessibility of our online materials, invested in online teaching functionality, and have completed preparatory work towards a new approach to reading list compilation and management. Our newly created Academic Development Unit started working across the University to support academic staff in their use of these tools - work that proved invaluable following the virtualisation of the University in March 2020.

## Key priorities for 2020/21

In the context of the Covid-19 pandemic, a key priority for 2020/21 is to ensure the quality of all programmes and the overall student experience during these exceptional times. Programmes and services will be delivered in blended format, with opportunities to study online and on campus, while also supporting students and staff who need to self-isolate.

Our online environment and facilities will be even more crucial this year, and the work to review the Virtual Learning Environment will culminate in a decision about the right environment to enable us to achieve our strategic objectives. A major project to enhance our learning analytics capabilities is also underway and

should enhance our ability to support our students throughout their journey.

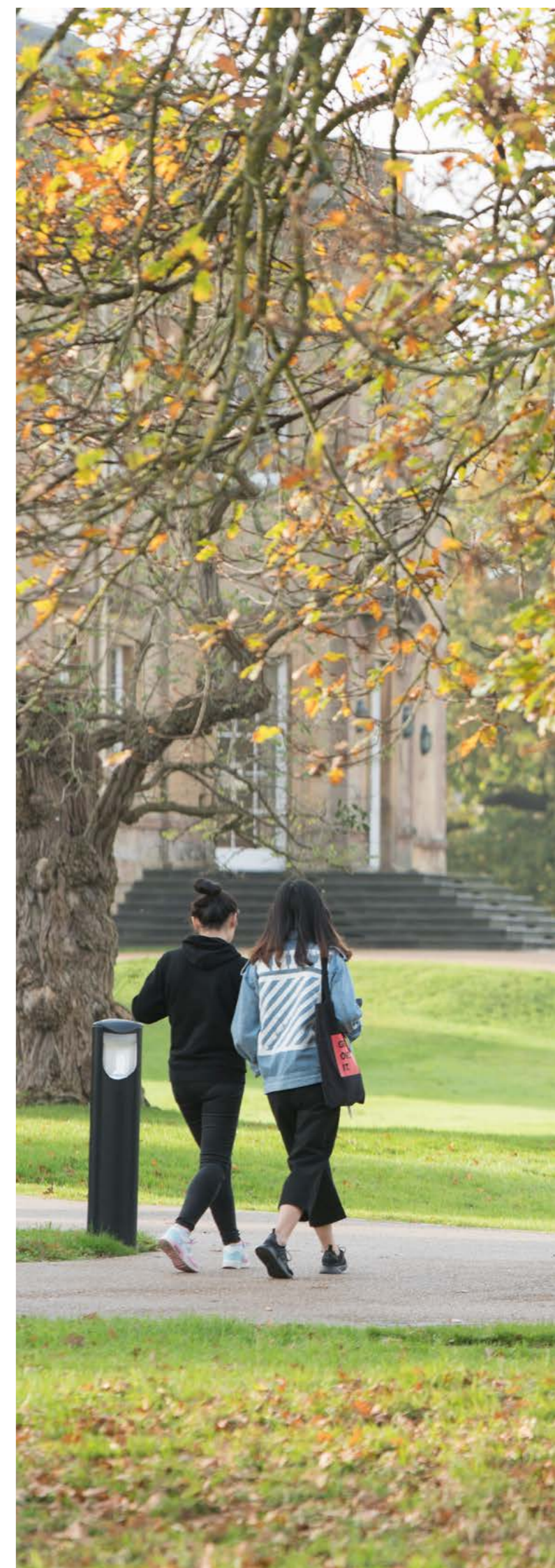
The Library is leading on the project to enhance and diversify reading lists across all programmes, and Student Wellbeing Services will continue its work to improve and extend the range of online tools to support students' mental and physical wellbeing.

Following a successful pilot in 2019/20, the Student Experience team will continue to develop its portfolio of student-led content, employing student communications ambassadors to improve information provision and communication with current students. This will be combined with greater use of the University's online feedback platform, Unitu, to ensure students' voices are heard and their feedback is incorporated into decision making across the University.

The work to embed a whole University approach to inclusivity will continue in 2020/21, with new enhancement plans at programme level, a pilot of a different approach to inclusive assessment, and a range of activities aimed at closing awarding gaps and decolonising the curriculum and the University.

The enhancement plans will also underpin the ongoing work to improve student satisfaction scores across the University, thereby increasing our position in relation to the National Student Survey. Following the success of the approach last year, six programmes will be under active management during 2020/21.

All of the above will drive the creation and establishment of a new Education and Research Strategy, that will underpin the University's Strategy to 2030. This approach reflects a shift for the University, with a strategy that recognises and harnesses the inter-linkage between teaching and research.



# RESEARCH AND ENTERPRISE

## Key priorities in 2019/20

Good progress has been made with the development of our Research Excellence Framework 2021 (REF 2021) submission and we are confident that the majority of our Units of Assessments (UoAs) will be able to demonstrate a large percentage of internationally excellent and world leading research, improving on our position from REF 2014. The development of 23 Impact Case Studies is demonstrating the significant impact Bath Spa researchers have both nationally and internationally by engaging audiences, communities, organisations and associations in their work. From improving well-being for NHS and social care staff, developing empathy in young people through creative writing, to challenging perceptions of marginalised communities; research at Bath Spa makes an important contribution outside of academia.

### New awards

We continue to expand and develop our international partnerships such as the newly-awarded project 'Historicising Natures, Cultures and Laws in Etosha-Kunene' funded by the Arts and Humanities Research Council and the Deutsche Forschungsgemeinschaft (DFG) which builds on our collaborations with the University of Cologne (Germany) and the University of Namibia.

Our research is also leading national agendas in areas such as support for creative writing through Paper Nations funded by Arts Council England and supporting teachers to improve their teaching and assessment of science in primary schools through Focus4TAPS funded by the Education Endowment Foundation.

### Special focus: The Centre for Cultural and Creative Industries (CCCI)

The CCCI has established strong business and industry collaborations locally and regionally in this area, and opened the University's first city centre enterprise centre - The Studio at Palace Yard Mews - which offers accommodation for academic staff working in this area, for academic and industry fellows linked to project activities, and for small businesses on a commercial basis. This has enabled us to develop a thriving new enterprise community for the University, and offers opportunities for student internships and placements.

The Centre continues to collaborate with our partners in the region on large-scale projects including the Southwest Creative Technology Network funded

through Research England's Connecting Capability Fund, and Bristol+Bath Creative R+D which is part of the Creative Industries Cluster Programme, funded by the Arts and Humanities Research Council and part of the UK Industrial Strategy. This year we also secured a new award to help grow the South West into a global digital media leader. MyWorld, led by the University of Bristol, in collaboration with Bath Spa University, the University of Bath, and University of the West of England, will develop major new research and development (R&D) facilities and partnerships connecting regional and national partners with global tech giants, including Netflix, Google, and Microsoft.

The Researcher Development Programme was very well attended and made a successful transition to on-line delivery at the onset of the Covid-19 lockdown. The University retained its HR Excellence in Research (HREiR) award after an eight year external review process - which is an EU badge of strong performance in this area. The Vice-Chancellor signed up to the new UUK Concordat to Support the Career Development of Researchers, confirming our commitment to supporting research staff development across the institution.

### Graduate College

Despite the challenges arising from the impact of Covid-19, the Graduate College registered a total of 13 PhD theses submissions with a further 15 students having submitted their final bound PhD theses including two students awarded AHRC South West & Wales Doctoral Training Partnership funding. The Graduate College established a Postgraduate Research Covid-19 Support Fund to enable students facing financial hardship to progress with their research.

## Successes

The University's policies and processes relating to research integrity and ethics have been revised and relaunched, with ethical approval processes being rolled out across research, postgraduate and undergraduate programmes. The annual compliance statement for 2019/20 has been approved by the Board of Governors as required by the UUK Concordat to Support Research Integrity.

Despite the impact of Covid-19, there has been an increase in international activity over the last academic year, with GALA moving towards a financially self-sustaining model and the GCRF grant contributing toward the development of international funding

streams as a research priority for the University. There is a growing focus on integrating the UN's Sustainable Development Goals into the University's international and research strategies and a more cohesive international approach through the International Strategy Group, which was formed in November 2019.

### GALA

Though international mobility across the network remains suspended following the outbreak of Covid-19, GALA continues to facilitate international collaborations and other activities. GALA introduced two initiatives over the year: 'Globalising the classroom', which connects faculty, students and classes at different GALA partners to share resources; and 'Supporting university leaders', which creates virtual discussion spaces enabling university leaders to share experiences and best practice, pool expertise, and help strategise.

The GALA Outreach scheme supports international collaborations, including virtual ones. For example, we are supporting Dr Jermaine Ravalier's plans for Black History Month through the virtual participation of speakers from partners in North America and Africa.

### Global Challenges Research Fund (GCRF)

In addition to utilising £8,000 of our GCRF funding for GALA capacity-building in DAC-list countries, we directed £9,000 in unallocated GCRF funding to provide 'rapid response' capacity building support to partners in Africa during the onset of the Covid-19 pandemic. This 'rapid response' funding provided students at Addis Ababa University, Asheshi University, Catholic University of Eastern Africa, University of Namibia, and Wits University with laptops and mobile data access so that they could continue their studies virtually.

### Staff and Student International Exchange Programmes

At the beginning of the pandemic, the Go Global Team successfully repatriated all students wishing to return to the UK from their semester abroad despite the challenges of travel restrictions worldwide. The University was successful in four new Erasmus+ KA107 staff mobility applications in partnership with the University of Malawi, University of Namibia, Yuriy Fedkovych Chernivtsi National University, and Sumy State University, Ukraine. Our existing mobility grant with Sumy State University, Ukraine has been extended to July 2021 and our mobility programmes

with American University of Iraq, Sulaimani, Adamas University, and Addis Ababa University, Ethiopia, have been extended to 2022.

### Global Citizenship

Global Citizenship successfully pivoted from in-person lectures to a completely virtual programme for 2020-21. Lectures will be delivered through Minerva's Virtual Classroom, which has many benefits for students and our speakers, allowing us to engage a more global cohort of experts.

## Key priorities for 2020/21

- An excellent submission to REF 2021.
- Development of an Enterprise Strategy building on our submission to the Knowledge Exchange Framework and that seeks to diversify our external income streams.
- Continued success in obtaining research awards and in building national and international research partnerships.
- Development of GALA as a financially self-sustaining entity.
- Development of a global research presence by widening the audience of the activities of our research centres and groups to international audiences, and fostering staff and student exchanges (both online and in person).
- Continued success in enhancing our research environment and culture through providing diverse and high quality research training and development opportunities.
- Development of a post-REF research impact and engagement culture.
- Aligning the University research and enterprise work to the UN Sustainable Development Goals.

# EXTERNAL AFFAIRS

## Key priorities in 2019/20

The first priority in June 2019 was establishing the External Affairs Unit (EAU) out of four existent separate parts with the purpose of establishing one wrap round external facing Unit for marketing, communications, civic engagement and new business development. This was enabled without increasing resource by deploying the University's first co-creative cross-functional matrix structure. The EAU also implemented shared prioritised work flows, based on the Vice-Chancellor's 2019-20 core strategic priorities: marketing and recruitment, retention and NSS, and financial stability. In order to maximise the effectiveness of a relatively small marketing budget the EAU Leadership team took much marketing work in-house, achieving significant savings from agencies. We stopped outsourcing brand design. We prioritised the recruitment team's needs, including rapid pivoting to design Covid-19 enforced virtual recruitment. This was highly effective, and integrated with the Recruitment Team yielded 136 FTE up from our pre Clearing baseline. To support retention and satisfaction, mindful of industrial disruption followed by lockdown, EAU Communications worked with Chancery, Academic Schools, the Students' Union and external partners, including the University of Bath. EAU Communications also played a key role in addressing two significant partnership challenges during August 2020.

Meanwhile our Civic and Cultural work has built a new approach to partner engagement for the direct benefit of students whilst raising £161,876 from individual donations, including working responsibly with Santander to benefit students during Covid-19. In terms of financial stability the EAU has made a direct contribution by completely restructuring the previous function and taking on new responsibilities whilst still making a significant budget saving compared to per June 2019.

The longer-term contribution to financial stability is in the development of a previously non-existent new business development arm. Work has gone into building strategic network capacity - for example with BANES Council, the WECA, the Creative Industries Federation, the National Institute of Coding, business, cultural and civic partners (especially beyond the existing Creative Industries strengths).

Much has coalesced around the ISTART and Restart initiatives, granted a £300k facilitation to full business case grant in April 2020. Whilst these projects have strengthened internal network capacity between the EAU, the RSO, Employability Services, Palace Yard Mews

and across the eight Academic Schools, it is crucial to note that their Creative Enterprise value will grow as we also interweave them with our civic and cultural work.

Only then will a £20m inclusive growth and innovation opportunity be truly innovative and inclusive. Likewise, internally, EAU's successful SULIS Intranet launch and all the continual internal communications work is the blood supply for these vital activities, whilst the EAU staff are increasingly a collective embodiment of "Creative Enterprise at the heart of all we do".

## Successes

As our University's central storyteller and proof point we are in the privileged position of being a recipient of much matter additional to any best laid plan.

One strategic such example was the opportunity the PVC External had, enabled by the RSO, to represent Bath Spa University at the Social Enterprise World Forum in Addis Ababa in October 2019. The network learning received enabled what resulted in August 2020 in our University being awarded accreditation by the Social Enterprise CIC as a social enterprise in its own right. We are now preparing our Gold Mark Social Enterprise submission, leveraging evidence from across the University's academic and professional community whilst encapsulating our four values (Sustainability, Inclusion, Collaboration, Respect) which will make utterly tangible for the first time the lynchpin claim of the 2030 Strategy that 'Creative Enterprise is at the heart of all we do'. It also fits perfectly regional and national focuses on inclusive growth, economic regeneration, and the 'build back better' business and civic agendas. It also aligns with the significant opportunities for a Bath/South West based University being activated around Black Lives Matter, especially in terms of co-creative potential with students and academics.

The EAU is a strong cohesive team with high levels of personal social responsibility, and has been proactive in taking forward these core 'human capacity' initiatives that were unplanned in September 2019. Simultaneously, links are being strengthened with the RSO's Research Centre's around the developing Knowledge Exchange potential as articulated currently by Research England in the KEF Concordat and by the AHRC's SHAPE initiative for the positioning for Social Sciences Humanities Arts People and Economy by Sir Peter Bazelgette.

## Key priorities for 2020/21

2020/21 retains the same core three priorities as 2019/20 (recruitment/retention, satisfaction, and financial stability), with three additional drivers agreed with the Vice-Chancellor in early September 2020:

**Market differentiation** - telling our 'creative enterprise' / social enterprise story embodying our four values, enabling new/strengthened business, civic, social and cultural relationships, distinguishing our core purposes.

**Market development** - the new business and markets ventured in Restart/ISTART. Evidence including the Institute of Coding, the WECA Skills and Employability data, the qualitative findings with businesses and public bodies pinpoint deficits in a) digital skills application across industries and users b) the need for personal skills development in resilience and problem solving. Both require modular short course learner-centric socially inclusive blended deliveries co-created with external partners. ISTART and Restart are the first time both Bath's universities, Bath College, BANES and a host of industry providers have worked together. At the same time the EAU is playing a significant role in reconfiguring the cultural and civic sectors in alignment with the Arts Council's Let's Create 2030 strategy, nationally launched at Locksbrook Campus in early February. The inclusion agenda will synergise vocational upskilling reskilling, new business creation, civic/cultural engagement and employability in 2021 aligning to funding possibility such as Strength in Places, the Adult Education Budget, Arts Council National Portfolio Organisation bids, and HEIF. The key to new market development is seeing the productive synergies.

**High value manifestation** - We will use these new products to affect regional and national outcomes. Social enterprise accreditation, ISTART/Restart, our partnerships with Santander and a strengthening of our civic and cultural collaborations around inclusion will support new configurations of research/innovation, curriculum and employability. The EAU's role in this will frequently involve fostering business and civic/cultural relations to make BSU the partner of choice; more agile, consistent, responsive, interconnected, student-centric and externally relevant than its competitors. In short, a truly Creative Enterprise.



# PEOPLE AND CULTURE

## Key priorities in 2019/20

This year we started to shape the new People Strategy which will shortly go to the Board of Governors for approval. We agreed with key stakeholders three key areas:

**Culture - Which we defined as creating a thriving, inclusive, collaborative and supportive environment where both staff and students feel valued and are passionately engaged in the Bath Spa community.** For 19/20 our aim was to identify a set of Bath Spa values, defined by our staff and shaped by the 2030 strategy.

**Skills Development - Which we described as being a learning organisation, developing confidence and skills in all of our people to deliver creative and adaptive solutions that enable the strategic vision of the University.** For 19/20 our aim was to identify short and long-term learning and development priorities, for specific groups of staff.

**Shaping the workforce - Where we wanted to make sure we shaped our workforce to achieve our strategic goals by attracting the right people, and developing the right skills to meet the changing needs of our students, internal and external communities.** For 19/20 we committed to undertake a review of our staffing resources to ensure the right shape, size and skills mix to meet our ambitions ensuring it was proportionate to our income.

These three strategic priorities are underpinned by the HR Foundations of Equality and HR processes. These are about working in partnership with the business to provide effective foundations for the People Strategy; adding value with a proactive, insightful, and comprehensive people service.

## Successes

**Culture:** During 19/20 we held a series of face-to-face workshops and virtual focus groups where both staff and students were able to contribute and identify the values that most define our culture. Over 100 individuals participated in these events, which culminated in a paper outlining the culture and values our staff and students believe we need to enable us to deliver the 2030 strategy, which was approved by SLG in July 2020.

**Skills Development:** We undertook a thorough review of our policy and processes supporting our academic staff to obtain professional qualifications and accreditation. More broadly for staff development we worked with targeted groups of individuals to develop specific skills but changed our original plans as a result of Covid-19 to ensure we provided all staff with support for their wellbeing and mental health and focused on the different skills managers needed in managing a remote workforce.

**Shaping the workforce:** We worked in close collaboration with our finance colleagues to share management information, to ensure the overall size of the workforce matches the income and reviewed and changed our process to adapt to in year changes.

**HR Foundations - Equality and HR processes:** We responded to the issues raised through the Black Lives Matter movement and held the first staff and student Equality Forum which was very well attended and created a number of ideas that we are currently progressing. We also provided a variety of resources for staff and continued with our workshop plans but delivered them virtually. We have benefited from being able to work with various staff networks in shaping our future activities.

We reviewed and streamlined some of our HR processes and agreed with our Trade Unions changes to our probation process.

**Staff survey:** We usually conduct staff surveys twice a year, in November and April. In November 2019 the staff survey focussed on staff and engagement and wellbeing, recognising the need to consider these issues having recently completed the large reorganisation programme, across the University. We undertook a short staff survey in June 2020 to explore how staff were feeling after the move to working as a virtual university. We had an excellent response rate of 82%, and some very positive responses about the support our staff were receiving. The results enabled us to have a clear understanding of how people were feeling during these unprecedented times.

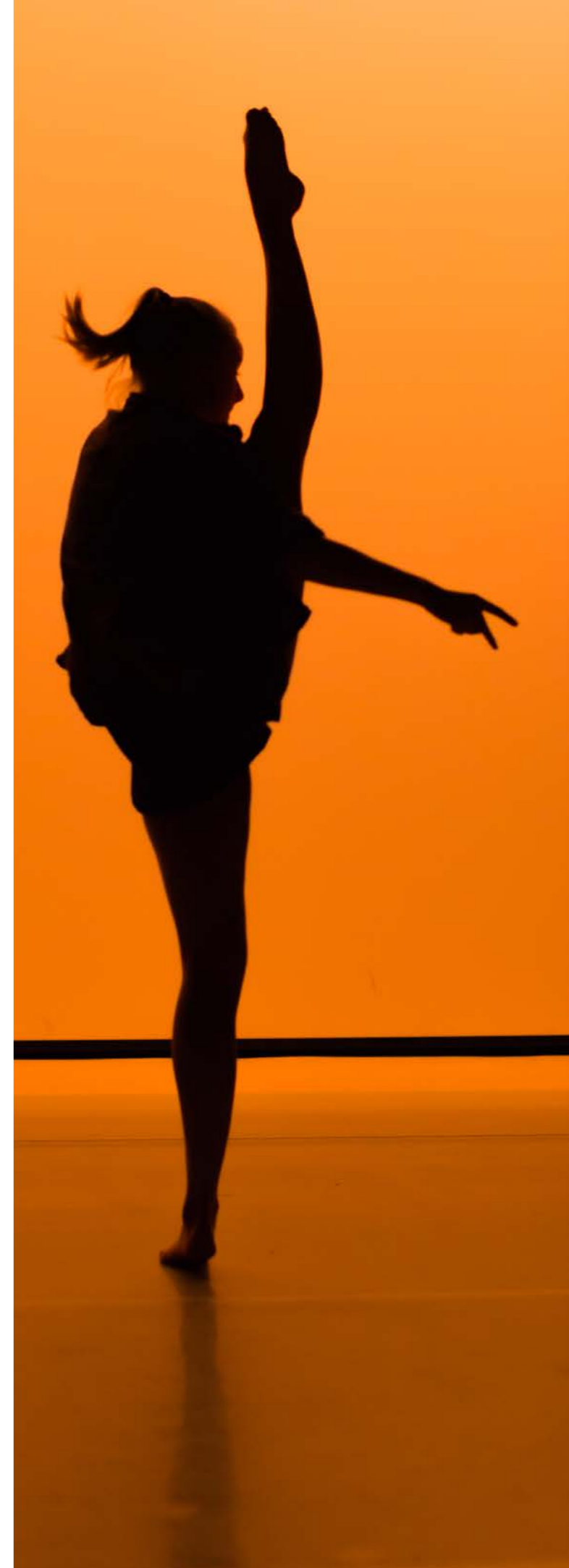
**Support during Covid-19:** Given the global pandemic, we have spent considerable time responding to Covid-19. Over 80 staff were identified as eligible for the Job Retention Scheme and subsequently furloughed, in order for the University to reclaim employment costs from the HMRC. We have provided extensive support to staff and line managers during this challenging time including preparing specific FAQ's, support material on Sulis, signposting to specific external support through our employee assistance provider and the provision of online training.

## Key priorities for 2020/21

**Culture:** The values identified during the engagement activities in 19/20 will be launched to staff in September at the Vice-Chancellor Town Hall events. Once launched, the 20/21 priority is to move to the important stage of implementing and embedding these values to ensure that they become part of 'how we do things around here'. We will create a light touch behavioural framework, with examples from different teams within the University of the values, bringing the values to life and enabling common understanding and interpretation. We will be encouraging Academic Schools and Professional Services Teams to consider how we further embed the values into our ways of work.

**Skills Development:** We will be focusing on delivering opportunities for all staff to up skill on specific skill sets in a virtual environment and continue to promote opportunities for members of our Leadership Community to learn from each other through our Line Managers Forum.

**Shaping the workforce:** We will continue reviewing and rebalancing resources, managing the staffing budget to optimum effect and making strategic decisions to ensure our workforce will be able to deliver future challenges.



# FINANCE AND INFRASTRUCTURE

## Key priorities in 2019/20

### Resources and financial objectives

The University adopts a prudent financial strategy in support of its strategic plan, which provides for a workforce of the right size and quality, the maintenance and development of the infrastructure both physical and digital, and ensures the delivery of high quality programmes of study to as wide a range of students as possible, while also meeting external regulatory obligations.

The Board of Governors reviewed its core performance indicators in late 2019, and adopted 'operating cashflow' as its KPI in respect of financial sustainability. The 19/20 Budget set a target ratio of operating cash flow to debt service costs of 1.79. The audited accounts show that a ratio of 1.59 was actually achieved, reflecting the reduction in surplus relative to that budgeted. This ratio was nonetheless in excess of the ratio required to meet the relevant bank covenants. The main reason for the lower than expected surplus and cashflow ratio was that adverse financial impacts of the Covid-19 pandemic were largely but not fully mitigated by offsetting savings. Further detail of financial performance and the full set of accounts are set out later in this document.

We see it as vital that we balance financial prudence with appropriate long-term investment in teaching and research facilities. In October 2019, teaching commenced in the new £32m Locksbrook Campus in October 2019. In February 2020, the Board agreed a new Estates Strategy, albeit in the short-term we are likely to focus more on smaller-scale improvements. The achievement of Cyber Essentials accreditation in March 2020 was critical to enabling the successful and rapid move to virtual teaching and learning necessitated by the 'lockdown'.

### Environmental sustainability

The University and the Students' Union jointly declared a 'Climate Emergency' in February 2020. We have been careful to ensure that this was founded on our track record of achievement, particularly in respect of energy management. The Board adopted zero carbon by 2030 as one of its core performance indicators.

Our ISO14001 Environmental Management System provides the framework for delivery of this policy and for ensuring the human and financial resources required for its implementation are in place. The University has also implemented a Carbon Reduction Management Plan (CRMP), which sets out our approach to reducing carbon emissions in line with the sector targets and reaching carbon-neutrality by 2030.

To help us achieve this, we have developed an ISO50001-compliant Energy Management System (EnMS), which was certified in July 2020.

We have relaunched our Sustainability Strategy through reform of the Sustainability Steering Group which now has senior leads for each of its 7 themes. Action plans in each theme area are being updated / developed.

### Bursaries and Student Financial Support

Tuition fees for full-time undergraduate courses and postgraduate certificate in education (PGCE) courses for home and EU students are regulated by the Office for Students.

The University has a team of professional staff committed to ensuring that students with particular needs receive good advice and appropriate financial assistance.

Within its Access and Participation Plan with the Office for Students, Bath Spa offers students a range of financial support opportunities, including bursaries and access funds which go significantly beyond statutory requirements. In 2019/20, we paid a total of £1.0m in means-tested bursaries to support students from households with the lowest incomes and a further £0.1m in access funds.

In further measures designed to help ensure that students from lower income backgrounds are not deterred from applying to university and to support retention, the University provided a support package of widening participation initiatives worth some £4.8m.

This support will continue in 2020/21.



# ACADEMIC PLANNING

## Key priorities in 2019/20

The primary aim for Academic Planning during 2019/20 was the consolidation of our new approach to student recruitment placing the interaction between individual applicants and our academic and professional services staff at the heart of our effort, really demonstrating at the earliest interaction with potential students what it feels like to be cared for by their University. 321 Go! had performed extremely well in its first iteration during 2018/9 with improved conversion of applicants to firm. What we thought was a challenging market in the first half of the 2020 recruitment cycle began to look somewhat more complicated as the pandemic and lockdown interrupted our Visit Day conversion activities in Spring 2020 and all events were initially postponed.

Coordinated intervention by the sector regulator Office for Students, UCAS and the Department for Education meant we had to make rapid decisions about our offers: the introduction of moratoria and the eventual banning of the use of conditional unconditional offers meant our undergraduate package had to be stood down mid-cycle in order for us to observe the requirements. We did what was required and kept in close contact with our applicants throughout to reassure them we would do all we could to protect their interests in such extreme circumstances. The work we undertook here really demonstrates our ability to move swiftly and decisively to act with purpose in such an uncertain and rapidly changing marketplace. The growing significance of Clearing to both our business and to the entire sector continued and we determined to work directly with UCAS Media on our Clearing campaign for the first time to enhance our results.

In Registry, we set about the initial scoping that lays the necessary ground work for us to begin the process of realising the full value of the data we hold to improve the service and support we offer our students. Again, this work was interrupted by the pandemic, but this project remains a key area of medium-term service development for Academic Planning and will be taken forward in 2020/21.

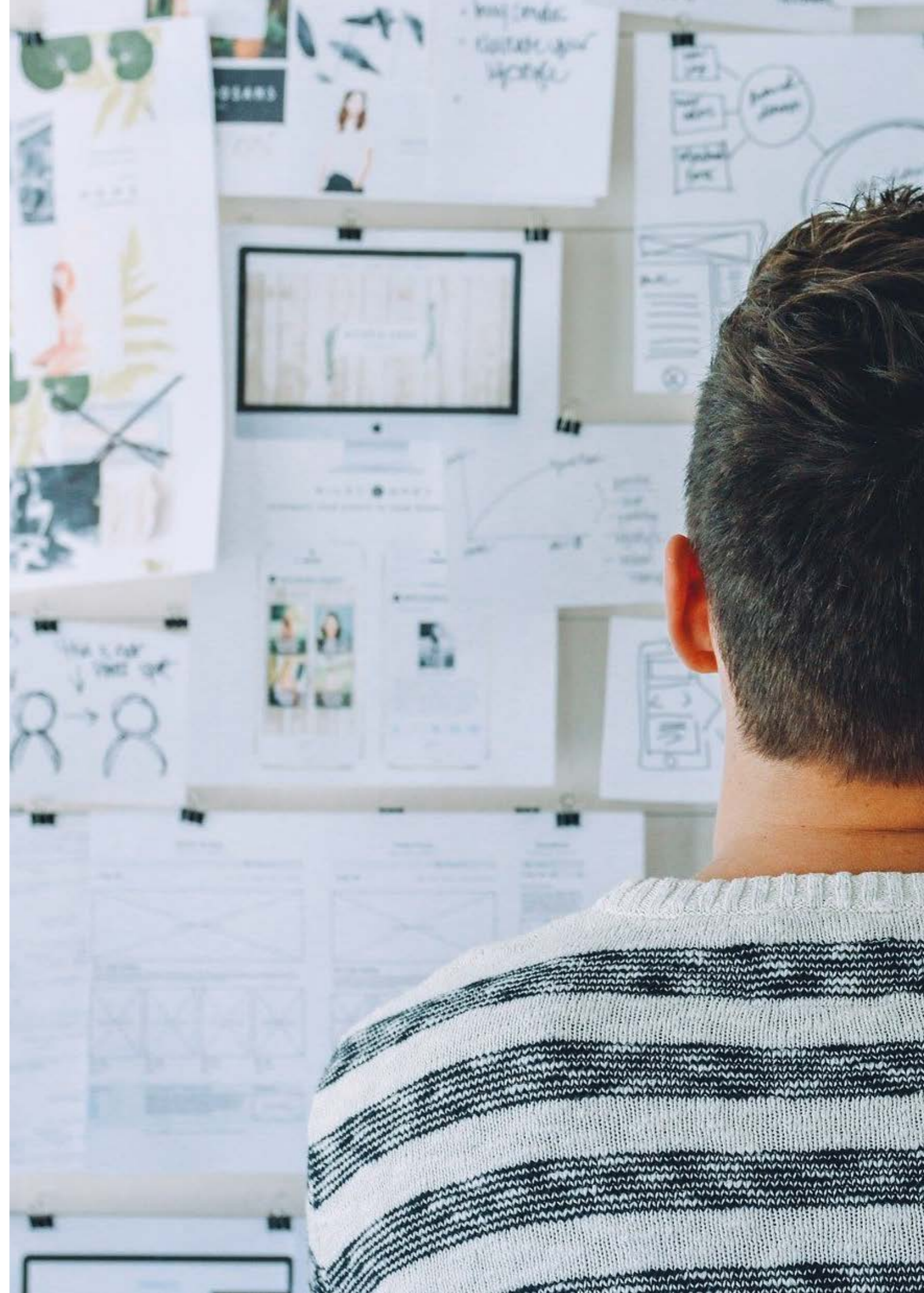
In Access and Participation, we were delighted to be one of the first Universities to have their 2020-2025 Access and Participation Plan approved by the Director of Fair Access, and without conditions. During 2019/20, we began the process of preparing the University Schools and Services through the creation of a new Access and Participation Steering Group chaired by the Pro Vice-Chancellor. The welcome and deliberately holistic approach to Access and Participation taken by the Office for Students allows focus on the entire student journey from application through to and beyond graduation - this work is potentially very powerful and we have agreed ambitious targets in our Plan to guide our work here.

## Successes

The rapid and complete virtualisation of the University in Spring 2020 demonstrated the real value of the cross team approach the University restructure promotes. In Academic Planning, we worked with External Affairs from a standing start to develop a brand new, high quality Virtual Open Day experience with rich media content about our courses and services, live interactions with our staff and student ambassadors and a breathtaking 360 degree virtual tour of our campuses. Within eight weeks we had a full product operating and wowing over one thousand virtual guests to our undergraduate and postgraduate Virtual Open Day on 6 June 2020. Visitor feedback and evaluation was overwhelmingly positive.

## Key priorities for 2020/21

Design, delivery and implementation of the replacement package for 321 Go! is the priority for 2020/21. The virtualisation of conversion events (Applicant Visit Days and Audition Days) is a particular challenge in the likely context of continued pandemic restrictions. The Bath Spa Start is an imaginative package of benefits designed to appeal to student lifestyle priorities, but carefully set within the overall context of our caring ethos - the package emphasises and makes available elements to support better mental health and physical wellbeing, the rapid formation of on campus community and peer support and healthy eating, alongside cash scholarships that reward academic achievement at all levels.



# LEGAL, GOVERNANCE AND COMPLIANCE

## Key priorities in 2019/20

- Following the University's reorganisation, the newly formed University Secretary's Office was created with a view to bringing together University expertise in legal matters, key areas of institutional compliance, academic governance, corporate governance and policy.
- Embedding the revised structure to support and enable functions across the institution and formation of the University Secretary's Office to harmonise functions and harness expertise across different fields.
- Recruitment to and embedding of new provision to support corporate governance operations and the strengthening of University procedures relating to student complaints and discipline.
- Establishment of an expanded in-house legal function.
- Development of improved procedures for the management of University contracts.
- Contribution to cross institutional initiatives to facilitate the implementation of projects, partnerships and processes.
- Following the redesign of the Quality Management Framework in 2018/19 to satisfy the changing external requirements and internal needs through the development of a data-driven, outcomes-focused, risk-based approach, the implementation of the Framework and the revised Academic Board structure has been a key priority. The policy documentation to support the Framework has been revised to frame process stages in the context of risk, mitigation and accountability and mapped against outcome, OfS condition, data sources and warning triggers.
- Co-ordination of a review and publication of the Bath Spa University Degree Outcomes Statement.

- Establishing an approach to Quality and Standards arrangements in the context of the pandemic which ensured that students would be enabled to complete their intended studies, that students would be provided with clear information and to ensure the maintenance of standards through minimising regulatory change and ensuring that credit and qualifications were awarded consistently and in line with intended learning outcomes. Developing a programme change process to ensure the approval and timely communication to students regarding the changes to their programmes in 2020/21 in the context of the pandemic.

## Successes

- Management of lockdown impact on regulatory matters related to the University's obligations as Tier 4 Sponsor in the development of policy frameworks based on engagement, attendance and meeting immigration conditions.
- Facilitation and successful coordination of University governance in a virtual environment over the pandemic.
- Contributing to maintaining the University community and student experience in the management of complaints, discipline and facilitation of international student support over the lockdown period.
- Creation of a suite of resources on Sulis for general internal learning and guidance for stakeholders across the institution.
- Delivery of programme change/ programme approval projects to support recruitment or enhance the student experience, including; delivery of programme change to fix the level 4 curriculum across all undergraduate programmes in support of timetabling and reducing complexity to provide students with a foundational experience; development of a supported approval process to enable timely approval of a suite of new programmes and proposal approved to change the structure of combined awards.
- Development of student co-creation guidance to enhance programme design and creative enterprise.

- Revision of the Student General Regulations to introduce a code of conduct.
- Process improvement to support operational excellence including review and approval of a revised process for suspension of recruitment and discontinuation of a named award.

## Key priorities for 2020/21

- Continual improvement of University governance; facilitating the timely provision of high quality information to the Board of Governors and its committees to support robust strategic decision-making.
- Development of a University Secretary's Office training programme, encompassing key regulatory themes and promoting institutional accountability for embedding compliance across business practices.
- Ensuring that EEA students and staff are supported through key immigration status changes, changes in institutional responsibilities and statutory obligations relating to data protection and immigration legislation in a post-Brexit environment.
- Enhancement and moderation of institutional contracts, partnerships and external relationships, including as key stakeholders in the new Partnership Oversight Group.
- Embedding a programme of support and coordinating the development of staff working in data related roles to empower and enable decision making.
- Building on existing resources available to staff to support staff in embedding key risks and statutory reports into the development of key strategic aims and related projects.
- Delivery of core quality management processes relating to programme design, modifications, Quinquennial Enhancement Review, Quality and Standards Checks, External Examiners and collaborative provision.
- Monitoring the effectiveness of the new Quality Management Framework and academic governance structures in meeting both internal and external requirements (particularly in the context of the changing regulatory environment) to enable operational excellence.
- Review of the Undergraduate Academic Framework and implementation of the Postgraduate Taught Academic Framework.





# REPORT OF THE BOARD OF GOVERNORS

Operating and Financial Review



# The members present their report and the audited financial statements for the year ended 31 July 2020.

## 1. Legal status

Bath Spa University is a UK higher education corporation under the Education Reform Act 1988, and as such is also an exempt charity, regulated by the Office for Students (OfS). With origins in the nineteenth century, the institution was initially incorporated in England as Bath College of Higher Education and in 1999 adopted the name of Bath Spa University College. In March 2005 university status was gained, and the institution became Bath Spa University in August 2005.

## 2. Delivery of charitable objectives

The charitable objects of the University are to provide higher education, to carry out research and to publish the results of the research. The members of the Board of Governors, who include the Vice-Chancellor and staff and student members, are the trustees of the charity. As such, the Board of Governors has due regard to the Charity Commission's general guidance on public benefit. The charity's immediate beneficiaries are its students. The University has no linked charities attached to it.

## 3. Financial review

### 3.1 University financial results

In spite of the external pressures on the sector, and the onset of Covid-19, the University made an operating surplus of £0.2m, compared to £1.9m (before restructuring costs) in the previous year. Cash generated from operations was £5.4m, down from £9.7m in the previous year, but above bank covenant requirements; this was primarily due to additional working capital requirements (increase in debtors and reduction in creditors).

### 3.2 Income

Grants from funding bodies continue to reduce (by £0.4m) and are now just 5.5% of income. The income from academic fees increased due to growth in activity in the UK market (full and part-time), and in particular with collaborative partners. Income from overseas students fell by 7.6% (£0.3m)

The University continues to improve its success in obtaining research grants and contracts, exceeding £2m for the first time, up by 4.3% on the previous year.

Income from residences, catering and conferences was hugely impacted by the onset of Covid-19 and was down £1.6m (18.7%). Other income also fell by £0.9m (21.5%), although a one-off endowment in the prior year accounted for £0.5m of this.

### 3.3 Expenditure

The full year impact of the restructure undertaken in 2019 has resulted in a drop in average FTEs on payroll from 920 to 839 FTE, although underlying pay costs only dropped by £0.3m (0.6%) due to in-year pay increments, and large increases in pension service costs; the latter increasing by £1.3m (17.4%). Pension costs now make up 19.6% of pay costs, compared to 16.6% in the previous year. Staff costs as a percentage of income remained at just over 54% despite the fall in income.

Other operating expenses have increased by £0.6m (2.2%), however this includes an increase in costs related to partner provision amounting to £3.6m. Excluding that element, other operating expenses have been reduced by £3.0m (11.5%), a significant part of this as a result of Covid-19, and remote working.

### 3.4 Balance sheet

The balance sheet remains strong, but is greatly reduced due to the significance of the increase in the University's share of the LGPS deficit (£19m). Net assets were down from £74.9m to £59.5m, a reduction of £15.4m (20.6%). It should be noted that the increase in the LGPS deficit is for accounting purposes and is not currently expected to impact on employer contributions.

Fixed asset additions of £3.9m (down from £22.2m) have primarily been funded through cash held, and cash generated in year; cash and current asset investment balances are down from £29.0m to £23.9m. At the year end there was no increase in the drawdown on the University's revolving credit facility (£5m drawn at 31 July 2020 and 2019).

£3.2m (2019 £20.3m) of the fixed asset additions related to the completion of the University's new Locksbrook Campus development.

Despite an ongoing reduction in borrowing, gearing (expressed as the ratio of total debt to net assets) has increased as a result of the impact on net assets of the increase in LGPS deficit, and now stands at 94%, up from 79%.

### 3.5 Treasury management and liquidity

Treasury management is the management of the University's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The University has a treasury management policy in place. Surplus cash is placed with a number of highly-rated counterparty banks. Any borrowing by the University must first be specifically agreed by the Board of Governors.

It is the University's policy to abide by terms of payment agreed with suppliers. Unless special terms apply, payment is made within 30 days of receipt of a valid invoice or after acceptance of the goods or services, whichever is the later.

During the year interest rates on money market deposits

remained low, and the University continued to seek out opportunities for securing higher interest rates on surplus cash deposits.

The University has a minimum liquidity threshold of 60 days which balances necessary cash with investment requirements. Cash holdings during the year were sound, and at the year end the University held an equivalent of 106 days, down from 126 days at 31 July 2019.

## 4. Principal risks and uncertainties

### 4.1 Risk Management

The University maintains a risk management policy and a high-level risk register which classifies and quantifies all risks which may impact on the University's ability to achieve its objectives. A named senior manager is identified as being responsible for the management of each recorded risk. Twice each year the Board of Governors reviews the management of risk at Bath Spa and validates the approach the University is taking. The Audit Committee of the Board of Governors is responsible for ensuring that the University has an adequate risk framework, including consideration of risk appetite, and that it works within that framework.

Deliberations include:

- The nature and extent of the risks facing the University.
- The magnitude of risk which it regards as acceptable.
- The likelihood of risks materialising.
- The University's ability to reduce the incidence and impact on the University of risks that do materialise.

### 4.2 Identified Risks

The key strategic risk domains are:

- Recruitment of students
- Reputation
- Compliance
- Government policy / external environment
- Financial
- Education and student experience
- Research, knowledge and consultancy exchange
- External relations
- Major change projects
- Estates, environment and infrastructure
- Human capital

## 5. Corporate Governance

### 5.1 Governance Policy Statement

The University is committed to best practice in all aspects of corporate governance. Bath Spa reports on corporate governance arrangements by drawing upon best practice, including those aspects of the UK Corporate Governance Code considered to be relevant

to the higher education sector. The University has not adopted, and therefore does not apply, the UK Corporate Governance Code however. This summary describes the manner in which Bath Spa has applied the principles set out in the voluntary Higher Education Code of Governance published by the Committee of University Chairs in December 2014 (revised June 2018). Its purpose is to help the reader of the financial statements understand how the principles have been applied.

Throughout the year ended 31 July 2020, and up to the date of signing, the University has conducted its business in accordance with the principles of the voluntary Higher Education Code of Governance

The University's Board of Governors comprises independent governors, staff and student members, appointed under the Instrument and Articles of Government of the University. The majority of members are independent and non-executive. The roles of Chair and Deputy Chair of the Board of Governors are separated from the role of the University's Vice-Chancellor and Chief Executive. The matters specifically referred to the Board of Governors for decisions are set out in the Instrument and Articles of Government of the University, by custom and as directed by the Office for Students. The Board of Governors holds to itself the responsibilities for the ongoing strategic direction of the University, approval of major developments and the receipt of regular reports from executive officers on day-to-day operations.

### 5.2 Summary of the University's structure of corporate governance

The Board of Governors meets at least four times a year and has a number of standing committees including a Finance and Infrastructure Committee, a Remuneration Committee, an Audit Committee and a Nominations Committee. All of these committees are formally constituted with terms of reference, and comprise independent members of the Board of Governors, one of whom is designated to chair meetings.

The *Finance and Infrastructure Committee* recommends to the Board of Governors the University's annual income and expenditure budget and monitors performance in relation to the approved budgets and key financial indicators. Additionally, the committee has oversight of the University's IT and estates strategies. The Vice-Chancellor is a member of this committee.

The *Remuneration Committee* determines the grading, pay and terms and conditions of service for holders of Senior Posts, which include the Vice-Chancellor, Deputy Vice-Chancellor and Provost, Pro Vice-Chancellor Finance and Infrastructure, and the University Secretary. Additionally, the committee reviews the framework for the pay and conditions of service for all other staff, the gender pay gap and equality and diversity - making

recommendations to the Board of Governors where appropriate. The Vice-Chancellor is not a member of this committee.

The *Audit Committee* considers detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's response and implementation plans. It also receives and considers reports from the Office for Students as they affect the University's business, and monitors adherence with regulatory requirements. In addition, it receives reports on value for money and whistle blowing. Whilst senior University officers attend meetings of the Audit Committee as necessary, they are not members of the committee. The committee meets in private with the internal auditors, and the external auditors where required, without the presence of management for independent discussions at the start of each ordinary meeting.

The *Nominations Committee* reviews the membership of the Board of Governors and considers skills, diversity and succession planning in addition to the process for nominations and appointments to the Board of Governors.

Following the formal consent by Privy Council for the adoption of an updated and modernised version of the University's Instrument and Articles of Government, which came into effect in February 2019, the Board of Governors approved the University's Ordinances, which came into effect from 1 April 2020. These supplementary procedures replaced the University's previous Standing Orders and reflect up-to-date legal and regulatory obligations applicable to the University. The Ordinances also strengthen Bath Spa's commitment to the practice of good governance, which will be an area of focus for continuing improvement during 2020/21.

#### 4.3 Statement of the primary responsibilities of the Board of Governors

The Board of Governors is the supreme governing body of the University and is responsible for the exercise of the University's powers. The following are the responsibilities of the Board of Governors as stipulated by the University's constitution:

- to approve the mission and strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders;
- to ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions;
- to appoint a Vice-Chancellor as chief executive, and to put in place suitable arrangements for the monitoring of his/her performance;

- to delegate (whilst retaining the ability to scrutinise such delegation) authority to the Vice-Chancellor, as Chief Executive, for the academic, corporate, financial, estate and human resources management of the University and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice-Chancellor;
- to ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment and procedures for handling internal grievances and for managing conflicts of interest;
- to establish processes to monitor and evaluate the performance and effectiveness of the Board itself;
- to conduct its business in accordance with the Office for Students' public interest governance principles, best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life;
- to safeguard the good name and values of the University;
- to appoint a Secretary and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability; to be the employing authority for all staff in the University and to be responsible for establishing a human resources strategy;
- to be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate;
- to be the University's legal authority and, as such, to ensure that systems are in place for meeting all the University's legal obligations, including health and safety, and those arising from contracts and other legal commitments made in the University's name;
- to receive assurance that adequate provision has been made for the general welfare of students;
- to act as a trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University; and
- to ensure that the University's constitution is followed at all times and that appropriate advice is available to enable this to happen.

#### 5.4 Statement of the responsibilities of the Board of Governors for the financial statements

In accordance with the University's Instrument and Articles of Government, the Board of Governors of Bath

Spa University is responsible for the oversight of the conduct of the affairs of the University, and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the University's Instrument and Articles of Government, the Statement of Recommended Practice on Accounting in Higher Education Institutions, Office for Students' accounts direction, and other relevant accounting standards.

In addition, within the terms and conditions of funding for higher education institutions with the Office for Students, the Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

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

- suitable accounting policies are selected and applied consistently.
- judgements and estimates are made that are reasonable and prudent.
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Board of Governors is satisfied that the University has adequate resources to continue in operation for the foreseeable future. For this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Governors has taken reasonable steps to:

- ensure that funds from the Office for Students are used only for the purposes for which they have been given and in accordance with the ongoing conditions of registration, including compliance with the OfS terms and conditions of funding for higher education institutions, and financial memoranda issued by other funding bodies.
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.
- safeguard the assets of the University and to prevent and detect fraud.
- secure the economical, efficient and effective management of the University's resources and expenditure.

#### 5.5 Disclosure of information to auditors

The Board 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 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.

#### 5.6 Statement of Internal Control

The Board of Governors is responsible 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 they are responsible, in accordance with the Instrument and Articles of Government and the terms and conditions of funding for higher education institutions with the OfS, and financial memoranda issued by other funding bodies.

The system of internal control is designed to manage rather than eliminate the risk of failure, and to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. However, it is constantly monitored, and any weaknesses identified are dealt with promptly and proportionally. The system of internal control is based on an on-going process designed to identify the principal risks to the University's policies, aims and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2020 and up to the date of approval of the financial statements.

The Board of Governors has responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- The Board of Governors meets regularly to consider the plans and strategic direction of the University.
- The Board of Governors receives periodic reports from the Audit Committee concerning internal control, and requires regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- The Audit Committee 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, evidence to support achievement of value for money in respect of the systems reviewed, together with recommendations for improvement.
- A regular programme of meetings of senior staff is held to identify and keep up to date the record of risks facing the University.



- A system of key performance and risk indicators is maintained and is regularly reviewed.
- A robust risk prioritisation methodology based on risk ranking and cost-benefit analysis is maintained and subject to regular review.
- An organisation-wide risk register is maintained and subject to regular review.
- Reports are received from budget holders, department heads and project managers on internal control activities.

Review of the effectiveness of the system of internal control is informed by the Internal Audit Service which operates to standards defined in the OfS Audit Code of Practice and which is regularly reviewed for effectiveness by the OfS Audit Service. The Internal Auditors submit regular reports which include their opinion on the adequacy and effectiveness of the University's system of internal control, with recommendations for improvement.

Review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the University, who have 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.

Overall the University has a robust Governance Framework that gives the Board of Governors assurance that its governance arrangements are sound. The review of Governance and Internal Controls has not identified any actions other than those already reported, and being monitored, from internal and external reviews.

By Order of the Board of Governors, 10 December 2020

Terence Jagger  
Chair

Susan Rigby  
Accounting Officer

# INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF BATH SPA UNIVERSITY



## Opinion

We have audited the financial statements of Bath Spa University (the 'parent university') and its subsidiaries (the 'group') for the year ended 31 July 2020, which comprise the consolidated and University statement of comprehensive income and expenditure, the consolidated and University statement of changes in reserves, the consolidated and University balance sheets, the consolidated cash flows statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2020 and of the income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended; and
- 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 published in October 2018.

## Basis for opinion

We have been appointed as auditor under the Education Reform Act 1988 and report in accordance with regulations made under those Act. 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.

## The impact of uncertainties arising from the UK exiting the European Union on our audit

### *The impact of macro-economic uncertainties on our audit*

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and

Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of Brexit. All audits assess and challenge the reasonableness of estimates made by the governing body and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the university's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the university's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a university associated with a course of action such as Brexit.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

## Other information

The governing body are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinion on other matters prescribed by the Office for Student's ('OfS') accounts direction (issued October 2019)

In our opinion, in all material respects:

- funds from whatever source administered by the university for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department of Education have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them; and
- the requirements of the OfS's accounts direction (issued October 2019) have been met.

## Responsibilities of Governing Body for the financial statements

As explained more fully in the Statement of responsibilities of the governing body set out on page two, the governing body is responsible for the preparation of the financial statements and for being satisfied they give a true and fair view, and for such internal control as the governing body 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 governing body are responsible for assessing the university's ability

to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the governing body 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 governing body, as a body, in accordance with paragraph 13 of the university's articles of government. Our audit work has been undertaken so that we might state to the university's governing body those matters we are required to state to it 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 governing body as a body, for our audit work, for this report, or for the opinions we have formed.

*Grant Thornton UK LLP*

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Bristol  
15 December 2020

# STATEMENT OF ACCOUNTING POLICIES



## Basis of preparation

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

## Going concern

The activities of the University, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the University, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying notes.

The Board has revised the budget for the year to 31 July 2021 in light of actual enrolment and retention and the experience of the current operating environment as at November 2020. The Board has also reviewed financial forecasts for the 2021/22 and has adopted the updated guidance provided by the Financial Reporting Board (FRC) incorporating risks associated with COVID-19.

Under the FRC guidance the University has utilised the self-assessment questionnaire that provides a framework to assist the Board in determining whether it is appropriate to adopt the going concern basis for preparing financial statements, and, in making balanced, proportionate and clear disclosure. The assessment included a review of forecasts and budgets, mitigating actions in response to COVID-19 risks, borrowing requirements, compliance with loan agreements, timing of cash flows, contingent liabilities, supply chain risks, insurance, risk management and financial adaptability, including sensitivity analysis and stress testing covering the period to July 2022.

While the University remains focussed on our mission and goals, we fully recognise that our ability to achieve those goals is dependent on remaining financially viable.

The activities which present greatest financial uncertainty to the university are student recruitment, retention and accommodation income. Autumn 2020 student recruitment and enrolment has been reflected in the Revised Budget, giving a degree of certainty over this leading indicator of success. Whilst neither retention nor accommodation would jeopardise University financial sustainability, the combined impact of financial shortfalls in these two areas could certainly create some short-term financial stress.

The result of stress testing has indicated that the University could withstand considerable adverse movement in the areas of uncertainty, giving comfort over liquidity for the year and 2021/22. The Santander operating cashflow ratio covenant has much tighter headroom but nonetheless after

taking account of mitigations could withstand reasonably plausible adverse variance before compliance was called into question. However, should the position be more adverse the University is in receipt of written assurances that the likely outcome would be a variation of the covenant rather than a breach. The University benefits from good relations with our lenders, who have expressed sound understanding of the sector and our performance within the sector. Obviously, these scenarios would create significant challenge for the University in maintaining the full range and quality of our educational activities, but the results show that the University could sustain operational and financial viability even in these circumstances of exceptional stress.

Based on information and knowledge available to the Board in carrying out this review the Board has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Board continues to adopt the going concern basis for preparing the accounts.

## Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2020. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

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

The financial statements include the University's wholly owned subsidiary Bath Spa U Limited which incurred a deficit of £3,000 in 2019/20 which is reported as other expenses (Note 7). The financial statements also include the University's wholly owned subsidiary Bath Spa Venues Ltd that incurred a deficit of £13,000 in 2019/20. Associated companies and joint ventures are accounted for using the equity method.

## Income recognition

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 Comprehensive Income and 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.

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

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

## Donations and endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer. Donations with no restrictions are recognised in income when the University is entitled to the funds.

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

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

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

## Capital grants

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

## Accounting for retirement benefits

Retirement benefits to employees of the University are provided by the Teachers' Pension Scheme and the Avon Pension Fund.

- **Teachers' Pension Scheme**  
Employers' pension contributions to the Teachers' Pension Scheme are charged to the income and expenditure account in the year to which the salaries on which they are payable relate.
- **Avon Pension Fund**  
Avon Pension Fund assets are measured using market value. Pension scheme liabilities are measured using a 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 University's defined benefit pension scheme expected to arise from employee service in the period is charged to operating surplus. The expected return of 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 other finance income/charges. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. The pension scheme's deficit is recognised in full and presented on the face of the balance sheet.

## 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.

## 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.

## Fixed assets

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.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

## Land and buildings

Tangible fixed assets taken over from Avon County Council at 1 April 1989 are stated at a valuation adjusted for depreciation. The bases of valuation are explained in Note 11. Tangible fixed assets acquired since 1 April 1989 are stated at cost less accumulated depreciation.



The transitional rules set out in FRS 15 Tangible Fixed Assets were adopted as at 31 July 2000 and book values of property assets were frozen accordingly.

The transitional rules set out in FRS 102 were adopted as at 31 July 2016 and fair value has been used for deemed cost for properties measured at fair value.

Equipment costing less than £2,500 per individual item or group of related items is written off in the year of acquisition.

Depreciation is provided on cost or revalued amounts in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Building improvements	10% per annum
Music equipment	20% per annum
Motor vehicles	25% per annum
Equipment, fixtures and fittings	25% per annum
Computer software and hardware	33% per annum

Freehold and leasehold buildings are amortised over their useful economic lives: the typical useful life is considered to be 48 years). The Newton Park estate is held on a 99 year lease that expires in 2044. Freehold land is not depreciated.

## Financial instruments

The provisions of both section 11 and 12 of FRS102 are applied in full. Basic financial instruments are held at amortised cost using the effective interest method or cost and are subject to an annual impairment review.

## Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

## Investments

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

Investments in subsidiaries are carried at cost less impairment in the University's accounts.

Current asset investments are held at fair value with movements recognised in the Surplus or Deficit.

## Stock

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

## Cash and cash equivalents

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

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

## Inherited liability grant

In January 2008 the University received £14.4m from HEFCE as buy-out of inherited liabilities at Corsham Court. This sum is being amortised on a straight line basis over the remaining 50 years of the Corsham Court lease and will mitigate associated expenditure under the lease covered by the buy-out agreement.

## Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- The University has a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

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

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

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

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

## Accounting for joint operations, jointly controlled assets and jointly controlled operations

The University accounts for its share of joint ventures using the equity method.

The University accounts for its share of transactions from joint operations and jointly controlled assets in the Consolidated Statement of Income and Expenditure.

## Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011.

It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the

University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

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

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

## Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

In preparing these financial statements, management have made the following judgements:

- Determined whether leases entered into by the University either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determined whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key source of estimation uncertainty:

- 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 20, 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 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.



# FINANCIAL STATEMENTS

For the year ended 31 July 2020



## Statement of Comprehensive Income and Expenditure

For the year ended 31 July 2020

	Note	Consolidated		University	
		2020	2019	2020	2019
		£'000	£'000	£'000	£'000
<b>INCOME</b>					
Funding Council grants	1	4,543	4,900	4,543	4,900
Tuition fees and education contracts	2	65,270	63,044	65,270	63,044
Research grants and contracts	3	2,059	1,975	2,059	1,975
Other income	4	10,274	12,785	10,248	12,806
Investment income	5	162	321	162	321
Donations and endowments		187	231	187	231
<b>Total income</b>		<b>82,495</b>	<b>83,256</b>	<b>82,469</b>	<b>83,277</b>
<b>EXPENDITURE</b>					
Staff costs	6	44,998	45,261	44,998	45,261
Fundamental restructuring costs	7	-	2,915	-	2,915
Other operating expenses	7	29,017	28,402	28,975	28,283
Depreciation		5,107	4,661	5,107	4,661
Interest and other finance charges	8	3,219	3,065	3,219	3,065
<b>Total expenditure</b>	<b>7</b>	<b>82,341</b>	<b>84,304</b>	<b>82,299</b>	<b>84,185</b>
<b>Surplus/(deficit) before other losses</b>		<b>154</b>	<b>(1,048)</b>	<b>170</b>	<b>(908)</b>
Profit on disposal of fixed assets		7	6	7	6
Write back of share of liabilities in joint venture		-	533	-	-
<b>Surplus/(deficit) before tax</b>		<b>161</b>	<b>(509)</b>	<b>177</b>	<b>(902)</b>
Taxation	10	-	-	-	-
<b>Surplus/(deficit) for the year</b>		<b>161</b>	<b>(509)</b>	<b>177</b>	<b>(902)</b>
Actuarial (loss) / gain in respect of pension schemes	20	(15,614)	(11,902)	(15,614)	(11,902)
<b>Total comprehensive (expenditure) / income for the year</b>		<b>(15,453)</b>	<b>(12,411)</b>	<b>(15,437)</b>	<b>(12,804)</b>
<b>Represented by:</b>					
Endowment comprehensive income for the year		-	592	-	592
Unrestricted comprehensive income for the year		(15,453)	(13,003)	(15,437)	(13,396)
		(15,453)	(12,411)	(15,437)	(12,804)

All items of income and expenditure relate to continuing activities.

## Consolidated Statement of Changes in Reserves

For the year ended 31 July 2020

	Income and expenditure account		Revaluation reserve	Total
	Endowment	Unrestricted		
	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2018</b>	<b>592</b>	<b>63,196</b>	<b>24,158</b>	<b>87,946</b>
(Deficit) from the income and expenditure statement	-	(1,101)	-	(1,101)
Other comprehensive income	-	(11,902)	-	(11,902)
Transfers between endowment reserve and income and expenditure reserve	(592)	592	-	-
Transfers between revaluation and income and expenditure reserve	-	387	(387)	-
	(592)	(12,024)	(387)	(13,003)
<b>Balance at 1 August 2019</b>	<b>-</b>	<b>51,172</b>	<b>23,771</b>	<b>74,943</b>
Surplus from the income and expenditure statement	-	161	-	161
Other comprehensive income	-	(15,614)	-	(15,614)
Transfers between revaluation and income and expenditure reserve	-	386	(386)	-
<b>Total comprehensive (expenditure) for the year</b>	<b>-</b>	<b>(15,067)</b>	<b>(386)</b>	<b>(15,453)</b>
<b>Balance at 31 July 2019</b>	<b>-</b>	<b>36,105</b>	<b>23,385</b>	<b>59,490</b>

## University Statement of Changes in Reserves

For the year ended 31 July 2020

	Income and expenditure account		Revaluation reserve	Total
	Endowment	Unrestricted		
	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2018</b>	<b>592</b>	<b>63,958</b>	<b>24,158</b>	<b>88,708</b>
(Deficit) from the income and expenditure statement	-	(1,494)	-	(1,494)
Other comprehensive income	-	(11,902)	-	(11,902)
Transfers between endowment reserve and income and expenditure reserve	(592)	592	-	-
Transfers between revaluation and income and expenditure reserve	-	387	(387)	-
	(592)	(12,417)	(387)	(13,396)
<b>Balance at 1 August 2019</b>	<b>-</b>	<b>51,541</b>	<b>23,771</b>	<b>75,312</b>
Surplus from the income and expenditure statement	-	177	-	177
Other comprehensive income	-	(15,614)	-	(15,614)
Transfers between revaluation and income and expenditure reserve	-	386	(386)	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(15,051)</b>	<b>(386)</b>	<b>(15,437)</b>
<b>Balance at 31 July 2020</b>	<b>-</b>	<b>36,490</b>	<b>23,385</b>	<b>59,875</b>

## Consolidated Balance Sheet

At 31 July 2020

	Note	Consolidated		University	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>NON-CURRENT ASSETS</b>					
Fixed assets	11	163,801	164,991	163,801	164,991
Investments		-	-	50	50
<b>ENDOWMENT ASSET INVESTMENTS</b>					
	12	-	-	-	-
		<u>163,801</u>	<u>164,991</u>	<u>163,851</u>	<u>165,041</u>
<b>CURRENT ASSETS</b>					
Stocks		60	59	60	59
Debtors	13	7,469	3,319	7,817	3,712
Investments		19,370	26,132	19,370	26,132
Cash at bank and in hand		4,567	2,912	4,540	2,780
		<u>31,466</u>	<u>32,422</u>	<u>31,787</u>	<u>32,683</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	14	<u>(16,326)</u>	<u>(18,686)</u>	<u>(16,312)</u>	<u>(18,628)</u>
<b>NET CURRENT ASSETS</b>		<u>15,140</u>	<u>13,726</u>	<u>15,475</u>	<u>14,055</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>178,941</u>	<u>178,727</u>	<u>179,326</u>	<u>179,096</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR</b>	15	<u>(65,963)</u>	<u>(69,483)</u>	<u>(65,963)</u>	<u>(69,483)</u>
<b>PROVISIONS</b>					
Pension provisions	20	(52,184)	(33,193)	(52,184)	(33,193)
Other provisions	17	(1,304)	(1,108)	(1,304)	(1,108)
<b>TOTAL NET ASSETS</b>		<u>59,490</u>	<u>74,943</u>	<u>59,875</u>	<u>75,312</u>

	Note	Consolidated		University	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>RESTRICTED RESERVES</b>					
Endowment reserve	19	-	-	-	-
<b>UNRESTRICTED RESERVES</b>					
Income and expenditure reserve		36,105	51,172	36,490	51,541
Revaluation reserve		23,385	23,771	23,385	23,771
		<u>59,490</u>	<u>74,943</u>	<u>59,875</u>	<u>75,312</u>
<b>TOTAL RESERVES</b>		<u>59,490</u>	<u>74,943</u>	<u>59,875</u>	<u>75,312</u>

The notes on pages 53 to 70 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Governors on 10 December 2020 and signed on its behalf by:

  
Terence Jagger  
Chair

  
Susan Rigby  
Accounting Officer

## Consolidated Cash Flow Statement

For the year ended 31 July 2020

	Note	2020 £'000	2019 £'000
<b>Cash flow from operating activities</b>			
Surplus / (deficit) for the year		161	(509)
Adjustment for non-cash items			
Depreciation		5,107	4,661
<b>Release of inherited liability grant</b>		(240)	(240)
Release of capital grants		(538)	(749)
(Increase) / decrease in stock		(1)	12
(Increase) / decrease in debtors		(4,150)	651
(Decrease) / increase in creditors		(868)	1,324
Increase in provisions		196	75
Increase in pension fund liability		2,673	1,743
<b>Adjustment for investing or financing activities</b>			
Interest payable (finance charge FRS 102)		704	505
Endowment and net interest receivable		(162)	(321)
Finance cost of enhanced pension provision		59	36
<b>Interest payable</b>		2,456	2,524
Profit on sale of fixed assets		(7)	(6)
		<u>5,390</u>	<u>9,706</u>
<b>Net cash inflow from operating activities</b>			
<b>Cash flows from investing activities</b>			
Interest received		162	321
Finance cost of enhanced pension provision		(59)	(36)
Interest paid		(2,456)	(2,524)
Purchase of tangible fixed assets		(5,369)	(21,298)
Proceeds from sale of fixed assets		7	6
Capital grants received		419	624
		<u>(7,296)</u>	<u>(22,907)</u>
<b>Cash flows from financing activities</b>			
Decrease in short-term deposits		6,762	2,595
Receipt of bank loans		-	5,000
Repayment of bank loans		(2,991)	(2,894)
Receipt of new Salix loans		71	-
Repayment of Salix loans		(281)	(276)
		<u>3,561</u>	<u>4,425</u>
<b>Increase / (decrease) in cash in the year</b>		<u>1,655</u>	<u>(8,776)</u>
Cash at beginning of the year	21	2,912	11,688
Cash at end of the year	21	4,567	2,912

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020



## 1. Funding Council grants - consolidated and University

	OfS £'000	DfE £'000	2020 £'000	2019 £'000
Recurrent grant	3,470	-	3,470	3,788
Other grants (2019: DfE £123k)	119	176	295	123
Inherited liability grant released in year	240	-	240	240
Deferred capital grants released in year:				
- Buildings	193	-	193	357
- Equipment	345	-	345	392
	<u>4,367</u>	<u>176</u>	<u>4,543</u>	<u>4,900</u>

## 2. Tuition fees and educational contracts - consolidated and University

	2020 £'000	2019 £'000
Full-time students	59,095	56,926
Full-time students charged overseas fees	3,993	4,320
Part-time fees	2,182	1,798
	<u>65,270</u>	<u>63,044</u>

	2020 £'000	2019 £'000
Taught awards	64,466	62,374
Research awards	567	493
Non-qualifying courses	237	177
	<u>65,270</u>	<u>63,044</u>

## 3. Research grants and contracts - consolidated and University

	2020 £'000	2019 £'000
Research councils	1,241	1,761
Other grants and contracts	818	214
	<u>2,059</u>	<u>1,975</u>

## 4. Consolidated other income

	2020 £'000	2019 £'000
Residences, catering and conferences	6,939	8,538
Other income	3,335	4,247
	<u>10,274</u>	<u>12,785</u>

Residences, catering and conferences includes £133,000 (2019 £262,000) related to the University's subsidiary company Bath Spa Venues Limited.

## 5. Consolidated and University investment income

	2020 £'000	2019 £'000
Income from short-term investments	162	321

## 6. Consolidated and University staff costs

	2020 £'000	2019 £'000
Wages and salaries	32,699	34,126
Social security costs	3,422	3,632
Other pension costs	8,877	7,503
	<u>44,998</u>	<u>45,261</u>

The University has included an accrual for holiday pay in 2020 totalling £659,000 (2019: £951,000).

	£'000	£'000
Other pension costs comprise:		
Contributions to defined benefit scheme accounted for as a defined contribution scheme (TPS)	4,031	3,349
Current service cost of defined benefit scheme (LGPS)	4,846	4,154
	<u>8,877</u>	<u>7,503</u>

	2020 No.	2019 No.
Average staff numbers by major category (full-time equivalent):		
Academic staff	364	380
Hourly-paid lecturers	33	48
Technicians	44	46
Support staff – administration	314	378
Support staff – manual workers	83	68
	<u>839</u>	<u>920</u>

## 6. Consolidated and University staff costs (continued)

### Severance Payments

During the year the University made payments totalling £38k in compensation for loss of office to 4 employees. In 2018/19 the university undertook a significant restructure which resulted in payments totalling £2,721k in compensation for loss of office to 112 employees; in addition, prior to the restructure, payments totalling £175k in compensation for loss of office were made to 10 employees.

All severance payments, including compensation for loss of office, in respect of higher paid staff are approved by the University's Remuneration Committee. Payments for compensation for loss of office and redundancy for all other staff are approved by management in accordance with delegated authority.

### Key Management Personnel remuneration

	£'000	£'000
Remuneration	1,171	1,340
Compensation for loss of office		271
	<u>1,171</u>	<u>1,611</u>

The full time equivalent staff numbers were 10.2 (2019: 11.7)

Key management personnel are those persons having authority for planning, directing and controlling the activities of the University; during the year ended 31 July 2019 this included the Vice-Chancellor, Deputy Vice-Chancellor (Provost), Chief Operating Officer, Pro-Vice Chancellor (External Affairs), Executive Dean – Institute for Education, Pro Vice-Chancellor (Research and Enterprise), Director of Human Resources, University Secretary, Pro-Vice Chancellor (Student Experience), Pro-Vice Chancellor (Academic Planning), Pro-Vice Chancellor (Finance & Infrastructure), Vice Provost.

### Emoluments of the Accounting Officer and Chief Executive

Information regarding the Vice-Chancellor is set out below.

The remuneration of the Vice-Chancellor is agreed by the Remuneration Committee, entirely composed of lay members. In making their decision the Committee reviews data on Vice-Chancellor salaries from CUC and UCEA, and considers the differential between the VC's salary and the lowest and the average academic salary at the University. They also discuss the current levels of uncertainty and change in the Higher Education sector, and consider concerns about the escalation of pay in the sector, and also take cognisance of Bath Spa's relatively small size, but also take into account the University's extensive change and development programme.

The annual report of the Remuneration Committee can be found in the Governance section of the University's website, under the heading 'Remuneration'.

The current salary of the Vice-Chancellor is detailed on our website and for this financial year was a base pay of £213,000 with an additional payment of £40,000 which she has elected to receive as payment in lieu of pension.

The total emoluments of the Accounting Officer and Chief Executive, Professor Susan Rigby, was as follows:

	2020 £'000	2019 £'000
Remuneration	213	210
Pay in lieu of pension	40	39
	<u>253</u>	<u>249</u>

Professor Susan Rigby's basic salary is 5.9 times the median pay of staff (2019: 6.3 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff. The total remuneration is 6.9 times the median total remuneration of staff (2019: 6.4 times), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff.

The University has carefully reviewed the financial data available in respect of agency salaries and considers it is both extremely difficult and not cost-effective to determine a robust annual salary for each worker engaged on an agency basis. For these reasons the University has decided not to include agency salaries in the pay ratio calculations.

### Remuneration of higher paid staff excluding the Accounting Officer and Chief Executive:

	2020 No.	2019 No.
£100,000 - £104,999	-	2
£105,000 - £109,999	1	1
£125,000 - £129,999	1	-
£145,000 - £149,999	1	1
£150,000 - £154,999	<u>1</u>	<u>1</u>

## 7. Consolidated expenditure by activity

	Staff costs £'000	Other operating expenses £'000	Depreciation £'000	Interest payable £'000	2020 Total £'000	2019 Total £'000
Academic departments	24,072	8,590	115	-	32,777	32,065
Academic services	5,779	4,165	334	-	10,277	10,702
Research grants and contracts	1,336	1,057	-	-	2,393	2,198
Residences, catering and conferences	752	2,215	1,710	-	4,677	5,492
General education expenditure	1,914	4,985	5	-	6,904	7,628
Premises	2,433	5,010	2,918	2,456	12,817	12,391
Administration	7,015	1,462	24	763	9,264	9,606
Staff and student services	1,665	1,504	-	-	3,169	3,924
Other expenses	32	29	1	-	63	297
	<u>44,998</u>	<u>29,017</u>	<u>5,107</u>	<u>3,219</u>	<u>82,341</u>	<u>84,304</u>

Other operating expenses – residences, catering and conferences includes £50,000 (2019 £102,000) related to the University's subsidiary company Bath Spa Venues Limited, and other expenses includes a charge of £3,000 (2019 £11,000) related to the University's subsidiary company Bath Spa U Limited.

	2020 £'000	2019 £'000
The depreciation charge has been funded by:		
Deferred capital grants	538	749
Revaluation reserve released	386	387
General income	4,183	3,525
	<u>5,107</u>	<u>4,661</u>
Other operating expenses include:		
Auditors' remuneration	51	38
- external audit	26	27
- internal audit	-	30
- other services	10	9
- tax services	-	9
Hire of land and buildings (operating leases)	725	
Hire of plant and machinery (operating leases)	19	19
Students' Union grant	527	518
Share of deficit / (surplus) in joint venture (Note 9)	-	11

## 8. Consolidated and University interest and other finance charges

	2020 £'000	2019 £'000
Loan not wholly repayable within five years	2,456	2,524
Net interest on local government pension scheme (Note 20)	704	505
Finance cost of enhanced pension provision	59	36
	<u>3,219</u>	<u>3,065</u>

## 9. Share of (surplus)/deficit in joint venture

	2020 £'000	2019 £'000
Share of deficit / (surplus) in joint venture	-	11

## 10. Taxation

The University, having charitable status, is liable to UK Corporation Tax only on activities which are additional to its principal educational activities. The University's activities did not give rise to any significant taxable profit.

## 11. Consolidated and University tangible fixed assets

	Freehold land and buildings £'000	Leasehold properties £'000	Assets under construction £'000	Building improvements £'000	Fixtures, equipment and vehicles £'000	Total £'000
Cost or valuation						
At 1 August 2018:						
Valuation	68,831	5,551	-	-	1,267	75,649
Cost	893	65,158	32,876	18,925	12,851	130,703
Additions at cost	3,204	-	-	217	496	3,917
Reclassification	32,876	-	(32,876)	-	-	-
Disposals at cost	-	-	-	-	(143)	(143)
At 31 July 2020:						
Valuation	68,831	5,551	-	-	1,267	75,649
Cost	36,973	65,158	-	19,142	13,204	134,477
	<u>105,804</u>	<u>70,709</u>	<u>-</u>	<u>19,142</u>	<u>14,471</u>	<u>210,126</u>

## 11. Consolidated and University tangible fixed assets (continued)

	Freehold land and buildings £'000	Leasehold properties £'000	Assets under construction £'000	Building improvements £'000	Fixtures, equipment and vehicles £'000	Total £'000
Accumulated depreciation and impairment						
At 1 August 2019	3,672	12,950	74	11,737	12,928	41,361
Charge for year	1,674	1,475	-	1,229	729	5,107
Reclassification	74	-	(74)	-	-	-
Disposals	-	-	-	-	(143)	(143)
At 31 July 2020	<u>5,420</u>	<u>14,425</u>	<u>-</u>	<u>12,966</u>	<u>13,514</u>	<u>46,325</u>
<b>Net book value at 31 July 2020</b>	<b>100,384</b>	<b>56,284</b>	<b>-</b>	<b>6,176</b>	<b>957</b>	<b>163,801</b>
Net book value at 31 July 2019	66,052	57,759	32,802	7,188	1,190	164,991
Inherited	10,332	2,031	-	-	-	12,363
Financed by capital grant	-	1,227	-	682	414	2,323
Other	90,052	53,026	-	5,494	543	149,115
<b>Net book value at 31 July 2020</b>	<b>100,384</b>	<b>56,284</b>	<b>-</b>	<b>6,176</b>	<b>957</b>	<b>163,801</b>

The statement of asset valuation practice and guidance notes prepared by the Royal Institution of Chartered Surveyors provides that the normal basis of valuation for assets is open market value for existing user (SAVP1). However, SAVP1 is qualified to the extent that this may not be appropriate in respect of specialised properties which rarely, if ever, changes hands and for which there is no clear evidence of open market transactions involving comparable properties. In these cases the alternative basis of valuation provided by the guidance notes is that of depreciated replacement cost (DRC).

Land and buildings were revalued by Vigers – International Property Consultants at 31 March 1991. The property owned by the University at Sion Hill is considered by Vigers to be sufficiently general in its design to be comparable with other educational buildings in the area and has been valued at open market value for existing use. Those on the campus at Newton Park are considered to be most appropriately valued by the DRC basis described above and have therefore been valued accordingly.

The leasehold property at Corsham Court has been valued at £Nil. Vigers do not recommend placing a value on this property since the lease could be regarded as onerous. The costs associated with the lease will be met from releases from the inherited liability grant.

The University revalued certain land and building assets to fair value prior to the date of transition to the 2015 FE HE SORP; these are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. The assets were valued by qualified external valuers on a depreciated replacement cost basis.

At 31 July 2020, freehold land and buildings included £25,225,000 (2019: £21,700,000) in respect of freehold land and is not depreciated.

Land and buildings with a net book value of £12,363,000 (2019: £12,500,000) have been funded from Treasury sources. Should these particular properties be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the terms and conditions of funding for higher education institutions with the Office for Students.

### Equipment

Equipment taken over from Avon County Council at 31 March 1989 was brought into the account at 1 April 1990 at a value which reflects its replacement cost at the date of the original purchase less depreciation, representing usage since that date.

The University's subsidiaries, Bath Spa U Limited and Bath Spa Venues Limited had no tangible fixed assets at 31 July 2020 or 2019.



## 12. Endowment asset investment

	Consolidated		University	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Balance at 1 August	-	592	-	592
New endowments	-	-	-	-
Transfer to unrestricted funds	-	(592)	-	(592)
Balance at 31 July	-	-	-	-
Cash and other short term investments	-	-	-	-
Total endowment asset investments	-	-	-	-

The endowment asset, originally set up by the University, to raise funds for establishing a chair in the name of Sir Howard Hodgkin, is no longer being pursued. The funds were transferred back to unrestricted funds at 31 July 2019, to be used for University projects.

## 13. Debtors

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade debtors	4,679	1,608	4,668	1,598
Other debtors	31	45	31	45
Amounts due from subsidiary undertakings	-	-	359	415
Prepayments and accrued income	2,759	1,666	2,759	1,654
	<u>7,469</u>	<u>3,319</u>	<u>7,817</u>	<u>3,712</u>

No debtors were due after more than one year.

## 14. Creditors: amounts falling due within one year

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Bank loans (Note 16)	3,094	2,991	3,094	2,991
Salix loans (Note 16)	171	275	171	275
Trade creditors	1,767	2,395	1,765	2,391
Taxation and social security	1,088	967	1,088	967
Other creditors	1,200	1,643	1,200	1,643
Accruals and deferred income	8,396	9,766	8,384	9,712
Inherited liability grant	240	240	240	240
Deferred capital grants	370	409	370	409
	<u>16,326</u>	<u>18,686</u>	<u>16,312</u>	<u>18,628</u>

The inherited liability grant above relates to the University's obligation to maintain and insure its property at Corsham Court in the period to 2066.

## 14. Creditors: amounts falling due within one year (continued)

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

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Donations	490	529	490	529
Research grants	2,157	1,267	2,157	1,267
	<u>2,647</u>	<u>1,796</u>	<u>2,647</u>	<u>1,796</u>

## 15. Creditors: amounts falling due after more than one year

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Inherited liability grant	11,160	11,400	11,160	11,400
Deferred capital grants	1,953	2,033	1,953	2,033
Bank loans (Note 16)	52,744	55,838	52,744	55,838
Salix loans (Note 16)	106	212	106	212
	<u>65,963</u>	<u>69,483</u>	<u>65,963</u>	<u>69,483</u>

The inherited liability grant above relates to the University's obligation to maintain and insure its property at Corsham Court in the period to 2066.

## 16. Borrowings

	Consolidated and University	
	2020 £'000	2019 £'000
Bank loans and overdrafts are repayable as follows:		
In one year or less	3,094	2,991
Between one and two years	3,185	3,094
Between two and five years	15,284	14,918
In five years or more	34,275	37,826
	<u>55,838</u>	<u>58,829</u>

In June 2013 the University drew down a £10m EIB loan, being part of a £30m loan facility with Lloyds Bank PLC. The EIB loan is repayable in quarterly instalments commencing June 2013 and ending May 2027. Interest is fixed at 3.268%.

In February 2014 the University drew down a £10m loan from Lloyds Bank PLC that is repayable in quarterly instalments commencing May 2014 and ending February 2034. Interest is fixed at 5.693%.

In August 2014 the University drew down a £10m loan from Lloyds Bank PLC that is repayable in quarterly instalments commencing November 2014 and ending February 2034. Interest is fixed at 4.765%.

In May 2016 the University drew down a £35m bridging loan from Santander UK plc that was converted to a fixed term loan in August 2016, repayable in quarterly instalments commencing November 2016 and ending December 2034. Interest is fixed at 3.990%. The loan is secured over the freehold property to which the loan relates.

In December 2017 the University agreed a revolving credit facility of up to £15m from Lloyds Bank PLC that is available until December 2022. Interest is charged at 0.95% above LIBOR. The facility is secured by a combination of a legal charge on the University's freehold property at Sion Hill, and a cash deposit in the sum of £4.2m.

## 16. Borrowings (continued)

	Consolidated and University	
	2020 £'000	2019 £'000
The Salix loan is repayable as follows:		
In one year or less	171	275
Between one and two years	52	212
Between two and five years	54	-
	<u>277</u>	<u>487</u>

The University received an interest free loan of £951,000 from Salix to part-fund the Carbon Reduction Programme. The loan is repayable in half-yearly instalments over 4 years, commencing May 2017 and ending November 2020.

The University received an interest free loan from Salix of £187,000 to part-fund the installation of energy saving heating controls in one of the University's residences. The loan is repayable in half-yearly instalments over 5 years, commencing May 2018 and ending November 2022.

The University received an interest free loan from Salix of £71,500 to part-fund the installation of solar panels on one of the University's residences. The loan is repayable in half-yearly instalments over 5 years, commencing May 2020 and ending November 2024.

## 17. Provisions for liabilities and charges

	Consolidated and University		
	Enhanced pension provision £'000	Landlords' guarantee provision £'000	Total provisions £'000
At 1 August 2019	743	365	1,108
Charge to income and expenditure statement	59	325	384
Utilised in year	(73)	(115)	(188)
At 31 July 2020	<u>729</u>	<u>575</u>	<u>1,304</u>

An amount of £729,000 (2019: £743,000) is included in provisions representing the extent to which the capital cost charged exceeds actual payments made. The provision will be released against the cost to Bath Spa University of enhanced pension entitlements over the estimated life expectancy of each relevant employee.

To ensure that there is sufficient residential accommodation for its first year students the University contracts with external providers. In return for guaranteed availability of places the University will pay a proportion of the rent for any unfilled places. The landlords' guarantee provision reflects the number of study bedrooms for which the University has a potential liability. The cost of such compensation is expected to be £575,000 (2019: £365,000, including £250,000 relating to the year ended 31 July 2019). The Board of Governors consider that the provision will be paid during the forthcoming year and consequently have not discounted the provision to net present value. In the year ended 31 July 2020 the University paid £104,000 (2019: £633,000) in respect of unfilled places from a total of 778 study bedrooms.

## 18. Deferred capital grants

	Consolidated and University		
	Buildings £'000	Equipment £'000	Total £'000
At 1 August 2019	2,334	108	2,442
Received in year	331	88	419
Released to income and expenditure statement	(457)	(81)	(538)
At 31 July 2020	<u>2,208</u>	<u>115</u>	<u>2,323</u>

## 19. Endowments

	Consolidated and University	
	2020 £'000	2019 £'000
Balance at 1 August	-	592
New endowments	-	-
Transfer to unrestricted funds	-	(592)
Balance at 31 July	<u>-</u>	<u>-</u>

The endowment originally set up by the University, to raise funds for establishing a chair in the name of Sir Howard Hodgkin, is no longer being pursued. The funds were transferred back to unrestricted funds at 31 July 2019, to be used for university projects.

## 20. Pension costs

The University's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme, Avon Pension Fund (LGPS). The total pension costs for the period was £8,877,000 (2019: £7,503,000).

### Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972.

The pension's cost is assessed in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

	31 March 2016
Latest actuarial valuation	Prospective benefits
Actuarial method	
Investment returns per annum	2.9% per annum
Salary scale increases per annum	4.2% per annum
Market value of assets at date of last valuation	£196.1 billion
Proportion of members' accrued benefits covered by the actuarial value of the assets	90%

For the year ended 31 July 2020 the employer contribution rate commenced at 16.5%, rising to 23.7% at 1 September 2019 (2019: 16.5%). The total pension cost for the period was £4,031,000 (2019: £3,349,000).

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has accounted for its contributions as if it were a defined contribution scheme.

## 20. Pension costs (continued)

### Avon Pension Fund (LGPS)

The University participates in the Avon Pension Fund (LGPS) which is a funded defined benefit pension scheme with the assets held in separate trustee administered funds.

The total contribution made for the year ended 31 July 2020 was £3,218,000 (2019: £4,196,000) of which employers' contributions totalled £2,341,000 (2019: £3,271,000) and employees' contributions totalled £877,000 (2019: £925,000). The agreed contribution rates, excluding deficit recovery payments, for future years are 15.5% (2019: 13.8%) for employers, and salary-determined rates for employees ranging from 5.5-12.5%.

The following information under FRS 102 is based upon a full actuarial valuation of the Fund at 31 March 2019 updated to 31 July 2020 by a qualified independent actuary.

	2020	2019
Rate of increase in salaries	3.8%	3.7%
Rate of increase in pensions in payment	2.4%	2.3%
Discount rate	1.6%	2.2%
Inflation assumption CPI	2.3%	2.2%

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

	2020	2019
<i>Retiring today</i>		
Males	23.2	23.7
Females	25.3	26.2
<i>Retiring in 20 years</i>		
Males	24.7	26.3
Females	27.3	29.0

The assets in the scheme were:

	2020 £'000	2019 £'000
Equities	26,221	27,523
Government Bonds	4,271	-
Other Bonds	1,602	6,410
Property	5,221	3,235
Cash	1,780	706
Other	20,230	20,937
	<u>59,325</u>	<u>58,811</u>

The following amounts at 31 July 2020 were measured in accordance with the requirements of FRS102:

	2020 £'000	2019 £'000
University estimated share of assets	59,325	58,811
Present value of scheme liabilities	(111,509)	(92,004)
Deficit in the scheme – net pension liability	<u>(52,184)</u>	<u>(33,193)</u>

## 20. Pension costs - Avon Pension Fund (LGPS) (continued)

Analysis of amount charged to staff costs within income and expenditure statement

	2020 £'000	2019 £'000
Current service cost	4,846	4,154
Total operating charge	<u>4,846</u>	<u>4,154</u>

Analysis of amount that is charged to interest payable

	2020 £'000	2019 £'000
Expected interest pension scheme assets	1,316	1,556
Interest on pension scheme liabilities	(2,020)	(2,061)
Net interest cost	<u>(704)</u>	<u>(505)</u>

Analysis of amount recognised in income and expenditure statement

	2020 £'000	2019 £'000
Actual return less expected return on pension scheme assets	(2,721)	2,203
Change in financial and demographic assumptions underlying the scheme liabilities	(12,893)	(14,105)
Actuarial (loss) recognised in the statement of comprehensive income and expenditure	<u>(15,614)</u>	<u>(11,902)</u>

Movement in deficit during year

	2020 £'000	2019 £'000
Deficit in scheme at 1 August	(33,193)	(19,043)
Movement in year:		
Current service cost	(4,730)	(4,096)
Curtailments and settlements	(88)	-
Contributions	(116)	(58)
Net interest cost	2,341	3,271
Actuarial (loss) / gain	(704)	(505)
Administration expenses	(15,614)	(11,902)
Deficit on scheme at 31 July	<u>(52,184)</u>	<u>(33,193)</u>

## 20. Pension costs - Avon Pension Fund (LGPS) (continued)

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

	2020 £'000	2019 £'000
At beginning of the year	92,004	71,260
Current service cost	4,730	4,096
Past service cost	88	789
Interest cost	2,020	2,061
Contributions by scheme participants	877	925
Actuarial (gain) / loss	12,893	14,105
Curtailments	116	58
Benefits paid	(1,219)	(1,290)
At end of the year	111,509	92,004

Analysis of the movement in the market value of the scheme assets

	2020 £'000	2019 £'000
At beginning of the year	58,811	52,217
Expected interest on scheme assets	1,316	1,556
Actuarial gain	(2,721)	2,203
Administration expenses	(80)	(71)
Contributions by employer	2,341	3,271
Contributions by scheme participants	877	925
Benefits paid	(1,219)	(1,290)
At end of the year	59,325	58,811

History of experience gains and losses

	2020	2019	2018	2017	2016
<b>Difference between the expected and actual return on scheme assets:</b>					
Amount (£'000)	(2,721)	2,203	2,092	3,817	1,267
% of scheme assets	(4.6%)	3.7%	4.0%	8.2%	3.2%
<b>Experience gains and losses on scheme liabilities:</b>					
Amount (£'000)	(3,821)	-	-	(1,765)	-
% of scheme liabilities	(3.4%)	-	-	(2.5%)	-
<b>Total amount recognised in the income and expenditure statement:</b>					
Amount (£'000)	(15,614)	(11,902)	7,242	(134)	(8,879)
% of the present value of scheme liabilities	(14.0%)	(12.9%)	10.2%	(0.2%)	(14.4%)

The projected contribution to the defined benefit scheme for the forthcoming year is £2,141,000 (2019: £2,217,000). The cumulative amount of actuarial losses recognised in the income and expenditure statement is £37,570,000 (2019: £21,956,000).

## 20. Pension costs - Avon Pension Fund (LGPS) (continued)

### Sensitivity analysis

Actuaries appointed by Avon Pension Fund have prepared the following sensitivity analysis that indicates the likely changes to pension liabilities, asset values, costs and returns on assets in the event of changes to key assumptions used by the actuary in determining the valuation of the fund at 31 July 2020.

	Base £'000	Sensitivity 1 - +0.1% pa. discount rate £'000	Sensitivity 2 - +0.1% pa. inflation £'000	Sensitivity 3 - +0.1% pay growth £'000	Sensitivity 4 - 1 year increase in life expectancy £'000	Sensitivity 5 +1% /- 1% change in 2019/20 investment return £'000	
Liabilities	111,509	109,237	113,827	111,768	114,880	111,509	111,509
Assets	(59,325)	(59,325)	(59,325)	(59,325)	(59,325)	(59,928)	(58,722)
Deficit	52,184	49,912	54,502	52,443	55,555	51,581	52,787
Projected service cost	5,438	5,275	5,607	5,438	5,619	5,438	5,438
Projected interest cost	818	830	855	822	872	808	827

## 21. Analysis of changes in net funds

	At 1 August 2019 £'000	Cash flows £'000	Other movements £'000	At 31 July 2020 £'000
Cash at bank and in hand	2,912	1,655	-	4,567
Short-term deposits	26,132	(6,762)	-	19,370
Net funds	29,044	(5,107)	-	23,937

## 22. Capital commitments

	Consolidated and University	
	2020 £'000	2019 £'000
Contracted but not yet invoiced	-	2,164

## 23. Financial commitments

	Consolidated and University	
	2020 £'000	2019 £'000
Expiring within one year	-	40
Expiring from one to five years	295	1,224
Expiring after five years	1,361	1,551
	1,656	2,815

## 24. Related party transactions

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is possible that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. During the year the University provided a grant to Bath Spa University's Students' Union of £527,000 (2019: £518,000) enabling it to provide essential services to University students.

## 25. Teacher Training bursaries

	2020	2019
	£'000	£'000
Funds received	2,933	2,830
Disbursed to students	(2,917)	(2,639)
Balance due to DfE at 31 July	16	179

Teacher training bursaries are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the statement of comprehensive income and expenditure.

## 26. Governors' expenses

	2020	2019
	£'000	£'000
Governors' expenses	7	10

The governors, other than the Accounting Officer, did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

## 27. Access and Participation Plan

Consolidated and University	2020
	£'000
Access investment	957
Financial support	1,095
Disability support	574
Research and evaluation	58
	<u>2,684</u>

Included above are staff costs already accounted for in overall staff costs figures shown at note 6, as follows:

Consolidated and University	2020
	£'000
Access investment	471
Financial support	-
Disability support	-
Research and evaluation	48
	<u>519</u>

The University's planned 2019-20 cycle of access activity was reconfigured from March 2020 after lockdown was introduced in response to the Covid-19 pandemic. This had a particular impact on school and college-based activities and campus-based visit days that were planned to be delivered by the University's Higher Education Opportunities Team. The core Access and Participation outreach programme was also affected, with school and college-based sessions postponed, and the cancellation of five weeks of University visit days that usually take place over June and July each year. Although a programme of on-line and virtual activity was delivered where possible, there was an impact on the access activity expenditure for the period affected.

The University's Access and Participation Plan can be found in the Academic and Student Policy section of the University's website.





[www.bathspa.ac.uk](http://www.bathspa.ac.uk)