



UNIVERSITY OF  
BIRMINGHAM

# 2020 ANNUAL REPORT AND ACCOUNTS 21



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## Vice-Chancellor's Report



**Perhaps one of the greatest tests of a great institution is how it responds in times of adversity: whether it can endure and thrive – no matter the circumstances.**

Over the University of Birmingham's 121-year history, our institution has risen consistently to the challenges presented, and the last 12 months have been no exception. In my final contribution to the University's Annual Report before my retirement, I am particularly proud of how we have responded to the continuing COVID-19 challenge. I would like to thank all the members of the University community, and our partners in the NHS and across the city, who have worked remarkably to make our response so impressive locally, nationally and internationally. I am struck particularly by the sense of history repeating itself: our Great Hall, having served as a field hospital for servicemen injured during the First World War, was transformed last December into another crucial public health facility. This time as an NHS COVID Test centre, alongside our new Green Heart hosting a vaccination centre.

Our scientific contribution to battling COVID-19 has continued to be both outstanding and diverse. In a collaboration with the NHS, public health agencies and other academic institutions, we were part of the team that discovered the Alpha variant of the virus. We helped hundreds of groups in more than 50 countries

to establish genome sequencing capabilities to track new variants globally. Every sequenced COVID-19 genome in the UK has to date been processed and analysed by a system developed here. As part of the Birmingham-led UK Coronavirus Immunology Consortium, we began investigating how the immune system interacts with the virus in order to develop better diagnostics, treatments and vaccines. Our scientists studied the prevalence and spread of the virus within NHS hospitals to help to protect patients and staff, and we forged the way with developing new technology to improve care for those affected. Our academics were integral to the establishment of the Lighthouse Testing Laboratories, and led one of the largest national clinical trials platforms, testing new COVID-19 treatments to get them to patients as quickly as possible.

Ever vigilant in our civic and wider responsibilities, we established a weekly monitor of COVID-19 economic impacts to help regional partners to shape responses and interventions to ensure that the region continues to thrive. We also adapted further our teaching and student support to provide a positive experience for our students, creating 'Lakeside', an outdoor

## Vice-Chancellor's Report (continued)

environment for students to meet within their bubbles as they joined the University, and organising our 'Spring into Summer' season, which enabled students to get the most out of their university experience in a COVID-safe environment. As 'normal' operations resumed gradually on campus over the summer, we were one of the few UK universities to hold face-to-face Open Days for prospective students. I am delighted to report that this year we achieved the not inconsiderable feat of ensuring that our graduating students did not miss out either, with in-person Graduation Celebrations taking place outdoors in a custom-built graduation space, and a virtual graduation ceremony for those who were unable to join us. These events were warmly received by a wide range of students and their families and friends in 22 celebrations across eight days in July for the Class of 2021, and a further 17 across six days in September for the Class of 2020. A total of 10,000 graduands and approximately 26,000 guests attended the on-campus events.

In my last Annual Report as Vice-Chancellor before I hand over leadership of this great University to Professor Adam Tickell, I also want to reflect on how we have evolved as an institution, growing in confidence and ambition and able to not only rise to major challenges but to overcome them and go further: to pioneer and champion innovation in so many areas of human experience. The University has been transformed and is fulfilling its potential as a major player on the world stage – from the bold reimagining of our estate to the substantial growth of our international profile and our resurgence as the exemplary civic university. Here, we are making important things happen. At the heart of this accomplishment is the remarkable imagination of our greatest resource: the people who make up our university.

During the last 18 months we have continued to focus on ensuring our students have been supported, including converting our estate for social distancing, providing in-house COVID testing laboratories, making £10 million of additional financial support available to students and providing laptops and other equipment on a loan basis to students struggling with digital access. We offered an extended welcome and arrival support package for students arriving in September last year, plus a range of self-isolation support, including food packages, online and COVID-safe in-person events and activities and crucial well-being support.

We have also maintained our commitment to providing outstanding research-intensive education that instils an ethos of curiosity in our students, an understanding of the need to question and debate and of the power of evidence and a sense of confidence and pride in themselves and their abilities. Our students learn that research and innovation leads to great discovery, saving lives, shaping communities, partnering industry and determining policy. They also see at first hand our impact locally, bringing talent from across the world to Birmingham and making a unique contribution to the region's development and further afield, through the export of graduates and knowledge, and our pioneering discoveries around the globe.

Our continued determination to offer outstanding student facilities was further enhanced in the past year with the opening of our Teaching and Learning building, providing contemporary flexible education and social study spaces. We also celebrated the opening of our cutting-edge School of Engineering building, home of the Birmingham Centre for Railway Research and Education, which was formally opened by Andrew Stephenson, Minister of State for Transport. We also marked the launch of the new National College for Advanced Transport and

## Vice-Chancellor's Report (continued)

Infrastructure (NCATI) as part of the University of Birmingham group – a special collaboration between higher and further education bodies. Drawing on our expertise in rail, it brings together education providers, employers and industry bodies, contributing to social and economic development and strengthening our commitment to produce a new generation of highly skilled technical professionals who will lead Britain's future transport infrastructure. We are now the only university to own its own comprehensive school and further education college.

It is hard to believe that the University of Birmingham School, which opened in September 2015, saw its first-ever year seven pupils complete their A levels this year, while its first cohort of sixth formers are embarking on their careers having completed their time at university. Anyone who visits the School and meets the pupils and staff is always struck by the energy, diversity and sense of community there – it is truly a school for the city, by almost any measure the most diverse in the city, and with a growing reputation for delivering positive outcomes for pupils from all backgrounds and of all abilities.

The University of Birmingham continues to be a popular choice for those entering higher education. In 2020/21 we taught over 38,000 individual students, offering one of the broadest subject ranges of any UK university, and this has included considerable growth in widening participation. In a challenging year for all of our applicants, our pioneering 'Pathways to Birmingham' widening participation initiative continued to deliver excellent outcomes, and we welcomed record numbers of students via this route. More than 800 students from the most disadvantaged backgrounds secured a place at Birmingham, an increase of 14 per cent over last year. While this puts us significantly ahead of our target, nevertheless we aim to continue to do more.

In March, the inaugural results of Research England's Knowledge Exchange Framework ranked the University as first among all UK universities for our contribution to local growth and regeneration. We were ranked in the top 10% of institutions nationally for working with the public and third sectors. Having been recognised many times over the years for the quality of our education provision, in *The Graduate Market in 2021* we achieved first place on the list of universities most frequently targeted by top employers seeking to recruit graduates. The *Guardian University Guide 2021* ranked us 11th in the UK for employability while we were placed 87th in the world for employer reputation in the 2021 *QS World University Rankings*.

'Research that matters' has remained at the heart of our academic philosophy over the past year. We established the Forum for Global Challenges to bring together academics, policy-makers, the private sector, civil society and the public. In 2022, the Forum will generate and share solutions to some of the most pressing challenges faced by our planet and its people, including climate change, poverty and the effects of the global pandemic. A key example is the work of our Maternal Health team, which is at the forefront of efforts to prevent mothers and babies dying during childbirth. This work is estimated to save over 8,000 pregnancies in the UK and to prevent life-threatening complications in around four million mothers around the world every year. Meanwhile, in the City of Birmingham, we have moved forward in developing our health research agenda through the establishment of a dedicated Birmingham Health Innovation Campus, the first phase of which is due to open next year. The University was also announced as the lead partner of a new centre for adult social care, aiming to put evidence into practice to promote and maintain people's independence and wellbeing. Among our many other major published research highlights, a University of Birmingham policy



## Vice-Chancellor's Report (continued)

commission report advised that the UK must act to ensure a stable supply of technology-critical metals essential for its transition to clean energy and the delivery of its ten-point plan for a green industrial revolution. We strengthened our commitment to tackling the issues of energy and climate change by launching the Birmingham Energy Innovation Centre at Tyseley. Part-funded by the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP), the Centre's cutting-edge work in waste, energy and low-carbon vehicles will help to create a greener and cleaner ecosystem for Birmingham and the West Midlands.

Our European research success continued with 22 Marie Curie fellows joining our research teams in 2021. Research leaders made successful applications for fellows in a range of areas, including Chemistry, Physics, Astronomy, Biosciences, Earth Sciences, Psychology, Medicine, Music and Law. This success illustrates the potential for post-Brexit European research collaboration, given that the UK has Associated Country status for the new EU framework programme Horizon Europe (2021-2027). The new status means that Birmingham researchers – along with their UK peers – can apply to most EU programmes, including European Research Council and Marie-Curie grants, as well as collaborative projects. We were also proud to join the newly-launched EUniWell alliance in November last year. Funded by the European Commission, this is a new European University Network which will develop joint international teaching programmes and research and innovation collaborations during its three-year pilot phase.

Today, we enjoy a large global footprint encompassing China, India, Dubai, Brazil and North America. In spite of the challenges presented by the continuing pandemic, we have worked hard to nurture our

international agenda with its crucial cross-border collaborations. We secured more than £2.1m for international student mobility, as part of the Government's inaugural Turing Scheme. The funding will support up to 2,000 students to study abroad in 62 countries. Importantly, over 20% of these students are from backgrounds that currently are under-represented in student mobility. New initiatives planned for 2021/22, with the support of the scheme, include global internships, international summer school opportunities and leadership programmes delivered in partnership with our prestigious network of overseas partners. We also celebrated ten years of engagement with Brazil. Our partnerships with key Brazilian institutions through our Brazil Forum has helped to advance research into sustainable cities, communicable diseases and smart transportation. Undoubtedly, one of the highlights of the year has been seeing the progress of our landmark new campus in Dubai. As a global university with a civic outlook, we are committed to contributing to UAE society – as a leading provider of education and through our research strengths. Our innovative, iconic new campus will provide an academic experience that allows our Dubai students to develop and grow, graduating as high-achieving and employable problem solvers.

Our status as a leading global university firmly rooted in our city is exemplified in the exciting role we will be playing next summer as Official Partner of the Birmingham 2022 Commonwealth Games, having signed the most comprehensive university partnership agreement in the Games' history. We will welcome competitors from around the globe to the athletes' village on our campus, and the hockey and squash competitions will take place at our world-class sporting facilities. As the Official University Partner also of the Queen's Baton Relay, we will proudly take Birmingham to the world, celebrating our

## Vice-Chancellor's Report (continued)

commonwealth links and collaborations as the baton travels through all 72 commonwealth nations and territories in the build-up to the Games.

Renowned as England's first civic university, from our inception we have sought to support the growth and development of both Birmingham and the wider West Midlands region. More than a century on, we remain committed to ensuring the University is at the centre of our region's renaissance. We were therefore very proud this autumn to mark the opening of The Exchange, our new city-centre base for community, civic and policy engagement. This now transformed historic building, formerly Birmingham's Municipal Bank, is expected to be a place of curiosity, celebration, collaboration and change, where public exhibitions based on our research – alongside community engagement programmes – will bring people together to shape ideas that will make our cities and regions better places to live, work and learn.

This year, as last, we continued to host many events online. The Vice-Chancellor's Great Debate was held online in March, entitled: *'Does the rise of individualism mean the end of democracy?'*. Distinguished panellists included former shadow Home Secretary and Attorney General Dominic Grieve QC, journalist Melanie Phillips and former Chief of Staff to Theresa May, Nick Timothy. We also joined with the CBI to deliver the *'An Audience with the West Midlands Mayoral Candidates'* hustings event ahead of the mayoral election on 6 May – ensuring we retain our position as a convenor of debate in the city and region.

It is immensely heartening that despite the financial difficulties imposed by the pandemic, over the past year the University received philanthropic pledges of £15.5m, over £1m more than the previous year. As

part of the Birmingham in Action campaign, our fundraising activities included face-to-face meetings, corporate philanthropy, applications to trusts and foundations, legacy stewardship, direct mail and a telephone calling campaign to our alumni delivered by our students. We are grateful for the generous donations we have received that enable us to fulfil our philanthropic and research objectives. Some of the highlights of the year include providing scholarships to young people who would have otherwise been unable to access university, and ensuring we take our commitment to improving diversity seriously, as well as supporting breakthroughs in key research for The Birmingham Institute of Forest Research, the Institute of Mental Health, climate innovation and many other projects. During the same period our alumni and supporters volunteered over 15,300 hours of their time to support the student experience and graduate employability through mentoring, delivering guest lectures, speaking at events, providing internships and more.

When I joined the University in 2009, I described it as an irresistible opportunity, and so it has proved. Leading this great university has been the highlight of my career and I am deeply proud of what we have achieved as a university community, with our partners, over the last 13 years. I am confident that together, we have taken the University to a better place – better for our students and for our research – and that we have and are making an enduring difference to our city, our region and the wider world.

**Professor Sir David Eastwood**  
Vice-Chancellor and Principal





# Finance Director's Report



I am pleased to present my report on the University's financial affairs for 2020/21.

As in 2019/20, much of the year to 31 July 2021 was dominated by the challenges of the COVID-19 pandemic. Once again, the University community pulled together to support our staff and students as well as our partners, especially those in the NHS directly engaged in fighting the virus. Academic and professional staff have continued to deliver the core activities of teaching and research in different and innovative ways, despite the challenging circumstances.

The financial outturn for the year, which is higher than we anticipated, has been possible as all our staff endeavoured to make cost savings to ensure the University had cash available to deal with the anticipated reductions in income and challenges in delivery arising from the pandemic.

As the year commenced, we were concerned that students would not be able to attend university on campus and as a result would not engage with the teaching on offer. We budgeted for significant reductions in income in relation to tuition fees, research and other associated activities such as student accommodation; catering; conferences etc. To conserve cash the recruitment of staff was curtailed across the University. In addition, savings targets were set across all budget areas and capital projects were deferred. In the early part of the year, a voluntary

leavers' scheme was offered to all staff with the aim of reframing the staffing base and reducing costs for the future. Around 400 people left the University as part of this scheme with a one-off cost of £14m. Many of the areas affected by the scheme have reframed the way they deliver their activities to secure future annual savings of over £10m. In December 2020, the University concluded a refinancing of part of the loan portfolio, changing from the European Investment Bank to Lloyds, whilst also arranging a revolving credit facility with Lloyds to provide additional funds, should they be needed.

Throughout the operational uncertainty that characterised the year; students continued to be educated primarily online and continued to show engagement, with our student numbers being consistent with prior year levels and significantly higher than we budgeted for. Our research activity was impacted by the various Government restrictions and access to resources, archives, patients etc. which reduced our income, whilst much of the costs were controlled such that losses were lower than we budgeted. The use of the furlough scheme provided some income support (£1.4m); in addition, the Office for Students and UK Research and Innovation (UKRI) provided additional COVID funds, which together provided approximately £5m to cover some of our additional costs.



## Finance Director's Report (continued)

We provided refunds on student accommodation for periods of Government restriction of approx. £5m, as well as refunds for car parking and sports centre memberships of a further £0.6m. Additional student support of £10m was released, alongside spending of approx. £4m to make campus COVID-safe. The total of all the additional costs required to manage a very challenging operational year were within those we budgeted for.

The outcome for the year is a surplus after tax of £58m, similar to last year, and is due to cost control and income levels that are broadly in line with 2019/20. It has been very difficult to deliver this

outturn, with activities being delivered with lower staffing levels than are required for the optimum running of the University. The University has shown it can effectively manage uncertainty and crisis in the short term, which is commendable. However, to sustain our ambitions and to deliver to our best, we now need to invest in our staff and our students. To that end, a number of recruitment campaigns for both academic and professional services staff commenced towards the end of the financial year with the aim of ensuring the recovery from COVID-19 is supported by investment into the activities that need it. In addition, deferred capital schemes have all been approved to commence in 2021/22.

<i>Summary (£m)</i>	2020/21	2019/20	2018/19	2017/18	2016/17
<b>Consolidated</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Total income	786	748	716	681	641
Total expenditure	(753)	(680)	(835)	(671)	(604)
Surplus/ (deficit) before other gains, losses and tax	33	68	(119)	10	37
Cashflow generated from operations	99	72	72	75	94
Capital expenditure	91	109	163	196	102
Fixed, intangible and heritage assets	1,491	1,453	1,413	1,322	1,191
Borrowings	(266)	(263)	(262)	(265)	(69)
Cash and cash equivalents	173	145	126	123	209
Investments	207	194	255	332	139
Net assets at year end	1,290	1,225	1,179	1,288	1,261

## Finance Director's Report (continued)

### Income and Expenditure

Income has grown year on year by 5%, reflecting the largely consistent level of students; a one-off capital research grant of £20m released to research income and higher levels of other income related to COVID-19 activity, such as running testing facilities that matched the costs incurred and mitigated the loss of income from residences, catering and conferences. Student fees continue to represent around 50% of total income. Research activity, excluding capital releases, is higher than last year as some recovery of projects was possible in the year. Sustained levels of donations and endowments were achieved by ensuring our engagement with donors communicated the areas of need for our students and our research activity throughout the year.

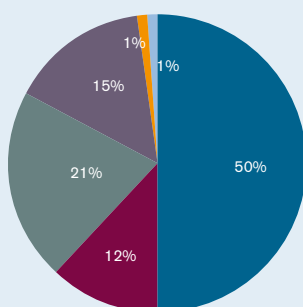
The proportion of student types is largely consistent year on year, although the strategic objective of

growing our overseas student numbers was hampered slightly due to the pandemic, with a reduction of fees from £171m to £163m. The University recruits less than 3% of its students from the EU and hence the impact of Brexit on student numbers is limited.

Scholarships, bursaries and student support totalled £54m (2019/20 £48m) in the year and reflects our commitment to students that is over and above the requirements of the Access and Participation Plan in place with OfS. Staff costs increased as a result of the voluntary leavers' scheme that led to reduced staff numbers. A recruitment freeze in many areas to conserve cash enabled the overall staff cost increases to be much lower than would otherwise have been the case. Staff costs, excluding USS provision movements, represent well over 50% of total costs and the purpose of the voluntary leavers' scheme was in part to seek to mitigate the impact of cost of-living

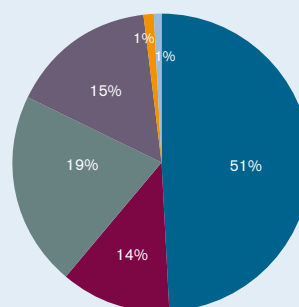
### Income and Expenditure

#### Income Analysis



2020/21 Total Income

- Tuition fees and education contracts **£390 million**
- Funding body grants **£93 million**
- Research grants and contracts **£168 million**
- Other income **£121 million**
- Investment income **£6 million**
- Donations and endowments **£7 million**



2019/20 Total Income

- Tuition fees and education contracts **£379 million**
- Funding body grants **£106 million**
- Research grants and contracts **£140 million**
- Other income **£109 million**
- Investment income **£7 million**
- Donations and endowments **£7 million**

## Finance Director's Report (continued)

and pension increases that are not matched by income growth due to flat tuition fee levels in a number of key areas.

### Capital expenditure

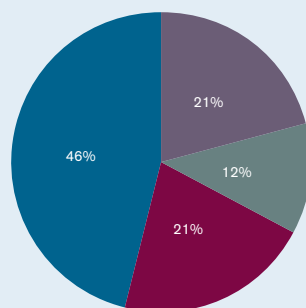
The capital cash spend in the year of £91m (2019/20 £109m) related to projects that had commenced in prior years. The School of Engineering was completed around the year end; the Exchange in Birmingham city centre and the Birmingham Energy Innovation Centre in Tyseley were open shortly thereafter, together representing half of the capital spend. Over £10m was spent on IT-related projects and enhancements as the University continues to digitise and automate support activity and enable off-campus working for staff and students. A further £17m of land and buildings were acquired with NCAT.

### Cash and investments

Our surplus for the year, alongside conserving cash, delivered the required result in higher levels of cash at the year end £173m. Using information from the Oracle finance system we have been able track trends to ensure our debts are collected and the level of bad debts and year-end provision are consistent with prior years.

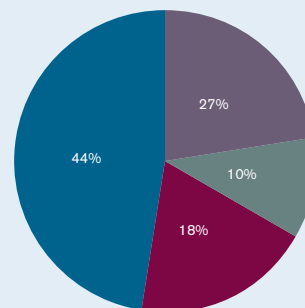
Management of the University's surplus funds is overseen by the Investment Sub-Committee, which is a Sub-Committee of our Strategy, Planning and Resources Committee ('SPRC'). Some of our cash is earmarked for specific projects and we can find we are holding very large sums of cash for anything up to five years to support capital projects which extend over several years. Timings have to be balanced against other building work on the campus. A number of years ago, in order to ensure the University earns a

### Tuition Fee Analysis



2020/21 Tuition Fees

- Undergraduate tuition - home **£178 million**
- Undergraduate tuition - other students **£83 million**
- Postgraduate tuition - home **£46 million**
- Postgraduate tuition - other students **£81 million**
- Other courses **£1 million**



2019/20 Tuition Fees

- Undergraduate tuition - home **£169 million**
- Undergraduate tuition - other students **£69 million**
- Postgraduate tuition - home **£38 million**
- Postgraduate tuition - other students **£103 million**
- Other courses **£1 million**

## Finance Director's Report (continued)

fair return on its cash holding when interest rates on bank deposits are low, it established a University Investment Fund (UIF) alongside its existing Long Term Endowment Fund (LTEF). Based on cash-flow projections, estimates are made of when cash required will most likely need to be drawn down to allocate cash to short, medium and long-term portfolios within the UIF, and to have tailored investment strategies for each.

A number of external investment managers oversee the investment funds, working to agreed investment mandates. In developing these mandates, the University sets a fundamental guiding principle that managers must apply investment criteria based on environmental, social and governance (ESG) standards. The University has published a Responsible Investment Policy on the University's website:

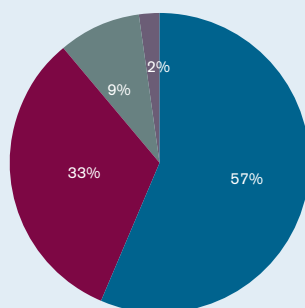
[www.birmingham.ac.uk/documents/environment/uob-responsible-investment-policy.pdf](http://www.birmingham.ac.uk/documents/environment/uob-responsible-investment-policy.pdf)

The Policy defines the commitment of the University to responsible investment. Its purpose is to detail the approach to integrating environmental, social and

governance ('ESG') issues in investments and the Policy applies to all of the investments held by the University. The Policy is aligned with the University's duty to yield the best financial return within the level of acceptable risk. The three Policy principles represent the University's values as a socially responsible institution. Firstly, the stewardship of the operations of its external fund managers; secondly ESG integration into its investment operations and governance practices; and thirdly setting appropriate standards for all its investments through exclusions criteria that the University's external investment managers are required to take into consideration when investing the University's funds. The University Investment Fund in aggregate returned 9.5% in 2020/21 (1.9% in 2019/20), 4.4% since inception and provided £3.2m (2019/20 £3.6m) of investment income in the year.

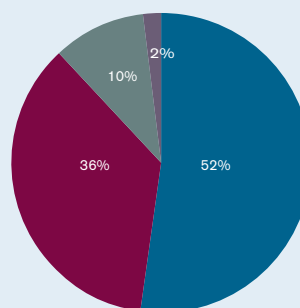
In the year, the loan with European Investment Bank of c£56m was refinanced with Lloyds Bank on similar repayment terms, based on SONIA (Sterling Overnight Interbank Average Rate) rather than LIBOR (London Interbank Offered Rate) and more beneficial

### Expenditure Analysis



2020/21 Total Expenditure

■ Staff costs **£429 million**  
 ■ Other operating expenses **£246 million**  
 ■ Depreciation and amortisation **£66 million**  
 ■ Interest and other finance costs **£12 million**



2019/20 Total Expenditure

■ Staff costs **£353 million**  
 ■ Other operating expenses **£242 million**  
 ■ Depreciation and amortisation **£68million**  
 ■ Interest and other finance costs **£17 million**



## Finance Director's Report (continued)

covenants. At the same time a revolving credit facility of £50m was confirmed to provide additional cash, should it be required during the pandemic and beyond.

### Donations and endowments

The University holds the following types of donations:

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

The LTEF (Long Term Endowment Fund) into which funds from donations under 2-4 above are invested, provided £3.3m (2019/20 £3.8m) of investment income and an investment return of 18.6% (2.8% in 2019/20). The LTEF outperformed its benchmark return of 18.5% (2019/20 -1.0%). The Fund's strategic asset allocation is reviewed annually.

### Financial strategy and future prospects

The financial strategy of the University is to generate sufficient cash to enable investment into the physical and digital estate as well as in support of the student and staff experiences to sustain income for the future. With the recent release of the University's 2030 strategic framework (<https://university-of-birmingham.foleon.com/bham2030/strategic-framework> birmingham-2030/) we are also committed to embedding sustainability in its widest sense into all that we do and the financial management of the University will form part of this.

The future financial prospects of the University are evaluated over a period of five years and comprise a one-year budget plus four years forecasts. A ten-year outlook and strategic direction, aligned to the strategic framework is in place to drive the longer-term direction of the University. We believe these timeframes give a reasonable planning horizon for decision-making. The five-year planning process includes the preparation of income and expenditure statements, cash flows, capital budgets and summarised balance sheets. These budgets and forecasts are subjected to sensitivity assessments that flex the main assumptions. This forms the basis of our assessment of the long-term financial sustainability of the University, with targets relating to income levels, income per FTE, and cash generated from operations; capital spend levels and covenant compliance are all included in the base case and scenario outputs.

The continued investment in our staff, not just in the pay bill, but in the costs of pensions, is an area of focus, particularly in relation to the USS pension costs, where recent valuations have resulted in material fluctuations in the staff cost in the accounts alongside increasing contribution levels for both the University and members. This University remains actively engaged in both the formal consultation process and the informal meetings with the Trustee, alongside open disclosure of the issue and its impacts with our people.

### Going Concern

The University's Council has determined that the University has adequate resources to continue in operational existence for the foreseeable future. In order to support the Council in making this assessment, a thorough review has been carried out including stress testing of assumptions and reverse stress testing in order to ensure appropriate headroom in the event of a plausible downside scenario. Based on this determination, these statements have been prepared on a 'going concern' basis. Further information is given within the Statement of Accounting Policies.

## Finance Director's Report (continued)

### Principal risks and uncertainties

The strategic goals of the University are set out in the newly released Birmingham 2030 Strategic Framework and provide part of our response to strategic risk. During 2021/22 the key strategic risks will be updated in the risk register to link them directly to the strategy. The risks recorded in the register for 2020/21 and actions taken to manage and/or mitigate them are set out on the following pages.

	Description of risk/ uncertainty	Examples of mitigating actions
Education	Failures to sustain an excellent teaching and student experience with high academic standards	<ul style="list-style-type: none"> <li>■ New graduate employability strategy and structures launched in the year with aligned measures of success</li> <li>■ Continued review and development of education approach during COVID, supported by investment into technology, student support, and COVID-safe activities</li> <li>■ Review of module offering to ensure consistency, quality and effectiveness of student experience</li> </ul>
	Failure to achieve growth ambitions in relation to student recruitment	<ul style="list-style-type: none"> <li>■ Diversification of recruitment channels to attract the best students from a global market, continued development in admission support, and offer-making, for example CRM system enhancements</li> <li>■ Continued development of the Dubai campus and joint degree partnerships outside the UK</li> <li>■ Development of flexible entry points and programmes to support changing post graduate student needs</li> <li>■ Changing curriculum content and delivery modes to respond to changing environment, new issues, and flexible learning</li> </ul>
Research	Failure to achieve enhanced performance and growth in relation to research awards and income	<ul style="list-style-type: none"> <li>■ Active engagement with Government and other funders to inform strategy and ensure we are well placed to respond to funding calls</li> <li>■ Investment in 'Influential Researcher' programme to extend reach</li> <li>■ Tracking of key performance indicators to drive awards, income, and citation performance</li> <li>■ New and enhanced partnership arrangements to deliver collaborations</li> </ul>
	Failure to maintain research excellence and achieve our ambitions	<ul style="list-style-type: none"> <li>■ Reviews of all key areas that impact research performance and engagement has informed the new strategic framework, Birmingham 2030</li> <li>■ Enhanced public policy engagement through The Exchange, Civic University Agreement, and continued local engagement</li> <li>■ Focus on identifying areas and activities to support increased global reputation</li> </ul>

## Finance Director's Report (continued)

	Description of risk/uncertainty	Examples of mitigating actions
R&E	Failure to recruit, develop and retain excellent staff in all our endeavours to deliver the quality of teaching, research and professional support required	<ul style="list-style-type: none"> <li>■ Approval of the new Birmingham Academic Career Framework to support staff development</li> <li>■ Despite COVID, recruitment of additional staff in areas of academic and professional services enhancement</li> <li>■ New tool kits for managing people introduced and amended during COVID and for hybrid working</li> </ul>
INFLUENCE	Failure to sustain existing and develop new partnerships to deliver research impact and influence	<ul style="list-style-type: none"> <li>■ Regional engagement group which oversees activity and ensures key relationships are sustained locally, nationally and globally</li> <li>■ Focused investments made into Research Support, Business Engagement and academic hires during COVID</li> <li>■ New partnership arrangements in place to ensure the mining of existing relationships</li> <li>■ National and international strategies and activities are actively managed</li> </ul>
OPERATIONS	Failure to deliver financial performance, which limits investment and impacts achievement of ambitions	<ul style="list-style-type: none"> <li>■ Financial monitoring and management continued during COVID to manage costs and respond to a changing external environment</li> <li>■ Delegation of budgetary control with enhanced reporting to support financial management aligned to self-service systems</li> <li>■ Effective working capital management with daily tracking and reporting</li> <li>■ Seeking new opportunities to deliver cash returns and provide financial flexibility</li> </ul>
	Failure to have/deliver suitable systems and processes to deliver our ambitions	<ul style="list-style-type: none"> <li>■ Significant investment in new systems and processes</li> <li>■ Adoption of new legislation on a timely basis</li> <li>■ Having Vice-Chancellor's reviews of Schools and services consider operational and strategic areas for commendation and recommendation</li> <li>■ Additional investment in IT to support operations, COVID support and, hybrid working</li> </ul>

**Erica Conway**  
Finance Director

## Chair of Council's Report



From meeting the continuing challenges of the COVID-19 pandemic while charting our strategic direction for the next 10 years, to recruiting a new Vice-Chancellor to succeed Professor Sir David Eastwood following his retirement at the end of 2021, the past 12 months have been very significant for our University.

As I reflect on my first year as Pro-Chancellor and Chair of University Council, I would like first to offer my immense thanks and praise to the University team, in all its manifestations, for what we have achieved, delivering a strong performance operationally and financially in exceptionally difficult circumstances. I had two strong and immediate impressions when I arrived at Birmingham early in the pandemic. The first was the remarkable efficiency with which the University had set up its COVID-19 emergency planning and operational procedures, and made a rapid transition to a very different way of working. In a difficult and uncertain situation, we had remained in control.

Successful crisis management cannot be achieved from a standing start. My second observation was that the speed and success of our response to the pandemic reflected the strong foundations we had established, with a very capable management team across the University and a financial resilience which meant that we were able to weather the immediate challenges, while at the same time staying on course to achieve our longer-term goals.

Across the institution, there was a feeling of teamwork in our pandemic response, which was heartening to observe, and we can be proud of what our colleagues have achieved locally, regionally and nationally. Alongside our outstanding scientific research contribution to the national effort, one especially remarkable project was our partnership with NHS Test and Trace, which saw us set up an asymptomatic testing site in the Great Hall, while providing essential support for those who tested positive for COVID-19 and for those students who were required to self-isolate.

A very clear demonstration of our ability to remain focused on the future is the fact that we have finalised our new Strategic Framework during this period. Our ambition to be among the Global Top 50 universities is a stretching but exciting challenge, and an important statement of our intent. Central to this mission is our commitment to the philosophy that excellence in research and in education sits at the heart of our future strategy.

## Chair of Council's Report (continued)

During my induction period, and also during the process to appoint our new Vice-Chancellor, I spoke to many people about what Sir David has brought to the University in his 13 years at the helm. It has been a time of enormous progress in every respect: in research and education, and in investment in people and facilities. Our role as an exemplary civic university has been reaffirmed and our global influence has flourished.

What came through very clearly was the role Sir David has played in strengthening the University's links with the City of Birmingham and the West Midlands region, his influence and personal stature in the broader Higher Education sector, and how he has represented us on the national stage while also expanding our international presence. Our global footprint has grown thanks to the ground-breaking University of Birmingham Dubai, via highly successful relationships with the University of Illinois at Urbana-Champaign, the University of Melbourne, and the University of Jinan in Guangzhou, and through initiatives such as the University of Birmingham India Institute.

Perhaps most significant is what his leadership has done to reawaken an exciting sense of ambition at the University. We have always been a great civic university with a proud history and enormous strengths, but before Sir David arrived we didn't quite have the confidence and ambition to harness and develop those strengths fully; it is these qualities that he has nurtured so effectively. Through his vision, and consequently by changing our culture and reimagining our aspirations, we are now very well placed to continue to build for the future.

Not least of Sir David's achievements is a decade of bold and profound investment in our physical infrastructure, in our systems and in new ventures. This includes delivering our vanguard new Library at the heart of the Edgbaston campus; our Teaching and Learning Building, providing outstanding teaching and study space to support the contemporary learning experience at Birmingham; our Collaborative Teaching Laboratory, and our stunning Green Heart space. He

was also instrumental in establishing the philanthropically-funded Birmingham Institute of Forest Research to explore the impact of climate and environmental change on woodlands.

The ability to capitalise upon the benefits of our investments fundamentally comes down to people. People are the heart of the University and it is the quality of our people: our staff and our students, which will help us to realise these benefits together. Several of our key investments hinge on us taking a positive and imaginative approach to the collaborations we have forged and how we take them forward. The newly-opened Exchange is a perfect example of the University bringing together people from many communities to shape ideas that will enhance living, working and learning in the UK's cities and regions. Our landmark role as official partner of the Birmingham 2022 Commonwealth Games promises a wealth of opportunities to bring talented people together, including playing a leading role in the city's Creative Arts Festival at the start of the Games next year.

We have invested boldly, and are poised to reap the rewards of our efforts over the next five to ten years, but continued investment is also important. The blueprint of our new Strategic Framework assumes continued investment in our estate and systems. The message is: it does not stop here!

The post-pandemic era will be one of challenge and uncertainty, but also of opportunity. Being alert and flexible, and strategic in thinking through our future model for education, will be crucial as we navigate developments in Government policy in the sector. In addition, we must decide how to respond to the evolution of the international student market. Our overall feeling is one of confidence, informed by a keen awareness of the areas in which we still need to improve. We remain positive about the future of Higher Education and our position within it, but there will undoubtedly be major challenges, and possibly more uncertainty than in 'normal' circumstances, and we are alive and responsive to that.

## Chair of Council's Report (continued)

I spent much of the past year leading the recruitment process for our new Vice-Chancellor. It was a rigorous and thorough process, which included very extensive consultation, involving colleagues across the spectrum of our community; including our academic and Professional Services staff, the Guild of Students and the broader student population. I would like to thank everyone who gave their input, which was very important to the process. We attracted a strong and diverse field of candidates, which reflects well on our achievements as a university and in how others see us and our potential.

We look forward to welcoming Professor Adam Tickell as our new Vice-Chancellor at the start of 2022. Professor Tickell has an impressive track record of leadership in Higher Education and brings a desirable combination of clear strategic vision, a collegiate leadership style, intellectual credibility, depth and breadth of academic understanding, and genuine national influence. He combines the understanding gained from his previous experience at the University

of Birmingham with the external perspective gained through being Vice-Chancellor at the University of Sussex. That is the balance we were seeking: a fresh approach from someone who supports the thrust of our mission but who will also help us to develop it further and challenge our thinking.

Finally, I would like to express my personal thanks and that of Council to Caragh Merrick and Sir David. Caragh has been the Treasurer of the University for seven years and has brought a different approach to the oversight of the University's finances and its investments. David has been an outstanding Vice-Chancellor of our University and a major and influential figure in Higher Education for many years. Both we and the sector owe him an enormous debt of gratitude, and he will retire with our thanks and our best wishes.

**Mervyn Walker**

Pro-Chancellor and Chair of Council





## Our Community

The University is an exempt charity by virtue of Schedule 3 of the Charities Act 2011. In April 2018, the Office for Students (OfS) took over from HEFCE as the University's principal regulator under the Charities Act 2006. The University's principal place of business is Edgbaston, Birmingham B15 2TT.

The University is able to operate autonomously, having regard to requirements to fulfil our charitable objectives under the Royal Charter (by which it was established in 1900), to OfS and other regulatory bodies within the sector.

In setting strategy and implementing decisions to enhance our activity, the University's Council has due regard to the Charity Commission guidance on public benefit and takes account of this when exercising its powers and duties.

The University's activities are governed by its Charter and Statutes. In accordance with these, the University's objective is to be a teaching and an examining university, and to further the prosecution of original research.

### Educational benefit

In 2020/21, the University taught over 38,000 students, offering the highest quality academic experience at both undergraduate and postgraduate level. Our subject range is one of the broadest of any UK university, and our students form part of a vibrant academic community, studying and working alongside some of the finest academic minds in the world.

We consistently rank highly in national and international employability rankings, having achieved eleventh in the UK for employability in the *Guardian University Guide 2021* and being placed 87th in the world for employer reputation by the *QS World University Rankings 2022*. The University was ranked number one most targeted by top employers in 2020/21 in the *High Fliers Graduate*

*Market in 2021* report. Our students continue to flourish on leaving the University, joining employers such as the NHS, PwC, Network Rail, Civil Service, Jaguar Land Rover, Arup, Deloitte, and BT. Many of our students are also setting up in business themselves, with HESA data showing that the University is in the upper quartile of the Russell Group for graduate start-ups.

These educational benefits spill over into the region. We are a net importer of graduates, with 48% of our graduates choosing to stay and work in the West Midlands. We have over 5,500 students studying towards professions in the healthcare sector, from courses including Medicine (our Medical School is the second largest in the UK), Nursing, Physiotherapy, Psychology, and Healthcare Leadership. We offer these benefits to a diverse student population. Over four in five of our students come from state schools and the University is making great strides towards challenging Access and Participation targets where the ratio of students from high participation areas to those from low participation areas is less than 5:1. Our pioneering Pathways to Birmingham widening participation initiative continues to deliver excellent outcomes and, once again, saw its most successful year, recruiting 793 students from within the West Midlands region.

Meanwhile, our students volunteer in the local community (for example, Medical students provide Basic Life Saving training in local secondary schools), and our academics offer over 2,000 hours to supporting activities such as school mentoring and classroom-based engagement.

## Our Community (continued)

Our investment in the University of Birmingham School spreads this education benefit more widely within the city, enhancing the ambition of, and opportunities for, a genuinely diverse range of young people from across the city. The School is already the most popular non-selective school in the city for applications and has been awarded Good ratings by Ofsted, the highest a new school can achieve. The School was the UK's first secondary University Training School and our partnerships give pupils endless opportunities to collaborate, learn and grow. The School continues to attract high-profile visitors keen to learn more about its innovative nodal approach and the last year saw the first group of students take advantage of work experience placements at the University.

After graduation, our students take the training and skills they have gained with us into a variety of careers and locations, spreading the impact of the University around the globe. We have alumni in almost every country in the world and they maintain strong contacts with us long after graduation.

### Research benefit

For more than a century, research from our university has created a major impact on the city, the region and the world. Our research has a lasting impact on lives, culture, industry and society. We continue to create innovative, grounded and enduring solutions to some of the world's biggest issues. Our academics are regularly sought for comment on their subjects and are contributing to discussions and debate through the news and online fora such as The Conversation (<http://theconversation.com/uk>) and Birmingham Brief ([www.birmingham.ac.uk/news/thebirminghambrief/index.aspx](http://www.birmingham.ac.uk/news/thebirminghambrief/index.aspx)).

Recent research highlights include the development of a COVID-19 test that cuts testing time from 30 minutes to less than five and delivers accurate results, a £2.2m, two-year, Government-funded research project aiming to improve the treatment, causes and symptoms of Long COVID in non-hospitalised patients, and an international research project that found that COVID-19 could pass into people's lungs from saliva, with the virus

moving directly from mouth to bloodstream - particularly if individuals were suffering from gum disease.

Away from the pandemic, highlights included a University policy commission report which advised that the UK must act to ensure a stable supply of technology-critical metals essential for its transition to clean energy and the delivery of its ten-point plan for a green industrial revolution. A study with Utrecht University found that prisons with more green space have lower levels of violence and self-harm. Researchers from the University of Kent, King's College London and Birmingham developed a class calculator to explore the cultural and social world of 16th and 17th Century England, and the University was announced as the lead partner of a brand new centre for adult social care, aiming to put evidence into practice to promote and maintain people's independence and wellbeing.

### Engaging local and international communities

The University is one of a small number of large global organisations in Birmingham. The public and private benefit we attract, our operational expenditure and capital investment mean we have a significant beneficial impact on the region's economy. The University is an international gateway attracting students and staff from around the world. We contribute £3.5bn to the UK economy each year – enough to build seven flagship hospitals or 140 new secondary schools. We support nearly 16,000 jobs in the West Midlands, including one in every 50 jobs in Birmingham. We employ over 8,000 staff, with over 20% joining us from outside the UK.

A key part of our commitment to the city and region has been, and will continue to be, the response to the pandemic. It was in this spirit that the University opened a walk-through COVID-19 testing facility on campus in August as part of the Government's drive to improve the accessibility of COVID-19 testing for communities. The site, situated in the Sports Centre car park at the Southgate entrance, was open to the local community and offered testing for anyone with COVID symptoms.

## Our Community (continued)

In addition to this, in October we opened a testing lab to be able to process COVID PCR test results locally, which made us the first university campus in the UK with end-to-end pillar two (swab testing for the wider population) testing capabilities. Led by the Director of the Institute of Microbiology and Infection, Professor Alan McNally, the lab at the Medical School helped to increase sample processing capacity as part of the NHS Test and Trace programme.

Throughout the pandemic, WMREDI have been providing a weekly update on the economic impacts of COVID-19. The data and analysis have helped various organisations to monitor the progress and impacts of Brexit and COVID on the region's economy, businesses, employment and communities. Professor Simon Collinson, Deputy Pro-Vice-Chancellor for Regional Engagement, also sits on the Mayor's COVID Economic Recovery Advisory Group.

Connecting with people and organisations in the West Midlands remains central to our work. In March, the inaugural results of Research England's Knowledge Exchange Framework ranked the University as first amongst all UK universities for our contribution to local growth and regeneration with income generated for the region accounting for 21% of total sector income – over £41m in total – more than four times that of the next institution. We were also ranked in the top 10% of institutions nationally for working with the public and third sectors.

This year has seen some key additions to our community in the city, including the launch of a new National College for Advanced Transport and Infrastructure (NCATI) in May in a special collaboration between higher and further education, and the launch of 50 Women in Tech scholarships to women across the Midlands. Elsewhere, working with the Greater Birmingham and Solihull Local Enterprise Partnership, the University launched a pilot fund to drive innovation across business, professional and financial services, and to support new discoveries in the city centre's emerging innovation district. Our Everything to Everybody project, led by Professor Ewan Fernie of The Shakespeare

Institute, launched 'World's Stage', a series of seven new short films featuring a company of 140 multilingual Brummies, speaking Shakespeare in the majority of the 93 languages, from Amharic to Zulu, that are reflected in Birmingham's Shakespeare Collection.

We are proud of our contribution to the advancement of research and education and our good standing. We seek to use these to benefit our local and national community in all our engagement and activity. Many of the University's facilities are used by the local community for sporting activity; access to teaching space, particularly laboratories; attendance at events; the library; and visits to our collections. Highlights from this year include:

- As circumstances changed worldwide, the University continued to host many events online. The Vice-Chancellor's Great Debate was held online in March. Discussing '*Does the rise of individualism mean the end of democracy?*' our distinguished panellists included former Shadow Home Secretary and Attorney General Dominic Grieve QC, Executive Editor of *Byline Times* Peter Jukes, journalist Melanie Phillips, Professor Lyndsey Stonebridge and former Chief of Staff to Theresa May Nick Timothy. Moderated by Radio 4's Ritula Shah, the panel discussed themes such as individual liberty and freedom of expression and their impact on democracy. The online debate generated a high level of online engagement, whilst in-person events were heavily restricted.
- The Forum for Global Challenges, a multi-disciplinary forum to help resolve critical global challenges, launched in January with an online event that included Mayor of the West Midlands Andy Street and Andrew Mitchell, MP (Cons, Sutton Coldfield), Former Secretary of State for International Development.
- With the COVID pandemic putting a stop to many community-based events and activities, the University's Community Living team hosted a series of online events that have brought community members together with leaders from the University and Guild of Students – as well as the Director of

## Our Community (continued)

Public Health for Birmingham, Dr Justin Varney – to share news and information about what's happening in the city and how we're keeping the University and local community safe.

- Working with Sampad Arts and Heritage, the University's India Institute hosted a star-studded virtual concert to celebrate Diwali in November – streaming the music and dance celebration online.

### Heritage assets

The University holds and maintains historic buildings, collections of art and other valuable items of artistic, scientific and historical importance (heritage assets). The University conserves these assets and supplements the collections where appropriate in order to enable use of the assets for teaching and research and in addition the University allows access to the public.

These include:

- The Aston Webb Building and the Barber Institute of Fine Arts.
- The Exchange, opened in September 2021, located in Centenary Square in Birmingham City Centre, uses our research, teaching and local, national and international networks to create a place of curiosity, celebration, collaboration and change.
- Winterbourne House and Gardens, which secured Museum status from Arts Council England in March 2017.
- The Lapworth Museum of Geology, refurbished in 2016 and runner-up in the 2017 Art Fund Museum of the Year competition. The Lapworth is a specialist geological museum dating back to 1880.
- Displays of thousands of objects from within the following distinct collections: the Danford Collection of West African Art and Artefacts, the Institute of Archaeology and Antiquity Museum, the Collection of Historic Physics Instruments, the Biological Sciences Collection, the Zoology Collection, the Medical School Collection, the Silver and Plate Collection, the University Heritage Collection, and the Campus Collection of Fine and Decorative Art.
- The Special Collections and Archives of the University of Birmingham consist of approximately 120,000 antiquarian books dating from 1471 and some three million archives and manuscripts, all of which provide a rich resource for teaching and research.

### Fellowships and scholarships

The University provides scholarships and bursaries on a targeted basis to encourage entry to and continuation of higher education from as wide a cross-section of the community as possible. In 2020/21, financial support amounted to £54m (2019/20: £48m), including making £10m of additional financial support available to students as a result of the challenges they faced during the pandemic. We actively encourage widening participation through our Pathways to Birmingham scheme. This is funded in part by our alumni and involves targeted engagement with young people who have little or no experience of university, to assist them in understanding what it involves and supporting them from application through to graduation.

Some of the other scholarships we offer are targeted to particular disciplines to encourage study in subjects which may be less popular but nonetheless valuable. Some are for particular student types, for example, musicians who are studying other subjects may be offered music tuition; sports scholarships and performance awards support students to continue their sporting success alongside their study, and fund scholarships for particular areas of skill or interest such as Lloyds Bank Scholarships.

Through the variety of support offered including financial advice, budgeting apps and Guild Advice, the University is committed to ensuring that fears about finance do not impact on the ambition and achievement of our students.

With contributions from external funders, we run a number of doctoral training centres which provide studentships in a variety of multidisciplinary areas. These focus on postgraduate opportunities and links with businesses through the programmes ensure the activities are dealing with issues which matter in the world around us.

## Our Community (continued)

### Fundraising

In 2020/21, as part of the Birmingham In Action campaign our fundraising activities included face-to-face meetings, corporate philanthropy, applications to Trusts and Foundations, legacy stewardship, direct mail and a telephone calling campaign to our alumni delivered by our students. Over the course of 2020/21, the University received pledges of £15.5m (2019/20: £14.4m).

We are grateful for the generous donations we have received that enable us to fulfil the University's philanthropic and research objectives. Some of the highlights of the year include: providing scholarships to young people who would have otherwise been unable to access university and ensuring we take our commitment to improving diversity seriously, as well as supporting breakthroughs in key research for The Birmingham Institute of Forest Research (BIFoR), the Institute of Mental Health and Climate Innovation, and many others throughout the year.

During the same period (2020/21), our alumni and supporters have also volunteered over 15,300 hours of their time to support the student experience and graduate employability through mentoring, delivering guest lectures, speaking at events, providing internships and more.

We work within OfS regulation and keep up-to-date with guidance from other charity governance bodies to ensure we deliver the best service for our supporters, alumni, and donors. We have clear systems, including robust due diligence, in place to protect the University's reputation and the financial and other assets. The University has received no allegations or investigations from regulatory bodies on our fundraising practice.

The primary responsibility for fundraising at the University is held by the Development and Alumni Relations Office (DARO). The Director of DARO is accountable to Council for fundraising performance. Day-to-day supervision of fundraising is conducted within DARO and the Office's strategy, targets, resources and risk assessment are clearly set out and approved on an annual basis.

All our supporters are treated fairly and without discrimination and we adhere to the recommendations from the Institute of Fundraising, particularly the protection of vulnerable supporters. Our transparent dialogue with all members of our donor and non-donor community represents our commitment to a lifelong relationship with all friends of the University.

We deliver a global programme of events and activities, both online and in person, offering our alumni the opportunity to hear from our academics and researchers, to continue their personal and professional development and to reunite with their fellow graduates. We encourage everyone to engage in the full range of the University life whether donating, volunteering, attending events, or reading the latest academic and alumni news in Old Joe: <https://www.oldjoe.co.uk/>

### Conclusion

The University contributes directly to the public benefit through the outcomes of our teaching and research and our commitment to enhancing our civic role in the city and region. Our staff and many of our students recognise that wider engagement with our environment and community can deliver significant benefits alongside achieving the requirements of our Charter and Statutes, first introduced in the 1900s, which remain relevant today. The University was England's first civic university, where students from all backgrounds and regions were accepted on an equal basis and we continue to innovate and engage, responding to the challenges around us to ensure we continue to inspire great minds whatever their background.

## Corporate Governance Statement

The following statement is provided to enable readers of the financial statements to understand the key aspects of the governance of the University of Birmingham.



*Members of University of Birmingham Council 2021/22*

**Back Row, Left to Right:** Richard Swann, Clive Hickman, Professor Tim Jones, Malcolm Harbour, Professor Sir David Eastwood, Richard Haywood, Mick Laverty, Tim Gardam, Wei-Lun Chen.

**Front Row, Left to Right:** Mikey Brown, Professor Helen Abbott, Jacqueline Taylor, Mervyn Walker, Rosie Harris, Anthony Lilley, Professor David Hannah.

Deborah Cadman, Steve Hollis, Dame Lin Homer, Harjinder Kang, and Professor Una Martin are also members of Council.

The University is committed to best practice in all aspects of corporate governance and conducts its business in accordance with:

- (i) the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- (ii) the guidance on corporate governance which has been provided for the sector by the Committee of University Chairs (CUC), including the Higher Education Code of Governance. The University has also supplemented this guidance by publishing its own Code of Practice on Corporate Governance;
- (iii) the public interest governance principles identified by the Office for Students. This includes significant engagement with our stakeholders, particularly students and staff.

### Status of the University

The University is an independent corporation whose legal status derives from its Royal Charter granted in 1900. The University's title, objects, degree awarding powers and framework of governance are set out in the Charter and its supporting Statutes.

The University is an exempt charity and is subject to regulation by the Office for Students (OfS). The members of the University Council are the charity trustees and are responsible for ensuring compliance with charity law.



# Corporate Governance Statement

(continued)

## Council

The governing body of the University is the Council and is chaired by the Pro-Chancellor, Mr Mervyn Walker who commenced his term of office on 1 August 2020. Council consists of 24 lay, academic and student members, the majority of whom are external to the University. The Council continues to take opportunities to broaden the diversity and skills profile of its membership, recognising the benefits to the University of having members from a range of different backgrounds.

The actual powers of the Council are set out in the Charter and Statutes of the University. The primary responsibilities of Council in the CUC Code include:

1. 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.
2. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against the strategy, plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
3. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk assessment, value for money arrangements, and procedures for handling internal grievances and for managing conflicts of interest.
4. To delegate authority to the Vice-Chancellor and Principal, as head of the University, for the academic, corporate, financial, estate and human resource management of the University and to keep under regular review how such management functions are undertaken by and under the authority of the Vice-Chancellor and Principal.
5. To safeguard the good name and values of the University.

6. To be the employing authority for all staff in the University and to be accountable for ensuring that an appropriate human resources strategy is established.
7. 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 accountability for the University's assets, property and estate.
8. 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 those arising from contracts and other legal commitments made in the institution's name. This includes accountability for health, safety and security and for equality, diversity and inclusion.
9. To receive assurance that adequate provision has been made for the general welfare of students.

Council meets at least five times per year. The formal meetings of Council are supplemented by briefing sessions to explore key issues, strategy days, visits to departments, external speakers on major issues in higher education and attendance at key University events such as the University Annual Meeting, the Chancellor's Dinner, and Degree Congregations. This ensures that members of Council are part of the wider community of the University and that they are fully briefed on the activities of and challenges facing the University.

Council members also spend time within the wider activities of the University. This can take the form of specific meetings with students and members of staff including mentoring, delivery of and attendance at lectures and events, representing the University in social or business communities, fundraising and raising the awareness, profile and excellence of the University within their own networks.

# Corporate Governance Statement

(continued)

Council undertakes regular reviews of its effectiveness. The most recent effectiveness review of Council and its Committees reported to Council in June 2020. The Effectiveness Review Panel was chaired by the Deputy Pro-Chancellor, Richard Haywood, and benefited from external scrutiny and advice provided by Mr Will Spinks, former Registrar, Secretary and Chief Operating Officer at the University of Manchester. The overall conclusion of the Effectiveness Review was that Council can continue to be assured of its effectiveness having regard to the Committee of University Chairs (CUC) Higher Education Code of Governance and other good governance practice. Indeed, the Review was a valuable opportunity to reflect and make further enhancements to what is already a high performing Council and effective governance at the University. The next Effectiveness Review of Council will be scheduled in accordance with the timescale for effectiveness reviews set out in the CUC Higher Education Code of Governance.

## Senate

The Senate is chaired by the Vice-Chancellor and consists of up to 60 members drawn from the leadership team of the University, academic staff and the student community. It is the principal academic body of the University and is responsible to the Council for regulating and directing the academic work of the University in teaching, examining and research and for award of all Degrees, Diplomas, Certificates and other academic distinctions of the University. Senate oversees quality assurance and standards of the education provided by the University and provides an annual assurance report to Council on academic quality, standards and the student experience. Council also considers a report from each meeting of Senate covering key aspects of teaching and learning, student experience and quality matters (e.g. admissions, progression, degree classification, external examiners report, employability etc.).

## University Executive Board

The University Executive Board is the senior management team of the University and a Committee of Council. Its membership consists of the Vice-Chancellor and Principal (Chair), the Provost and Vice-Principal, the Pro-Vice-Chancellors, the Heads of College, the Registrar and Secretary and the Finance Director. It normally meets weekly to steer the implementation of strategy and policies under Council's direction and within the Council's scheme of delegation. It oversees and makes decisions on major issues relating to the University and monitors institutional performance. It also fosters good communication and inter-collegiate activity in the University.

## Committees of Council

There are four other Committees of Council: Strategy, Planning and Resources Committee (SPRC), Audit Committee, Membership Committee and Remuneration Committee. All of these include lay members of the Council. The decisions and recommendations of these Committees are formally reported to Council and their membership and terms of reference are reviewed on an annual basis. The Council operates a Scheme of Delegation which delegates specific matters to University Committees or senior members of staff.

Members of the Council, who are also trustees of the University as an exempt charity, who served throughout the year ended 31 July 2021 and to the date of approval of these accounts, except where indicated otherwise are set out in the table. Their attendance at meetings is set out in the table.

## Strategy, Planning and Resources Committee (SPRC)

SPRC is comprised of the Vice-Chancellor (Chair), the Pro-Chancellor and Chair of Council, the Deputy Pro-Chancellor, the Treasurer, the Provost, three Pro-Vice-Chancellors, two academic members of

(continued)

		Meeting Attendance 2020/21				
Members	Council membership dates	Council 6 in year	SPRC 7 in year	Audit 5 in year	Remu- neration 3 in year	Member- ship 3 in year
Lay Members appointed by the Council						
Mr Richard Haywood, Deputy Pro-Chancellor		6/6	6/7	–	3/3	2/3
Mrs Caragh Merrick OBE, Treasurer	Term ended July 2021	6/6	7/7	–	3/3	1/3
Mrs Deborah Cadman OBE		4/6	–	–	–	1/3
Mr Alan Davey CBE	Resigned July 2021	0/6	–	–	–	–
Mr Tim Gardam	Term commenced December 2021	3/4	–	–	–	–
Mr Malcolm Harbour CBE		6/6	–	5/5	–	–
Ms Rosemary Harris		5/6	–	4/5	–	–
Mr Clive Hickman	Term commenced November 2021	n/a	n/a	n/a	n/a	n/a
Mr Steve Hollis - Interim Treasurer		6/6	6/7	–	–	–
Dame Lin Homer DCB		6/6	6/7	–	3/3	–
Mr Harjinder Kang		5/6	–	4/5	3/3	–
Ms Rachel Kentleton	Term commenced June 2021 Resigned July 2021	1/2	–	–	–	–
Mr Mick Lavery		5/6	–	5/5	–	–
Mr Anthony Lilley OBE	Term commenced February 2021	3/3	–	–	–	–
Mr Richard Swann		6/6	–	–	–	–
Ms Jacqueline Taylor		6/6	–	5/5	–	–
Mr Mervyn Walker, Pro-Chancellor and Chair of Council		6/6	7/7	–	3/3	3/3
Appointed by Guild of Students						
Ms Tobiloba Adeyemi, President of Guild of Students	Term ended July 2021	6/6	7/7			
Miss Rebecca Cutler, Postgraduate Officer	Term ended July 2021	6/6	–	–	–	–
Mr Mikey Brown, President of Guild of Students	Term commenced July 2021	n/a	n/a	n/a	n/a	n/a
Mr Wei-Lun Chen, International Officer	Term commenced July 2021	n/a	n/a	n/a	n/a	n/a
Ex-Officio Members						
Professor Sir David Eastwood, The Vice-Chancellor and Principal		6/6	7/7	–	–	–
Professor Tim Jones, The Provost and Vice-Principal		6/6	6/7	–	–	–
Academic Members Appointed by Senate						
Professor Una Martin		6/6	6/7	–	–	–
Professor Nicola Wilkin		6/6	–	–	3/3	–
Professor Helen Abbott		6/6	–	–	–	–
Professor David Hannah		6/6	4/4	–	–	–
Secretary to Council						
Mr Lee Sanders, the Registrar and Secretary						

# Corporate Governance Statement

(continued)

Council, three lay members of Council and the President of the Guild of Students. It meets six times per year.

The key responsibilities of SPRC are:

- (a) oversight of the strategic planning of the University, bringing together academic, financial and physical planning;
- (b) oversight and development of the University's financial strategy for institutional sustainability. This includes consideration of the University's annual budget and forward look, financial scenarios and long term financial projections and monitoring financial performance. The Committee also recommends the University's Annual Report and Accounts to the Council each November;
- (c) oversight, development and implementation of systems of institutional performance monitoring and review of progress towards achievement of institutional targets. The Committee undertakes detailed scrutiny of the University's Key Performance Targets, aligned with the Strategic Framework, to monitor the University's progress against its most important indicators of success and sustainability;
- (d) keeping under review the policies of the University as an employer of staff and making recommendations to Council for change in matters of substance or principle.

## Audit Committee

The Audit Committee meets at least four times per year and consists of five lay members of Council who are not members of SPRC. It also has three external co-opted members (Mr Phil Harrold, Mr Les Krepa and Ms Tiffany Lathe during 2020/21).

The Committee reviews the effectiveness of the University's financial and other internal control systems, satisfies itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness and advises the Council on risk management. It reviews the reports of the External

Auditor and the scope and effectiveness of the work of the Internal Auditor and advises the Council on their appointment. It reviews regulatory requirements and the University's annual financial statements and accounting policies. The lay members of the Audit Committee meet with the Internal and External Auditors for independent discussions.

## Membership Committee

The Membership Committee considers nominations for vacancies in the membership of Council and its Committees.

## Remuneration Committee

The Remuneration Committee is responsible for setting the remuneration of all senior staff, namely the Vice-Chancellor, members of the University Executive Board, Professors and senior professional staff.

The Committee is chaired by the Deputy Pro-Chancellor. The Pro-Chancellor is a member of the Committee, but since he reports to the Committee on the Vice-Chancellor's performance and recommends to the Committee the Vice-Chancellor's remuneration, the University believes it is appropriate that a different senior lay officer chairs the Committee. The Committee is comprised of five lay members of University Council. The Vice-Chancellor is not a member of the Committee but attends its meetings to discuss the remuneration of other senior staff. The Registrar and Secretary is also in attendance. The Director of Human Resources services the Committee and supports the remuneration process. No member of staff, including the Vice-Chancellor and Registrar and Secretary, is present for discussion of their own remuneration. The Remuneration Committee meets at least twice a year and its terms of reference are:

- (a) to agree and oversee the annual remuneration process for senior staff (i.e. grade 10 and above) (noting that performance is assessed for the academic year and the reward payments made in October following the second meeting of the Committee).

# Corporate Governance Statement

(continued)

- (b) to review and agree the University's reward policy for senior staff, designed to support a high-performance culture and taking account of pay data, market factors and the financial position of the University and recommend major changes to Council.
- (c) to review and determine senior staff remuneration.
- (d) to review senior staff equal pay issues.
- (e) to review and determine pay and reward for the Vice-Chancellor's direct reports on University Executive Board (UEB); review reports on the Vice-Chancellor's objectives and performance, and review and determine the Vice-Chancellor's remuneration.
- (f) to agree severance packages for staff earning in excess of £100k per annum:
  - where the severance payment is within any limit applied to a voluntary leavers scheme as are agreed from time to time, the payment will be approved by the Chair on behalf of the Committee and reported to the next meeting of the Committee;
  - where the severance payment is above the limit of an existent voluntary leavers scheme, the payment will be considered by the Committee, which can be by circulation if the case needs agreement between Committee meetings.
- (g) to monitor strategic risks relevant to the work of the Committee as determined by the Strategic Risk Register.
- (h) to monitor the extent to which value for money is achieved within the areas under the Committee's oversight.
- (i) to monitor relevant Key Performance Targets and to ensure that any concerns with performance against these KPTs are addressed.

The Committee ensures that it complies with the OfS Accounts Direction and other guidance on senior staff remuneration, including the CUC Higher Education Senior Staff Remuneration Code. The annual process for setting senior staff remuneration is as follows:

1. At its first meeting each May, the Remuneration Committee considers and agrees the parameters and principles that will apply to that year's process and the information and market, comparative and other benchmarking data it wishes to consider at its second meeting in October, when it sets senior staff remuneration. The Vice-Chancellor is responsible for overseeing the annual process for senior staff (other than himself, which falls to the Pro-Chancellor) working within the approach agreed by the Committee.
2. In the case of senior academic staff, professors are invited to submit a statement describing their achievements over the previous 12 months, which is reviewed by their Head of School. These are then considered alongside market, comparative, and equality data by their Head of College, who is responsible for ensuring consistency and equality of treatment, and for making recommendations regarding proposed remuneration increases reflecting individuals' performances in their College. The Vice-Chancellor considers these recommendations, and then reviews, where appropriate revises, and then confirms the proposals at a formal meeting with the Provost and Vice-Principal, thematic Pro-Vice-Chancellors and Heads of College. The Vice-Chancellor then presents the recommendations to the autumn meeting of Remuneration Committee for consideration and approval.
3. There is a parallel process for senior professional staff, under which the Registrar and Secretary recommends remuneration increases reflecting individuals' performance, informed by the appraisal process, and taking account of comparative, market and equality data. The Vice-Chancellor meets with the Registrar and Secretary to

# Corporate Governance Statement

(continued)

scrutinise these recommendations, determine any changes, and then presents his plan for the remuneration of professional staff to the autumn meeting of Remuneration Committee for consideration and approval.

4. Those members of University Executive Board who report directly to the Vice-Chancellor agree a series of collective and individual performance objectives at the start of the year, which are reviewed at least twice during the year. This provides the Vice-Chancellor with an assessment of performance, which, along with market, comparative and other relevant inputs, are used by him to prepare proposals for the remuneration of those staff, which he presents to the autumn meeting of the Remuneration Committee for consideration and for approval.

5. In considering recommendations, review meetings are informed by data relating to equality and to the gender and ethnicity pay gaps.

6. Remuneration Committee takes into account a range of indicators in considering whether reward proposals for senior staff are justified. These include, but are not limited to:

- (a) performance in support of the University's strategic objectives in areas such as:
  - (i) teaching (e.g. TEF, NSS, student feedback, recruitment and admission, student outcomes and employability, teaching awards, programme leadership etc.)
  - (ii) research (e.g. publications, citations, grants, impact, research leadership, major initiatives including with industry and external partners etc.);
  - (iii) management and administration (e.g. professorial and academic leadership, service enhancement and delivery, policy development and delivery, income generation, improving performance of School or Service etc.);
  - (iv) leadership of staff (e.g. development and performance of staff, quality of hires etc.);

- (v) partnerships and external relations internationally, nationally and locally (e.g. leadership in external networks and communities, external policy work); and,
- (vi) major initiatives and projects (e.g. international campus, capital projects etc.);
- (vii) financial performance;
- (viii) for 2020/21, the quality and effectiveness of the University's response to the COVID-19 pandemic.

- (b) the size and complexity of the University;

- (c) the level of pay increases for other groups of staff;

- (d) the global nature of the HE market and issues of recruitment and retention;

- (e) the University's objectives in relation to the diversity of the workforce;

- (f) that some staff are on NHS salaries and reward structures not determined by the University.

7. The Vice-Chancellor's performance objectives are agreed each year with the Pro-Chancellor. These are considered and endorsed by the Remuneration Committee. The Pro-Chancellor undertakes six and twelve-month appraisal discussions with the Vice-Chancellor and obtains feedback from selected individuals both within the University and its external stakeholders and reports these to Remuneration Committee.

8. The Pro-Chancellor makes a recommendation to the Remuneration Committee's autumn meeting on the Vice-Chancellor's remuneration, informed by his assessment of the Vice-Chancellor's performance and a range of data and comparative information on the Vice-Chancellor's remuneration. In considering the Pro-Chancellor's recommendation to the Committee and whether it is justified, the Committee reviews a range of data and information on the Vice-Chancellor's remuneration, including:

- (a) the Vice-Chancellor's salary history



# Corporate Governance Statement

(continued)

- (b) how the Vice-Chancellor's remuneration compares to that of other Vice-Chancellors across the Russell Group and the sector more broadly, taking account of the comparative size and complexity of the University and including data collected by Korn Ferry Hay, the Universities and Colleges Employers' Association, the Office for Students, the Russell Group Secretariat and the Committee of University Chairs;
  - (c) how the Vice-Chancellor's current salary compares to that of other staff at the University. This includes data on the Vice-Chancellor's remuneration (including pension) as a percentage of turnover, 0.061% for 2019/20, compared with 0.218% for the higher education sector. It also includes information on the pay multiples of the Vice-Chancellor's basic salary compared with median earnings of the University's whole staff, of academic staff and of professorial staff. The pay ratio data reported to Remuneration Committee used the same data methodology as that used in preparation of the annual accounts. The Vice-Chancellor's total remuneration fell between 2019/20 and 2020/21 because of the decision of the Remuneration Committee not to award any pay increases to any senior staff due to the uncertainties of Covid-19 as noted in point 10 below. The pay ratios are disclosed in Note 7 to the Accounts.
  - (d) the Vice-Chancellor's and University performance over the review period.
- 9.** Having considered performance for the previous academic year, the decisions of the Remuneration Committee on reward proposals for senior staff, including the Vice-Chancellor, are taken in September and implemented each October. This means that the remuneration information provided in these Accounts reflects the decisions taken by the Committee in September 2020 (and therefore implemented during the 2020/21 financial year), having considered performance for the 2019/20 academic year.
- 10.** Having considered the range of factors above and the Pro-Chancellor's appraisal of the Vice-Chancellor's performance for 2019/20, the Committee concluded in September 2020 that the Vice-Chancellor had had another outstanding year in all respects including: outstanding leadership in navigating the University through the unprecedented challenges posed by the COVID-19 pandemic, exceptional research performance and growth of research reputation, academic performance and enhancement of the educational experience, 2019/20 student recruitment, sustained strong financial performance in a challenging sector environment, league table performance and the strong position and reputation of the University amongst its peer group, the development of the leadership team and progress on key projects, such as the University of Birmingham Dubai. However, whilst the Committee noted the exceptional performance of the Vice-Chancellor in 2019/20, it concluded that no pay award or performance payments for 2019/20 be made to any senior staff at the University, including the Vice-Chancellor, because of the continuing financial uncertainty facing the University due to COVID-19. The University had also decided not to make discretionary payments to other staff groups because of these uncertainties, so Remuneration Committee's decision was in line with this and reflected considerations of fairness and equity across staff groups. As reported above, this meant that the Vice-Chancellor's basic salary remained unchanged between 2019/20 and 2020/21 and since there was no discretionary performance award, total remuneration fell between 2019/20 and 2020/21.
- 11.** The Vice-Chancellor's total remuneration paid in 2020/21 is set out in Note 7 to these Accounts. Customarily, remuneration is comprised of three elements, base salary; a performance-related payment of up to 20% of salary; and a long-term incentive plan. The Pro-Chancellor proposes targets for payout of the performance-related elements to the Remuneration Committee, which determine the level of award. As outlined above, no performance-related award was made in 2020/21.

# Corporate Governance Statement

(continued)

- 12.** An annual report is presented from Remuneration Committee to Council on completion of this process on the Committee's work during the year, together with the outcomes.

## Annual declarations return

Members of Council and its Committees and the University's wider leadership make an annual declarations return which includes declarations of interest and disclosure of related party transactions, noting that conflicts of interest are also declared and managed effectively at meetings as they arise.

## Outside Activities

Academic staff are encouraged to undertake relevant activities outside the University and may apply for permission to undertake up to 30 days of such activities in any one financial year. The arrangements for this are set out in the University's Guidelines on Outside Activities.

The Vice-Chancellor declares his outside activities in his Annual Declarations Return. In addition, his outside activities are discussed with and reviewed by the Pro-Chancellor and Chair of Council. The Vice-Chancellor makes an annual declaration to Remuneration Committee on his outside activities, including the income he earns from these activities and the donation of that income to charitable causes associated with the University and education.

## Statement of Internal Control

The Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the Governing Body in Article 7 of the Charter of Incorporation, Section 9 of the Statutes of the University and the Office for Students terms and conditions of funding for higher education institutions.

The system of internal control is designed to manage rather than eliminate risk. It can therefore only provide reasonable and not absolute assurance of effectiveness. The internal control system has been

in place for the year ended 31 July 2021 and up to the date of approval of the financial statements, and accords with Office for Students guidance.

The following processes have been established to monitor effectiveness of the internal control system:

- Council meets a minimum of four times a year to consider the plans and strategic direction of the institution.
- Council reviews an annual report on teaching quality and standards (from the Senate which has responsibility for this under the University's legislation).
- Council receives, as a standing item, a report from each meeting of the Audit Committee concerning internal control, and requires regular reports from managers, either directly or through the SPRC, on the steps they are taking to manage strategic risks in their area of responsibility, including progress reports on key projects.
- Council has requested the Audit Committee to provide oversight of the risk management process. This provides a formal reporting and appraisal mechanism, in addition to the reports noted above.
- The Audit Committee receives regular reports from the Head of Internal Audit, which include an independent opinion on the adequacy and effectiveness of the University's systems of governance, risk management and internal control, together with recommendations for improvement.
- A risk management process has been established which includes a risk register that is fully aligned to the University's strategic goals. Heads of Budget Centres seek to manage the risks in their own areas and embed this within their normal management processes. Audit Committee receives presentations, on a cyclical basis, from the Heads of College and thematic Pro-Vice-Chancellors on their risk registers to supplement the work of Internal Audit in relation to the effectiveness of risk management.
- A system of key performance indicators has been developed for the risks contained in the risk register, and residual risks are monitored against these regularly by UEB, SPRC and Council.

# Corporate Governance Statement

(continued)

- Regular formal reviews take place to identify and where necessary revise and update the record of risks facing the institution.
- Reports are received from budget holders, department heads and project managers on internal control activities via committees of Council i.e. SPRC, Senate and Audit Committee.
- A framework is in place to raise the profile of significant risks throughout the institution in a timely manner outside of the normal risk management cycle.
- Systematic and comprehensive independent peer reviews of Schools and Professional Services report to UEB and are aimed at enhancing performance in line with the strategic framework.
- All major investment projects undertaken by the University are subject to rigorous governance procedures, including objective post-investment learning reviews. Specific sub-groups of Council are set-up as appropriate to provide high level governance and oversight of projects of significant strategic or reputational importance.
- Additional governance and control structures were established to consider and mitigate risks arising from the Covid-19 pandemic. The Strategic Emergency Response Team (SERT), chaired by the Registrar & Secretary, coordinated the University's response to the pandemic, and activities relating to Education and Research were overseen by Pro-Vice Chancellors. Council, SPRC and UEB received regular updates on key issues and decisions, Council approved emergency powers and delegations, and UEB received a weekly decision tracker.
- The University has an Internal Audit function comprising an in-house team supported by an external co-source arrangement which provides additional expertise and resourcing. Internal Audit delivers a range of audits covering financial, operational, compliance, IT and data risks which constructively challenge management to operate an efficient and effective control environment. Recommendations are made to management where the control environment can be developed, and progress on the completion of agreed actions within agreed timescales is reported to Audit

Committee. Internal Audit works with Procurement to compile an annual Value for Money report that is approved by Audit Committee.

- The role of External Audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and report their opinion to Council. The external auditor does this by assessing the risk of material misstatement in the University's financial statements, understanding the relevant internal controls which mitigate these risks, and devising procedures and tests to enable them to provide their opinion. External Audit also reviews accounting policies, the presentation of financial statements and disclosures to ensure the financial statements are "true and fair". They provide management with recommendations to improve the control environment. EY was appointed as the University's external auditor from 2020/21.

The above review processes are further informed by external good practice and guidance and the work of the executive managers of the institution, who have responsibility for the development and maintenance of the internal control framework.

## Responsibilities of the Council

The University Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the University Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of funding for higher education institutions set by the Office for Students (OfS), the University Council, 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, cash flows, and total recognised gains and losses for that year. In preparation of the financial statements, the University Council has to ensure 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;

- It is satisfied that the University has adequate resources to continue in operation for the foreseeable future; and
- The going concern basis is appropriate for the preparation of the financial statements.

The University Council has taken reasonable steps to:

- Ensure that funds from the OfS are used only for the purposes for which they have been given and in accordance with the terms and conditions set;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the University and to prevent and detect fraud; and
- Secure the economical, efficient and effective management of the University's resources and expenditure.

**Mr Mervyn Walker**

Pro-Chancellor

22nd December 2021

# Independent Auditor's Report to the Members of Council of the University of Birmingham

## Opinion

We have audited the financial statements of The University of Birmingham ('the parent institution') and its subsidiaries (the 'group') for the year ended 31 July 2021 which comprise the Consolidated and Institution Statement of Comprehensive Income, Consolidated and Institution Statement of Changes in Reserves, Consolidated and Institution Statement of Financial Position, Consolidated Statement of Cash Flows, Statement of Accounting Policies and the related notes 1 to 29, 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 FRS 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 group's and of the parent institution's state of affairs as at 31 July 2021, and of the Group's and parent institution's income and expenditure, gains and losses and changes in reserves and of the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, relevant legislation and Office for Students requirements.

## Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent institution's ability to continue as a going concern for the period from when the financial statements are authorised for issue to 31 July 2023.

Our responsibilities and the responsibilities of the Council with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.



# Independent Auditor's Report to the Members of Council of the University of Birmingham

(continued)

## Other information

The other information comprises the information included in the annual report, set out on pages 1-36, other than the financial statements and our auditor's report thereon. The Council is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinion on other matters prescribed by the Office for Students

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

- funds from whatever source administered by the University of Birmingham have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, and UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the applicable Terms and conditions attached to them; and
- the requirements of the Office for Students accounts direction for the relevant year's financial statements have been met.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Office for Students require us to report to you where:

- the University's grant and fee income, as disclosed in note 2a to the financial statements, has been materially misstated
- the University's expenditure on access and participation activities for the financial year has been materially misstated.

## Responsibilities of the Council

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

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

# Independent Auditor's Report to the Members of Council of the University of Birmingham

(continued)

## 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.

## Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the institution and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the University and determined that the most significant are Office for Students Terms and

conditions of funding for higher education institutions, FRS 102 and the Statement of Recommended Practice for Further and Higher Education.

- We understood how the University of Birmingham is complying with those frameworks by understanding the incentives, opportunities and motives for non-compliance. We assessed the susceptibility of the University's Financial Statements to material misstatement including how fraud might occur by enquiring of management, audit committee and internal audit concerning actual and potential litigation and claims and the processes for identifying these.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved: inquiring of management, internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the University's policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Our procedures also included discussions amongst the engagement team regarding how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified the potential for fraud in the following areas: revenue recognition and management override of controls.

# Independent Auditor's Report to the Members of Council of the University of Birmingham

(continued)

In addition to the above, our procedures to respond to the identified risks included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- Reading minutes of meetings of those charged with governance and the Council;
- In addressing the risk of management override of controls we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. We reviewed significant accounting estimates for management bias and noted that we did not identify any significant unusual transactions in the financial statements;
- In addressing the risk of improper recognition of revenue we performed a substantive analytical review over tuition fee income and focused our testing on those items of income that fell outside of our expectations. We tested a sample of research income and education contracts (including any associated deferred income) to assess performance related conditions and recognition in the correct year. For a sample of deferred income

items (also covering additions and releases), we confirmed that income had been recognised in the correct financial year and that conditions had been met. We also tested a sample of income transactions before and after the year end to confirm that they had been recorded in the correct financial year.

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 Council of the University of Birmingham as a body, in accordance with the Charter and Statutes of the University. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University of Birmingham and the Council as a body, for our audit work, for this report, or for the opinions we have formed.

**Ernst & Young LLP**  
Edinburgh

27 January 2022

# Statement of Accounting Policies

*Year ended 31 July 2021*

## 1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 2019: Accounting for Further and Higher Education, Financial and Reporting Standard (FRS) 102 and the Office for Students (OfS) Accounts Direction published in October 2019.

## 2. Going concern

The University's consolidated financial statements have been prepared on a going concern basis for the period to 31 July 2021. The Council consider this to be appropriate for the following reasons.

At 31 July 2021 the University had net current assets of £5m, including cash of £173m, and further liquid investments of £84m. The Institution also had long term loans of £263m for which all covenants had been complied with at the Statement of Financial Position date. This outcome reflected strong operational performance during the year as staff endeavoured to reduce costs and preserve cash, outperforming the budget. More recently, subsequent to the year end, the University had cash available of £209m at 30 November 2021, plus subsidiary cash balances of c.£9m.

The Going Concern assessment period for the Annual Accounts is to the end of July 2023 (being the end of the financial year, following one year from the approval of the Financial Statements). A recent update to the 5-year financial forecast, reflecting the revised University Strategic Framework, Birmingham 2030, has been used as the baseline for cash flow forecasts. The University's base case scenario projects compliance with all loan covenants to 31 July 2023 and liquidity headroom (excluding liquid investments), no lower than £90m through the going concern assessment period.

A number of plausible down-side scenarios have been run on the baseline forecast to stress test the cash position, as well as the ability to remain compliant with covenant restrictions. This included modelling risks to student fee income, increases in staff costs and reductions in research contributions.

Under the plausible downside scenario, cash remains well above the treasury minimum of £40m at all points in the going concern assessment period. It should also be noted the scenarios did not assume any mitigating actions were taken to offset the impact on cash. If necessary, the University has a number of actions it could take, including the introduction of more stringent cost controls and draw down options from the revolving credit facility (RCF) and from disposable investments, (as at the end of November 2021, the RCF available for draw down was £50m and disposable investments (non-ring fenced) was £85m). The University has clearly demonstrated its ability to successfully take rapid mitigating actions during the pandemic.

The University has considered scenarios to reverse stress test the model under which it either utilises all cash and liquid investments or breaches loan covenants. These scenarios would require a significant reduction in forecast income with no mitigating actions. (Tuition fee income would need to fall by more than 5% in 2021/22 to breach the Lloyds loan covenants, or reduce by more than 8% over the period of the Going Concern assessment in order to fully exhaust all cash and cash equivalents).

After reviewing these forecasts, the Council is of the opinion that, based on the current considerable financial resources and the latest cash flow forecasts, the University will have sufficient funds to meet their liabilities as they fall due over the period to 31 July 2023.

## 3. Basis of consolidation

The consolidated financial statements combine the financial statements of the University and its subsidiary undertakings, all of which have 31 July year ends, except the University of Birmingham School with its financial year end being 31 August and Guangzhou ABC Education Information Consultancy Limited, which has its financial year end at 31 December. Intra-group transactions are eliminated on consolidation.

# Statement of Accounting Policies (continued)

Year ended 31 July 2021

The consolidated financial statements do not include the Guild of Students as the University does not exert control or have a dominant influence over policy decisions.

As permitted under FRS102 the University has taken advantage of the disclosure exemptions available to it in respect of a University-only cashflow statement.

## 4. Income recognition

Income from the sale of goods or services is credited to the 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 Statement of Comprehensive Income and Expenditure over the period in which students are studying. Bursaries, scholarships and stipends are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the Statement of Comprehensive Income and Expenditure on a receivable basis.

## Grant funding

Grant funding including OfS block grant, research grants from Government sources and grants (including research grants) from non-governmental 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 conditions are met.

## Donations and endowments

Non-exchange transactions without performance-related conditions are donations and endowments. The University holds the following types of donations:

- 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 and generate an income stream for the general benefit of the University.

- 3. Restricted expendable endowments** – the donor has specified a particular objective other than fixed assets and the University has the power to use capital over the medium term.

- 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.

Donations and endowments with donor imposed restrictions are recognised as income on a receivable basis and retained within the restricted reserve until such time they are utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

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

## Capital grants

Capital grants are recognised as income when the University is entitled to the funds subject to any performance-related conditions being met. Where grant-funded assets are in the course of construction, the University considers on a case-by-case basis whether their construction constitutes a performance-related condition.

## 5. Accounting for retirement benefits

The principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and for support staff the Group Personal Pension Scheme (GPPS). The University also operates the University of Birmingham Pension and Assurance Scheme (BPAS) for some support staff, which was closed to new members in 2002. Both the USS and BPAS schemes are defined benefit schemes. The GPPS is a defined contribution pension scheme. The University additionally participates in the

# Statement of Accounting Policies (continued)

Year ended 31 July 2021

NHS pension schemes (NHSPS) and one of its subsidiaries is in a local government pension scheme (LGPS). The USS and NHSPS are multi-employer schemes for which it is not possible to identify the assets and liabilities of each organisation due to the mutual nature of the schemes and therefore they are accounted for as a defined contribution retirement benefit schemes. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme. Please refer to Note 18 for greater detail regarding USS deficit.

## Defined benefit plans

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

## Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the University pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the year during which services are rendered by employees.

## 6. 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 unused entitlement.

## 7. Leases

Where assets are financed by leasing arrangements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright and the corresponding liability to the leasing company is included as an obligation under finance leases. Depreciation on leased assets is charged to the Statement of Comprehensive Income and Expenditure on the same basis as owned fixed assets. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to the Statement of Comprehensive Income and Expenditure over the period of the lease.

Operating lease costs are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure.

## 8. Foreign currency

Transactions in foreign currencies are translated to Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income and Expenditure.

## 9. Tangible fixed assets

Fixed assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Prior to the date of transition to FRS 102, a revaluation process was carried out by an independent valuer, Gerald Eve LLP, and the University has revalued the land and buildings at fair value at the date of transition, 1 August 2014, with revised economic useful lives allocated to the individual assets. These values have been adopted as the deemed cost of these assets.



# Statement of Accounting Policies (continued)

Year ended 31 July 2021

Land is not depreciated. Buildings are depreciated over their economic useful lives on a straight-line basis.

Buildings' asset lives range from five to 76 years based on independent professional advice. Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each balance sheet.

Major refurbishments are capitalised at cost and depreciated on a straight-line basis over ten years where they substantially add to the total area of the building or prolong its useful life or enhance the economic benefits of the building.

Equipment (including IT) is capitalised at cost and is depreciated over three years on a straight-line basis. Assets under construction are not depreciated until they are ready for use and are represented as costs incurred to date.

## 10. Heritage assets

Heritage assets are works of art and other valuable artefacts, held principally for their contribution to knowledge and culture rather than for the University's operational use. Heritage assets acquired or donated since 1 August 1999 and valued over £25,000 have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Heritage assets acquired before 1 August 1999 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis.

Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material. The University's practice in regards to heritage assets, in accordance with the national accreditation standards, is: to preserve, conserve and manage the objects in its care; to augment the collections where appropriate and within the resources available; to enable and encourage access to and use of the collections for teaching and research, and to enable wide access to and engagement with the collections by members of the public.

## 11. Intangible assets

Intangible assets represent costs of significant software and development for use in the long term. Only costs relating to the development and implementation phases have been capitalised. Research phase and training costs involved with the project are expensed as incurred.

Costs are amortised over their useful economic life (being between five and ten years) and are subject to periodic impairment reviews as appropriate.

Major IT systems are capitalised and amortised on a straight-line basis over the useful economic life based on the terms of the contract for system licences.

## 12. Investments

Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Current asset investments are held at fair value with movements recognised in the Statement of Comprehensive Income and Expenditure.

## 13. Investment properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services. Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Statement of Comprehensive Income and Expenditure. Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July each year.

## 14. Stock

Stock is held at the lower of cost and net realisable value. Consumable items are charged directly to the Statement of Comprehensive Income and Expenditure.

## 15. 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 (within 90 days) to known amounts of cash with insignificant risk of change in value.

# Statement of Accounting Policies (continued)

Year ended 31 July 2021

## 16. Provisions

Provisions are recognised in the financial statements when:

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

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

## 17. 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 sections 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 exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT related 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 recognised only if they are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

## 18. Financial instruments

Financial assets and financial liabilities are recognised when the University becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the University after deducting all of its liabilities.

### (a) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets and liabilities are only offset in the statement of financial position when there exists a legally enforceable right to set off the recognised amounts and the University intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method. Debt instruments that have no stated interest rate (and do not constitute a financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. With the exception of some hedging instruments, other debt instruments, held for trading, are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment. Financial assets are derecognised when:

# Statement of Accounting Policies (continued)

Year ended 31 July 2021

- (a) the contractual rights to the cash flows from the financial asset expire or are settled;
- (b) the University transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- (c) the University, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

## (b) Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the University's balance sheet, investments in subsidiaries are measured at cost less impairment.

## (c) Derivative financial instruments

The University uses derivative financial instruments to reduce exposure to interest rate and cash flow movements. The University does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument.

## (d) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

## 19. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

### Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

### Financial assets

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

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date. Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

## 20. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a 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.

# Statement of Accounting Policies (continued)

Year ended 31 July 2021

## 21. Agency arrangements

Funds that the University receives and disburses as paying agent on behalf of a funding body are excluded from the Statement of Comprehensive Income and Expenditure where the University is exposed to minimal risks or enjoys minimal economic benefit related to the transaction.

## 22. Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, the University is required to make estimations and judgements that have a significant impact on the amounts recognised. The estimates and associated judgements are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are two significant judgements that have been identified:

- (1) Judgements on the recoverability of aged trade receivables based on the knowledge of the individuals or market. Where conditions suggest the full recoverability is doubtful, a provision will be recognised.
- (2) Judgements as to whether any indicators of impairment are present for any of the University's assets.

There are four key sources of estimation uncertainty:

- (1) Assumptions underlying the calculation of the BPAS pension deficit liability have been informed by independent actuarial assessment. The brought forward provision was a liability of £31.3m. At 31 July 2021, there was a liability of £32.6m. The increased liability reflects changes in assumptions during the year. Further details are shown in Notes 18 and 26.

(2) The University recognises a provision for its obligation to fund past deficits arising within the Universities Superannuation Scheme (USS). The recovery plan in the 2018 actuarial valuation requires employers to contribute 2% of salaries up to 30 September 2021 and 6% thereafter. Details of this provision are included in Notes 18 and 26 to the financial statements. In calculating the University's USS pension liability of £109m, a discount rate of 0.89% has been used in line with higher education sector norms, (2019/20: 0.74%) and salary inflation and growth of 7% (2019/20 4%).

(3) As in 2019/20 a number of research projects were impacted by COVID-19 and their progress either halted or restricted. Based on impact assessments an estimation of the income impacts as a percentage of progress has been derived to defer income into future years. The total deferred income at year end was £21.1m (2019/20: £13.3m).

(4) The valuation of swaps is a significant estimation. The valuations have been prepared by Lloyds (for the swaps generated by the early repayment of the fixed rate loan with European Investment Bank) and internally (for the private placement swapped loan note for exchange rates).

# Consolidated and Institution Statement of Comprehensive Income

Year ended 31 July 2021

	Notes	Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated	Institution	Consolidated	Institution
		£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	1	389,558	389,558	379,167	379,167
Funding body grants	2	93,145	93,145	106,152	106,152
Research grants and contracts	3	168,282	168,282	140,420	140,420
Other income	4	121,344	109,705	108,578	97,336
Investment income	5	6,433	6,433	7,449	7,433
Total income before endowments and donations		778,762	767,123	741,766	730,508
Donations and endowments	6	6,949	6,949	6,814	6,814
Total income		785,711	774,072	748,580	737,322
Expenditure					
Staff costs excluding movement in the USS provision*	7	440,892	432,789	427,292	418,745
USS provision movement	7	(12,017)	(12,017)	(74,751)	(74,751)
Total staff costs	7	428,875	420,772	352,541	343,994
Other operating expenses	9	246,206	241,552	242,244	238,289
Depreciation and amortisation	11,12	65,633	64,165	68,024	67,788
Interest and other finance costs	8	11,987	11,987	17,314	17,314
Total expenditure	9	752,701	738,476	680,123	667,385
Surplus before other gains and losses		33,010	35,596	68,457	69,937
Gain on investments	13	25,482	25,482	(8,458)	(8,458)
Surplus before tax		58,492	61,078	59,999	61,479
Corporation Tax	10	–	–	–	–
Surplus after taxation		58,492	61,078	59,999	61,479

\*The University Superannuation Scheme provides defined benefits for members and the University contributes through a scheme-wide contribution rate. The University recognises a liability to contribute to the recovery plan put in place as a part of the 2018 valuation. The deficit provision movement has decreased staff costs by £12m (2019/20 £75m increase) as outlined in Note 18.

# Consolidated and Institution Statement of Comprehensive Income (continued)

Year ended 31 July 2021

	Notes	Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
<b>Surplus after taxation</b>		<b>58,492</b>	<b>61,078</b>	<b>59,999</b>	<b>61,479</b>
Actuarial loss in respect of pension schemes	26	(5,753)	(5,200)	(13,500)	(13,500)
<b>Total comprehensive income for the year</b>		<b>52,739</b>	<b>55,878</b>	<b>46,499</b>	<b>47,979</b>
Represented by:					
Endowment comprehensive income for the year		2,555	2,555	1,109	1,109
Restricted comprehensive income for the year		694	694	1,598	1,598
Unrestricted comprehensive income for the year		49,490	52,629	43,792	45,272
<b>Total comprehensive income for the year</b>		<b>52,739</b>	<b>55,878</b>	<b>46,499</b>	<b>47,979</b>





# Consolidated and Institution Statement of Changes in Reserves

Year ended 31 July 2021

## Consolidated

	Income and Expenditure account			Total
	Endowment	Restricted	Unrestricted	
	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2019</b>	<b>121,597</b>	<b>16,660</b>	<b>1,040,715</b>	<b>1,178,972</b>
Surplus from the Statement of Comprehensive Income	4,287	6,004	49,708	59,999
Other comprehensive income	–	–	(13,500)	(13,500)
Release of restricted funds spent in year	(3,178)	(4,406)	7,584	–
<b>Total Comprehensive Income for the year</b>	<b>1,109</b>	<b>1,598</b>	<b>43,792</b>	<b>46,499</b>
Transactions with non-controlling interest	(6,009)	(9,489)	15,498	–
<b>Balance at 31 July 2020</b>	<b>116,697</b>	<b>8,769</b>	<b>1,100,005</b>	<b>1,225,471</b>
Surplus from the Statement of Comprehensive Income	5,190	5,785	47,517	58,492
Other comprehensive expense	–	–	(5,753)	(5,753)
Release of restricted funds spent in year	(2,635)	(5,091)	7,726	–
<b>Total Comprehensive Income for the year</b>	<b>2,555</b>	<b>694</b>	<b>49,490</b>	<b>52,739</b>
Other movements	15,274	22,561	(26,524)	11,311
<b>Balance at 31 July 2021</b>	<b>134,526</b>	<b>32,024</b>	<b>1,122,971</b>	<b>1,289,521</b>

# Consolidated and Institution Statement of Changes in Reserves (continued)

Year ended 31 July 2021

## Institution

	Income and Expenditure account			Total
	Endowment	Restricted	Unrestricted	
<b>Balance at 1 August 2019</b>	<b>121,597</b>	<b>16,660</b>	<b>1,010,078</b>	<b>1,148,335</b>
Surplus from the Statement of Comprehensive Income	4,287	6,004	51,188	61,479
Other comprehensive income	–	–	(13,500)	(13,500)
Release of restricted funds spent in year	(3,178)	(4,406)	7,584	–
<b>Total Comprehensive Income for the year</b>	<b>1,109</b>	<b>1,598</b>	<b>45,272</b>	<b>47,979</b>
Other movements	(6,009)	(9,489)	15,498	–
<b>Balance at 31 July 2020</b>	<b>116,697</b>	<b>8,769</b>	<b>1,070,848</b>	<b>1,196,314</b>
Surplus from the Statement of Comprehensive Income	5,190	5,785	50,103	61,078
Other comprehensive income	–	–	(5,200)	(5,200)
Release of restricted funds spent in year	(2,635)	(5,091)	7,726	–
<b>Total Comprehensive Income for the year</b>	<b>2,555</b>	<b>694</b>	<b>52,629</b>	<b>55,878</b>
Other movements	15,274	1,578	(16,852)	–
<b>Balance at 31 July 2021</b>	<b>134,526</b>	<b>11,041</b>	<b>1,106,626</b>	<b>1,252,193</b>

# Consolidated and Institution Statement of Financial Position

As at 31 July 2021

		As at 31 July 2021		As at 31 July 2020	
	Notes	Consolidated	Institution	Consolidated	Institution
		£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	11	27,602	27,602	30,524	30,524
Fixed assets	12	1,462,431	1,414,769	1,422,399	1,390,005
Heritage assets	12	549	549	549	549
Investments	13	207,339	212,849	193,982	199,477
		1,697,921	1,655,769	1,647,454	1,620,555
Current assets					
Stocks for resale		308	282	354	334
Trade and other receivables	14	158,027	155,775	138,139	142,034
Cash and cash equivalents		172,662	167,488	145,279	132,818
		330,997	323,545	283,772	275,186
Creditors					
Amounts falling due within one year	15	(325,686)	(318,336)	(289,221)	(283,632)
Net current assets/(liabilities)		5,311	5,209	(5,449)	(8,446)
Total assets less current liabilities		1,703,232	1,660,978	1,642,005	1,612,109
Creditors: amounts falling due after more than one year	16	(271,657)	(267,165)	(265,101)	(264,362)
Provisions					
Pension provisions	18	(142,054)	(141,620)	(151,433)	(151,433)
Total net assets		1,289,521	1,252,193	1,225,471	1,196,314

# Consolidated and Institution Statement of Financial Position (continued)

As at 31 July 2021

		As at 31 July 2021		As at 31 July 2020	
	Notes	Consolidated	Institution	Consolidated	Institution
		£'000	£'000	£'000	£'000
Restricted reserves					
Income and expenditure reserve – endowment reserves	21	134,526	134,526	116,697	116,697
Income and expenditure reserve – restricted	22	32,024	11,041	8,769	8,769
Unrestricted reserves					
Income and expenditure reserve		1,122,971	1,106,626	1,100,005	1,070,848
Total reserves		1,289,521	1,252,193	1,225,471	1,196,314

The financial statements were approved by the Governing Body on 22nd December 2021 and were signed on its behalf on that date by:

- **Professor Sir David Eastwood, Vice-Chancellor and Principal**
- **Mr Mervyn Walker, Chair**

# Consolidated Statement of Cash Flows

Year ended 31 July 2021

		<b>Year Ended</b>	<b>Year Ended</b>
	<i>Notes</i>	<b>31 July 2021</b>	<b>31 July 2020</b>
		<b>£'000</b>	<b>£'000</b>
<b>Cash flow from operating activities</b>			
Surplus for the year		<b>58,492</b>	59,999
<b>Adjustment for non-cash items</b>			
Depreciation and amortisation	11, 12	<b>65,633</b>	68,024
Loss/(Gain) on investments	13	<b>(25,482)</b>	8,458
Decrease/(increase) in stock		<b>46</b>	(12)
Decrease in debtors		<b>(19,727)</b>	(25,009)
Increase in creditors		<b>34,648</b>	35,756
Increase in long-term creditors		<b>1,270</b>	1,834
Increase/(decrease) in pension provision		<b>(12,017)</b>	(75,066)
Adjustment for investing or financing activities		<b>1,817</b>	4,981
Investment income	5	<b>(6,433)</b>	(7,449)
Interest payable	8	<b>10,170</b>	7,773
Endowment income	21	<b>(618)</b>	(452)
Capital grant income		<b>(9,246)</b>	(6,447)
<b>Net cash inflow from operating activities</b>		<b>98,551</b>	<b>72,390</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		<b>–</b>	1,139
Capital grants receipts		<b>9,246</b>	6,447
Disposal of non-current asset investments	13	<b>30,802</b>	77,962
Investment income		<b>6,433</b>	7,449
Payments made to acquire fixed assets		<b>(87,464)</b>	(103,551)
Payments made to acquire intangible assets	11	<b>(3,626)</b>	(5,795)
New non-current asset investments	13	<b>(16,927)</b>	(25,181)
Cash acquired on acquisition of subsidiary		<b>281</b>	–
<b>Net cash outflow from investing activities</b>		<b>(61,255)</b>	<b>(41,530)</b>

# Consolidated Statement of Cash Flows (continued)

Year ended 31 July 2021

	Notes	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
<b>Cash flows from financing activities</b>			
Interest paid		(7,610)	(7,773)
Endowment cash received		618	452
New unsecured loans		1,331	–
Repayments of amounts borrowed		(4,252)	(4,404)
<b>Net cash outflow from financing activities</b>		<b>(9,913)</b>	<b>(11,725)</b>
<b>Increase in cash and cash equivalents in the year</b>			
Cash and cash equivalents at beginning of the year		145,279	126,144
Cash and cash equivalents at end of the year		172,662	145,279
<b>Consolidated reconciliation of net debt</b>			
			£'000
<b>Net debt 1 August 2020</b>			<b>(119,481)</b>
Movement in cash and cash equivalents			27,383
Other non-cash changes			(2,757)
Changes in market value			772
<b>Net debt 31 July 2021</b>			<b>(94,084)</b>
<b>Change in net debt</b>			<b>25,398</b>
<b>Analysis of net debt:</b>			
		Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Cash and cash equivalents		172,662	145,279
<b>Borrowings: amounts falling due within one year</b>			
Unsecured loans		(4,284)	(5,044)
Derivatives		(1,094)	(1,866)
<b>Borrowings: amounts falling due after more than one year</b>			
Unsecured loans		(261,367)	(257,850)
<b>Net debt</b>		<b>(94,083)</b>	<b>(119,481)</b>





# Notes to the Financial Statements

for the year ended 31 July 2021

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
<b>1. Tuition fees and education contracts</b>				
Undergraduate tuition – home students	178,256	178,256	169,063	169,063
Undergraduate tuition – other students	82,927	82,927	68,600	68,600
Postgraduate tuition – home students	46,373	46,373	37,667	37,667
Postgraduate tuition – other students	80,528	80,528	102,714	102,714
Other courses	1,474	1,474	1,123	1,123
	<b>389,558</b>	<b>389,558</b>	<b>379,167</b>	<b>379,167</b>
<b>2. Funding body grants</b>				
<b>Recurrent grant:</b>				
Office for Students (OfS)	28,022	28,022	28,550	28,550
Research England	42,832	42,832	42,236	42,236
OfS Capital grant	2,658	2,658	1,161	1,161
Research England Capital grant	5,111	5,111	5,247	5,247
<b>Specific grants:</b>				
Higher Education Innovation Fund	4,785	4,785	4,395	4,395
National College for Teaching and Leadership	–	–	36	36
Capital grant	–	–	15,476	15,476
OfS Other	2,291	2,291	276	276
Research England Other	7,446	7,446	8,775	8,775
	<b>93,145</b>	<b>93,145</b>	<b>106,152</b>	<b>106,152</b>
<b>2a. Grant and Fee Income</b>				
The source of grant and fee income included in Note 1 and Note 2 is as follows:				
Grant income from the OfS	32,971	32,971	29,987	29,987
Grant income from other bodies	60,174	60,174	76,165	76,165
Fee income for taught awards (exclusive of Vat)	388,084	388,084	378,044	378,044
Fee income from non-qualifying courses (exclusive of Vat)	1,474	1,474	1,123	1,123
	<b>482,703</b>	<b>482,703</b>	<b>485,319</b>	<b>485,319</b>

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
<b>3. Research grants and contracts</b>				
Research councils	69,908	69,908	47,018	47,018
UK-based charities	25,162	25,162	26,021	26,021
UK central/local government, health and hospital authorities	35,248	35,248	29,233	29,233
UK industry, commerce and public corporations	11,495	11,495	9,995	9,995
EU government bodies	12,792	12,792	15,213	15,213
EU other	2,954	2,954	2,411	2,411
Other overseas	9,655	9,655	9,779	9,779
Other sources	1,068	1,068	750	750
	<b>168,282</b>	<b>168,282</b>	<b>140,420</b>	<b>140,420</b>
<b>4. Other income</b>				
Residences, catering and conferences	30,025	28,347	36,925	33,068
Other services rendered	6,416	4,458	10,812	7,369
Health Authority-funded external posts	14,752	14,752	14,004	14,004
Self-financing activities	1,974	1,974	1,780	1,780
Other capital grants	824	824	–	–
Student support	11,798	11,798	10,892	10,892
Sport	2,069	2,069	3,923	3,923
External funding	23,633	16,593	9,952	3,588
Day nurseries	2,623	2,623	2,524	2,524
Rental properties and University Centre lettings	923	923	1,219	1,219
Barber Trust grant	103	103	339	339
VAT refund	6,490	6,490	2,394	2,394
Other income	19,714	18,751	13,814	16,236
	<b>121,344</b>	<b>109,705</b>	<b>108,578</b>	<b>97,336</b>



# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
<b>5. Investment income</b>				
Investment income on endowments	3,273	3,273	3,835	3,835
Other investment income	3,160	3,160	3,614	3,598
	<b>6,433</b>	<b>6,433</b>	<b>7,449</b>	<b>7,433</b>
<b>6. Donations and endowments</b>				
Capital grants	653	653	39	39
New endowments	618	618	452	452
Donations with restrictions	2,286	2,286	4,209	4,209
Heritage Asset Donation	–	–	185	185
Unrestricted donations	3,392	3,392	1,929	1,929
	<b>6,949</b>	<b>6,949</b>	<b>6,814</b>	<b>6,814</b>



# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
<b>7. Staff costs</b>				
Salaries	357,217	350,537	338,420	331,579
Social security costs	30,116	29,506	32,075	31,323
Movement on USS pension provision	(12,017)	(12,017)	(74,751)	(74,751)
Other pension costs	53,559	52,746	56,797	55,843
<b>Total</b>	<b>428,875</b>	<b>420,772</b>	<b>352,541</b>	<b>343,994</b>

No payments were made in respect of compensation for loss of office to a senior post-holder in 2020/21 (2019/20 NIL).

Compensation for loss of office (including voluntary severance) of £2.2m was paid in 2020/21 (2019/20: £1.5m) and this relates to 107 employees (2019/20: 57).

In line with many others in the sector and across the UK, the University offered a voluntary leavers scheme to staff members early in 2021. Under that scheme 428 left the University between November 2020 and July 2021, with a cost of £14m included in staff costs for settlement payment.

	2021	2020
	£'000	£'000
Emoluments of the Vice-Chancellor:		
Salary	349	348
Payments in lieu of pension	48	48
Performance-related award	—	61
Taxable benefit (utilities and other costs associated with use of a property)	4	3
	<b>401</b>	<b>460</b>

The process of Remuneration Committee to determine the remuneration of the Vice-Chancellor is set out in the Corporate Governance Statement of the annual accounts. Due to the uncertainties caused by COVID-19 the Remuneration Committee decided to make no pay increases and performance awards to any senior staff at the University, including the Vice-Chancellor in 2020/21. The Vice-Chancellor's remuneration therefore decreased in 2020/21 compared with 2019/20.

The Vice-Chancellor's basic salary is 10.3 times (2019/20: 10.7 times) the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff.

The Vice-Chancellor's total remuneration 10.6 times (2019/20: 12.8 times) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the University of its staff.

Staff on clinical pay scales received NHS pay awards in both years.

In calculating the pay multiples, only staff included in real-time reporting to HMRC are considered, all externally funded posts are excluded from the calculation, as are those not in receipt of a basic salary payment. Agency paid staff are excluded.

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

A long-term incentive plan has been in place for the Vice-Chancellor since 2015/16. Any reward under that plan is contingent on the Vice-Chancellor meeting specific objectives in each of the years of the term and still being in post at the end of the term. The plan term ends in the next financial year. If these tests are met the total maximum value of the incentive plan is £140,000. This is not included in the salary or median calculations above.

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	Institution	Consolidated	Institution
<b>Staff full-time equivalents (FTE) numbers by major category:</b>	<b>FTEs</b>	<b>FTEs</b>	<b>FTEs</b>	<b>FTEs</b>
Academic, Clinical Academic and Administrative	5,378	5,269	5,575	5,460
Other, including Technical, Clerical and Manual	2,067	1,946	2,291	2,170
	<b>7,445</b>	<b>7,215</b>	<b>7,866</b>	<b>7,630</b>

## Trustees

The total expenses paid to or on behalf of three (2019/20 - 5) Council members was £501 (2019/20- £1,632). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and events in their official capacity as Council members. No payments or other benefits have been received by Council members in respect of their services.

## Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University and are represented as the University Executive Board (UEB).

In the year, UEB consisted of the Vice-Chancellor and Principal, Provost and Vice-Principal, Pro-Vice-Chancellor (Education), Pro-Vice-Chancellor (Research and Knowledge Transfer), Pro-Vice-Chancellor (International), five College Pro-Vice-Chancellors, the Registrar and Secretary, and the Finance Director.

	Year ended 31 July 2021	Year ended 31 July 2020
	£'000	£'000
<b>Key management personnel compensation</b>	<b>2,415</b>	<b>2,552</b>

Remuneration of higher-paid staff other than the Vice-Chancellor (including members of UEB) accounted for in the Comprehensive Statement of Income and Expenditure is set out in the table overleaf.

Some staff, who are not in the USS pension scheme and do not therefore receive the employer's contribution, receive instead as part of their salary a 13.7% cash payment in lieu of pension. The remuneration figures overleaf are presented in line with the requirements of Accounting Standards and therefore do not include any employer pension contributions, but do include cash payments in lieu of pension. To make a meaningful comparison, 21.1% (2019/20: 21.1%) would need to be added to those staff for whom the University is making USS contributions and comparison figures adjusted for those staff who have opted out of USS.



## Notes to the Financial Statements (continued)

for the year ended 31 July 2021

Remuneration of higher-paid staff other than the Vice-Chancellor (including members of UEB) accounted for in the Comprehensive Statement of Income and Expenditure is set out below.

	Year ended 31 July 2021	Year ended 31 July 2020
	No.	No.
£100,000.00 to £104,999.99	22	31
£105,000.00 to £109,999.99	15	18
£110,000.00 to £114,999.99	31	19
£115,000.00 to £119,999.99	5	7
£120,000.00 to £124,999.99	8	4
£125,000.00 to £129,999.99	9	5
£130,000.00 to £134,999.99	3	6
£135,000.00 to £139,999.99	6	3
£140,000.00 to £144,999.99	3	3
£145,000.00 to £149,999.99	5	8
£150,000.00 to £154,999.99	3	–
£155,000.00 to £159,999.99	2	1
£160,000.00 to £164,999.99	1	1
£165,000.00 to £169,999.99	–	–
£170,000.00 to £174,999.99	–	–
£175,000.00 to £179,999.99	1	1
£180,000.00 to £184,999.99	–	–
£185,000.00 to £189,999.99	–	–
£190,000.00 to £194,999.99	–	–
£195,000.00 to £199,999.99	–	–
£200,000.00 to £204,999.99	1	1
£205,000.00 to £209,999.99	–	–
£210,000.00 to £214,999.99	–	–
£215,000.00 to £219,999.99	–	–
£220,000.00 to £224,999.99	–	–
£225,000.00 to £229,999.99	–	1
£230,000.00 to £234,999.99	–	–
£235,000.00 to £239,999.99	1	–
£240,000.00 to £244,999.99	–	–
£245,000.00 to £249,999.99	–	1
£250,000.00 to £254,999.99	1	–
£255,000.00 to £259,999.99	–	–
£260,000.00 to £264,999.99	–	–
£265,000.00 to £269,999.99	–	–
	117	110

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
<b>8. Interest and other finance costs</b>				
Loan interest	7,184	7,184	7,209	7,209
Increase in fair value of derivatives	1,817	1,817	5,773	5,773
Swap interest	767	1318	564	564
Loan arrangement fees	551	551	–	–
BPAS interest charge	300	300	300	300
USS interest charge	889	889	3,069	3,069
Investment fees	479	479	399	399
	<b>11,987</b>	<b>11,987</b>	<b>17,314</b>	<b>17,314</b>
<b>9a. Analysis of total expenditure by activity</b>				
Academic and related expenditure	278,604	278,604	274,225	274,225
Administration and central services	171,909	163,807	174,524	168,393
Premises	53,183	52,691	80,752	80,490
Residences, catering and conferences	26,711	25,099	27,867	23,928
Research grants and contracts	165,731	165,731	156,792	156,792
Other operating expenses	68,580	64,561	40,713	38,308
Pension adjustments	(12,017)	(12,017)	(74,751)	(74,751)
	<b>752,701</b>	<b>738,476</b>	<b>680,123</b>	<b>667,385</b>
Other operating expenses include:				
External auditor's remuneration in respect of audit services	561	396	200	158
External auditor's remuneration in respect of non-audit services	–	–	17	17
Operating lease payments	1,604	1,604	1,732	1,732

Uplift in audit fees due to additional costs incurred as a result of 2019/20 audit process and the outcome of a tender process to appoint new auditors for 2020/21.

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
<b>9b. Access and Participation</b>				
Access Investment	3,178	3,178	2,665	2,665
Financial Support	10,177	10,177	9,071	9,071
Disability Support	853	853	1,429	1,429
Research and Evaluation	224	224	214	214
	<b>14,432</b>	<b>14,432</b>	<b>13,379</b>	<b>13,379</b>

The costs for Access and Participation relate to the agreed OfS Access and Participation plan (the Plan) [www.birmingham.ac.uk/university/about/equality/widening-access.aspx](http://www.birmingham.ac.uk/university/about/equality/widening-access.aspx) agreed for the next five years and is part of enabling the University to charge higher fees for UK Undergraduate Courses. The plan commenced in 2020/21 and continues through to 2024/25.

Included in the above are staff costs of £1.8m (2019/20: £1.9m) which are included within the staff costs in note 7. These were spent on Access Investment £1.1m (2019/20: £1.2m), Disability Support £0.5m (2019/20: £0.5m) and Research and Evaluation £0.2m (2019/20: £0.2m). Access investment includes activity funded by higher fee income and other sources and relates to Outreach, Summer Schools and Scholarships. Financial Support includes Financial Packages (funded by higher fee income) and Hardship funds (funded by OfS Student Premium). Disability Support includes activity funded by Higher Fee Income and OfS Student Premium. In accordance with the plan, 20% overhead has been allocated to staff costs for Plan activity. 20% of recruitment and admission costs have been included, in line with the Plan.

The overall expenditure has increased by £1.1m in 2020/21 from 2019/20. The most significant variance is the increase in Financial Support which reflects the increased numbers of eligible students receiving awards in 2020/21. The increase of £0.5m for Access Investment was a result of increases in Pathway 2 Birmingham (previously Access 2 Birmingham) entrants who achieved the standard offer (which was easier to do with teacher assessed grades). The decrease of £0.6m in Disability Support was a direct result of students learning remotely, and therefore "in person services" were not required such as scribes, guides, and mentoring services. In some cases, e.g., scribes, were replaced through inclusive adjustments built into the new delivery modes (subtitles on recordings, live transcription), while in other cases, e.g., mentoring services, they did not transition immediately to online delivery.

## 10. Taxation

There are no tax charges for the University of Birmingham in 2020/21 (2019/20: NIL)

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

## 11. Intangible assets

	Assets in the Course of Construction	Intangible assets	Total
Consolidated and University	£'000	£'000	£'000
<b>Cost or valuation</b>			
At 1 August 2020	4,877	32,741	37,618
Additions	3,626	–	3,626
<b>At 31 July 2021</b>	<b>8,503</b>	<b>32,741</b>	<b>41,244</b>
<b>Amortisation</b>			
At 1 August 2020	–	7,094	7,094
Charge for the year	–	6,548	6,548
<b>At 31 July 2021</b>	<b>–</b>	<b>13,642</b>	<b>13,642</b>
<b>Carrying amount</b>			
<b>At 31 July 2021</b>	<b>8,503</b>	<b>19,099</b>	<b>27,602</b>
At 31 July 2020	4,877	25,647	30,524

Intangible assets represent costs incurred in relation to the New Core system, which redesigned Finance, HR, Payroll, and Research Grant Management processes through a cloud-based system. Assets in the course of construction relate to StARS which is an upgrade to the current student record system.

## Notes to the Financial Statements (continued)

for the year ended 31 July 2021

<b>12. Fixed assets</b>	Freehold land and buildings	Leasehold land and buildings	Major refurbishment	Equipment	Assets in the Course of Construction	Heritage assets	<b>Total</b>
<b>Consolidated</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>							
At 1 August 2020	1,250,488	118,121	133,692	52,538	128,095	549	<b>1,683,483</b>
Additions	221	16,683	586	567	86,089	–	<b>104,148</b>
Transfers	86,646	–	–	3,954	(90,600)	–	<b>–</b>
Reclassification	83,263	(85,013)	–	–	–	–	<b>(1,750)</b>
Other movements	(1,465)	38	(1,855)	–	–	–	<b>(3,282)</b>
Disposals	–	–	–	(26,302)	–	–	<b>(26,302)</b>
<b>At 31 July 2021</b>	<b>1,419,153</b>	<b>49,830</b>	<b>132,423</b>	<b>30,757</b>	<b>123,584</b>	<b>549</b>	<b>1,756,297</b>
<b>Depreciation</b>							
At 1 August 2020	152,246	22,463	47,434	38,391	–	–	<b>260,534</b>
Reclassification	18,135	(18,189)	–	–	–	–	<b>–</b>
Charge for the year	35,447	785	13,474	9,432	–	–	<b>59,085</b>
Disposals	–	–	–	(26,302)	–	–	<b>(26,302)</b>
<b>At 31 July 2021</b>	<b>205,827</b>	<b>5,059</b>	<b>60,908</b>	<b>21,522</b>	<b>–</b>	<b>–</b>	<b>293,317</b>
<b>Net book value</b>							
<b>At 31 July 2021</b>	<b>1,213,326</b>	<b>44,771</b>	<b>71,514</b>	<b>9,236</b>	<b>123,584</b>	<b>549</b>	<b>1,462,980</b>
At 31 July 2020	1,098,242	95,658	86,258	14,147	128,095	549	<b>1,422,949</b>

At 31 July 2021, freehold land and buildings included £216.5m (2019/20: £205.5m) in respect of freehold land and is not depreciated.

In the year to 31 July 2021, £0m (2019/20 £0.9m) was written off from Assets in the course of Construction due to projects being cancelled after Feasibility Study.

During the 2020/21 financial year, it was identified that a number of assets previously categorised as leasehold assets should have been categorised as freehold assets. The University carried out an analysis of its fixed asset register to identify all impacted assets and identified assets with a cost of £85.0m and depreciation of £18.1m, resulting in a net book value of £66.9m. These reclassifications have been included within the reclassification lines within the tables above. As the movements are contained within this note, there is no impact on the overall net book value position for the note or the Balance Sheet for 2019/20 or 2020/21.

## Notes to the Financial Statements (continued)

for the year ended 31 July 2021

<b>12. Fixed assets</b> (continued)	Freehold land and buildings	Leasehold land and buildings	Major refurbishment	Equipment	Assets in the Course of Construction	Heritage assets	<b>Total</b>
<b>Institution</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>							
At 1 August 2020	1,213,585	118,121	133,692	52,101	128,095	549	<b>1,646,143</b>
Additions	176	–	586	562	86,089	–	<b>87,413</b>
Transfers	86,646	–	–	3,954	(90,600)	–	<b>–</b>
Reclassification	83,263	(85,013)	–	–	–	–	<b>(1,750)</b>
Other movements	(1,465)	38	(1,855)	–	–	–	<b>(3,282)</b>
Disposals	–	–	–	(26,302)	–	–	<b>(26,302)</b>
<b>At 31 July 2021</b>	<b>1,382,205</b>	<b>33,146</b>	<b>132,423</b>	<b>30,315</b>	<b>123,584</b>	<b>549</b>	<b>1,702,222</b>
<b>Depreciation</b>							
At 1 August 2020	147,326	22,463	47,434	38,366	–	–	<b>255,589</b>
Reclassification	18,135	(18,189)	–	–	–	–	<b>(54)</b>
Charge for the year	34,064	713	13,474	9,419	–	–	<b>57,670</b>
Disposals	–	–	–	(26,302)	–	–	<b>(26,302)</b>
<b>As at 31 July 2021</b>	<b>199,524</b>	<b>4,988</b>	<b>60,908</b>	<b>21,483</b>	<b>–</b>	<b>–</b>	<b>286,904</b>
<b>Net book value</b>							
<b>As at 31 July 2021</b>	<b>1,182,681</b>	<b>28,158</b>	<b>71,514</b>	<b>8,833</b>	<b>123,584</b>	<b>549</b>	<b>1,415,318</b>
At 31 July 2020	1,066,259	95,658	86,258	13,735	128,095	549	1,390,554



# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

## 13. Non-current investments

	Subsidiary companies	Subsidiary Investment in spinouts	Other non- current asset investments	Endowment asset investments	Investment Properties	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Consolidated</b>						
At 1 August 2020	–	1,216	89,443	102,113	1,210	<b>193,982</b>
Additions	–	125	100	16,702	–	<b>16,927</b>
Reclassification	–	–	–	–	1,750	<b>1,750</b>
Disposals	–	–	(10,115)	(20,687)	–	<b>(30,802)</b>
Revaluation	–	2,316	7,877	15,289	–	<b>25,482</b>
<b>At 31 July 2021</b>	<b>–</b>	<b>3,657</b>	<b>87,305</b>	<b>113,417</b>	<b>2,960</b>	<b>207,339</b>
<b>Institution</b>						
At 1 August 2020	5,495	1,216	89,443	102,113	1,210	<b>199,477</b>
Additions	–	125	–	16,702	–	<b>16,827</b>
Reclassification	–	–	–	–	1,750	<b>1,750</b>
Disposals	–	–	(10,000)	(20,687)	–	<b>(30,687)</b>
Revaluation	–	2,316	7,877	15,289	–	<b>25,482</b>
<b>At 31 July 2021</b>	<b>5,495</b>	<b>3,657</b>	<b>87,320</b>	<b>113,417</b>	<b>2,960</b>	<b>212,849</b>

Gain on Investments are the result of strong performance in the investment assets during 2020/21. Markets rebounded strongly following significant falls in the Spring of 2020, caused by the impact of COVID-19 on investor sentiment and projected company earnings.

The other non-current asset investments class includes University holdings in a number of investment funds which are held at fair value. It also has shareholdings in several companies which are also held at fair value. In the Endowment asset investment class, the University holds a number of investments which are held at fair value.

The reclassification relates to certain properties previously included in fixed assets.

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

## 14. Trade and other receivables

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Research grants receivables	78,165	78,165	82,921	82,921
Other trade receivables	50,286	50,744	35,397	34,074
Other receivables	7,184	3,996	4,526	3,563
Prepayments and accrued income	21,702	20,751	14,955	20,010
Amounts due from subsidiary companies	–	429	–	776
	<b>157,337</b>	<b>154,085</b>	<b>137,799</b>	<b>141,344</b>
Amounts falling due after one year:				
Other debtors and prepayments	690	690	340	690
Amounts receivable from subsidiary companies	–	1,000	–	–
	<b>158,027</b>	<b>155,775</b>	<b>138,139</b>	<b>142,034</b>

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

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Research grants and contracts in advance	163,315	163,315	143,252	143,252
Unsecured loans	4,284	4,284	5,044	5,044
Trade payables	50,951	43,891	31,174	30,518
Social security and other taxation payable	11,825	11,674	12,459	11,968
Accruals	36,844	34,806	38,627	35,700
Deferred income	44,596	43,919	43,190	41,440
Derivatives	1,094	1,094	1,866	1,866
Other creditors	12,777	12,756	13,609	13,189
Amounts due from subsidiary companies	–	2,597	–	655
	<b>325,686</b>	<b>318,336</b>	<b>289,221</b>	<b>283,632</b>

## Notes to the Financial Statements (continued)

for the year ended 31 July 2021

16. Creditors: amounts falling due after more than one year	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Research grants and contracts in advance	10,290	8,886	6,512	6,512
Unsecured loans	261,367	258,279	257,850	257,850
Other creditors	–	–	739	–
	271,657	267,165	265,101	264,362
<b>Analysis of unsecured loans:</b>				
<b>Due within one year or on demand</b>	<b>4,284</b>	<b>4,284</b>	<b>5,044</b>	<b>5,044</b>
Due between one and two years	4,096	4,096	4,542	4,542
Due between two and five years	12,241	12,241	14,820	14,820
Due in five years or more	245,030	241,942	238,488	238,488
<b>Due after more than one year</b>	<b>261,367</b>	<b>258,279</b>	<b>257,850</b>	<b>257,850</b>
<b>Total unsecured loans</b>	<b>265,651</b>	<b>262,563</b>	<b>262,894</b>	<b>262,894</b>

Included in loans are the following:

Lender	2021	2020	Maturity	Interest rate %	Borrower
	Amount £'000	Amount £'000			
Private Placement – Barings	29,056	35,773	2042/43	2.64	University
Private Placement – M&G	–	20,000	2044/45	2.67	University
Private Placement – BAE	40,000	40,000	2050/51	2.58	University
Private Placement – Aviva	20,000	20,000	2057/58	2.51	University
Private Placement – PIC	110,000	90,000	2057/58	2.51	University
European Investment Bank	–	44,250	2034/35	4.04	University
European Investment Bank	–	11,063	2034/35	LIBOR + 1.401	University
Lloyds	60,870	–	2034/35	SONIA + 3.95	University
HEFCE Revolving Green Fund	2,637	1,808	2022/23	NIL	University
HS2	3,088	–	Repayable once NCATI makes a surplus over 5% of income	NIL	NCATI
<b>Total</b>	<b>265,651</b>	<b>262,894</b>			

In the year, the loan with European Investment Bank of c£56m was refinanced with Lloyds on similar repayment terms, based on SONIA rather than LIBOR, and more beneficial covenants. At the same time a revolving credit facility of £50m was confirmed to provide additional cash, should it be required during the pandemic and beyond.

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

## 17. Financial instruments

The carrying values of the Consolidated and University financial assets and liabilities are summarised by category below:

		Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated	Institution	Consolidated	Institution
	Notes	£'000	£'000	£'000	£'000
Financial assets					
Measured fair value through income and expenditure					
Investments in common investment funds	13	197,849	197,864	169,376	169,376
Debt instruments measured at amortised cost					
Long-term loans receivable	14	690	1,690	690	690
Measured at undiscounted amount receivable					
Trade and other receivables	14	150,068	146,816	121,334	121,334
Equity instruments measured at cost less impairment					
Non-current asset investments in utilised equity instruments	13	9,490	14,985	5,440	10,935
		358,097	361,355	296,840	302,335
Financial liabilities					
Measured at fair value through income and expenditure					
Derivative financial liabilities	15	1,094	1,094	1,866	1,866
Loans payable	16	29,056	29,056	35,773	35,773
Measured at amortised cost					
Loans payable	16	236,595	236,595	277,121	227,121
Measured at undiscounted amount receivable					
Trade and other creditors	15	100,572	91,453	66,218	66,873
		367,317	358,198	330,978	331,663

The derivative financial liability relates to an interest rate swap, with notional value of £5m, carried at fair value. The swap gives a fixed rate of 4.89% compared to the variable three months LIBOR rate payable on the loan. The swap expires in 2026. The swap is settled quarterly, with the difference between the fixed and floating interest rate settled on a net basis.

The Private Placement Barings loans payable are deemed complex financial instruments, due to embedded cross-currency swaps, measured at fair value. The remaining loans payable are basic financial instruments measured at amortised cost.

The refinance of the European Investment Bank (EIB) loan with Lloyds Bank in December 2020 resulted in a swap liability due to the early repayment of the fixed rate loan with EIB. The initial recognition and subsequent valuation of the swap liability has resulted in an adjustment of £9.3m. This adjustment increases the liabilities on the Balance Sheet.

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

## 17. Financial instruments (continued)

The Consolidated University's income, expense, gains and losses in respect of financial instruments are summarised below:

	Notes	Year ended 31 July 2021		Year ended 31 July 2020	
		Consolidated	Institution	Consolidated	Institution
		£'000	£'000	£'000	£'000
Financial liabilities					
Interest income and (expense)					
Total interest income for financial assets at amortised costs	5	6,433	6,433	7,449	7,433
Total interest expense for financial liabilities at amortised cost	8	(7,951)	(7,951)	(7,773)	(7,773)
		(1,518)	(1,518)	(324)	(340)
Fair value gains and (losses)					
On financial assets measured at fair value through income and expenditure	13	25,482	25,482	(8,458)	(8,458)
On derivative financial liabilities		772	772	375	375
		26,254	26,254	(8,083)	(8,083)

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

## 18. Provisions for liabilities

	Obligation to fund deficit on USS Pension	Defined Benefit Obligations on BPAS Pension	NCATI LGPS Pension	Total Pensions Provision
Consolidated	£'000	£'000	£'000	£'000
At 1 August 2020	120,119	31,314	–	151,433
Utilised during the year	(4,481)	(7,200)	–	(11,680)
Subsidiary acquisition	–	–	510	510
(Credited)/charged to the Statement of Comprehensive Income	(6,648)	8,515	(76)	1,791
<b>At 31 July 2021</b>	<b>108,990</b>	<b>32,629</b>	<b>(434)</b>	<b>142,054</b>

University	£'000	£'000	£'000	£'000
At 1 August 2020	120,119	31,314	–	151,433
Utilised during the year	(4,481)	(7,200)	–	(11,680)
(Credited)/charged to the Statement of Comprehensive Income	(6,648)	8,515	–	1,867
<b>At 31 July 2021</b>	<b>108,990</b>	<b>32,629</b>	<b>–</b>	<b>141,620</b>

## USS Pension

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to fund deficit payments in accordance with the deficit recovery plan. In calculating this provision, management has estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in note 26.

Following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 26. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As a consequence the USS provision has decreased by £11.1m in 2020/21.

The major assumptions used to calculate the obligations are:

	2021	2019
Discount rate	0.89%	0.74%
Salary growth year one (headcount and awards)	7.00%	1.00%
Salary growth future years (headcount and awards)	5.60%	3.00%

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

## Sensitivity analysis

As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below:

Changes in assumptions at 31 July 2021	Approximate impact
	£m
0.5% pa decrease in discount rate	2.2
0.5% pa increase in salary inflation over duration	2.1
0.5% pa increase in salary inflation year 1 only	0.5
0.5% increase in staff changes over duration	2.1
0.5% increase in staff changes year 1 only	0.5
1% increase in deficit contributions	18.0

## BPAS Pension

The University operates the University of Birmingham Pension and Assurance Scheme (BPAS) for the University's qualifying support staff. The scheme is a funded scheme. The latest actuarial valuation of the scheme was at 31 March 2019 and revealed a funding shortfall. The Trustees have put a Recovery Plan in place to address the deficit.





# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

## 19. Events after the Reporting Period

### (i) USS Pension

The completion of the 2020 Valuation of the USS pension scheme on October 1st 2021, constitutes a non-adjusting balance sheet event (the deficit recovery provision at year end is based on the 2018 valuation which was binding at the year-end date).

The 2020 Valuation came into effect with a dual rate schedule of contributions:

leg 1, which includes a small increase in contribution rates from the 2018 valuation and a longer deficit recovery period as a result of the decision to proceed with benefit change by the Joint Negotiating Committee (JNC) subject to member consultation

leg 2, which includes more significant increases in contribution rates from the 2018 Valuation and shorter deficit recovery period, which only becomes applicable if the JNC recommended deed on benefit changes has not been executed by 28 February 2022.

The adjustment to the provision for USS calculated on the same basis and assumptions, as a result of these changes would be an increase of £255m under leg 1 or £438m under leg 2.

### (ii) Pritchatts Park residences

In December 2021, the University entered into a contract for a design, build, finance, and operate arrangement (DBFO), with an experienced developer to provide student housing (both new build and refurbishment of existing accommodation) and a car park at the current site on Pritchatts Road.

The developer will then lease, maintain and operate the student village, Pritchatts Park, for a period of 53 years. A special purpose vehicle has been set up to procure the development and maintenance of the project, of which the University will have a 10% equity stake through a number of subsidiaries and an investment value of £1.4m.

The DBFO will involve the disposal of a number of existing student residences with a balance sheet value of c.£10m generating a capital receipt of £47.8m, in return for the disposal and the granting of a long leasehold arrangement.

## 20. Lease commitments

The University has lease commitments as follows:

	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years
	£'000	£'000	£'000
<b>Total 2020/21</b>	<b>13,926</b>	<b>54,154</b>	<b>61,686</b>
Total 2019/20	1,639	53,736	53,046

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

## 21. Endowment reserves (restricted)

Consolidated and University	Restricted permanent endowments	Unrestricted permanent endowments	Expendable endowments	2021 Total	2020 Total
	£'000	£'000	£'000	£'000	£'000
<b>Balances at 1 August 2020</b>					
Capital	69,871	32,751	7,705	<b>110,327</b>	116,250
Accumulated income	6,165	(75)	280	<b>6,370</b>	5,347
	<b>76,036</b>	<b>32,676</b>	<b>7,985</b>	<b>116,697</b>	121,597
Transfer from General Reserves	1,223	140	(239)	<b>1,124</b>	–
New endowments	298	–	320	<b>618</b>	452
Investment income	2,242	831	375	<b>3,448</b>	3,835
Expenditure	(1,740)	(794)	(102)	<b>(2,636)</b>	(3,178)
Increase/(decrease) in market value of investments	10,005	4,215	1,056	<b>15,275</b>	(6,009)
<b>Total movement for the year</b>	<b>12,028</b>	<b>4,392</b>	<b>1,410</b>	<b>17,830</b>	(4,900)
<b>At 31 July 2021</b>	<b>88,064</b>	<b>37,067</b>	<b>9,395</b>	<b>134,526</b>	116,697
<b>Represented by:</b>					
Capital	80,173	36,965	9,081	<b>126,219</b>	110,693
Accumulated income	7,891	102	314	<b>8,307</b>	6,004
	<b>88,064</b>	<b>37,067</b>	<b>9,395</b>	<b>134,526</b>	116,697
<b>Analysis by type of purpose:</b>					
Lectureships	11,030	403	2,925	<b>14,358</b>	12,525
Scholarships and bursaries	26,965	8,788	426	<b>36,179</b>	31,868
Research support	7,489	3,167	109	<b>10,765</b>	9,495
Prize funds	4,163	1,597	–	<b>5,760</b>	4,215
Funded posts	24,822	473	1,366	<b>26,661</b>	23,243
Other purposes	13,595	22,639	4,569	<b>40,803</b>	35,351
	<b>88,064</b>	<b>37,067</b>	<b>9,395</b>	<b>134,526</b>	116,697
<b>Analysis by asset</b>					
Non-current asset investments				<b>113,418</b>	102,113
Cash and cash equivalents				<b>21,108</b>	14,584
				<b>134,526</b>	116,697

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

## 21. Endowment reserves (restricted) (continued)

	Consolidated and Institution 2021 Total £'000	Consolidated and Institution 2020 Total £'000
<b>Endowment reserves</b>		
Represented by:		
Equities	70,489	64,822
Fixed interest securities and bonds	16,494	21,646
Property	16,083	15,645
Infrastructure	10,352	–
Cash and cash equivalents	21,108	14,584
	<b>134,526</b>	<b>116,697</b>

## 22. Restricted reserves

University	2021 Total £'000	2020 Total £'000
<b>Balances at 1 August 2020</b>	<b>8,769</b>	16,660
Income	5,785	6,004
Expenditure	(5,091)	(4,406)
Transfer to unrestricted reserves	1,578	(9,489)
<b>Total movement for the year</b>	<b>2,272</b>	(7,891)
<b>At 31 July 2021</b>	<b>11,041</b>	<b>8,769</b>

Consolidated	2021 Total £'000	2020 Total £'000
<b>Balances at 1 August 2020</b>	<b>8,769</b>	16,660
Income	5,785	6,004
Expenditure	(5,091)	(4,406)
Acquisition of Subsidiary	20,983	–
Transfer to Unrestricted reserves	1,578	(9,489)
<b>Total restricted comprehensive income for the year</b>	<b>23,255</b>	(7,891)
<b>At 31 July 2021</b>	<b>32,024</b>	<b>8,769</b>

## Notes to the Financial Statements (continued)

for the year ended 31 July 2021

	2021 Total	2020 Total
Analysis of other restricted funds/donations by type of purpose:	£'000	£'000
Lectureships	8	54
Scholarships and bursaries	1,690	560
Research support	2,131	2,211
Prize funds	137	15
Funded posts	211	191
General	27,847	5,738
	<b>32,024</b>	<b>8,769</b>

### 23. Capital and other commitments

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

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Commitments contracted for	<b>29,106</b>	<b>29,106</b>	<b>79,885</b>	<b>79,885</b>

Within commitments £21.0m relates to intangible assets (2019/20: £26.8m).

### 24. Subsidiary undertakings

The subsidiaries are all wholly owned or effectively controlled by the University and incorporated in and operate in Great Britain, other than Alta Birmingham China Limited which is incorporated in the UK but operates in the UK and China. Guangzhou ABC Education Information Consultancy Limited incorporated and operating within China, is a 100% subsidiary of Alta Birmingham China Limited. Birmingham Global Limited runs an Indian Liaison Office to enable the University to access research funding and opportunities for education engagement. In 2020/21 a new subsidiary has been established, National College for Advanced Transport and Infrastructure (NCATI) limited by guarantee, a provider of further education which acquired the assets, liabilities, trading and a subsidiary on 29 April 2021; and Precision Health Technologies Accelerator Ltd (PHTA) that will deliver provision of life sciences incubation and diagnostic and translational medicine services.

University of Birmingham School is connected to the University of Birmingham by virtue of the University's role as the founding member of the Charitable Company. The University has control over the University School through its majority representation on the board.

Name of company	Percentage holding		Nature of business
	Consolidated	University	
Alta Birmingham China Limited	100%	100%	Management of activities in China
Alta Cyclotron Services Limited	100%	100%	Preparation and sale of chemicals for clinical use
University of Birmingham Enterprise Limited	100%	100%	Technology transfer and provision of both accommodation and services to high technology companies

## Notes to the Financial Statements (continued)

for the year ended 31 July 2021

University of Birmingham Selly Oak Educational Trust (UoBSOET)	100%	100%	Management of land and buildings on the Selly Oak campus
Guangzhou ABC Education Information Consultancy Limited	100%	0%	Consulting services on education, trade, investment, enterprise management, convention and exhibition services
Edgbaston Park Hotel and Conference Centre Limited	100%	100%	Hotel and conference centre
Birmingham Global Limited	100%	100%	Management of activities in India
University of Birmingham School (Limited by Guarantee)	Member	Member	Running the University School and Sixth Form
National College for Advanced Transport and Infrastructure (NCATI) (Company Limited by Guarantee)	100%	Member	Provision of further education and associated services
The National College for High Speed Rail Limited (NHSR)	100%	0%	Provision of support services to NCATI
Precision Health Technologies Accelerator Ltd (PHTA Ltd)	100%	100%	Provision of life sciences incubation. Diagnostic and translational medicine

### 24a. Acquisition of NCATI subsidiary

In February 2021, the University of Birmingham established a new company limited by guarantee, National College for Advanced Transport and Infrastructure (NCATI) [www.nchsr.ac.uk/about-us/governance/](http://www.nchsr.ac.uk/about-us/governance/). The University is the sole member and has control over the appointment of members of the Board.

On 29 April 2021, NCATI acquired the trade, assets and liabilities of the national college of the same name, which had traded previously with the support of the ESFA. The acquisition of the business of the College was for £nil consideration and whilst referred to by the Department for Education as a merger, has been accounted for as an acquisition. The acquired balance sheet, fair value adjustments and accounting policy changes are set out in the table below:

	Acquired balance sheet	Fair value adjustments	Goodwill written off at acquisition	Accounting policy alignment	Opening balance sheet included in consolidation
	£'000	£m	£m	£m	£m
		Note 2	Note 3	Note 4	
Fixed assets	21,160	(4,477)			16,683
Cash and bank	281				281
Trade debtors	35				35
Prepayments and accrued income	126				126
Accruals and deferred income	(441)				(441)
Capital and other grants	(14,903)			13,135	(1,768)
Loans	(3,086)				(3,086)
Pension liability	(510)				(510)
<b>Net assets</b>	<b>2,662</b>				<b>11,320</b>
Goodwill (Note 1)	(2,662)	4,477	(1,815)		–
<b>Reserves</b>	<b>–</b>		<b>(1,815)</b>	<b>13,135</b>	<b>11,320</b>

## Notes to the Financial Statements (continued)

for the year ended 31 July 2021

Note 1 – Due to the £nil consideration goodwill is created in the acquired balance sheet which is then written off on acquisition.

Note 2 – Fair value adjustment relating to fixtures and fittings, IT equipment and donated rail equipment that is not identifiable or having value for the new business.

Note 3 – As the College is not anticipated to make a surplus for the next 2-3 years, goodwill has been written off at acquisition.

Note 4 – The University policy is to recognise capital grants in income when all performance conditions have been met, with no ongoing conditions relating to the grant it has been released to income on acquisition.

Post-acquisition to the end of July 2021, NCATI has generated £580k of income and a £73k loss after tax.

### 25. Connected charitable institutions

A number of charitable institutions are administered by or on behalf of the University and have been established for its general or special purposes. As a result, under paragraph 28 of Schedule 3 to the Charities Act 2011, these connected organisations are exempt from registration with the Charity Commission. One of the connected charities, being UoBSOET: (University of Birmingham Selly Oak Endowment Trust), is included as a subsidiary undertaking in these consolidated financial statements; the others are not included in the consolidation as the University does not have control over their activities.

The movements in the year on the total funds of UoBSOET, as reported are as follows:

	Opening balance	Income	Expenditure	Closing balance
	£'000	£'000	£'000	£'000
University of Birmingham Selly Oak Endowment Trust	5,945	33	(254)	5,724

### Not consolidated

Included within the balance sheet, held in endowments assets, is £2.9m (2019/20 £2.6m) which represents the University's shareholding via the Samuel Hanson Rowbotham Trust which holds a minority shareholding of Waterloo House, a private limited company.

The University owns the Barber Institute of Fine Arts which hosts one of the finest small collections of European Art in the United Kingdom. The collection of works and art belongs to the Trustees of the Henry Barber Trust.

### 26. Pension schemes

The four principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS); the University Birmingham Pension and Assurance Scheme (BPAS); the Group Personal Pension Scheme (GPPS) and the NHS Pension Scheme (NHSPS).

In addition, NCATI (subsidiary) is a member of a Local Government Pension Scheme (LGPS).

#### (i) The Universities Superannuation Scheme

The University participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

Benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme. Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, it recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Consolidated Statement of Comprehensive Income.

## Pension schemes (continued)

### Deficit Recovery Liability

The total credited to the Consolidated Statement of Comprehensive Income is £11.1m excluding interest (2020: credit of £71.7m)

Deficit recovery contributions due within one year for the University are £12.7m (2020: £5m)

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

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

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

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

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

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

	<b>2018 valuation</b>
Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females  Post-retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females



# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

## 26. Pension schemes (continued)

The current life expectancies at age 65 are:

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

The funding position of the scheme has since been updated on an FRS 102 basis:

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

	2021	2020
Discount rate	0.89%	0.74%
Pensionable salary growth year one (2021: approx 3% pay increase, 4% anticipated headcount growth)	7.00%	1.00%
Pensionable salary growth subsequent years	5.60%	3.00%

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

## (ii) University of Birmingham Pension and Assurance Scheme (BPAS)

The University operates the BPAS defined benefit pension scheme which was closed to new members in July 2002. BPAS is contracted out of the State Second Pension (S2P) and the management of the Scheme's investments is undertaken by a team of investment managers.

### Actuarial Valuation

The latest actuarial valuation of the scheme was at 31 March 2019 and it revealed a funding shortfall as the Scheme's assets were less than the liabilities. The valuation was carried out using the projected unit method. The key assumptions and data relevant to the determination of the contribution levels of the scheme are the discount rate calculated at 2.15%; RPI in line with gilt yields; and CPI (RPI less 0.7%). In addition standard mortality assumptions were used.

The Trustees of the scheme have put a Recovery Plan in place to address the shortfall. The Recovery Plan provides for the University making a balancing payment per annum by the 1 November each year from 2020 to 2034. In 2020/21 the University made employer contribution payments to the Scheme of £7.2m, comprising contributions in respect of future accrual of £2.5m and a deficit recovery contribution of £4.7m.

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

## 26. Pension schemes (continued)

### Assumptions

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

	At 31 July 2021	At 31 July 2020
	% pa	% pa
Discount rate	1.60%	1.40%
Price Inflation (RPI)	3.40%	3.00%
Price Inflation (CPI)	2.95%	2.25%
Rate of salary increase	2.0%	2.0%
Pension increases for in-payment benefits	2.10% to 3.25%	1.70% to 2.85%
Pension increases for deferred benefits	2.95%	2.25%

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes (i.e. equities and bonds). The expected return for each asset class reflects a combination of historical performance analysis, the forward-looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.

The assets in the scheme were:

	Fair value as at 31 July 2021	Fair value as at 31 July 2020
	£m	£m
Equities	54.2	72.1
Credit	126.6	138.0
Multi-Asset Growth	107.8	98.8
Liability-Driven Investments	124.9	90.4
Other	23.1	17.5
<b>Total</b>	<b>436.6</b>	<b>416.8</b>

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

## 26. Pension schemes (continued)

	Assets	Liabilities	Total
	£m	£m	£m
At 1 August 2020	416.8	(448.1)	(31.3)
Employer contributions	7.2	–	7.2
Current service cost	–	(2.9)	(2.9)
Interest income (expense)	5.8	(6.1)	(0.3)
Benefits paid from scheme	(18.1)	18.1	–
Actuarial gains and losses	–	(30.1)	(30.1)
Scheme introductions, changes, curtailments and settlements	–	(0.1)	(0.1)
Return on plan assets	24.9	–	24.9
<b>Total at 31 July 2021</b>	<b>436.6</b>	<b>(469.2)</b>	<b>(32.6)</b>

	2021	2020
	£m	£m
Current service cost	(2.9)	(2.6)
Interest cost	(0.3)	(0.3)
Scheme introductions, changes, curtailments and settlements	(0.1)	–
	<b>(3.3)</b>	<b>(2.9)</b>

### (iii) Group Personal Pension Scheme (GPPS)

The University introduced from 1 April 2008 a new 'defined contribution' pension scheme for its support staff who are not members of BPAS. The scheme will enable staff to build a fund that can be used to provide a pension on retirement in addition to the normal state pension. The University contributes 10% in addition to an agreed percentage paid by the individual. The scheme operates as a Group Personal Pension Scheme and is run on the University's behalf by Legal and General. The value of employer contributions for the year ending 31 July 2021 was £3.7m (2019/20: £3.9m).

### (iv) NHS Pension Scheme (NHSPS)

The University participates in the NHSPS. The notional assets of NHSPS are assessed by the Government Actuary and the benefits are underwritten by the government.

The NHS Pension Scheme is a defined benefit public service pension scheme, which operates on a pay-as-you-go basis. A new reformed scheme was introduced on 1 April 2015 that calculates pension benefits based on career average earnings. Transitional arrangements permit individuals who on 1 April 2012 were within ten years of normal pension age to continue participating in the old 'final salary' NHS Pension Scheme arrangements (the 1995 and 2008 sections).

The scheme is not designed to be run in a way that would enable members to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

NHSPS is in a similar position to USS in that in the event of the withdrawal of a participating employer the remaining participating employers will assume responsibility for any increased contributions arising.

The value of employer contributions for the year ended 31 July 2021 was £2.5m (2019/20: £2.5m)

## (v) NCATI Pension Scheme

NCATI, is a member of a Local Government Pension Scheme (LGPS), which is a multi-employer defined benefit plan; it is a funded scheme with assets and liabilities held separately. The NCATI share of the scheme is measured at fair value on an actuarial basis using the projected unit credit method. Amounts charges to the SOCIE reflect contributions in the year and actuarial gains and losses on scheme assets.

The following information is based upon a full actuarial valuation of the fund at 31 March 2019. An actuarial update has been performed by a qualified independent actuary to 31 July 2021

	<b>2021</b>
	£'000
Rates of increase in salaries	3.85%
Future pension increases	2.70%
Discount rate	1.60%
Inflation assumption (CPI)	2.60%
	<b>£'000</b>
Fair Value of assets at 31st July 2021	713
Fair Value of liabilities at 31st July 2021	(1,147)
Deficit recognised in provisions at year end	(434)

## 27. Guild of Students

The University has not consolidated the financial statements of the Guild of Students because the University has no control or dominant influence. The summarised Balance Sheet and results for the year ended 31 July 2021 are as follows:

	<b>Year to 31 July 2021</b>	Year to 31 July 2020
	£'000	£'000
Tangible fixed assets	<b>261</b>	381
Current assets	<b>2,948</b>	2,991
Creditors	<b>(823)</b>	(1,128)
Pension provision	<b>(4,769)</b>	(5,058)
Reserves	<b>(2,385)</b>	(2,806)
Surplus/(Deficit) for the year	<b>422</b>	(1,353)

The University's Statement of Comprehensive Income and Expenditure reflects payment to the Guild of Students of a block grant of £2.9m (2019/20 £2.6m).

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

## 28. Related party transactions

During the year the group entered into transactions, in the ordinary course of business, with other related parties.

Transactions entered into, and balances outstanding at 31 July 2021, are as follows:

Related Party	Relationship
Abbvie	Director of Institute of Cancer and Genomic Sciences is a Member of Data Monitoring Committee Director of Institute of Cancer and Genomic Sciences provides Academic Consultancy activities, through University of Birmingham Enterprise Ltd (now ended)
Academy of Medical Sciences Starter Grant Panel	A College Director is Chair (until 31 December 2019) A College Head is a Member of the Programmes Advisory Group
AHUA	A UEB Member is Chairman (until March 2020)
Alta Bioscience Ltd	A Subsidiary Director is a University representative Director
Alta Birmingham China Limited	A UEB Member is a Director
Alta Cyclotron Services Ltd	A Deputy Director of Finance is a Director
Arts and Humanities Research Council	A Council Member is a Board member A Council Member is a Trustee
AstraZeneca	Director of Institute of Cancer and Genomic Sciences provides Academic Consultancy activity, through a subsidiary
Bayer	Director of Institute of Cancer and Genomic Sciences provides Academic Consultancy activity, through a subsidiary
BBSRC	A UEB Member is a Member A UEB Member is Chair of Agriculture and Food Safety Advisory Panel (now ceased)
Binding Site	Director of Research and Knowledge Transfer (MDS), is on the Medical Advisory Board
Birmingham Children's Trust	A Head of School is a Non-Executive Director
Birmingham City Council	A Director of HSMC has a Spouse Employed A Council Member is a Board Member
Birmingham Hippodrome Theatre	A College Director is a Consultant
Birmingham Research Park Ltd	A Deputy Director of Finance was a Director A Senior Officer is a Director
Birmingham Women's and Children's Hospital	A UEB Member is a Non-Executive Director A Director of HSMC is a Non-Executive Director A UEB Member is a Director
Bournville Bookfest CIO	Chief of Staff is a Trustee
Carillion plc	A Deputy Director of Finance worked at Carillion plc
Celentix Ltd	UEB Member is a Consultant
Chartered Association of Business Schools	A Deputy Pro-Vice-Chancellor is a Member
Concept Life Sciences	Director of Institute of Inflammation & Ageing was a paid Consultant

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

2020/21		2020/21 Outstanding Balances		2019/20		2019/20	
Income	Expenditure	Balance due to the University	Balance due from the University	Income	Expenditure	Balance due to the University	Balance due from the University
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
8	–	1	–	73	–	20	–
430	1	10	–	513	7	–	135
–	2	–	–	–	1	–	–
2	36	–	5	1	2	–	–
308	486	–	594	61	843	51	21
280	49	55	–	283	3	183	–
1,467	–	41	–	560	–	–	204
998	–	1,289	–	833	–	1293	–
387	–	365	–	25	–	2	–
5,651	–	1,026	–	6,270	–	359	–
6	711	–	61	9	364	9	1
33	30	6	–	43	60	26	–
719	1,611	365	926	146	2,396	98	814
–	–	–	–	–	3	–	–
112	95	35	–	382	119	118	21
404	316	360	26	129	451	123	101
–	–	–	–	–	3	–	–
–	–	–	674	–	–	–	–
33	–	93	–	66	–	93	–
–	3	–	–	–	–	–	–
–	–	–	–	3	–	–	4

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

Related Party	Relationship
Connected Places Catapult	A Council Member is an Associate
Credit Suisse	A Co-opted member of Inv Sub Committee is an employee
Edgbaston Park Hotel and Conference Centre Limited	A UEB Member is a Director
Engineering and Physical Sciences Research Council	A UEB Member is a Strategic Advisory Network Member
ExtraCare Charitable Trust	A Council Member is CEO
Food Standards Agency Science Council	A UEB Member is a Member
HMRC (Her Majesty's Revenue and Customs)	A Council Member is a Lead Non-Executive and Chair of Board
Health Services Research (Birmingham Health partners)	A UEB member is a paid employee
Institute of Physics UK	A Deputy Pro-Vice-Chancellor is a Trustee and Member of Council
Irresistible Materials Ltd	A College Director is a Non-Executive Director
Joseph Rowntree Foundation	A Council Member is a Trustee
King Edward VI Academy Trust	A UEB Member is a Member
Linear Diagnostics Ltd	A College Director is a Non-Executive Director
London School of Hygiene and Tropical Medicine (Health Services Research Unit)	Director of HSMC is an Honorary Professor
Loughborough University	A Head of College is in collaboration on a joint project with Loughborough University of whom the co-lead negotiating the sub-contract is his spouse A Council Member is a Board member
Mercia Fund 1 and related funds	Director of Enterprise and Innovation is University LLP Representative Director
Newcastle University	A Deputy Head of College is an External Examiner
Nuffield Foundation	A Council Member is Chief Executive
Nuffield Trust	A Director is a Senior Associate
Open University	A Head of School was External Programme Advisor
Oxford University Press	A Head of School is author to a textbook for which royalties is received
Persimmon	A Council Member is a Non-Executive Director
Pfizer	Director of Inst of Cancer and Genomin Sciences provides Academic Consultancy activities, through a subsidiary.
Portsmouth University	A Deputy Head of College is an External Examiner and independent REF output assessor
Royal Institution of Chartered Surveyors Pension & Assurance Scheme	A Council Member is Chair
Royal Society of Medicine	Director of HSMC is a Fellow
Russell Group	A Council Member is a Board Member



# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

2020/21		2020/21 Outstanding Balances		2019/20		2019/20	
Income	Expenditure	Balance due to the University	Balance due from the University	Income	Expenditure	Balance due to the University	Balance due from the University
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
20	–	20	–	–	–	–	–
–	–	–	–	9	–	–	–
–	186	862	419	1,763	1,048	1,512	14
31,230	–	2,241	–	31,191	–	767	–
–	6	–	–	–	–	–	–
85	–	–	–	–	–	–	–
–	5,204	–	–	1,595	5,081	–	4,082
–	1	–	–	–	–	–	–
10	–	11	–	–	–	–	–
11	–	–	1	–	–	–	–
–	–	–	–	–	2	–	–
28	8	26	–	15	–	–	–
60	–	2	–	67	150	7	–
7	2	–	5	20	–	9	–
230	575	40	43	233	718	105	163
4	–	–	–	4	–	2	–
994	1,135	53	–	487	–	90	–
176	–	176	–	–	–	–	–
15	–	28	–	13	1	13	–
11	65	–	66	14	117	–	65
–	104	–	9	–	108	–	7
5	–	–	5	–	–	–	–
1,425	–	104	–	286	–	71	–
–	1	–	–	–	1	–	–
–	20	–	–	–	–	–	–
–	–	–	–	–	1	–	–
–	80	–	–	–	80	–	–

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

Related Party	Relationship
Sandwell & West Birmingham NHS Trust	A Council Member is a Non-Executive Director
Shanti-Aid	UEB Member is a Trustee
Sustainability in Geotechnical Engineering, ICSGE	A Deputy Head of College is a Member of International Scientific Committee
The Henry Barber Trust	Vice-Chancellor is a Trustee
The Schools of King Edward VI in Birmingham	A UEB Member is a Trustee
Twycross Zoo - East Midlands Zoological Society Ltd	A UEB Member is a Trustee
Universitas 21	A Council Member was a Chairman and Non Executive Director (now ceased)
Universities Superannuation Scheme	A Council Member was a Chair and Non-Executive Director (now ceased)
Universities UK	A Council Member was a Board Member A UEB Member is a Member
University Hospitals Birmingham NHS Trust (formerly Heart of England)	A Head of School is a Non-Executive Director
University of Birmingham Enterprise Limited	A UEB Member is a Director
University of Birmingham Guild of Students	A Council Member is a Trustee A UEB Member is a Director A BPAS member is a Life Member
University of Birmingham School	Two UEB Members are Governors Two Senior Officers are Governors A Head of School is a Governor
University of Bristol	A Head of School is an External Examiner – remuneration is under £1,000
University of Glasgow (Board of Review for Academic Promotions)	Provost and Vice-Principal is an External Assessor
University of Lincoln	A UEB Member is Member of the Board of Governors
University of London	A Head of School has a spouse employed
University of Nottingham	A UEB Member has a spouse employed
University of Warwick	A UEB Member has a spouse employed A Head of School has a spouse employed
West Midlands Combined Authority	A Council Member is the Chair
West Midlands Growth Company	A UEB Member is a Director

# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

2020/21		2020/21 Outstanding Balances		2019/20		2019/20	
Income	Expenditure	Balance due to the University	Balance due from the University	Income	Expenditure	Balance due to the University	Balance due from the University
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1,514	326	793	2	1,751	53	592	–
–	1	–	–	–	–	–	–
–	–	–	–	–	19	–	4
171	3	47	–	205	–	149	–
1	8	–	–	4	12	–	–
–	4	–	–	–	–	–	–
364	50	31	–	385	50	74	–
–	–	–	–	–	64,742	–	–
–	2	–	–	48	74	–	72
8,070	3,268	4,885	272	8,226	2,870	219	218
2,602	1,878	589	–	583	1,936	466	664
436	2,756	104	278	679	–	134	–
2,256	154	35	–	33	406	19	–
200	817	–	30	37	1,118	–	12
322	1,317	22	112	200	–	62	–
–	82	–	–	–	349	–	–
–	10	–	–	–	–	–	–
2,526	2,195	954	301	1,044	2,334	19	255
4,016	1,316	2,705	101	598	1,477	417	194
373	5,000	37	5,000	51	407	33	–
–	54	–	–	–	133	–	–

## Notes to the Financial Statements (continued)

*for the year ended 31 July 2021*

To capture information on related party transactions members and officers who attend Council, Strategy, Planning and Resources Committee, University Executive Board and the Committee, Audit Trustees of the University of Birmingham Pension and Assurance Scheme have submitted returns.

Due to the nature of the University's operations and the composition of the University Council (with members drawn from local, public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of Council may have an interest.

All such transactions are conducted in accordance with the University's Manual of Financial Rules and Procedures with respect to procurement. All members of Council are required to declare any such relationships in the Register of interest return on an annual basis.

The organisations in which members of Council have an interest in and with which the University has had transactions during the financial year ended 31 July 2021 are set out in the table.

### **29. US Department of Education Financial Responsibility Supplemental Schedule**

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the University of Birmingham is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedules have been:

- prepared under the historical cost convention, subject to the revaluation of certain fixed assets;
- prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- presented in pounds sterling

The schedules set out how each amount disclosed has been extracted from the financial statements. Where numbers can not be directly linked back to the Financial Statements a reference has not been provided. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

ic Skills Centre  
Support Centre  
Researchers' Suite



# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

## Primary Reserve Ratio

### Note

CSoFP, lines 16 & 17	Statement of Financial Position – Net assets without donor restrictions
CSoFP, line 18	Statement of Financial Position – Net assets with donor restrictions
28 - Balance due to the University	Statement of Financial Position – Related party receivable and Related party note disclosure
28 - Balance due to the University	Statement of Financial Position – Related party receivable and Related party note disclosure
12, line 13	Statement of Financial Position – Property, Plant and Equipment, net
12	Note of the Financial Statements – Statement of Financial Position – Property, Plant and Equipment – pre-implementation
	Note of the Financial Statements – Statement of Financial Position – Property, Plant and Equipment – post implementation with outstanding debt for original purchase
CY: 12, line 2 less AUC PY Financials: 12, line 2 less AUC	Note of the Financial Statements – Statement of Financial Position – Property, Plant and Equipment – post implementation without outstanding debt for original purchase
12, CY: line 13, AUC & PY: line 14, AUC	Note of the Financial Statements – Statement of Financial Position – Construction in process
12, CY: line 13, leasehold & PY: line 14, leasehold	Statement of Financial Position – Lease right-of-use assets, net
12, CY: line 13, leasehold & PY: line 14, leasehold less PY other movements	Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset pre-implementation
	Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset post-implementation
	Statement of Financial Position – Goodwill
18	Statement of Financial Position – Post-employment and pension liabilities
16	Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process
CY: Note 16 line 10 less row below	Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process
Note 16 lines 18 & 20 plus CSCF line 25	Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process
	Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process
	Statement of Financial Position – Lease right-of-use asset liability
	Statement of Financial Position – Lease right-of-use asset liability pre-implementation
	Statement of Financial Position – Lease right-of-use asset liability pre-implementation
	Statement of Financial Position – Annuities
	Statement of Financial Position – Term Endowments
	Statement of Financial Position – Life Income Funds
21, line 12, permanent endowments PY: as above but less PY expendable endowment.	Statement of Financial Position – Perpetual Funds



	Year ended 31 July 2021	Year ended 31 July 2020
<b>Expendable Net Assets:</b>	<b>£k</b>	<b>£k</b>
Net assets without donor restrictions	1,122,972	1,100,005
Net assets with donor restrictions	166,550	125,466
Secured and Unsecured related party receivable	17,411	7,135
Unsecured related party receivable	17,411	7,135
Property, Plant and Equipment, net (includes Construction in progress)	1,462,979	1,422,949
Property, Plant and Equipment – pre-implementation	1,276,566	1,177,901
Property, Plant and Equipment – post-implementation with outstanding debt for original purchase		
Property, Plant and Equipment – post-implementation without outstanding debt for original purchase	18,058	21,295
Construction in process	123,584	128,095
Lease right-of-use asset, net	44,771	95,658
Lease right-of-use asset pre-implementation	44,771	95,658
Lease right-of-use asset post-implementation		(290)
Intangible assets		
Post-employment and pension liabilities	142,054	151,433
Long-term debt – for long term purposes	265,651	262,894
Long-term debt – for long term purposes pre-implementation	200,362	262,894
Long-term debt – for long term purposes post-implementation	65,289	
Line of Credit for Construction in process		
Lease right-of-use asset liability		
Pre-implementation right-of-use leases		
Post-implementation right-of-use leases		
Annuities with donor restrictions		
Term endowments with donor restrictions		
Life income funds with donor restrictions		
Net assets with donor restrictions: restricted in perpetuity	117,138	102,955



# Notes to the Financial Statements (continued)

for the year ended 31 July 2021

## Primary Reserve Ratio

### Note

CSoCI line 15 less note 21 line 8 less note 22 line 9	Statement of Activities – Total Operating Expenses (Total from Statement of Activities prior to adjustments)
CSoCI lines 5, 17 & 21	Statement of Activities – Non–Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension–related changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss) – (Total from Statement of Activities prior to adjustments)
CSoCI lines 5 & 17	Statement of Activities – (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)
	Statement of Activities – Pension–related changes other than periodic pension

## Equity Ratio

### Note

CSoFP, lines 16 & 17	Statement of Financial Position – Net Assets without Donor Restrictions
CSoFP, line 18	Statement of Financial Position – Total Net Assets with Donor Restrictions
	Statement of Financial Position – Goodwill
28	Statement of Financial Position – Related Party receivable and Related party note disclosure
28	Statement of Financial Position – Related Party receivable and Related party note disclosure
CSoFP, lines 5 & 9	Statement of Financial Position – Total assets
12, line 13, leasehold	Note of Financial Statement – Statement of Financial Position – Lease right-of-use asset pre-implementation
	Statement of Financial Position – Lease right-of-use asset liability pre-implementation
	Statement of Financial Position – Goodwill
28	Statement of Financial Position – Related Party receivable and Related party note disclosure
28	Statement of Financial Position – Related Party receivable and Related party note disclosure

## Net Income Ratio

### Note

CSCR, (CY: line 13 less line 7) & (PY: line 7 less line 1) for unrestricted reserves	Statement of Activities – Change in Net Assets Without Donor Restrictions
CSoCI line 8 less line 5, less note 21 line 6 (permanent endowments), plus note 22 line 11	Statement of Activities – (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)

	Year ended 31 July 2021	Year ended 31 July 2020
	£k	£k
<b>Total Expenses and Losses:</b>		
Total expenses without donor restrictions – taken directly from Statement of Activities	744,975	672,539
Non-Operating and Net Investment (loss)	(26,162)	14,509
Net investment losses	(31,915)	1,009
Pension-related changes other than net periodic costs		
<b>Modified Net Assets</b>		
Net assets without donor restrictions	1,122,972	1,100,005
Net assets with donor restrictions	166,550	125,466
Intangible assets		
Secured and Unsecured related party receivable	17,411	7,135
Unsecured related party receivables	17,411	7,135
<b>Modified Assets</b>		
Total assets	2,028,918	1,931,226
Lease right-of-use asset pre-implementation	44,771	95,658
Pre-implementation right-of-use-leases		
Intangible assets		
Secured and Unsecured related party receivable	17,411	7,135
Unsecured related party receivables	17,411	7,135
<b>Net Income Ratio:</b>		
<b>Change in Net Assets Without Donor Restrictions</b>	22,966	(59,290)
<b>Total Revenues and Gains</b>	780,856	731,642

## Five-Year Summary Accounts

*The following information is not within the scope of the audit and is unaudited*

### Consolidated Statement of Comprehensive Income and Expenditure Summary

	2020/21	2019/20	2018/19	2017/18	2016/17
	£'000	£'000	£'000	£'000	£'000
<b>Income</b>					
Tuition fees and education contracts	389,558	379,167	351,782	324,802	305,072
Research grants and contracts	168,282	140,420	150,620	134,237	124,031
Other income	227,871	228,993	213,894	221,761	212,387
<b>Total Income</b>	<b>785,711</b>	<b>748,580</b>	<b>716,296</b>	<b>680,800</b>	<b>641,490</b>
<b>Expenditure</b>					
Staff costs	428,875	352,541	518,673	354,630	320,664
Other – non staff	323,826	327,582	316,446	315,824	283,321
<b>Total Expenditure</b>	<b>752,701</b>	<b>680,123</b>	<b>835,119</b>	<b>670,454</b>	<b>603,985</b>
Surplus before tax	58,492	59,999	(115,398)	15,448	45,721
<b>Total comprehensive income for the year</b>	<b>52,739</b>	<b>46,499</b>	<b>(109,098)</b>	<b>29,520</b>	<b>97,113</b>

### Consolidated Balance Sheet Summary

	2020/21	2019/20	2018/19	2017/18	2016/17
	£'000	£'000	£'000	£'000	£'000
Non-current assets	1,697,921	1,647,454	1,668,861	1,654,244	1,330,182
Current assets	330,997	283,772	240,639	199,612	283,392
<b>Total assets</b>	<b>2,028,918</b>	<b>1,931,226</b>	<b>1,909,500</b>	<b>1,853,856</b>	<b>1,613,574</b>
Current Liabilities	(325,686)	(289,221)	(255,142)	(189,779)	(182,566)
Non-current liabilities	(271,657)	(265,101)	(262,388)	(282,816)	(64,459)
Pension provisions	(142,054)	(151,433)	(212,998)	(93,191)	(105,696)
<b>Total liabilities</b>	<b>(739,397)</b>	<b>(705,755)</b>	<b>(730,528)</b>	<b>(565,786)</b>	<b>(352,721)</b>
<b>Net Assets</b>	<b>1,289,521</b>	<b>1,225,471</b>	<b>1,178,972</b>	<b>1,288,070</b>	<b>1,260,853</b>

## Five-Year Summary Accounts (continued)

### Consolidated Cash Flow Statement Summary

	2020/21	2019/20	2018/19	2017/18	2016/17
	£'000	£'000	£'000	£'000	£'000
Cash flow from operating activities	98,551	72,390	77,710	75,372	93,995
Cash flow from investing activities	(61,255)	(41,530)	(64,552)	(353,131)	(45,685)
Cash flow from financing activities	(9,913)	(11,725)	(9,684)	191,392	(4,393)
Increase/(decrease) in cash and cash equivalents in the year	27,383	19,135	3,474	(86,367)	43,917
Cash and cash equivalents at beginning of the year	145,279	126,144	122,670	209,037	165,120
<b>Cash and cash equivalents at end of the year</b>	<b>172,662</b>	<b>145,279</b>	<b>126,144</b>	<b>122,670</b>	<b>209,037</b>

Key Financial Indicators as a Percentage of Income	2020/21	2019/20	2018/19	2017/18	2016/17
Surplus before tax to income	7%	8%	(16%)	2%	7%
Net cash inflow from operating activities to income	13%	10%	10%	9%	15%
Staff costs (excl USS) as a proportion of income	55%	57%	54%	51%	50%
Debt to unrestricted reserves	23%	24%	25%	23%	6%
Ratio of current assets to current liabilities	1.0	1.0	0.9	1.1	1.6





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Edgbaston, Birmingham,  
B15 2TT, United Kingdom  
[www.birmingham.ac.uk](http://www.birmingham.ac.uk)

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