



2017–2018 ANNUAL REPORT

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Vice-Chancellor's and Chair of Board of Governors' STATEMENT

2018 has been an outstanding year for UWE Bristol. We have achieved Gold status in the Government's Teaching Excellence Framework; 7th best University in the UK for student satisfaction (National Student Survey); 8th best in the UK in the Postgraduate Taught Experience Survey; and our highest ever league table position, climbing 15 places in the Guardian league table to 37th position.



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Professor Steve West
Vice-Chancellor

We are committed to making sure our students are best positioned for the future. We have again bucked the national trend for applications, seeing a sustained increase in students applying to study with UWE Bristol, and 95% of our graduates are in work or further study six months after graduating.

These achievements demonstrate the significant progress that we have made towards our Strategy 2020 and our ongoing investment in our people, learning environments, estates, and infrastructure.

Our new digital media studios at Bower Ashton have been named best educational building in the West of England and new art and design studios will open in January 2019. We've opened a new state-of-the-art optometry and clinical skills centre and we continue to roll-out a programme of estates transformation across our campuses.



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Sonia Mills
Chair of
Board of Governors

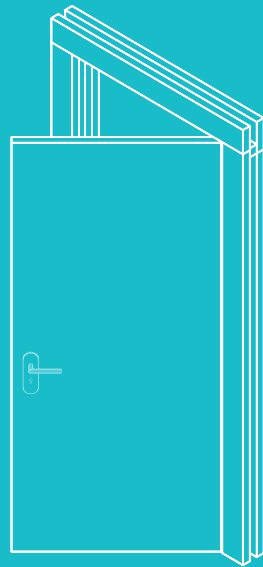
Our facilities in the University Enterprise Zone (UEZ) have grown from strength to strength. We continue to build and enhance our innovation ecosystem, based on the needs of our regional economy, with developments including our Launch Space graduate incubator and world-class Health Tech Hub to support collaborative research and development with industry.

We invest in our people through training, development and self-service tools, and we are taking a sector-leading role through our Mental Wealth First Strategy, putting mental health and wellbeing first for everyone in our university community.

We are incredibly proud of our role in shaping the lives of people, our society and the economy for the better.

As we develop our strategy for 2030, we look ahead with confidence, based on our success and our ambition for the future.

Links with over
7,000
employers



95%

of graduates in work or
further study six months
after graduating

More than **8,800** industry placements
in 2016/17

Over
50%

of our graduates
remain in the
South West to work



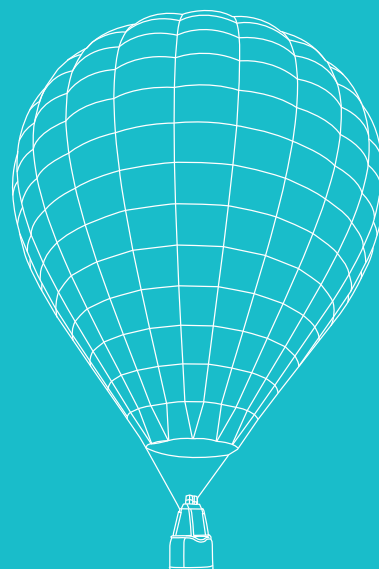
Contributing
£400m

to the local economy every year

275,000
alumni



3,692
staff



Top 10

universities in the UK
for student satisfaction

Source: National
Student Survey 2018

79%

of our research is considered
to have an outstanding or
considerable impact

Source: Research Excellence
Framework (REF) 2014



£300m

investment in new and
improved facilities across
our campuses until 2020

30,000

| students from 140 countries



Operating and financial review 2017–2018

Financial strategy

Our financial strategy is to support the University to reach its potential and its ambition. Our financial priorities, in support of the long-term viability and sustainability of the University, are to:

- Continue to maintain and build on the successful financial management in meeting the challenges and opportunities of an increasingly changeable higher education landscape and economic environment. To do this, we will generate the cash required to support our strategic investment programmes in both our academic enterprises and our infrastructure. We will control costs, making strategic decisions on activities that are financially sustainable and are in alignment with the University Strategic Plan.
- Ensure financial sustainability of the University by borrowing for investment at a level that will not put the University at risk. We will maintain a sustainable recurrent investment in the academic, corporate and support operations and dispose of properties surplus to requirement. We will control costs by establishing and funding agreed staffing levels throughout the University, with regular critical review, and invest in creating adaptive capacity.
- Enable the financial management of the University by continuing our ongoing programme of process reviews, investment in information systems development and business processes and improving efficiencies, all of which contributes to the enhancement of our student and staff experiences.

In short, our financial strategy is to maintain an operating surplus that generates sufficient operating cash flow. This together with proceeds from the sale of excess properties, donations and the use of borrowing facilities to finance our strategic programmes will enable the long term sustainability of the University and the potential to deliver our Strategy 2020.

Future prospects

Government funding of recurrent and capital grants has reduced significantly over the years and is expected to continue to be so with potential new home undergraduate fee arrangements. Concerns remain in the sector about

further direct funding cuts and reduction of other grants such as Disability Students Allowances and Student Opportunity Funds. The increase in the standard fee of £9,000, after being capped for 5 years to £9,250, brought a small but a welcome respite in 2017/18. However, this fee is now being fixed to at least 2019/20. It is worth noting that, to protect our current students, we only apply the new fee level to new intakes from the academic year 2017/18 onwards and that after taking into account a range of scholarships and bursaries for students from lower income families, our average actual fee level is substantially lower.

The future funding regime remains uncertain, as the Government is committed to conducting a major review across post-18 education and funding, to ensure a joined-up system that works for everyone. This review will look at how the education system for those aged 18 years and over is accessible to all, is supported by a funding system that provides value for money and works for students and taxpayers, incentivises choice and competition across the sector, and encourages the development of the skills that the country needs. An independent panel led by Philip Augar, comprising of experts from across post-18 education and the business world, is tasked to provide input to the overall review initiated by the Government.

For our financial forecasts and planning purposes, we have assumed a modest increase in home undergraduate numbers from 2018/19. Together with the cash limited nature of the Office for Students (OfS) funding and potential impact of BREXIT, a very significant proportion of our income will not move in line with inflation. This inevitably creates financial pressure in an inflationary environment. Against assumptions of pay awards on top of incremental drift arising from scale increases and promotions, rising pension costs, inflation on energy costs and increasing depreciation charges, it is increasingly challenging to maintain the University's financial surplus strategy. As staff costs constitute 59% of income, continued control of both staff numbers and pay levels over the next few years will be critical.

As the negotiation of UK exiting EU membership continues, we face a degree of political and economic uncertainty about the future. It is important that we remain focused on the long term ambitions and aspirations of the University.



We are a people organisation and our values and purpose support us to deliver opportunities for our staff and students as global citizens in a global knowledge economy. We are playing, and will continue to play, the long-term game – delivering inclusive and inspirational research, learning and teaching to the diverse and talented communities we serve. We will support each other to achieve the best we can for our students and staff and we will engage with policy makers to shape our future as an international university.

Over the past few years we have been working on a number of initiatives to strengthen the University's financial base, both to deal with existing and known pressures and to put the University into the best possible position to manage the rapidly changing and uncertain financial environment.

These have included:

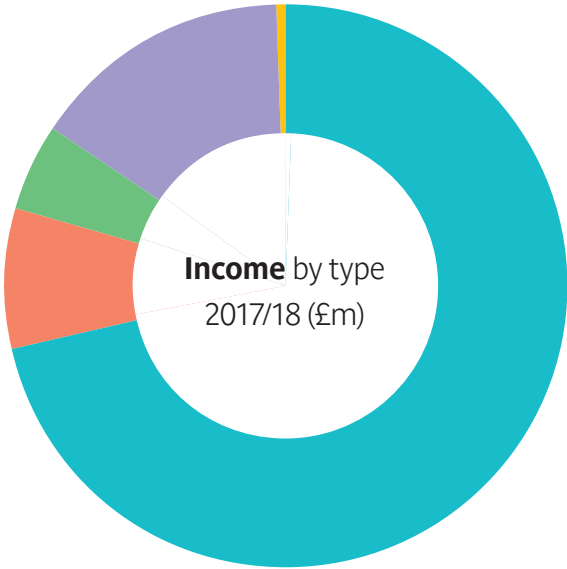
- A fundamental restructuring of the way in which support services and processes are delivered across the University and continuously seeking further improvement and efficiency.
- A number of strategic programmes have been put in place to deliver the ambitions set out in the University Strategy Plan 2020 and associated key performance targets, including enhancing the student experience and learning environment.
- Review and challenge of the portfolio of our academic programmes.

Key financial ratios

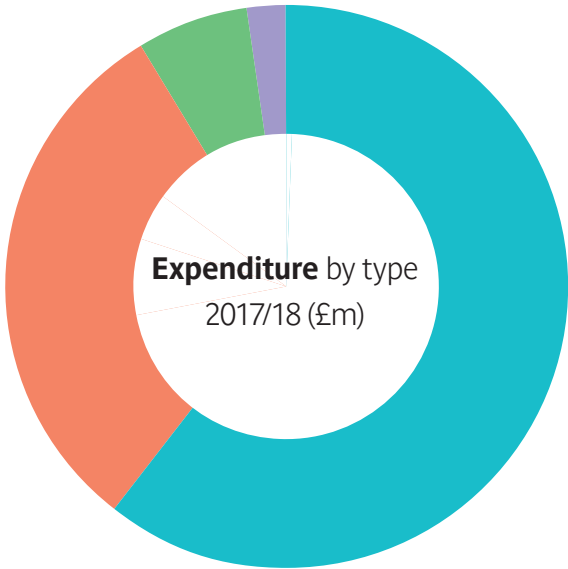
The University has identified a number of key financial ratios which it monitors as part of its financial strategy. Performance over the last 3 years is shown below.

	2017–18	2016–17	2015–16
Key financial ratios as a % of income			
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)	13.9%	14.2%	14.9%
Cash flow generation (net of financing activities)	11.8%	9.7%	12.1%
Staff costs	59%	59%	55%
Key financial values (£m)			
Total income	271.3	257.1	258.3
Total expenditure	263.7	245.7	238.0
Surplus from operations	7.6	11.4	20.3
Cash flow generated from operations	32.1	25.0	31.2
Borrowings and cash at year end:			
Gross debt	114.6	121.7	68.1
Cash, deposits and short term investments	109.8	121.4	86.1
Net (debt)/cash	(4.8)	(0.3)	18.0
Net assets at year end	485.7	441.5	419.7

Financial statistics:
Income and expenditure in 2017–18

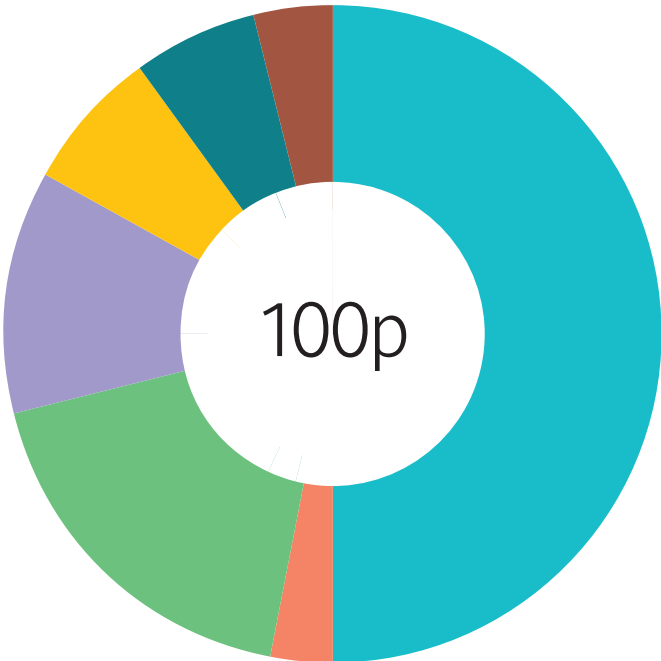


- £193.8m Tuition fees and education contracts
- £22.1m Funding body grants
- £13.6m Research grants and contracts
- £41.2m Other income
- £0.6m Investment income



- £160.4m Staff costs
- £80.8m Other operating expenses
- £17.2m Depreciation
- £5.3m Interest and other finance costs

Financial statistics:
How did we spend our £ in 2017–18



- 50p Academic and related expenditure
- 3p Research grants and contracts
- 18p Administration and central services
- 12p Premises
- 7p Residences and catering
- 6p Other income generating activities
- 4p For investments in our future

Financial performance 2017–18

The University has had a good year with solid performance in UK undergraduate student recruitment, enhancement of our academic partnerships in the UK and across the globe, investing in our student's experience, academic endeavours and capital infrastructure, including people, systems and estate. Together with robust costs control, we have mitigated the freezing of UK tuition fees and rising staff costs, and in particular pension charges. Financial performance during the year was positive with an operating surplus of £7.6m (2017: £11.4m) before actuarial gains in respect of pension scheme. The results included £2.3m (2017: £3.0m) of capital grants received during the year.

Total income for the year was £271.3m (2017: £257.1m) – a £14.2m increase (5.5%) mainly due to:

- An increase of £8.6m (4.6%) from tuition fees and education contracts, due to successes in recruiting additional home and international undergraduates, as well as the increase in the capped tuition fees for UK and EU undergraduates, which was only applied to new students for the year.
- Additional grant income from OfS in respect of Allied Health Professions Programmes, which previously were funded by NHS.
- Additional income from new student residences.

Total expenditure was £263.7m (2017: £245.7m) – a £18m (7.3%) increase due to:

- Staff costs increasing by £9.3m (6.1%), which reflected cost of living and incremental pay awards, increasing staff numbers and additional employer's pension contributions and apprenticeship levy scheme.

Capital investment

Our Masterplan programme, originally at £250m ending 2018 has now been extended to £300m to 2020, is well underway with a number of projects during the year, including:

- Construction of two new buildings for Faculty of Arts, Creative Industries and Education at the Bower Ashton Campus.
- The continuing strategic academic space refurbishments in Faculties of Environment & Technology and Health and Applied Sciences.

Completed capital investment during the year included:

- Creation of the Health Tech Hub, a world-class facility at Frenchay campus focused on advancing technology that enables people to live independently and manage their own health and well-being.
- Completion of new 561 bed student accommodation.

Total capital investment in the year amounted to £16.6m (2017: £46.9m). In addition, we have also purchased two buildings namely Enterprise 1 and Enterprise 2 situated in the adjoining Hewlett Packard site for £20m and have invested £1.8m in enhancing our Business Systems. In 2018/19, our capital investment will include a new building for the Faculty of Environment and Technology.

Cashflow and treasury management

Cashflow generated from operations for the year was £32.1m (2017: £25.0m). After receipts from capital grants of £2.3m, cash outflows in respect of capital expenditure of £16.6m and other items, net cash outflow for the year was £4.7m (2017: inflow of £4.6m).

The University currently holds substantial cash balances; at the year end, the University had cash/money market and financial instrument balances totalling £109.8m (2017: £121.4m).

Cash generated from operations

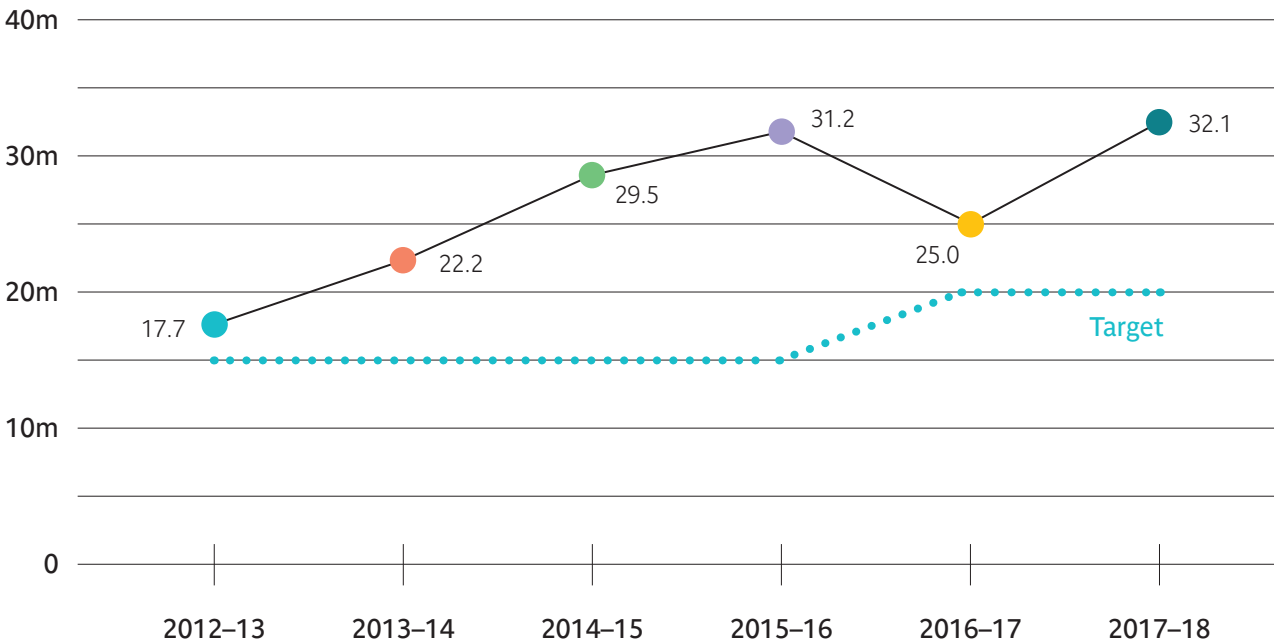
Our treasury strategy is determined in the context of expected future revenue and capital plans and the need to ensure that sufficient funds are available to meet commitments on a day to day basis.

We adopt a prudent approach to investing surplus funds. In order to manage risk, cash deposits are spread amongst a range of counterparties. To protect capital sums invested, we make full use of reports compiled by leading Credit Rating Agencies and only institutions carrying at least short-term ratings of A1 (Standard & Poors) and F1 (Fitch IBCA) are considered sufficiently secure. Deposits are placed to mature over a range of maturity periods to ensure adequate liquidity.

Our counterparty policy is monitored closely to achieve an appropriate balance of counterparty risk and diversification. Due to its ambitious and imminent capital expenditure plans, the University has restricted its short term deposits to no longer than one year.

The University has two loan facilities. Taking advantage of the low interest economic environment in 2017, a decision was taken to fix both loans interest rate at an all-in rate of 1.677% and 1.807% respectively. The total loan(s) outstanding on 31 July was £114.6m (2017: £121.7m), which are fully repayable by September 2036 and March 2034 respectively.

Cash generated from operations (£m)



Student numbers

The total number of students enrolled during the year was 36,133 of which 28,250 are full-time students and 7,883 part-time students. Included in the headcount are 6,942 Transnational students who are students studying overseas under partnership arrangements.

Student numbers represented as full time equivalent for the last 3 years are as below:

Students numbers (FTE)	2017-18	2016-17	2015-16
Undergraduate			
Home and EU	18,040	17,907	17,517
Overseas and offshore	1,683	1,635	1,654
Transnational education	5,968	5,757	5,420
Postgraduate taught			
Home and EU	3,139	2,663	2,464
Overseas and offshore	818	800	841
Transnational education	611	611	525
Postgraduate research			
Home and EU	199	189	201
Overseas and offshore	76	73	79
Total student numbers	30,534	29,635	28,701

Pensions

Pensions for the majority of the University's staff are currently provided either through the Teachers' Pension Scheme (TPS) or the Avon Pension Fund (APF). The ongoing costs and risks associated with both pension schemes are a very important element of the future financial sustainability of the University. A small number of staff are members of the Universities Superannuation Scheme (USS).

Teachers' Pension Scheme

The TPS is a non-funded occupational scheme backed by the Exchequer. It is a national multi-employer scheme providing pensions for the UK education sector and is restricted to our academic and research staff. The ongoing service costs are financed by contributions from the University and its staff. The University accounts for the scheme as if it were a defined contribution scheme.

Avon Pension Fund

The APF is a Local Government Pension Scheme (LGPS) and is a funded defined benefit scheme, with assets held in separate trustee administered funds.

On an FRS 102 basis, at 31 July 2018 the University's share of the scheme was assets of £264.2m (2017: £240.6m) and liabilities of £369.0m (2017: £371.4m) giving a deficit of £104.8m (2017: £130.8m). A summary of the decrease in the FRS 102 deficit since July 2017 for Avon Pension Fund shows:

	£m
July 2017 deficit	130.8
Actuarial gain – reducing inflation rate offset by discount rate and improvements in mortality assumptions	(36.6)
Shortfall of actual contributions to current service costs	7.1
Other finance charge	3.5
July 2018 deficit	104.8

At the last actuarial valuation as at 31 March 2016, on a Trustee's funding basis, APF is 86% funded with a deficit of £597m, of which, £38m is attributable to the University. To deal with the funding deficit the University agreed to continue the deficit recovery plan, which was set up in 2010 whereby aiming at a recovery period of 23 years, the University is required to make additional deficit related contributions of £1.8m per annum index-linked. APF has confirmed that the recovery plan is ahead of schedule due primarily to market returns above expectation.

Public benefit statement

The principal objectives of the University, in accordance with Section 124 of the Education Reform Act 1988, are concerned with the provision of higher education and the conduct of research. Supporting this, the University also undertakes other activities including knowledge exchange, consultancy and the provision of accommodation, catering and conference services.

As UWE Bristol is an exempt charity under the terms of the Charities Act 2011, the trustees of the charity are the members of the Board of Governors. The Office for Students (OfS) is the principal regulator of English higher education institutions covered within the act.

In setting and reviewing the University's strategy and activities, the Board of Governors takes into consideration the Charity Commission's guidance on the reporting of public benefit and the supplementary public benefit guidance on the advancement of education.

The Board of Governors has due regard to any impact that may arise from the University's activities in particular, the impact of its campus developments on its immediate locality, working closely with South Gloucestershire and Bristol City Councils and undertaking extensive community discussion and consultation.

The University does not currently incur private benefit from its activities undertaken in pursuance of its purposes. However, it is alert to the possibility of commercialising proprietary technology or intellectual property that may arise as part of its activities, as a means of increasing investment in pursuance of the primary objectives.

The Board of Governors recognise that students, both undergraduate and postgraduate, are the principal beneficiaries of the provision of higher education. Through our students, Research and Knowledge Exchange and community engagement activities, wider society also benefits. The annual report and financial statements provide extensive information on the public benefit of the University's activities as described above. Of particular relevance to public benefit is our commitment to widening participation, engagement with the community and wider public and our contributions to environmental sustainability and a healthy society.

Widening participation

The University is proud of its focus on inclusivity, social justice and equality of opportunity. Our connections with the regional economy and communities allows us to be part of creating a confident and ambitious future for the Bristol city region.

Inclusivity is at the heart of our strategic developments and is represented in four commitments:

- Collaborate with partners across our city region to develop appropriate educational opportunities that enable strong economic development and social inclusion.
- Build on the university's successes to date in widening access from under-represented groups, to UWE Bristol and HE in general.
- Ensure that the programmes and support we offer are appropriate and enables all of our learners to succeed.
- Support all of our graduates into successful and appropriate graduate outcomes; ensuring that under-represented groups are not disadvantaged to gain a graduate level job or to continue to further study.

The University has a widening participation strategy that applies to the whole student life cycle; this strategy ensures that the needs of a diverse student body are addressed at every stage of the student journey. The direction set out within the University's Strategy is further reflected within our Access Agreement, where an inclusive student experience will remain paramount to the future direction of the University.

In order to deliver in these areas, the University will continue to commit in excess of £10m in additional funds for access and student success measures. This will represent over 23% of additional income above the basic fee and demonstrates our firm commitment to the recruitment, achievement and success of those who are identified as widening participation students.

Included within this commitment is £4m in financial support distributed through a bursary scheme that will provide the majority of bursaries to students based on low family residual income as well as providing in-year hardship funding to students based on low personal income.

Regional partnerships

UWE Bristol is part of the Mayor's Learning City Agenda and as such will be contributing to the action plan for 2020 that will set out how all of the partners will work together to ensure that the ambitious targets are met.

As part of OfS's National Collaborative Outreach Programme, UWE Bristol will be working in collaboration with 26 secondary schools, 4 post-16 centres, the University of Bristol, a range of third sector organisations and regional

partnerships such as the West of England Local Enterprise Partnership and Learning City to develop and deliver Future Quest – a series of targeted interventions in areas of low participation in higher education.

We are extremely proud of our long history of strong and mutually beneficial partnerships with local schools. We were one of the first universities to sponsor an academy and, through the Cabot Learning Federation, are involved in sponsoring an important Multi-Academy Trust that has a strong national reputation.

As the lead for the local Children's University, we work with a wide range of schools, community organisations, businesses and others to develop an inspiring offer of learning destinations available to students. Providing accreditation for out of school learning opportunities in the city, the Children's University is recognised for raising children's attainment, aspirations and sense of adventure; critical factors in tackling the low numbers of young people progressing to university from some of the wards in the city region.

Sustainability

The University is committed to supporting the global sustainability agenda for a strong, healthy and just society living within environmental limits in everything that it does. Central to this commitment is the ambition to create an environment and culture in which all student and staff members have the opportunity to develop and use the skills and understanding required to contribute to global sustainability and health both at the university and throughout their personal and private lives.

The strategic leadership for sustainability is guided by the University Senior Management Team. The Sustainability Board, chaired by the Assistant Vice-Chancellor for Environment and Sustainability, is responsible for the delivery of our ambitious and award winning Sustainability Plan 2013–2020. We follow a holistic approach to sustainability that covers all aspects of sustainability across all functions of the University. This enables continuous, innovative, genuine and embedded performance improvements which have been successful to date. The approach has enhanced the University's reputation externally, and encouraged faculties, services, students and wider stakeholders to work in partnership. UWE Bristol's Sustainability Plan was further enhanced over the last year, encompassing sections on climate change adaptation and sustainable food.

The University's commitment to continuous improvement in environmental sustainability is verified through certification to the ISO14001 environmental management system standard. Each year our environmental management



system is externally audited against the standard's requirements – this year's audit took place in summer 2018, the outcome of which is recertification to ISO14001:2015. A critical component of this refreshed standard is that the university has to demonstrate continual improvement in its environmental performance. Some of our key initiatives are described below.

- UWE Bristol is progressing well to meeting its on-site low/zero carbon generation targets. Our solar photovoltaic arrays have generated 510 MWh in the last twelve months, avoiding 144 tonnes of carbon emissions and saving the university £51k. This will be supplemented by our combined heat and power plant which is scheduled to be installed in late 2018. Our Carbon Management Programme has focussed on LED lighting and control upgrades, with an investment of £1m made this year, generating cash savings of £150k and saving 300 tonnes carbon emissions.
- Water efficiency has been targeted as an area of priority and to date reduction of more than 50% have been achieved in Frenchay Student Village and more than 60% at Bower Ashton campus. These projects have realised savings of over £130k.
- Our ambitious Education for Sustainable Development (ESD) work reaches all departments and services of the University. Extending and deepening engagement with the UN Sustainable Development Goals will be a focus for the coming year. Some 30 individual programmes across the university portfolio have already been mapped against the individual SDGs. The ESD team works closely with academic and professional staff across the institution and within The Students' Union at UWE to support initiatives and build capacity. UWE Bristol has achieved a 1st class Award in the People and Planet Green League, with ESD score of 100% of available points and achieving a sector leading position. During 2018–19 we will be working with the SU at UWE to prepare for re-accreditation to the NUS Responsible Futures Award.
- Following the full implementation of the Travelsmart programme, single occupancy car travel is now at approximately 25% of staff and students who commute. This represents around 1,000 less vehicles per day travelling to and from the university's campuses – a major shift towards our sustainable travel ambitions. A particular focus this year has been the creation of car-free "greenways" at Frenchay and Glenside campuses. The new metrobus express public transit service began operating in summer 2018, providing fast low emission travel between our main campus and the city centre.
- Our resource management programme has delivered a recycling and reuse rate of approximately 75% while the UWE Bristol reuse scheme has continued to go from strength to strength, with reallocation of furniture and equipment leading to an estimated annual saving to UWE Bristol of £168k in avoided procurement and waste disposal costs. In addition, this year we donated second-hand furniture to a number of charity partners (schools and local community groups) – to the value of £60k. UWE Bristol continues to support the British Heart Foundation (BHF) through the annual Bristol Big Give campaign, whereby students can donate unwanted items for sale in local charity shops. This year saw 23,000 bags of material (approx. 185 tonnes) diverted for resale in BHF's Bristol charity shops, with a potential resale value to the BHF of more than £300k.
- The University, working in partnership with the Student Union, continued to embed good practice in terms of sale, supply and promotion of Fairtrade. As a result, our total spend on Fairtrade rose to over £1m and our efforts were recognised with two Fairtrade Business Gold Awards for the Fairtrade Coffee cart in the Hub (which was also overall winner of the category) and Phaz Café on Frenchay Campus.
- In addition, the University is renowned for its commitment to promote health and wellbeing with clear impacts for staff and student health, wellbeing and experience. This year's Feel Good February event attracted more than 10,000 participants in over 200 events.
- This year the University also updated its environmental sustainability policy, issued a policy statement on our use of palm oil, and is developing a number of initiatives to reduce the environmental impacts of plastic and food waste.
- The University is pleased to support the Student Union with its Green Impact submission, and is delighted that UWE SU have been recognised as highest scoring union in the Green Impact Students' Unions 2017/18 awards.

UWE Bristol's sector leadership in sustainability continues to be demonstrated following our success in November 2016 when we won four UK and Ireland Green Gown awards and two international Green Gown awards. In this year's awards the university has the largest number of finalists of any institution in the UK & Ireland Green Gown Awards.

Equality, diversity and inclusivity

At UWE Bristol, we passionately believe in inclusivity and opportunity for all students, staff and the wider community. We recognise the key role education plays to help transform society, and to the benefit of all individuals and communities. As a university, we place considerable value on the diversity of our student body and this is increasingly reflected in the diversity of our staff. This diversity brings significant benefits to the University, greatly enriching our learning and working environment.

At UWE Bristol, we aim to offer opportunities to our students and staff that will enable them to develop the skills and knowledge to thrive in their lives, regardless of age, disability, gender, gender identity, marriage or civil partnership status, pregnancy or maternity, race, religion or belief, or sexual orientation.

By implementing the actions of our Single Equality Scheme and our commitments as set out in our Access and Participation Plan, we ensure that we are making measurable progress towards our 2020 ambition of becoming known nationally and internationally as an inclusive university.

Some of the notable achievements of the past academic year have included:

- Continued outreach and access to HE activity with local schools and colleges.
- Developed Inclusive curriculum design principles.
- Focused activity to reduce persistent attainment gaps for specific groups of students, e.g. analysis of bursary support and attainment for students of low-income backgrounds.
- Supported rollout of lecture capture as a learning enabler for all across the University.
- Ensured inclusivity of access and experience via 20+ robust equality analyses.
- Renewed Athena SWAN gender equality Bronze award at university level with departments also receiving bronze and now implementing action plans.
- Continued our involvement as a Race Charter Member, Disability Confident Employer, and Stonewall Diversity Champion.
- Targeted communications, training and events programme to build skills and reinforce inclusivity across all teams and campus locations.

The University's Equality and Diversity Unit plays a pivotal role in communicating and promoting the culture of this inclusive University, monitoring delivery of the Single Equality Scheme and equality analysis and policy implementation, and leading on key inclusivity objectives. We work closely with the Student Inclusivity Team and the Students' Union at UWE.

Student and staff involvement

The University places considerable value on the active participation of its employees in policy making and on good communication with them. The University's developments are communicated regularly through a number of distinct channels, with opportunities for engagement and discussion.

A number of other initiatives also took place to further enhance the employee voice, including the approval by the Academic Board and the Board of Governors of changes to the Academic Board structure to significantly increase both the space for the academic voice and the number of elected positions within the structure.

The University also has a number of mechanisms in place to facilitate communication with students and it makes extensive use of appropriate channels to disseminate information, receive and act upon feedback, not least through partnership with the Students' Union to train and recognise the contribution made by over a thousand student representatives on the University's programmes. The Students' Union President is an ex officio member of the Board of Governors of the University and a number of Student Union representatives are members of the Academic Board and other committees. There are regular formal and informal consultations with the Students' Union and a Student/Governor Forum is maintained by the Board of Governors under the leadership of the Students' Union President. Both the Student and Staff Governor Forums meet three times a year and provide the Board of Governors with an opportunity to engage with a wide audience of the University's most critical stakeholders.

Health and safety

The University's Safe Places, People and Practice Strategy (SPPP) has as its ambition to ensure health and safety is inherent in all that UWE Bristol does. Key milestones achieved in 2017/18 have been:

- There has been a comprehensive review of health and safety management at UWE Bristol, entitled a Step Change in Health and Safety. This has culminated in a five year Roadmap and associated Action Plan commencing in 2018–2019.
- The arrangements for the management of work with biological agents is embedding well. Over 260 risk assessments have been reviewed by the Biological Safety Committee in this inaugural year. This has ensured there is a much clearer picture of the work that is taking place across the University and ensured consistency in assessment quality.

- There continues to be work on the emergent risk from 2016–2017, relating to business partnership and commercial relationships. Future Space includes a summary health and safety performance report in the overall UWE Bristol annual health and safety report. Further, there has also been work with the Health Tech Hub Team to ensure the development of a robust health and safety management system; the outcome is in alignment with the Faculty of Health and Applied Sciences.
- The three-year audit programme continues, concentrating on Faculty and Professional Service progress with audit action plan implementation. The overall average score is now 86.5%. It is encouraging that health and safety management in those areas audited continues to be sustained.
- For the main University health and safety risks, Construction Safety, Ionising Radiation, Genetically Modified Organisms and Fire Safety Management, there remains overall assurance that reasonable management processes are in place to ensure compliance with relevant legislation.

For the most visible indicators of health and safety management:

- The number of accidents has reduced by 29%, from 160 to 124.
- For the more serious accidents RIDDOR, the numbers have increased, from 4 to 5.
- Fire alarm activations have reduced by 20% (706 compared with 878), only 11 required attendance of the Avon Fire and Rescue Service, a 27% reduction.

Overall the Faculties and Professional Services continue to ensure implementation and engagement in the UWE Bristol Health and Safety management process. A comprehensive review, a Step Change in Health and Safety, was conducted and proposed to the University, which resulted in a comprehensive five-year strategic action plan for health and safety and this remains the University's strategic priority for the management going forward.



Corporate governance and internal control

Organisation

The University is organised into four faculties, each led by a Pro Vice-Chancellor and Executive Dean.

They are:

- Arts, Creative Industries and Education
- Business and Law
- Environment and Technology
- Health and Applied Sciences

Responsibility for overall day-to-day management of the University is through the Vice-Chancellor, supported by a senior team which includes the Deputy Vice-Chancellor and Provost, Pro Vice-Chancellors, Directors and Heads of Professional Services.

The University is committed to best practice in all aspects of corporate governance and has adopted the Committee of University Chairs' Higher Education Code of Governance.

The University endeavours to conduct its business in accordance with, and with due regard to, the principles identified by the Committee on Standards in Public Life.

Constitution and powers

The University is a statutory corporation, established as a Higher Education Corporation as defined by the Education Reform Act 1988 which also sets out its powers. The activities of the University are conducted in accordance with: the provisions of the Education Acts; orders or directions made by the Secretary of State; other enactments or regulations from time to time in force; and its Instrument and Articles of Government ("Articles") and internal rules and bye-laws.

The Articles set out the requirements, and define the responsibilities of the Board of Governors and Academic Board, alongside the responsibilities of the Vice-Chancellor.

Board of Governors

Independent Members

Jenny Body

Deputy Chair of Governors
Chair of Strategic Planning and Performance Committee

Rob Fraser

Chair of Finance, Estate and IT Committee

Dr Martin Hagen

Chair of Audit Committee

Richard Holmes

David Lamb

Clive Lewis

Dr Mark Mason

Jocelyn McNulty

Sonia Mills

Chair of Governors
Chair of Nominations and Governance Committee
Chair of Remuneration Committee

Denis Woulfe

(from 15 November 2017)

Academic Board Nominees

Professor Steven Neill

(to 31 July 2018)

Professor Donna Whitehead

Student Nominee

Zain Choudhry

(to 2 July 2018)

Giang Nguyen

(from 2 July 2018)

Co-opted Members

Professor John Craven

Graham van der Lely

(to 31 July 2018)

Ex-Officio

Professor Steve West

The Board of Governors

The Board of Governors is responsible for determining the educational character and mission of the University, ensuring the efficient use of resources, and approving the macro budget for the institution.

The Board comprises independent, staff and student members appointed in accordance with the Instrument of Government. The majority of members are non-executive including the Chair and the Deputy Chair. The University's Chief Executive, the Vice-Chancellor, is an ex-officio member of the Board. Appointments to the Board of Governors are considered by the Nominations and Governance Committee which makes recommendations for the Board's approval.

The Board is entitled to establish committees for any purpose or function, other than those which are assigned elsewhere in the Articles to the Vice-Chancellor or to the Academic Board or designated as the sole responsibility of the Board of Governors. The main committees which operated during the year were: the Audit Committee; Finance Estates and IT Committee; Strategic Planning and Performance Committee; Nominations and Governance Committee; and Remuneration Committee. All of these committees are formally constituted with written terms of reference, and comprise a majority of lay members one of which is designated the Chair. The decisions of the Committees are formally reported to the Board.

An Emergency Committee may, where a matter is urgent, exercise delegated powers not explicitly reserved by the Articles of Government between meetings of the Board of Governors. The University's Emergency Committee membership includes the Chair and Deputy Chair of Governors, and the Chairs of each sub-committee.

In accordance with the Articles, the Board has appointed a Clerk to the Governors who provides independent advice on matters of governance to all members of the Board.

Academic Board

The Academic Board is responsible for the quality of the student experience, the quality and standards of the University's awards and to provide advice to the Vice-Chancellor on the strategic direction of the University's academic activity. The Academic Board provides the Board of Governors with assurance that the University's academic strategy, governance and practice is fit for purpose and approves new additions and revisions to academic policy. It has oversight of all academic provision through the Academic Regulatory Framework and the quality management and enhancement framework.

During the year to 31 July 2018 the Academic Board was chaired by the Vice-Chancellor; its membership consisted of 50 per cent Executive members and 50 per cent non-Executive members elected from the academic and student community.

Leadership and management

The Vice-Chancellor is the Chief Executive Officer of the University and is accountable to the Board of Governors for the organisation, direction and management of the University. The Vice-Chancellor is the Accountable Officer under the terms of the Memorandum of Assurance and Accountability between the University and the OfS¹. The Vice-Chancellor is supported and advised by the Directorate.

During the year to 31 July 2018 the Directorate consisted of the Vice-Chancellor, the Deputy Vice-Chancellor and Provost, the Pro Vice-Chancellor (Student Experience), the Pro Vice-Chancellor (Research and Enterprise), the Pro Vice-Chancellor (Commercial Director and Corporation Secretary) and the Director of Finance. This group is the senior leadership and executive decision-making group for the University; it oversees the University's long-term academic and financial sustainability and the implementation of medium- and short-term strategies. The Directorate also manages corporate risk, makes business decisions on University development – including commercial and global – and progresses the business of the Board of Governors. Its work is supported by the University's Strategy 2020 Portfolio Board, which manages the prioritisation, delivery and alignment of the major programmes and projects to deliver the University's Strategy.

Register of Interests

The University maintains a Register of Interests of members of the Board of Governors and key post holders, which may be requested from the Clerk to the Board of Governors.

Expenses paid to or on behalf of Trustees

Members of the Board of Governors acting as the Trustees of the University do not receive any remuneration for their service on the Board. Those Trustees who are also employees of the University receive no supplementary payment for trusteeship.

Trustees are entitled to claim reasonable expenses incurred in undertaking their duties as Trustees in accordance with the University's financial regulations. In 2017/18 a total of £6,644 (2016/17: £2,462) for expenses was paid to or on behalf of 9 (2016/17: 6) Trustees, including retirement

¹The OfS took over many of the functions of HEFCE, including that of funding, on 1 April 2018. During the 'transition period' 1 April 2018 to 31 July 2019, HEIs are funded and regulated by the OfS through a combination of the powers and duties carried forward from the previous legislation and the new Higher Education and Research Act 2017 (HERA) powers and duties. For the period of these financial statements, HEFCE's circular 2017/08 remains valid.

gifts of £100. This covered: travel expenses to formal and informal meetings and other University events; fees for training and development events; travel, accommodation and other expenses incurred in representing the University at external events; subscriptions and costs of publications to inform them in carrying out their role.

Internal control

The Board of Governors is responsible for maintaining a sound system of internal control that supports the achievement of its policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it has responsibility.

As part of this, the Board of Governors is committed to the continuous development of a comprehensive process for identifying, evaluating and managing the University's significant risks (as aligned to the University's strategy), both financial and non-financial, in line with OfS requirements.

The Board of Governors regularly discusses risk and related reports from its Committees, in particular the Audit Committee. These discussions set the tone and influence the culture of risk management and determine the risk appetite of the University, ascertain types of risk that are acceptable and set the standards and expectations of staff with regard to conduct and probity in relation to risk management.

The Board of Governors is advised and assisted in its review of internal control by the work of the internal auditors, the Audit Committee and the Vice-Chancellor's Directorate. Their agendas ensure regular monitoring of the risk and control processes and that these accord with the internal control guidance for directors as included in the Stock Exchange's 'Combined Code', as deemed applicable to higher education.

On behalf of the Board of Governors the Audit Committee considers reports, recommendations and reviews on the

effectiveness of the University's arrangements for risk management, internal control and governance and it has expressed itself satisfied that the systems and controls are effective. The Audit Committee also considers reports and updates from the OfS as they affect the University's business and monitors adherence to the regulatory requirements.

The Audit Committee is required to report to the Board of Governors on internal controls and to alert it to any emerging issues.

A professional internal audit team undertakes an annual programme of work approved by the Audit Committee. The University has agreed with its internal auditors that their programme of work and the approach to internal control will be risk based and accordingly it is informed by the institutions' risk register. External auditors are appointed and other audit work conducted in accordance with the requirements of the OfS.

The above policy and related procedures are subject to regular review and the Board of Governors is satisfied that the University's internal control and risk management processes meet the requirements set out by the OfS in its circular OfS 2018.16 "Regulatory advice 9: Accounts Direction: Guidance on preparing and publishing financial statements".

The financial statements include a statement on the University's position with regard to the implementation of the principles set out in Section 1 of the UK Corporate Governance Code issued by the Financial Reporting Council. The Board of Governors is also required to express a view as to whether its processes are adequate in accordance with the direction from the OfS for identifying, evaluating and managing the University's risks during the year. The appropriate committees of the Board of Governors have considered those processes and are of the view that they are adequate for the needs of the University.



Report of the remuneration committee

Senior staff pay

UWE Bristol is a highly successful University, transforming futures locally and globally through innovative learning opportunities, high impact research and its significant contribution to the regional economy and society.

The University has over 30,000 students from 140 countries and has been rated the 7th best University in the UK for student satisfaction, achieving 89% in the National Student Survey (NSS). The University's graduates are also consistently ahead of the market for both highly skilled employment and salary measures. 79% of research is rated as having an outstanding or considerable impact – including the development of personally adaptive robotic systems to support independent living for the elderly and reaching millions of young people with body confidence education.

The University employs over 3,000 staff and contributes over £400m a year to the local economy. This includes leading the development of the highly successful multi-million pound University Enterprise Zone (UEZ) which opened in 2016 to offer offices, labs and co-working spaces for entrepreneurs, innovators and high tech businesses. Under Professor West's leadership the University has also demonstrated its commitment to and strong track record of working in partnership in the region to address educational and social inequalities.

Professor Steve West, CBE has been UWE Bristol's Vice-Chancellor since 2008, and has developed and led an ambitious strategy for the University, to achieve the successes highlighted above and drive forward a £300m infrastructure investment programme. In 2018, continued delivery of the University's strategy saw the University climb to its highest ever position, at 37th in the Guardian league table and be awarded Gold in the Teaching Excellence Framework, recognising that the University consistently delivers outstanding teaching and learning outcomes for its students. Under Professor West's leadership, the University has climbed 38 places in the Guardian League Table since 2008 and was approved onto the Office for Students Register of Providers with no ongoing conditions.

UWE Bristol is a large and complex organisation, offering over 600 courses at undergraduate and postgraduate levels, and in professional development, delivered across a number of campuses in Bristol and Gloucester, and through trans-national education (TNE) provision across the globe. The

University provides TNE opportunities through 15 partner institutions in 10 different countries. In 2017/18 over 6,500 students were studying with the University through its TNE provision, a ten-fold increase led by Professor West since 2008/09.

For 2017/18, UWE Bristol's total income was £271.3m with EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) at 13.9% and operating cash flow generation (net of financial costs) at £32.1m or 11.8% of total income. Under Professor West's leadership, against a backdrop of increasing turbulence within the higher education market and global economy, the University has maintained itself as a financially viable and sustainable institution, in addition to supporting a period of significant investment at the University. In terms of financial size and performance, UWE Bristol is one of the larger British universities, with a total income of £271.3m in 2017/18.

Professor West has also established a sector-leading role for mental health and holds a number of non-executive positions including non-executive director of the Office for Students (OfS), Chair of the West of England Local Enterprise Partnership, and Chair of the West of England Academic Health Science Network. Professor West's non-executive positions help to ensure the University is fully engaged with developments in the education, business and health sectors and the insights gained feed into the leadership and direction of the University where appropriate. The positions are an important part of the University's connectivity and work to shape and empower the future of the city-region and its people, so they can maximize their potential in the global knowledge economy.

The Vice-Chancellor's remuneration is set within the principles that it must be fair, appropriate and justifiable. UWE Bristol's Remuneration Committee (REMCO) is responsible for setting the Vice-Chancellor's remuneration. REMCO is made up of independent governors with significant experience of compensation and reward. The Vice-Chancellor is not a member of REMCO and takes no part in any discussions on his remuneration.

Each year, REMCO receives detailed information which assists members in relation to setting the Vice-Chancellor's remuneration. This includes benchmarking data and information on the Vice-Chancellor's performance for

the preceding year. The Vice-Chancellor's remuneration is benchmarked against the remuneration of Vice-Chancellors from ten other similar universities. Further data on Vice-Chancellors' remuneration is provided from surveys carried out by The Universities and Colleges Employers Association (UCEA), the Committee of University Chairs (CUC), and Times Higher Education (THE).

In recent years, the Vice-Chancellor's basic pay has increased only in line with the national pay award for other university staff. On this basis, the Vice-Chancellor received a 1.7% increase to basic salary in August 2017. REMCO are satisfied that the Vice-Chancellor's pay remains proportionate when compared to that of his peers and in light of his performance to deliver Strategy 2020 and successfully lead the University to significantly enhance its performance across a range of key external metrics.

In addition to remuneration benchmarking from a number of data sources, remuneration committee also take advice on the Vice-Chancellor's pay from external remuneration experts.

Up to 10% of the Vice-Chancellor's remuneration is paid as a bonus and is therefore at risk each year, being paid only if the Vice-Chancellor's performance is judged to be 'on target' or 'exceptional'. The drivers for determining performance are split between financial (relating to EBITDA and cash) and student satisfaction, benchmarking UWE Bristol's NSS results against the average for University Alliance Group institutions. The Vice-Chancellor cannot receive a bonus at all if UWE Bristol does not maintain at least silver status in the Teaching Excellence Framework with gold status being a minimum criteria for a rating of excellent. This year Professor West led the University to achieve the highest NSS performance in the University Alliance and 7th in the UK, the award of TEF Gold, EBITDA at 13.9%, and cash generation at £32.1m – exceeding performance targets on all measures.

REMCO also monitor the relationship between the Vice-Chancellor's pay and that of the median UWE Bristol

salary. The Vice-Chancellor's basic salary is 7.9 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid to staff. On a total remuneration basis, (including performance bonus and benefits-in-kind), the multiple is 9.9 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration of all staff. There are a number of factors which affect the pay multiples. UWE Bristol is a comparatively large University which does not outsource many services. It should be also noted that the calculations reflect the fact that UWE Bristol engages hundreds of students each year to be ambassadors, to act as mentors on peer assisted learning programmes and/or to work on numerous other University projects.

The Chair of the Board of Governors is responsible for the approval of any expenses claims made by the Vice-Chancellor, with oversight through REMCO. This year, REMCO have reviewed the categorisation of expenses to separate staff expenses and business costs, to ensure the full clarity of expenses reports.

The University's Financial Regulations also require that arrangements for international travel by the Vice-Chancellor on University business are approved by the Chair of the Board of Governors. The Vice-Chancellor, and members of the University's senior team, are required to travel to overseas partner institutions, to ensure the quality of the provision on offer, to support overseas students and staff at events such as graduation ceremonies, and to continue to look for and build new relationships and opportunities for the University. Travel arrangements are categorised as a business cost.

Latest figures show that just over 8,750 international students study degree programmes at UWE Bristol, at our campuses in Bristol and across 15 partner universities in 10 countries. The University's overseas partnerships, which are overseen by the Vice-Chancellor, generated in excess of £27m or 10% of the University's total income for 2017/18.

| Modern slavery statement

Introduction

Section 54 of the Modern Slavery Act requires all organisations which supplies goods or services, and carries on a business or part of a business in the UK, and is above a specified turnover (currently set by the Secretary of State at £36m), to produce a slavery and human trafficking statement. This statement must set out the steps the organisation has taken during the financial year to ensure that slavery and human trafficking is not taking place in any of its supply chains and in any part of its own business.

The University of the West of England, Bristol offers the following statement regarding its efforts to prevent slavery and human trafficking in its supply chains.

About the University

UWE Bristol (and its subsidiary companies) is a provider of education, research and training in the Higher Education sector, with approximately 31,000 students and 3,500 staff.

The University's turnover is in excess of £270m per annum. Together with an ambitious investment programme, in 2017/2018 we spent some £300m on staff and other expenditure (including construction). This year we have used approximately 3,500 suppliers with a combined spend of circa £118m.

Supply chain categories

We work with a wide range of different suppliers and partners. Some of our suppliers subcontract work or rely on recruitment agencies to supply temporary or permanent staff. By the nature of their businesses, some of our suppliers are potentially at higher risk than others, for example: maintenance, repairs and construction companies. All our suppliers are commodity coded, enabling us to identify those who are most high risk.

Our supply chains include:

- Estates goods and services (including cleaning & security).
- Professional services.
- Science, technical, engineering and medical goods and services.
- IT equipment and services (for which Government Procurement Frameworks are used when choosing and appointing suppliers).
- Library.

Due diligence

The University takes a zero tolerance approach to slavery and human trafficking. We recognise however, the risk of both exists in any supply chain and are committed to taking steps to reduce this risk in our own supply chains through the numerous policies and procedures we have in place and the due diligence we undertake.

These include, but are not limited to:

- Appropriate human resources, recruitment and employment policies and procedures which comply with UK law and are designed to ensure that all prospective employees are legally entitled to work in the UK and to safeguard employees from any abuse or coercion once in our employment.
- Corporate and Social Responsibility in Procurement Policy.
- Incorporate a due diligence review as part of our supplier tenders assessment.
- Safeguarding Policy and Procedure to ensure vulnerable people are not placed at risk.
- Ethical Investment Policy, which includes the promotion of human rights.
- Health and Safety Policy, the aim of which is to provide an inherently safe and healthy working and learning environment that engages the entire University community.
- Public Interest Disclosure Policy (Whistleblowing).

The University's requirements and expectations with respect to human rights, employee health and safety and environmental performance are regularly communicated to our suppliers and are referenced in tender documentation and in contracts.

In particular, Tenderers responding to an EU tender are asked to comply with the International Labour Organisation (ILO), which is an internationally recognised code of labour practice, requiring that:

- Employment is freely chosen.
- Freedom of association and the right to collective bargaining are respected.
- Working conditions are safe and hygienic.
- Child labour shall not be used.
- Living wages are paid.

- Working hours are not excessive.
- No discrimination is practised.
- Regular employment is provided.
- No harsh or inhumane treatment is allowed.

The work we have done and our plans for the future

As part of this reporting exercise now and in the coming years, UWE Bristol expresses its commitment to better understand its supply chains and to work towards greater transparency and responsibility towards the people working within them.

Over the last 12 months we have:

- Made our staff and suppliers aware of the Modern Slavery Act 2015, including the definitions of slavery and human trafficking and the University's responsibilities.
- Performed a risk assessment on our suppliers list.
 - Contacted those suppliers who provide us with temporary staff to ensure they comply with this Act and assess the evidence thereof.

- Contacted suppliers in potentially higher risk categories to check what assurance arrangements they have in place.
- Revised our procurement terms and conditions to include reference to modern slavery and human trafficking.
- Amended our Public Interest Disclosure (Whistleblowing) Policy to include the Modern Slavery Act.
- Included in our SME supplier training day.
- Contacted all Suppliers with a spend over £36m and ask how they are complying with the Act.
- Provided additional training for Procurement staff.

A similar range of activities will be ongoing in the coming year, and will include dissemination of awareness raising training material to appropriate teams and informing staff what to do if they suspect a case of slavery or human trafficking.

Responsibilities of the Board of Governors

In accordance with the Education Reform Act 1988, the Board of Governors of the University is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year. The Board has adopted a Statement of Primary Responsibility, as recommended by the Committee of University Chairs, which is published on the University's website.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the Statement of Recommended Practice on Accounting for Further and Higher Education and other relevant accounting standards. In addition, the terms and conditions of Memorandum of Assurance and Accountability agreed between HEFCE/OfS and the Board of Governors require the University, through its Accountable Officer the Vice-Chancellor, to present financial statements for the financial year which give a true and fair account of the state of affairs of the University and the results and cash flows for that year.

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

- Suitable accounting policies, selected and consistently applied.
- Judgements and estimates that are reasonable and prudent.
- Applicable accounting standards have been applied, subject to disclosure and explanation in the financial statements of any material departures therefrom.

The Board of Governors has taken reasonable steps to:

- Fulfil its responsibilities under the Articles and to ensure that funds from HEFCE/OfS, the Student Loans Company, the National College for Teaching and Leadership (NCTL) and other publicly funded bodies, including research councils, are used only for the purposes for which they have been granted and in accordance with the Memorandum of Assurance and Accountability issued by HEFCE/OfS and any other conditions which it may from time to time prescribe.

- Ensure that appropriate financial and management controls are in place to safeguard public and other funds.
- Safeguard the assets of the University and prevent and detect fraud and other irregularities.
- Secure the economical, efficient and effective management of the University's resources and expenditure.

The key elements of the University's system of internal financial control include:

- Board of Governors' approval of annual estimates of income and expenditure and monitoring of the financial performance of the University.
- A comprehensive set of internal financial regulations approved by the Board of Governors, which defines the responsibilities and delegated authority of management post holders, and detail financial controls, policies and guidelines.
- A comprehensive planning and budgeting process, which integrates the preparation of annual income, expenditure and capital budgets.
- Regular reviews of the performance of each of the University's Planning and Budgetary Units, including monthly reviews of financial results involving variance reporting and the updating of forecasts.
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions being subjected to detailed appraisal and review.



Independent Auditors' Report to the Board of Governors of the University of the West of England

Opinion

We have audited the financial statements of the University of the West of England (the 'University') and its subsidiaries (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 surplus, 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 Board of Governors use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Board of Governors 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 Board of Governors 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 the Board of Governors

As explained more fully in the Statement of Responsibilities of the Board of Governors set out on page 26, the Board of Governors 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 Board of Governors 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. 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 OfS accounts direction have been met.

Use of the audit report

This report is made solely to the Board of Governors 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 Board of Governors 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 Board of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.



Mazars LLP
Chartered Accountants and Statutory Auditors
90 Victoria Street, Bristol
15 November 2018



Statement of accounting policies

1. Basis of preparation

These financial statements have been prepared in accordance with the Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of fixed assets.

2. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2018. The results of subsidiaries are included in the consolidated statement of income and expenditure. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of The University of the West of England Students' Union, which is an autonomous body not under the control of the University or the Walscourt Foundation which has charitable objectives primarily concerned with assisting the provision of higher education at the University of the West of England but is legally independent of the University and not under its control.

3. Income recognition

Fee income and Health Education contracts

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

Grant funding

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

Donations

Donations are recognised in income when the University is entitled to the funds.

Capital grants

Capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

Sale of goods and services

Income from the sale of goods or services is credited to the CSCI when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Investment income

Investment income is credited to the statement of income and expenditure on an accruals basis.

Income received for disbursement

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.

4. Accounting for retirement benefits

Retirement benefits for employees of the University are provided by defined benefit schemes; the Teachers' Superannuation Scheme (TPS, an unfunded Government scheme), the Avon Pension Fund (Avon PF, a Local Government Pension Scheme administered by Bath and North East Somerset Council) and the Universities Superannuation Scheme (USS, a higher education sector wide mutual scheme). All these schemes are funded by contributions from the University and its employees. The financial positions of all these funds are disclosed in their respective audited financial statements.

TPS is accounted for as if it were a defined contribution scheme. As a result, the annual amount charged to the Income and Expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Avon PF, where the University's share of the underlying assets and liabilities is identified and accounted for in accordance with FRS 102. The University's share of the deficit is recognised as a liability in the balance sheet.

The current service cost, being the actuarially determined present value of the pension benefit earned by the employees in the current period and the past service cost, are included in staff costs. The expected return on the University's share of scheme assets and interest on its liabilities are netted off and shown as a net return in the income and expenditure account. All changes in the pension surplus or deficit due to changes in actuarial assumptions are reported in the statement of total recognised gains and losses. The rate of employer's contribution on any relevant superannuation scheme is reviewed periodically on the basis of actuarial valuations.

USS is a multi-employer 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 FRS 102 "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 profit and loss account 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.

5. 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.

6. Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the

lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

7. 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.

8. Foreign currency

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Any resulting translation differences are dealt with in the determination of income and expenditure for the financial year. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at 31 July, with resulting exchange difference being recognised in CSCI.

9. Fixed assets

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

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

Intangible assets

Intangible assets, mainly configured IT systems are amortised over the estimated economic life up to a maximum of 10 years.

Land and buildings

Land and buildings are measured at cost. The University carried out a revaluation of its estate at 1 August 2014 and this fair value has been used as deemed cost. Depreciation and impairment losses are subsequently charged on the revalued amount.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University. Freehold land is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated on a straight line basis.

The economic life bands for building structure and depreciation rates applied are as follows:

Age bands	Depreciation rate
1–20 years	5%
21–36 years	3%
36–50 years	2%
Not less than 50 years	2%

The economic life for the mechanical and electrical components and depreciation rates applied are as follows:

Age	Depreciation rate
5 years	20%
10 years	10%
15 years	7%
20 years	5%

No depreciation is charged on assets in the course of construction. Income from the sale of property is recognised on completion of the contract.

Equipment

Expenditure on items or groups of items of equipment, furniture and software costing more than £25,000 is capitalised, and then depreciated on a straight line basis over a 3-year period. Items or groups of items costing less than £25,000 are written off in the year of acquisition.

Investment properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services.

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in CSCI or Revaluation Reserve. Properties are not depreciated but are revalued or reviewed annually according to the market conditions as at 31 July each year.

10. Stock

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

11. Cash and cash equivalents

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

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

12. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made for the amount of the obligation.

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

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

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

13. Reserves

Reserves are classified as restricted or unrestricted. Restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

14. Taxation

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506 (1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. No provision for corporation tax or income tax (deferred or otherwise) is therefore considered necessary. The University receives no similar exemption in respect of Value Added Tax ("VAT"). As a result, the major part of VAT paid by the University is irrecoverable, since the provision of education is an 'exempt' activity for VAT purposes. The subsidiaries of the University are potentially liable to both corporation tax and VAT.

The University's tax strategy and principle policy approach are to conducting its tax affairs aligned with its overall strategic plan, which is underpinned by leading standards of corporate governance and a risk management framework which considers reputational risk, corporate and social responsibilities.

Consolidated Statement of Comprehensive Income

Year ended 31 July 2018

	Note	Year ended 31 July 2018		Year ended 31 July 2017	
		Consolidated £m	University £m	Consolidated £m	University £m
Income					
Tuition fees and education contracts	1	193.8	193.8	185.2	185.2
Funding body grants	2	22.1	22.1	20.5	20.5
Research grants and contracts	3	13.6	13.6	12.0	12.0
Other income	4	41.2	41.2	38.7	38.7
Investment income	5	0.6	0.6	0.7	0.7
Total income		271.3	271.3	257.1	257.1
Expenditure					
Staff costs	6	(160.4)	(160.4)	(151.1)	(151.1)
Other operating expenses		(80.8)	(80.9)	(74.3)	(74.5)
Depreciation	10	(17.2)	(16.9)	(15.1)	(14.8)
Interest and other finance costs	7	(5.3)	(5.3)	(5.2)	(5.2)
Total expenditure	8	(263.7)	(263.5)	(245.7)	(245.6)
Surplus for the year		7.6	7.8	11.4	11.5
Actuarial gain in respect of pension schemes	20	36.6	36.6	10.4	10.4
Total comprehensive income/(expenditure) for the year		44.2	44.4	21.8	21.9
Represented by:					
Endowment comprehensive income for the year		-	-	0.7	0.7
Unrestricted comprehensive income for the year		44.2	44.4	21.1	21.2
		44.2	44.4	21.8	21.9
Surplus for the year attributable to the University		44.2	44.4	21.8	21.9
Total comprehensive income for the year attributable to the University		44.2	44.4	21.8	21.9

All items of income and expenditure relate to continuing activities.

Consolidated and University Balance Sheet

Year ended 31 July 2018

	Note	As at 31 July 2018		As at 31 July 2017	
		Consolidated £m	University £m	Consolidated £m	University £m
Non-current assets					
Intangible assets	9	2.7	2.7	1.1	1.1
Fixed assets	10	611.6	603.1	614.1	605.1
Investments	11	21.9	34.6	-	12.7
		636.2	640.4	615.2	618.9
Current assets					
Stock		0.3	0.3	0.3	0.3
Trade and other receivables	12	19.4	19.4	17.5	17.5
Investments	13	86.8	84.3	93.7	90.1
Cash and cash equivalents		23.0	21.7	27.7	27.6
		129.5	125.7	139.2	135.5
Less: Creditors:					
Amounts falling due within one year	14	(66.5)	(66.6)	(66.3)	(66.2)
		63.0	59.1	72.9	69.3
Total assets less current liabilities					
		699.2	699.5	688.1	688.2
Creditors:					
Amounts falling due after more than one year	15	(107.8)	(107.8)	(114.7)	(114.7)
Provision for liabilities and charges					
Pension provisions	16	(0.9)	(0.9)	(1.1)	(1.1)
Pension liability	20	(104.8)	(104.8)	(130.8)	(130.8)
		485.7	486.0	441.5	441.6
Restricted reserves					
Endowment and prize fund		2.3	2.3	3.2	3.2
Unrestricted reserves					
Income and expenditure reserve		191.3	191.6	142.6	142.7
Revaluation reserve		292.1	292.1	295.7	295.7
		483.4	483.7	438.3	438.4
		485.7	486.0	441.5	441.6

The financial statements were approved by the Governing Body on 15 November 2018 and were signed on its behalf on that date by:



Professor Steve West
Vice-Chancellor



Sonia Mills
Chair of Board of Governors

Consolidated and University Statement of Changes in Reserves

Year ended 31 July 2018

	Restricted reserves	Unrestricted reserves		
	Endowment and prize fund	Income and expenditure	Revaluation reserve	Total
	£m	£m	£m	£m
Consolidated				
Balance at 1 August 2016	3.9	116.5	299.3	419.7
Surplus for the year	-	11.4	-	11.4
Other comprehensive expenditure	-	10.4	-	10.4
Transfers between Prize fund and income and expenditure reserves	(0.7)	0.7	-	-
Transfers between revaluation and income and expenditure	-	3.6	(3.6)	-
	(0.7)	26.1	(3.6)	21.8
Balance at 1 August 2017	3.2	142.6	295.7	441.5
Surplus for the year	-	7.6	-	7.6
Other comprehensive (expenditure/) income	-	36.6	-	36.6
Transfers between Prize fund and income and expenditure reserves	(0.9)	0.9	-	-
Transfers between revaluation and income and expenditure	-	3.6	(3.6)	-
Total comprehensive income for the year	(0.9)	48.7	(3.6)	44.2
Balance at 31 July 2018	2.3	191.3	292.1	485.7
University				
Balance at 1 August 2016	3.9	116.5	299.3	419.7
Surplus for the year	-	11.5	-	11.5
Other comprehensive expenditure	-	10.4	-	10.4
Transfers between Prize fund and income and expenditure reserves	(0.7)	0.7	-	-
Transfers between revaluation and income and expenditure	-	3.6	(3.6)	-
	(0.7)	26.2	(3.6)	21.9
Balance at 1 August 2017	3.2	142.7	295.7	441.6
Surplus for the year	-	7.8	-	7.8
Other comprehensive (expenditure/) income	-	36.6	-	36.6
Transfers between Prize fund and income and expenditure reserves	(0.9)	0.9	-	-
Transfers between revaluation and income and expenditure	-	3.6	(3.6)	-
Total comprehensive income for the year	(0.9)	48.9	(3.6)	44.4
Balance at 31 July 2018	2.3	191.6	292.1	486.0

Consolidated Cash Flow

Year ended 31 July 2018

	Note	Year ended 31 July 2018 £m	Year ended 31 July 2017 £m
Cash flow from operating activities			
Surplus for the year		7.6	11.4
Adjustment for non-cash items			
Depreciation	10	17.2	15.1
Amortisation of Intangible Asset	9	0.2	-
Loss on investments	11	0.1	-
(Increase)/Decrease in debtors	12	(2.8)	1.6
Increase/(Decrease) in creditors	14	0.2	(9.0)
Decrease in pension provision	16	(0.2)	(0.1)
FRS 102 pension accounting charge	20	10.6	8.5
Adjustment for investing or financing activities			
Investment income	5	(0.6)	(0.7)
Interest payable	7	2.1	2.0
Endowment received		-	(0.8)
Capital grant income	2	(2.3)	(3.0)
Net cash inflow from operating activities		32.1	25.0
Cash flows from investing activities			
Proceeds from sales of fixed assets		0.9	2.2
Capital grant receipts	2	2.3	3.0
Withdrawal/(Placement) of deposits	13	6.9	(30.7)
Payments made to acquire fixed assets	10	(16.6)	(46.9)
Payments made to acquire investment properties		(20.1)	-
Payments made to acquire intangible assets	9	(1.8)	(1.1)
Investment income	5	0.6	0.7
		(27.8)	(72.8)
Cash flows from financing activities			
Repayments of amounts borrowed	14	(6.9)	(6.3)
New bank loans		-	60.0
Endowment cash received		-	0.8
Interest paid	7	(2.1)	(2.0)
Repayments of finance lease		-	(0.1)
		(9.0)	52.4
(Decrease)/Increase in cash and cash equivalents in the year		(4.7)	4.6
Cash and cash equivalents at beginning of the year		27.7	23.1
Cash and cash equivalents at end of the year		23.0	27.7

Notes to the Financial Statements

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £m	University £m	Consolidated £m	University £m
1 Tuition fees and education contracts				
Full-time home and EU students	138.3	138.3	125.7	125.7
Full-time international students	24.2	24.2	22.8	22.8
Part-time students	9.7	9.7	8.1	8.1
Health education contracts	17.2	17.2	23.2	23.2
Short courses	4.4	4.4	5.4	5.4
	193.8	193.8	185.2	185.2
2 Funding body grants				
HEFCE & Office for Students	19.5	19.5	17.1	17.1
National College for Teaching and Leadership	0.3	0.3	0.4	0.4
Capital grant – HEFCE & Office for Students	2.3	2.3	1.9	1.9
Capital grant – Local Enterprise Partnership	-	-	1.1	1.1
	22.1	22.1	20.5	20.5
3 Research grants and contracts				
Research councils	3.2	3.2	3.0	3.0
Research charities	1.6	1.6	1.3	1.3
EU Commission	2.0	2.0	1.9	1.9
Other research grants and contracts	6.8	6.8	5.8	5.8
	13.6	13.6	12.0	12.0
4 Other operating income				
Residences, catering and conferences	24.1	24.1	21.2	21.2
Other services rendered	2.4	2.4	3.5	3.5
Franchise payments	4.6	4.6	5.4	5.4
Commercial rent receivable	1.7	1.7	1.1	1.1
Other income	8.4	8.4	7.5	7.5
	41.2	41.2	38.7	38.7
5 Investment income				
Interest receivable	0.6	0.6	0.7	0.7
6 Staff costs				
Salaries	129.0	129.0	121.6	121.6
Social security costs	11.8	11.8	11.0	11.0
Employers' pension costs	19.6	19.6	18.5	18.5
	160.4	160.4	151.1	151.1

Notes to the Financial Statements

	Year ended 31 July 2018	Year ended 31 July 2017
6 Staff costs (continued)		
Emoluments of the Vice-Chancellor	£	£
Salary	258,440	254,120
Performance related pay	25,844	25,412
Subtotal	284,284	279,532
Benefits (medical insurance)	657	637
Employers' pension costs (on the same basis as all staff)	42,463	45,843
	327,404	326,012

The performance related pay was awarded by measurements against a set of targets set by the University's Board of Governors.

Average staff numbers (FTE) by major category:	Numbers	Numbers
Academic	1,504	1,434
Learning and support services	278	254
Other support services	347	330
Administration, central services and premises	891	862
	3,020	2,880

Remuneration of other higher paid staff	Numbers	Numbers
£105,000 to £109,999	1	1
£110,000 to £114,999	-	1
£115,000 to £119,999	2	2
£120,000 to £124,999	-	-
£125,000 to £129,999	2	3
£130,000 to £134,999	4	-
£135,000 to £139,999	-	1
£150,000 to £154,999	-	1
£155,000 to £159,999	1	-
£160,000 to £164,999	-	1
£165,000 to £169,999	1	-

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University is the Vice Chancellor's Directorate. The Directorate is comprised of the Vice Chancellor, Deputy Vice Chancellor, Pro Vice Chancellors and the Director of Finance. Remuneration paid to key management personnel and included in staff costs are:

Remuneration paid to key management personnel		1,264,342	1,364,468
	Numbers		
Compensation for loss of office (to staff earning over £100,000)	1 (2017: 2)	30,000	141,002
Compensation for loss of office (to all staff)	26 (2017: 23)	544,878	480,818

Notes to the Financial Statements

6 Staff costs (continued)

Related party transactions

Due to the nature of the University's operations and the composition of the Board of Governors (being primarily drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

These financial statements reflect the following transactions with related parties, which were undertaken on arms' length basis and under normal commercial terms.

Name of organisation	Nature of interest	Detail	(Income)/ expenditure £000	(Debtor)/ creditor £000
Cabot Learning Federation	Deputy Vice-Chancellor and Provost is the chair of the board and member, and the Director of Finance is a board member.	Provision of courses	(25)	(7)
Council of Bristol Zoological Society	UWE Bristol governor and Pro Vice-Chancellor is a member of the Council.	Provision of courses	598	(2)
Hartpury College	UWE Bristol governor is a governor at Hartpury.	Franchise agreement	(1,302)	-
Health Education England, Local Education and Training Board	Vice-Chancellor is the stakeholder member.	Provision of nurse training	(19,661)	879
University Hospitals Bristol NHS Foundation Trust	Vice-Chancellor is the Non Executive Director.	National Health Service	79	30
UWE Students' Union	President of the Students' Union is a governor of UWE Bristol board.	Hire of University facilities and catering by the Students' Union, the University provides block grant and sports hall grant	1,409	(71)
Wallscourt Foundation (including Bristol Polytechnic Enterprises (Developments) Limited)	Vice-Chancellor acts as director and trustee.	Provision of grants, donations and other property related transactions	289	-
Weston College	UWE Pro Vice-Chancellor acts as a governor.	Franchise agreement	878	-
West of England Academic Health Science Network	Vice-Chancellor is the Chair.	Salary reimbursement	(17)	3
Wolfson Centre	Pro Vice-Chancellor and Executive Dean is an executive director.	Project work	(297)	7

Notes to the Financial Statements

6 Staff costs (continued)

Expenses paid to trustees

Members of the Board of Governors, the trustees of the University do not receive any remuneration for their service on the Board. Those trustees who are also employees of the University receive no supplementary payment for trusteeship.

Trustees are entitled to claim reasonable expenses incurred in undertaking their duties as trustees in accordance with the University's financial regulations. In 2017/18 a total of £6,644 (2016/17: £2,462) including retirement gift of £100, were paid to or on behalf of 9 trustees. This covered: travel expenses to meetings and other University events; fees for training and development events; travel, accommodation and other expenses incurred in representing the University at external events and subscriptions and costs of publications to inform them in carrying out their role.

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £m	University £m	Consolidated £m	University £m
7 Interest and other finance costs				
Loan interest	2.1	2.1	2.0	2.0
Net finance charge on pension scheme deficit	3.2	3.2	3.2	3.2
	5.3	5.3	5.2	5.2

8 Analysis of total expenditure by activity

Academic and related expenditure	139.9	139.9	132.3	132.3
Administration and central services	52.5	52.3	44.9	44.8
Premises	33.6	33.7	32.8	32.8
Residences, catering and conferences	18.6	18.6	18.1	18.1
Research grants and contracts	8.8	8.8	7.9	7.9
Other expenses	10.3	10.2	9.7	9.7
	263.7	263.5	245.7	245.6

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
Other operating expenses include:		
Group and University		
External auditors—audit services	55	56
Internal auditors	92	120
Operating lease rentals	1,428	1,364
	1,575	1,540

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £m	University £m	Consolidated £m	University £m
9 Intangible assets				
Opening balance	1.1	1.1	-	-
Additions: In the course of construction	1.8	1.8	1.1	1.1
Amortisation charge for the year	(0.2)	(0.2)	-	-
Closing balance	2.7	2.7	1.1	1.1

Notes to the Financial Statements

10 Fixed assets

Consolidated	Freehold land and buildings £m	Equipment £m	Assets in the course of construction £m	Total £m
Cost or valuation				
At 1 August 2017	624.9	23.3	18.0	666.2
Additions	4.0	4.9	7.7	16.6
Transfers	17.8	-	(17.8)	-
Transfer to Investment	(2.0)	-	-	(2.0)
Disposals	-	(0.5)	-	(0.5)
At 31 July 2018	644.7	27.7	7.9	680.3
Depreciation				
At 1 August 2017	34.9	17.2	-	52.1
Charge for the year	14.0	3.2	-	17.2
Transfer to Investment	(0.1)	-	-	(0.1)
Disposals	-	(0.5)	-	(0.5)
At 31 July 2018	48.8	19.9	0.0	68.7
Net book value				
At 31 July 2018	595.9	7.8	7.9	611.6
At 31 July 2017	590.0	6.1	18.0	614.1
University				
Cost or valuation				
At 1 August 2017	613.7	21.9	18.0	653.6
Additions	4.0	4.9	7.7	16.6
Transfers	17.8	-	(17.8)	-
Transfer to Investment	(2.0)	-	-	(2.0)
Disposals	-	(0.4)	-	(0.4)
At 31 July 2018	633.5	26.4	7.9	667.8
Depreciation				
At 1 August 2017	32.5	16.0	-	48.5
Charge for the year	13.7	3.2	-	16.9
Transfer to Investment	(0.2)	-	-	(0.2)
Disposals	-	(0.5)	-	(0.5)
At 31 July 2018	46.0	18.7	-	64.7
Net book value				
At 31 July 2018	587.5	7.7	7.9	603.1
At 31 July 2017	581.2	5.9	18.0	605.1

Under the provisions of FRS 102, the University's land and building is stated at deemed costs at £498.3m (2017: £500.4m). This is based on revaluation as at 31 July 2014 by a professional firm of Chartered Surveyors on the basis of fair value (market value on existing use) or depreciated replacement cost basis (for specialised properties).

Freehold land and buildings includes land at valuation of £20.8m, and is not depreciated.

Notes to the Financial Statements

	Year ended 31 July 2018	Year ended 31 July 2017
	£m	£m
10 Fixed assets (continued)		
Consolidated fixtures, fittings and equipment include assets held under finance leases as follows:		
Cost	-	0.1
Accumulated depreciation	-	(0.1)
Charge for year	-	-
Net book value	-	-

11 Non-current investments

Consolidated	Investment in Subsidiaries	Fixed Asset Investment	Total
	£m	£m	£m
At 1 August 2017	-	-	-
Additions and transfer from fixed assets	-	22.0	22.0
Impairment	-	(0.1)	(0.1)
At 31 July 2018	-	21.9	21.9
At 31 July 2017	-	-	-
University			
At 1 August 2017	12.7	-	12.7
Additions and transfer from fixed assets	-	22.0	22.0
Impairment	-	(0.1)	(0.1)
At 31 July 2018	12.7	21.9	34.6
At 31 July 2017	12.7	-	12.7

Fixed asset investments were revalued at the year end by a professional firm of chartered surveyors on the basis of fair value in accordance with the RICS valuation standard and FRS 102.

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University are as follows:

Company	Principal Activity	Status
Bristol Polytechnic Enterprises Limited	Property Management	100% owned
Bristol UWE Sport Limited	Non Trading	100% owned
Bristol UWE Health Training Limited	Dormant	100% owned

12 Trade and other receivables

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£m	£m	£m	£m
Amounts falling due within one year				
Debtors	16.7	16.7	14.1	14.1
Prepayments and accrued income	2.7	2.7	3.4	3.4
	19.4	19.4	17.5	17.5

Notes to the Financial Statements

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £m	University £m	Consolidated £m	University £m
13 Investments				
Short term bank deposits (maturing one year or less)	86.8	84.3	93.7	90.1

14 Creditors: amounts falling due within one year

Bank and other loans	6.8	6.8	7.0	7.0
Social security and other taxation payable	6.0	6.0	5.3	5.3
Research grants received in advance	14.7	14.4	14.2	14.2
Other receipts in advance	4.7	4.7	4.8	4.8
Accruals and deferred income	34.3	34.7	35.0	34.9
	66.5	66.6	66.3	66.2

15 Creditors: amounts falling due after more than one year

Bank loans	107.8	107.8	114.6	114.6
Revolving Green Fund	-	-	0.1	0.1
	107.8	107.8	114.7	114.7

Analysis of bank loans:

Due between one and two years	13.6	13.6	13.7	13.7
Due between two and five years	20.4	20.4	20.4	20.4
Due in five years or more	73.8	73.8	80.6	80.6
Total secured loans	107.8	107.8	114.7	114.7

In 2009, the University contracted a long term bank loan, with Lloyds Bank, of £95m on a repayment basis. The loan matures in March 2034 and in December 2015, Lloyds bank transferred the loan to its wholly owned subsidiary Clerical Medical Investment Group Limited. In March 2016, the University exercised its option on the loan to fix its interest rate to an all-in rate of 1.807%.

In 2015 the University entered into a loan agreement with the European Investment Bank (EIB) for £60m on a repayment basis over 20 years which was drawn down in September 2016. The loan carries an all-in interest rate of 1.677% and is repayable by August 2036.

16 Pension provisions

Contractual obligation to fund deficit on USS Pension

Consolidated and University	£m
At 1 August 2017	1.1
Utilised in year	(0.2)
At 31 July 2018	0.9

The assumptions for calculating the USS Provision under FRS 102 are as follows:

	Year ended 31 July 2018	Year ended 31 July 2017
University and Consolidated		
Discount rate	2.16%	1.85%
Salary inflation	2.00%	2.00%

The obligation to fund the past deficit on the Universitys' Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. The University 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.

Notes to the Financial Statements

17 Capital and other commitments

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

	31 July 2018		31 July 2017	
	Consolidated £m	University £m	Consolidated £m	University £m
Commitments contracted by the University	5.7	5.7	5.7	5.7

18 Contingent liabilities

The University is a member of Universities Mutual Association Ltd (UMAL). UMAL is a discretionary Mutual Association owned by Higher Education and Further Education Institutions. It was formed to provide an alternative to traditional insurance in respect of the layer of claims which historically occur frequently. By self-managing the pool created by retaining funds in respect of such claims, the Members have gained control of costs and pricing, the cover provided, underwriting and claims data. Traditional insurance is purchased in the general insurance market by the Association for catastrophe claims. The Mutual offers all classes of material damage, business interruption and liability covers, together with accident and travel cover. UMAL are based in Bishopsgate, London. The location is close to the City and the world's leading insurance market.

The University is a member of the sector owned mutual UM Association (Special Risks) Ltd (UMSR) which historically provided discretionary indemnities for terrorism risks. It remains a legal entity with a Board dealing with non-cover issues, and to hold, manage and release UMSR reserves in the event of claims for this specific class of cover which has been transferred to UMAL.

19 Lease obligations

	31 July 2018	31 July 2017
Future minimum lease payments due:	£m	£m
Not later than 1 year	1.0	0.9
Later than 1 year and not later than 5 years	2.7	2.7
Later than 5 years	1.6	2.2
Total lease payments due	5.3	5.8

20 Pension schemes

Retirement benefits for employees of the University are provided by defined benefit schemes which are funded by contributions from both the University and employees. Payments are made to the Teachers' Pension Scheme (TPS) for academic staff, the Avon Pension Fund (administered by Bath and North East Somerset Council) for non-academic staff and the Universities Superannuation scheme (USS). All three schemes are independently administered.

The pension cost for the University was as follows:

	2017/18	2016/17
	£m	£m
Teachers' Pension Scheme	9.1	8.8
Avon Pension Fund	9.7	9.0
USS	0.8	0.7
	19.6	18.5

Teachers' Pension Scheme (TPS)

TPS is a government unfunded scheme and therefore no valuation of the fund's assets are published nor attributed to individual institutions. Contributions paid by the University to TPS are assessed and specified at least once every 5 years by the Government Actuary. The University's contribution rate was 16.48%. Contribution rates for members ranged from 6.40% to 11.29% depending on the staff's full time equivalent pay.

Notes to the Financial Statements

20 Pension schemes (continued)

Avon Pension Fund (APF)

APF is a Local Government Pension Scheme. It is a funded defined benefit scheme, with the assets held in separate trustee funds by the administering authority, Bath & North East Somerset Council which is legally responsible for the fund. The council delegates its responsibility for administering the fund to the APF Committee, which is its formal decision making body.

The total cash contribution made for the year ended 31 July 2018 was £13.2m of which employers' contribution totalled £9.7m and employees' contribution totalled £3.5m. Included in the employers contribution, is the deficit recovery payment made by the University of £2.4m (2017: £2.3m).

APF is valued every 3 years by a professionally qualified actuary using the projected unit method. The rates of contribution payable were determined by the members of APF Committee on the advice of the actuary. The latest actuarial valuation was at 31 March 2016. At the valuation date, the value of assets was £3,737m and the value of the fund's technical provision was £4,334m resulting in a deficit of £597m. The assets therefore were sufficient to cover 86% of the benefits which had accrued to members after allowing for expected future earnings. This result was an improvement over the previous actuarial valuation in 2013 of £876m deficit and 78% respectively.

It was determined by the actuary that the deficit of the University in the scheme as at 31 March 2016 was £38.0m (2013: £46.4m). Following the valuation, the University agreed with the actuary to continue the recovery plan established in the 2010 valuation which aims to remove the shortfall attributable to members by 2033, by means of deficit recovery payments, from £2.3m in 2017/18 rising to £2.7m in 2019/20.

As a result of the 31 March 2016 valuation, The University's contribution rates to future service have been agreed as follows:

From 1 April 2016	13.5%
From 1 April 2017	14.0%
From 1 April 2018	14.2%

The rates of contribution for staff are banded from 5.5% to 12.5% depending on an individual's full time pay.

Both the contribution rate and the deficit repayment schedule will be reviewed following the next actuarial valuation in 2019.

APF has been accounted for within these financial statements in accordance with the provisions of FRS 102. The financial assumptions used to calculate the scheme liabilities are as follows:

	At 31 July 2018	At 31 July 2017
	%pa	%pa
Price inflation (CPI)	2.1	2.2
Rate of increase in salaries	3.6	3.7
Rate of increase of pensions	2.2	2.2
Discount rate	2.9	2.6

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.

	31 July 2018	31 July 2017
	Years	Years
Retiring today at age 65; male (female)	23.6 (26.1)	23.5 (26.0)
Retiring in 20 years at age 65; male (female)	26.2 (28.8)	26 (28.7)

Notes to the Financial Statements

20 Pension schemes (continued)

Scheme assets and expected rate of return for Avon Pension Fund

The assets in the scheme were:

	31 July 2018	Fair value as at	
	£m	31 July 2017	31 July 2016
		£m	£m
Equities	103.5	121.5	107.7
Government bonds	30.6	28.2	26.0
Corporate bonds	32.5	18.8	20.5
Property	24.6	20.9	20.7
Cash	10.0	3.8	(1.1)
Other	63.0	47.4	39.4
Total	264.2	240.6	213.2

	31 July 2018	31 July 2017
	£m	£m
Analysis of the amount shown in balance sheet for APF:		
Scheme assets	264.2	240.6
Scheme liabilities	(369.0)	(371.4)
Deficit in the scheme – net pension liability	(104.8)	(130.8)

Amount recorded within other comprehensive income:

Current service cost	(16.7)	(13.9)
Curtailments	(0.3)	(0.2)
Total operating charge	(17.0)	(14.1)

Analysis of the amount charged to interest and other finance costs:

Interest on pension liabilities	9.6	8.6
Interest on plan assets	(6.3)	(5.4)
Net finance charge	3.3	3.2

History of experience gains and losses – APF and Ex-gratia pensions

Difference between actual and expected return on scheme assets:

	31 July 2018	31 July 2017	31 July 2016	31 July 2015	31 July 2014
Amount (£m)	10.7	16.0	(6.9)	(21.5)	(1.4)
Percentage of scheme assets	4.0%	6.7%	3.2%	7.9%	0.8%
Experience (gains)/losses on scheme liabilities:					
Amount (£m)	-	(5.3)	-	-	(1.3)
% of liabilities at end of year	0.0%	1.4%	-	-	0.5%

Notes to the Financial Statements

20 Pension schemes (continued)

Cumulative actuarial loss recognised as other comprehensive income for Avon Pension Fund	at 31 July 2018	at 31 July 2017
	£m	£m
Cumulative actuarial losses recognised at the start of the year	(65.5)	(75.9)
Cumulative actuarial losses recognised at the end of the year	(42.1)	(65.5)
Deficit at beginning of year	(130.8)	(132.7)
Contributions or benefits paid by the University	9.9	9.0
Current service cost	(16.7)	(13.9)
Curtailments or settlements	(0.3)	(0.2)
Other finance charge	(3.5)	(3.4)
Gains recognised in other comprehensive income	36.6	10.4
Deficit at end of year	(104.8)	(130.8)
Analysis of movement in the present value of APF and ex-gratia liabilities		
Present value of Avon Pension Fund at the start of the year	371.4	345.9
Current service cost (net of member contributions)	16.7	13.9
Interest on pension liabilities	9.6	8.6
Actual member contributions (including notional contributions)	3.5	3.3
Actuarial (gains)/losses	(25.9)	5.6
Curtailments	0.3	0.2
Actual benefit payments	(6.6)	(6.1)
Present value of Avon Pension Fund at the end of the year	369.0	371.4
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	240.6	213.2
Interest on assets	6.3	5.4
Return on assets less interest	10.7	16.0
Administration expenses	(0.3)	(0.2)
Actual contributions paid by University	9.9	9.0
Actual member contributions (including notional contributions)	3.5	3.3
Actual benefit payments	(6.6)	(6.1)
Fair value of scheme assets at the end of the year	264.2	240.6
Actual return on scheme assets	17.0	19.4

Notes to the Financial Statements

20 Pension schemes (continued)

Universities Superannuation Scheme (USS)

The total cost charged to the CSCI is £0.8m (2017: £0.7m). There was an accrual as at 31 July 2018 in respect of these contributions of £0.1m (2016: £0.1m), which was fully paid in August 2018.

The latest available full actuarial valuation of the scheme was 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.

Since the University cannot identify its share of 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. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

As at 31 March 2018, USS has 198,652 (2017: 190,546) active members. Further disclosure is not made in these financial statements as there are only a small number of 96 (2017: 75) University employees in the scheme.

Notes





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