



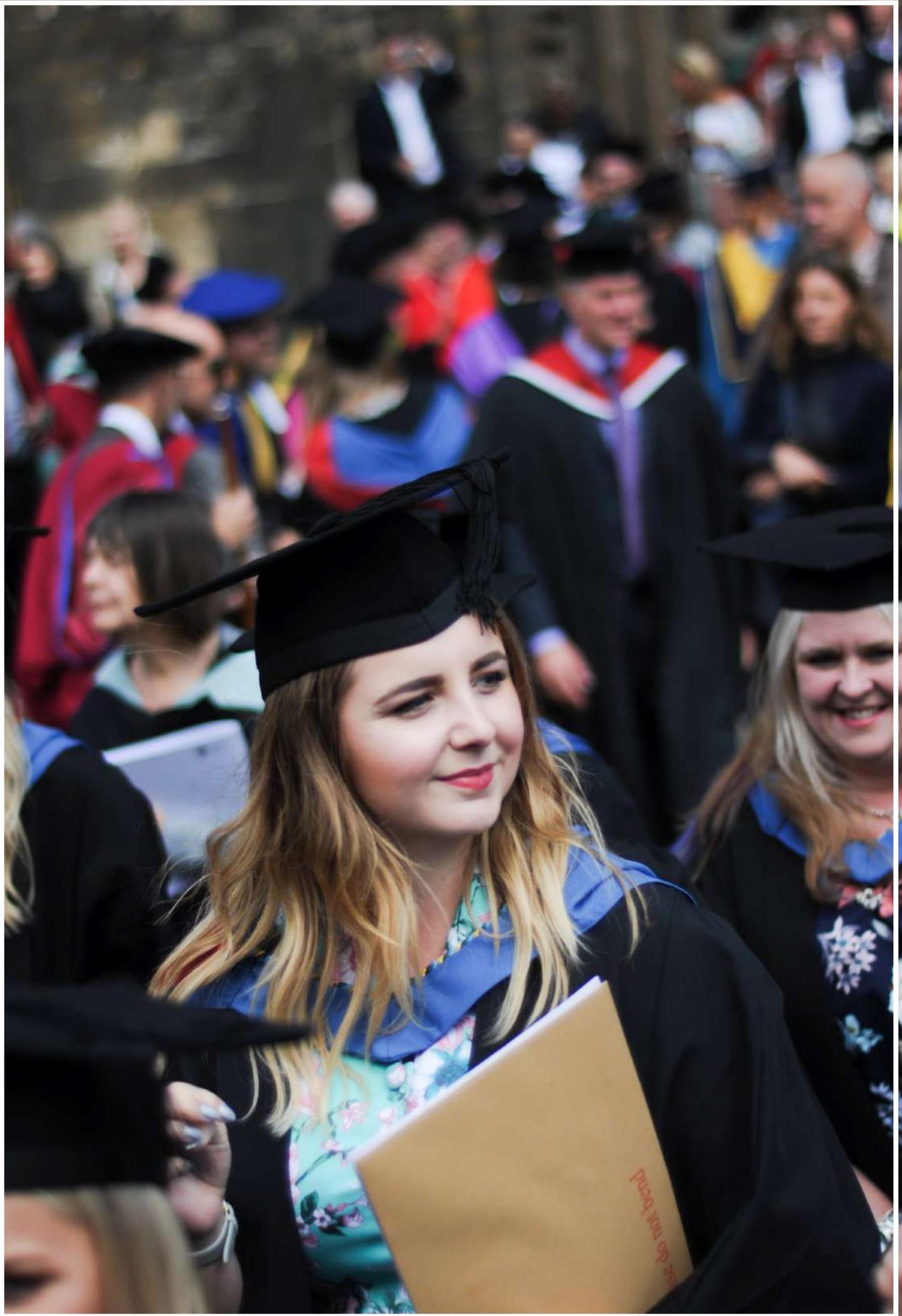
BISHOP  
GROSSETESTE  
UNIVERSITY

# ANNUAL REPORT 2018

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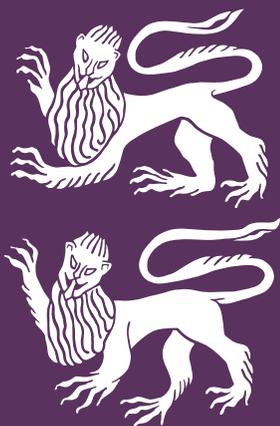
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# CONTENTS

<b>Welcome from the Chair of Council</b>	<b>4</b>
<b>Welcome from the Vice-Chancellor</b>	<b>6</b>
<b>Strategic Review</b>	<b>8</b>
Key Performance Indicators	10
Learning, Teaching and Student Engagement	12
Research & Enterprise	14
Student Experience	16
Charitable Purpose and Public Benefit Statement	22
International	24
Estates & Facilities	26
Stakeholder Engagement	27
Financial Review	28
<b>Governance</b>	<b>32</b>
Corporate Governance	32
Statement of the University Council's Responsibilities	36
<b>Financial Statements</b>	<b>40</b>
Independent Auditors Report	40
Statement of Principal Accounting Policies	42
Statement of Comprehensive Income & Expenditure	46
Statement of Changes in Reserves	47
Balance Sheet	48
Cash Flow Statement	49
Notes to the Financial Statements	50



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# WELCOME FROM THE CHAIR OF THE COUNCIL

**Our journey as a place of learning began back in 1862. We have a rich and positive heritage based on a strong commitment to teaching, learning and development and on a set of values that recognise our desire to grow as individuals and make a positive contribution to our communities. Surprisingly, this is our first Annual Report as a University and it demonstrates our progress as we approach the end of our first Five Year Strategy.**

We are a Gold rated University in the Teaching Excellence Framework, we are debt-free financially and we have a great staff team. The metaphorical foundations of the University have now been laid. We have expanded our portfolio, increased our partnerships to include the business, health and voluntary sectors, as well as the wider education sector, and developed our research and knowledge exchange in our areas of strength. The campus has seen significant levels of development and refurbishment. Despite the turbulence that dominates the higher education landscape, this University is well placed to meet the ever-changing demands; recruitment is stable, finances are sound and reputation and reach continue to be enhanced.

We see our students as integral to the institution and to the communities we serve and we provide placements in many courses, volunteering is encouraged and rewarded with a 'volunteering award'. We are also very proud of the BGU Award, which gives our students, and the wider public, a broad canvas of education, ranging

from the work of Bishop Robert Grosseteste particularly in creation and science, which was well ahead of his time and which is experiencing a renaissance internationally, to contemporary debates relating to ethics and politics.

As the University Council, the Executive and the wider staff begin to work in partnership on the development of the institution's next Strategic Plan, it is right that we look back and acknowledge the University's heritage and its achievements. It is an honour to share these successes with staff, students and members of Council, as well as with the institution's many partners and the wider community.

As Chair of Council, it is both a joy and a privilege to help with the evolution of this University and to work with the Council, the Vice-Chancellor and the Executive team. The University stands confidently poised to address the challenges and embrace the opportunities that lie ahead.

I should like to thank all Council and staff members for their contributions to our work in recent years. I also acknowledge the goodwill and commitment of so many students who help to make our student societies, the Students' Union and our campus a great place to be.

*Bob Walder*

**Mr Bob Walder**

Chair of Bishop Grosseteste University Council



# WELCOME FROM THE VICE- CHANCELLOR

**It gives me great pleasure to welcome you to Bishop Grosseteste University's Annual Report 2018, which serves as an opportunity for us to celebrate and share the University's numerous highlights and achievements.**

The context in which the institution has delivered against the trajectory laid out in the Five Year Strategy 2014-19 has changed significantly over the last five years, which has proved to be both challenging and eventful. There have been unprecedented changes in relation to the political, economic and social factors that impact upon society, as well as substantial reform directly concerned with the higher education sector.

The sector has at times, been at the forefront of the political agenda and has received extensive coverage by the media. Many of the ongoing debates relate to substantial areas of policy. The Higher Education and Research Act 2017 aims to generate a more competitive, diverse and entrepreneurial HE market. The advent of the Office for Students (OfS) means that the way in which English higher education is regulated in order to deliver positive outcomes for students will change, requiring institutions to deliver incremental gains as well as transformative innovation.

Whilst we share these challenges with other institutions and providers, we will respond to, and navigate, the environment in a way that is distinct and individual to BGU. I am confident that the University has strong foundations that

will allow it to adapt and respond to these challenges. In 2017, we were delighted to receive a Teaching Excellence Framework (TEF) Gold Award, which endorsed the quality of learning and teaching at BGU as well as the outcomes our students achieve.

Here at BGU, we are committed to providing our students with the best experience possible and we constantly look at ways in which we can enhance our product. We want to ensure that we produce graduates who are global citizens, equipped with the skills and attributes that allow them to fulfil their potential and to make a tangible difference in the world. All of our degree courses have employability skills embedded within them and include an international dimension to the curriculum. Work continues to ensure our teaching is informed by the latest research. Our external partners are also essential to broadening the opportunities available to our graduates and we continue to focus on enhancing our reputation as an outward facing institution.

There has also been significant inward investment, particularly in the redevelopment of our estate. The Centre for Enhancement in Learning and Teaching (CELT) became operational earlier in the year. This comprises the Digital Learning, Learning Development and Student Engagement teams, whose focus is to work to improve the student experience. The second phase of the extension to Constance Stewart Hall has completely transformed the campus, as well as our physical presence in the city. The building work, which represents a



£3 million pound investment, has delivered state-of-the-art teaching facilities for students on new and existing courses.

More recently, we completed the development of the Lincolnshire Open Research and Innovation Centre (LORIC) building on Newport. This project is just one manifestation of our strategy, locating research, knowledge exchange and innovation at the heart of our ever-evolving University. We were to secure £3.5 million pounds as a partnership between the European Research and Development Fund and BGU.

I am extremely thankful for the hard work of all of the University community and for their engagement, innovation and teamwork. Colleagues have demonstrated qualities that are

manifested in the achievements outlined in this report. It has been a fruitful and productive year and we can look to the future with confidence. As we embark on the development of our next strategy, we will set out how BGU will adapt and grow to sustain this success through the challenges ahead.

A handwritten signature in blue ink that reads "Peter Neil".

**The Reverend Canon Professor Peter Neil**  
Vice-Chancellor of Bishop Grosseteste University

# STRATEGIC REVIEW



As noted above, the changing regulatory environment governing higher education is one to which we continue to respond. From April 2018, the responsibilities of the Higher Education Funding Council for England (HEFCE) were split between the Office for Students, which became the market regulator encompassing most of the functions currently carried out by OFFA (Office for Fair Access), and Research England, which is now responsible for research and knowledge exchange. In September 2018, the University was formerly registered with the Office for Students. We are now implementing our Access and Participation Plan, which was part of the requirement for that successful registration.

The higher education sector remains challenging, particularly for small institutions where competition for recruitment is fierce in a climate of challenging demographics. Like other higher education providers, we face uncertainty around funding and financial constraints, now and in the future, whilst at the same time trying to balance the delivery of value to our students and stakeholders. We want to create a sustainable

long-term future, where high quality academic teaching and research is not compromised due to financial constraints. Our reputation relies on the quality of our provision and we must do everything we can to maintain this through our academic portfolio, the services through which we deliver student support, our campus and facilities and the approach we take to providing continuity for our students and staff during uncertain times. Whilst the direction of travel has been set for the University, we will be reviewing and enhancing the portfolio in relation to subject areas taught and modes of delivery. We will also seek to enhance external relations and strategic partnerships, international engagement and continue to strengthen research and knowledge exchange.

The external benchmarks remain high with BGU achieving 97% employability in the 2017/18 DLHE results. The 83% satisfaction level achieved in the National Student Survey (NSS) is in line with the sector average. The University seeks and welcomes the challenge to ensure we move ahead of this satisfaction level in future. We have demonstrated consistently high quality

academic provision and that we put our students at the heart of our strategy; they are co-creators of our success.

### Principal Risks and Uncertainties

Throughout the course of the year, the University has identified a number of challenges that are monitored by the Vice-Chancellor's Executive Group, Audit Committee and University Council.

The UK's decision to leave the European Union continues to create uncertainty across the higher education sector. The impact on student and staff recruitment remains unclear, and it remains to be seen how this will develop in the longer term.

The sector awaits the outcome of the post-18 education and funding review, which is expected to be announced early in 2019.

Increased data returns and the requirements of HESA's transformation programme, Data Futures, will require the University to modernise and become more efficient at collecting and reporting on data.

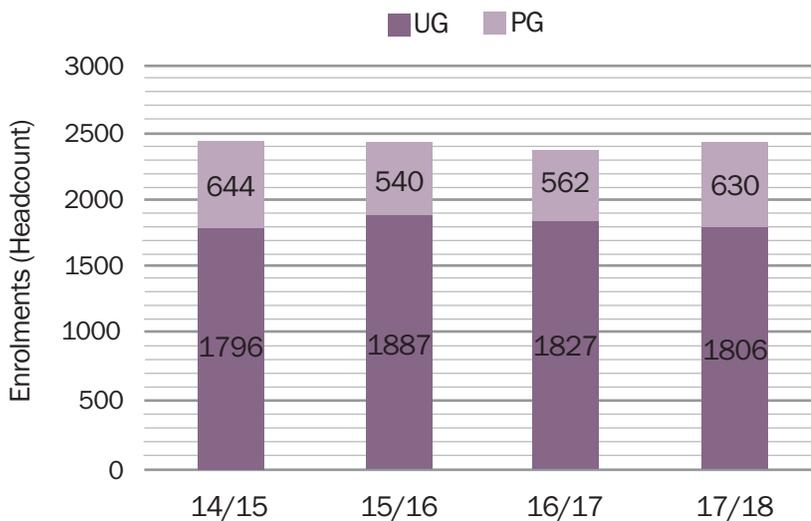
The cost of pensions remains a significant concern to the University. The expectation is that both the deficit and cost of providing future pensions will be substantially higher for both the USS and Teachers' Pension Schemes. This will pose a challenge not only to our University, but also to the sector as a whole.

The biggest risk within the institution is the failure to recruit students in all subject areas within the next few years, specifically in view of the continuing demographic dip. We are mitigating the risk by extending our reach for students to a wider radius. Challenges remain to diversify the University's income.



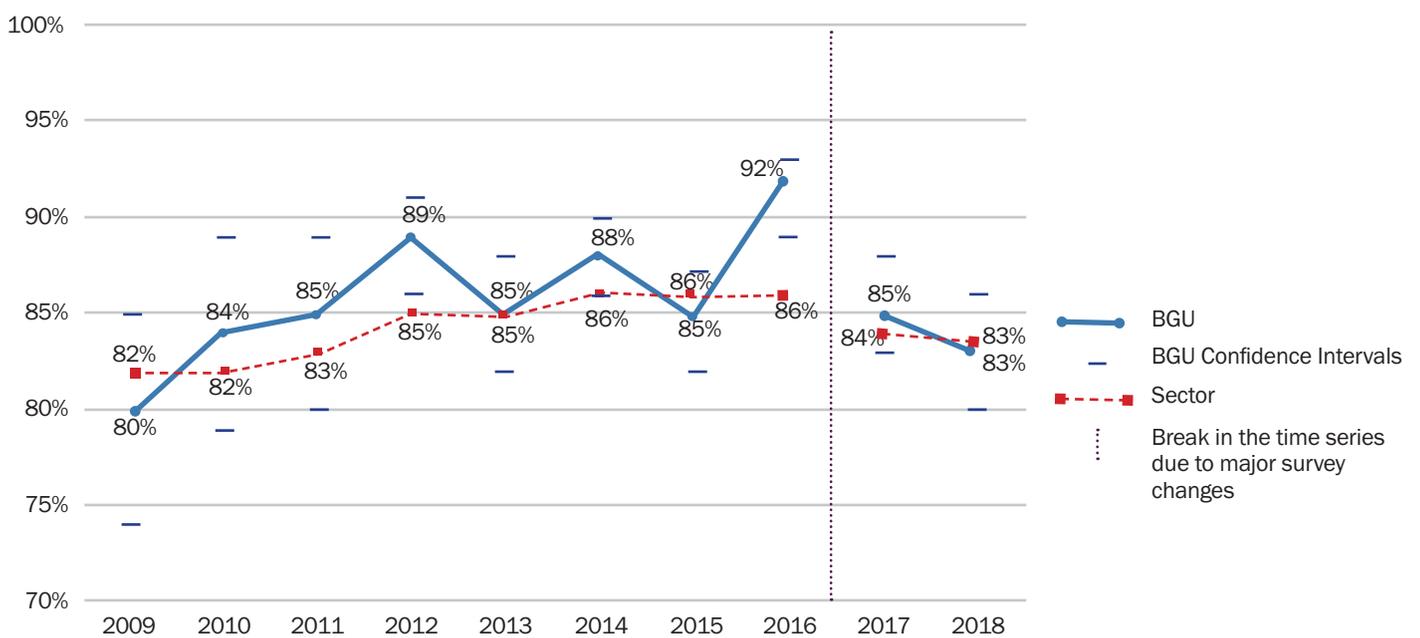
# KEY PERFORMANCE INDICATORS

## Student Numbers

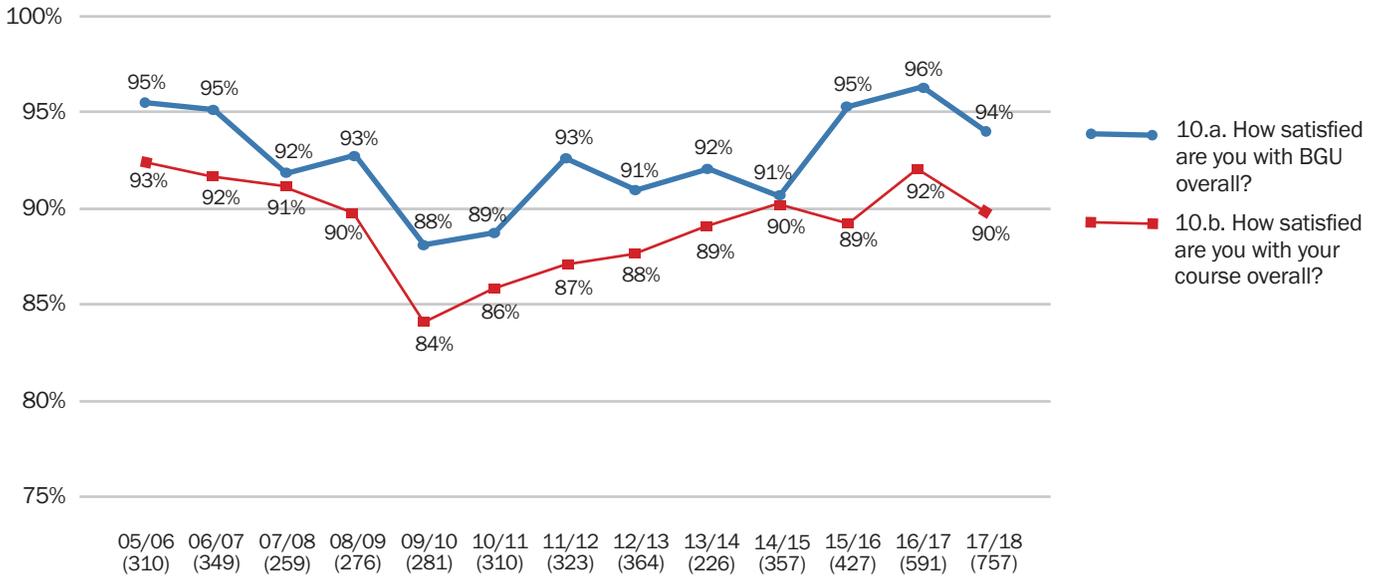


The University's key operating performance indicators are shown below and on the opposite page.

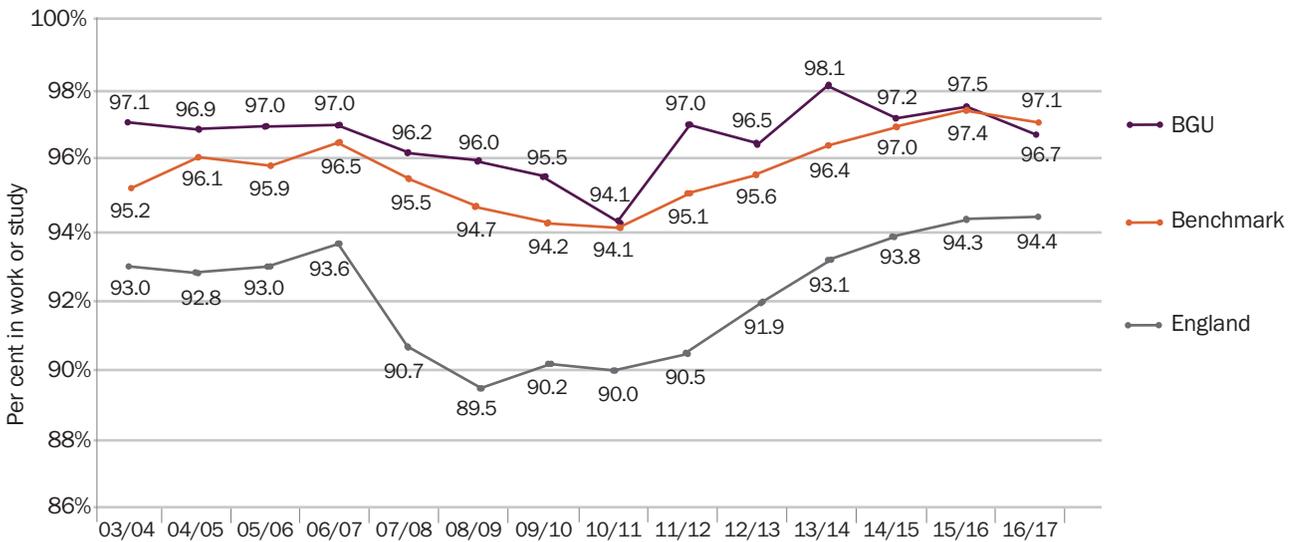
## National Student Survey



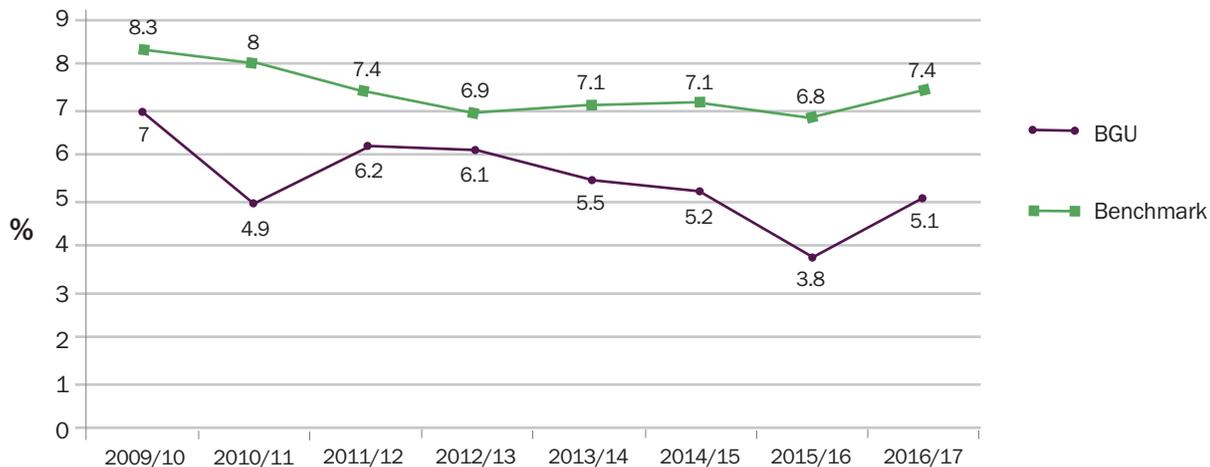
## BGU Student Satisfaction Survey



## Proportion of First Degree leavers in employment further study 6 months after graduating



## Non-continuation following year of entry of full-time first degree students: % no longer in HE



# LEARNING, TEACHING AND STUDENT ENGAGEMENT



**As noted above, the University was rated Gold in the first ever Teaching Excellence Framework (TEF). The TEF was introduced by the Government to build a new picture of excellence in teaching and learning in the UK's higher education sector. It aims to give clear information to undergraduates about universities with the best teaching provision.**

A TEF Panel, made up of independent experts from across the country, judged that BGU delivers consistently outstanding teaching, learning and outcomes for its students. It is the highest level of achievement and internationally recognised as a mark of quality.

We continue to build upon our TEF Gold as we strive for excellence particularly in teaching, learning and the student experience. A key element of our delivery of learning experiences is the innovative work in relation to co-creation projects, which originate from collaboration between staff and students in focusing on disciplinary projects.

The University continues to engage with the development of TEF and in 2018, participated in the TEF subject level pilots. As these pilots were testing methods, none of the ratings were published. From 2019 onwards, TEF will be assessed and ratings will be published at subject and provider level.

BGU has continued to attract students in its core disciplines related to education and a base of new subject areas within the areas of humanities and social sciences. Of particular note, are the developments in courses relating to the teaching of English to speakers of other languages that build on research and development in education.

We remain committed to the widening participation (WP) agenda and, demonstrated by HESA data, BGU continues to have performed better than many similar institutions in relation to retention of students from WP backgrounds. Our leadership of the LinHigher Project, funded as part of the National Collaborative Outreach Project (NCOP) initiative, enables us to work in partnerships with schools and other higher education and further education providers in



seeking to raise aspirations towards higher education among school leavers; Lincolnshire has one of the lowest participation rates in higher education in England.

Our Centre for Excellence in Learning and Teaching (CELT) provides a focus for our wrap around service to students, where academic and professional teams collaborate to deliver an inclusive experience, high retention rates, outstanding student support and improved employability. Our authentic approach to widening participation has enabled us to continue to deliver improved outcomes for all students, irrespective of their social mobility. This is reflected in the make-up of our student population and in our ongoing commitment to access and participation for which we have been credited by the OfS, and HEFCE previously. The establishment of the Centre for the Enhancement of Learning and Teaching has seen a much greater focus on coordinating the various elements of learning and teaching for both students and staff; the synergies of this approach are now reaping benefits.



**Teaching  
Excellence  
Framework**

# RESEARCH & ENTERPRISE

The staffing of research and knowledge exchange (RKE) changed during 2017-18 with the appointment of Executive Dean, Prof Scott Fleming (from Cardiff Metropolitan University), and supported by the current Head of Research, Dr Andrew Jackson (formerly Head of School of Humanities at BGU) and a new Reader, Dr Phil Wood (from the University of Leicester). Administrative resource was also augmented in preparation for the BGU's return to the Research Excellence Framework (REF) in 2021 and the growth of RKE capability and capacity more broadly.

A REF Implementation Plan was approved in February 2018, with reference to HEFCE advice and guidance. The subsequent Implementation Plan roll-out incorporated the provisional identification of potential units of assessment, staff, outputs and impact case studies. This scoping phase was undertaken up to the release of further UKRI guidance in summer 2018 on submissions, panel criteria and working methods, and codes of practice for selecting staff and outputs.

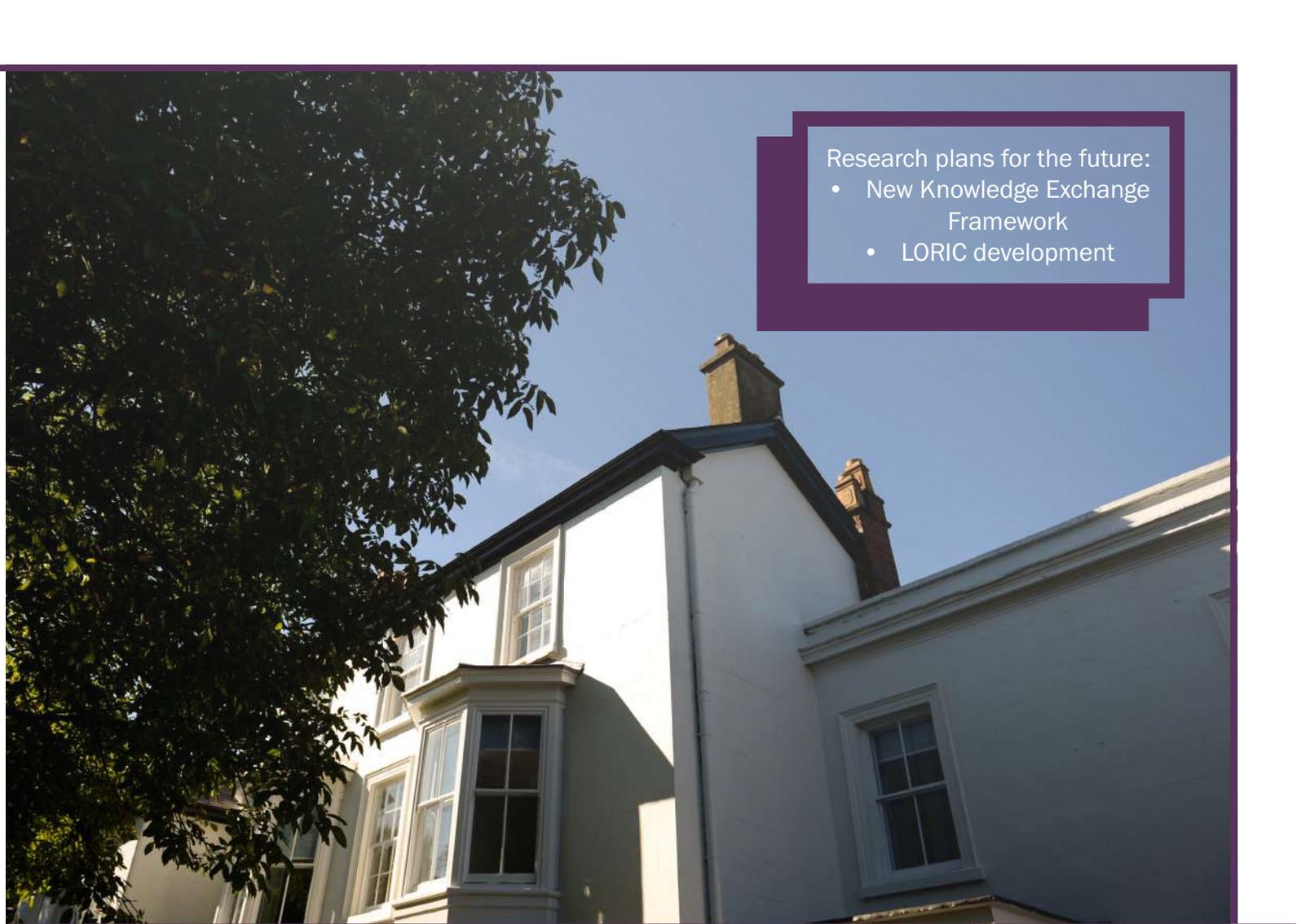
Research Centre staff supported a series of grant bids by academic staff, directed at Research Council, research charity and other funders. This included securing two successful awards for three-year Postdoctoral Fellowships supported by the British Academy and the Centre for Implicit Religion and Contemporary Spirituality, commencing in 2018-19.

In August 2017, BGU hosted a large international conference, the meeting of the British

Association for Victorian Studies. The campus also provided the location for a 'Monster' conference, marking the 200th anniversary of the publication of Mary Shelley's *Frankenstein*.

In the year, four new BGU-funded PhD studentship holders began their studies, one in Education and three in the Humanities, bringing the total to ten. Doctoral supervisory capacity was sustained and enhanced through new staff appointments. The academic year 2017-18 also saw further EdD and PhD completions. Both of these initiatives are central to our mission to apply for Research Degree Awarding Powers (RDAPs) in future years and are integral to our research strategy.

The early development of a new Knowledge Exchange Framework (KEF) was followed and monitored through 2017-18. BGU made a submission to the HEFCE call for evidence on KEF metrics in January 2018. The institution also enhanced its return to the Higher Education Business & Community Interaction Survey in autumn 2017, coordinated by BG Futures.



Research plans for the future:

- New Knowledge Exchange Framework
- LORIC development

## LORIC

As noted previously, the Lincolnshire Open Research and Innovation Centre (LORIC) Project was established further during 2017-18, with the opening of the St Hugh's building on Newport, and the implementation of activity strands (open data, digitisation, and internal data management). The development of the building and its activities were supported by the appointment of a new Manager, Dr Chris Bridle, and Open Data Research Fellow appointments, to join the Project Administrator. St Hugh's also became the base for the SME-facing Business Inspiration Project, also relocating from the main campus. In June 2018, the National Centre for Rural Health and Care was launched, it is also based at St Hugh's.

LORIC was established with funding from the European Research and Development Fund; this centre brings together research, knowledge exchange and innovation in providing an expert service for small businesses in relation to open data. The centre is located close to the main campus and represents a significant

development in our partnership with Small and Medium Enterprises (SMEs) particularly in Lincolnshire. This represents a step-change in our interaction with the business community and it supports our developments in our courses related to business and to team enterprise.

We are building our research capability and reputation. The successful completion of the LORIC facility, which is a significant EU funded project, and programme of activity are encouraging partnerships in this ongoing venture. Our commitment to supporting businesses and the community has contributed to an increasing level of engagement with the area of open research resulting in potential national partnerships being discussed.

# STUDENT EXPERIENCE

**In 2017-18, BGU welcomed 832 new undergraduates, 335 PGCE students and 101 Masters students.**

The portfolio of programmes continued to expand with the first student intakes for BA Drama; BA Geography; BSc Sport, Coaching and Physical Education; Foundation Arts Degree in Health and Social Care and the National Award for Special Education Needs Coordination.

BGU's third Matriculation ceremony in Lincoln Cathedral formally welcomed our new learning community. The event was a diverse and vibrant occasion enjoyed by our students and staff.

Working in conjunction with the Students' Union, 'Surveys Week' got off to a great start in January with lots of activities in explaining and encouraging all our students to engage with the both the National Students' Survey and our own



# 97%

## Graduate Employability

*Over 97% of our students are in work or further study within 6 months of graduating. Destinations of Leavers from Higher Education survey, 2016/2017*

BGU Student Satisfaction Survey. Both surveys closed in April and 83% of our final year undergraduate students completed the NSS, which was one of the highest response rates in the country. The BGUSSS was completed by 45% of the rest of our student community - the highest response rate to date. High student engagement and representative feedback from our students is key to our enhancement processes and the BGUSSS response rate in particular has allowed us to differentiate satisfaction for our first and second year undergraduates and postgraduate students.

The NSS demonstrated high levels of satisfaction for the vast majority of our students. As noted previously, overall satisfaction was at the sector average of 83%, with teaching, learning and assessment and feedback strong. Where the NSS identified differential satisfaction around organisation and management and student voice, our annual monitoring processes will ascertain enhancement actions for specific programmes. The BGUSSS showed 90% overall satisfaction for academic programmes and 94% satisfaction with BGU overall when considering the broader student experience. The highest satisfaction scores (95+%) were received for the campus environment, IT services and availability of computers, support provided by the library team and the learning development team in our Centre for Enhancement of Learning and Teaching and the overall support offered for reflection by the Chaplaincy.





As well as feedback on their programmes, in partnership with the Students' Union, our BGU students are also engaged in collaboratively enhancing the teaching and learning experience. Our on-going Students Creating Change Framework has delivered many projects with students collaborating with academic and professional support colleagues to transform the student experience. This year, projects have ranged across the whole portfolio including supporting students' transition into HE and peer induction in Teacher Development; Vote 100 events and collaborative curriculum design in Humanities; and, in Social Sciences, enhancing student representation and continuous improvement, accessible campus and assignment feedback. A number of students worked as Digital Change Agents helping to create more effective use of technology enhanced learning.

Here at BGU, we believe in the transformative experience that higher education offers to students and at the heart of this is delivering positive outcomes for all. A key activity launched during 2017-18 has been our mental health and well-being initiative, which is a holistic, university-

wide approach to reviewing and developing the well-being of both students and staff. Two specific activities were launched to create an early impact for the project: Well-being Week at the start of March to coincide with the Students' Union Mental Health Day and Well-being Wednesday during the students' revision week in May. A range of activities to support physical, mental and emotional well-being were devised and delivered. These activities provided a great impetus for the broader well-being initiative, which will look at providing supportive learning and living environments for our BGU students.

All of the year's student engagement activity culminated in BGU's third annual Student Engagement Conference. The conference was led and delivered by students for a mixed student and staff audience and fitted in with the well-being theme by showcasing student resilience and rethinking 'failure' for success.

The end of the academic year saw BGU returning to Lincoln Cathedral to celebrate the fantastic achievements of its latest graduating cohorts. Again, the expansion of our

academic portfolio saw new graduating cohorts from Archaeology, Business Team Entrepreneurship, Counselling, Sociology, Health and Social Care. Overall, across all undergraduate programmes, 69% of our graduating students achieved an upper-second or first class degree. At postgraduate level the first MAs in Education (TESOL) graduated and BGU's first Education Doctorates (under the regulations of the University of Leicester).

Reassuringly for our graduates, BGU continues to provide, through our Graduate Attributes Framework and placements, an excellent springboard for going into employment or on to further study. The Destination of Leavers from HE survey shows that six months after the 2016-17 cohort graduated (the most recent data available) 97% were in employment and / or further study and 74% were in graduate level employment and / or further study.

## HIGH SATISFACTION LEVELS

*BGU has some of the happiest students in the UK, with consistently high satisfaction levels in the National Student Survey*



# CASE STUDY

## Dr Kate Atterby – Doctorate in Education

July 2018 [was] an exciting month for me as, having previously achieved my BA, Post Graduate Diploma and MA, I [attended] my fourth BGU graduation ceremony to officially collect my Doctorate in Education.

I've loved studying at BGU, I consider it my spiritual home, which is amazing considering at one point I never thought I'd get into Higher Education. I first came to visit in 2004, when BGU was still a university college, to look at a course for teaching assistants. It didn't really grab me but as I was leaving I passed by a session for Drama in the Community and after listening to it I was completely hooked. I didn't have any qualifications but I knew I had to come to BGU to study so I signed up to an 'Access to University' course. They told me it would take two years but I couldn't wait, I was determined to start my degree, so I completed the access course in just under a year allowing me to start at BGU just a few months later.

I had a really great time studying for my BA and when it finished one of my lecturers recommended signing up for an MA in Education and Theatre. I've always enjoyed learning and research so staying on for further study, at a place I felt so at home in, just seemed natural.

Now I've completed my doctorate I'm hoping to get my thesis published. I've been exploring the issues surrounding disaffected students; having been one myself it's an area that's close to my heart. As a part of my work I put together a Boal theatre project which looked at the importance of citizenship along with the nature of respect and self-discipline and bringing that to a wider audience would be amazing.

The University have helped immensely in preparing me to take my next steps. Before I came to BGU I was a disaffected student constantly being told that I was 'thick' and 'stupid' and would therefore never amount to anything. BGU changed all of that, I never thought I'd achieve this much and get this far and it's only thanks to the University that I've



been able to do it. The lecturers have been so supportive helping me to learn perseverance and gain a belief in myself. I said before that BGU is my spiritual home and I mean every word of that; I've learnt so much here and I can't fault it.

I'm still astounded when I look back at everything I've achieved at BGU, but probably the moment I'll always hold onto is being a performance director at the Edinburgh Fringe Festival. I directed two productions, street theatre and 'The Lion, the Witch and the Wardrobe', we took our own costumes and all travelled and stayed together almost as if we were a mini family; it was amazing.

That family feel is exactly why people should study at BGU. I know that might sound trite but it's true, BGU becomes your home regardless of your age or background. In fact, I felt such a connection with the University on my first visit that I went to five Open Days before I started my BA. I wanted to be part of BGU straight away and I know it will stay a part of me forever.

“I never thought I'd  
achieve this much and  
get this far”



# CHARITABLE PURPOSE AND PUBLIC BENEFIT



**The University has no linked charities and its charitable objectives are to provide the services of education and training of young people and the general public. It does this through the teaching of a diverse curriculum and by educating a broad range of students. Its students and potential students are the principal beneficiaries.**

Here at BGU, we believe it is important that access to education is offered in an open and affordable way to all who may benefit from it. Widening access and improving participation to higher education is actively promoted. Figures released by the Higher Education Statistics Agency as part of its Widening Participation Survey show that we significantly outperformed both its institutional and regional benchmarks, placing us at the top of the TEF Gold rated universities, top in the East Midlands and ninth overall in the UK.

At BGU, we have a very strong track record in relation to widening participation. As a University with an Anglican Foundation, we are committed to being a community that welcomes and hosts a diverse population of students and staff, and fosters an ethos of mutual respect, trust and care.

We are an open, forward looking community that celebrates diversity and welcomes applications from all students and trainees regardless of their race, disability, gender (and its reassignment), marriage/civil partnership, sexual orientation, pregnancy or maternity, age, or religion and belief.

We are committed to widening access and aim to encourage applications from all communities, particularly those currently under-represented in higher education generally, and at the University specifically.

We have consistently exceeded sector benchmarks in recruitment of students from state schools, and low participation neighbourhoods. More challenging areas of widening participation include recruitment of Black and Minority Ethnic (BAME) students – this is largely due to the local demographic in Lincolnshire (which our recruitment exceeds), and a propensity for students in these groups to choose their ‘local’ university.

Our access agreement, approved by the Office for Fair Access (OFFA), contains a range of financial support arrangements to help ensure that the

opportunity to benefit from higher education is not restricted by the ability to afford fees or living costs. These arrangements are intended to complement the government's provision of loans and maintenance grants and are targeted at those identified as being most in need. During 2017-18, £630,000 of bursaries were paid out to students from low income backgrounds, students experiencing financial hardship during their studies, disabled students and students from care.

We have a number of support mechanisms in place to support students, including a support centres offering counselling, financial advice, academic and study skills, careers advice, placement and volunteering services, health services, specialist dyslexia and disability assessment and various support services.

In other charitable activities, a group of our theology students have successfully raised enough money to supply over 100 school uniforms to pupils in India with special needs. Carried out in aid of the SDETLAND Project, who work with several Lincolnshire rotary clubs to support some of the most deprived and disadvantaged children in the world, the students have been working hard over the past year to raise enough money to fund both the uniforms as well as their travel to visit the centre. Along with the SDETLAND Project, the team of students visited primary, secondary, international and specialist SEN schools along with a selection of sites of religious significance across India to get a wide aspect of education and culture in the country.

A number of other initiatives continue to flourish. 'The Lincoln Teenage Market' continues to gain momentum in the local area, and we have recently had the tenth Lincoln Teenage Market. The Teenage Market is highly regarded in Lincoln; having gained the support of Lincoln BIG, The Lincolnshire Co-op, BBC Radio Lincolnshire, Linkage, and Lincoln College, in addition to The Bailgate Area Guild and numerous local independent businesses. The market provides individuals aged 10-29 the opportunity to engage with the enterprise offer at BGU, in addition to an opportunity to highlight their creative and entrepreneurial talents.

The three-year European Social Fund and Big Lottery funded MOVE project completed its second year. BG Futures staff have been working

one to one with participants who are long term unemployed or who are economically inactive to help them identify goals and barriers, and then support them to put remedies and plans into action. The past few months have seen some great individual successes, with some participants moving into work and learning, with one participant securing a place at the University for September 2018.

BG Futures is currently managing two Business Skills programmes, commissioned by the Greater Lincolnshire Local Enterprise Partnership, and funded by the European Social Fund, with match funding from the UK's Education & Skills Funding Agency. The programmes will complete at end of March 2019. Both programmes are performing well, with training needs analyses (TNA) being undertaken across Lincolnshire.

The Specialist Skills programme involves 12 hours of free consultancy support packages to help business of all sizes identify skills and training gaps and to find solutions. The University has been instrumental in setting up employer forums in specific industry sector to facilitate the planning of relevant new skills training programmes.

The Specialist Teaching programme has delivered an accredited fully funded four-day intensive 'train to teach' course to 180 local 'industry experts'. This course equips these business people to deliver masterclasses to students at local Further Education (FE) and independent training provider (ITP) courses, to improve their labour-market relevance.

Through these two specific programmes, BGU has engaged with over 1000 business contacts – many new to BGU, from over 900 different employers, thereby extending BGU's reach and reputation across the Greater Lincolnshire business community.

# INTERNATIONAL



**Our international work has concentrated specifically on fewer areas, in particular in Thailand, where an initial piece of research commissioned from BGU has resulted in the formation of partnerships and in-country delivery of research-linked CPD; this is an area we will continue to develop.**

During 2017-18, there was significant progress towards achieving the targets within the University's Internationalisation Strategy. The main foci have been to: raise the awareness of BGU as an international brand; develop a number of partnerships with overseas institutions; increase the number of International students studying at BGU; increase the amount of staff engagement with international activity; and the delivery of income generating projects.

Specifically, over the last 12 months, there has been work to significantly enhance the reputation and awareness of the University as an international brand and to generate income from a number of activities. Having developed excellent links with the Thai Ministry of Education, colleagues from the School of

Teacher Development (TD) have played a key role in developing and helping the reform of Initial Teacher Education (ITE) in Thailand. In February 2018, colleagues from the School of TD presented the findings of a collaborative research project, 'ITE in Rajabhat universities' conducted by four UK Universities and led a delegation who delivered keynote speeches at a workshop held at the British Ambassador's Residence at the British Embassy in Bangkok.

This landmark contribution to educational policy enabled us to develop links with institutions across Thailand. Subsequently, in July 2018, we worked with Nakhon Ratchasima Rajabhat University and delivered staff development workshops on 'Enhancing research literacy for writing and publication' and 'Current trends in English language teacher training'.

During 2017-18, we have established partnerships with a further six International Universities, which has resulted in an increased number of inward and outward delegations during the year. International visits are a key part of the process of developing sustainable



partnerships allowing the University to display its strengths and the expertise of staff. Both inward and outward visits have doubled in the last year, with a number of academic staff giving talks and presenting at international conferences. The Monster Conference (see the Research and Knowledge Exchange section) also attracted a number of international delegates.

The enhanced awareness and reputation of the University has allowed us to increase the number of international students studying on campus. We have attracted an increased number of full time and part time students studying on our courses and which has allowed us to generate increased revenue. The number of European students studying here as part of the Erasmus+ lifelong learning programme has increased by 153%. This has enabled us to diversify the student cohort by increasing the number of students from different countries and backgrounds, giving our UK students an enhanced experience. The increase in the number of fee paying international students has allowed us to increase the amount of fee income generated. Additionally, we welcomed

our first student as part of the Commonwealth Scholarship Scheme, which allows us to enable a student from a commonwealth country the opportunity to study for a postgraduate degree when otherwise they would not be able to.

# ESTATES & FACILITIES

**BGU is committed to providing a high-quality learning environment with facilities that meet the expectations of students and staff. The University continues to invest in its campus.**

Major capital developments include:

## **Constance Stewart Hall**

HRH the Duke of Gloucester opened the new £3 million extension of Constance Stewart Hall. This project was transformational for the university estate and saw a contemporary new extension being added to a historic building in a prime location on the campus. Acting as a 'shop window' the new building gives the campus greater prominence and promotes the university to the wider community, transforming the cityscape and enabling visitors entering the city to be presented with a piece of iconic architecture.

The innovative approach to the redevelopment has resulted in one of the project's most unique characteristics, where architects were able to blend both old and new elements to create the illusion that the contemporary extension is sailing over the original building. The work has doubled the size of the teaching block to give an additional seven teaching spaces over two floors, providing significant flexible teaching space and conferencing facilities. It was shortlisted for an RICS East Midlands Award, Design through Innovation in 2017.

## **Centre for Enhancement in Learning and Teaching (CELT)**

An investment of £0.5m enabled the redevelopment and adaptation of an existing historic building to form the Centre for

Enhancement in Learning and Teaching, providing a modern environment that enables collaborative learning and teaching, whilst maintaining and blending into the external historic features of the existing building.

## **St Hugh's (LORIC)**

The purchase of a Grade II Listed building, St Hugh's, took place in May 2017. The building was constructed in the late 18th Century, with additions in the 19th and 20th centuries.

The location is ideal as it allows the building to operate externally in its aims to link and support partners outside of BGU while also being close enough to campus to integrate activities with those of the wider university.

An investment of £3m has created open and flexible work space, innovation pods and a 3D scanning and printing facility. The building officially opened on the 25th September 2018

## **Office Conversions**

An investment of £0.4m saw the recruitment, admissions and marketing team relocated from temporary accommodation to the heart of the campus.



## STAKEHOLDER ENGAGEMENT



The Head of Research, in liaison with CELT and the SU, coordinated a cross-institutional public engagement and student co-production project, Vote100. This connected with national events marking the extension of the franchise to women, with the main feature being an exhibition created at Lincoln Central Library. The very well attended Annual Public History Lecture selected the theme of the centenary of the forming of the RAF. The School of Social Sciences established a public seminar series on Health and Social Care, and the School of Humanities also staged its annual public seminar series. The campus also hosted the public lecture series of regional branches of the Historical Association.

Partnerships of various kinds continue to be forged with the Further Education sector, private providers, businesses and voluntary organisations that will expand our geographical reach, facilitate the consolidation of cognate subject areas and create more sustainability for progression routes.

# FINANCIAL REVIEW

The Financial Statements for the year ended 31 July 2018 consolidate the results of the University and its subsidiary company BG (Lincoln) Limited. The accounts have been prepared in accordance with Financial Reporting Standard 102 and the Statement of Recommended Practice on Accounting for Higher and Further Education (2015).

The Financial Strategy is concerned with financing the University's corporate objectives by providing a sound and prudent financial planning and management framework. Within this strategy, a number of main objectives have been identified which are to:

- maintain the financial health of the University and ensure its long-term viability;
- generate satisfactory surpluses to maintain productive capacity to meet current objectives on infrastructure capital and revenue expenditure to ensure the sustainability of the University's business;
- manage and mitigate financial risk, identify opportunities, and ensure value for money in the University's operations; and
- generate sufficient surpluses to support corporate strategic initiatives.

## Results for the Year

The consolidated income and expenditure results are summarised as follows:

	2017/18		2016/17	
	Consolidated £000	University £000	Consolidated £000	University £000
Income	24,745	23,754	22,114	21,266
Expenditure	(24,756)	(24,503)	(21,432)	20,535
(Losses)/ Surplus before other gains and losses	(11)	(749)	682	731
(Loss)/Gain on fixed assets	(149)	(149)	6	6
Taxation	(23)	-	-	-
(Loss) / Surplus for the year	(183)	(898)	688	737
Actuarial Gain	2,461	2,368	2,156	2,094
Transfer from Revaluation Reserve	36	36	35	35
Total Comprehensive Income for the year	2,314	1,506	2,879	2,866

The surplus for the year was broadly in line with expectations. The introduction of FRS102 led to more volatile results for universities and hinders year on year comparison. Before other gains and losses and taxation, the Group reported a loss of £11,000 (2016/17 – Surplus £682,000). This includes non cash adjustments of £954,000 for FRS102 pension staff costs and £160,000 interest charges. During the year, the University made a one off £681,000 historic payment to its subsidiary for the provision of catering services to students.

It continues to be important for the University that a surplus is generated from income each year. This enables the institution to continue to invest in delivering its strategic priorities and navigate through a reduction in 18-20 year old demographics, BREXIT and uncertainty within the sector.

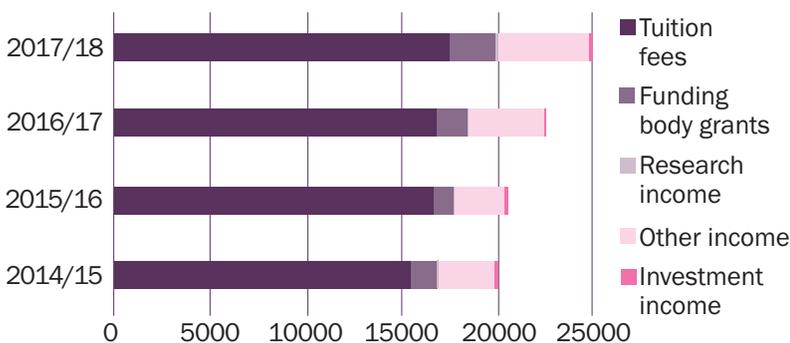
Despite the challenges, we believe the next few years also present us with significant opportunity. The University's new long-term strategic vision will be agreed during the coming year and we have well-developed plans for the future to invest in academic staff, student experience, research and IT infrastructure and new buildings.

### Income

Total income of £24.75m increased by 11.9% from 2016/17. As in previous years, tuition fees were the primary source of income with growth of 3.6%.

There was further growth of 49.8% in funding body grants and 36.6% in other income following the award of collaborative outreach funding and skills funding.

**Total Income (£000)**



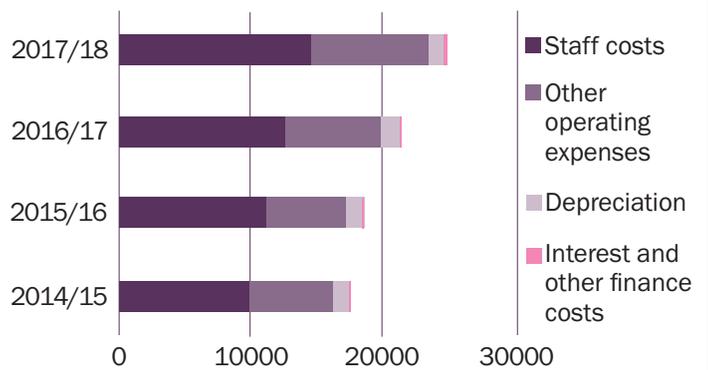
### Expenditure

Total expenditure of £24.76 increased by 15.5% from 2016/17.

Staff costs remain the significant cost for the University, increasing to 59.4% as a percentage of income (2016/17 – 56.9%), reflecting the impact of workforce investments, pay inflation and pension costs.

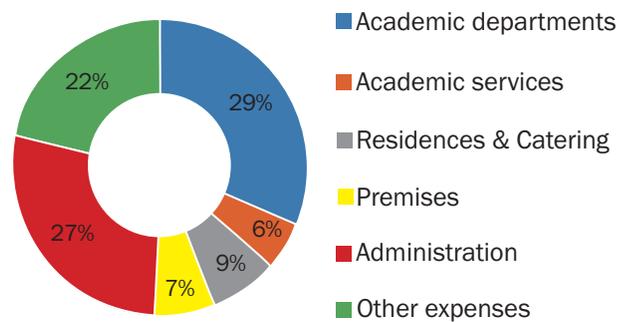
Other operating expenses increased by 17.8%.

**Total Expenditure (£000)**



The expenditure by category remains relatively comparable to 2016/17.

**Expenditure by Category 2017/18**



## Balance Sheet

Cash and investments of £10.8m at the year end ensure that the University has a strong liquidity position to continue to invest in its campus, technology and infrastructure to deliver an excellent student experience. The net cash inflow from operating activities for 2017/18 of £2m represented 8% of income.

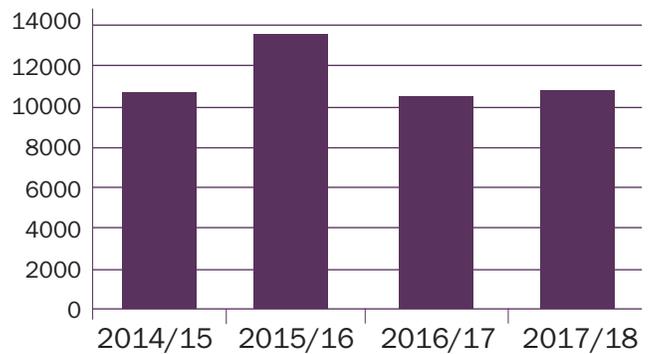
The University continues to invest in infrastructure and equipment. Capital investment was funded from the cash surplus generated in the year, capital grants plus the use of reserves. The University invested £2.9m in fixed assets and intangibles.

Net Assets increased by £2.3m to £30.5m

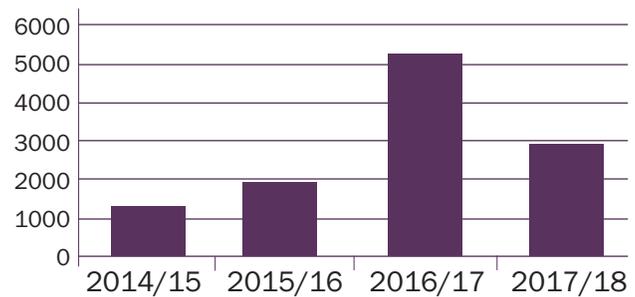
The University's employees belong to five principal pension schemes, the Church of England Funded Pensions Scheme, the Teachers' Pensions Scheme (TPS), the Local Government Pension Scheme (LGPS), the Universities Superannuation Scheme (USS) and the Bishop Grosseteste University Flexible Retirement Account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

Total pension deficit provisions reduced from £6.0m to £4.6m.

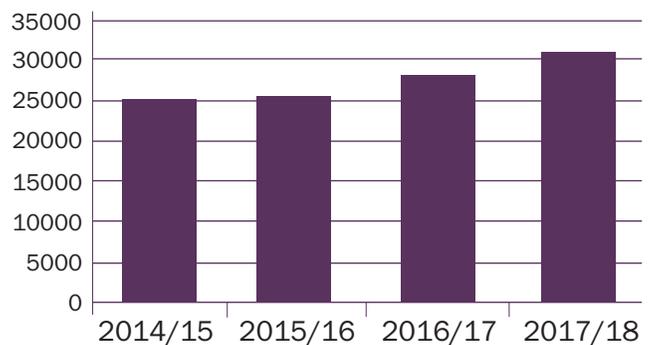
### Cash & Investments (£000)



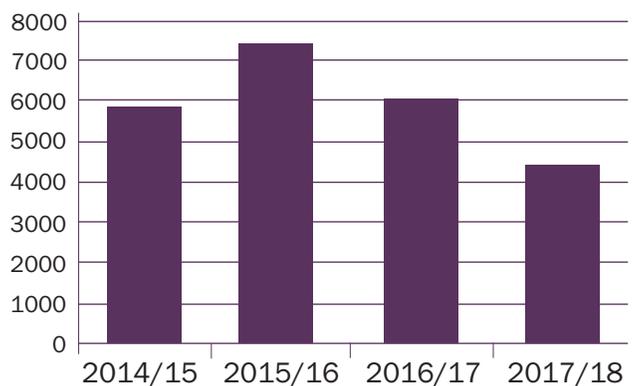
### Capital Expenditure (£000)



### Net Assets (£000)



### Pension Provision (£000)



Vice-Chancellor  
22 November 2018



# STATEMENT OF CORPORATE GOVERNANCE



**The University is committed to exhibiting best practice in all aspects of corporate governance. This section summarises and explains the arrangements for the governance of the University that applied during the financial year (2017-18).**

These arrangements are set out in the University's Instrument and Articles of Government; the terms of reference of committees of the University Council; the University Council Statement Of Primary Responsibilities; the University's Schedule of Delegation; the University's financial regulations; and such resolutions as the University Council may from time to time adopt, including Byelaws. The University's governance arrangements are consistent with good practice and Committee of University Chairs (CUC) Higher Education Code of Governance.

## **Roles and responsibilities**

The Articles of Government set out the respective powers and responsibilities of the University Council and the Vice-Chancellor. Broadly speaking, the University Council

is generally responsible for overseeing the running of the University and specifically for the effective, efficient and economic use of resources, the approval of annual budgets and senior appointments. The Vice-Chancellor is responsible for the organisation and management of the University and for making recommendations to the University Council on the matters for which it is responsible.

The Articles of Government empower the University Council to delegate certain of its functions to committees of the University Council or to the Vice-Chancellor. The University Council may not delegate responsibility for:

- pursuit of the charitable object and the determination of the educational character and mission of the University;
- the effective and efficient use of resources, including approving the annual budget, and tuition fee levels;
- ensuring the solvency of the institution and safeguarding its assets;

- the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the Vice-Chancellor; and
- varying or revoking the Instrument or Articles of Government.

The responsibilities of the University Council are considered in more detail in the statement presented on pages 36 to 38.

### Senior Executive Team

The Senior Executive Team comprises the Vice-Chancellor, the Deputy Vice-Chancellor (currently vacant) and Chief Operating Officer, and is deemed to be the University's key management team with authority and responsibility for planning, directing and controlling the activities of the University. The Senior Executive Team is supported by the two Executive Deans, the Vice-Chancellor's Executive Group and the wider Senior Management Group.

### University Council: constitution

When complete, the University Council of the University has 24 members:

- the Bishop of Lincoln (or their nominee);
- the University Vice-Chancellor;
- the Deputy Vice-Chancellor(s) of the University;
- three persons appointed by the Diocesan Council of the Diocese of Lincoln;
- one member from another higher education institution appointed by University Council;
- one elected member of the University Teaching staff;
- one elected member of the University Non-Teaching staff;
- one elected student of the University;
- the President of the Students' Union; and
- twelve members co-opted by the University Council.

Council members are appointed for an initial term of four years and thereafter are eligible for one re-appointment for consecutive service only. Exceptions to this are as follows: the Vice-Chancellor of the University, whose term will be for the duration of their employment; the President of the Students' Union, whose term is tied to their term of office; the elected Student Member of the University Council, whose term is for up to four years or the duration of their programme of study subject to their election, whichever is the shorter; and the Bishop of Lincoln who shall hold office throughout his tenure of the See. The Chair's term of office is an appointed position for three years with a possible renewal period of three years.



Membership and Attendance 2017/18	Meetings Attended					
	University Council	FE & GP	Audit Committee	Remuneration Committee	Governance & Nominations Committee	Selection Committee
Chair of University Council - Mr B Walder	5/5			2/2	3/3	1/1
Vice-Chancellor - Reverend Canon Professor P Neil	3/5	2/3	2/4*	2/2*	2/3	1/1
Deputy Vice-Chancellor - Professor J Mitchell (until 28/02/2018)	3/3	0/2*	1/2*		1/1*	
Right Reverend C Lowson, The Bishop of Lincoln	1/5					
Reverend Dr S Myers	5/5		3/4			
Reverend D Dadswell (from 23/03/2018)	2/2		0/1			
Rt Rev Dr N Peyton (from 23/03/2018)	2/2	1/1		1/1		1/1
Mr D Babb	4/5	3/3		1/2		0/1
Dr K Brown (until 31/08/2018)	4/5	2/3				
Mr D Clements (until 31/08/2017)						
Mrs J Croft (from 01/11/2017)	4/4	1/1		1/2		1/1
Mr S Critchley (from 23/03/2018)	2/2		2/2	2/2		1/1
Mrs A Crowe (until 25/07/2018)	4/5		3/4	1/2	1/3	
Mr R Hallsworth	5/5		4/4			
Dr T Hill (until 31/08/2018)	4/5			2/2	3/3	1/1
Professor D Head	4/5			1/2	3/3	1/1
Mr S Lawrence	4/5	2/3				
Air Vice-Marshal G MacKay	5/5	2/3				
Mr C Ferguson (from 01/06/2018)	1/1					
Mr G Meeson (until 26/04/2018)	4/4				2/3	
Dr S Mason (from 27/04/2018)	1/1					
Mr K Parrish (until 24/11/2018)	1/2					
Mr G Hughes (from 27/11/2017 until 31/05/2018)	2/2					
Mr A Stacey	5/5	3/3				

*Fraction shown = meetings attended/meetings eligible to attend.*

*\* In attendance as officer, not as a committee member.*

**Custodian Trustee:** The Lincoln Diocesan Trust and Board of Finance Limited.

**Constitution:** The University is a registered charity (number 527276). It is governed by an instrument and articles of government dated 1st October 1998 updated October 2012.

**Bankers:** National Westminster Bank plc

**Principal Solicitors:** Andrew & Co, St Swithin's Court, 1 Flavian Road, Nettleham Road, Lincoln, LN2 4GR

**External Auditors:** Mazars LLP, Park View House, 58 The Ropewalk, Nottingham, NG1 5DW

**Internal Auditors:** UNIAC, Armstrong House, Oxford Road, Manchester, M1 7ED

Mr Stephen Deville is the University's Chief Operating Officer. The Chief Operating Officer acts as Secretary to the University and has a key role to play in the operation and conduct of the University Council, ensuring that appropriate procedures are followed to support the governance processes in line with best practice. The Vice-Chancellor is the accountable officer in respect of reporting to the Office for Students.

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

The University Council and its committees meet as follows:

- University Council – at least four times per year;
- Finance, Employment and General Purposes Committee – at least three times each financial year;
- Audit Committee – at least three times per year;
- Governance and Nominations Committee – normally three times, and at least twice each financial year;
- Remuneration Committee – at least twice each financial year; and
- Selection Committee – as and when required.

Recognising that decisions may sometimes be required at times when it is not possible or expedient for the University Council as a whole to meet, the University Council has created a Schedule of Delegation in line with sector best practice and in accordance with the guidance from the Committee of University Chairs (CUC). University Council has also approved Decisions in Writing procedure. Further details can be found at:-

[www.bishopg.ac.uk/about/Governance](http://www.bishopg.ac.uk/about/Governance)

The University Council has delegated certain of its functions to committees. The University Council determines the membership of its committees, which then elect their own Chair.

**Audit Committee** is responsible for monitoring the performance and effectiveness of internal and external audit, reviewing the effectiveness of the internal control system and a range of other matters relating to financial efficiency, effectiveness and propriety.

**Finance, Employment and General Purposes Committee (FE&GP)** considers such employment, financial and administrative matters as the University Council may refer to it.

**Governance and Nominations Committee** advises the University Council on matters of governance and Council effectiveness as well as on the appointment of independent members to the University Council and the membership of committees of the University Council, other than the Governance and Nominations Committee itself.

**Remuneration Committee** advises the University Council on the remuneration and terms and conditions of employment of senior staff, including the Vice-Chancellor.

**Selection Committee** manages the appointment process for senior posts and advises the Council members about such appointments.

**The University Senate** is a committee of the staff of the University whose composition and functions is defined in the Articles of Government. Its purpose is to make recommendations to the Vice-Chancellor or the University Council, as appropriate, about the content of the University curriculum, academic standards and a range of related matters.

# STATEMENT OF THE UNIVERSITY COUNCIL'S RESPONSIBILITIES



The principal responsibilities of the University Council are set out in the Statement of Primary Responsibilities and are consistent with the University's Instrument and Articles of Government. The University Council is the Governing Body of the Institution. Subject to the powers of the Senate as provided for in the Instruments and Articles, it has ultimate responsibility for the affairs of the University. Further details regarding the Statement of Primary Responsibilities can be found at:-

[www.bishopg.ac.uk/about/Governance/universitycouncil](http://www.bishopg.ac.uk/about/Governance/universitycouncil)

In accordance with the University's Instrument and Articles of Government, the University Council is responsible for the administration and management of the University's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year to the Charity Commission.

The University Council is responsible for keeping proper accounting records that disclose, with appropriate 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 Statement of Recommended Practice on Accounting for Further and Higher Education (SORP);
- the Office for Students' Audit Code of Practice and annual accounts direction;
- FRS102; and other relevant accounting standards and legislation.

In addition, in accordance with the requirements of the Office for Students, 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 income and expenditure, surplus or deficit, changes in reserves and cash flows for that year.

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

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures



disclosed and explained in the financial statements; and

- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The University Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

These financial statements have been prepared on a going concern basis. The University is currently an unincorporated entity. During 2017/18 progress has been made towards incorporation with the aim of becoming a company limited by guarantee. This has included drafting new Articles of Association of the company and a review of the Instrument and Articles of Government of the University. This process will continue through 2018/19 with the intention to incorporate during 2019/20.

The University Council has taken reasonable steps to:

- ensure that funds from the Office for Students (and previously HEFCE), and the former

National College for Teaching and Leadership (NCTL) – now the Teaching Regulation Agency - are used only as permitted by the relevant agreements and any other conditions which the funding bodies may from time to time prescribe;

- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and prevent and detect fraud;
- secure the economical, efficient and effective management of the University's resources and expenditure; and
- ensure that the executive has an adequate system of internal control designed to manage rather than eliminate the risk of failure to achieve business objectives, providing only reasonable and not absolute assurance against material misstatement or loss and that it regularly monitors and reviews the effectiveness of that system

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

- clear definitions of the responsibilities of, and the authority delegated to, Heads of Academic Schools and professional support departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and termly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the University Council;
- comprehensive financial regulations, detailing financial controls and procedures, approved

by the Audit Committee and the University Council; and

- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the University Council and whose head provides the University Council with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including financial control.

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

### Statement of internal control

1. As the University Council of Bishop Grosseteste University, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the



responsibilities assigned to the University Council by: the University's Instrument and Articles of Government, the Memorandum of Assurance and Accountability with HEFCE, the Office for Students' Terms and Conditions of Funding for Higher Education Institutions; other funding bodies' conditions; and the Charity Commission.

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

3. The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2018 and up to the date of approval of the financial statements and accords with the Office for Students' guidance.

4. As the University Council, we have responsibility for reviewing adequacy and effectiveness of the system of internal control and arrangements for the management and quality assurance of data submitted to Higher Education Statistics Agency, Student Loans Company, the Office for Students and other bodies. The following processes have been established:

a. regular meetings (at least termly) are held to consider the plans and strategic direction of the University.

b. Regular reports are received from the Chair of the Audit Committee concerning internal control, and we require regular reports from the Vice-Chancellor on the steps being taken to manage risks, including progress reports on key projects.

c. We have requested the Audit Committee to oversee risk management.

d. The Audit Committee receives regular reports from the Head of Internal Audit, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement.

e. An effectiveness review of Council and all sub-committees was undertaken during 2016/17. The University has commissioned an independent appraisal of the effectiveness of the implementation of the subsequent actions. This is due to report in 2018-19.

f. The University's risk register is actively reviewed by the Vice-Chancellor's Executive Group, Audit Committee and University Council and informed by robust internal and external audits.

h. During 2018-19, the University will be seeking to determine how Council's risk appetite informs this register and subsequent actions.

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

6. Our review of the effectiveness of the system of internal control is also informed by the work of the Vice-Chancellor's Executive Group, which has responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

During 2018, the Office for Students came into being as the independent regulator of Higher Education in England. In accordance with the provisions of the 2017 Higher Education and Research Act (HERA), the University submitted an application for registration with the Office for Students (OfS) in May 2018. Registration was confirmed on 18th September 2018.

### **Disclosure of information to auditors**

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COUNCIL OF BISHOP GROSSETESTE UNIVERSITY

## Opinion

We have audited the financial statements of the Bishop Grosseteste University (the 'University') and its subsidiary (the 'group') for the year ended 31 July 2018 which comprise the Consolidated Statements of Comprehensive Income and Expenditure, the Consolidated and University Balance Sheet, the Consolidated and University Statement of Changes in Reserves, the Consolidated Cash Flow and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (including 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 state of the group's and of the University's affairs as at 31 July 2018, and of the group's and University's deficit, comprehensive income and expenditure and changes in reserves and of the group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in

the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

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

## Other information

The University Council is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report,

we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Responsibilities of Directors**

As explained more fully in the Statement of Responsibilities of the Members of the Council set out on page 36, the University 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 they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with

applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. 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.

### **Other Required Reporting**

Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- funds provided by HEFCE and the OfS have been applied in accordance with the memorandum of assurance and accountability and any other terms and conditions attached to them; and
- the requirements of HEFCE's accounts direction have been met.

### **Use of the audit report**

This report is made solely to the University Council as a body in accordance with paragraph 14(2) of the University's articles and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the University 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 group and University and the University Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Signed:

Name: David Hoose

(Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Park View House

58 The Ropewalk

Nottingham

NG1 5DW

Date:

# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES



## 1. Statement of accounting policies

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

## 2. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP) and in accordance with Financial Reporting Standards 102 – “The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

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

These financial statements have been prepared on a going concern basis. The University is currently an unincorporated entity. During 2017/18 progress has been made towards incorporation with the aim of becoming a company limited by guarantee. This has included drafting new Articles of Association

of the company and a review of the Instrument and Articles of Government of the University. This process will continue through 2018/19 with the intention to incorporate during 2019/20.

## 3. Basis of accounting

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

## 4. Basis of consolidation

The consolidated financial statements include the University and its subsidiary undertaking, BG (Lincoln) Limited. Intra-group sales and profits are eliminated fully on consolidation. The consolidated financial statements do not include the income and expenditure of the Students’ Union as the University does not exert control or dominant influence over policy decisions. All financial statements are made up to 31 July 2018.

## 5. Recognition of income

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

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

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

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

#### *Grant funding:*

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

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

#### *Capital Grants:*

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

## **6. Maintenance of premises**

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

## **7. Foreign currency translation**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated

into sterling either at year-end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

## **8. Pension schemes**

Retirement benefits for most employees of the University are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are independently administered schemes, funded by contributions from the University and the employees. Contributions to the TPS are charged to the income and expenditure so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

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

As required by Section 28 of FRS102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to

the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

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

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

## 9. Enhanced Pensions

The actual cost of any enhanced on-going pension to a former member of staff is paid by the University annually. An estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to the University's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using guidance prepared for the OfS by Deloitte & Touche Actuarial & Benefit Services.

## 10. Tangible fixed assets

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

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

### a. Land and Buildings

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of

transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

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

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

### b. Equipment

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

## 11. Intangible Assets

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

## 12. Stocks

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

## 13. Taxation

The University is an exempt charity within the meaning of Part 3 of the Charity Act 2011. It is considered to pass the tests set out in paragraph 1 schedule 6 of the Finance Act 2010 and accordingly the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income is applied to exclusively charitable purposes.

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

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

#### 14. Cash and Cash Equivalents

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

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

#### 15. Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### 16. Employment Benefits

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

#### 17. Operating Leases

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

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

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

##### *Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

##### *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

##### *Universities Superannuation Scheme*

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

##### *Bad debt provision*

Provision is made for debts that are not considered to be collectable – referred to as a bad debt provision. This provision is calculated based on experience of previous years' collectability of differing type of debt and applied to the amount of outstanding debt. The University currently provides for 80% of outstanding debt.

# STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE YEAR ENDED 31 JULY 2018

	Notes	Year ended 31 July 2018		Year ended 31 July 2017	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Income</b>					
Tuition fees and education contracts	1	17,596	17,596	16,984	16,984
Funding body grants	2	2,265	2,265	1,512	1,512
Research grants and contracts	3	107	107	63	63
Other income	4	4,746	3,755	3,475	2,627
Investment income	5	31	31	80	80
<b>Total income</b>		<b>24,745</b>	<b>23,754</b>	22,114	21,266
<b>Expenditure</b>					
Staff costs	6	14,695	14,014	12,580	11,975
Other operating expenses	7	8,616	9,063	7,315	7,040
Depreciation / amortisation	10 & 11	1,282	1,269	1,360	1,350
Interest and other finance costs	8	163	157	177	170
<b>Total expenditure</b>	9	<b>24,756</b>	<b>24,503</b>	21,432	20,535
<b>(Loss) / surplus before other gains losses</b>		<b>(11)</b>	<b>(749)</b>	682	731
(Loss) / gain on disposal of fixed assets		(149)	(149)	6	6
<b>(Loss) / surplus before tax</b>		<b>(160)</b>	<b>(898)</b>	688	737
Taxation		(23)	-	-	-
<b>(Loss) / surplus for the year</b>		<b>(183)</b>	<b>(898)</b>	688	737
Actuarial gain in respect of pension schemes	23	2,461	2,368	2,156	2,094
Transfers between revaluation and income and expenditure reserve		36	36	35	35
<b>Total comprehensive income for the year</b>		<b>2,314</b>	<b>1,506</b>	2,879	2,866
Represented by:					
Unrestricted comprehensive income for the year		2,278	1,470	2,844	2,831
Revaluation reserve comprehensive income for the year		36	36	35	35
		<b>2,314</b>	<b>1,506</b>	2,879	2,866
<b>(Loss) / surplus for the year attributable to:</b>					
BG (Lincoln) Limited		715	-	(49)	-
University		(898)	(898)	737	737
		<b>(183)</b>	<b>(898)</b>	<b>688</b>	<b>737</b>

# CONSOLIDATED STATEMENT OF CHANGES IN RESERVES YEAR ENDED 31 JULY 2018

Consolidated	Income and expenditure account		Revaluation reserve	Total
	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2016</b>	<b>844</b>	<b>21,036</b>	<b>3,548</b>	<b>25,428</b>
Surplus from the income and expenditure statement	-	688	-	682
Other comprehensive income	-	2,156	-	2,162
Transfers between revaluation and income and expenditure reserve	-	35	(35)	-
Release of restricted funds spent in year	-	(14)	-	(14)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2,865</b>	<b>(35)</b>	<b>2,830</b>
<b>Balance at 1 August 2017</b>	<b>844</b>	<b>23,901</b>	<b>3,513</b>	<b>28,258</b>
Loss from the income and expenditure statement	-	(183)	-	(183)
Other comprehensive income	-	2,461	-	2,461
Transfers between revaluation and income and expenditure reserve	-	36	(36)	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2,314</b>	<b>(36)</b>	<b>2,278</b>
<b>Balance at 31 July 2018</b>	<b>844</b>	<b>26,215</b>	<b>3,477</b>	<b>30,536</b>

University	Income and expenditure account		Revaluation reserve	Total
	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2016</b>	<b>844</b>	<b>21,901</b>	<b>3,548</b>	<b>26,293</b>
Surplus from the income and expenditure statement	-	737	-	731
Other comprehensive income	-	2,094	-	2,100
Transfers between revaluation and income and expenditure reserve	-	35	(35)	-
	-	(14)	-	(14)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2,852</b>	<b>(35)</b>	<b>2,817</b>
<b>Balance at 1 August 2017</b>	<b>844</b>	<b>24,753</b>	<b>3,513</b>	<b>29,110</b>
Loss from the income and expenditure statement	-	(898)	-	(898)
Other comprehensive income	-	2,368	-	2,368
Transfers between revaluation and income and expenditure reserve	-	36	(36)	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>1,506</b>	<b>(36)</b>	<b>1,470</b>
<b>Balance at 31 July 2018</b>	<b>844</b>	<b>26,259</b>	<b>3,477</b>	<b>30,580</b>

# CONSOLIDATED BALANCE SHEET

## YEAR ENDED 31 JULY 2018

	Notes	As at 31 July 2018		As at 31 July 2017	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Non-current assets</b>					
Intangible assets	10	366	366	359	359
Fixed assets	11	29,038	29,009	27,573	27,545
		<u>29,404</u>	<u>29,375</u>	<u>27,932</u>	<u>27,904</u>
<b>Current assets</b>					
Stock	12	22	-	16	-
Trade and other receivables	13	1,498	1,301	1,481	2,007
Investments	14	1,649	1,649	4,444	4,444
Cash and cash equivalents	15	9,104	9,055	6,052	6,039
		<u>12,273</u>	<u>12,005</u>	<u>11,993</u>	<u>12,490</u>
Less: Creditors: amounts falling due within one year	16	(2,596)	(2,414)	(2,763)	(2,596)
<b>Net current assets</b>		<b>9,677</b>	<b>9,591</b>	<b>9,230</b>	<b>9,894</b>
<b>Total assets less current liabilities</b>		<b>39,081</b>	<b>38,966</b>	<b>37,162</b>	<b>37,798</b>
Creditors: amounts falling due after more than one year	17	(3,904)	(3,904)	(2,919)	(2,919)
<b>Provisions</b>					
Pension provisions	18	(4,641)	(4,482)	(5,985)	(5,769)
<b>Total net assets</b>		<b>30,536</b>	<b>30,580</b>	<b>28,258</b>	<b>29,110</b>
<b>Restricted reserves</b>					
Income and expenditure reserve - endowment reserve	19	697	697	697	697
Income and expenditure reserve - restricted reserve	19	147	147	147	147
<b>Unrestricted reserves</b>					
Income and expenditure reserve - unrestricted		26,215	26,259	23,901	24,753
Revaluation reserve		3,477	3,477	3,513	3,513
		<u>30,536</u>	<u>30,580</u>	<u>28,258</u>	<u>29,110</u>
<b>Total reserves</b>		<b>30,536</b>	<b>30,580</b>	<b>28,258</b>	<b>29,110</b>

The financial statements were approved by the Governing Body on 22 November 2018 and were signed on its behalf on that date by:

Vice-Chancellor

Chair of University Council

Chief Operating Officer

# CONSOLIDATED CASH FLOW STATEMENT

## YEAR ENDED 31 JULY 2018

	Notes	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
<b>Cash flow from operating activities</b>			
Loss / surplus for the year		(160)	688
<b>Adjustment for non-cash items</b>			
Depreciation and amortisation	10 & 11	1,282	1,360
Increase in stock	12	(6)	(3)
Increase in debtors	13	(17)	(962)
(Decrease ) / increase in creditors	15	(167)	525
Increase in pension provision	18	3	7
Pension costs less contributions payable		1,114	690
Taxation		(23)	-
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(31)	(80)
Loss / (gain) on the sale of fixed assets		149	(6)
Capital grant income		(204)	(199)
Release of unrestricted reserves		-	(14)
<b>Net cash inflow from operating activities</b>		<b>1,940</b>	<b>2,006</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		-	6
Capital grants receipts		1,189	173
Withdrawal of deposits		2,795	2,307
Investment income		31	80
Payments made to acquire fixed assets		(2,903)	(5,313)
		<b>1,112</b>	<b>(2,747)</b>
<b>Cash flows from financing activities</b>			
		-	-
<b>Increase / (decrease) in cash and cash equivalents in the year</b>		<b>3,052</b>	<b>(741)</b>
Cash and cash equivalents at beginning of the year	15	6,052	6,793
Cash and cash equivalents at end of the year	15	9,104	6,052

# NOTES TO THE FINANCIAL STATEMENTS

1	Tuition fees and education contracts	Year Ended 31 July 2018		Year Ended 31 July 2017	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
	UK Higher Education Students	17,596	17,596	16,984	16,984
		<b>17,596</b>	<b>17,596</b>	<b>16,984</b>	<b>16,984</b>
2	Funding body grants	Year Ended 31 July 2018		Year Ended 31 July 2017	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
	<b>Recurrent grant</b>				
	HEFCE / OfS	599	599	782	782
	NCTL	192	192	175	175
	<b>Specific grants</b>				
	HEFCE / OfS Inherited Liabilities - Staff	7	7	11	11
	HEFCE / OfS - National Collaborative Outreach Project	1,292	1,292	386	386
	HEFCE / OfS - Learning Gain Project	4	4	4	4
	HEFCE / OfS - Global Challenges	3	3	-	-
	<b>Deferred Capital Grants Released in Year</b>				
	HEFCE / OfS	168	168	154	154
		<b>2,265</b>	<b>2,265</b>	<b>1,512</b>	<b>1,512</b>
3	Research grants and contracts	Year Ended 31 July 2018		Year Ended 31 July 2017	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
	Research councils	-	-	1	1
	Research charities	54	54	-	-
	Government (UK and overseas)	38	38	22	22
	Industry and commerce	15	15	40	40
		<b>107</b>	<b>107</b>	<b>63</b>	<b>63</b>
4	Other income	Year Ended 31 July 2018		Year Ended 31 July 2017	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
	Residences, catering and conferences	2,461	1,329	2,141	1,160
	Non-Funding Council capital grants released	36	36	46	46
	Other income	2,249	2,390	1,288	1,421
		<b>4,746</b>	<b>3,755</b>	<b>3,475</b>	<b>2,627</b>

5 Investment income	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Investment Income from short-term deposits	31	31	80	80
	<b>31</b>	<b>31</b>	80	80

6 Staff costs	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Staff costs :				
Salaries	10,721	10,172	9,711	9,212
Social security costs	1,022	988	898	868
Movement on USS provision	5	5	17	17
Other pension costs - FRS102 adjustment	956	925	491	470
Other pension costs	1,991	1,924	1,463	1,408
Total	<b>14,695</b>	<b>14,014</b>	12,580	11,975

	2018	2017
	£	£
Emoluments of the Vice-Chancellor:		
Salary	188,145	158,222
Bonus	100*	-
Benefits	5,692	4,966
	<b>193,937</b>	163,188
Pension contributions to USS	33,866	28,480
	<b>227,803</b>	191,668

\*The £100 bonus was authorised by Council and awarded to all staff.

The pension contributions in respect of the Vice-Chancellor are in respect of employer's contributions to the Universities Superannuation Scheme and are paid at the same rate as for other employees. In addition, the Vice-Chancellor also receives a non-taxable benefit of on-site accommodation with a rental value of £10,800 per annum.

Remuneration Committee determines the base salary and other benefits of the Senior Executive Team, which includes the Vice-Chancellor, Deputy Vice-Chancellor and Chief Operating Officer. A review was undertaken in 2017 for positions within the Senior Leadership Team. It was noted that the Vice-Chancellor's salary and the Deputy Vice-Chancellor's salary had fallen behind the sector average. In addition to taking into account the Vice-Chancellor's targets, the decision to adjust the salary was informed by comparative data from UCEA, GuildHE, post-92 universities outside of London and The Cathedral Group.

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

BGU has formally adopted *The Higher Education Senior Staff Remuneration Code (2018)*. A remuneration report and statement will be developed for presentation to Council in March. Once adopted, the remuneration statement will be published on BGU's website. Moving forwards, the intention is to develop the remuneration report and statement for discussion and adoption by Council in November 2019. This aligns with the timetable for the production of the University's annual report and accounts.

The number of other staff with a basic salary of over £100,000 are:	2018	2017
	No.	No.
£110,000 to £114,999	1	1
	<b>1</b>	1

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6 Staff costs (continued)

Reporting bodies are required to disclose the relationship between the remuneration of the Vice-Chancellor and the median remuneration of all other employees. Total remuneration includes all elements of pay including market supplements, bonuses, responsibility allowances, employer pension contributions and taxable and non-taxable benefits in kind.

<b>Basic Salary Pay Multiples (as at 31 July 2018)</b>	<b>2018</b>	2017
Vice-Chancellor Basic Salary (£)	<b>188,145</b>	158,222
Median basic salary (£)	<b>24,634</b>	24,565
Ratio	<b>7.6</b>	6.4
<b>Total Remuneration Pay Multiples (as at 31 July 2018)</b>	<b>2018</b>	2017
Vice-Chancellor Total Remuneration (£)	<b>238,603</b>	202,468
Median total remuneration (£)	<b>28,168</b>	28,004
Ratio	<b>8.5</b>	7.2

The Vice-Chancellor's basic salary is 7.6 (2017 - 6.4) times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The Vice-Chancellor's total remuneration is 8.5 (2017 - 7.2) times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff.

	<b>2018</b>	2017
Average staff numbers by major category :	<b>No.</b>	No.
Academic	<b>101</b>	91
Management & Administrative	<b>172</b>	151
Other	<b>60</b>	62
	<b>333</b>	304

### Key management personnel

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

	<b>Year ended 31 July 2018</b>	Year ended 31 July 2017
	<b>£'000</b>	£'000
<b>Key management personnel total remuneration</b>	<b>495</b>	682

<b>Compensation for loss of office</b>	<b>Year ended 31 July 2018</b>	Year ended 31 July 2017
	<b>No.</b>	No.
	<b>£'000</b>	£'000
Compensation recorded within staff costs	<b>4</b>	5
	<b>34</b>	38

## Council Members

The University's council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

No council member has received any remuneration from the group during the year (2017 - none).

The total expenses paid to or on behalf of council members was £11,291 (2017 - £9,196). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and Charity events in their official capacity.

7 Other operating expenses	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Residences, Catering & Conferences Operating Expenditure	1,152	643	1,077	436
Residences - Long-Term Maintenance	82	82	48	48
Consumables and Laboratory Expenditure	344	344	323	323
Books and Periodicals	237	237	234	234
Heat, Light, Water and Power	281	281	208	208
Repairs and General Maintenance	199	199	175	175
Non-Residential - Long-Term Maintenance	114	114	405	405
Grants to BG Students' Union	134	134	120	120
External Auditors' Remuneration				
Financial Statements Audit	31	26	19	15
Internal Auditors' Remuneration	51	51	32	32
Bursary Payments to Students	831	831	722	722
Other Expenses	5,160	6,121	3,952	4,322
	<b>8,616</b>	<b>9,063</b>	<b>7,315</b>	<b>7,040</b>

## 8 Interest and other finance costs

	Notes	Year Ended 31 July 2018		Year Ended 31 July 2017	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Net charge on pension scheme	23	163	157	177	170
		<b>163</b>	<b>157</b>	<b>177</b>	<b>170</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Analysis of total expenditure by activity	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Academic Departments	6,820	6,820	6,527	6,527
Academic Services	1,354	1,354	1,178	1,178
Residences & Catering	2,023	833	1,779	534
Premises	1,420	1,420	1,562	1,562
Administration	6,414	6,384	5,572	5,947
Other expenses	6,725	7,692	4,814	4,787
	<b>24,756</b>	<b>24,503</b>	21,432	20,535

## 10 Intangible assets

### Software

### Consolidated and University

£'000

#### Cost

At 1 August 2017	2,295
Additions	176
Disposals	(595)
<b>At 31 July 2018</b>	<b>1,876</b>

#### Amortisation

At 1 August 2017	1,936
Charge for the year	160
Disposals	(586)
<b>At 31 July 2018</b>	<b>1,510</b>

#### Net book value

<b>At 31 July 2018</b>	<b>366</b>
At 31 July 2017	359

## 11 Fixed Assets

Consolidated	Land	Leasehold Land	Buildings	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>						
At 1 August 2017	2,700	8	28,013	5,084	1,052	36,857
Additions	-	-	501	162	2,064	2,727
Transfers	-	-	(35)	-	35	-
Disposals	-	-	(75)	(2,300)	-	(2,375)
<b>At 31 July 2018</b>	<b>2,700</b>	<b>8</b>	<b>28,404</b>	<b>2,946</b>	<b>3,151</b>	<b>37,209</b>
At Valuation	2,700	-	2,500	-	-	5,200
At Costs	-	8	25,904	2,946	3,151	32,009
	<b>2,700</b>	<b>8</b>	<b>28,404</b>	<b>2,946</b>	<b>3,151</b>	<b>37,209</b>
<b>Depreciation</b>						
At 1 August 2017	-	1	5,191	4,092	-	9,284
Charge for the year	-	-	765	357	-	1,122
Disposals	-	-	(14)	(2,221)	-	(2,235)
<b>At 31 July 2018</b>	<b>-</b>	<b>1</b>	<b>5,942</b>	<b>2,228</b>	<b>-</b>	<b>8,171</b>
<b>Net book value</b>						
<b>At 31 July 2018</b>	<b>2,700</b>	<b>7</b>	<b>22,462</b>	<b>718</b>	<b>3,151</b>	<b>29,038</b>
At 31 July 2017	2,700	7	22,822	992	1,052	27,573
<b>University</b>						
	Land	Leasehold Land	Buildings	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
<b>Cost and valuation</b>						
At 1 August 2017	2,700	8	28,013	5,032	1,052	36,805
Additions	-	-	501	148	2,064	2,713
Transfers	-	-	(35)	-	35	-
Disposals	-	-	(75)	(2,300)	-	(2,375)
<b>At 31 July 2018</b>	<b>2,700</b>	<b>8</b>	<b>28,404</b>	<b>2,880</b>	<b>3,151</b>	<b>37,143</b>
At Valuation	2,700	-	2,500	-	-	5,200
At Costs	-	8	25,904	2,880	3,151	31,943
	<b>2,700</b>	<b>8</b>	<b>28,404</b>	<b>2,880</b>	<b>3,151</b>	<b>37,143</b>
<b>Depreciation</b>						
At 1 August 2017	-	1	5,191	4,068	-	9,260
Charge for the year	-	-	765	344	-	1,109
Disposals	-	-	(14)	(2,221)	-	(2,235)
<b>At 31 July 2018</b>	<b>-</b>	<b>1</b>	<b>5,942</b>	<b>2,191</b>	<b>-</b>	<b>8,134</b>
<b>Net book value</b>						
<b>At 31 July 2018</b>	<b>2,700</b>	<b>7</b>	<b>22,462</b>	<b>689</b>	<b>3,151</b>	<b>29,009</b>
At 31 July 2017	2,700	8	22,822	964	1,052	27,545

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

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 12 Stock

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
General consumables	22	-	16	-
	<u>22</u>	<u>-</u>	<u>16</u>	<u>-</u>

## 13 Trade and other receivables

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Other trade receivables	244	47	395	124
Prepayments and accrued income	1,254	1,254	1,086	1,086
Amounts due from subsidiary companies	-	-	-	797
	<u>1,498</u>	<u>1,301</u>	<u>1,481</u>	<u>2,007</u>

## 14 Current Investments

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Short term deposits	1,649	1,649	4,444	4,444
	<u>1,649</u>	<u>1,649</u>	<u>4,444</u>	<u>4,444</u>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with less than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

## 15 Cash and cash equivalents

	Consolidated	University
	£000	£000
At 1 August 2017	6,052	6,039
Cash Flows	3,052	3,016
At 31 July 2018	<u>9,104</u>	<u>9,055</u>

## 16 Creditors : amounts falling due within one year

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Trade payables	788	655	898	731
Social security and other taxation payable	328	278	240	240
Corporation Tax	23	-		
Accruals	492	492	625	625
Payments received in advance	138	138	88	88
Deferred Capital Grants	711	711	828	828
Amounts owed to subsidiary	-	24		
Amounts owed to funding councils	116	116	84	84
	<b>2,596</b>	<b>2,414</b>	<b>2,763</b>	<b>2,596</b>

## 17 Creditors : amounts falling due after more than one year

### Deferred Capital Grants

	Consolidated and University			
	£'000			
	HEFCE	NCTL	Other	Total
At 1 August 2017				
Buildings	2,012	-	891	2,903
Transfers	(28)	-	-	(28)
	<b>1,984</b>	<b>-</b>	<b>891</b>	<b>2,875</b>
Equipment	(3)	30	(11)	16
Transfers	47	(30)	11	28
	<b>44</b>	<b>-</b>	<b>-</b>	<b>44</b>
	<b>2,028</b>	<b>-</b>	<b>891</b>	<b>2,919</b>
Received				
Buildings	204	-	981	1,185
Equipment	-	-	4	4
	<b>204</b>	<b>-</b>	<b>985</b>	<b>1,189</b>
Released				
Buildings	(100)	-	(36)	(136)
Equipment	(68)	-	-	(68)
	<b>(168)</b>	<b>-</b>	<b>(36)</b>	<b>(204)</b>
At 31 July 2018				
Buildings	2,088	-	1,836	3,924
Equipment	(24)	-	4	(20)
	<b>2,064</b>	<b>-</b>	<b>1,840</b>	<b>3,904</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 18 Provisions for liabilities

Consolidated	Obligation to fund deficit on USS Pension £'000	Pension enhancements on termination £'000	Defined Benefit Obligations (Note 23) £'000	Total £'000
At 1 August 2017	160	361	5,464	5,985
Utilised in year	-	-	-	-
Additions in 2017/18	5	-	-	5
Unused amounts reversed in 2017/18	-	(2)	(1,347)	(1,349)
<b>At 31 July 2018</b>	<b>165</b>	<b>359</b>	<b>4,117</b>	<b>4,641</b>

University	Obligation to fund deficit on USS Pension £'000	Pension enhancements on termination £'000	Defined Benefit Obligations (Note 23) £'000	Total £'000
At 1 August 2017	160	361	5,248	5,769
Utilised in year	-	-	-	-
Additions in 2017/18	5	-	-	5
Unused amounts reversed in 2017/18	-	(2)	(1,290)	(1,292)
<b>At 31 July 2018</b>	<b>165</b>	<b>359</b>	<b>3,958</b>	<b>4,482</b>

### USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision. The 2017 actuarial valuation of USS has been undertaken but this has not yet been formally completed. The 2017 valuation has set out the challenges currently facing the scheme and the likelihood of significant increases in contributions being required to address these challenges.

In the judgement of the University, as the 2017 valuation has not formally completed, and there remains various stages of consultation around the key factors specifically relating to the funding of the past deficit, including the level of contributions required, the period of the recovery plan and the level of asset performance over the period, it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 actuarial valuation.

### Enhanced Pension Provision

The calculation of the cost of early retirement provisions charged to the income and expenditure account in the year of retirement is based on the total capital cost of providing enhanced pensions with allowance for future investment at 2% in excess of price inflation. The overall provision was revalued in 2014/15 financial year using guidance prepared by Deloitte & Touche Actuarial & Benefit Services. The provision will be released against the cost to the University of Enhanced Pension Entitlements over the estimated life expectancy of each relevant ex-employee. The enhanced pension provision relates mostly to early retirements whereby an expectation of the payment existed prior to retirement.

## 19 Restricted Reserves

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
<b>Permanent endowment reserves</b>				
At 1 August 2017 and at 31 July 2018	697	697	697	697
<b>Other restricted reserves</b>				
At 1 August 2017 and at 31 July 2018	147	147	147	147
<b>Total restricted reserves at 31 July 2018</b>	<b>844</b>	<b>844</b>	<b>844</b>	<b>844</b>

### Other restricted reserves

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

### Permanent endowment reserves

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

## 20 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2018:

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for				
Land and Buildings	499	499	425	425
Equipment	54	54	277	277
	<b>553</b>	<b>553</b>	<b>702</b>	<b>702</b>

## 21 Lease obligations

Total rentals payable under operating leases:

	Consolidated and University			Year ended 31 July 2017
	Year ended 31 July 2018			
	Land and Buildings £'000	Plant and Machinery £'000	Total £'000	
<b>Payable during the year</b>	535	56	591	609
<b>Future minimum lease payments due:</b>				
Not later than 1 year	559	30	589	431
Later than 1 year and not later than 5 years	2,235	-	2,235	1,476
Later than 5 years	6,377	-	6,535	4,376
<b>Total lease payments due</b>	<b>9,329</b>	<b>30</b>	<b>9,359</b>	<b>6,283</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 22 Training bursaries

	Consolidated and University	
	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
NCTL Grants	1,604	1,324
Disbursed to Students	(1,528)	(1,240)
Balance unspent at 31 July, included in creditors	76	84

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

## 23. Pension and similar obligations

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

### Total pension cost for the year

The pension contributions for the year was £1,873,000 (2017: £1,463,000) excluding the FRS 102 adjustment.

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Teacher's Pension Scheme: contributions payable	672	672	632	632
Local Government Pension Scheme: charge to the Consolidated Statement of Income & Expenditure	1,044	1,008	702	672
Universities Superannuation Scheme: contributions payable	92	92	80	80
Church of England Funded Pension Scheme	9	9	9	9
Bishop Grosseteste University Flexible Retirement Account: charge to the Consolidated Statement of Income & Expenditure	56	25	40	15
Total Pension Cost for the Year (excluding FRS 102 adjustment)	1,873	1,806	1,463	1,408

### Church of England Funded Pensions Scheme:

Bishop Grosseteste University participates in the Church of England Funded Pensions Scheme and employs one member of the Scheme out of a total membership of approximately 8,500 active members. This scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

The Church of England Funded Pensions Scheme is a defined benefit scheme but Bishop Grosseteste University is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate. A valuation of the Scheme was carried out as at 31 December 2015. This revealed a shortfall of £236m, with assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- Discount rate 4.6%
- RPI 3.2%
- Pension increases:  
Increasing in line with RPI (capped at 5%) 3.1%  
Increasing in line with RPI (capped at 3.5%) 2.6%
- Rate of increase of pensionable stipends 3.2%
- Post-retirement mortality: 80% of the S1NMA and S1NFA mortality tables projected from 2007 in line with the CMI 2015 core projections with a long term annual rate of improvement of 1.5% pa for both males and females

For schemes such as the Church of England Funded Pensions Scheme, paragraph 28.11 of FRS102 requires Bishop Grosseteste University to account for pension costs on the basis of contributions actually payable to the Scheme in the year. A valuation of the scheme is carried out once every three years. The next valuation is due to be carried as at 31 December 2018.

Bishop Grosseteste University contribution rate is 39.9% of pensionable stipends of which 14.1% will be in respect of the £236m shortfall in the Scheme and 25.8% is in respect of accrual of future benefits and the day-to-day expenses of running the Scheme.

#### **Teachers' Pension Scheme (TPS):**

##### **Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

##### **The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service

Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

#### **Valuation of the Teachers' Pension Scheme**

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with *The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014*. The valuation report was published by the Department on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

[www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)

## 23. Pension and similar obligations (continued)

### Scheme Changes

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

The pension costs paid to TPS in the year amounted to £672,000 (2016/17 - £632,000). No contributions were payable to the scheme at 31 July 2018 and 31 July 2017.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The University is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the University has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution plan. The University has set out above the information available on the plan and the implications for the University in terms of the anticipated contribution rates.

A formal valuation is currently in progress with the results expected to be implemented in 2019.

### Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The company is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. The employer contribution rate is 18%.

The total cost charged to the profit and loss account is £92,000 (2017: £80,000). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway but not yet completed.

Since the institution cannot identify its share of Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective,

which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. These figures will be revised once the 2017 Scheme Valuation is complete.

Defined benefit liability numbers for the Scheme for accounting purposes have been produced using the following assumptions as at 31 March 2017 and 2018:

	2018	2017
Discount Rate	2.64%	2.57%
Pensionable salary growth	n/a	n/a
Price Inflation (CPI)	2.02%	2.41%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation.

The mortality assumptions used in these figures are as follows:

	2018	2017
Mortality base table	<u>Pre-retirement:</u> 71% of AMCO0 (duration 0) for males and 112% of AFC00 (duration 0) for females  <u>Post retirement:</u> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females	98% of SAPS S1NA "light" YOB unadjusted for males  98% of SAPS S1NA "light" YOB with a -1 year adjustment for females
Future Improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.	CMI_2014 with a long term rate of 1.5% p.a.

The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65 (years)	24.5	24.4
Females currently aged 65 (years)	26.0	26.6
Males currently aged 45 (years)	26.5	26.5
Females currently aged 45 (years)	27.8	29.0

	2018	2017
Scheme assets	£63.6bn	£60.0bn
Total scheme liabilities	£72.0bn	£77.5bn
FRS 102 total scheme deficit	£8.4bn	£17.5bn
FRS 102 total funding level	88%	77%

### Bishop Grosseteste University Flexible Retirement Account

The University operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the University in an independently administered fund. The pension cost charge represents contributions payable by the University to the fund and amounted to £56,000 (2017 - £40,000).

## 23. Pension and similar obligations (continued)

### Local Government Pension Scheme (LGPS):

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2018 was £1,355,000 (2016 - £1,094,000), of which employer's contributions totalled £1,044,000 (2017 - £833,000) and employees' contributions totalled £311,000 (2017 - £261,000). The agreed contribution rate was 20.9% and an annual lump sum of £82,000. Contributions are between 5.5% and 12.5% depending upon salary for employees. The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	Males		Females	
	Pensioner	Non-pensioner (currently aged 45)	Pensioner	Non-pensioner (currently aged 45)
At 31 July 2017	22.1 years	24.1 years	24.4 years	26.8 years
At 31 July 2018	22.1 years	24.1 years	24.4 years	26.6 years

### Analysis of plan assets

	At 31 July 2018	At 31 July 2017
Equities	73%	78%
Bonds	15%	12%
Property	11%	9%
Cash	1%	1%

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
<b>Analysis of the amount shown in the balance sheet</b>				
Scheme assets	20,505	19,752	17,818	17,170
Scheme liabilities	(24,622)	(23,710)	(23,282)	(22,418)
<b>Deficit in the scheme – net pension liability recorded within pension provisions (Note 18)</b>	<b>(4,117)</b>	<b>(3,958)</b>	<b>(5,464)</b>	<b>(5,248)</b>
Current service cost	1,968	1,902	1,293	1,245
Past service costs	-	-	21	-
Total operating charge:	1,968	1,902	1,314	1,245
<b>Analysis of the amount charged to interest payable/credited to other finance income</b>				
Interest cost	(653)	(629)	(552)	(530)
Expected return on assets	493	475	379	364
<b>Net charge to other finance income</b>	<b>(160)</b>	<b>(154)</b>	<b>(173)</b>	<b>(166)</b>
<b>Total profit and loss charge before deduction for tax</b>				
<b>Analysis of other comprehensive income:</b>				
Gain on assets	1,284	1,237	1,344	1,341
Experience loss on liabilities	-	-	763	668
Changes in financial assumptions	1,177	1,130	(426)	(372)
Changes in demographic assumptions	-	-	475	457
<b>Total other comprehensive income before deduction for tax</b>	<b>2,461</b>	<b>2,368</b>	<b>2,156</b>	<b>2,094</b>

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
<b>Analysis of movement in deficit</b>				
<b>Deficit at beginning of year</b>	<b>23,282</b>	<b>22,418</b>	22,401	21,574
Employee contributions	311	302	265	256
Benefits paid	(415)	(411)	(438)	(434)
Current service cost	1,968	1,902	1,293	1,245
Past service cost	-	-	21	-
Other finance charge	653	629	552	530
Gain recognised in other comprehensive income	(1,177)	(1,130)	(812)	(753)
<b>Deficit at end of year</b>	<b>24,622</b>	<b>23,710</b>	23,282	22,418

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £000	University £000	Consolidated £000	University £000
<b>Analysis of movement in the fair value of scheme assets</b>				
<b>Fair value of assets at the start of the year</b>	<b>17,818</b>	<b>17,170</b>	15,445	14,868
Expected return on assets	493	475	379	364
Actuarial gain on assets	1,284	1,237	1,344	1,341
Actual contributions paid by University	1,014	979	823	775
Actual member contributions (including notional contributions)	311	302	265	256
Actual benefit payments	(415)	(411)	(438)	(434)
<b>Fair value of scheme assets at the end of the year</b>	<b>20,505</b>	<b>19,752</b>	17,818	17,170

#### Consolidated History of experience gains and losses

	Year to				
	31-Jul 2018	31-Jul 2017	31-Jul 2016	31-Jul 2015	31-Jul 2014
<b>Difference between actual and expected return on scheme assets:</b>					
Amount (£m)	1,284	1,344	1,226	572	(401)
% of assets at end of year	6.3%	7.5%	7.9%	4.4%	(3.5%)
<b>Experience (gains)/losses on scheme liabilities:</b>					
Amount (£m)	(1,177)	(812)	2,515	1,232	(472)
% of liabilities at end of year	(4.78%)	(3.49%)	11.23%	6.73%	(3.00%)

#### Sensitivity Analysis

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

Change in assumptions at 31 July 2018:	Approximate increase to Defined Benefit Obligation	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	12%	2,922
0.5% increase in Salary Increase Rate	2%	507
0.5% increase in the Pension Increase Rate	10%	2,376

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## **24. Related Party Transactions**

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

## **25. Investments**

The University holds all issued ordinary share capital of BG (Lincoln) Limited, a trading company registered in England and Wales, the principal activity of which is the organisation of functions and conferences and catering. The University's interest in the company at 31 July 2018, comprised share capital of £2 (2017 - £2).

## **26. Post Balance Sheet Events**

No significant events have occurred since the balance sheet date.





**BISHOP  
GROSSETESTE  
UNIVERSITY**

Over 97% of our students are in work or further study within 6 months of graduating. Destinations of Leavers from Higher Education survey, 2016/2017

**97%**

graduate employability

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