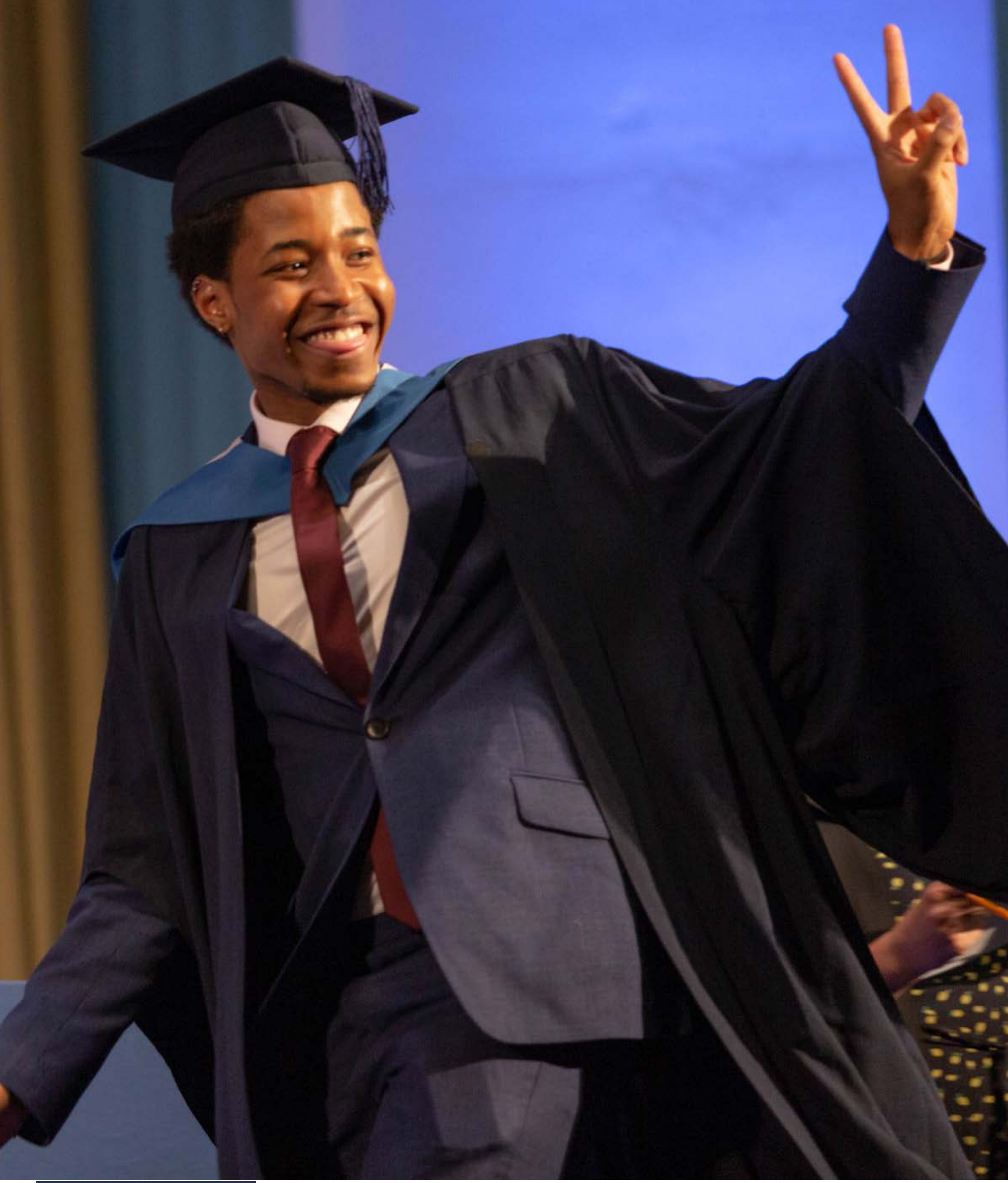
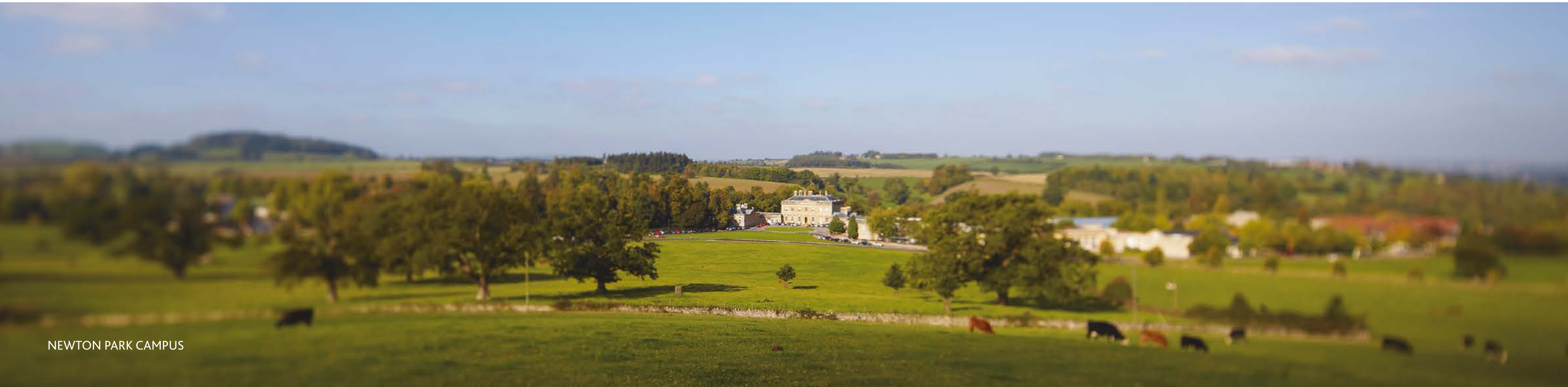


BATH SPA UNIVERSITY

Annual Report and Financial Statements

Year ended 31 July 2019

Contents



NEWTON PARK CAMPUS

Terence Jagger
Chair of the Board of Governors

Foreword

It has been another very demanding year for the University, with continuing changes in both the political and educational environment, bringing real challenges both in terms of the management of the University's core activities, and also in finance.

I am pleased to say the University has responded strongly and successfully, with a major programme of restructuring to bring renewed sharp focus on eight schools and significant savings, alongside a successful first year of curriculum renewal, and improved student applications for this year. We have also developed a new strategy, and will be developing and implementing the action plans that come out of that over this and coming years. We are a strong, confident and ambitious university, keen to be an important part of the society and economy of Bath, and of the wider South-West region.

Our underlying finances remain strong, with good cashflow, although after many years of surpluses, last year saw a small planned and one-off deficit in order to fund the restructuring and cost saving programmes. At the same time, the University has still been able to invest in a wonderful new campus at Locksbrook Road near the centre of the city, which opened in October 2019.

Last year, we introduced a range of new undergraduate degrees, which have attracted a lot of student interest, and this year we will both continue that process and modernise our postgraduate offering. The creative arts, in which we are particularly strong, are a hugely important part of the national and regional economy, and we want to develop our links with practitioners and employers even further. We are focusing in particular on the need to prepare students for employment in the global community. We are also proud of our traditional liberal studies, of Bath Business School, and the School of Sciences, which is focused on environmental and social studies. Working together, all the various strands of Bath Spa make a vibrant, challenging and exciting university which will continue to offer students and staff a wide ranging and integrated education.

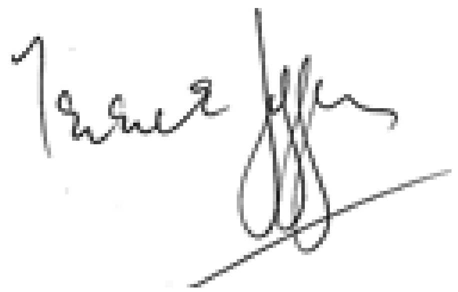
Overall, student numbers declined slightly in 2018/19, reflecting lower admissions from a smaller national pool of school leavers, but in the current year our innovative admissions policy, through which we offer every applicant an interview with the relevant faculty or an opportunity to submit a portfolio of work, has led to an increase in admissions of talented students for September 2019. We have achieved this without lowering standards or giving unconditional offers, which reflects well on the standing of the University and its courses, and the dedication of staff across the board.

The University exists primarily to serve its students, and their presence, their curiosity and their challenge is what makes the University what it is – ambitious, creative and academically rigorous, but a fun and pleasant place to work, with a real sense of a supportive community. I want to thank all the students for their amazing contributions to each other and the institution. And, in what has been an extraordinarily busy year, I also want to thank all the staff, both academic and professional, from the Vice-Chancellor and her leadership team to every single individual who teaches here, helps run the University or looks after the students and staff in any capacity; they have all had extra loads on top of their day jobs, yet have achieved great results cheerfully and positively.

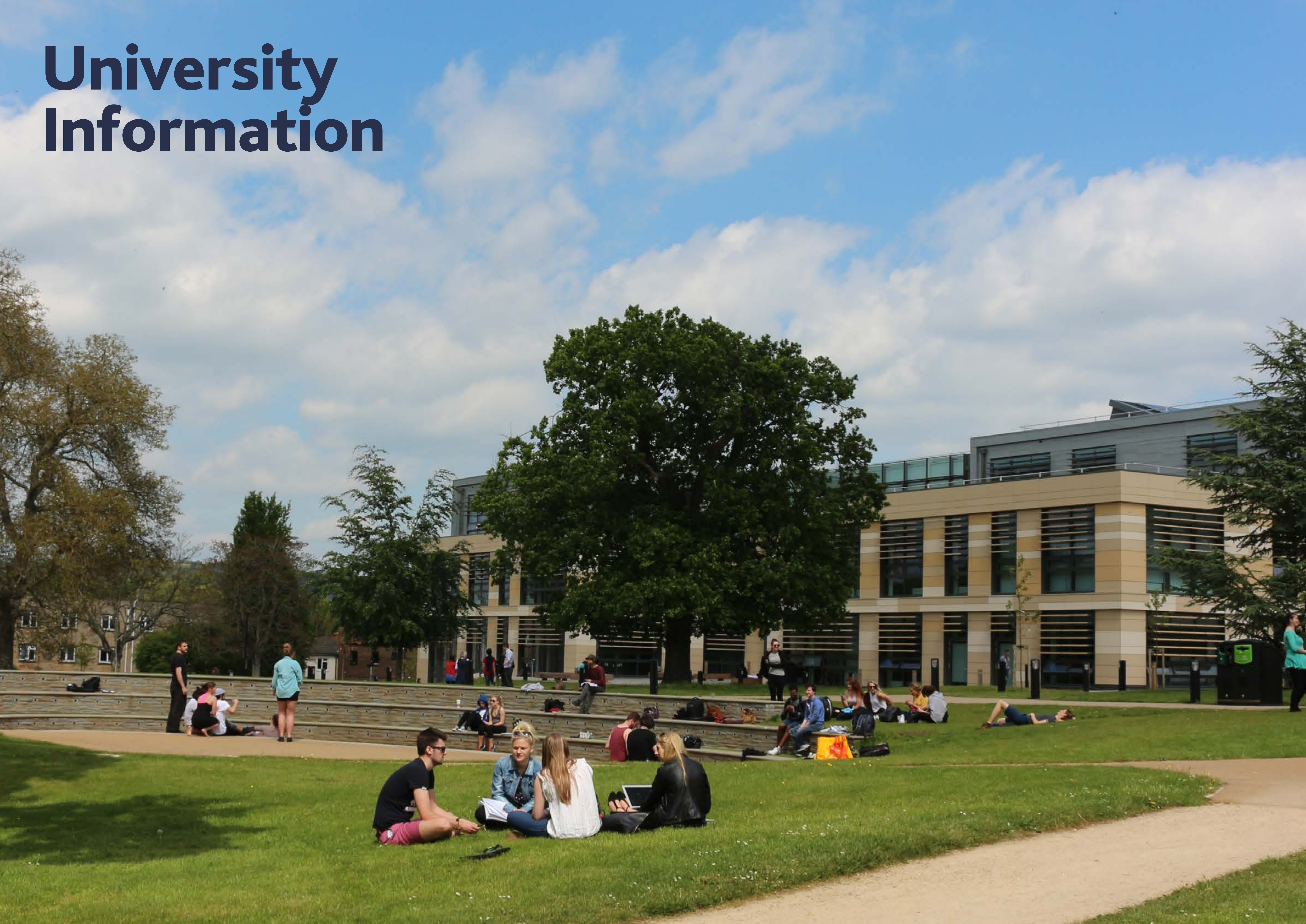
Finally, I should say a word about the University's governors, who are a mix of independents, staff and students. All of them give generously of their time and expertise on top of busy day jobs or their studies, and without them the University would be the poorer. Last year, two long serving trustees, David Pester and Martin Francis, retired at the end of their terms of office, and we are extremely grateful to them both. We were very fortunate to be able to appoint three new governors with valuable experience to replace them, Vinita Nawathe, Joy Saunders, and Iain Mansfield, although sadly Iain stepped down to take up a political appointment. During the year, Simon Blake also stepped down due to the challenges of a new job, but continues to work with the University. Ryan Lucas, the President of the Student Union also stepped down at the end of his term, and we are pleased to welcome Jasmine ("Jazz") Nesbitt-Larking in his place.

Since the end of the financial year, we have recruited three more governors to replace those who left by rotation in the autumn: Simon Lockren (an alumnus), Richard Clarke, and Sue Lane. We welcome them and look forward to working with them. The three departures in November 2019 were Nina Campbell, whose design expertise has been invaluable both at the board and in the schools of art and design, and in the very practical re-purposing of rather dull offices to make a wonderfully welcoming and stylish café for staff and students in Main House; Trevor Osborne, who has been an inspiration and enthusiastic driver for ambition and excellence in real estate – we can largely thank him for the student accommodation at Green Park and the impetus to develop our new campus in the iconic former furniture factory at Locksbrook Road; and Lady Theresa Lloyd, who has worked tirelessly, especially in the areas of fund-raising, working with alumni and boosting our external profile. To all of them, we owe heartfelt thanks.

By the time this report is published, we will be well into 2019-20. It promises to be another exciting year: we are working in a wonderful new campus, with a new semesterised teaching structure and more first year students, and we are continuing to develop the curriculum and research activity, as well as working with local and overseas partners to make this as vibrant and as successful a university, with delighted and fulfilled students and staff, as we possibly can!



University Information



Governors *as at end November 2019*

Terence Jagger (Independent) (Chair)

Jonathan Glasspool (Independent) (Deputy Chair)

Professor Susan Rigby (Vice-Chancellor and Chief Executive)

Emily Casey (Student) (from 21 November 2018)

Richard Clarke (from 1 September 2019) (Independent)

Teresa Fisk (Independent)

Rosemary Heald (Independent)

Sue Lane (from 1 September 2019) (Independent)

Simon Lockren (from 1 September 2019) (Independent)

Professor Philip Martin (Independent)

Dr Susan McMillan (Staff)

Vinita Nawathe (Independent)

Jazz Nesbitt-Larking (from 1 July 2019) (SU President)

Joy Saunders (Independent)

Dr Charles Wiffen (Staff)

Others who served as Governors during 2018/19

Simon Blake (to 7 February 2019) (Independent)

Nina Campbell (to 20 November 2019) (Independent)

Martin Francis (to 21 November 2018) (Independent)

Theresa Lloyd (to 20 November 2019) (Independent)

Ryan Lucas (to 30 June 2019) (Student)

Iain Mainsfield (to 9 August 2019) (Independent)

Trevor Osborne (to 20 November 2019) (Independent)

David Pester (to 21 November 2018) (Independent)

Senior Staff *as at end November 2019*

Professor Susan Rigby (Vice-Chancellor and Chief Executive)

Professor Neil Sammells (Deputy Vice-Chancellor and Provost)

Georgina Andrews (Dean of Bath Business School and Vice Provost)

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

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

David Newman (University Secretary)

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

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

Arlene Stone (Director of Human Resources)

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

Other Senior Staff during 2018/19

Neil Latham (Chief Operating Officer to 4 October 2019)

Professor Paul Davies (Pro Vice-Chancellor Learning and Teaching Quality, to 31 July 2019)

Auditors

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

Bankers

Lloyds Bank PLC
47 Milsom Street
Bath
BA1 1DN

Solicitors

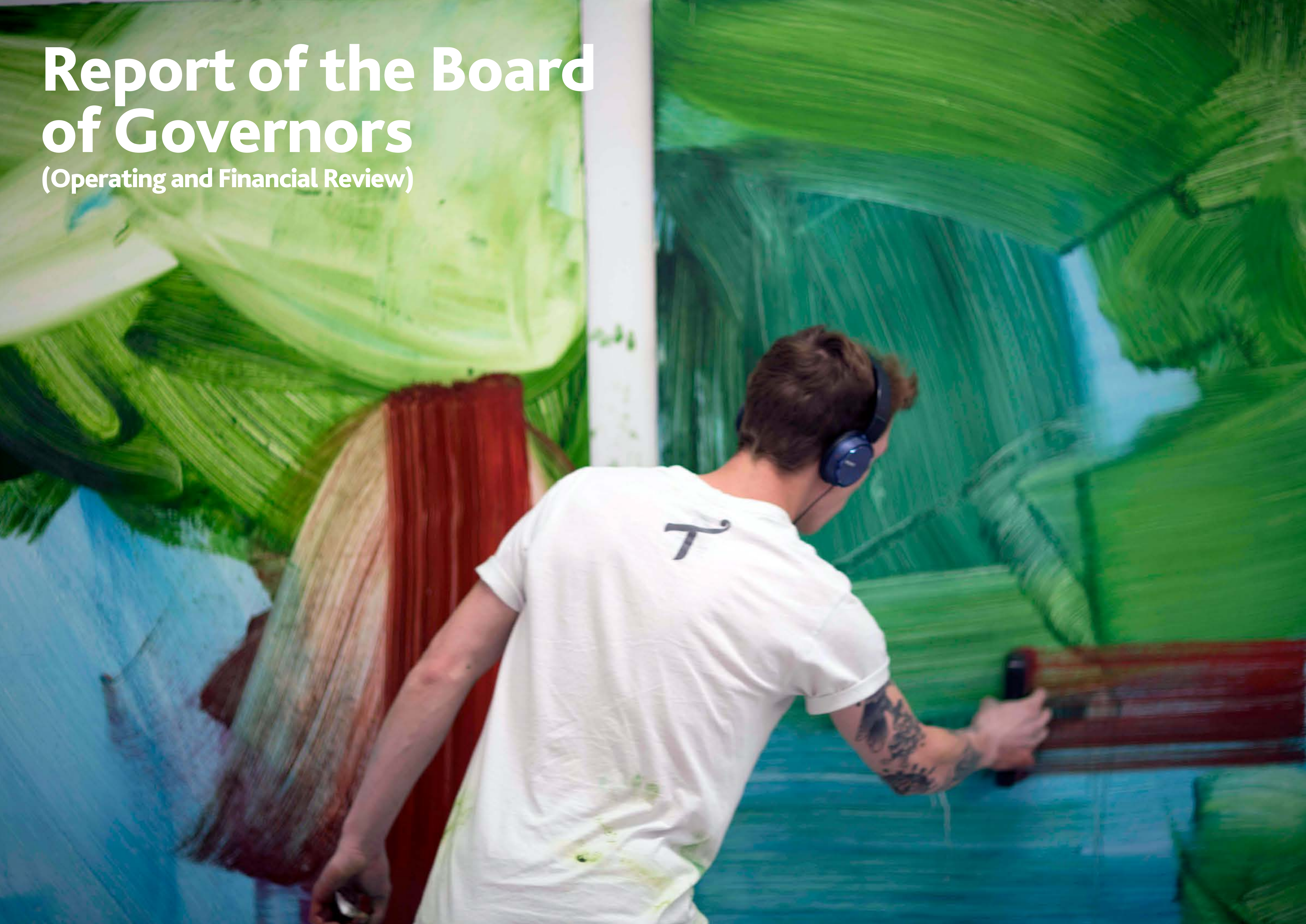
Veale Wasbrough Vizards
Narrow Quay House
Narrow Quay
Bristol
BS1 4QA

Glossary

BME	Black and Minority Ethnic
BSU	Bath Spa University
CASE	Council for Advancement and Support of Education
CPI	Consumer Price Index
CUC	Committee of University Chairs
DLHE	Destinations of Leavers from Higher Education
DfE	Department for Education
EIB	European Investment Bank
EU	European Union
FE	Further Education
FRS	Financial Reporting Standard
FTE	Full Time Equivalent
HE	Higher Education
HEFCE	Higher Education Funding Council for England
HESES	Higher Education Students Early Statistics Survey
IOF	Institute of Fundraising
LGPS	Local Government Pension Scheme
LLC	Limited Liability Company
LLP	Limited Liability Partnership
MBA	Master of Business Administration
NCTL	National College for Teaching and Leadership
NSS	National Student Survey
NS-SEC	National Statistics Socio-Economic Classification
OFFA	Office for Fair Access
OfS	Office for Students
PGCE	Post Graduate Certificate in Education
PLC	Public Limited Company
POLAR	Participation of Local Areas
REF	Research Excellence Framework
SAVP	Statement of Asset Valuation Practice
SORP	Statement of Recommended Practice
TPS	Teachers' Pension Scheme
UCEA	Universities and Colleges Employers Association
US	United States (of America)
VAT	Value Added Tax

Report of the Board of Governors

(Operating and Financial Review)



The members present their report and the audited financial statements for the year ended 31 July 2019.

1.Legal status

Bath Spa University is a UK higher education corporation under the Education Reform Act 1988, and as such is also an exempt charity, regulated by the Office for Students (OfS) since 1 April 2018, and by HEFCE up to 31 March 2018. With origins in the nineteenth century, the institution was initially incorporated in England as Bath College of Higher Education and in 1999 adopted the name of Bath Spa University College. In March 2005 university status was gained, and the institution became Bath Spa University in August 2005. The University successfully registered with the Office for Students in September 2018.

2.Vision

Bath Spa's purpose is to challenge its students and staff to realise their talent and thrive, for their own benefit and for the wider good. By doing this we will think and make the world better.

We are an innovative and resourceful University with roots in the synergies between employers and creativity that are the drivers of sustainable economic development. We pride ourselves in our sense of community and our nurturing ethos. Our excellent research is novel and crosses disciplines; we value both making and the links between thinking and doing. We welcome the diversity of our students, and their multiple narratives; we are a place where students change their lives and change the world.

3.Organisation

During the year to July 2019, the University has undergone significant reorganisation and restructuring in order to secure significant savings and to deliver its business more effectively. The three academic domains (the College of Liberal Arts, the Bath School of Art and Design, and the Institute for Education) have been disestablished and the associated posts of executive dean and assistant dean have been discontinued.

The new structure – which fully commenced operation at the start of the academic year 2019/20 – is now comprised of eight schools: the Bath Business School, the Bath School of Music and Performing Arts, the Bath School of Art, the Bath School of Design, the School of Education, the School of Humanities, the School of Sciences, and the School of Creative Industries. The new structure is designed to be more flexible, and responsive to student needs and the evolving curriculum.

Professional Service teams have been likewise reorganised, and a new senior management structure has been put in place, with Pro Vice Chancellorships for External Affairs, the Student Experience, Finance and Infrastructure, and Academic Planning, joining the extant bailiwick Research and Enterprise.

Administrative and technical support for the academic schools has been centralised, with a view to delivering those services more efficiently and effectively.

This reorganisation has involved the deletion of a number of senior management roles in addition to those of the executive deans and their assistants. These include the roles of Registrar, Pro Vice-Chancellor for Learning and Teaching Quality, and the Director of International and Marketing. The planned retirement of the Chief Operating Officer provided further opportunity for rationalisation.

(Key Management Personnel – see also Note 6 to the Financial Statements)

4.Strategy and achievements

4.1 Strategic Objectives

Responding to the changing external environment and the expectations of students, Bath Spa University has developed "Strategy 2030" which was launched in September 2019. This provides a revitalised sense of purpose and new focal points for the institution within the context of existing core values.

In the next decade we will apply our skills to global challenges and local opportunities, we will focus as one community able to harness all of its strengths and capabilities, and while looking outwards the University will be rooted in Bath, essential to the city and region.

The ambition is to have creative enterprise at the heart of all that is done, so that the University is:

- big enough to be bold, sure of its own capabilities;
- small enough to care, valuing and nurturing all students and staff;
- relevant and impactful, changing the world by seeing it differently;
- one community, able to reach between discipline and find the value of the new;
- passionate, compassionate, brave, inclusive, ethical, engaged and effective in all we do.

Associated plans and key performance indicators are currently being developed and will be reported in more detail in next year's report.

4.2 Academic governance, quality and standards

The work of Academic Services in 2018/19 has been balanced between "business as usual" and re-designing processes and structures to meet evolving internal and external requirements. The former has involved supporting academic colleagues through the implementation of the semesterised system and an ambitious schedule of programme development, both for direct delivery and delivery by partner providers; the latter has entailed a radical re-development of the University's Quality Management Framework and academic governance structures.

Traditionally, higher education providers have managed quality and standards through a process-based approach which is then audited through the committees. The new Quality Management Framework and academic governance structures shifts practices to a risk-based approach driven by metrics which are monitored by committees. Loci of authority and accountability have also been clarified through the new approach. This reflects the changes in external regulation and scrutiny and is intended to enable more effective working within the University from 2019/20 following the restructuring of 2018/19.

4.2.1 Teaching Excellence Framework (TEF)

The University's TEF silver award was extended to 2021, therefore there was no requirement to participate in the TEF Year 4 exercise in 2018/19.

4.2.2 National Student Survey (NSS)

The University had another good response rate to the NSS, with over 80% of final year undergraduates participating. After the modest rise in 2017, the University's overall satisfaction score dropped to 76.5%. Some courses maintained excellence scores, or achieved significant improvements, and the measures put in place to hear and respond to feedback through the Unitu online tool seem to be effective as the Student Voice section improved slightly compared to the previous year. However, several large courses achieved satisfaction scores below 80%, and satisfaction scores dropped for all other sections, particularly 'Organisation and Management', and 'The teaching on my course'. Improving NSS results is a priority for the University and is likely to be more feasible following the restructure of the University.

4.2.3 Learning and Teaching Developments

The University successfully applied for re-accreditation of its Higher Education Academy Fellowship and Senior Fellowship schemes. The accreditation is valid from September 2018 to August 2022. At the end of July 2019, the University had three Principal Fellows, 38 Senior Fellows, 253 Fellows and 35 Associate Fellows. Through the 2018/19 promotion round, two members of staff were promoted to Learning and Teaching Professor. June 2019 saw the third annual Learning and Teaching Symposium, as well as the inaugural ceremony of the University's new Vice-Chancellor's Awards scheme for staff and students.

4.3 Research and enterprise activity

4.3.1 REF 2021

Preparations for the 2021 Research Excellence Framework (REF 2021) are ongoing and overseen by the REF Steering Group. A timetable for action has been agreed and a dry run exercise took place in February 2019. We have submitted our Code of Practice on the fair and transparent identification of staff and outputs for submission to the REF 2021. This includes the identification of academic staff who are 'significantly responsible for research' to report in the 2018/19 HESA staff return.

4.3.2 Researcher development

A busy programme of researcher development events has taken place covering a variety of topics aimed at all career stages. The programme for 2018/19 culminated in our first Research Festival, open to staff and students, which celebrated our exciting range of research and creative practice through interactive workshops, performances, panel talks, films and VR.

4.3.3 Graduate College

The Graduate College has enjoyed a year of continued success. Six students passed their viva voce examinations with 'minor amendments', while another became only the second student from Bath Spa University to achieve 'no corrections' as a result. Annual Monitoring has seen a 100% completion rate for a second consecutive year, a new fortnightly Graduate College Bulletin newsletter has been launched and PGR admissions continues to see strong recruitment figures, aided in part by two new PhD studentships, one of which falls under the Creative and Cultural Industries strategic research centre.

4.3.4 New research grant awards

Research bidding activity has continued to be buoyant and a number of new awards have been secured. Highlights include:

- Professor Robert Morrison - British Academy Global Professorship (£530k) which is one of just 10 awards made by the British Academy in this round.
- Professor James Newman - ESRC-AHRC UK-Japan SSH Connections grants (£50k): 'Next Generation. Preserving, curating and exhibiting videogames: a UK-Japanese collaborative approach'.
- Dr Jermaine Ravalier - Department for Work & Pensions: Work and Health Unit Challenge Fund (£235k) to enable the exploration of methods of preventing attrition and improving mental health in social care.
- Dr Kendra McMahon - Wellcome Trust: Supporting teachers with the Science of Learning (£44k) in the Primary Initial Teacher Education (ITE) curriculum.

4.3.5 Delivering research projects

A number of large new research grants were secured in the last academic year.

These include:

- Large consortia grants developed with other universities in the region, resulting in two government-funded, multi-million pound initiatives: the South-West Creative Technology Network, and the Bristol & Bath Creative R&D Partnership.
- UKRI research grants such as the Disability and Community: Dis/engagement, dis/enfranchisement, dis/parity and dissent - aka The D4D project (AHRC; £790k) led by Professor Martin Levinson and Co-creating a Healthier NHS (ESRC; £218k) led by Dr Jermaine Ravalier.
- New international partnership grants such as Rethinking waste and the logics of disposability: Compound 13 Lab (AHRC/GCRF; £85k) led by Dr Ben Parry with partners in India and RESPiRES: Resilient People need Resilient Ecosystems in Smart Cities (ESRC and CONACYT; £352k) led by Dr Ian Thornhill with partners in Mexico.
- Existing research projects have been expanded and developed through additional funding such as Professor Bambo Soyinka's Paper Nations project supported by Arts Council England (£410k) and Dr Sarah Earle's work on assessment in primary science supported by the Education Endowment Foundation (£399k).

4.3.6 Enterprise

Our enterprise income remains modest but is growing - our HE-BCI (Higher Education-Business Community Interaction) Survey return this year saw an increase of 296% to £732k which was achieved through an increase in activity and through work with a Knowledge Exchange consultant to identify unreported income streams.

From this autumn we are developing 10 Palace Yard Mews in Bath city centre as a public-facing enterprise and innovation hub.

4.4 Resources and financial objectives

The University has consolidated net assets of £74.9m, net of the £33.2m pension liability, and employs 920 people (expressed as full time equivalents), of whom 428 are academic staff.

The University adopts a prudent financial strategy in support of its strategic plan, which provides for the maintenance and development of the infrastructure, and ensures the delivery of high quality programmes of study to as wide a range of students as possible.

The key objectives of the University's financial strategy are to:

- maintain sufficient liquidity to support continuing operations and investment in infrastructure of at least 60 cash days. At 31 July 2019 cash balances represented 126 cash days.
- achieve cumulative income and expenditure reserves of not less than 75% of total income. At 31 July 2019 actual income and expenditure reserves before LGPS pension deficit were 101.3% of total income.
- prepare annual budgets that achieve an effective operating surplus. At 31 July 2019 an operating surplus (before fundamental restructuring costs and write back of joint venture liabilities) of 2.2% was achieved.
- work closely with senior managers to ensure financial and other corporate plans are complementary.

We see it as vital that we balance financial stringency with a long-term investment in teaching and research facilities. While investment in capital projects will continue, we are close to the end of a major programme of facility development, and are likely to focus more on smaller-scale improvements over the next few years.

4.5 Student Numbers

Total student numbers on 1 December 2018 were 7,606 compared to a headcount of 7,749 at the same point in 2017. For 2018 entry, based on our HESES return, recruitment of full-time undergraduate students on home fees was 5,652, home fee postgraduates was 181, initial teachers 621, and PhD students 47. Our entry for full-time, international headcount across all degree types was 295. Part-time recruitment in 2018/19 totalled approximately 713, with an FTE of 267. The majority (76.2%) of part time students are postgraduates.

4.6 Fundraising and external income

During 2018/19 the University raised £191,029:

- £32,250 from organisations such as charitable trusts and foundations.
- £33,041 from individuals (including Gift Aid).
- £109,520 from corporate donors, with partners Santander Bank (Universities) and First Bus continuing to support our student community.
- £16,218 from some 440 donors on our crowdfunding platform to fund 19 projects.

As last year we have received in kind gifts of books to the Library and donations of work to the Corsham Collection from alumni of the University.

All funds raised are used for the benefit of students, and during the year over £103,000 was distributed through the Disbursement Panel in scholarships, prizes and awards. Funds were awarded to support travel for study or work experience; to help with specific costs incurred as part of academic courses (degree shows, portfolios, musical equipment etc.); and to support those experiencing unexpected hardship.

The University's fundraising activity is underpinned by our Code of Ethical Fundraising and Donors' Charter, and the University only seeks to raise funds from those with whom it has an existing relationship (i.e. alumni and 'friends of the institution'). The University's fundraising is also consistent with best practice as established by the Institute of Fundraising and CASE.

The amount of donations and endowment income recognised in the University's statement of comprehensive income and expenditure is likely to be different to the actual cash received as some of the funding received has certain performance conditions that must be satisfied before income can be recognised. For further information please refer to the University's Statement of Accounting Policies – Donations and Endowments.

4.7 Equal opportunities and employment of disabled persons

Bath Spa University is committed in its pursuit of academic excellence to being an equal opportunity employer, achieving a diverse workforce underpinned by the Equality Act 2010. Protected groups are defined in the Equality Act 2010 as Sex, Gender Reassignment, Marriage or Civil Partnership, Pregnancy or Maternity, Race (including Ethnic or National Origin, Nationality or Colour), Disability, Sexual Orientation, Age, and Religion or Belief. Bath Spa University will not tolerate discrimination or harassment based on any of these characteristics. During 2018/19, we undertook an Equality and Diversity review, whose findings were reported to the Board of Governors meeting in September 2019.

The data currently show the following as a proportion of the University's total staff population:

- Female staff 57.0%, which is higher than our benchmarks, and similar (very slightly less) than in 2017/18.
- Disabled staff 7.9%, which is higher than our benchmarks, although a slight decrease on 2017/18.
- BME 5.2%, which is below our benchmarks, but an increase on 2017/18 figures.

We compare this and other data with the sector wherever possible and use this analysis to inform the University's objectives. Our objectives are published and reviewed regularly by the Equality and Diversity Steering Group and progress against the objectives forms part of an annual report to the Board.

The University's gender pay gap is 17.1%, which is similar to last year. This is mostly due to a higher proportion of female staff occupying more junior roles within the University, including students in part-time work, for example in the Library (the majority of students are female). This is a number with which the University is not content, and work is underway to understand and address the underlying data and causes.

In meeting its public sector equality duties the University has undertaken the following further activities:

- Equality Week 2018: The Bath Spa University Equality, Diversity, and Inclusion Week 2018 comprised of nine events. In order to address our Equality Objectives, we included a number of events focused on BME and women; Supporting BME Students, #MeToo On Campus, and Women, Leadership and Power. Events were attended by 155 people.
- Establishment and continued support of Staff Diversity Networks: We continue to support the Women's Leadership Network and the Lesbian, Gay, Bisexual, Transgender, Queer and Plus (LGBTQ+) Network. This year a Disability Action Network was also established, and we anticipate the establishment of a BME Staff Network within the upcoming academic year.

Further planned activities for 2019/20 include: Equality Week 2019, Transgender Day of Remembrance 2019, International Men's Day 2019 and International Women's Day 2020, and LGBTQ+ History Month.

4.8 Modern Slavery Act 2015

As a major employer in the Bath and Somerset region, the University takes its responsibility under the Modern Slavery Act 2015 very seriously and is firmly committed to establishing practices to combat slavery and human trafficking. Further information about the University's position regarding the issue of modern slavery and human trafficking can be found on the website:

www.bathspa.ac.uk/about-us/governance/policies/

4.9 Stakeholder relationships

The University's many stakeholders include our students and staff; the Office for Students and other statutory or regulatory bodies with oversight of aspects of our mission, such as professional bodies and funding councils; local and regional government, councillors, MPs and members of the local community; and educational collaborators, including local colleges and universities and our global network of partner institutions.

The 'concerted efforts' to improve local and regional relationships noted in the last Governors' Report have been further enabled by the re-structure, including the establishment of one External Affairs Unit out of three kindred but previously separate areas under the oversight of a new role, Pro Vice-Chancellor External. Since late Spring this has significantly enabled our connection and visibility, consolidating board membership to include Bath BID, Bath Chamber of Commerce, Wiltshire LEP Employability Advisory Group, The Holburne Museum, West of England Local Industrial Strategy Advisory Group with the three other regional universities senior representatives and the Bath Cultural and Educational Partnership (BCEP). The BCEP includes Bath Festivals, the Egg Theatre, Forest of Imagination and House of Imagination.

In short, the University is newly connecting with a wider business and civic community whilst maintaining our established strong creative arts and industry links. The fruits of this are registered in current significant project activity, including our key role in the South West Creative Technology Network and our lead on the Paper Nations project launched in June 2019. At the time of writing we are preparing in partnership with the University of Bath, Bath College and BANES a Working Well Project bid to the West of England Authority for £20m to enable the development of an inclusive growth hub targeted at excluded communities via employability focused digital and creative pipelines that start in college and travel through both universities into business start-up. This is the first time all key listed partners have worked together.

These activities have enabled Bath Spa to build a stronger understanding with the West of England Combined Authority of the University's value as creative educators. The same understanding is being advanced with the Wiltshire and Swindon Local Enterprise Partnership in relation to their developing vocationally focused Higher Education proposals. Lastly, the BCEP led by Bath Spa is currently fashioning a large co-ordinated provision bid around 'creative pathways' from school onwards in response to the Arts Council England's forthcoming Ten Year Strategy. The series of Business Breakfasts first noted in the last report have been very useful in seeding new wider relationships, and a target for 2019/20 will be to actualise these in new partnerships.

4.10 Energy and environmental sustainability

We recognise that our activities have an impact on the environment. Our overall environmental objectives are to ensure that any negative impact is minimised, that the University grows and develops in a sustainable way, and that continuous improvement in environmental performance is embedded into our business model and the culture of the University. The University does not knowingly engage in activities that are likely to cause harm or detriment, and none of its research activities involve the use of animals.

Our ISO14001 Environmental Management System provides the framework for delivery of this policy and for ensuring the human and financial resources required for its implementation are in place. The University has also implemented a Carbon Reduction Management Plan (CRMP), which sets out our approach to reducing carbon emissions in line with the sector targets and reaching carbon-neutrality by 2030. To help us achieve this, we are developing an ISO50001-compliant Energy Management System (EnMS), which we hope to be certified in July 2020.

The package of energy and carbon conservation measures implemented in our Energy Performance Contract are now meeting the guaranteed targets and further optimisation work is on-going. The Salix-funded installation of solar panels in the Locksbrook Road development, together with the advanced building management system, will further enhance energy efficiency.

4.11 Bath Spa Global

In 2018 it was decided to discontinue Bath Spa Global LLP, the joint venture partnership with Shorelight Education LLC of Boston in the United States, as the scheme was unable to recruit a sufficient number of students. The partnership ceased trading in September 2018, and final accounts were drawn up to 31 January 2019.

5. Providing Public Benefit

5.1 Delivery of charitable objectives

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

5.2 Developing people to make a contribution to society

The Higher Education Statistics Agency has implemented the Graduate Outcomes Survey as a replacement for Destination of Leavers from Higher Education. The first cohort of leavers to take part in the survey are the 2017/18 leavers. The survey point has been moved from six months after graduation to 15 months after graduation. Therefore new data relating to graduate destinations will not be available until May 2020. The more recent graduate outcome statistics therefore remain as reported in the Annual Report for 2018.

During 2018/19 the University invested in the following areas to support the employability of its students:

- The continued expansion of the Professional Placement Year. Applicants were encouraged to apply directly for a degree programme with a Professional Placement Year and this led to around 200 students from the 2018/19 intake applying to undertake this. Extensive work has been done with the existing cohort of year two students and it is expected that 70 will take a Professional Placement Year in 2019/20 which is more than double the number in 2018/19.
- Responding to the newly-formed Office for Students' directive that students from disadvantaged backgrounds need access to high-quality placements and employer networks, we widened our funded placement offering. We were able to offer bursaries to 20 students to help support unpaid or low-paid work placements within the third sector. We have enabled 12 students to undertake four week fully paid placements in 'difficult to access' industries. We have supported six graduates to commercialise their creative practice through a 12 month studio placement with mentoring. We supported over 75 students and graduates with part funded professional placements lasting up to 12 weeks.
- Building on this work we have launched a new service called GradTalent Development Agency. The role of the agency is to help connect local businesses with regionally domiciled graduates. The project has been funded for three years through a grant of £472,000 from the Office for Students as part of the challenge competitions. The money from the Office for Students has formed a consortium partnership which includes Bath College and the University of Bath.
- The Bath Spa Award continues to be a University flagship programme that enables students to obtain recognition for their achievements and experiences. They also reflect and develop the skills for effective career management. This year we launched a new transitional award to help first year students begin to try new things that might enhance their employability.
- We provided a range of opportunities for students to engage with employers on campus with over 150 employers represented through initiatives including 'Employer in the Foyer' and 'Industry Insight Panels'. The highpoint was our 'WorkFest' week including a careers fair attended by more than 40 organisations and over 700 students. Linked to that week we were able to provide inspiration to students around resilience and creativity through key note speakers Maisie Williams (Game of Thrones) and Amy Williams MBE (Winter Olympic gold medallist).
- Key to raising student aspirations and enabling good graduate outcomes is networking. Many of our students lack the social capital and confidence to form extensive and fruitful networks. We have invested funds in developing links and support with not-for-profit, social interest and social enterprises such as Creative Bath to ensure that students have access to a network of influencers. These relationships led to a networking bus taking students from Art, Design and Media backgrounds to meet and network with local businesses in the region.
- This year our achievements were recognised through the award of the Association of Graduate Careers Advisory Services (AGCAS) quality standard, a second nomination for the National Undergraduate Employability Awards (Most Improved Commitment to Employability) and the TargetJobs Awards (Best Employability Strategy).
- In partnership with Santander we offer grants to people with potential business ideas. This year we awarded 44 grants totalling £16,900 which helped over 70 students and graduates develop business ideas. We spent an additional £3,100 of the grant awarded by Santander to provide expert advice to potential entrepreneurs. One of the graduates funded through last year's grants was nominated for the International Emerging Designer Awards based on the denim collection they were able to design with the grant.

5.3 Admissions policy and widening participation

An analysis of 2018/19 level four data showed that approximately 82% of UK-domiciled full-time undergraduate entrants had at least one nationally-recognised indicator of social disadvantage or under-representation in higher education in their profile.

During the year the University's 2017/18 Access Agreement annual monitoring return was approved by the Office for Students. The 2018/19 Access Agreement was delivered, and the University's 2020/21 to 2024/25 Access and Participation Plan was submitted to fulfil the ongoing registration requirement condition A1 for an approved (fee cap) provider intending to charge fees above the basic amount to qualifying persons on qualifying courses. The 2020/21 to 2024/25 Access and Participation Plan sets out details of fee levels and financial support for students, provides an in-depth analysis of the University's current performance in the access, continuation, attainment and progression of our students from under-represented groups and confirms our ambition and strategic priorities for narrowing identified gaps in equality of opportunity for these groups.

We work towards diversity in our student body and inclusivity by adopting a robust policy of equality of opportunity in our admissions process. The process is informed by the Quality Assurance Agency UK Quality Code for Higher Education (Admissions) and our obligations under the Equality Act 2010. We provide a professional admissions service to all applicants by ensuring clear, fair and consistently applied policies and procedures and a high level of applicant care, including the provision of clear and accurate information that will support students in making an informed decision about their course of study. Our current selection process and admissions policy documents are available on the Bath Spa University website.

The University's access and participation activity is closely linked to the student life-cycle and we are continuing to build upon our history of inclusive and successful access and participation practice that has been shown by evidence from our own evaluation, and from that across the sector, to reduce the gaps in equality of opportunity for under-represented groups.

The University's access and participation strategic priorities are to:

- increase the higher education applicant pool and reduce gaps in equality of opportunity in relation to participation in higher education by developing knowledge about the benefits of higher education and supporting aspiration, attainment and educational progression among potential applicants from under-represented groups by providing a targeted and progressive programme of effective outreach activity.
- increase the participation of those from under-represented groups identified in the assessment of the University's current performance by safeguarding and sustaining fair access across our provision.
- improve outcomes for all of our students with a strong strategic focus on enhancing the student learning experience, encouraging those from groups or subgroups identified in the assessment of performance where there are gaps in equality of opportunity in relation to continuation rates or attainment outcomes to access the relevant elements of the University's student support package, and encouraging all students to access the full range of educational and cultural opportunities that are available to them.
- improve progression for all of our students by actively encouraging participation in the full range of interventions and opportunities available at the University, with a particular emphasis on increasing the participation of those from groups where there are gaps in equality of opportunity identified in the assessment of performance.
- contribute to national and regional initiatives, including Office for Students-funded programmes, through collaborative working in support of national access and participation ambitions and priorities.
- robustly evaluate the effectiveness of planned access and participation activity.
- contribute to the sector's understanding of effective evidence-based practice by undertaking and sharing research through our networks and engagement with the new Centre for Transforming Access and Student Outcomes in Higher Education.

5.4 Outreach Activities

The University continues to develop its extensive and successful widening participation outreach programme for young people and adults to support aspiration and attainment, and to encourage progression to higher education. A wide range of targeted programmes and activities is delivered through our Be Inspired! programme to young people aged from nine to 19 and their parents/carers through working with schools, colleges and community groups.

The University is also an active partner in a number of national and regional access and participation collaborations and partnerships including the Service Children's Progression Alliance, the Western Vocational Progression Consortium (including the joint-funding of the Careers Development Institute-acclaimed Careerpilot web-based resource), the Western Opportunities Network, the National Collaborative Outreach Programme Wessex Inspiration Network and the Bath and North East Somerset Children's University.

In 2018/19 the University's Access and Participation Office delivered a range of activities for over 4,000 participants through its targeted outreach programme to support aspiration, attainment and progression to higher education, and reached a further 7,000 young people and parents through the work of the Western Opportunities Network. It also worked in partnership with the Bath Spa University Students' Union, Bath Spa University students and primary schools in the south of the City of Bath to deliver a new student volunteer Primary Readers' Programme to support reading progression and encourage enjoyment of reading, including student fund-raising to buy books for the library of each school. Our partner schools in the programme have high proportions of pupils in groups which are currently under-represented in higher education, such as those with free school meal eligibility, and each school is in an area where the proportion of young people who participate in higher education is identified through the participation of local areas (POLAR4) classification data as being low.

5.5 Supporting disabled students, including mental and physical health conditions, autism spectrum and SpLD (specific learning difficulties)

Bath Spa University continues to have over the national HE sector benchmark of students declaring a disability (22% of total population) and in receipt of Disabled Students' Allowance (just under 9% of all students). It is worth noting that the proportion of students declaring mental health conditions has increased from 4.3% in 15/16 to 7.3% in 2017/18.

The number of students declaring mental health conditions continues to increase and also the numbers of students who present with mental health problems during their course. In 2018/19 just under 600 on-line referrals were received by Student Support from students seeking mental health interventions, which is an increase of 107 from 2017/18.

The Student Support Service works pro-actively with students and their supporters throughout the student journey. Once an offer has been made all applicants receive an invite to complete an Academic Access Plan questionnaire, which enables the University to explore options and measures, such as reasonable adjustments that can be implemented in order to ensure an inclusive learning, teaching and living environment. This early contact enables timely completion of AAPs (academic access plans) which are shared with academic tutors; PEEPs (personal emergency evacuation plans) and Care Plans (for intermittent health conditions).

Current data analysis of applicant declarations suggests that it should be expected for the level of applicant declarations to continue to increase. The number of completed applicant questionnaires received in 2018/19 for 2019/20 entry is already over 650. As well as the rise in the number of declarations, there is also an increase in the level of complexity of individual presentation, such as co-morbidity of acute mental and physical health conditions.

In addition to the annual 'Get Started' early induction event for new disabled students, a new 'Transition to University' event has been launched. This two day, one night residential event held in July is free for any prospective students on the autism spectrum. The aim of the event is to provide a taster of university life, involving interactive sessions with peer mentors, practical cooking workshops with the University Head Chef, shopping trip and workshop with the Bristol Autism Service, BASS. Ten prospective Bath Spa students attended and nine proceeded to attend the University.

5.6 Supporting care leavers, estranged students and young adult carers

Research shows that students who identify within these groups are under-represented at university and Bath Spa continues to regard them as a priority for enhanced support packages.

In 2018/19 there were 12 care experienced students, 16 estranged and four young adult carers.

In total these students received £28,000 of Bath Spa University Care Leaver/Estranged Student Bursary payments and three were enabled to receive a Unite Foundation Scholarship, which funds accommodation costs during their studies; bringing the total number of Bath Spa University Unite Foundation Scholars to six.

5.7 Supporting transition, success and progression

Student Support facilitates the University Peer Mentor Scheme, which is a transition mentoring scheme aimed at new students. In 2018/19 50% of new students were matched with a Peer Mentor and the evaluation shows that 92.3% of all contacts were held prior to the new student arriving at university.

2018/19 also saw the launch of a pilot PASS project within English Literature – Peer Assisted Study Programme. PASS are informal academic support schemes that target historically difficult or challenging course, where second and final year students who are trained in facilitation and active learning techniques run timetabled study support sessions for other students who are generally first year students:

- A total of nine PASS sessions were held in 2018/19
- Attendance varied between five to 13 students.

The University invested in the Student Support Service to enable additional general advisor resource, which resulted in just under 5,500 student enquiries being responded to in 2018/19; of which 95% were responded to within three working days.

5.8 Bursaries and student financial support

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

The University has a team of professional staff committed to ensuring that students with particular needs receive good advice and appropriate financial assistance. Under its Access Agreement with the Office for Students, Bath Spa offers students a range of financial support opportunities, including bursaries and scholarships which go significantly beyond statutory requirements. Last year, we paid a total of £1.0m in means-tested bursaries to support students from households with the lowest incomes.

In further measures designed to help ensure that students from lower income backgrounds are not deterred from applying to university and to bolster retention, the University provided a support package of widening participation initiatives and financial assistance worth some £4.8m in 2018/19. This support will continue in 2019/20.

6. Financial Review

6.1 University financial results

The higher education sector continues to be subject to both income challenges (e.g. fixed undergraduate fee rates, and a declining UK demographic) and cost pressures (e.g. increasing pension and staff costs). In that context, the University has undergone a significant reorganisation and restructuring in order to secure significant savings and to deliver its business more effectively.

The University achieved its targeted savings of £6m per annum through the restructuring, but at a one-off cost of £2.9m, resulting in a net deficit of £0.5m for the financial year. The underlying operating surplus was £1.9m, up from £0.9m in the previous year, and in addition there was a £0.5m write back of joint venture liabilities. Cash generated from operations remained strong (£9.7m) despite the cost of restructuring, an improvement on last year (£8.4m).

6.1.1 Income

Grants from funding bodies continue to reduce (by £0.6m) and were less than 6% of income. This was coupled with a decrease in academic (tuition) fees of £0.9m (1.3%), primarily relating to full-time home UG students (down £1.4m), but offset in part by increased part-time tuition fees (up £0.6m).

The University continues to improve its success in obtaining research grants and contracts, and in the financial year, accounted for just under £2m of completed research activity, up from £1.7m.

Despite a fall in income from residences, catering and conferences (£0.6m), other operating income rose by £0.4m overall, including the one-off release of funds from the Howard Hodgkin endowment of £0.6m. The University continues to grow its validation work for other education providers, and has recently had its Teach First contract extended. The University will be further endeavouring to utilise its facilities and resources to exploit further commercial opportunities, in order to generate funds to support its core educational purpose.

6.1.2 Expenditure

The restructure has resulted in in-year savings in staff costs, with a further reduction in costs expected in the next financial year due to the timing of staff leaving. Average staff numbers dropped from 925 to 920 FTE. Although underlying staff costs grew by almost £1.2m (2.7%), a combination of staff departing in July 2019, and a reduction in unused leave allowance (following the previous year's change in holiday year) saw the University's holiday pay provision reduce by £1.4m. This meant that in overall terms staff costs reduced by £0.2m. As a result, staff costs as a percentage of income remained at around 54%.

Fundamental restructuring costs amounted to £2.9m, of which £2.7m related to payments to c. 110 employees who left the University as a result of voluntary severance, voluntary redundancy, or compulsory redundancy. The residual costs are payroll and other expenses directly related to restructuring activities.

Other operating expenses were reduced by just over £1.3m (4.5%).

6.2 Balance Sheet

The balance sheet remains strong, with net assets of £74.9m, including pension liabilities, albeit a reduction from £87.9m at the previous year end.

Fixed asset additions of £22.2m have primarily been funded through cash held, and cash generated in year; cash balances are down from £40.4m to £29.0m. £5m of additional borrowing through a revolving credit facility has also supported the development.

£20.3m of the fixed asset additions relates to the University's new Locksbrook Road campus development.

The University's share of the LGPS deficit has increased in the year from £19.0m to £33.2m

Gearing (expressed as the ratio of total debt to net assets) has increased as a result of the impact on net assets of the increase in LGPS deficit, and now stands at 79%, up from 65%.

6.3 Treasury management and liquidity

Treasury management is the management of the University's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The University has a treasury management policy in place. Surplus cash is placed with a number of highly-rated counterparty banks.

Any borrowing by the University must first be specifically agreed by the Board of Governors.

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

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

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

6.4 Outlook for 2019/20

The overall climate for undergraduate recruitment remains challenging due to a complex of factors including demographic trends, tuition fee policy uncertainties and questions over value for money.

Our success in undergraduate recruitment this year reflects the immense effort invested in the 321 Go! campaign which engaged the vast majority of undergraduate applicants through interview, audition or other selection activity. Pleasingly, this engagement resulted in enhanced conversion - overall number applicant numbers were only slightly improved, but firm acceptances were up around 18% year on year.

We will continue this effort in our activity toward the 2020 entry cycle which is already underway. Demographically, the number of 18-year olds will begin to steadily increase from 2021 onwards so the creation of a more extensive schools and colleges engagement strategy will coincide with this increase in opportunity for this University.

PGCE and Masters recruitment are looking relatively stable, though here also we have wider policy uncertainty over the impact of changes to bursaries and any new Government's approach to managing teacher supply. International recruitment will focus on key markets and territories in the short term though recent political announcements on the reintroduction of a post-study work visa for tier 4 students does suggest we may be able to capitalise on the greater attractiveness of the UK as a study destination in key markets such as India.

7. Future developments

The operational priorities for 2019/20 remain focussed on student recruitment and retention, student support and satisfaction, and financial sustainability. Actions will overlap with and form part of medium- and longer-term strategic plans in support of the new University strategy.

Curriculum development is an essential component of providing a relevant education to students and thus to recruitment. Building on the success of the new courses introduced for the 2019 entry, for 2020 the undergraduate portfolio adds a further three titles (including LLB Law) and several new masters programmes are planned to launch for September 2020.

The highly successful 3,2,1 Go! offer will be continued and refined for the 2020 cycle, allowing us to make guaranteed offers to students after successful interview, audition or portfolio review with associated scholarship incentives to applicants. Significant longer-term work to extend our reach into local schools and colleges is underway via our Ignite engagement programme led by our new Higher Education Opportunities team.

A significant exploration of brand has commenced with all our internal stakeholders as well as key externals, enabling us in January 2020 to strengthen the experiential value of our brand and communications, further enabling strong connections and support to recruitment activities.

The completion of the Locksbrook Campus, which commenced operation on 7 October 2019, will enhance student choice, enable interdisciplinary study and research, and improve the student experience, thus directly contributing to achievement of the University's objectives. Further development and consolidation of the estate is being progressed through a new Master Plan, which is being developed in concert with dialogue with BaNES Council as the new Local Plan is developed. A close relationship with the Duchy of Cornwall will continue to be maintained as proposals for the development of the Newton Park campus mature.

We will continue to improve student satisfaction through understanding the causes of recent shortcomings and focussed interventions to enable improvements in the immediate future and longer term. The engagement of staff and responsiveness to student needs, both in their studies and in their broader lives, are paramount.

The support that students receive is also a key part of this, to their well-being, engagement and retention.

As part of taking forward the new strategy, the University will engage more fully with the local and regional communities, exploring ways to enhance economic growth and thus simultaneously provide greater opportunities for students and graduates. The broader geographic reach of the University, including the important dimension of international engagement, will also be considered.

Attention to financial sustainability remains paramount, and the University is continuing its review of planning and forecasting, bearing in mind particularly the uncertainty surrounding higher education policy and funding arrangements. In this context, a clearer focus on non-core income generation and diversification is intended.

8. Principal risks and uncertainties

8.1 Risk Management

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

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

8.2 Identified Risks

The greatest risks to the University include:

- Recruitment of students, with increased competition and adverse demographic trends for UK 18-year olds for the next one to three years;
- Continued uncertain UK political environment, not only around EU-exit decisions, but also around government policy for higher education;
- Financial risks associated with recruitment and with possible reduction in tuition fee income following the Augar review, and increases in future employer pension costs, both Teachers' Pensions and LGPS;

- Reputation (resulting from uncertain quality assurance around the Teaching Excellence Framework, the National Student Survey and the impact of both on league table position); and
- The capacity of the University to deliver an ambitious change programme in the current environment.

We will manage the risks proactively and the financial implications carefully.

9. Corporate Governance

9.1 Governance Policy Statement

The University is committed to best practice in all aspects of corporate governance. We have not adopted and therefore do not apply the UK Corporate Governance Code, but we have reported on our corporate governance arrangements by drawing upon best practice, including those aspects of the UK Corporate Governance Code we consider to be relevant to the higher education sector. This summary describes the manner in which the University has applied the principles set out in the voluntary Higher Education Code of Governance published by the Committee of University Chairs in December 2014. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

Throughout the year ended 31 July 2019, and up to the date of signing, the University has conducted its business in accordance with the principles of the voluntary Higher Education Code of Governance.

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

Following the roll-out of a board effectiveness survey and a process of consultation between individual members and the Deputy Chair, the Board of Governors reappointed Terence Jagger as Chair in September 2019.

9.2 Summary of the University's structure of corporate governance

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

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

The *Remuneration Committee* determines the grading, pay and terms and conditions of service for holders of Senior Posts, as defined by the University's Instrument and Articles of Government. Addditionally, the committee reviews the framework for the pay and conditions of service for all other staff, making recommendations to the Board of Governors where appropriate. The Vice-Chancellor is not a member of this committee.

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

The *Nominations Committee* is convened as required at the direction of the Chair to support the process for nominations and appointments to the Board of Governors.

Following a review of governance, which was commissioned in September 2017, the University took the opportunity to revise its Instrument and Articles of Government. The Privy Council granted formal consent for the adoption of an updated and modernised version of the University's Instrument and Articles of Government which came into effect in February 2019. Further work is now in progress to develop supplementary procedures as part of the University's ongoing commitment to effective governance, which will be a key area of focus during 2019/20.

9.3 Statement of the primary responsibilities of the Board of Governors

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

- Oversight of the conduct of the affairs of the University.
- The oversight of the management and administration of the revenue and property of the University.
- Establishing a framework for the pay and conditions of staff; ensuring that there are in place policies and procedures for the governance and conduct of the University, for dealing with staff performance, discipline, dismissal and grievance, and for dealing with student discipline, complaints and academic appeals.
- The custody and use of the Seal of the University.

The Board of Governors may make committees, including but not limited to those required by any regulator of the University, and may delegate all or any of its functions to a committee or any person provided that it shall not delegate:

- The determination of the character and mission of the University.
- The responsibility for ensuring the solvency of the University and for safeguarding its assets, including but not limited to the approval of the annual budget and accounts of the University.
- The making of, alteration, amendment or addition to this Instrument and Articles, subject to the prior approval of the Privy Council Office if such approval is required by law; or
- the approval of procedures for the suspension and dismissal of staff and the suspension and expulsion of students.

Whilst not stipulated in the Instrument and Articles of Government, the Board of Governors takes very seriously its responsibility for the health and safety and welfare of its students.

9.4 Statement of the responsibilities of the Board of Governors for the financial statements

In accordance with the University's Instrument and Articles of Government, the Board of Governors of Bath Spa University is responsible for the oversight of the conduct of the affairs of the University, and is required to present audited financial statements for each financial year.

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

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

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

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

The Board of Governors has taken reasonable steps to:

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

9.5 Disclosure of information to auditors

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

9.6 Statement of Internal Control

The Board of Governors is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives while safeguarding the public and other funds and assets for which they are responsible, in accordance with the Instrument and Articles of Government and the terms and conditions of funding for higher education institutions with the Office for Students, and financial memoranda issued by other funding bodies including NCTL.

The system of internal control is designed to manage rather than eliminate the risk of failure, and to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. However, it is constantly monitored, and any weaknesses identified are dealt with promptly and proportionally.

The system of internal control is based on an on-going process designed to identify the principal risks to the University's policies, aims and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2019 and up to the date of approval of the financial statements, and in accordance with OfS guidance.

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

- The Board of Governors meets regularly to consider the plans and strategic direction of the University.
- The Board of Governors receives periodic reports from the Audit Committee concerning internal control, and requires regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- The Audit Committee receives regular reports from the Head of Internal Audit which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement.
- A regular programme of meetings of senior staff is held to identify and keep up to date the record of risks facing the University.
- A system of key performance and risk indicators is maintained and is regularly reviewed.
- A robust risk prioritisation methodology based on risk ranking and cost-benefit analysis is maintained and subject to regular review.
- An organisation-wide risk register is maintained and subject to regular review.
- Reports are received from budget holders, department heads and project managers on internal control activities.

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

Review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

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

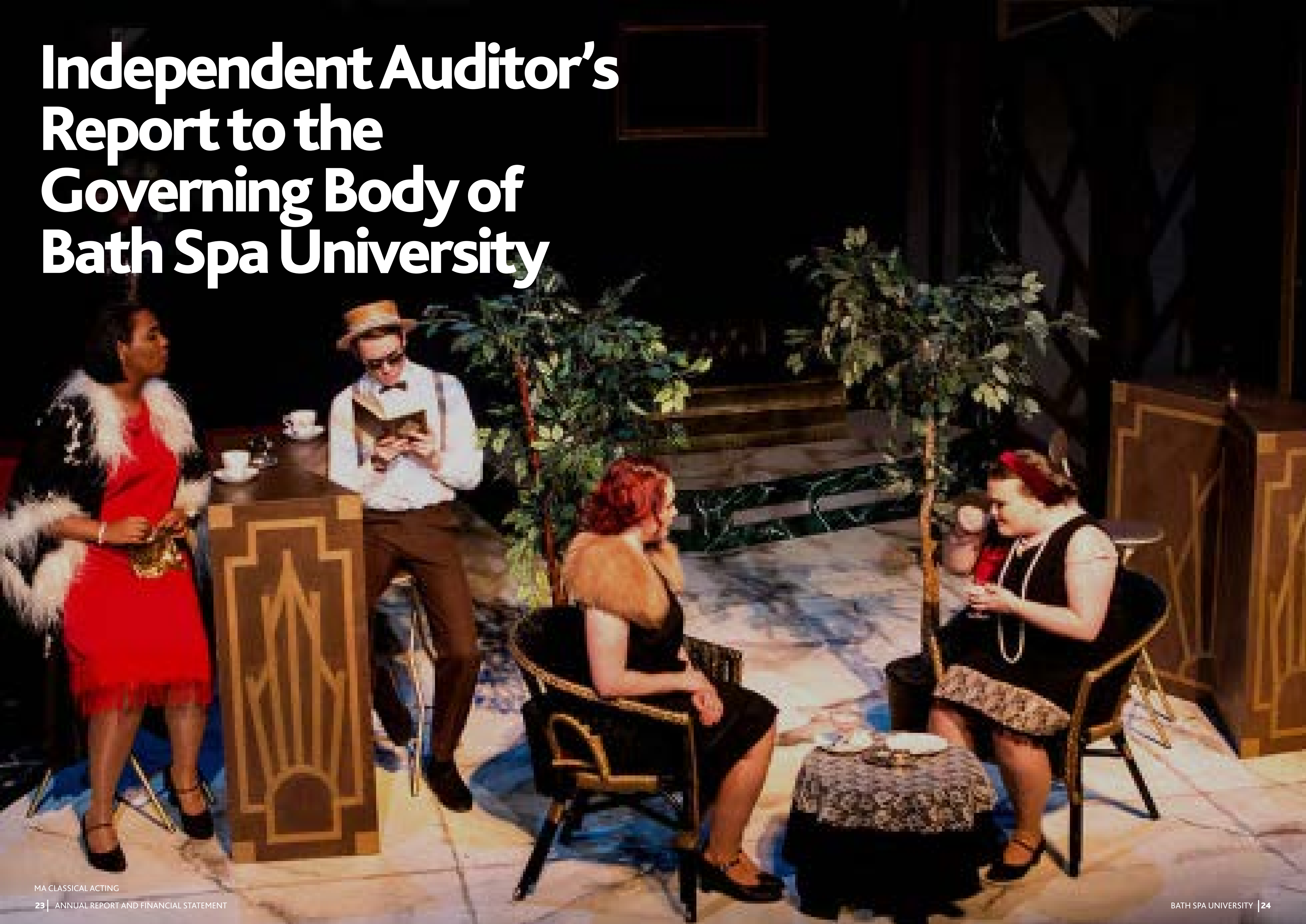
By Order of the Board of Governors, 20 November 2019

Terence Jagger
Chair

Susan Rigby
Accounting Officer

LOCKSBROOK CAMPUS ART STUDENT

Independent Auditor's Report to the Governing Body of Bath Spa University



MA CLASSICAL ACTING

Opinion

We have audited the financial statements of Bath Spa University (the 'parent university') and its subsidiaries (the 'group') for the year ended 31 July 2019 which comprise the consolidated and University statement of comprehensive income and expenditure, the consolidated and University statement of changes in reserves, the consolidated and University balance sheets, the consolidated cash flows statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including 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 the parent university's affairs as at 31 July 2019 and of the group's and parent university's income and expenditure, gains and losses, changes in reserves and group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in March 2014.

Basis for opinion

We have been appointed as auditor under the Education Reform Act 1988 and report in accordance with regulations made under those Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group 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 governing body's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governing body have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent university's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

We have nothing to report in this regard.

Opinion on other matters

prescribed by Office for Students (OfS) terms and conditions of funding for higher education institutions (issued March 2018) and the OFS's accounts direction (issued June 2018)

In our opinion, in all material respects:

- funds from whatever source administered by the parent university for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of OfS' accounts direction (issued June 2018) have been met.

Responsibilities of Governing Body for the financial statements

As explained more fully in the Statement of responsibilities of the governing body set out on pages 9 to 21, the governing body is responsible for the preparation of the financial statements and for being satisfied they give a true and fair view, and for such internal control as the governing body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the University's governing body, as a body, in accordance with clause 3 of the University's Instrument and Articles of Government. Our audit work has been undertaken so that we might state to the University's governing body those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University's governing body as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Mark Bishop, FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Bristol
26 November 2019

Statement of Accounting Policies

LOCKSBROOK CAMPUS

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

Going concern

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

In addition, each year, the University prepares a five year financial forecast, in the format required by its regulator, the Office for Students in order to demonstrate compliance with the registration requirement for financial sustainability. The latest version (2018/19-2023/24) was approved by Governors in July 2019 and demonstrates that the University is a going concern given prudent assumptions about student intake and costs, going forward.

At 31 July 2019 the University had £58.8 of loans outstanding with bankers that helped finance the development and acquisition of new student residences and Locksbrook Campus. The University's financial forecast has been shared with these lenders and indicates that it will be able to continue to operate without further long-term borrowing and within the covenants.

Accordingly, the University has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2019. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

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

The financial statements include the University's wholly owned subsidiary Bath Spa U Limited which includes 35% of its share of assets and liabilities of Bath Spa Global LLP, and its share of deficit of £11,000 in 2018/19 which is reported as other expenses (Note 7). The financial statements also include the University's wholly owned subsidiary Bath Spa Venues Ltd that incurred a deficit of £134,000 in 2018/19.

Income recognition

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

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

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

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

Grant funding

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

Donations and endowments

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

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

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

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

Capital grants

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

Accounting for retirement benefits

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

- **Teachers' Pension Scheme**
  Employers' pension contributions to the Teachers' Pension Scheme are charged to the income and expenditure account in the year to which the salaries on which they are payable relate.
- **Avon Pension Fund**
  Avon Pension Fund assets are measured using market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the University's defined benefit pension scheme expected to arise from employee service in the period is charged to operating surplus. The expected return of the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income/charges. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. The pension scheme's deficit is recognised in full and presented on the face of the balance sheet.

Employment benefits

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

Operating leases

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

Fixed assets

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

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

Land and buildings

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

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

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

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

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

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

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

Financial instruments

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

Borrowing costs

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

Investments

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

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

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

Stock

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

Cash and cash equivalents

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

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

Inherited liability grant

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

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

(a) The University has a present obligation (legal or constructive) as a result of a past event;

(b) It is probable that an outflow of economic benefits will be required to settle the obligation; and

(c) a reliable estimate can be made of the amount of the obligation.

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

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

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

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

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

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

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

Taxation

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

It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

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

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

Reserves

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

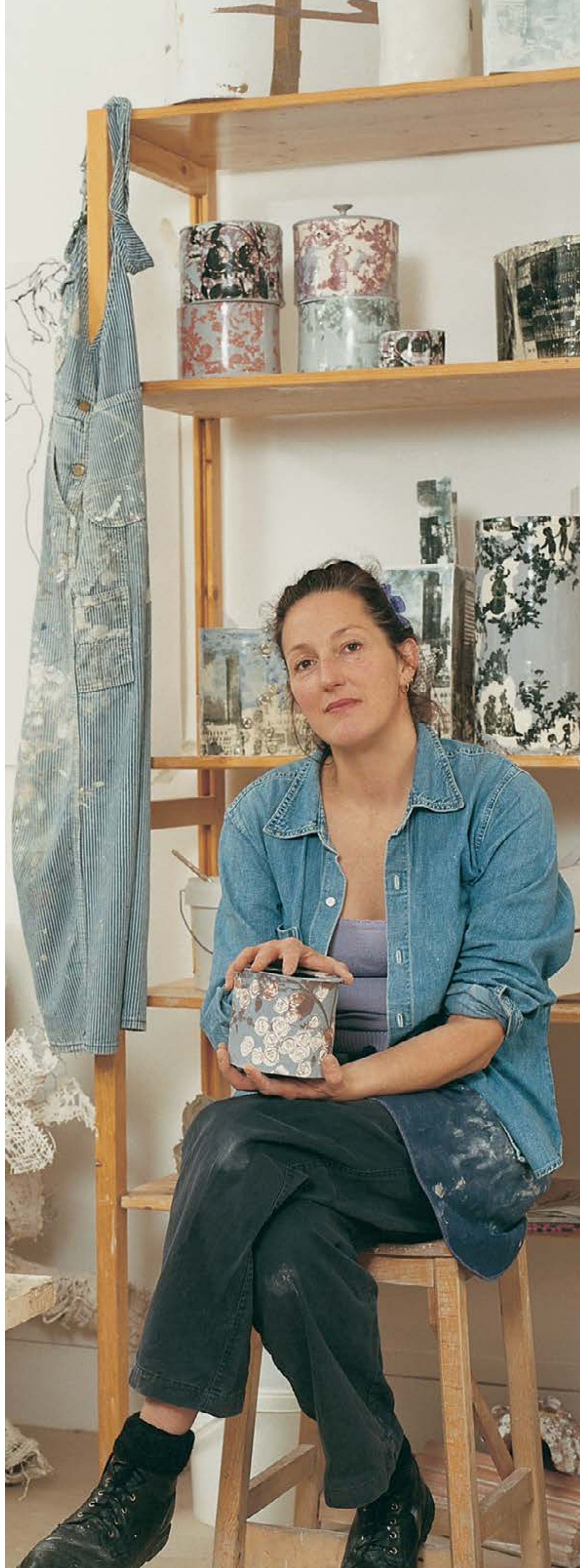
Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

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

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

Other key source of estimation uncertainty

- **Local Government Pension Scheme**
  The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.



MA FINE ART STUDENT

Financial statements

For the year ended 31 July 2019

GRADUATING BATH SPA STUDENTS

Statement of Comprehensive Income and Expenditure

For the year ended 31 July 2019

	Note	Consolidated 2019	Consolidated 2018	University 2019	University 2018
		£'000	£'000	£'000	£'000
INCOME					
Funding Council grants	1	4,900	5,486	4,900	5,486
Tuition fees and education contracts	2	63,044	63,920	63,044	63,920
Research grants and contracts	3	1,975	1,690	1,975	1,690
Other income	4	12,785	12,403	12,806	12,412
Investment income	5	321	249	321	249
Donations and endowments		231	206	231	206
Total income		**83,256**	**83,954**	**83,277**	**83,963**
EXPENDITURE					
Staff costs	6	45,261	45,460	45,261	45,460
Fundamental restructuring costs		2,915	-	2,915	-
Other operating expenses	7	28,402	29,739	28,283	29,597
Depreciation		4,661	4,686	4,661	4,686
Interest and other finance charges	8	3,065	3,130	3,065	3,130
Total expenditure	7	**84,304**	**83,015**	**84,185**	**82,873**
(Deficit)/Surplus before other losses		(1,048)	939	(908)	1,090
Profit on disposal of fixed assets		6	2	6	2
Write back of share of liabilities in joint venture		533	-	-	-
(Deficit)/Surplus before tax		(509)	941	(902)	1,092
Taxation	10	-	-	-	-
(Deficit)/Surplus for the year		(509)	941	(902)	1,092
Actuarial (loss) / gain in respect of pension schemes		(11,902)	7,242	(11,902)	7,242
Total comprehensive (expenditure) / income for the year		**(12,411)**	**8,183**	**(12,804)**	**8,334**
Represented by:					
Endowment comprehensive income for the year		592	6	592	6
Unrestricted comprehensive income for the year		(13,003)	8,177	(13,396)	8,328
		(12,411)	8,183	(12,804)	8,334

All items of income and expenditure relate to continuing activities.

Consolidated Statement of Changes in Reserves

For the year ended 31 July 2019

	Income and expenditure account Endowment	Income and expenditure account Unrestricted	Revaluation reserve	Total
	£'000	£'000	£'000	£'000
Balance at 1 August 2017	**586**	**54,632**	**24,545**	**79,763**
Surplus from the income and expenditure statement	6	935	-	941
Other comprehensive income	-	7,242	-	7,242
Transfers between revaluation and income and expenditure reserve	-	387	(387)	-
	6	8,564	(387)	8,183
Balance at 1 August 2018	**592**	**63,196**	**24,158**	**87,946**
(Deficit) from the income and expenditure statement	-	(1,101)	-	(1,101)
Other comprehensive income	-	(11,902)	-	(11,902)
Transfers between endowment reserve and income and expenditure reserve	(592)	592	-	-
Transfers between revaluation and income and expenditure reserve	-	387	(387)	-
Total comprehensive income for the year	**(592)**	**(12,024)**	**(387)**	**(13,003)**
Balance at 31 July 2019	**-**	**51,172**	**23,771**	**74,943**

University Statement of Changes in Reserves

For the year ended 31 July 2019

	Income and expenditure account		Revaluation reserve	Total
	Endowment	Unrestricted		
	£'000	£'000	£'000	£'000
Balance at 1 August 2017	**586**	**55,243**	**24,545**	**80,374**
Surplus from the income and expenditure statement	6	1,086	-	1,092
Other comprehensive income	-	7,242	-	7,242
Transfers between revaluation and income and expenditure reserve	-	387	(387)	-
	6	8,715	(387)	8,334
Balance at 1 August 2018	**592**	**63,958**	**24,158**	**88,708**
(Deficit) from the income and expenditure statement	-	(1,494)	-	(1,494)
Other comprehensive income	-	(11,902)	-	(11,902)
Transfers between endowment reserve and income and expenditure reserve	(592)	592	-	-
Transfers between revaluation and income and expenditure reserve	-	387	(387)	-
Total comprehensive income for the year	**(592)**	**(12,417)**	**(387)**	**(13,396)**
Balance at 31 July 2019	**-**	**51,541**	**23,771**	**75,312**

Consolidated Balance Sheet

At 31 July 2019

		Consolidated		University	
	Note	2019	2018	2019	2018
		£'000	£'000	£'000	£'000
NON-CURRENT ASSETS					
Fixed assets	11	164,991	147,464	164,991	147,464
Investments		-	-	50	50
ENDOWMENT ASSET INVESTMENTS	12	-	592	-	592
		164,991	148,056	165,041	148,106
CURRENT ASSETS					
Stocks		59	71	59	71
Debtors	13	3,319	3,970	3,712	4,313
Investments		26,132	28,727	26,132	28,727
Cash at bank and in hand		2,912	11,688	2,780	11,478
		32,422	44,456	32,683	44,589
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(18,686)	(16,580)	(18,628)	(16,001)
NET CURRENT ASSETS		13,726	27,876	14,055	28,588
TOTAL ASSETS LESS CURRENT LIABILITIES		178,727	175,932	179,096	176,694
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	15	(69,483)	(67,910)	(69,483)	(67,910)
PROVISIONS					
Pension provisions	20	(33,193)	(19,043)	(33,193)	(19,043)
Other provisions	17	(1,108)	(1,033)	(1,108)	(1,033)
TOTAL NET ASSETS		**74,943**	**87,946**	**75,312**	**88,708**

Consolidated Balance Sheet *(continued)*

At 31 July 2019

	Note	Consolidated 2019 £'000	Consolidated 2018 £'000	University 2019 £'000	University 2018 £'000
RESTRICTED RESERVES					
Endowment reserve	19	-	592	-	592
UNRESTRICTED RESERVES					
Income and expenditure reserve		51,172	63,196	51,541	63,958
Revaluation reserve		23,771	24,158	23,771	24,158
		74,943	87,354	75,312	88,116
TOTAL RESERVES		74,943	87,946	75,312	88,708

These financial statements were approved and authorised for issue by the Board of Governors on 20 November 2019 and signed on its behalf by:

Terence Jagger
Chair

Susan Rigby
Accounting Officer

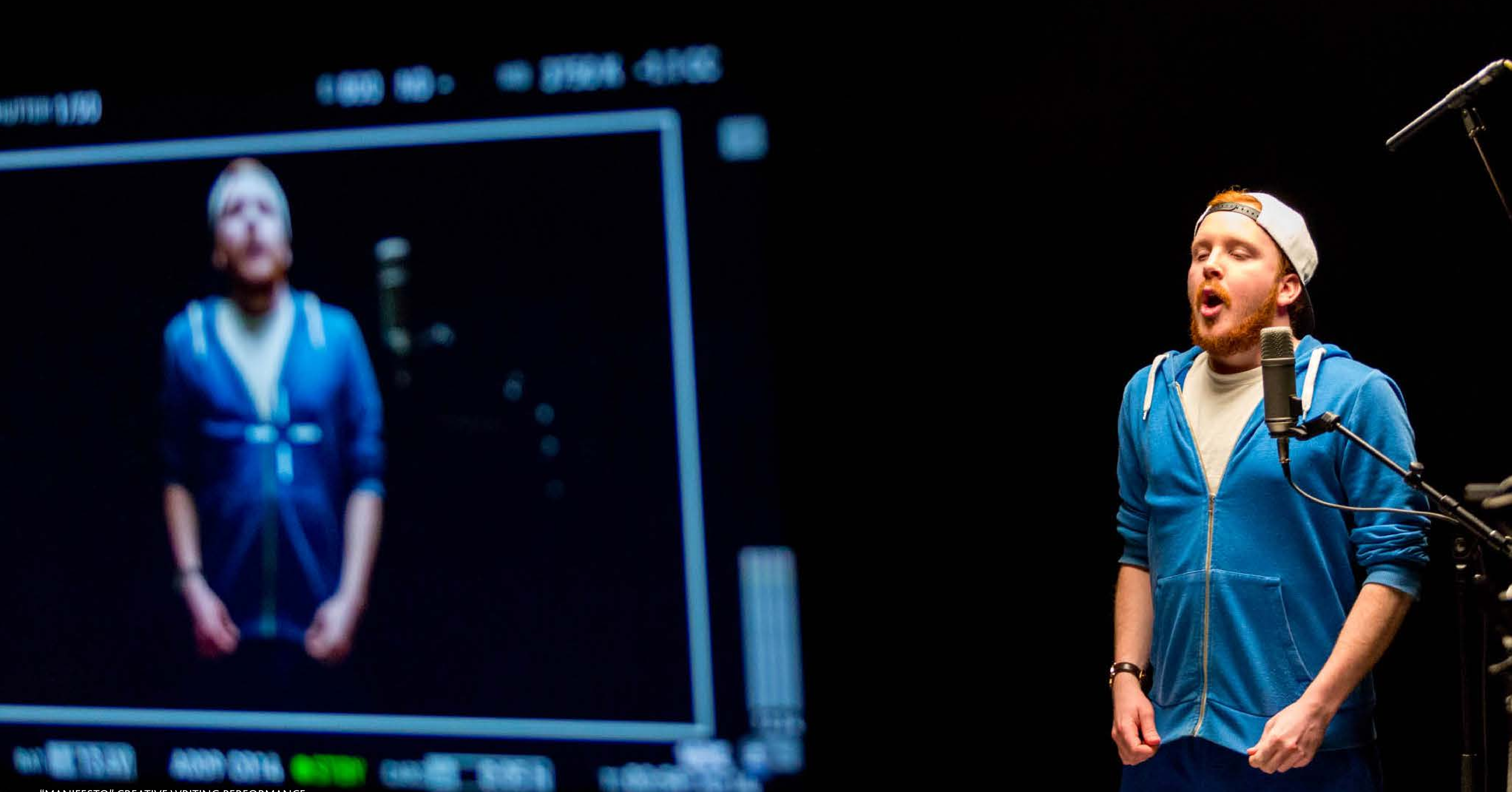
Consolidated Cash Flow Statement

For the year ended 31 July 2019

	Note	2019 £'000	2018 £'000
Cash flow from operating activities			
(Deficit) / surplus for the year		(509)	941
Adjustment for non-cash items			
Depreciation		4,661	4,686
Release of inherited liability grant		(240)	(240)
Release of capital grants		(749)	(773)
Decrease in stock		12	5
Decrease / (increase) in debtors		651	(1,164)
Increase in creditors		1,324	110
Increase in provisions		75	82
Increase in pension fund liability		1,743	1,878
Contribution to Howard Hodgkin Fund		-	(6)
Adjustment for investing or financing activities			
Interest payable (finance charge FRS 102)		505	586
Endowment and net interest receivable		(321)	(249)
Finance cost of enhanced pension provision		36	14
Interest payable		2,524	2,530
Profit on sale of fixed assets		(6)	(2)
Net cash inflow from operating activities		9,706	8,398
Cash flows from investing activities			
Interest received		321	249
Finance cost of enhanced pension provision		(36)	(14)
Interest paid		**(2,524)**	**(2,530)**
Purchase of tangible fixed assets		(21,298)	(8,889)
Proceeds from sale of fixed assets		6	2
Capital grants received		624	693
		(22,907)	(10,489)
Cash flows from financing activities			
Decrease in short-term deposits		2,595	7,835
Receipt of bank loans		5,000	-
Repayment of bank loans		(2,894)	(2,801)
Receipt of new Salix loans		-	187
Repayment of Salix loans		(276)	(256)
		4,425	4,965
(Decrease) / increase in cash in the year		(8,776)	2,874
Cash at beginning of the year	21	11,688	8,814
Cash at end of the year	21	2,912	11,688

Notes to the Financial Statements

For the year ended 31 July 2019



"MANIFESTO" CREATIVE WRITING PERFORMANCE

1. Funding Council grants - consolidated and University

	OfS	DfE	2019	2018
	£'000	£'000	£'000	£'000
Recurrent grant	3,788	123	3,911	4,473
Inherited liability grant released in year	240	-	240	240
Deferred capital grants released in year:				
- Buildings	357	-	357	333
- Equipment	392	-	392	440
	4,777	123	4,900	5,486

2. Tuition fees and educational contracts - consolidated and University

	2019	2018
	£'000	£'000
Full-time students	56,926	58,293
Full-time students charged overseas fees	4,320	4,410
Part-time fees	1,798	1,217
	63,044	63,920

3. Research grants and contracts - consolidated and University

	2019	2018
	£'000	£'000
Research councils	1,761	1,103
Other grants and contracts	214	587
	1,975	1,690

4. Consolidated other income

	2019	2018
	£'000	£'000
Residences, catering and conferences	8,538	9,129
Other income	4,247	3,274
	12,785	12,403

Residences, catering and conferences includes £262,000 (2018 £279,000) related to the University's subsidiary company Bath Spa Venues Limited.

5. Consolidated and University investment income

	2019	2018
	£'000	£'000
Income from short term investments	321	249

6. Consolidated and University staff costs

	2019	2018
	£'000	£'000
Wages and salaries	34,126	34,684
Social security costs	3,632	3,572
Other pension costs	7,503	7,204
	45,261	45,460

The University has included an accrual for holiday pay in 2019 totalling £951,000 (2018: £2,368,000). The large reduction was a combination of staff departing through the University restructure in July 2019, and a reduction in unused leave entitlements.

	£'000	£'000
Other pension costs comprise:		
Contributions to defined benefit scheme accounted for as a defined contribution scheme (TPS)	3,349	2,908
Current service cost of defined benefit scheme (LGPS)	4,154	4,296
	7,503	7,204

	2019	2018
	No.	No.
Average staff numbers by major category (full-time equivalent):		
Academic staff	380	372
Hourly-paid lecturers	48	54
Technicians	46	46
Support staff – administration	378	386
Support staff – manual workers	68	67
	920	925

Key Management Personnel remuneration

	£'000	£'000
Remuneration	1,340	1,261
Compensation for loss of office	271	-
	1,611	1,261

The full time equivalent staff numbers were 11.7 (2018: 11.0)

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

Key management personnel are those persons having authority for planning, directing and controlling the activities of the University; during the year ended 31 July 2019 this included the Vice-Chancellor, Deputy Vice-Chancellor/Provost, Chief Operating Officer, Director of International and Marketing, Executive Dean of Bath School of Art and Design, Executive Dean of College of Liberal Arts, Executive Dean of Institute for Education, Pro Vice-Chancellor (Research and Enterprise), Pro Vice-Chancellor (Learning and Teaching Quality), Registrar, Director of Human Resources, and University Secretary.

Emoluments of the Accounting Officer and Chief Executive

Information regarding three Vice-Chancellors is set out below. This is because three separate individuals held the post, including one on an interim basis, between the period 1 August 2017 and 31 July 2018.

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

The annual report of the Remuneration Committee can be found at this web address:
www.bathspa.ac.uk/about-us/governance/board-of-governors/remuneration/

The current salary of the Vice-Chancellor is detailed on our website and for this financial year was a base pay of £210,000 with an additional payment of £39,000 which she has elected to receive as payment in lieu of pension.

The total emoluments of the three Accounting Officers and Chief Executives who served during the current or preceding year were as follows:

	2019 £'000	2018 £'000
Remuneration	210	225
Holiday Pay	-	10
Housing allowance	-	1
Pay in lieu of pension	39	21
Other benefits-in-kind	-	4
	249	261
Compensation for loss of office	-	-
Pension contribution	-	2
	249	263

The individual emoluments of the three Accounting Officers and Chief Executives who served during the current or preceding year were as follows:

Professor Susan Rigby (from 22.01.2018):

	2019 £'000	2018 £'000
Remuneration	210	110
Pay in lieu of pension	39	21
	249	131

Professor Susan Rigby's basic salary was 6.3 times the median pay of staff (2018: 6.3 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff. Where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider to its staff, this equated to 6.4 times (2018: 6.4 times).

Professor Nick Foskett (15.08.2017 to 21.01.2018):

	2019 £'000	2018 £'000
Remuneration	-	105
Other benefits-in-kind	-	3
	-	108

In the year ended 31 July 2018, Professor Nick Foskett's basic salary was 11.7 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff. Where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider to its staff, this equated to 10.1 times.

Professor Christina Slade (01.08.2017 to 15.08.2017):

	2019 £'000	2018 £'000
Remuneration	-	10
Holiday Pay	-	10
Housing allowance	-	1
Other benefits-in-kind	-	1
	-	22
Pension contribution	-	2
	-	24

In the year ended 31 July 2018, Professor Christina Slade's basic salary[1] was 7.7 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff. Where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider to its staff, this equated to 8.7 times.

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

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

	No.	No.
£100,001 - £105,000	2	1
£105,001 - £110,000	1	1
£140,001 - £145,000	-	1
£145,001 - £150,000	1	1
£150,001 - £155,000	1	-

[1]*Basic salary is the salary prior to any adjustments expressed as a full year full time equivalent. Total salary is calculated as including basic salary, performance related pay and other bonuses, employer pension contributions and payments in lieu of pension, other taxable benefits, non-taxable benefits, market supplements allowances and any other remuneration. This is also expressed as a full time full equivalent.*
The ratio calculation is based on all staff including casual staff.

7. Consolidated expenditure by activity

	Staff costs	Fundamental restructuring costs	Other operating expenses	Depreciation	Interest payable	2019 Total	2018 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Academic departments	24,079	1,786	6,035	165	-	32,065	31,674
Academic services	6,192	186	4,032	292	-	10,702	11,690
Research grants and contracts	775	-	1,423	-	-	2,198	1,460
Residences, catering and conferences	891	-	2,810	1,791	-	5,492	5,616
General education expenditure	2,096	275	5,253	4	-	7,628	7,643
Premises	2,367	146	4,972	2,382	2,524	12,391	12,596
Administration	6,915	457	1,670	22	541	9,606	8,773
Staff and student services	1,934	65	1,922	3	-	3,924	3,311
Other expenses	12	-	285	1	-	297	252
	45,261	2,915	28,402	4,661	3,065	84,304	83,015

Fundamental restructuring costs of £2,915,000, includes £2,721,000 is in respect of payments to c.110 employees who left the University as a result of voluntary severance, voluntary redundancy, or compulsory redundancy. The residual costs are payroll and other expenses directly related to restructuring activities.

Other operating expenses – residences, catering and conferences includes £102,000 (2018 £150,000) related to the University's subsidiary company Bath Spa Venues Limited, and other expenses includes a charge of £11,000 (2018 credit of £2,000) related to the University's subsidiary company Bath Spa U Limited.

	2019	2018
	£'000	£'000
The depreciation charge has been funded by:		
Deferred capital grants	749	773
Revaluation reserve released	387	387
General income	3,525	3,526
	4,661	4 686

	2019	2018
	£'000	£'000
Other operating expenses include:		
Auditors' remuneration		
- external audit	38	32
- internal audit	27	27
- other services	30	5
- tax services	9	8
Hire of land and buildings (operating leases)	725	1,051
Hire of plant and machinery (operating leases)	19	15
Howard Hodgkin endowment – University contribution	-	6
Student Union grant	518	464
Share of deficit / (surplus) in joint venture (Note 9)	11	(2)

8. Consolidated and University interest and other finance charges

	2019	2018
	£'000	£'000
Loan not wholly repayable within five years	2,524	2,530
Net interest on local government pension scheme (Note 20)	505	586
Finance cost of enhanced pension provision	36	14
	3,065	3,130

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

	2019	2018
	£'000	£'000
Share of deficit / (surplus) in joint venture	11	(2)

10. Taxation

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

11. Consolidated and University tangible fixed assets

	Freehold land and buildings	Leasehold properties	Assets under construction	Building improvements	Fixtures, equipment and vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 August 2018:						
Valuation	69,024	5,551	-	-	1,289	75,864
Cost	700	65,158	12,617	18,043	12,235	108,753
Additions at cost	-	-	20,259	882	1,047	22,188
Disposals at cost	-	-	-	-	(453)	(453)
At 31 July 2019:						
Valuation	68,831	5,551	-	-	1,267	75,649
Cost	893	65,158	32,876	18,925	12,851	130,703
	69,724	70,709	32,876	18,925	14,118	206,352

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

	Freehold land and buildings	Leasehold properties	Assets under construction	Building improvements	Fixtures, equipment and vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated depreciation and impairment						
At 1 August 2018	2,673	11,475	74	10,262	12,669	37,153
Charge for year	999	1,475	-	1,475	712	4,661
Disposals	-	-	-	-	(453)	(453)
At 31 July 2019	3,672	12,950	74	11,737	12,928	41,361
Net book value at 31 July 2019	**66,052**	**57,759**	**32,802**	**7,188**	**1,190**	**164,991**
Net book value at 31 July 2018	67,051	59,234	12,543	7,781	855	147,464
Inherited	10,349	2,151	-	-	-	12,500
Financed by capital grant	-	1,267	-	738	437	2,442
Other	55,703	54,341	32,802	6,450	753	150,049
Net book value at 31 July 2019	**66,052**	**57,759**	**32,802**	**7,188**	**1,190**	**164,991**

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

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

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

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

At 31 July 2019, freehold land and buildings included £21,700,000 (2018: £21,700,000) in respect of freehold land and is not depreciated.

Land and buildings with a net book value of £12,500,000 (2018: £12,637,000) have been funded from Treasury sources. Should these particular properties be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the terms and conditions of funding for higher education institutions with the Office for Students.

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

Equipment

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

The University's subsidiaries, Bath Spa U Limited and Bath Spa Venues Limited had no tangible fixed assets at 31 July 2019 or 2018.

12. Endowment asset investment

	Consolidated		University	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Balance at 1 August	592	586	592	586
New endowments	-	6	-	6
Transfer to unrestricted funds	(592)	-	(592)	-
Balance at 31 July	-	592	-	592
Cash and other short term investments	-	592	-	592
Total endowment asset investments	-	592	-	592

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

13. Debtors

	Consolidated		University	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	1,608	2,074	1,598	2,047
Other debtors	45	31	45	30
Amounts due from subsidiary undertakings	-	-	415	371
Amounts due from joint ventures	-	287	-	287
Prepayments and accrued income	1,666	1,578	1,654	1,578
	3,319	3,970	3,712	4,313

No debtors were due after more than one year.

14. Creditors: amounts falling due within one year

	Consolidated		University	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank loans (Note 16)	2,991	2,894	2,991	2,894
Salix loans (Note 16)	275	275	275	275
Trade creditors	2,395	2,061	2,391	2,041
Taxation and social security	967	947	967	947
Amounts due to joint ventures	-	-	-	-
Amounts due to subsidiaries	-	-	-	6
Share of net liabilities in joint ventures	-	522	-	-
Other creditors	1,643	1,625	1,643	1,601
Accruals and deferred income	9,766	7,402	9,712	7,383
Inherited liability grant	240	240	240	240
Deferred capital grants	409	614	409	614
	18,686	16,580	18,628	16,001

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

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

	Consolidated		University	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Donations	529	593	529	593
Research grants	1,267	949	1,267	949
	1,796	1,542	1,796	1,542

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

	Consolidated		University	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Inherited liability grant	11,400	11,640	11,400	11,640
Deferred capital grants	2,033	1,953	2,033	1,953
Bank loans (Note 16)	55,838	53,829	55,838	53,829
Salix loans (Note 16)	212	488	212	488
Share of net liabilities in joint ventures	-	-	-	-
	69,483	67,910	69,483	67,910

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

16. Borrowings

	Consolidated and University	
	2019	2018
	£'000	£'000
Bank loans and overdrafts are repayable as follows:		
In one year or less	2,991	2,894
Between one and two years	3,094	2,991
Between two and five years	14,918	9,586
In five years or more	37,826	41,252
	58,829	56,723

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

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

In August 2014 the University drew down a £10m loan from Lloyds Bank PLC that is repayable in quarterly instalments commencing November 2014 and ending February 2034. Interest is fixed at 4.765%.
In May 2016 the University drew down a £35m bridging loan from Santander UK plc that was converted to a fixed term loan in August 2016, repayable in quarterly instalments commencing November 2016 and ending December 2034. Interest is fixed at 3.990%. The loan is secured over the freehold property to which the loan relates.

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

	Consolidated and University	
	2019	2018
	£'000	£'000
The Salix loan is repayable as follows:		
In one year or less	275	275
Between one and two years	212	275
Between two and five years	-	213
	487	763

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

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

17. Provisions for liabilities and charges

	Consolidated and University		
	Enhanced pension provision	Landlords' guarantee provision	Total provisions
	£'000	£'000	£'000
At 1 August 2018	777	256	1,033
Charge to income and expenditure statement	36	742	778
Utilised in year	(70)	(633)	(703)
At 31 July 2019	743	365	1,108

An amount of £743,000 (2018: £777,000) is included in provisions representing the extent to which the capital cost charged exceeds actual payments made. The provision will be released against the cost to Bath Spa University of enhanced pension entitlements over the estimated life expectancy of each relevant employee.

To ensure that there is sufficient residential accommodation for its first year students the University contracts with external providers. In return for guaranteed availability of places the University will pay a proportion of the rent for any unfilled places.

The landlords' guarantee provision reflects the number of study bedrooms for which the University has a potential liability. The cost of such compensation is expected to be £115,000 (2018: £256,000), in addition to £250,000 relating to the year ended 31 July 2019, which is yet to be finally agreed with external providers. The Board of Governors consider that the provision will be paid during the forthcoming year and consequently have not discounted the provision to net present value. In 2019 the University paid £633,000 (2018: £47,000) in respect of unfilled places from a total of 778 study bedrooms.

18. Deferred capital grants

	Consolidated and University		
	Buildings	Equipment	Total
	£'000	£'000	£'000
At 1 August 2018	2,469	98	2,567
Received in year	555	69	624
Released to income and expenditure statement	(690)	(59)	(749)
At 31 July 2019	2,334	108	2,442

19. Endowments

	Consolidated and University	
	2019	2018
	£'000	£'000
Balance at 1 August	592	586
New endowments	-	6
Transfer to unrestricted funds	(592)	-
Balance at 31 July	-	592
Representing:		
Capital	-	592

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

20. Pension costs

The University's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme, Avon Pension Fund (LGPS). The total pension costs for the period was £7,503,000 (2018: £7,204,000).

Teachers' Pension Scheme (TPS)

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

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

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

For the year ended 31 July 2019 the employer contribution rate was 16.5% (2018: 16.5%). The total pension cost for the period was £3,349,000 (2018: £2,908,000).

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

Avon Pension Fund (LGPS)

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

The total contribution made for the year ended 31 July 2019 was £4,196,000 (2018: £3,369,000) of which employers' contributions totalled £3,271,000 (2018: £2,484,000) and employees' contributions totalled £925,000 (2018: £885,000). The agreed contribution rates, excluding deficit recovery payments, for future years are 13.8% (2018: 13.8%) for employers, and salary-determined rates for employees ranging from 5.5-12.5%.

The following information under FRS 102 is based upon a full actuarial valuation of the Fund at 31 March 2016 updated to 31 July 2019 by a qualified independent actuary.

	2019	2018
Rate of increase in salaries	3.7%	3.6%
Rate of increase in pensions in payment	2.3%	2.2%
Discount rate	2.2%	2.9%
Inflation assumption CPI	2.2%	2.1%

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

	2019	2018
Retiring today		
Males	23.7	23.6
Females	26.2	26.1
Retiring in 20 years		
Males	26.3	26.2
Females	29.0	28.8

20. Pension costs *(continued)*

The assets in the scheme were:

	2019 £'000	2018 £'000
Equities	27,523	20,469
Government Bonds	-	6,057
Other Bonds	6,410	6,423
Property	3,235	4,856
Cash	706	1,984
Other	20,937	12,428
	58,811	52,217

The following amounts at 31 July 2019 were measured in accordance with the requirements of FRS102:

	2019 £'000	2018 £'000
University estimated share of assets	58,811	52,217
Present value of scheme liabilities	(92,004)	(71,260)
Deficit in the scheme – net pension liability	(33,193)	(19,043)

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

	2019 £'000	2018 £'000
Current service cost	4,154	4,296
Total operating charge	4,154	4,296

Analysis of amount that is charged to interest payable

	2019 £'000	2018 £'000
Expected interest pension scheme assets	1,556	1,244
Interest on pension scheme liabilities	(2,061)	(1,830)
Net interest cost	(505)	(586)

Analysis of amount recognised in income and expenditure statement

	2019 £'000	2018 £'000
Actual return less expected return on pension scheme assets	2,203	2,092
Change in financial and demographic assumptions underlying the scheme liabilities	(14,105)	5,150
Actuarial (loss) / gain recognised in the statement of comprehensive income and expenditure	(11,902)	7,242

20. Pension costs *(continued)*

Movement in deficit during year

	2019 £'000	2018 £'000
Deficit in scheme at 1 August	(19,043)	(23,821)
Movement in year:		
Current service cost	(4,096)	(4,296)
Curtailments and settlements	(58)	-
Contributions	3,271	2,484
Net interest cost	(505)	(586)
Actuarial (loss) / gain	(11,902)	7,242
Administration expenses	(71)	(66)
Deficit on scheme at 31 July	(33,193)	(19,043)

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

	2019 £'000	2018 £'000
At beginning of the year	71,260	70,603
Current service cost	4,096	4,296
Past service cost	789	-
Interest cost	2,061	1,830
Contributions by scheme participants	925	885
Actuarial (gain) / loss	14,105	(5,150)
Curtailments	58	-
Benefits paid	(1,290)	(1,204)
At end of the year	92,004	71,260

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

	2019 £'000	2018 £'000
At beginning of the year	52,217	46,782
Expected interest on scheme assets	1,556	1,244
Actuarial gain	2,203	2,092
Administration expenses	(71)	(66)
Contributions by employer	3,271	2,484
Contributions by scheme participants	925	885
Benefits paid	(1,290)	(1,204)
At end of the year	58,811	52,217

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

History of experience gains and losses

	2019	2018	2017	2016	2015
Difference between the expected and actual return on scheme assets:					
Amount (£'000)	2,203	2,092	3,817	1,267	1,216
% of scheme assets	3.7%	4.0%	8.2%	3.2%	3.4%
Experience gains and losses on scheme liabilities:					
Amount (£'000)	-	-	(1,765)	-	-
% of scheme liabilities	-	-	(2.5%)	-	-
Total amount recognised in the income and expenditure statement:					
Amount (£'000)	(11,902)	7,242	(134)	(8,879)	(2,559)
% of the present value of scheme liabilities	(12.9%)	10.2%	(0.2%)	(14.4%)	(5.4%)

The projected contribution to the defined benefit scheme for the forthcoming year is £2,217,000 (2018: £2,543,000). The cumulative amount of actuarial losses recognised in the income and expenditure statement is £21,956,000 (2018: £10,054,000).

Sensitivity analysis

Actuaries appointed by Avon Pension Fund have prepared the following sensitivity analysis that indicates the likely changes to pension liabilities, asset values, costs and returns on assets in the event of changes to key assumptions used by the actuary in determining the valuation of the fund at 31 July 2019.

	Base	Sensitivity 1 - +0.1% pa. discount rate	Sensitivity 2 - +0.1% pa. inflation	Sensitivity 3 - +0.1% pay growth	Sensitivity 4 - 1 year increase in life expectancy
	£'000	£'000	£'000	£'000	£'000
Liabilities	92,004	90,086	93,963	92,244	93,704
Assets	(58,811)	(58,811)	(58,811)	(58,811)	(58,811)
Deficit	33,193	31,275	35,152	33,433	34,893
Projected service cost	5,482	5,312	5,659	5,482	5,589
Projected interest cost	706	694	749	711	743

21. Analysis of changes in net funds

	At 1 August 2018	Cash flows	Other movements	At 31 July 2019
	£'000	£'000	£'000	£'000
Cash held in endowment asset investments	592	-	(592)	-
Cash at bank and in hand	11,688	(9,368)	592	2,912
Short term deposits	28,727	(2,595)	-	26,132
Net funds	41,007	(11,963)	-	29,044

22. Capital commitments

	Consolidated and University	
	2019	2018
	£'000	£'000
Contracted but not yet invoiced	2,164	19,328

23. Financial commitments

	Consolidated and University	
	2019	2018
	£'000	£'000
Expiring within one year	40	25
Expiring from one to five years	1,224	1,244
Expiring after five years	1,551	1,741
	2,815	3,010

24. Related party transactions

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is possible that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. During the year the University provided a grant to Bath Spa University's Students' Union of £518,000 (2018: £464,000) enabling it to provide essential services to University students.

25. Teacher Training bursaries

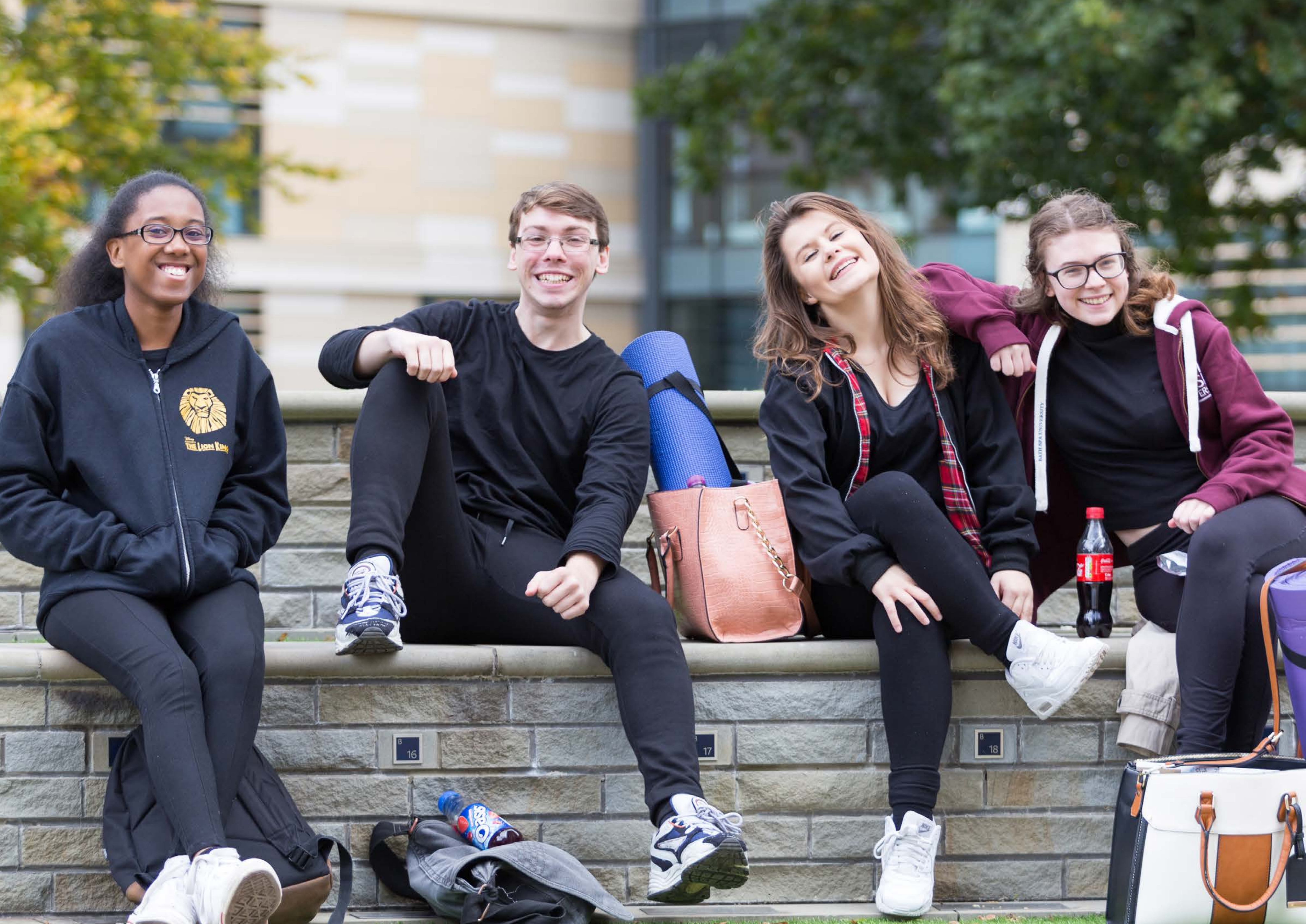
	2019	2018
	£'000	£'000
Funds received	2,830	2,094
Disbursed to students	(2,639)	(1,915)
Balance due to DfE at 31 July	191	179

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

26. Governors' expenses

	2019	2018
	£'000	£'000
Governors' expenses	10	8

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