



UNIVERSITY OF
BIRMINGHAM

2021 ANNUAL REPORT AND ACCOUNTS 22



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Vice-Chancellor's Report



I was delighted to take up the role of Vice-Chancellor in the New Year, returning to a University that had been substantially reimagined and expanded during my five years away. I was warmly welcomed back, and as I met colleagues across the institution I was struck by their pride in, and commitment to, the University. I would like to take this opportunity to thank my predecessor, Professor Sir David Eastwood. Under his leadership, Birmingham firmly established itself as an innovative and bold institution that performs strongly in both education and research, and with a community of talented and dedicated staff.

The last six months have been particularly momentous. We have had tremendous results in the Research Excellence Framework (REF), we have risen in the league tables; and we have won numerous awards for the strength of our research. The National Student Survey (NSS) results showed that, although students nationally are reporting lower levels of satisfaction than before the pandemic, our students were more satisfied than their counterparts last year and our relative standing within our peer universities has significantly improved; while the Complete University Guide – one of the three influential UK-based league tables

– assessed us as being the 14th best in the UK, up from 19th last year.

As the eyes of much of the world looked to our City and region for the Birmingham 2022 Commonwealth Games, we were honoured to be part of the most comprehensive university partnership in the history of the games. The University was an official partner of the Games and of the Queen's Baton Relay; the Baton itself was designed by alumni of the University and contained an air-quality sensor devised by one of Birmingham's researchers that fed back data about air quality across the Commonwealth. We were the host venue for both hockey and squash, the official training venue for athletics and swimming and our Vale accommodation became an Athletes' Village. We were immensely proud to welcome 170,000 visitors to our beautiful Edgbaston campus over the summer, for events that included 54 hockey matches – beamed across the world to an estimated audience of 1.5 billion people. A huge amount of work took place across the City of Birmingham and the University to engage with and prepare for the Games, with many of our students, staff and alumni volunteering.

Vice-Chancellor's Report *(continued)*

The Games also demonstrated quite spectacularly how central the University is to local, regional and national life.

In our new blueprint for the future published this year, the Birmingham 2030 strategic framework, we have set out our aspiration to become a Top 50 global institution within the next decade. We recognise this is a genuinely challenging aim, which will require a vibrant, intellectually exciting and diverse University community for research and education, as well as close collaboration with our partners in Birmingham and around the world.

Research that matters continues to underpin our mission, and the latest Research Excellence Framework (REF) confirmed that we are one of the best universities in the UK. We were ranked 10th in the Russell Group (the biggest improvement in that group), and 13th overall (which includes specialist institutions that only submitted to one area of research). This was a tremendous result and reflects many years of hard work by outstanding researchers working at the forefront of their disciplines. But the most important thing is not the ranking itself but the confirmation that we are collectively engaged in world-leading work that has a genuine impact on people's lives.

One of the most pleasing things about our REF results is that they highlight the strong partnerships we have, including with industry and the health, education, and cultural sectors. It is not enough to simply undertake high quality research, it is only through working in partnership with others in our region and across the world that we can deliver solutions to address global health challenges, support innovation with industry and manufacturing, tackle inequalities and address climate

change. Through our collaboration with Birmingham Health Partners (BHP), and as a result of a significant grant from the Bill and Melinda Gates Foundation, we began a ground-breaking maternal health trial across 80 hospitals in Africa, South Africa and Sri Lanka that aims to provide a global solution for preventing mothers dying from complications after childbirth. We have also been awarded a £4.4 million share of Government Impact Acceleration Account (IAA) funding that will further enable staff across the University to translate world-leading research into real change.

In the continuing battle against COVID-19, our experts once again contributed significantly to the national and international response, drawing on our partnerships and our expertise across our academic and clinical disciplines, including virology, immunology, business, economics and social sciences. A team from the University's Centre for Patient-Reported Outcomes Research developed a comprehensive tool that can assess symptoms of Long COVID for use in research and clinical care. A second study, published in Nature Medicine, found that Long COVID sufferers can experience a much broader set of symptoms than was previously thought. Our researchers, working with NitroPep Ltd and Pullman AC, developed a new antimicrobial technology for air filters which can quickly kill bacteria, fungi and viruses, including SARS-CoV-2 (COVID-19), providing a potential solution to the spread of airborne infections.

Vice-Chancellor's Report *(continued)*

Professor Paul Moss, Professor of Haematology and Deputy Head of the College of Medical and Dental Sciences, led the UK Coronavirus Immunology Consortium that played a massive part in understanding the immune response to COVID-19 and was awarded an OBE in the Queen's Birthday Honours for services to immunotherapy and COVID-19 research.

Working in partnership is essential in times of crisis, such as during a global pandemic. We have also joined with others in response to Russia's invasion of Ukraine, including strengthening our co-operation with the marvellous Council for At Risk Academics. CARA was founded in 1933 in response to Hitler's decision to expel hundreds of leading scholars from German universities, and works to support academics to carry out their research and teaching in areas where speaking freely may put them in grave danger. With CARA's help we have supported displaced academics working in Ukraine. We have also established our own emergency fund to aid displaced staff and students who are no longer free to work and study in their own country, provided financial and other support for students already studying at the University from both Ukraine and Russia, and signed a twinning partnership with the Ivan Franko University in Lviv, which we hope will help to support the conservation of the Ukrainian higher education sector in the longer term.

There are far too many research successes from the year to mention here. However, the range of expertise at the University can perhaps be highlighted by a few. Our astronomers used a ground-based telescope to detect a rare type of circumbinary planet that orbits two stars at once. A joint project with the China University of Geosciences (Beijing) led to the discovery of an exquisitely preserved dinosaur embryo inside a fossilised dinosaur egg in Guangzhou. In partnership with the

Royal Horticultural Society, we showed that ordinary potted house plants can potentially make a significant contribution to reducing air pollution in homes and offices. Our longstanding collaboration with the Royal Shakespeare Company (RSC) has continued with the Signing Shakespeare research project that explores Shakespeare with D/deaf learners. Experts in the University's UK National Quantum Technology Hub in Sensors and Timing won an international scientific race to locate an object below ground using a quantum gravity gradiometer, developed under a contract for the Ministry of Defence and the UKRI-funded Gravity Pioneer project. A new oral-history research project, running jointly with Manchester United Museum, began capturing the experience of female Manchester United fans at Old Trafford from 1960-2000. And results from our Centre for Human Brain Health showed that in a cohort of older men, individuals experiencing frequent bad dreams were twice as likely to later be diagnosed with Parkinson's as those who did not.

Our major philanthropic venture, the Birmingham in Action campaign, continues to go from strength to strength. We have already achieved 80 per cent of the fundraising and volunteering targets that we set in 2018 and are now in the enviable position of needing to review and set more challenging targets for the forthcoming years. Gavin Maggs, Director of Development and Alumni Relations, and I held a dinner for some of our donors who have generously supported the University over the past few years. In this case, all were Birmingham alumni and remembered, as we often do as we get older, their time at university with fondness. However, this wasn't what prompted them to give – it was supporting exceptional people to do exceptional research and outreach, and supporting students to thrive.

Vice-Chancellor's Report *(continued)*

We expanded our global family this year with the formal opening in April of our Dubai campus in the Dubai International Academic City. The ceremony marked the next stage in the University's long-term commitment to position Dubai as a regional hub for world-class higher education and talent development. I was honoured to host His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of The Executive Council of Dubai, along with high-ranking officials from the UAE and Dubai Provost Professor David Sadler. Home to students since January, the campus encourages collaboration across academic disciplines, offering flexible learning spaces and formal teaching spaces. Our presence in Dubai has also enabled us to establish extensive partnerships in the region, including a long-term agreement with the Roads and Transport Authority (RTA) of Dubai that sees the RTA leasing space at our campus for its Innovation, Research and Development Centre. This will help to facilitate innovation and support the next generation of UAE transport engineers, and is an important demonstration of how our campus in Dubai is helping to build our civic contribution on a global stage.

In my email to all colleagues on my first day in post, I set out two areas: sustainability and equality, diversity and inclusion; in which I felt we could make significant progress with a renewed focus. As England's first civic university, our longstanding commitment to society and to the environment go hand-in-hand, and our students represent a new generation of climate-conscious citizens. We have developed new sustainability courses and launched our Clean Air Fellowships, and we have woven the Sustainable Development Goals into our entire teaching and learning portfolio. In June, we joined many other organisations in declaring a climate

emergency and set out our ambitions in our report: Keeping 1.5 Degrees C Alive, (<https://www.birmingham.ac.uk/research/climate/keeping-one-point-five-alive/keeping-1.5-alive.aspx>).

We also launched our Institute for Sustainability and Climate Action, led by Professor David Hannah. This new collaborative platform will nurture Birmingham's interdisciplinary sustainability research expertise and develop meaningful partnerships. We have established a sector-leading development programme in partnership with Siemens that will create world-class smart campuses in Edgbaston and at our new campus in Dubai, and our new Birmingham Energy Innovation Centre (BEIC) at Tyseley Energy Park will enable us to innovate in the areas of waste, energy, and low carbon vehicle systems.

The success of Birmingham, as of all universities, will ultimately rest on the people in its community. Our academy is made up of researchers and teachers with intellectual energy and creativity supported by exceptional professional services colleagues. There are however, challenges we have to overcome, and in the coming months and years, we seek to be recognised as a University characterised by our actions to promote equality, diversity and inclusion in our staff and student community. We have made progress this year. Birmingham received the Race Equality Charter Bronze Award in 2020. Since then, we have put in place a robust action plan to facilitate cultural change, improve the representation of ethnic minority staff, diversify the curriculum and library collections, and increase access and reduce the attainment gap for ethnic minority students.

Vice-Chancellor's Report (*continued*)

However, we know that there is further work to do to embed inclusive practice and create a community with a diverse range of voices and experiences at all levels, and the entire leadership of the University is committed to doing what we can to make Birmingham a place where the brightest and best people want to work, and where colleagues feel enthused to give their best; whether they educate, research, or work in our professional services. Our pioneering Pathways to Birmingham widening participation initiative continues to deliver excellent outcomes, recruiting over 500 students from within the West Midlands region, which represents ten per cent of our total incoming cohort.

As we look to the future, our environment is characterised by uncertainty and change, including politically - as I write this our fifth Secretary of State for Education of the year has just been announced.

The world is still recovering from the global pandemic, the geopolitical climate is uncertain, and we are dealing with the effects of Brexit and of the war in Ukraine.

However, this is when universities come to the fore.

We are experts at problem solving and proved during the pandemic that we can be nimble and responsive.

Our very purpose is to transform lives and society.

At Birmingham, we will face these challenges with confidence, knowing that we have strong foundations, exceptional capability amongst our people, and longstanding financial strength.

Professor Adam Tickell

Vice-Chancellor and Principal





Chief Financial Officer's Report



The financial sustainability of the University has been critical in recent years, enabling us to continue to operate and invest, despite the numerous challenges that came our way.

The prior two financial years were very much focussed on conserving cash. With devolved budgets it was reassuring to see the quick and sensible approach budget holders took in responding to this, with spending being significantly curtailed in all areas. This enabled us to enter 2021/22 with high levels of cash and investments.

Income

Our core income from student fees has been largely static at £418m (2020/21 £390m) although we budgeted for increases in a number of areas. Delays in opening our new expanded Dubai campus impacted on student numbers in the autumn; and the increase in employment opportunities for Postgraduates generally meant targets for those student numbers were not met. The impact of all of this on income was in part mitigated

by higher than target Home Undergraduate student numbers, as a result of exceptional A level performance.

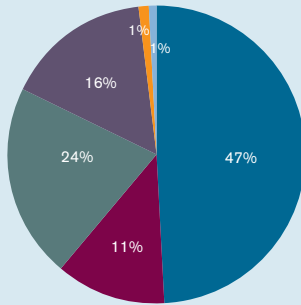
The Dubai campus opened in early 2022 and we anticipate an uptick in student numbers over the next few years as new programmes are released to utilise the exceptional facilities we now have available.

The level of one-off project income grows each year and in 2021/22 this included capital grants (£4m for a new NMR 1GHz magnet for example); and Covid associated research projects (for example £2m in year to enable genome sequencing of COVID strands). Following our success in the Research Excellence Framework that was published in May 2022, we have a strong basis for driving our ambition to grow the level of research income in future years, both from core funding and through project specific activities; whilst sustaining the success we have seen in one off funding for research.



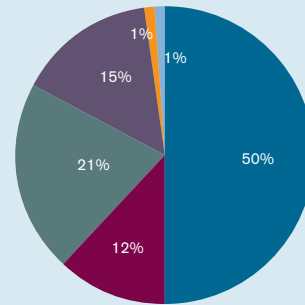
University of Birmingham Dubai Campus

Income Analysis



2021/22 Total Income

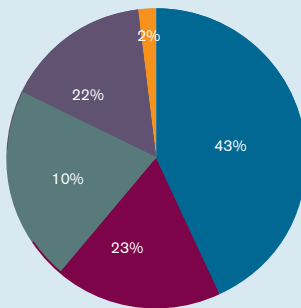
- Tuition fees and education contracts **£418 million**
- Funding body grants **£96 million**
- Research grants and contracts **£215 million**
- Other income **£144 million**
- Investment income **£7 million**
- Donations and endowments **£8 million**



2020/21 Total Income

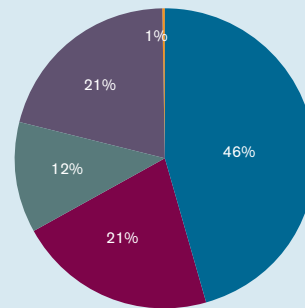
- Tuition fees and education contracts **£390 million**
- Funding body grants **£93 million**
- Research grants and contracts **£168 million**
- Other income **£121 million**
- Investment income **£6 million**
- Donations and endowments **£7 million**

Tuition Fee Analysis



2021/22 Tuition Fees

- Undergraduate tuition - home **£181 million**
- Undergraduate tuition - other students **£94 million**
- Postgraduate tuition - home **£42 million**
- Postgraduate tuition - other students **£93 million**
- Other courses **£8 million**



2020/21 Tuition Fees

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

Chief Financial Officer's Report *(continued)*

Expenditure

This financial year has been characterised by operational challenges as we have sought to return to spending and investing. Earlier in the year this was characterised by supply issues as a result of Brexit, COVID; or both. Subsequently we have seen the impact of the Russian invasion of Ukraine on both supplies and pricing in a number of areas, with the difficulty in obtaining goods mitigating the price increases we suffer in other areas.

Increases in energy, property maintenance and supplies and growth in research and other income have all resulted in increases in other operating expenses this year.

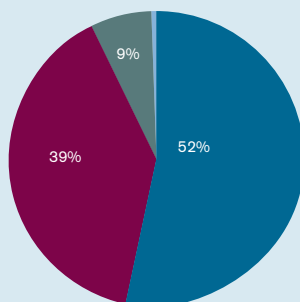
Alongside all of this, in common with most other employers, we have been finding it harder to recruit staff to fill vacancies or to deliver growth in agreed investment areas. It is taking longer to find the right people; the level of dropouts for interviews and even first days is at an all-time high; a requirement to work on a hybrid basis to support our student experience, deliver research and our other activities puts us out of line with some other employers who are still supporting fully home working arrangements. The consequence of all of these challenges, is that we have once again generated cash

this year; but with increased pressure on our staff who have continued to deliver in these circumstances.

In support of this the University continues to release funds for investment in expanding our staff base to support activities; to develop new areas of academic activity; to enhance our infrastructure and to make our operations more efficient. Despite our best efforts, the challenges of spending these funds are likely to persist throughout much of the next financial year.

Pension costs are a significant and fluctuating cost, with the impact of valuations resulting in large swings in provision levels and in year costs. In the year, the March 2020 valuation of the Universities Superannuation Scheme (USS) was concluded, resulting in changes to contribution rates and benefits that will accrue in future. In turn this has led to an adjustment to the provision for future contributions, with a charge of £203m in the year. This compares to a credit of £12m in 2020/21 and a charge of £75m in 2019/20 based on the previous valuation in March 2018. The balance sheet provision of £313m will unwind over 16 years. The key assumptions used in determining the provision are set out in note 18.

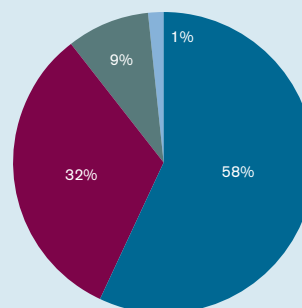
Expenditure Analysis



2021/22 Expenditure*

- Staff costs **£440 million**
- Other operating expenses **£325 million**
- Depreciation and amortisation **£71 million**
- Interest and other finance costs **£4 million**

*excluding USS provision movement



2020/21 Expenditure*

- Staff costs **£441 million**
- Other operating expenses **£246 million**
- Depreciation and amortisation **£66 million**
- Interest and other finance costs **£12 million**

Chief Financial Officer's Report *(continued)*

Other Projects

Our involvement in the Commonwealth Games was significant as we hosted hockey and squash, together with a large number of athletes on campus; UK House was based at the Exchange, the University's city centre location; and some of the support teams stayed in the Edgbaston Hotel and Conference Centre, operated by one of our group companies. The financial impacts will span two financial years and are complex as they involve cost plus arrangements for supply and services; in kind arrangements as a tier one sponsor of the Games, thus gaining advertising and promotion benefits; and some commercially priced elements. The total income from the games included in these financial statements is over £9m.

The National College of Advanced Transport of Infrastructure that we acquired last year has been supported by many University staff to develop new curriculum; respond to bids to increase student numbers; engage with business and other partners to generate revenue; and in some aspects of day to day operations. The working capital facility of £2.5m from the University has been drawn down in full and Council has approved a further grant of c£5m that the College can utilise over the next 4 years. The ability to offer students leaving schools, such as our own University of Birmingham School, with further education options remains a key part of our civic agenda.

Working in partnership to gain expertise, leverage different forms of funding, and deliver for the future has remained a theme this year. One example of this is the partnership with Siemens that was signed in 2021; to deliver information from a number of our buildings by combining digital sensor and analytics technologies, artificial intelligence, decentralised energy generation and storage, renewable energy and concepts that help change users' behaviour. In addition, Siemens will sponsor PhD students, whose research projects will be co-designed with Siemens to address important challenges in data, technology, urban systems and the NetZero goal. The current phase of this will be delivered via a managed service arrangement over the next 10 years.

In December 2021, we entered a long-term partnership with Equitix and Equans to deliver world-class facilities at the Pritchatts Park Student Village.

This redevelopment of Pritchatts Park will give students quick and easy access to the heart of campus, living in a state-of-the-art, low-carbon facility. The financial impact of this transaction was to dispose of the asset with a value of £9.9m and recognise a surplus on disposal of £4.2m. Further information is set out in note 12.

In support of our access and participation plans, to engage with a wide and diverse range of students and help them aspire to attend university, we continue to devote significant time to outreach in schools around the city. In addition, once students join us, spending on scholarships, bursaries and student support at £56m (2020/21 £54m) is directed to help them get the best out of their university experience. In support of our Ukrainian students this year, we set aside £0.5m to support travel, hardship funds, visa support etc.

Capital Investments

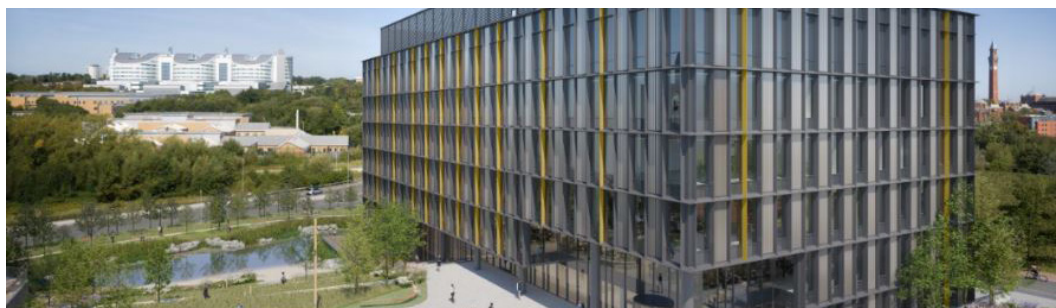
Two significant capital developments are underway around campus, the first is the Molecular Sciences Building, with a visitor centre which opened in December 2021 and the roof being completed in July 2022. The investment of £80m will provide a designated hub for the University's Schools of Chemistry, and Geography, Earth and Environmental Sciences. Completing in 2024, the Molecular Sciences Building will strengthen core research capabilities in the chemical, environmental and biomolecular sciences, fostering an environment for carrying out world-class research and education. £28m has been included in assets in the course of construction in this year in relation to this building.

Chief Financial Officer's Report *(continued)*

The second is the Precision Health Technology Accelerator (PHTA) which will be dedicated to the rapid development and translation of innovative therapies and technologies from concept to clinical evaluation.

By creating new opportunities for businesses and entrepreneurs to grow and commercialise their ideas, it will enable advanced drugs, diagnostics and devices to reach patients more quickly. This signature facility will be the focal point of the Birmingham Health Innovation Campus (BHIC) development, providing up to

6,000sqm of innovation, co-creation and incubation space within BHIC's Phase 1 building; construction is underway, marking a major milestone for the region's rapidly growing life sciences sector. £11m has been included in assets in the course of construction in this year in relation to this facility. The development of No.1 BHIC forms the first phase of a ten year masterplan for the Campus being developed by Bruntwood SciTech in partnership with the University and is due to complete in September 2023.



University of Birmingham Edgbaston Campus Library

Summary (£m)	2021/22	2020/21	2019/20	2018/19	2017/18
Consolidated	£m	£m	£m	£m	£m
Total income	888	786	748	716	681
Total expenditure	(1,043)	(753)	(680)	(835)	(671)
(Deficit)/surplus before other gains, losses and tax	(155)	33	68	(119)	10
Cashflow from operations	100	99	72	72	75
Capital expenditure	87	91	109	163	196
Fixed, intangible and heritage assets	1,514	1,491	1,453	1,413	1,322
Borrowings	(257)	(266)	(263)	(262)	(265)
Cash and cash equivalents	192	173	145	126	123
Investments	217	207	194	255	332
Net assets at year end	1,157	1,290	1,225	1,179	1,288

Chief Financial Officer's Report *(continued)*

Cash and investments

The University has two groups of investments:

- Those that are the endowments, gifted where the investment needs to generate sufficient funds to support the activity for which the funds were provided and the capital secured on a long term basis such that short term valuation adjustments are acceptable, the Long Term Endowment Fund (LTEF); and
- Those that represent cash which will be required in the medium term but not immediately for day to day operations, which need to generate a return and not suffer capital losses, the University Investment Fund (UIF).

The LTEF and UIF are overseen by the Investment Sub-Committee, a sub-committee of the Strategy, Planning and Resources Committee (SPRC), on the advice of external investment advisors. Investments are all into funds, and a number of external investment managers manage the day to day running of those funds in line with agreed mandates. The mandates are set in line with the University's policy on Responsible investment (<https://www.birmingham.ac.uk/documents/environment/uob-responsible-investment-policy.pdf>), which sets out our commitment to integrating environmental, social and governance matters into all investment decisions. The LTEF returned 5% in aggregate in 2021/22 (2020/21 18.6%) with income of £4.0m (2020/21 £3.3m). The UIF returned -0.2% in aggregate in 2021/22 (2020/21 9.5%) with income of £1.8m (2020/21 £3.2m).

The University also holds cash at banks and financial institutions to manage day to day operations. The average monthly outlay is £68.9m (2020/21 £63.3m), with year end cash and cash equivalents of £192m (2020/21 £173m) representing approximately 2.8 months (2020/21 2.7 months).

Financial strategy and going concern

The long term financial strategy of the University is to generate sufficient cash to enable investment into the physical and digital infrastructure, support staff and student experiences and to enable it to develop and respond to change, all of which will secure its long term future. In support of this, and to ensure the financial sustainability, a 5 year planning cycle is in place, comprising of the one year budget and four year projections which are derived at both University level and on a bottom up basis with the Colleges. All of this is aligned with the overarching strategy through local strategic plans assessed against the Birmingham 2030 strategic framework and its supporting longer term outlook (<https://university-of-birmingham.foleon.com/bham2030/strategic-framework/birmingham-2030/>).

Using key performance indicators such as income levels and proportions; income per FTE; cash generated as a percentage of income; and net asset levels; at local and University level, we are able to assess the delivery of both strategic and financial plans across the year and to take action, to correct or change in the light of those reviews and external factors. The 5 year planning process includes the preparation of income and expenditure statements, cash flows, capital plans and summarised balance sheets. The budgets and projections are subjected to sensitivity assessments which flex the key assumptions and enable us to assess the long term financial sustainability of the University as well as to inform decision making.

The University's Council has determined that the University has adequate resources to continue in operational existence throughout the going concern period to 31 July 2024. In order to support the Council in making this assessment, a thorough review has been carried out including stress testing of assumptions and reverse stress testing in order to ensure appropriate headroom in the event of a plausible downside scenario. Based on this determination, these statements have been prepared on a 'going cover' basis. Further information is given within the Statement of Accounting Policies.

Chief Financial Officer's Report *(continued)*

Principal risks and uncertainties

Following the release of Birmingham 2030, the strategic risk register has been reviewed during 2021/22 to ensure that the risks aligned and were appropriately linked to the strategic framework. It was not anticipated that the risks would fundamentally alter as a result of that review and that has indeed been the case. The risks in the register that were approved by University Council in June 2022 also reflect the current environment and the uncertainties that the University is facing. Examples of the mitigating actions are set out in the following table.

	Description of risk/ uncertainty	Examples of mitigating actions
Research	Achieving research quality, scale, income and reputation required to support the global top 50 ambition	<ul style="list-style-type: none"> ■ Development of research funding strategy to enable improved responses to funding calls, support for new funding routes and investment to support activity ■ Embed the newly created Research Strategy and Services division to support researchers at all stages of the process ■ Tracking of key performance indicators at all levels of the University to enable timely actions ■ Development of new partnerships and alliances to support alternative activity and funding ■ Facilitate inter-disciplinary groups to utilise our broad offering more effectively in funding applications
Education	Sustain academic standards, excellent teaching and student experience	<ul style="list-style-type: none"> ■ Deliver prioritised investment in academic and other aspects of teaching to support planned changes ■ Free up time to enable more to be spent on teaching and its support, with investments in processes and systems ■ Continue to review programme make up to ensure responding to both student and employer needs for the future ■ Seek opportunities for inter-disciplinary delivery to utilise our broad offering effectively
	Achieve student recruitment and diversification targets at quality and scale set out in 10 year plans	<ul style="list-style-type: none"> ■ Deliver on existing and new business cases for student recruitment and type ■ Develop new approaches to applicant attraction and conversion
Engagement & Impact	Exploit the use of our innovation sites and assets to support the global top 50 ambition	<ul style="list-style-type: none"> ■ Development of new partnership and other arrangements to strengthen collaboration and our assets, both physical and intellectual
Global & Local	Strengthen our influence, impact and reputation through engagement on a national and international basis	<ul style="list-style-type: none"> ■ Identify partnerships to support growth in income and reputation ■ Capitalise on current arrangements with refresh of international strategy

Chief Financial Officer's Report *(continued)*

	Description of risk/ uncertainty	Examples of mitigating actions
People & Culture	Recruit, develop and retain a diverse and high calibre workforce to enable a diverse, collaborative and intellectually stimulating environment to deliver our global top 50 ambitions	<ul style="list-style-type: none"> ■ Embed the Birmingham Academic Career Framework and supporting action plans ■ Complete activities already underway to reset tone, encourage a supportive culture which expects high performance and embed values ■ Invest to deliver efficient processes and systems to free up time for other activity
Sustainability	Challenges in developing plans and achieving them for NetZero Carbon, including embracing sustainable behaviours, investments, research and teaching	<ul style="list-style-type: none"> ■ Development of base line position and costed plans to address scopes 1,2 and 3 by 2045 ■ Implementation of academic and professional services leads for sustainability in teaching and research areas to develop plans to address all relevant sustainability goals ■ Wide engagement with student and staff champions to promote and support sustainable behaviours and associated action plans
All	Deliver the supporting strategies required to deliver Birmingham 2030 ambitions	<ul style="list-style-type: none"> ■ Complete new financial strategy development and underpin with prioritised investment plans, including re-prioritised infrastructure and digital strategies ■ Devise new approach to space utilisation and allocation to support strategic aims and improved on campus experiences
All	Make adequate and appropriate investment in academic activity and campus infrastructure on a prioritised basis to deliver Birmingham 2030 ambitions	<ul style="list-style-type: none"> ■ Innovation and opportunities being developed for alternative funding of investments ■ Management of inflation and currency risks with forward purchases ■ Close monitoring of key performance indicators to enable actions to be taken on a timely basis

Undoubtedly the ways in which these risks and uncertainties manifest themselves will change; as has been the case in the last challenging years, our staff and our students are resilient and responsive. As such the financial position from which we start provides us with a sound base; therefore we can continue to take advantage of appropriate opportunities that present themselves to diversify and adapt.

Erica Conway

Chief Financial Officer

Chair of Council's Report



As Pro-Chancellor and Chair of Council, my role is to chair the University's governing body. Council brings together independent lay members, who are in the majority, the most senior members of the University Executive Board and representatives of the academic and student communities. Together we have the ultimate responsibility for the University's governance, strategy and performance.

This year saw the country's emergence from COVID-19 restrictions. For the University, that has meant the full resumption of face-to-face teaching and all the other normal activities of campus life, while continuing to ensure the health and safety of our community. I was enormously impressed by the way in which the University community managed the difficulties created by the pandemic, and I was equally impressed by the smooth and speedy way in which the entire community made the transition back to a more normal way of life.

For me, there could be no better demonstration of the strength of our community in difficult times than the joyous degree congregations at the end of the academic year. It was a privilege to see students whose studies had largely taken place during the pandemic period celebrating their outstanding achievements together with the friends, family and staff whose support had been so vital to them. On behalf of Council, I want to thank all of our colleagues, students and the other members of the University community for the outstanding way in

which they have responded to the difficulties of the past two years.

The year also saw a transition in our executive leadership. In December, Professor Sir David Eastwood retired after almost 13 years as our Vice-Chancellor and Principal. Sir David was an outstanding leader and an influential figure in the higher education sector. He brought a sense of ambition and confidence to the University and his tenure was a period of great progress in our research and education, and major investment in people and facilities. We re-affirmed our role as a civic university, with strong links to the City of Birmingham and the region, and we expanded our horizons internationally, including through the creation of the University of Birmingham Dubai, where we opened a magnificent new campus during the year.

We owe Sir David a great debt of gratitude for the progress he helped us to achieve. Sir David was succeeded as Vice-Chancellor and Principal by

Chair of Council's Report *(continued)*

Professor Adam Tickell. Adam has an impressive track record of leadership in higher education and brings clear strategic vision, a collegiate leadership style, intellectual credibility, depth and breadth of academic understanding, and genuine national influence. He combines the understanding gained from his previous role as our Provost with the external experience and perspective gained from being Vice-Chancellor at the University of Sussex since 2016. That is the balance we were seeking: a fresh approach from someone who supports our direction but who will also help us to develop it further and challenge our thinking. I was delighted to welcome Adam as our new leader, and the first seven months of his tenure have already demonstrated that he brings all the strengths we had expected and more.

A very clear demonstration of the strong foundations Sir David had left was provided by the Research Excellence Framework ("REF") results released in May. The results demonstrated that since the last REF in 2014 we have made tremendous progress in the quality and impact of our research, both in absolute terms and relative to our peers. The results were achieved through hard work over many years and are a great tribute to our research academics, to all those who support them, and to the research environment we have created. They give us the perfect platform and momentum to achieve further progress.

In parallel, we achieved heartening progress in our National Student Survey results, again both in absolute and relative terms. We have great ambitions for the future. We are already a global Top 100 university, but we have set the long-term ambition of reaching the global Top 50. We have created a clear strategic framework setting out the steps we need to take to achieve that ambition.

At the heart of our strategy, and much more important than any ranking, is the belief that our most important mission is the continued pursuit of ever greater excellence in research and education. Universities are a cornerstone of civil society. The research the University of Birmingham conducts has impact in our city and region, as well as nationally and internationally. The education we provide transforms lives. To achieve our ambitions, we need to

continue to attract the best staff and students, and to create an environment in which they can flourish. We need to make sure that our community is diverse and inclusive. We must continue to invest both in people and in the facilities that they need to do their best work. To make that investment, we need to continue to be financially strong and well-run.

We have huge strengths, in terms of our people, our facilities and our finances. We can be proud of our achievements and confident in our future. But success will also require us to be honest with ourselves about the areas in which we need to improve, and restless in our determination to keep improving. In turn, that will require us to have a leadership culture that combines confidence, humility, openness and respect - a culture in which we support each other, but also hold each other to account and face up to difficult issues.

The period ahead will be one of opportunity, but also one of significant challenge for society, the economy and the higher education sector. No organisation can do everything. Our agenda is exciting, but we will need to make difficult choices about what we will and won't do. With the right leadership culture, I have no doubt that we will make the right decisions and that we will be successful.

Finally, I want to thank my Council colleagues for their hard work and their commitment to supporting the University. At the end of the year, our two longest-serving lay members retired from Council. Malcolm Harbour joined Council in 2014 and has been a committed supporter of the University and of Council, with a passionate interest in research and in our role and partnerships in the region. Richard Haywood joined Council in 2012 and has served as Deputy Pro-Chancellor for the last eight years, providing invaluable support and counsel to my predecessor and to me, as well as chairing our Remuneration Committee and serving on numerous other Council Committees and Sub-Groups. I want to express my personal thanks and gratitude to both Malcolm and Richard for everything they have done for us.

Mervyn Walker

Pro-Chancellor and Chair of Council

Our Community



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

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

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

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

Educational benefit

In 2021/22, the University taught over 37,500 students, offering the highest quality academic experience at both undergraduate and postgraduate level. Our subject range is one of the broadest of any UK university, and

our students form part of a vibrant academic community, studying and working alongside some of the finest academic minds in the world.

The University was ranked 4th of the most targeted by top employers in 2021/22 in the High Fliers Graduate Market in 2022 report. Our students continue to flourish on leaving the University, joining employers such as the NHS, KPMG, Network Rail, Jaguar Land Rover, Arup, Deloitte, and BT. Our students are accessing support and enhancing their employability through mentoring relationships and engagement in flagship programmes such as the Personal Skills Award and the Birmingham Project. The Birmingham Project this year was supported by Lloyds Banking Group, Transport for West Midlands, IBM and PwC, with students tackling some challenging, real-world social and environmental issues and developing skills that employers will recognise. Many of our students are also setting up in business themselves, with current (2019/20) HESA data showing that the University is in the upper quartile of the Russell Group for graduate start-ups.

Our Community *(continued)*

These educational benefits spill over into the region. We are a net importer of graduates, with 48 per cent of our graduates choosing to stay and work in the West Midlands. We have over 6,000 students studying towards professions in the healthcare sector, from courses including Medicine (our Medical School is the second largest in the UK), Nursing, Physiotherapy, Psychology, and Healthcare Leadership. We offer these benefits to a diverse student population.

Over four in five of our students come from state schools and the University is making great strides towards challenging Access and Participation targets where the ratio of students from high participation areas to those from low participation areas is less than 5:1. Our pioneering Pathways to Birmingham widening participation initiative continues to deliver excellent outcomes, recruiting over 500 students from within the West Midlands region which represents ten per cent of our total incoming cohort.

The Pathways to Birmingham regional programme has been extended and developed thanks to a new partnership with investment banking company Goldman Sachs. The University also announced the launch of hundreds of scholarships in November to under-represented groups in the Midlands to help them to improve their skills and secure jobs in the technology sector with £2.4m funding from WMCA.

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

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

Research benefit

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

Research highlights from the last year include the discovery of an exquisitely preserved embryo found inside a fossilised dinosaur egg, ground-breaking research into the symptoms of long Covid, which discovered that hair and libido loss join fatigue and brain fog among wider list of symptoms; and research from the University's Centre for Human Brain Health finding that older adults who start to experience bad dreams or nightmares could be exhibiting early signs of Parkinson's disease.

Birmingham 2022 Commonwealth Games

As an Official Partner of the Birmingham 2022 Commonwealth Games, the University of Birmingham played a key role in delivering an outstanding international sporting event that focussed the eyes of the world on our city, our region and our world-leading reputation for excellence. The Games took place across Birmingham and the West Midlands from 28 July – 8 August.

Our Community *(continued)*

Through our sponsorship of the Queen's Baton Relay we delivered a programme of academic profile-raising events across the Commonwealth, cultivating new networks and partnership opportunities. For example, the arrival of the Queen's Baton in Jamaica coincided with a new partnership between Birmingham Centre for Railway Research and Education and the University of Technology and paved the way for a memorandum of understanding signing event between the Jamaican Olympic Association, University of Technology and Birmingham during the Commonwealth Games to support future collaboration in engineering and sport.

During the Games, the University hosted the main athletes village, with the hockey and squash competitions taking place in our world-class sporting facilities.

At the Athletes' Village, our catering teams prepared and served 10 tonnes of food a day and housed 3,500 athletes and officials at the Vale, providing everything

from comfy beds, gym facilities, entertainment and security. At our Hockey & Squash Centre, across 11 days, we welcomed more than 170,000 spectators, delivered 48 hockey and squash sessions, had 60 officials and 290 athletes taking part in competition, more than 60 teams training at our athletics track, and sporting facilities and of course 8 medal events.

An extensive and diverse cultural programme was developed as part of the University's Games activities. This included: a summer music programme featuring international artists, student and community-based groups; exhibits celebrating arts, science and culture across campus; partnerships with community arts organisations to deliver activities in areas like Ladywood (Bridge to Bamboo) and Sparkbrook (Waswasa Prayer Project); and the Everything to Everybody project across the city.



Our Community *(continued)*

The city centre teams at the Exchange, transformed for the time of the Games into UK House, delivered a fantastic set of events and support for the Business and Tourism Programme. It welcomed nearly 1,000 business visitors and investors to engage with different sector events, ranging from education, through to data-driven healthcare, creative and digital technologies, future mobility and sports economy. Academics from across all of the colleges as well as senior professional services colleagues have participated in the programme, which also included site visits to Tyseley Energy Park, the Institute of Translational Medicine and the Healthcare Technologies Institute.

We also ran an 'Out of Home' campaign during the Games to highlight the University's pride and position in the city, and to increase our brand awareness with our local community, stakeholders and visitors.

This and much more will ensure that the University is central to a strong and lasting legacy for the Birmingham 2022 Commonwealth Games.

Our new Dubai campus

April this year saw the University of Birmingham Dubai officially open its new campus in the Dubai International Academic City in the presence of His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of The Executive Council of Dubai. The ceremony marked the next stage in the University's long-term commitment to positioning Dubai as a regional hub for world-class higher education and talent development.

The campus can currently support up to 3,000 students and will eventually be able to support up to 4,500 students, and features innovative teaching and research space to encourage cross disciplinary working. Learning spaces incorporate digital technology and a student hub supports student needs across teaching and wellbeing.

Designed by Hopkins Architects and built by Khansaheb, the buildings overlook parkland and natural spaces. They reflect the 'green heart' of the University's Edgbaston campus in Birmingham, giving the student community a complete campus university experience.

Sheltered courtyards and social spaces aim to enhance the campus' sustainability while providing students and staff with a relaxing environment in keeping with Dubai's unique climate.

Campus developments

We continue to deliver new developments to support the University's aspiration to be established in the top 50 of the world's leading universities. This ambitious yet achievable plan has world-class research and outstanding global education at its core, and the delivery of world-class facilities is significant in helping the University to achieve this goal.

The University, in partnership with Morgan Sindall Construction, celebrated the topping out of a new Molecular Sciences building in July after opening its Visitor Centre in December. Elsewhere, the University continues to support Birmingham City Council and Transport for West Midlands with the development of the University Station as a key partner, and is looking forward to a fully operational new station in 2022/23.

The Smart Campus vision, supports the University's ambitious targets of achieving net zero carbon for scope one and two by 2035, and overall by 2045. It is delivering a more sustainable, enriched and personalised experience for students, staff, academics and visitors. Through digital sensors and analytics technologies, artificial intelligence, decentralised energy generation and storage, renewable energy and concepts that help to change users' behaviour, we are creating a 'Living Lab' in which research, teaching and learning all benefit from access to new data and connectivity. In partnership with Siemens, this year we welcomed the launch of tranche one, which will see 25 buildings receive a number of upgrades.

Our Community *(continued)*

Engaging local and international communities

Following the constraints of COVID-19, 2022 has showcased Birmingham's commitment to being an exemplary civic and a leading global university: bringing the best to our campuses and taking our best to the world to strengthen research excellence, student opportunities, and international reputation.

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

In May, we hosted the Universitas 21 AGM and Symposium, convening the presidents of the network's 28 world-leading research-intensive universities in Edgbaston for three days to consider new collaboration opportunities in support of 'Leaders of the Future.' In May the University also hosted the inaugural Forum for Global Challenges, led by the Institute for Global Innovation (IGI), this ambitious international conference aimed to set the agenda and shape the solutions to the most pressing challenges faced by our planet and its people. Among the speakers were Mayor of the West Midlands Andy Street, regional MPs Preet Gill and Andrew Mitchell, and Chief Executive of Birmingham City Council, Deborah Cadman. The West Midlands Growth Company was engaged as the headline sponsor for the event, supported through the Birmingham 2022 Commonwealth Games Business and Tourism Programme (BATP).

Despite the fallout from Brexit, Birmingham's membership in the EUniWell alliance has afforded us continued benefit from European-level programmes and networks. Our leadership of EUniWell's 'Society and Education' workstream is delivering pan-European training and reputation-building initiatives that support Birmingham's strategic framework commitment to civic engagement. For example, in partnership with Birmingham City Council's Public Health Directorate, we are hosting the EUniWell's Mayors' internship initiative, with a focus on the government's new health inequalities strategy on women and girls in Birmingham.

Our approach to global engagement has been responsive to new opportunities and geopolitical challenges. In October 2021 we expanded our existing engagement in North America, by signing a formal agreement with McMaster University, supported by joint investment in the 'BIRMAC Projects and Ideas Fund' to develop first-rate research and student outcomes. Following the Russian invasion of Ukraine, we have progressed a new twinning partnership with Ivan Franko National University of Lviv, which launched on Ukraine Constitution Day, for the mutual benefit of both institutions. In India, our developing strategic partnership with IIT Madras, the country's leading technology institute, seeks to offer joint Masters programmes with our College of EPS which are aligned with Indian national priorities.

We have progressed further our strategic aim to take the best of Birmingham research to the world, extending our reach and impact and engaging with new global partners and problems. For example, our research in India now extends to Telangana and Haryana, where we are establishing Centres of Excellence in Sustainable Cooling and Cold-Chain to conduct state-of-the-art applied research in food and vaccine distribution. Elsewhere in the global south, our outstanding contribution to strengthening UK-Brazil academic co-operation has gained official recognition with the Brazilian Government's award of the Order of Rio Branco to Professor Robin Mason.

Our Community *(continued)*

On our Edgbaston campus, as COVID restrictions on in-person events started to be lifted, during the year we welcomed Charles Hazelwood, to deliver the annual Bagg's Happiness Lecture. As Founder and Artistic Director of the world's first large-scale professional ensemble of virtuoso musicians with and without disabilities – Paraorchestra - Charles shared his personal insight into the subject of Happiness and how it can be achieved, and the role music plays in this.

We subsequently welcomed Baroness Hale to campus. Brenda Hale, Baroness Hale of Richmond, former President of the Supreme Court, delivered a lecture 'In Defence of the Supreme Court', sharing her incredible experiences with members of the community, who welcomed the opportunity to hear from such a distinguished speaker. Baroness Hale also took part in a round table discussion with UoB Law Students, discussing a wide range of topics.

The University joined forces with Birmingham Rep theatre in March to launch a special one-day event, Serious about Comedy. Funded by Research England, the free-to-attend programme of open discussions explored the nature of comedy and its benefits to people and place.

Having joined the University of Birmingham group in April 2021, the formal launch for the National College for Advanced Transport & Infrastructure (NCATI) took place in December, bringing together industry and business leaders to celebrate this collaboration, and to learn more about the College's refreshed vision and ambitious plans for growth.

To coincide with the Digital Skills Day at Birmingham Tech Week in October, the University, PwC & HSBC UK announced a partnership to improve digital skills in the region with a focus on developing programmes with schools and working with underrepresented communities. In April, the University joined forces with PwC, and Tech She Can to establish the Birmingham Digital Futures programme to encourage young people across Birmingham and beyond to improve their digital skills.

Also in April, the University hosted the Beating Retreat event on campus to help mark the Queen's Platinum Jubilee and the Commonwealth Games. The event was attended by senior representatives from the regional armed forces, local authorities and organisations across the West Midlands.

The first University Community Iftar since the pandemic was held on campus in April with over 500 community members attending. Prior to the Iftar, an exhibition around Islam and its rich history, took place in the Great Hall, followed by speeches from keynote speakers including the Mayor of the West Midlands, Andy Street.

In our new listed city centre location, the Exchange, we officially opened our doors in September 2021 with a 'Discovery Day' for members of the public under the opening theme 'The Air we Breathe'. It received nearly 800 visitors, with the exhibition and public programme since attracting diverse audiences and schools, supported by materials in English, Urdu and Punjabi. This was followed by the civic opening of The Exchange in November, which brought together a broad range of the University's city and regional stakeholders.

The event saw the signing of a Civic University Agreement between UoB, Birmingham City Council and West Midlands Combined Authority, demonstrating the University's renewed commitment to our civic role. Occupants of The Exchange also held their respective launch events, including UoB Elevate, the incubator and business growth programme, and the Birmingham Leadership and the Birmingham Leadership Institute.

The University extended its collaboration with the Royal Shakespeare Company (RSC) in October 2021, committing to a partnership for a further five years. Building on this partnership, the 'Everything to Everybody' Project joined the RSC and the REP for the premiere screening of 'Shakespeare's Coming Home', featuring an intergenerational community cast to celebrate Birmingham's uniquely democratic Shakespeare heritage.

Our Community *(continued)*



The Project also launched its First Folio Tour and its part in the Birmingham 2022 Festival, the exhibition: 'Everything to Everybody: Your Shakespeare, Your Culture'.

The University joined with five other local higher education institutions in September 2021 to share a message of unity with a joint float at the Birmingham Pride parade. UNfied at Pride, made up of students and staff from each institution, was one of around 40 floats making their way through the city, celebrating the return of Pride and demonstrating support for our LGBTQ+ community within the University.

Heritage buildings, collections and assets

The University holds and maintains historic buildings, collections of art and other valuable items of artistic, scientific and historical importance. The University conserves these assets and occasionally supplements the collections where appropriate. The collections are used for research and teaching purposes, and there are exhibition and event programmes open to the public.

These include five Accredited museums and collections:

- **Research and Cultural Collections** includes thousands of artefacts that showcase examples of research and discovery, created in Birmingham with global reach – affecting the lives of millions of people around the world. The collections cover many subject areas, such as Africa, Archaeology, Art, Chemistry, Medical and Dental, Physics, Recent and Contemporary Innovation and University Heritage. You can see a selection in the current exhibition 'A History Through Objects.'
- **The Barber Institute of Fine Arts**, an Old Master and Impressionist gallery of world renown
- **Winterbourne House and Garden**, an Arts and Crafts house and stunning botanical Garden
- **The Lapworth Museum of Geology**, refurbished in 2016 and runner-up in the 2017 Art Fund Museum of the Year competition. The Lapworth is a specialist geological museum dating back to 1880.
- **Cadbury Research Library** consists of approximately 120,000 antiquarian books dating from 1471 and some three million archives and manuscripts, all of which provide a rich resource for teaching and research.



Our Community *(continued)*

Listed buildings of heritage significance on our Edgbaston campus and in the city centre, include:

- The Aston Webb Building, Great Hall and Clock Tower, our Grade II listed building at the heart of the Edgbaston campus
- The Muirhead Tower, a Modernist icon of Brutalist architecture
- The Exchange, opened in September 2021, located in Centenary Square in Birmingham City Centre, uses our research, teaching and local, national and international networks to create a place of curiosity, celebration, collaboration and change.

Fellowships and scholarships

The University provides scholarships and bursaries on a targeted basis to encourage entry to and continuation of higher education from as wide a cross-section of the community as possible. In 2021/22, financial support amounted to £56m (2020/21: £54m). This year, the University invested in supporting students affected by the cost-of-living crisis as well as additional support for students from Ukraine.

The University made additional funds available through the Student Support Fund to ensure we could support an increase in applications for financial assistance at the end of the academic year as the effects of increasing fuel bills were starting to hit students. We actively encourage widening participation through our Pathways to Birmingham scheme. This is funded in part by our alumni and involves targeted engagement with young people who have little or no experience of university, to assist them in understanding what it involves and supporting them from application through to graduation. The University also provided immediate financial assistance through direct awards and fee debt relief to students from Ukraine as the effects of the war started to impact students from March 2022.

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

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

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

Fundraising

In 2021/22, as part of the Birmingham In Action campaign, our fundraising activities included face-to-face meetings, corporate philanthropy, applications to Trusts and Foundations, legacy stewardship, direct mail and a telephone calling campaign to our alumni delivered by our students. Over the course of 2021/22, the University raised a total of £14.6m (2020/21: £15.5m).

We are grateful for the generous donations we have received that enable us to fulfil the University's philanthropic and research objectives. Some of the highlights of the year included: providing scholarships to young people who would have otherwise been unable to access university and ensuring we take our commitment to improving diversity seriously, as well as supporting key research into brain cancer, global maternal health and diabetes, and many others throughout the year.

Our Community *(continued)*

During the year, our alumni and supporters have volunteered over 16,000 hours of their time to support the student experience and graduate employability through mentoring, delivering guest lectures, speaking at events, providing internships and more. This year, many of our alumni volunteered as part of Birmingham 2022, and a number of our supporters represented the University as part of the Queen's Baton Relay.

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

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

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

We deliver a global programme of events and activities, both online and in person, offering our alumni the opportunity to hear from our academics and researchers, to continue their personal and professional development and to reunite with their fellow graduates.

We encourage everyone to engage in the full range of the University life whether donating, volunteering, attending events, or reading the latest academic and alumni news in Old Joe: www.oldjoe.co.uk

Conclusion

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



Corporate Governance Statement



Members of University Birmingham Council 2022/23

Back row left to right: Professor Tim Jones, Professor Helen Abbott, Professor Catherine Mangan, Anthony Lilley, Steve Hollis, Harjinder Kang, Professor David Hannah, Tim Gardam, Richard Swann.

Front row left to right: Acacia Matthews, Lucy Baldwin, Mervyn Walker, Professor Adam Tickell, Lisa Fretwell, Alice Liu.

Deborah Cadman, Rosie Harris, Dr Clive Hickman, Dame Lin Homer, Professor Pam Kearns, Mick Lavery and Jacqueline Taylor are also members of Council.

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

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

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

Status of the University

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

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

Council

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

Corporate Governance Statement *(continued)*

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

1. To approve the mission and strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against the strategy, plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
3. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk assessment, value for money arrangements, and procedures for handling internal grievances and for managing conflicts of interest.
4. To delegate authority to the Vice-Chancellor and Principal, as head of the University, for the academic, corporate, financial, estate and human resource management of the University and to keep under regular review how such management functions are undertaken by and under the authority of the Vice-Chancellor and Principal.
5. To safeguard the good name and values of the University.
6. To be the employing authority for all staff in the University and to be accountable for ensuring that an appropriate human resources strategy is established.
7. To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall accountability for the University's assets, property and estate.

8. To be the University's legal authority and, as such, to ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the institution's name. This includes accountability for health, safety and security and for equality, diversity and inclusion.

9. To receive assurance that adequate provision has been made for the general welfare of students.

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

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

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

Corporate Governance Statement *(continued)*

enhancements to what is already a high performing Council and effective governance at the University. The next Effectiveness Review of Council will be scheduled in accordance with the timescale for effectiveness reviews set out in the CUC Higher Education Code of Governance.

Senate

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

University Executive Board

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

Committees of Council

There are four other Committees of Council: Strategy, Planning and Resources Committee (SPRC), Audit Committee, Membership Committee and Remuneration Committee. All of these include lay members of the Council. The decisions and recommendations of these Committees are formally reported to Council and their membership and terms of reference are

reviewed on an annual basis. The Council operates a Scheme of Delegation which delegates specific matters to University Committees or senior members of staff.

The attendance at meetings of Council and its Committees for 2021/22 is shown opposite on page 33.

Strategy, Planning and Resources Committee

SPRC is comprised of the Pro-Chancellor and Chair of Council (Chair), the Deputy Pro-Chancellors, the Vice-Chancellor, the Provost, three Pro-Vice-Chancellors, two academic members of Council, three lay members of Council and the President of the Guild of Students. It meets six times per year.

The key responsibilities of SPRC are:

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

Audit Committee

The Audit Committee meets five times per year and consists of five lay members of Council who are not members of SPRC. It also has three external co-opted members (Mr Phil Harrold, Mr Les Krepa and Ms Tiffany Lathe during 2021/22).

Meeting Attendance 2021/22

	Council membership dates	Council 5 in Year	SPRC 7 in year	Audit 5 in year	Remuneration 2 in year	Membership 1 in year
Lay members appointed by the Council						
Mr Richard Haywood, Deputy Pro-Chancellor	Term ended July 2022	4/5	7/7	-	2/2	1/1
Ms Deborah Cadman OBE		2/5	-	-	-	0/1
Mr Tim Gardam		4/5	7/7	-	-	-
Mr Malcolm Harbour CBE	Term ended July 2022	5/5	-	5/5	-	-
Ms Rosemary Harris		4/5	-	4/5	-	-
Dr Clive Hickman	Term commenced November 2021	4/4	-	-	-	-
Mr Steve Hollis		3/5	6/7	-	0/1	1/1
Dame Lin Homer DCB		3/5	5/7	-	1/2	-
Mr Harjinder Kang		4/5	-	2/5	2/2	-
Mr Mick Lavery		3/5	-	5/5	-	-
Mr Anthony Lilley OBE		3/5	-	-	-	-
Mr Richard Swann		5/5	-	-	-	-
Ms Jacqueline Taylor		4/5	-	5/5	-	-
Mr Mervyn Walker, Pro-Chancellor and Chair of Council		5/5	7/7	-	2/2	1/1
Ms Lucy Baldwin	Term commenced August 2022	N/A	N/A	N/A	N/A	N/A
Ms Lisa Fretwell	Term commenced August 2022	N/A	N/A	N/A	N/A	N/A

Appointed by Guild of Students						
Mr Mikey Brown, President of the Guild Of Students	Term ended July 2022	5/5	5/7	-	-	-
Mr Wei-Lun Chen, International Officer	Term ended July 2022	5/5	-	-	-	-
Ms Acacia Matthews, President of the Guild of Students	Term commenced July 2022	N/A	N/A	N/A	N/A	N/A
Ms Alice Liu, International Officer	Term commenced July 2022	N/A	N/A	N/A	N/A	N/A

Ex-Officio Members						
Professor Sir David Eastwood, The Vice-Chancellor and Principal	Term ended December 2021	2/2	3/3	-	-	-
Professor Adam Tickell, The Vice-Chancellor and Principal	Term commenced January 2022	3/3	3/4	-	-	1/1
Professor Tim Jones, The Provost and Vice-Principal		5/5	7/7	-	-	1/1

Academic Members Appointed by Senate						
Professor Helen Abbott		5/5	-	-	-	0/1
Professor David Hannah		5/5	6/7	-	-	-
Professor Pam Kearns	Term commenced November 2022	-	-	-	-	-
Professor Catherine Mangan	Term commenced March 2022	2/2	-	-	-	-
Professor Una Martin	Term ended July 2022	3/5	6/7	-	-	-

Secretary to Council	
Mr Lee Sanders, The Registrar and Secretary	

Corporate Governance Statement *(continued)*

The Committee reviews the effectiveness of the University's financial and other internal control systems, satisfies itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness and advises the Council on risk management. It reviews the reports of the External Auditor and the scope and effectiveness of the work of the Internal Auditor and advises the Council on their appointment. It reviews regulatory requirements and the University's annual financial statements and accounting policies. The lay members of the Audit Committee meet with the Internal and External Auditors for independent discussions.

Membership Committee

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

Remuneration Committee

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

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

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

(b) to review and agree the University's reward policy for senior staff, designed to support a high performance culture and taking account of pay data, market factors and the financial position of the University and recommend major changes to Council.

(c) to review and determine senior staff remuneration.

(d) to review senior staff equal pay issues.

(e) to review and determine pay and reward for the Vice-Chancellor's direct reports on UEB; review reports on the Vice-Chancellor's objectives and performance, and review and determine the Vice-Chancellor's remuneration.

(f) to agree severance packages for staff earning in excess of £100k per annum:

- where the severance payment is up to 12 months' salary (and so within the University's long-standing arrangements for Voluntary Severance), the payment will be approved by the Chair on behalf of the Committee and reported to the next meeting of the Committee;

- where the severance payment is above 12 months' salary, the payment will be considered by the Committee, which can be by circulation if the case needs agreement between Committee meetings.

(g) to monitor strategic risks relevant to the work of the Committee as determined by the Strategic Risk Register.

(h) to monitor the extent to which value for money is achieved within the areas under the Committee's oversight.

(i) to monitor relevant Key Performance Targets and to ensure that any concerns with performance against these KPTs are addressed.

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

Corporate Governance Statement *(continued)*

1. At its first meeting each May, the Remuneration Committee considers and agrees the parameters and principles that will apply to that year's process and the information and market, comparative and other benchmarking data it wishes to consider at its second meeting in October, when it sets senior staff remuneration. The Vice-Chancellor is responsible for overseeing the annual process for senior staff (other than himself, which falls to the Pro-Chancellor) working within the approach agreed by the Committee.

2. In the case of senior academic staff, professors are invited to submit a statement describing their achievements over the previous 12 months, which is reviewed by their Head of School and forms the basis for any recommended change. These are then considered alongside market, comparative, and equality data by their Head of College, who is responsible for ensuring consistency and equality of treatment, and for making recommendations regarding proposed remuneration increases reflecting individuals' performances in their College. The Vice-Chancellor considers these recommendations for consistency across the University, and then confirms the proposals at a formal meeting with the Provost and Vice-Principal and Director of Human Resources; the Provost and Vice-Principal having reviewed recommendations with the thematic Pro-Vice-Chancellors and Heads of College. The Vice-Chancellor then presents the recommendations to the second meeting of Remuneration Committee (September/October) for consideration and approval.

3. There is a parallel process for senior professional staff, under which the Registrar and Secretary recommends remuneration increases reflecting individuals' performance, informed by the appraisal process, and taking account of comparative, market and equality data. The Vice-Chancellor meets with the Registrar and Secretary to scrutinise these recommendations, determine any changes, and then presents his plan for the remuneration of professional staff to the second meeting of Remuneration Committee for consideration and approval.

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

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

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

(a) performance in support of the University's strategic objectives in areas such as:

(i) education (e.g. NSS, student feedback, recruitment and admission, student outcomes and employability, teaching awards, programme leadership etc.)

(ii) research (e.g. publications, citations, grants, impact, research leadership, major initiatives including with industry and external partners, etc.);

(iii) management and administration (e.g. professional and academic leadership, service enhancement and delivery, policy development and delivery, income generation, improving performance of School or Service etc.);

(iv) leadership of staff (e.g. development, performance and retention of staff, quality of hires etc.);

(v) student recruitment (in relation to target, international/domestic balance, undergraduate and postgraduate mix);

Corporate Governance Statement *(continued)*

(vii) partnerships and external relations - internationally, nationally and locally (e.g. leadership in external networks and communities, external policy work, business engagement etc.); and,

(viii) major initiatives and projects (e.g. international campus, capital projects etc.);

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

(c) contributions to the University's management of and recovery from the COVID-19 pandemic;

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

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

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

(b) how the Vice-Chancellor's remuneration compares to that of other Vice-Chancellors across the Russell Group and the sector more broadly, taking account of the comparative size and complexity of the University and including data collected by Korn Ferry Hay, the Universities and Colleges Employers' Association, the Office for Students, the Russell Group Secretariat and the Committee of University Chairs;

(c) how the Vice-Chancellor's current salary compares to that of other staff at the University. This includes data on the Vice-

Chancellor's remuneration (including pension) as a percentage of turnover (0.04% on a full year equivalent for 2021/22, compared with 1.12% for the higher education sector*). It also includes information on the pay multiples of the Vice-Chancellor's basic salary compared with median earnings of the University's whole staff, of academic staff and of professorial staff. The pay ratios are disclosed in Note 7 to the Accounts.

(d) the Vice-Chancellor's and the University's performance over the review period.

9. Having considered performance for the previous academic year, the decisions of the Remuneration Committee on reward proposals for senior staff, including the Vice-Chancellor, are taken in the second meeting of the committee and implemented the following month. This means that the remuneration information provided in these Accounts reflects the decisions taken by the Committee in September 2021 (and therefore implemented during the 2021/22 financial year), having considered performance for the 2020/21 academic year.

10. Having considered the range of factors above and the Pro-Chancellor's appraisal of the Vice-Chancellor's performance for 2020/21, the Committee concluded in September 2021 that Professor Sir David Eastwood had had another excellent year during which he had led an exemplary response by the University in recovering from the pandemic. The Committee highlighted in particular:

(i) an exceptional year for research; noting continuous progress in annual research awards performance, growth of research reputation – particularly but by no means exclusively in work relating to Covid-19 – as well as the submission to REF, with an expectation of improved performance;

(ii) progress on key projects, including the final part of work relating to the new University of Birmingham Dubai campus and the Birmingham Life Sciences Park;

(iii) dealing effectively with the student recruitment challenges posed by government responses to Covid-19;

(iv) sustained financial strength in a challenging sector and external environment, including generation of an annual cash

*data published by HESA for 2020/21

Corporate Governance Statement *(continued)*

surplus of more than 10% to support future investment in the University;

(v) continued development of the University's leadership team;

(vi) leadership of the University's response to recovery from the Covid-19 pandemic.

Professor Sir David Eastwood retired as Vice-Chancellor and Principal on 31st December 2021. His total remuneration paid in 2021/22 is set out in Note 7 to these Accounts. It is comprised of base salary and a performance-related payment of up to 20% of salary. The Pro-Chancellor proposed targets for pay-out of the performance-related element relating to 2020/21 to the Remuneration Committee, which determined the level of award.

11. The University has disclosed in its accounts over several years the existence of a Long Term Incentive Plan (LTIP) for Professor Sir David Eastwood, which had been for an initial period of four years commencing 2015/16 and extended for a further three years following the Remuneration Committee meeting in October 2019. The criteria required a performance threshold to be met and that the Vice-Chancellor remained in post – the scheme was designed to encourage the Vice-Chancellor to stay in post whilst ensuring that this was contingent on performance. Each annual element of the scheme was £20k; having met the requirements in each of the four years of the initial phase of the scheme, and at the point of its extension, its value stood at £80k. At its meeting in September 2020, the Committee concluded that the performance threshold for 2019/20 had been met, but decided not to confirm the annual value given the financial uncertainties prevailing at the time due to Covid. It was instead decided that the Committee would return to the matter at its September 2021 meeting, to then consider performance for both the 2019/20 and 2020/21 years, with the maximum amount to be considered being £40,000. After discussion, the Committee concluded that the criteria

had been met in full and decided that the total entitlement within the scheme now be confirmed at £120k. Subsequent to Professor Sir David Eastwood's retirement at 31st December 2021, the Pro-Chancellor and the Chair of the Remuneration Committee, in consultation with other Committee members, approved its payment.

12. The Remuneration Committee had in June 2021 discussed and agreed remuneration for the incoming Vice-Chancellor, Professor Adam Tickell, who joined the University on 1st January 2022. Professor Tickell's remuneration from 1st January to 31st July is separately disclosed in Note 7 to the accounts. The Remuneration Committee agreed a basic salary of £325k and a salary supplement in lieu of pension of 13.7% of salary (this is also paid to other members of senior staff across the University under the current policy of the Remuneration Committee). There is no performance related reward. In determining the remuneration for the new Vice-Chancellor, the Remuneration Committee took account of alignment with the median for similar institutions.

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

Annual Declarations

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

Corporate Governance Statement *(continued)*



Outside Activities

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

The Vice-Chancellor declares any outside activities in his Annual Declarations Return. In addition, any outside activities are discussed with and reviewed by the Pro-Chancellor and Chair of Council. The Vice-Chancellor makes an annual declaration to Remuneration Committee on his outside activities, including any income earned from these activities and donation of that income to charitable causes associated with the University and education. The Vice-Chancellor did not earn any income from his outside activities during the year.

Statement of Internal Control

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

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

The system of internal control is designed to manage rather than eliminate risk. It can therefore only provide reasonable and not absolute assurance of effectiveness. The internal control system has been in place for the year ended 31 July 2022 and up to the date of approval of the financial statements, and accords with Office for Students guidance.

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

- Council meets a minimum of four times a year to consider the plans and strategic direction of the institution.
- Council reviews an annual report on teaching quality and standards (from the Senate which has responsibility for this under the University's legislation).
- Council receives, as a standing item, a report from each meeting of the Audit Committee concerning internal control, and requires regular reports from managers, either directly or through the SPRC, on the steps they are taking to manage strategic risks in their area of responsibility, including progress reports on key projects.
- Council has requested the Audit Committee to provide oversight of the risk management process. This provides a formal reporting and appraisal mechanism, in addition to the reports noted above.
- The Audit Committee receives regular reports from the Head of Internal Audit, which include an independent opinion on the adequacy and effectiveness of the University's systems of governance, risk management and internal control, together with recommendations for improvement.
- A risk management process has been established which includes a risk register that is fully aligned to the University's strategic goals. Heads of Budget Centres seek to manage the risks in their own areas and embed this within their normal management processes. Audit Committee receives presentations, on a cyclical basis, from the Heads of College and thematic Pro-Vice-Chancellors on their risk registers to supplement the work of Internal Audit in relation to the effectiveness of risk management.
- The risk management process is being refreshed to align with the 2030 strategic framework. Proposals have been developed with the input of the Vice-Chancellor, members of Council who specialise in risk management, and external advice from sector specialists. An updated register has been reviewed by UEB and Audit Committee, and approved by Council. The revised process and risk register will fully launch in 2022/23.
- A system of key performance indicators has been developed for the risks contained in the risk register, and residual risks are monitored against these regularly by UEB, SPRC and Council.
- Regular formal reviews take place to identify, and where necessary, revise and update the record of risks facing the institution.
- Reports are received from budget holders, department heads and project managers on internal control activities via committees of Council i.e. SPRC, Senate and Audit Committee.
- A framework is in place to raise the profile of significant risks throughout the institution in a timely manner outside of the normal risk management cycle.
- Systematic and comprehensive independent peer reviews of Schools and Professional Services report to UEB and are aimed at enhancing performance in line with the strategic framework.

Statement of Internal Control *(continued)*

- All major investment projects undertaken by the University are subject to rigorous governance procedures, including objective post-investment learning reviews. Specific sub-groups of Council are set-up as appropriate to provide high level governance and oversight of projects of significant strategic or reputational importance.
- Additional governance and control structures were established to consider and mitigate risks arising from the COVID-19 pandemic. The Strategic Emergency Response Team (SERT), chaired by the Registrar & Secretary, coordinated the University's response to the pandemic, and activities relating to Education and Research were overseen by Pro-Vice Chancellors. Council, SPRC and UEB received regular updates on key issues and decisions.
- The University has an Internal Audit function comprising an in-house team supported by an external co-source arrangement which provides additional expertise and resourcing. Internal Audit delivers a range of audits covering financial, operational, compliance, IT and data risks which constructively challenge management to operate an efficient and effective control environment. Recommendations are made to management where the control environment can be developed, and progress on the completion of agreed actions within agreed timescales is reported to Audit Committee.

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

- The role of External Audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and report their opinion to Council. The external auditor does this by assessing the risk of material misstatement in the University's financial statements, understanding the relevant internal controls which mitigate these risks, and devising procedures and tests to enable them to provide their opinion. External Audit also reviews accounting policies, the presentation of financial statements and disclosures to ensure the financial statements are "true and fair". They report their opinion on the financial statements and recommendations on improving the control environment to Audit Committee and this is shared with the Office for Students. The agreed actions in response to their recommendations are tracked by management and reported back to Audit Committee.

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

Responsibilities of the Council

The University Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the University Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions and other relevant accounting standards.

In addition, within the terms and conditions of funding for higher education institutions set by the Office for Students (OfS), the University Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Institution and of the Group's and parent Institution's income and expenditure, gains and losses and changes in reserves and of the Group's cashflows for the year then ended.

In preparation of the financial statements, the University Council has to ensure that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- It is satisfied that the University has adequate resources to continue in operation throughout the going concern period to 31 July 2024; and
- The going concern basis is appropriate for the preparation of the financial statements.

The University Council has taken reasonable steps to:

- Ensure there is no relevant audit information of which the University's auditor is unaware;
- Make themselves aware of any relevant audit information and to establish that the University's auditor is aware of that information;
- Ensure that funds from the OfS are used only for the purposes for which they have been given and in accordance with the terms and conditions set;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the University and to prevent and detect fraud; and
- Secure the economical, efficient and effective management of the University's resources and expenditure.

Mervyn Walker

Pro-Chancellor and Chair of Council
6 January 2023

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

Opinion

We have audited the financial statements of The University of Birmingham ('the parent institution') and its subsidiaries (the 'group') for the year ended 31 July 2022 which comprise the Consolidated and Institution Statement of Comprehensive Income and Expenditure, Consolidated and Institution Statement of Changes in Reserves, Consolidated and Institution Statement of Financial Position, Consolidated Statement of Cash Flows, the Statement of Accounting Policies and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent institution's state of affairs as at 31 July 2022, and of the Group's and parent institution's income and expenditure, gains and losses and changes in reserves and of the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, relevant legislation and Office for Students requirements.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent institution's ability to continue as a going concern for a period to 31 July 2024 from when the financial statements are authorised for issue.

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

Independent Auditor's Report to the Members of Council of the University of Birmingham *(continued)*

Other information

The other information comprises the information included in the annual report, set out on pages 1-41, other than the financial statements and our auditor's report thereon. The Council is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Office for Students

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

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

- the requirements of the Office for Students accounts direction for the relevant year's financial statements have been met.

Matters on which we are required to report by exception

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

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

Responsibilities of the Council

As explained more fully in the Statement of the Responsibilities of Council set out on page 41, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report to the Members of Council of the University of Birmingham *(continued)*

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the University and determined that the most significant are Office for Students Terms and conditions of funding for higher education institutions, FRS 102 and the Statement of Recommended Practice for Further and Higher Education.

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

Independent Auditor's Report to the Members of Council of the University of Birmingham (*continued*)

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

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

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

Use of our report

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

Ernst & Young LLP
Edinburgh
Date:

Statement of Accounting Policies



1. Basis of preparation

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

2. Going concern

The University's consolidated financial statements have been prepared on a going concern basis for the period to 31 July 2022. The Council consider this to be appropriate for the following reasons.

At 31 July 2022 the University had net current assets of £55m, including cash of £192m, and further liquid investments of £88m. The Institution also had long term loans of £254m for which all covenants had been complied with at the Statement of Financial Position date. More recently, subsequent to the year end, the University had cash available of £250m at 18 November 2022, plus subsidiary cash balances of £11m.

The Going Concern assessment period for the Financial Statements is to 31 July 2024 (being the end of the financial year, following one year from the approval of the Financial Statements). A recent update to the 5-year financial forecast, reflecting the revised University

Strategic Framework, Birmingham 2030, has been used as the baseline for cash flow forecasts. The University's base case scenario projects compliance with all loan covenants to 31 July 2024 and liquidity headroom (excluding liquid investments), no lower than £144m through the going concern assessment period.

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

Under the plausible downside scenario, cash remains well above the treasury minimum of £40m at all points in the going concern assessment period. It should also be noted the scenarios did not assume any mitigating actions were taken to offset the impact on cash. If necessary, the University has a number of actions it could take, including the introduction of more stringent cost controls and draw down options from disposable investments, (as at the end of November 2022, the disposable investments (non-ring fenced) was £85m). The University has clearly demonstrated its ability to successfully take rapid mitigating actions during the pandemic.

Statement of Accounting Policies *(continued)*

The University has considered scenarios to reverse stress test the model under which it either utilises all cash and liquid investments or breaches loan covenants. These scenarios would require a significant reduction in forecast income with no mitigating actions. (Tuition fee income would need to fall by more than 4.8% in 2022/23 to breach the Lloyds loan covenants, or reduce by more than 22% over the period of the Going Concern assessment in order to fully exhaust all cash and cash equivalents).

After reviewing these forecasts, the Council is of the opinion that, based on the current considerable financial resources and the latest cash flow forecasts, the University will have sufficient funds to meet their liabilities as they fall due over the period to 31 July 2024.

3. Basis of consolidation

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

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

Where necessary adjustments are made to the financial statements to align accounting policies.

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

4. Income recognition

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income and Expenditure over the period in which students are studying. Bursaries, scholarships and stipends are accounted for gross as expenditure and not deducted from income.

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

Grant funding

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

Donations and endowments

Non-exchange transactions without performance-related conditions are donations and endowments.

The University holds the following types of donations:

- i) Restricted donations – the donor has specified that the donation must be used for a particular objective.
- ii) Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested and generate an income stream for the general benefit of the University.
- iii) Restricted expendable endowments – the donor has specified a particular objective other than fixed assets and the University has the power to use capital over the medium term.
- iiii) 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.

Statement of Accounting Policies *(continued)*

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

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

Capital grants

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

5. Accounting for retirement benefits

The principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and for support staff the Group Personal Pension Scheme (GPPS). The University also operates the University of Birmingham Pension and Assurance Scheme (BPAS) for some support staff, which was closed to new members in 2002. The USS is a 'hybrid' plan (partly a defined benefit plan and partly a defined contribution plan) and BPAS is a defined benefit scheme. The GPPS is a defined contribution pension scheme. The University additionally participates in the NHS pension schemes (NHSPS) and one of its subsidiaries is in a local government pension scheme (LGPS). The USS and NHSPS are multi-employer schemes for which it is not possible to identify the assets and liabilities of each organisation due to the mutual nature of the schemes.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and

actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. Should a net defined benefit asset arise this is not recognised. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Defined contribution plans

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

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

Hybrid plans

The USS is a hybrid plan, meaning that it is partly a Defined Benefit plan and partly a Defined Contribution plan. Members earn a Defined Benefit pension on salary up to a certain level and earn Defined Contribution benefits on salaries above this threshold. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme. Please refer to Note 18 for greater detail regarding USS deficit.

6. Employment benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense

Statement of Accounting Policies *(continued)*

in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of unused entitlement.

7. Leases

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

Statement of Comprehensive Income and Expenditure over the period of the lease.

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

8. Foreign currency

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

9. Tangible fixed assets

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

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

Buildings' asset lives range from 5 to 76 years based on independent professional advice. Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each balance sheet.

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



Statement of Accounting Policies *(continued)*

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

10. Heritage assets

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

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

11. Intangible assets

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

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

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

12. Investments

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

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

13. Investment properties

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

14. Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the aggregate of fair values, at the acquisition date, of assets given and liabilities incurred or assumed plus any costs directly attributable to the business combination. At the acquisition date, the cost of the business combination is allocated by recognising the acquiree's identifiable assets and liabilities at their fair value at that date.

Any difference between the cost of the business combination and the net amount of the identifiable assets and liabilities is recognised as goodwill

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the University re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of

Statement of Accounting Policies *(continued)*

net assets acquired over the aggregate consideration transferred, then this is recognised and separately disclosed on the face of the balance sheet on the acquisition date as negative goodwill.

After initial recognition, negative goodwill up to the fair value of non-monetary assets acquired is recognised in the Statement of Comprehensive Income and Expenditure in the periods in which the non-monetary assets are recovered.

Negative goodwill in excess of the fair value of non-monetary assets acquired is recognised in the Statement of Comprehensive Income and Expenditure in the periods expected to benefit.

15. Stock

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

16. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short-term, highly liquid investments that are readily convertible (within 90 days) to known amounts of cash with insignificant risk of change in value.

17. Provisions

Provisions are recognised in the financial statements when:

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

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

18. Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is, therefore, a charity within the meaning of Para. 1 of Schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478–488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT related to fixed assets is included in their cost.

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

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

19. Financial instruments

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

Statement of Accounting Policies *(continued)*

(a) Financial assets and liabilities

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

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

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

- (i) the contractual rights to the cash flows from the financial asset expire or are settled;
- (ii) the University transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

(iii) the University, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(b) Investments

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

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

(c) Derivative financial instruments

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

(d) Fair value measurement

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

Statement of Accounting Policies *(continued)*

20. Impairment of assets

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

Non-financial assets

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

Financial assets

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

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

21. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a restricted fund which the University must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Unrestricted reserves are funds that are freely available to spend on any of the University's activities.

22. Agency arrangements

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

23. Service concession arrangements

Fixed assets held under service concession arrangements are recognised in the Statement of Financial Position at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments as appropriate to reduce the financial liability to nil over the life of the arrangement.

23. Critical accounting judgements and key sources of estimation uncertainty

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

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

Statement of Accounting Policies *(continued)*

There are four significant judgements that have been identified:

i) Judgements on the recoverability of aged trade receivables based on the knowledge of the individuals or market. Where conditions suggest the full recoverability is doubtful, a provision will be recognised.

ii) Judgements as to whether any indicators of impairment are present for any of the University's assets.

iii) Judgments in the accounting for the amount received in regards to the Pritchatts Park design, build and operate project and the allocation of those amounts between the element recognised in the current financial year and the element that is treated as deferred income. A total of £47.8m was received in the year for the 53-year lease of the Pritchatts Park site of which £14.3m was deemed to be profit. The University has made a judgment on how to account for this profit and the allocation between the element recognised in the current financial year and the element that is treated as deferred income to be released over the 53-year life of the lease.

The University has accounted for the profit in proportion to the relative book values of its interests in the land and buildings at the start of the transaction. This resulted in £4.2m being reflected in the current financial year and £10.1m being treated as deferred income. Therefore, £33.7m of the capital consideration is to be accounted for as deferred income, reflecting the University's land interest. A total of £0.64m has been recognised in other income in the current financial year reflecting 1/53rd of the deferred capital consideration.

iv) The University has made a judgement as to how the income and costs relating to the Commonwealth Games should be recognised, given that the period of

sponsorship and the games themselves span two financial years. 82% of the sponsorship costs (£3.4m) have been taken in the current financial year based on the number of days between the signing of the contract and the end of the financial year. Further costs of £3.2m were recognised in the year relating primarily to catering costs (£2.2m). Total costs in this financial year amounts to £6.6m.

There are three key sources of estimation uncertainty:

i) Assumptions underlying the calculation of the BPAS pension deficit liability have been informed by independent actuarial assessment. The brought forward provision was a liability of £32.6m. At 31 July 2022, there was zero balance owing to an irrecoverable surplus (effect of asset ceiling). The movement reflects changes in assumptions during the year. Further details are shown in Notes 18 and 26.

ii) The University recognises a provision for its obligation to fund past deficits arising within the Universities Superannuation Scheme (USS). Details of this provision are included in Notes 18 and 26 to the financial statements. In calculating the University's USS pension liability of £304m, a discount rate of 3.33% has been used in line with higher education sector norms (2020/21: 0.89%) and combined salary inflation and FTE growth rate of 5.45% (2020/21 5.81%) over the period to 31 July 2038.

iii) The valuation of swaps is a significant estimation. The valuations relating to stand-alone swap instruments have been prepared externally and internally for the private placement swapped loan note for exchange rates.



Consolidated and Institution Statement of Comprehensive Income and Expenditure

Year ended 31 July 2022

		Year ended 31 July 2022		Year ended 31 July 2021	
	Notes	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Income					
Tuition fees and education contracts	1	418,346	418,346	389,558	389,558
Funding body grants	2	95,599	95,599	93,145	93,145
Research grants and contracts	3	214,964	214,964	168,282	168,282
Other income	4	144,327	126,227	121,344	109,705
Investment income	5	6,674	6,674	6,433	6,433
Total income before endowments and donations		879,910	861,810	778,762	767,123
Donations and endowments	6	8,030	8,030	6,949	6,949
Total income		887,940	869,840	785,711	774,072
Expenditure					
Staff costs excluding movement in the USS provision*	7	439,501	428,336	440,892	432,789
USS provision movement	7	203,227	203,227	(12,017)	(12,017)
Total staff costs	7	642,728	631,563	428,875	420,772
Other operating expenses		325,482	319,748	246,206	241,552
Depreciation and amortisation	11, 12	70,817	68,429	65,633	64,165
Interest and other finance costs	8	3,586	3,586	11,987	11,987
Total expenditure	9	1,042,613	1,023,326	752,701	738,476
(Deficit)/surplus before other gains and losses		(154,673)	(153,486)	33,010	35,596
Gain on disposal of fixed assets		4,877	4,877	-	-
(Loss)/gain on investments	13	(421)	(421)	25,482	25,482
(Deficit)/surplus before tax		(150,217)	(149,030)	58,492	61,078
Corporation tax	10	-	-	-	-
(Deficit)/surplus after taxation		(150,217)	(149,030)	58,492	61,078

*The University Superannuation Scheme provides defined benefits for members and the University contributes through a scheme-wide contribution rate. The University recognises a liability to contribute to the recovery plan put in place as a part of the 2020 valuation. The deficit provision movement has increased staff costs by £203m (2020/21 £12m decrease) as outlined in Note 18.

Consolidated and Institution Statement of Comprehensive Income and Expenditure (continued)

Year ended 31 July 2022

	Notes	Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
(Deficit)/surplus after taxation		(150,217)	(149,030)	58,492	61,078
Actuarial gain/(loss) in respect of pension schemes	26	30,780	28,600	(5,753)	(5,200)
Total comprehensive (expenditure)/income for the year		(119,437)	(120,430)	52,739	55,878
Represented by:					
Endowment comprehensive income for the year		4,273	4,273	2,555	2,555
Restricted comprehensive (expenditure)/income for the year		(1,579)	(988)	694	694
Unrestricted comprehensive (expenditure)/income for the year		(122,131)	(123,715)	49,490	52,629
Total comprehensive (expenditure)/income for the year		(119,437)	(120,430)	52,739	55,878



Consolidated and Institution Statement of Changes in Reserves

Year ended 31 July 2022

Consolidated

	Income and Expenditure account			Total
	Endowment	Restricted	Unrestricted	
	£'000	£'000	£'000	£'000
Balance at 1 August 2020	116,697	8,769	1,100,005	1,225,471
Surplus from the Statement of Comprehensive Income and Expenditure	5,190	5,785	47,517	58,492
Other comprehensive expenditure	-	-	(5,753)	(5,753)
Release of restricted funds spent in year	(2,635)	(5,091)	7,726	-
Total comprehensive income for the year	2,555	694	49,490	52,739
Other movements	15,274	22,561	(26,524)	11,311
Balance at 31 July 2021	134,526	32,024	1,122,971	1,289,521
Surplus/(deficit) from the Statement of Comprehensive Income and Expenditure	6,865	14,551	(171,633)	(150,217)
Other comprehensive income	-	-	30,780	30,780
Release of restricted funds spent in year	(2,592)	(16,130)	18,722	-
Total comprehensive income/(expenditure) for the year	4,273	(1,579)	(122,131)	(119,437)
Negative goodwill recognised on acquisition of subsidiary	-	(12,908)	-	(12,908)
Other movements	(784)	140	608	(36)
Balance at 31 July 2022	138,015	17,677	1,001,448	1,157,140

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

Year ended 31 July 2022

Institution

	Income and Expenditure account			Total
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>	
	£'000	£'000	£'000	£'000
Balance at 1 August 2020	116,697	8,769	1,070,848	1,196,314
Surplus from the Statement of Comprehensive Income and Expenditure	5,190	5,785	50,103	61,078
Other comprehensive expenditure	-	-	(5,200)	(5,200)
Release of restricted funds spent in year	(2,635)	(5,091)	7,726	-
Total comprehensive income for the year	2,555	694	52,629	55,878
Other movements	15,274	1,578	(16,852)	-
Balance at 31 July 2021	134,526	11,041	1,106,625	1,252,192
Surplus/(deficit) from the Statement of Comprehensive Income and Expenditure	6,865	7,421	(163,316)	(149,030)
Other comprehensive income	-	-	28,600	28,600
Release of restricted funds spent in year	(2,592)	(8,409)	11,001	-
Total comprehensive income/(expenditure) for the year	4,273	(988)	(123,715)	(120,430)
Other movements	(784)	1,304	(519)	1
Balance at 31 July 2022	138,015	11,357	982,391	1,131,763

Consolidated and Institution Statement of Financial Position

Year ended 31 July 2022

		As at 31 July 2022		As at 31 July 2021	
	Notes	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Non-current assets					
Intangible assets	11	26,585	26,585	27,602	27,602
Fixed assets	12	1,486,963	1,441,551	1,462,431	1,414,769
Heritage assets	12	549	549	549	549
Investments	13	217,425	223,470	207,339	212,849
Negative goodwill	24a	(12,908)	-	-	-
		1,718,614	1,692,155	1,697,921	1,655,769
Current assets					
Stocks for resale		397	345	308	282
Trade and other receivables	14	198,579	201,322	158,027	155,775
Cash and cash equivalents		192,038	180,018	172,662	167,488
		391,014	381,685	330,997	323,545
Creditors					
Amounts falling due within one year	15	(336,177)	(328,928)	(325,686)	(318,336)
Net current assets		54,837	52,757	5,311	5,209
Total assets less current liabilities		1,773,451	1,744,912	1,703,232	1,660,978
Creditors: amounts falling due after more than one year	16	(303,019)	(299,932)	(271,657)	(267,165)
Provisions					
Pension provisions	18	(313,292)	(313,217)	(142,054)	(141,620)
Total net assets		1,157,140	1,131,763	1,289,521	1,252,193

Consolidated and Institution Statement of Financial Position *(continued)*

Year ended 31 July 2022

		As at 31 July 2022		As at 31 July 2021	
	Notes	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Restricted reserves					
Income and expenditure reserve – endowment reserves	21	138,015	138,015	134,526	134,526
Income and expenditure reserve – restricted	22	17,677	11,357	32,024	11,041
Unrestricted reserves					
Income and expenditure reserve		1,001,448	982,391	1,122,971	1,106,626
Total reserves		1,157,140	1,131,763	1,289,521	1,252,193

The financial statements were approved by the Governing Body on 6 January 2023 and were signed on its behalf on that date by:

■ **Professor Adam Tickell, Vice-Chancellor and Principal**

■ **Mr Mervyn Walker, Chair**

Consolidated Statement of Cash Flows

Year ended 31 July 2022

		Year Ended 31 July 2022	Year Ended 31 July 2021
	Notes	£'000	£'000
Cash flow from operating activities			
(Deficit)/surplus for the year		(150,217)	58,492
Adjustment for non-cash items			
Depreciation and amortisation	11, 12	70,817	65,633
Loss/(gain) on investments	13	421	(25,482)
(Increase)/decrease in stock		(89)	46
Increase in debtors		(40,552)	(19,727)
Increase in creditors		10,491	34,648
Increase in long term creditors		1,533	1,270
Increase/(decrease) in pension provision		209,887	(12,017)
Adjustment for capital payments		16,728	-
Adjustment for investing or financing activities		976	1,817
Investment income	5	(6,674)	(6,433)
Interest payable	8	3,586	10,170
Endowment income	21	(472)	(618)
Gain on the sale of fixed assets		(4,877)	-
Capital grant income		(11,307)	(9,246)
Net cash inflow from operating activities		100,251	98,551
Cash flows from investing activities			
Proceeds from sale of fixed assets		15,341	-
Capital grants receipts		11,307	9,246
Disposal of non-current asset investments	13	5,984	30,802
Investment income		6,674	6,433
Payments made to acquire fixed assets		(81,896)	(87,464)
Payments made to acquire intangible assets	11	(5,526)	(3,626)
New non-current asset investments	13	(18,241)	(16,927)
Cash acquired on acquisition of subsidiary		-	281
Net cash outflow from investing activities		(66,357)	(61,255)

Consolidated Statement of Cash Flows *(continued)*

Year ended 31 July 2022

	Notes	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
Cash flows from financing activities			
Interest paid		(7,969)	(7,610)
Endowment cash received		472	618
New unsecured loans		333	1,331
Repayments of amounts borrowed		(4,284)	(4,252)
Capital element service concession payments		(3,070)	-
Net cash outflow from financing activities		(14,518)	(9,913)
Increase in cash and cash equivalents in the year		19,376	27,383
Cash and cash equivalents at beginning of the year		172,662	145,279
Cash and cash equivalents at end of the year		192,038	172,662

Consolidated reconciliation of net debt	£'000
Net debt 1 August 2021	(94,083)
Movement in cash and cash equivalents	19,376
Other non-cash changes	8,911
Changes in market value	562
Net debt 31 July 2022	(65,234)
Change in net debt	28,849

	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
Analysis of net debt:		
Cash and cash equivalents	192,038	172,662
Borrowings: amounts falling due within one year		
Unsecured loans	(4,263)	(4,284)
Derivatives	(532)	(1,094)
Borrowings: amounts falling due after more than one year		
Unsecured loans	(252,477)	(261,367)
Net debt	(65,234)	(94,083)



Notes to the Financial Statements

for the year ended 31 July 2022

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
1. Tuition fees and education contracts				
Undergraduate tuition - home students	180,886	180,886	178,256	178,256
Undergraduate tuition - other students	94,276	94,276	82,927	82,927
Postgraduate tuition - home students	41,637	41,637	46,373	46,373
Postgraduate tuition - other students	93,286	93,286	80,528	80,528
Other courses	8,261	8,261	1,474	1,474
	418,346	418,346	389,558	389,558
2. Funding body grants				
Recurrent grant:				
Office for Students (OfS)	30,119	30,119	28,022	28,022
Research England	42,205	42,205	42,832	42,832
OfS Capital grant	2,030	2,030	2,658	2,658
Research England Capital grant	5,193	5,193	5,111	5,111
Specific grants:				
Higher Education Innovation Fund	4,785	4,785	4,785	4,785
OfS Other	2,679	2,679	2,291	2,291
Research England Other	8,588	8,588	7,446	7,446
	95,599	95,599	93,145	93,145
2a. Grant and Fee Income				
The source of grant and fee income, included in notes 1 and 2 is as follows:				
Grant income from the OfS	34,828	34,828	32,971	32,971
Grant income from other bodies	60,771	60,771	60,174	60,174
Fee income for taught awards (exclusive of VAT)	410,085	410,085	388,084	388,084
Fee income from non-qualifying courses (exclusive of VAT)	8,261	8,261	1,474	1,474
	513,945	513,945	482,703	482,703

Notes to the Financial Statements *(continued)*

for the year ended 31 July 2022

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
3. Research grants and contracts				
Research Councils	76,748	76,748	69,908	69,908
UK-based charities	34,209	34,209	25,162	25,162
UK Central/local government, health and hospital authorities	45,295	45,295	35,248	35,248
UK industry, commerce and public corporations	15,820	15,820	11,495	11,495
EU government bodies	19,991	19,991	12,792	12,792
EU other	6,165	6,165	2,954	2,954
Other overseas	14,764	14,764	9,655	9,655
Other sources	1,972	1,972	1,068	1,068
	214,964	214,964	168,282	168,282
4. Other income				
Residences, catering and conferences	45,150	38,114	30,025	28,347
Other services rendered	8,926	5,873	6,416	4,458
Health Authority-funded external posts	14,522	14,522	14,752	14,752
Other capital grants	4,084	4,084	824	824
Student support	12,056	12,056	11,798	11,798
Sport	5,796	5,796	2,069	2,069
External funding	16,772	9,644	23,633	16,593
Day Nurseries	3,233	3,233	2,623	2,623
Commonwealth Games	9,551	9,551	-	-
Other income	24,237	23,354	29,204	28,241
	144,327	126,227	121,344	109,705

Other income includes miscellaneous sales and grant income, rental income and VAT refunds.

Notes to the Financial Statements *(continued)*

for the year ended 31 July 2022

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
5. Investment income				
Investment income on endowments	4,004	4,004	3,273	3,273
Other investment income	2,670	2,670	3,160	3,160
	6,674	6,674	6,433	6,433
6. Donations and endowments				
Capital grants	-	-	653	653
New endowments	472	472	618	618
Donations with restrictions	4,234	4,234	2,286	2,286
Unrestricted donations	3,324	3,324	3,392	3,392
	8,030	8,030	6,949	6,949



Notes to the Financial Statements *(continued)*

for the year ended 31 July 2022

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
7. Staff costs				
Salaries	344,625	335,900	357,217	350,537
Social security costs	34,068	33,115	30,116	29,506
Movement on USS pension provision	203,227	203,227	(12,017)	(12,017)
Other pension costs	60,808	59,321	53,559	52,746
Total	642,728	631,563	428,875	420,772

No payments were made in respect of compensation for loss of office to a senior post-holder in 2021/22 (2020/21 NIL).

Compensation for loss of office (including voluntary severance) of £0.5m was paid in 2021/22 (2020/21: £2.2m) and this relates to 25 employees (2020/21: 107).

During the Covid pandemic in 2020/21, in line with many others in the sector and across the UK, the University offered a voluntary leavers scheme to staff members early in 2021. Under that scheme 428 employees left the University between November 2020 and July 2021, with a cost of £14m included in 2020/21 staff costs for settlement payment. No further payments were made in the current financial year.

	2022 Professor Adam Tickell Jan-22 to Jul-22	2022 Professor Sir David Eastwood Aug-21 to Dec-21	2021 Professor Sir David Eastwood Aug-20 to Jul-21
Emoluments of the Vice-Chancellor:	£'000	£'000	£'000
Salary	190	146	349
Payments in lieu of pension	26	20	48
Long-term incentive plan (LTIP)	-	120	-
Performance-related award	-	70	-
Taxable benefit (utilities and other costs associated with use of a property)	13	16	4
	229	372	401

The process of Remuneration Committee to determine the remuneration of the Vice-Chancellor is set out in the Corporate Governance Statement of the annual accounts. The performance-related award disclosed in 2021/22 was calculated on a full-time equivalent basis.

The current Vice-Chancellor's basic salary is 7.9 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff. The previous Vice-Chancellor's annualised basic salary was 8.5 times (2020/21: 10.3 times) the median pay of staff.

The current Vice-Chancellor's total remuneration is 9 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the University of its staff. The previous Vice-Chancellor's total remuneration, including payments made as part of a long term incentive plan, was 14.9 times the median total remuneration of staff. Excluding payments made as part of a long term incentive plan, the previous Vice-Chancellor's total remuneration is 10.3 times (2020/21: 10.6 times) the median total remuneration of staff.

Notes to the Financial Statements *(continued)*

for the year ended 31 July 2022

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

As reported previously, a long term incentive plan was in place for the previous Vice-Chancellor since 2015/16. Any reward under that plan was contingent on the Vice-Chancellor meeting specific objectives in each of the years of the term and still being in post at the end of the term. The plan term ended in this financial year resulting in an award of £120,000. Further details can be found in the Remuneration Committee section of the Corporate Governance Statement. No long term incentive plan is in place for the current Vice Chancellor.

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	Institution	Consolidated	Institution
Staff full-time equivalents (FTE) numbers by major category:	FTEs	FTEs	FTEs	FTEs
Academic, Clinical Academic and Administrative	5,423	5,340	5,378	5,269
Other, including Technical, Clerical and Manual	2,182	2,004	2,067	1,946
	7,605	7,344	7,445	7,215

Trustees

The total expenses paid to or on behalf of 5 (2020/21: 3) Council members was £1,460 (2020/21: £501). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and events in their official capacity as Council members. No payments or other benefits have been received by Council members in respect of their services.

Key management personnel

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

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

	Year ended 31 July 2022	Year ended 31 July 2021
	£'000	£'000
Key management personnel compensation	2,516	2,415

Other higher-paid staff

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

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

Some staff, who are not in the USS pension scheme and do not therefore receive the employer's contribution, receive instead as part of their salary a 13.7% cash payment in lieu of pension. The remuneration figures overleaf are presented in line with the requirements of Accounting Standards and therefore do not include any employer pension contributions, but do include cash payments in lieu of pension. To make a meaningful comparison, 21.1% (2020/21: 21.1%) would need to be added to those staff for whom the University is making USS contributions and comparison figures adjusted for those staff who have opted out of USS.

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

	Year ended 31 July 2022	Year ended 31 July 2021
	No.	No.
£100,000.00 to £104,999.99	26	22
£105,000.00 to £109,999.99	29	15
£110,000.00 to £114,999.99	19	31
£115,000.00 to £119,999.99	27	5
£120,000.00 to £124,999.99	7	8
£125,000.00 to £129,999.99	7	9
£130,000.00 to £134,999.99	7	3
£135,000.00 to £139,999.99	5	6
£140,000.00 to £144,999.99	7	3
£145,000.00 to £149,999.99	3	5
£150,000.00 to £154,999.99	6	3
£155,000.00 to £159,999.99	1	2
£160,000.00 to £164,999.99	2	1
£165,000.00 to £169,999.99	2	–
£170,000.00 to £174,999.99	–	–
£175,000.00 to £179,999.99	1	1
£180,000.00 to £184,999.99	1	–
£185,000.00 to £189,999.99	–	–
£190,000.00 to £194,999.99	–	–
£195,000.00 to £199,999.99	–	–
£200,000.00 to £204,999.99	1	1
£205,000.00 to £209,999.99	–	–
£210,000.00 to £214,999.99	–	–
£215,000.00 to £219,999.99	2	–
£220,000.00 to £224,999.99	–	–
£225,000.00 to £229,999.99	–	–
£230,000.00 to £234,999.99	–	–
£235,000.00 to £239,999.99	–	1
£240,000.00 to £244,999.99	–	–
£245,000.00 to £249,999.99	1	–
£250,000.00 to £254,999.99	–	1
£255,000.00 to £259,999.99	–	–
£260,000.00 to £264,999.99	1	–
£265,000.00 to £269,999.99	–	–
	155	117

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
8. Interest and other finance costs				
Loan interest	7,277	7,277	7,184	7,184
(Decrease)/Increase in fair value of derivatives	(5,853)	(5,853)	1,817	1,817
Swap interest	171	171	767	767
Loan arrangement fees	-	-	551	551
BPAS interest charge	500	500	300	300
USS interest charge	970	970	889	889
Investment fees	521	521	479	479
	3,586	3,586	11,987	11,987
9a. Analysis of total expenditure by activity				
Academic and related expenditure	275,365	275,365	278,604	278,604
Administration and central services	193,217	184,258	171,909	163,807
Premises	71,641	70,940	53,183	52,691
Residences, catering and conferences	31,652	29,219	26,711	25,099
Research grants and contracts	199,958	199,958	165,731	165,731
Other operating expenses	67,553	60,359	68,580	64,561
USS pension movement	203,227	203,227	(12,017)	(12,017)
	1,042,613	1,023,326	752,701	738,476
Other operating expenses include:				
External auditor's remuneration in respect of audit services	627	414	561	396
External auditor's remuneration in respect of non-audit services	-	-	-	-
Operating lease payments	7,805	7,805	1,604	1,604

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
9b. Access and Participation				
Access Investment	3,597	3,597	3,178	3,178
Financial Support	9,640	9,640	10,177	10,177
Disability Support	1,073	1,073	853	853
Research and Evaluation	247	247	224	224
	14,557	14,557	14,432	14,432

The costs for Access and participation relate to the agreed OfS Access and Participation plan (the Plan) www.birmingham.ac.uk/university/about/equality/widening-access.aspx and is part of enabling the University to charge higher fees for UK undergraduate courses. The plan commenced in 2020/21 and continues through to 2024/25.

Included in the above are staff costs of £2.0m (2020/21: £1.8m) which are included within the staff costs in note 7. These were spent on Access Investment £1.2m (2020/21: £1.1m), Disability Support £0.5m (2020/21: £0.5m) and Research and Evaluation £0.3m (2020/21: £0.2m).

Access Investment includes activity funded by higher fee income and other sources and relates to outreach, summer schools and scholarships. Financial Support includes financial packages (funded by higher fee income) and hardship funds (funded by OfS Student Premium). Disability Support includes activity funded by higher fee income and OfS student premium. In accordance with the plan, 20% overhead has been allocated to staff costs for Plan activity. 20% of recruitment and admission costs have been included, in line with the Plan. The overall expenditure has increased by £0.1m in 2021/22 from 2020/21.

10. Taxation

There are no tax charges for the University of Birmingham in 2021/22 (2020/21: NIL).

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

11. Intangible assets

	Assets in the Course of Construction	Intangible assets	Total
Consolidated and Institution	£'000	£'000	£'000
Cost or valuation			
At 1 August 2021	8,503	32,741	41,244
Additions	5,526	-	5,526
At 31 July 2022	14,029	32,741	46,770
Amortisation			
At 1 August 2021	-	13,642	13,642
Charge for the year	-	6,543	6,543
At 31 July 2022	-	20,185	20,185
Carrying amount			
At 31 July 2022	14,029	12,556	26,585
At 31 July 2021	8,503	19,099	27,602

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

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

12. Fixed assets	Freehold land and buildings	Leasehold land and buildings	Major refurbishment	Equipment	Assets in the Course of Construction	Heritage assets	Total
Consolidated	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 August 2021	1,419,153	49,830	132,423	30,757	123,584	549	1,756,296
Additions	1,076	12,765	363	7,652	75,782	-	97,638
Transfers	1,749	-	6,071	6,376	(12,446)	-	1,750
Other movements	-	-	37	-	-	-	37
Disposals	(13,380)	-	-	(1,410)	-	-	(14,790)
At 31 July 2022	1,408,598	62,595	138,894	43,375	186,920	549	1,840,931
Depreciation							
At 1 August 2021	205,827	5,059	60,908	21,522	-	-	293,316
Charge for the year	39,066	3,042	13,580	8,586	-	-	64,274
Other movements	155	-	-	-	-	-	155
Disposals	(3,269)	-	-	(1,057)	-	-	(4,326)
At 31 July 2022	241,779	8,101	74,488	29,051	-	-	353,419
Net book value							
At 31 July 2022	1,166,819	54,494	64,406	14,324	186,920	549	1,487,512
At 31 July 2021	1,213,326	44,771	71,515	9,235	123,584	549	1,462,980

At 31 July 2022, freehold land and buildings included £216.5m (2020/21: £216.5m) in respect of freehold land which is not depreciated.

In December 2021 the Institution entered into a design, build, finance and operate arrangement (DBFO) with an experienced developer to provide student housing (both a new build and refurbishment of existing accommodation) and a car park at the current site on Pritchatts Road. The developer will then lease, maintain and operate the student village, Pritchatts Park, for a period of 53 years. A special purpose vehicle has been established to procure the development and maintenance of the project, in which the Institution has a 10% equity stake. Leasehold additions of £12.8m have been recognised in the year reflecting rooms the Institution has nominated for the next three financial years.

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

12. Fixed assets (continued)	Freehold land and buildings	Leasehold land and buildings	Major refurbishment	Equipment	Assets in the Course of Construction	Heritage assets	Total
Institution	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 August 2021	1,382,205	33,146	132,423	30,315	123,584	549	1,702,222
Additions	948	12,765	363	7,642	75,782	-	97,500
Transfers	1,749	-	6,071	6,376	(12,446)	-	1,750
Other movements	-	-	37	-	-	-	37
Disposals	(13,380)	-	-	(1,410)	-	-	(14,790)
At 31 July 2022	1,371,522	45,911	138,894	42,923	186,920	549	1,786,719
Depreciation							
At 1 August 2021	199,524	4,988	60,909	21,483	-	-	286,904
Charge for the year	36,964	2,760	13,580	8,582	-	-	61,886
Other movements	156	-	(1)	-	-	-	155
Disposals	(3,269)	-	-	(1,057)	-	-	(4,326)
At 31 July 2022	233,375	7,748	74,488	29,008	-	-	344,619
Net book value							
At 31 July 2022	1,138,147	38,163	64,406	13,915	186,920	549	1,442,100
At 31 July 2021	1,182,681	28,158	71,514	8,832	123,584	549	1,415,318

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

13. Non-current investments

	Subsidiary companies	Subsidiary Investment in spinouts	Other non- current asset investments	Endowment asset investments	Investment Properties	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Consolidated						
At 1 August 2021	-	3,657	87,305	113,417	2,960	207,339
Additions	-	375	5,000	12,866	-	18,241
Reclassification	-	-	-	-	(1,750)	(1,750)
Disposals	-	-	-	(5,984)	-	(5,984)
Revaluation	-	(626)	(1,962)	2,167	-	(421)
At 31 July 2022	-	3,406	90,343	122,466	1,210	217,425
Institution						
At 1 August 2021	5,495	3,657	87,320	113,417	2,960	212,849
Additions	535	375	5,000	12,866	-	18,776
Reclassification	-	-	-	-	(1,750)	(1,750)
Disposals	-	-	-	(5,984)	-	(5,984)
Revaluation	-	(626)	(1,962)	2,167	-	(421)
At 31 July 2022	6,030	3,406	90,358	122,466	1,210	223,470

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

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

14. Trade and other receivables

	31 July 2022		31 July 2021	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Amounts falling due within one year:				
Research grants receivables	100,923	100,923	78,165	78,165
Other trade receivables	48,819	51,202	50,286	50,744
Other receivables	7,950	5,587	7,184	3,996
Prepayments and accrued income	39,462	38,664	21,702	20,751
Amounts due from subsidiary companies	-	1,521	-	429
	197,154	197,897	157,337	154,085
Amounts falling due after one year:				
Other debtors and prepayments	1,425	1,425	690	690
Amounts receivable from subsidiary companies	-	2,000	-	1,000
	198,579	201,322	158,027	155,775

15. Creditors: amounts falling due within one year

	31 July 2022		31 July 2021	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Research grants received on account	141,571	141,571	163,315	163,315
Unsecured loans	4,263	4,263	4,284	4,284
Service concession liabilities	3,400	3,400	-	-
Trade payables	54,846	53,629	50,951	43,891
Social security and other taxation payable	12,810	12,301	11,825	11,674
Accruals	50,379	47,807	36,844	34,806
Deferred income	56,423	55,135	44,596	43,919
Derivatives	532	532	1,094	1,094
Other creditors	11,953	10,185	12,777	12,756
Amounts due to subsidiary companies	-	105	-	2,597
	336,177	328,928	325,686	318,336

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

16. Creditors: amounts falling due after more than one year	31 July 2022		31 July 2021	
	Consolidated £'000	Institution £'000	Consolidated £'000	Institution £'000
Research grants and contracts in advance	11,823	11,823	10,290	8,886
Service concession liabilities	6,296	6,296	-	-
Unsecured loans	252,477	249,390	261,367	258,279
Deferred income	32,423	32,423	-	-
	303,019	299,932	271,657	267,165
Analysis of unsecured loans:				
Due within one year or on demand	4,263	4,263	4,284	4,284
Due between one and two years	4,242	4,242	4,096	4,096
Due between two and five years	12,248	12,248	12,241	12,241
Due in five years or more	235,987	232,900	245,030	241,942
Due after more than one year	252,477	249,390	261,367	258,279
Total secured and unsecured loans	256,740	253,653	265,651	262,563

Included in loans are the following:

Lender	2022	2021	Maturity	Interest rate %	Borrower
	Amount £'000	Amount £'000			
Private Placement - Barings	30,000	29,056	2042/43	2.64	University
Private Placement - BAE	40,000	40,000	2050/51	2.58	University
Private Placement - Aviva	20,000	20,000	2057/58	2.51	University
Private Placement - PIC	20,000	20,000	2044/45	2.67	University
Private Placement - PIC	90,000	90,000	2057/58	2.51	University
Lloyds	50,884	60,870	2034/35	SONIA + 3.95	University
HEFCE Revolving Green Fund	2,768	2,637	2022/23	NIL	University
HS2	3,088	3,088	Repayable once NCATl makes a surplus over 5% income	NIL	NCATl
Total	256,740	265,651			

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

17. Financial instruments

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

		31 July 2022		31 July 2021	
		Consolidated	Institution	Consolidated	Institution
	Notes	£'000	£'000	£'000	£'000
Financial assets					
Measured fair value through income and expenditure					
Investments in common investment funds	13	209,840	209,855	197,849	197,864
Debt instruments measured at amortised cost					
Cash and cash equivalents		192,038	180,018	172,662	167,488
Long-term loans receivable	14	1,425	3,425	690	1,690
Measured at undiscounted amount receivable					
Trade and other receivables		176,783	177,526	150,068	146,816
Equity instruments measured at cost less impairment					
Non-current asset investments in utilised equity instruments	13	7,585	13,615	9,490	14,985
		587,671	584,439	530,759	528,843

The prior year comparative has been amended to include cash and cash equivalents.

Financial liabilities

Measured at fair value through income and expenditure					
Derivative financial liabilities	15	532	532	1,094	1,094
Loans payable	16	-	-	29,056	29,056
Measured at amortised cost					
Loans payable	16	256,740	253,653	236,595	236,595
Measured at undiscounted amount receivable					
Trade and other creditors		117,178	111,621	100,572	91,453
		374,450	365,806	367,317	358,198

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

The loans payable liability includes a Lloyds Bank term loan facility with an associated interest rate swap. The swap had an initial valuation in December 2020 of £9.8m and at 31 July 2022 is carried at fair value within the loan balance at £3.1m (2020/21 £9.3m).

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

17. Financial instruments (continued)

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

		31 July 2022		31 July 2021	
		Consolidated	Institution	Consolidated	Institution
	Notes	£'000	£'000	£'000	£'000
Interest income and (expense)					
Total interest income for financial assets at amortised cost	5	6,674	6,674	6,433	6,433
Total interest expense for financial liabilities at amortised cost	8	(7,448)	(7,448)	(7,951)	(7,951)
		(774)	(774)	(1,518)	(1,518)
Fair value gains and (losses)					
On financial assets measured at fair value through income and expenditure	13	(421)	(421)	25,482	25,482
On derivative financial liabilities		562	562	772	772
		141	141	26,254	26,254

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

18. Pension provisions

	Obligation to fund deficit on USS Pension	Defined Benefit Obligations on BPAS Pension	NCATI LGPS Pension	Total Pensions Provision
Consolidated	£'000	£'000	£'000	£'000
At 1 August 2021	108,990	32,630	434	142,054
Utilised during the year	(5,660)	(7,200)	-	(12,860)
Charged/(credited) to the Statement of Comprehensive Income and Expenditure	209,887	(25,430)	(359)	184,098
At 31 July 2022	313,217	-	75	313,292
Institution	£'000	£'000	£'000	£'000
At 1 August 2021	108,990	32,630	-	141,620
Utilised during the year	(5,660)	(7,200)	-	(12,860)
Charged/(credited) to the Statement of Comprehensive Income and Expenditure	209,887	(25,430)	-	184,457
At 31 July 2022	313,217	-	-	313,217

USS Pension

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

Following the completion of the 2020 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 26. This new plan requires deficit payments of 6.2% of salaries from 1 April 2022 to 31 March 2024 and then payments of 6.3% from 1 April 2024 onwards. As a consequence the USS provision has increased by £204.2m in 2021/22.

The major assumptions used to calculate the obligations are:

	2022	2021
Discount rate	3.33%	0.89%
Salary growth year one (headcount and awards)	17.02%	7.00%
Salary growth future years (headcount and awards)	4.00%	5.60%

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

Sensitivity analysis

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

Changes in assumptions at 31 July 2022	Approximate impact £m
0.5% pa decrease in discount rate	13.5
0.5% pa increase in salary inflation over duration	13.0
0.5% pa increase in salary inflation year 1 only	1.3
0.5% increase in staff changes over duration	13.0
0.5% increase in staff changes year 1 only	1.3
1% increase in deficit contributions	49.8

BPAS Pension

The University operates the University of Birmingham Pension and Assurance Scheme (BPAS) for the University's qualifying support staff. The scheme is a funded scheme. The latest actuarial valuation of the scheme was at 31 March 2019 and revealed a funding shortfall. The Trustees have put a Recovery Plan in place to address the deficit as detailed in note 26.

Sensitivity analysis

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

Changes in assumptions at 31 July 2022	Approximate impact £m
0.1% increase in discount rate	14.8
0.1% increase in RPI	5.2
Mortality base 107%/98% SAPs 3	5.3
Mortality future CMI 2021 1.50% trend	6.9

LGPS Pension

One of the subsidiaries is a members of a local government pension scheme for some of its staff. The scheme is valued on a triennial basis.

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

19. Events after the reporting period

No significant events occurred between the end of the reporting period and the date when the financial statements were approved.

20. Lease commitments

The total of future minimum lease payments under non-cancellable operating leases is as follows:

	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years
	£'000	£'000	£'000
Total 2021/22	16,036	64,650	40,723
Total 2020/21	13,926	54,154	61,686

In 2019-20 the University entered into an agreement with Unite Students to rent 348 students rooms in the property known as Battery Park, Bristol Road, Birmingham at a total annual cost, excluding VAT, of £2.2m. This agreement covers the academic years 2019-20 to 2028-29. Void rent is payable by the University to Unite students to the extent that nominees are not referred to Unite Students for reserved rooms. The void rent is calculated as total rent if 98% of the rooms are let less rent due from referred nominees. The University have committed to nominate an agreed number of rooms each academic year for the lease term which enables students to commit for a one-year term whilst also enabling the University to review the scale of any void liability on annual basis, rather than over the full lease term. The University manages its total available number of room in such a way as to ensure any void liability is minimised. In the current financial year, the agreement with Unite Students was extended for a further two years covering the period up to an including the academic year ending 2031-32. Due to the high levels of demand for student accommodation, the University is able to nominate all rooms covered by the lease agreement and therefore the University does not consider it necessary to carry a liability for void rent at the year end, having considered both the nominations for the forthcoming academic year and based on subsequent events.



Notes to the Financial Statements (continued)

for the year ended 31 July 2022

21. Endowment reserves

Consolidated and Institution	Restricted permanent endowments	Unrestricted permanent endowments	Expendable endowments	2022 Total	2021 Total
	£'000	£'000	£'000	£'000	£'000
Balances at 1 August 2021					
Capital	80,173	36,965	9,081	126,219	110,693
Accumulated income	7,891	102	314	8,307	6,004
	88,064	37,067	9,395	134,526	116,697
New endowments	223	-	249	472	618
Investment income	2,790	916	520	4,226	3,448
Expenditure	(1,782)	(497)	(313)	(2,592)	(2,636)
Increase in market value of investments	1,416	595	156	2,167	15,275
Total movement for the year	2,647	1,014	612	4,273	16,705
Transfer (to)/from general reserves	(784)	-	-	(784)	1,124
At 31 July 2022	89,927	38,081	10,007	138,015	134,526
Represented by:					
Capital	81,812	37,560	9,486	128,858	126,219
Accumulated income	8,115	521	521	9,157	8,307
	89,927	38,081	10,007	138,015	134,526
Analysis by type of purpose:					
Lectureships	11,267	397	2,930	14,594	14,358
Scholarships and bursaries	27,754	8,942	418	37,114	36,179
Research support	7,658	3,232	283	11,173	10,765
Prize funds	4,200	1,624	-	5,824	5,760
Funded posts	25,205	481	1,390	27,076	26,661
General	13,843	23,405	4,986	42,234	40,803
	89,927	38,081	10,007	138,015	134,526
Analysis by asset					
Non-current asset investments				122,466	113,418
Cash and cash equivalents				15,549	21,108
				138,015	134,526

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

21. Endowment reserves (continued)

	Consolidated and Institution 2022 Total £'000	Consolidated and Institution 2021 Total £'000
Represented by:		
Equities	71,146	70,489
Fixed interest securities and bonds	21,894	16,494
Property	19,048	16,083
Infrastructure	10,378	10,352
Cash and cash equivalents	15,549	21,108
	138,015	134,526

22. Restricted reserves

Consolidated	2022 Total £'000	2021 Total £'000
Balances at 1 August 2021	32,024	8,769
Income	14,549	5,785
Expenditure	(16,128)	(5,091)
Acquisition of subsidiary	-	20,983
Total restricted comprehensive (expenditure)/ income for the year	(1,579)	21,677
Negative goodwill recognised on acquisition of subsidiary	(12,908)	-
Transfer to unrestricted reserves	140	1,578
At 31 July 2022	17,677	32,024

Institution	2022 Total £'000	2021 Total £'000
Balances at 1 August 2021	11,041	8,769
Income	7,421	5,785
Expenditure	(8,409)	(5,091)
Total restricted comprehensive (expenditure)/income for the year	(988)	694
Transfer from unrestricted reserves	1,304	1,578
At 31 July 2022	11,357	11,041

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

Consolidated	2022 Total	2021 Total
Analysis of other restricted funds/donations by type of purpose:	£'000	£'000
Lectureships	1	8
Scholarships and bursaries	1,266	1,690
Research support	3,081	2,131
Prize funds	178	137
Funded posts	310	211
General	12,841	27,847
	17,677	32,024

23. Capital and other commitments

The group had the following capital commitments at year end:

	31 July 2022		31 July 2021	
	Consolidated	Institution	Consolidated	Institution
	£'000	£'000	£'000	£'000
Commitments contracted for	59,350	59,350	29,106	29,106

Within commitments £1.9m relates to intangible assets (2020/21: £21.0m)

24. Subsidiary undertakings

The subsidiaries are all wholly owned or effectively controlled by the University and incorporated in and operate in Great Britain, other than Alta Birmingham China Limited which is incorporated in the UK but operates in the UK and China. Guangzhou ABC Education Information Consultancy Limited incorporated and operating within China, is a 100% subsidiary of Alta Birmingham China Limited. Birmingham Global Limited runs an Indian Liason Office to enable the University to access research funding and opportunities for education engagement.

University of Birmingham School and NCATI are connected to the University of Birmingham by virtue of the University's role as the founding member of the Charitable Company. The University has control over both the University School and NCATI through its majority representation on the boards.

Name of company	Percentage holding		Nature of business
	Consolidated	University	
Alta Birmingham China Limited	100%	100%	Management of activities in China
Alta Cyclotron Services Limited	100%	100%	Preparation and sale of chemicals for clinical use
University of Birmingham Enterprise Limited	100%	100%	Technology transfer and provision of both accommodation and services to high technology companies
University of Birmingham Selly Oak Educational Trust (UoBSOET)	100%	100%	Management of land and buildings on the Selly Oak campus

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

Guangzhou ABC Education Information Consultancy Limited	100%	0%	Consulting services on education, trade, investment, enterprise management, convention and exhibition services
Edgbaston Park Hotel and Conference Centre Limited	100%	100%	Hotel and conference centre
Birmingham Global Limited	100%	100%	Management of activities in India
University of Birmingham School (Limited by Guarantee)	Member	Member	Running the University School and Sixth Form
National College for Advanced Transport and Infrastructure (NCATI) (Company Limited by Guarantee)	Member	Member	Provision of further education and associated services
The National College for High Speed Rail Limited (NHSR)	100%	0%	Provision of support services to NCATI
Precision Health Technologies Accelerator Ltd (PHTA Ltd)	100%	100%	Provision of life sciences incubation, diagnostic and translational medicine
Pritchatts Park Investment Company Limited	100%	100%	Holds an investment in a special purpose vehicle undertaking a design, build, finance and operate contract in respect of Pritchatts Park halls of residence
Pritchatts Park Holding Company Limited	100%	100%	Holding company of Pritchatts Park Investment Company Limited



Notes to the Financial Statements (continued)

for the year ended 31 July 2022

24a. Acquisition of NCATI subsidiary

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

On 29 April 2021, NCATI acquired the trade, assets and liabilities of the national college of the same name, which had traded previously with the support of the ESFA.

The acquisition of the business of the College was for £nil consideration and whilst referred to by the Department for Education as a merger, has been accounted for as an acquisition. The acquired balance sheet and fair value adjustments are set out in the table below:

	Acquired balance sheet	Fair value adjustments	Opening balance sheet included in consolidation
	£'000	£m	£m
Fixed assets	21,162	(4,477)	16,685
Cash and bank	456	-	456
Trade debtors	35	-	35
Prepayments and accrued income	188	-	188
Accruals and deferred income	(745)	-	(745)
Capital and other grants	(14,903)	14,903	-
Loans	(3,087)	-	(3,087)
Pension liability	(434)	-	(434)
Net assets	2,672	-	13,098
Negative goodwill	(2,672)	(10,426)	(13,098)
Reserves	-	-	-

On acquisition the fair value of assets and liabilities acquired were subject to the following adjustments:

- (a) £4.5m of fixtures, fitting, IT equipment and donated rail equipment are either not identified or have no value.
- (b) £14.9m of deferred capital grants have been assigned a fair value of nil as there are no outstanding performance obligations assumed by NCATI.
- (c) The fair value of land and buildings included in fixed assets has been determined by an independent and suitably qualified valuer with reference to market values, including similar comparable properties.

Due to the £nil consideration, negative goodwill is created in the balance sheet which is then being amortised and recognised in the Statement of Comprehensive Income and Expenditure in the periods in which the non-monetary assets associated with it are expected to be recovered. As the negative goodwill has been generated due to the fair value of £nil being assigned to deferred capital grants, judgement has been applied in allocating the negative goodwill to non-monetary assets, and it has been fully allocated to the leasehold buildings acquired that the deferred capital grants relates to. On this basis the negative goodwill will be amortised and released on a basis consistent with the depreciation of leasehold buildings. At 31 July 2022 the amortised goodwill value was £12.9m.



Notes to the Financial Statements (continued)

for the year ended 31 July 2022

25. Connected charitable institutions

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

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

	Opening balance	Income	Expenditure	Closing balance
	£'000	£'000	£'000	£'000
University of Birmingham Selly Oak Endowment Trust	5,724	34	(221)	5,537

Not consolidated

Included within the balance sheet, held in endowments assets, is £2.8m (2020/21: £2.9m) which represents the University's shareholding via the Samuel Hanson Rowbotham Trust which holds a minority shareholding of Waterloo House, a private limited company.

The University owns the Barber Institute of Fine Arts, which hosts one of the finest small collections of European Art in the United Kingdom. The collection of works and art belongs to the Trustees of the Henry Barber Trust. The University Granted £0.1m (2020/21: £0.1m) the the trust in the year.

26. Pension schemes

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

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

(i) The Universities Superannuation Scheme

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

Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The Institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee Benefits", the Institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme. Since the Institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, it recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Consolidated Statement of Comprehensive Income and Expenditure.

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

26. Pension schemes (continued)

Deficit recovery liability

The total charged to the Consolidated Statement of Comprehensive Income and Expenditure is £209.8m, including amounts charged to interest and other finance costs (note 8) of £0.9m, (2020/21: total credit of £11.1m excluding interest of £0.9m).

Deficit recovery contributions due within one year for the Institution are £17.2m (2020/21: £12.7m)

The latest available completed actuarial valuation of the Retirement Income Builder is at 31 March 2020 (the valuation date), which was carried out using the projected unit method.

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles (uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles).

CPI assumption	Term dependent rates in line with the difference between the fixed interest and index linked yield curves less: 1.1% pa to 2030, reducing linearly by 0.1% pa to a long term difference of 0.1% pa from 2040
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% pa Post-retirement: 1.00% pa
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2020 valuation
Mortality base table	101% of S2PMA "light" for males and 95% of S2PFA for females
Future improvements to mortality	CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5% pa and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

26. Pension schemes (continued)

The current life expectancies at age 65 are:

	2022	2021
Males currently aged 65 (years)	23.9	24.6
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.6
Females currently aged 45 (years)	27.3	27.9

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024 at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2022	2021
Discount rate	3.33%	0.89%
Pensionable salary growth year one	17.02%	7.00%
Pensionable salary growth subsequent years	4.00%	5.60%

The employers' contribution rates are as follows:

1 October 2019 to 30 September 2021	21.10%
1 October 2021 to 31 March 2022	21.40%
1 April 2022 to 31 March 2024	21.60%
1 April 2024 to 30 April 2038	21.40%

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

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

Actuarial Valuation

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

The Trustees of the scheme have put a Recovery Plan in place to address the shortfall. The Recovery Plan provides for the Institution making a balancing payment per annum by the 1 November each year from 2020 to 2034. In 2021/22 the Institution made employer contribution payments to the Scheme of £7.2m (2020/21: £7.2m) comprising of contributions in respect of future accrual of £1.1m and a deficit recovery contribution of £6.1m.

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

26. Pension schemes (continued)

Assumptions

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

	At 31 July 2022	At 31 July 2021
	% pa	% pa
Discount rate	3.35%	1.60%
Price Inflation (RPI)	3.45%	3.40%
Price Inflation (CPI)	3.05%	2.95%
Rate of salary increase	4% in the year commencing 31 July 2022 3% in the year commencing 31 July 2023 2% thereafter ¹	2.00%
Pension increases for in-payment benefits	3.25%	2.10% to 3.25%
Pension increases for deferred benefits	3.05%	2.95%

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

The assets in the scheme were:	Fair value as at 31 July 2022	Fair value as at 31 July 2021
	£m	£m
Equities	52.6	54.2
Credit	107.2	126.6
Multi-Asset Growth	113.1	107.8
Liability-Driven Investments	82.1	124.9
Other	9.7	23.1
Total	364.7	436.6

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

26. Pension schemes (continued)

	Assets	Liabilities	Total
	£m	£m	£m
At 1 August 2021	436.6	(469.2)	(32.6)
Employer contributions	7.2	0.0	7.2
Current service cost	0.0	(2.7)	(2.7)
Interest income (expense)	6.9	(7.4)	(0.5)
Benefits paid from scheme	(17.4)	17.4	0.0
Actuarial gains and losses	0.0	106.8	106.8
Scheme introductions, changes, curtailments and settlements	0.0	0.0	0.0
Return on plan assets	(68.6)	0.0	(68.6)
Total at 31 July 2022	364.7	(355.1)	9.6

The pension net asset of £9.6m has not been recognised in the financial statements.

	2022	2021
	£m	£m
Current service cost	(2.7)	(2.9)
Interest cost	(0.5)	(0.3)
Scheme introductions, changes, curtailments and settlements	0.0	(0.1)
	(3.2)	(3.3)

(iii) Group Personal Pension Scheme (GPPS)

The University has a defined contribution pension scheme for its support staff who are not members of BPAS. The scheme enables staff to build a fund that can be used to provide a pension on retirement in addition to the normal state pension. The University contributes 10% in addition to an agreed percentage paid by the individual. The scheme operates as a Group Personal Pension Scheme and is run on the University's behalf by Legal and General. The value of employer contributions for the year ending 31 July 2022 was £4.1m (2020/21: £3.7m).

(iv) NHS Pension Scheme (NHSPS)

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

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

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

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

26. Pension schemes (continued)

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

The value of employer contributions for the year ended 31 July 2022 was £2.4m (2020/21: £2.5m).

(v) NCATI Pension Scheme

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

The following information is based upon a full actuarial valuation of the fund at 31 March 2019. An actuarial update has been performed by a qualified independent actuary to 31 July 2022.

	2022 £'000	2021 £'000
Rates of increase in salaries	3.75%	3.85%
Future pension increases	2.75%	2.70%
Discount rate	3.50%	1.60%
Inflation assumption (CPI)	2.75%	2.60%
	2022 £'000	2021 £'000
Fair Value of assets at 31st July 2022	870	713
Fair Value of liabilities at 31st July 2022	(945)	(1,417)
Deficit recognised in provisions at year end	(75)	(434)

27. Guild of Students

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

	Year to 31 July 2022 £'000	Year to 31 July 2021 £'000
Tangible fixed assets	214	261
Current assets	3,789	2,948
Creditors	(1,157)	(823)
Pension provision	(3,859)	(4,769)
Reserves	(1,014)	(2,385)
Surplus for the year	1,371	422

The University's Statement of Comprehensive Income and Expenditure reflects payment to the Guild of Students of a block grant of £3.0m (2020/21: £2.9m).

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

28. Related party transactions

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

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

Related Party	Relationship
Abbvie	Related party in the prior year
Academy of Medical Sciences Starter Grant Panel	Related party in the prior year
Academy of Social Sciences	A UEB Member is a Trustee
AHUA	Related party in the prior year
Alta Bioscience Ltd	Related party in the prior year
Alta Birmingham China Limited	100% subsidiary with shared directors
Alta Cyclotron Services Ltd	100% subsidiary with shared directors
Arts and Humanities Research Council	A Council Member is an Advisory Member
AstraZeneca	Related party in the prior year
Bayer	Related party in the prior year
BBSRC	Related party in the prior year
Binding Site	Related party in the prior year
Birmingham Children's Trust	Related party in the prior year
Birmingham City Council	A Council Member is Chief Executive
Birmingham Global Limited	100% subsidiary with shared directors
Birmingham Women's and Children's Hospital	A UEB Member is a Non-Executive Director
Celentyx Ltd	Related party in the prior year
Chartered Association of Business Schools	Related party in the prior year
Connected Places Catapult	Related party in the prior year
Diabetes UK	UEB Member is Chair of Research Committee
Edgbaston Park Hotel and Conference Centre Limited	100% subsidiary with shared directors
Engineering and Physical Sciences Research Council	Related party in the prior year
ExtraCare Charitable Trust	A Council Member is CEO
Food Standards Agency Science Council	Related party in the prior year
Health Services Research (Birmingham Health Partners)	Related party in the prior year
HMRC (Her Majesty's Revenue & Customs)	Related party in the prior year
Institute of Physics UK	Related party in the prior year
Irresistible Materials Ltd	Related party in the prior year

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

2021/22		2021/22 Outstanding Balances		2020/21		2020/21 Outstanding Balances	
Income	Expenditure	Balance due to the University	Balance due from the University	Income	Expenditure	Balance due to the University	Balance due from the University
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
-	-	-	-	8	-	1	-
-	-	-	-	430	1	10	-
-	12	-	-	-	-	-	-
-	-	-	-	-	2	-	-
-	-	-	-	2	36	-	-
328	809	-	-	308	486	-	594
247	6	74	-	280	49	55	-
1,480	-	238	-	1,467	-	41	-
-	-	-	-	998	-	1,289	-
-	-	-	-	387	-	365	-
-	-	-	-	5,651	-	1,026	-
-	-	-	-	6	711	-	61
-	-	-	-	33	30	6	-
231	1,744	394	665	719	1,611	365	926
188	-	78	-	112	95	35	-
2,088	349	1,185	7	404	316	360	26
-	-	-	-	33	-	93	-
-	-	-	-	-	3	-	-
-	-	-	-	20	-	20	-
124	-	173	-	-	-	-	-
472	1,225	153	202	-	186	862	419
-	-	-	-	31,230	-	2,241	-
-	6	-	-	-	-	-	-
-	-	-	-	85	-	-	-
-	-	-	-	-	1	-	-
-	-	-	-	-	5,204	-	-
-	-	-	-	10	-	11	-
-	-	-	-	11	-	-	1

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

28. Related party transactions (continued)

Related Party	Relationship
Linear Diagnostics Ltd	Related party in the prior year
London School of Hygiene and Tropical Medicine (Health Services Research Unit)	Related party in the prior year
Loughborough University	Related party in the prior year
Manufacturing Technology Centre	A UEB Member and a Council Member are Directors
Mercia Fund 1 and related funds	Related party in the prior year
National College for Advanced Transport and Infrastructure (NCATI)	100% subsidiary with shared Directors
Newcastle University	Related party in the prior year
Nuffield Health	A Council Member is a Trustee and Governor
Nuffield Foundation	A Council Member is Chief Executive
Nuffield Trust	A Council Member is a Trustee
Open University	Related party in the prior year
Oxford University Press	Related party in the prior year
Persimmon	Related party in the prior year
Pfizer	Related party in the prior year
Portsmouth University	Related party in the prior year
Royal Institution of Chartered Surveyors Pension & Assurance Scheme	A Council Member is Chair
Russell Group	Vice-Chancellor is on the Board
Sandwell & West Birmingham NHS Trust	A Council Member is a Non-Executive Director
Santander UK Plc	A Council Member is on the Audit and Risk Committee
The Henry Barber Trust	A Council Member is a Trustee
The King Edward VI Academy Trust	A UEB Member is a Trustee
Twycross Zoo - East Midlands Zoological Society Ltd	Related party in the prior year
Universitas 21	Related party in the prior year
Universities UK	Vice-Chancellor is on the Board
University Hospitals Birmingham NHS Trust (formerly Heart of England)	Related party in the prior year
University of Birmingham Enterprise Limited	100% subsidiary with shared directors
University of Birmingham Guild of Students	A Council Member and a UEB Member are Trustees

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

2021/22		2021/22 Outstanding Balances		2020/21		2020/21 Outstanding Balances	
Income	Expenditure	Balance due to the University	Balance due from the University	Income	Expenditure	Balance due to the University	Balance due from the University
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
-	-	-	-	60	-	2	-
-	-	-	-	7	2	-	5
-	-	-	-	230	575	40	43
641	-	222	-	-	-	-	-
-	-	-	-	4	-	-	-
290	-	-	-	-	-	-	-
-	-	-	-	994	1,135	53	-
7	-	1	-	-	-	-	-
82	-	258	-	176	-	176	-
-	-	-	-	15	-	28	-
-	-	-	-	11	65	-	66
-	-	-	-	-	104	-	9
-	-	-	-	5	-	-	5
-	-	-	-	1,425	-	104	-
-	-	-	-	-	1	-	-
-	-	-	-	-	20	-	-
-	83	-	-	-	80	-	-
1,201	82	492	15	1,514	326	793	2
1	-	-	-	-	-	-	-
-	-	-	-	171	3	47	-
25	4	19	-	29	16	26	-
-	-	-	-	-	4	-	-
-	-	-	-	364	50	31	-
1	75	-	-	-	2	-	-
-	-	-	-	8,070	3,268	4,885	272
1,931	1,882	4	-	2,602	1,878	589	-
527	4,337	177	15	436	2,756	104	278

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

28. Related party transactions (continued)

Related Party	Relationship
University of Birmingham School	A UEB Member is a Governor
University of Bristol	Related party in the prior year
University of Glasgow (Board of Review for Academic Promotions)	Related party in the prior year
University of Lincoln	Related party in the prior year
University of London	Related party in the prior year
University of Nottingham	A UEB Member has a Spouse employed
University of Warwick	A UEB Member is an Honourary Professor A Member of Committees of Council has a Spouse employed
Wessex Water Limited	A Council Member is a Non-Executive Director
West Midlands Combined Authority	Related party in the prior year
West Midlands Growth Company	Vice-Chancellor is a Director

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

2021/22		2021/22 Outstanding Balances		2020/21		2020/21 Outstanding Balances	
Income	Expenditure	Balance due to the University	Balance due from the University	Income	Expenditure	Balance due to the University	Balance due from the University
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
175	174	33	174	2,256	154	35	-
-	-	-	-	200	817	-	30
-	-	-	-	322	1,317	22	112
-	-	-	-	-	82	-	-
-	-	-	-	-	10	-	-
1,219	1,651	997	194	2,526	2,195	954	301
1,306	916	1,423	187	4,016	1,316	2,705	101
4	-	-	-	-	-	-	-
-	-	-	-	373	5,000	37	5,000
254	46	193	-	-	54	-	-

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

28. Related party transactions (continued)

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

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

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

29. US Department of Education Financial Responsibility Supplemental Schedule

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

The amounts presented within the schedules have been:

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

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

ic Skills Centre
Support Centre
Researchers' Suite



Notes to the Financial Statements (continued)

for the year ended 31 July 2022

Primary Reserve Ratio

Note

CSoFP, line 20 less row below	Statement of Financial Position – Net assets without donor restrictions
CY: 21, line 10 (restricted) less 22, line 8	Statement of Financial Position – Net assets with donor restrictions
28, total balance due to the Institution	Statement of Financial Position – Related party receivable and Related party note disclosure
28, total balance due to the Institution	Statement of Financial Position – Related party receivable and Related party note disclosure
CY: 12, line 12 (exc. leasehold)	Statement of Financial Position – Property, Plant and Equipment, net
CY: 12, line 12 (exc. leasehold) less line 2 (exc. AUC) less line 12 (AUC)	Note of the Financial Statements – Statement of Financial Position – Property, Plant and Equipment – pre-implementation
	Note of the Financial Statements – Statement of Financial Position – Property, Plant and Equipment – post implementation with outstanding debt for original purchase
CY: 12, line 2 (exc. AUC)	Note of the Financial Statements – Statement of Financial Position – Property, Plant and Equipment – post implementation without outstanding debt for original purchase
CY: 12, line 12 (AUC) PY: 12, line 13 (AUC)	Note of the Financial Statements – Statement of Financial Position – Construction in process
CY: 12, line 12 (leasehold) PY: 12, line 13 (leasehold)	Statement of Financial Position – Lease right-of-use assets, net
CY: 12, line 12 (leasehold) PY: 12, line 13 (leasehold)	Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset pre-implementation
	Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset post-implementation
24a	Statement of Financial Position – Goodwill
18	Statement of Financial Position – Post-employment and pension liabilities
16	Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process
CY: 16, line 11 less row below	Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process
CY: 16, lines 17 & 19 plus CSCF, line 28	Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process
	Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process
	Statement of Financial Position – Lease right-of-use asset liability
	Statement of Financial Position – Lease right-of-use asset liability pre-implementation
	Statement of Financial Position – Lease right-of-use asset liability pre-implementation
	Statement of Financial Position – Annuities
	Statement of Financial Position – Term Endowments
	Statement of Financial Position – Life Income Funds
CY: 21, line 10 (restricted) less 22, line 8	Statement of Financial Position – Perpetual Funds

	Year ended 31 July 2022		Year ended 31 July 2021	
Expendable Net Assets:	£'000		£'000	
Net assets without donor restrictions	-	1,049,536	-	1,122,972
Net assets with donor restrictions	-	107,604	-	166,550
Secured and Unsecured related party receivable	6,114	-	17,411	-
Unsecured related party receivable	-	6,114	-	17,411
Property, Plant and Equipment, net (includes Construction in progress)	1,433,018	-	1,462,979	-
Property, Plant and Equipment – pre-implementation	-	1,224,242	-	1,276,566
Property, Plant and Equipment – post-implementation with outstanding debt for original purchase	-	-	-	-
Property, Plant and Equipment – post-implementation without outstanding debt for original purchase	-	21,856	-	18,058
Construction in process	-	186,920	-	123,584
Lease right-of-use asset, net	54,494	-	44,771	-
Lease right-of-use asset pre-implementation	-	54,494	-	44,771
Lease right-of-use asset post-implementation	-	-	-	-
Intangible assets	-	(12,908)	-	-
Post-employment and pension liabilities	-	313,292	-	142,054
Long-term debt – for long term purposes	256,740	-	265,651	-
Long-term debt – for long term purposes pre-implementation	-	202,436	-	200,362
Long-term debt – for long term purposes post-implementation	-	54,304	-	65,289
Line of Credit for Construction in process	-	-	-	-
Lease right-of-use asset liability	-	-	-	-
Pre-implementation right-of-use leases	-	-	-	-
Post-implementation right-of-use leases	-	-	-	-
Annuities with donor restrictions	-	-	-	-
Term endowments with donor restrictions	-	-	-	-
Life income funds with donor restrictions	-	-	-	-
Net assets with donor restrictions: restricted in perpetuity	-	107,604	-	117,138

Notes to the Financial Statements (continued)

for the year ended 31 July 2022

Primary Reserve Ratio

Note

CSoCI, line 15 less 21, line 6 less 22, line 3	Statement of Activities – Total Operating Expenses (Total from Statement of Activities prior to adjustments)
CSoCI lines 5, 18 & 22	Statement of Activities – Non-Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss) – (Total from Statement of Activities prior to adjustments)
CSoCI, lines 5 & 18	Statement of Activities – (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)
	Statement of Activities – Pension-related changes other than periodic pension

Equity Ratio

Note

CSoFP, line 20 less 21, line 10 less 22, line 8	Statement of Financial Position – Net Assets without Donor Restrictions
CY: 21, line 10 (restricted) less 22, line 8	Statement of Financial Position – Total Net Assets with Donor Restrictions
24a	Statement of Financial Position – Goodwill
28, total balance due to the Institution	Statement of Financial Position – Related Party receivable and Related party note disclosure
28, total balance due to the Institution	Statement of Financial Position – Related Party receivable and Related party note disclosure
CSoFP, lines 6 & 10	Statement of Financial Position – Total assets
PY: 12, line 13 (leasehold)	Note of Financial Statement – Statement of Financial Position – Lease right-of-use asset pre-implementation
	Statement of Financial Position – Lease right-of-use asset liability pre-implementation
24a	Statement of Financial Position – Goodwill
28, total balance due to the Institution	Statement of Financial Position – Related Party receivable and Related party note disclosure
28, total balance due to the Institution	Statement of Financial Position – Related Party receivable and Related party note disclosure

Net Income Ratio

Note

CY: CSCR, line 14 less line 7 (unrestricted)	Statement of Activities – Change in Net Assets Without Donor Restrictions
PY: CSCR, line 7 less line 1 (unrestricted)	
CSoCI, line 8 less line 5 plus 22, line 7	Statement of Activities – (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)

	Year ended 31 July 2022		Year ended 31 July 2021	
	£'000		£'000	
Total Expenses and Losses:				
Total expenses without donor restrictions – taken directly from Statement of Activities	-	1,023,893	-	744,975
Non-Operating and Net Investment (loss)	-	(37,033)	-	(26,162)
Net investment losses	-	(6,253)	-	(31,915)
Pension-related changes other than net periodic costs	-	-	-	-
Modified Net Assets				
Net assets without donor restrictions	-	1,049,536	-	1,122,972
Net assets with donor restrictions	-	107,604	-	166,550
Intangible assets	-	(12,908)	-	-
Secured and Unsecured related party receivable	6,114	-	17,411	-
Unsecured related party receivables	-	6,114	-	17,411
Modified Assets				
Total assets	-	2,109,628	-	2,028,918
Lease right-of-use asset pre-implementation	-	-	-	44,771
Pre-implementation right-of-use-leases	-	-	-	-
Intangible assets	-	(12,908)	-	-
Secured and Unsecured related party receivable	6,114	-	17,411	-
Unsecured related party receivables	-	6,114	-	17,411
Net Income Ratio:				
Change in Net Assets Without Donor Restrictions	-	(121,523)	-	22,966
Total Revenues and Gains	-	881,406	-	780,856

Five-Year Summary Accounts

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

Consolidated Statement of Comprehensive Income and Expenditure Summary

	2021/22	2020/21	2019/20	2018/19	2017/18
	£'000	£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	418,346	389,558	379,167	351,782	324,802
Research grants and contracts	214,964	168,282	140,420	150,620	134,237
Other income	254,630	227,871	228,993	213,894	221,761
Total Income	887,940	785,711	748,580	716,296	680,800
Expenditure					
Staff costs	642,728	428,875	352,541	518,673	354,630
Other – non staff	399,885	323,826	327,582	316,446	315,824
Total Expenditure	1,042,613	752,701	680,123	835,119	670,454
(Deficit)/surplus before tax	(150,217)	58,492	59,999	(115,398)	15,448
Total comprehensive income for the year	(119,437)	52,739	46,499	(109,098)	29,520

Consolidated Balance Sheet Summary

	2021/22	2020/21	2019/20	2018/19	2017/18
	£'000	£'000	£'000	£'000	£'000
Non-current assets	1,718,614	1,697,921	1,647,454	1,668,861	1,654,244
Current assets	391,014	330,997	283,772	240,639	199,612
Total assets	2,109,628	2,028,918	1,931,226	1,909,500	1,853,856
Current liabilities	(336,177)	(325,686)	(289,221)	(255,142)	(189,779)
Non-current liabilities	(303,019)	(271,657)	(265,101)	(262,388)	(282,816)
Pension provisions	(313,292)	(142,054)	(151,433)	(212,998)	(93,191)
Total liabilities	(952,488)	(739,397)	(705,755)	(730,528)	(565,786)
Net assets	1,157,140	1,289,521	1,225,471	1,178,972	1,288,070

Five-Year Summary Accounts (continued)

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

Consolidated Cash Flow Statement Summary

	2021/22	2020/21	2019/20	2018/19	2017/18
	£'000	£'000	£'000	£'000	£'000
Cash flow from operating activities	100,251	98,551	72,390	77,710	75,372
Cash flow from investing activities	(66,357)	(61,255)	(41,530)	(64,552)	(353,131)
Cash flow from financing activities	(14,518)	(9,913)	(11,725)	(9,684)	191,392
Increase/(decrease) in cash and cash equivalents in the year	19,376	27,383	19,135	3,474	(86,367)
Cash and cash equivalents at beginning of the year	172,662	145,279	126,144	122,670	209,037
Cash and cash equivalents at end of the year	192,038	172,662	145,279	126,144	122,670

Key Financial Indicators as a Percentage of Income

Surplus before tax to income	(17%)	7%	8%	(16%)	2%
Net cash inflow from operating activities to income	11%	13%	10%	10%	9%
Staff costs (excl USS) as a proportion of income	49%	55%	57%	54%	51%
Debt to unrestricted reserves	26%	23%	24%	25%	23%
Ratio of current assets to current liabilities	1.2	1.0	1.0	0.9	1.1





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