



BIRMINGHAM CITY
University



BIRMINGHAM CITY
University

REPORT OF THE BOARD OF GOVERNORS AND FINANCIAL STATEMENTS

2021/22

OUR UNIVERSITY IN 2021/22



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TURNOVER
£288M

STAFF
3,872

STUDENTS
28,994
69%
ARE FROM
WEST MIDLANDS



FULL-TIME UG
ENTRANTS
45%

ORIGINATE FROM
IMD QUARTILE 1

INTERNATIONAL
WE RECRUIT STUDENTS
FROM JUST UNDER
100
DIFFERENT COUNTRIES



PORTFOLIO
BCU CURRENTLY
DELIVERS ACROSS
MORE THAN
1,000
COURSES

EMPLOYABILITY
92%
IN WORK OR STUDY
WITHIN SIX MONTHS;
71%
IN GRADUATE JOBS

VICE-CHANCELLOR FOREWORD

In this first post-pandemic (if not post-Covid) year, it has been pleasing to see how much progress has been made against the University's key targets, as set out in our 2025 Strategy. Our headline targets were to meet demand; to deliver a unique interdisciplinary model of education that brought together the different learning cultures of Arts and STEM (STEAM), and to deliver an environmentally sustainable institution.

On the first, meeting demand, this last year has been unprecedented, both from home and overseas students – driven by a growing participation rate among young people, the growth in the number of 18-year-olds, and the reputation of BCU as an institution with a long history of delivery for our communities.

The next iteration of the STEAMhouse project, brings the iconic Belmont Works building on Cardigan Street back into life. This innovative project, which benefited from support funding from Government, City Council and the LEP, sees a much-needed expansion in incubation and innovation facilities. It is a stunning space, hosting corporates alongside our Computing and Technology students, as well as driving international relationships, notably with the opening of a site in the Punjab, in collaboration with our partners the Hero Group.

We are also making progress against our sustainability goals. Having articulated our intention to be zero carbon for 2030, we are making the significant investments in our infrastructure that will be needed to deliver this, alongside reviewing working practices to help deliver sustainability.

Given our strong performance we are already resetting some targets to articulate new ambitions. First, given strong recruitment over the last five years, we need to go back and re-set both home and overseas numbers. Secondly, we will need to ensure that we build in targets to reflect the growing importance of the Office for Students' threshold expectations on academic performance – 'B3' conditions of registration. It is pleasing to see the generally good performance against these conditions, but as a university that takes pride in the quality of the academic experience we aspire to achieve an outstanding performance.



This has also been the year of the Research Excellence Framework (REF). I was delighted by the University's strong performance - with areas such as Music and English that were assessed as world-leading, but also in the general strengthening of size and scope of our submission across the institution. Colleagues balanced the difficult exercise of growing research engagement, while maintaining quality.

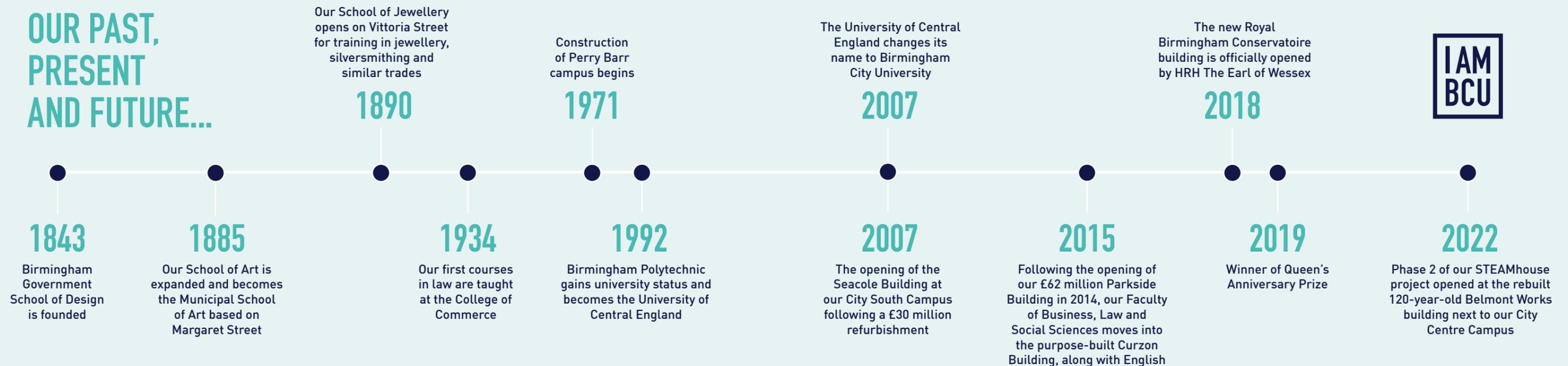
This Financial Statement makes clear inherent financial strength of the institution but also the pressures on the University. Numbers have grown markedly during the last five years, with income up by almost £100m during that period, yet expenditure has increased at broadly the same rate. Staff costs have risen – including pay, pensions, tax and National Insurance – but the core issue is the continuing freeze in the home undergraduate regulated fee. By the start of September 2022, the true value of the £9,250 fee was estimated to have fallen to £6,500 in 2012 values, inevitably putting pressure on resourcing across the institution. We are fortunate to carry very little debt, but 2021/22 saw a £3m jump in energy costs, and every indication is that the coming year will see additional pressures from inflation. This set of financial statements makes clear the strong performance of the University, but for the sector as a whole the current funding situation is not sustainable.

It has been a challenging year, and the strong performance would not have been possible without an excellent senior team. I am very grateful to them, and to the Board of Governors, who have always managed to get the balance right between support and challenge. We have welcomed a number of new Board and Committee members, who are already bringing new insight and experience to bear, and I want to specifically mention the appointment of Anita Bhalla OBE as the new Deputy Chair of the Board, and Chair Designate. Anita is not only an alumna of BCU but also a former Board member. Her deep engagement with Arts and Culture across our City and region will be invaluable for the University. I also want to particularly thank Mark Hopton, the Chair of the Board, for his outstanding commitment to the University and his support for me throughout this last year.

Finally, a note about our Chancellor, Sir Lenny Henry. This year we have – finally – been able to celebrate the Sir Lenny Henry Research Centre for Media Diversity in the style that it deserves. The Centre is already doing important work to promote diversity across the media, and is a great symbol both of the support that we continue to have from our Chancellor, and the unique contribution BCU makes to transforming the world around us.

Philip Plowden, Vice-Chancellor
October 2022

OUR PAST, PRESENT AND FUTURE...



2025 STRATEGY

2025 STRATEGY



At Birmingham City University, our mission is simple – we aim to be the University for Birmingham, and to enable our students to transform their lives to achieve their potential. Through our education and research, and the roles our graduates go on to play in the world, we not only support individuals to transform their lives, but we also play a part in transforming society.

Our 2025 Strategy aims on building on the University’s existing strengths, while meeting the challenges of the future – including those around demand, funding and environmental sustainability.

The Strategy includes ambitious targets to achieve by 2025 in four key areas:

THE UNIVERSITY FOR BIRMINGHAM

- Grow and diversify student numbers to over 30,000 on campus and 5,000 studying with our partners.
- All students to have the opportunity to work across discipline boundaries, and a further 100 STEAM PhD scholarships to support the cross-disciplinary researchers of the future.
- All university decisions at main governance committees to explicitly address environmental sustainability, all staff to have completed environmental awareness training, and all courses assessed against Sustainable Development Goals.

ACADEMIC EXCELLENCE

- The University will be assessed as Gold in the Teaching Excellence Framework.
- 50% of academic staff will be categorised as research active, with external grant capture of £40 million.
- Achieve targets set out in access and participation plan while ensuring continued high levels of entry for disadvantaged and underrepresented groups, and reduced gaps in continuation and attainment.



WE AIM TO GROW AND DIVERSIFY STUDENT NUMBERS TO OVER **30,000 ON CAMPUS AND 5,000 STUDYING WITH OUR PARTNERS.**



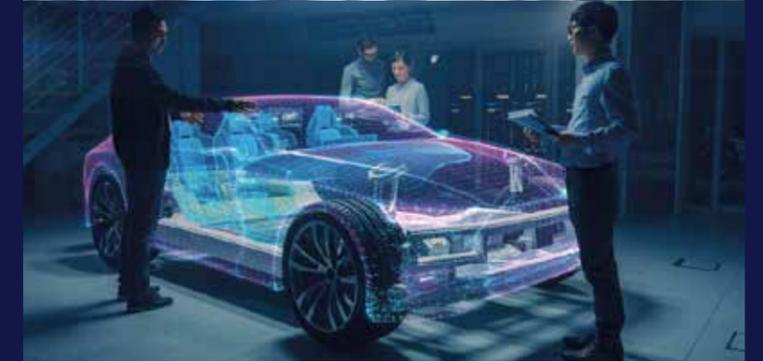
THE UNIVERSITY AIMS TO BE ASSESSED AS **GOLD IN THE TEACHING EXCELLENCE FRAMEWORK.**



THE UNIVERSITY AIMS TO BE IN THE **TOP QUARTILE OF EMPLOYERS FOR STAFF SATISFACTION.**



KNOWLEDGE EXCHANGE FRAMEWORK (KEF) OUTCOMES AIM TO BE IN THE UPPER QUANTILES OF OUR CLUSTER GROUP IN AT LEAST 80% OF MEASURES, **WITH ENTERPRISE INCOME OF £80 MILLION.**



2025 STRATEGY

PEOPLE AND VALUES

- The University will be in the top quartile of employers for staff satisfaction.
- External accreditations by Stonewall, Athena Swan and the Race Equality Charter.
- Externally accredited by the Wellbeing Charter as a top quartile employer.

PARTNERSHIPS

- Knowledge Exchange Framework (KEF) outcomes in the upper quartiles of our cluster group in at least 80% of measures, with Enterprise Income of £80 million.
- Number of on-campus international students increased to over 3,000.
- A physical presence in at least three areas of the city which suffer from high disadvantage, providing facilities for study, student support and community engagement.
- Ranked in the top 25% among comparator institutions for overall employment of our full-time UK undergraduates, and the top 50% for higher-level employment.



Here are some of the ways we are making a difference now, and in the future:

ACADEMIC EXCELLENCE

REF results

Our results in the Research Excellence Framework 2021 (REF2021) highlighted the tangible benefits the University is providing to our city and far beyond. Overall, 93% of our submission was recognised internationally for originality, significance and rigour, of which 19% was judged world-leading. Our REF2021 submission also illustrated the breadth and real-world impacts of our research, including informing the first UK guidelines for endometriosis treatment, helping Indonesia to transform waste into clean energy, and redefining Islamophobia and influencing anti-Muslim hate crime policy in Britain

Lenny Henry Centre for Media Diversity

The Centre produces independent research with the aim of boosting diversity across the media including journalism, acting, film, TV and radio, in both front-of-house and behind the scenes roles. Based at Birmingham City University, key figures at the Centre include our Chancellor Sir Lenny Henry, Marcus Ryder MBE, the Centre's head of external consultancies, Marverine Duffy and Professor Diane Kemp, the Centre's Director. Research carried out by the Centre has already made a major impact in informing policy changes by Channel 4's 'Black to Front' project which sets out a commitment to increase opportunities for Black talent.

PEOPLE AND VALUES

New values launch

The University had been developing the new I AM BCU Values for more than two years, ahead of their release in May 2022. Following numerous conversations with staff and students, these three values encapsulate everything that BCU is to fulfil its vital role as the University for Birmingham:

- We create opportunity
- We think differently
- We build community.

Going forwards, the values will be embedded in staff s working lives, to reflect what they have said is important about working here. Part of this process involves making the values more prominent across HR policies and processes, from the start of the employee experience at BCU and throughout their careers here.

PARTNERSHIPS

STEAMhouse

Birmingham City University's STEAMhouse is a unique centre dedicated to addressing the needs of our economy from its restored Victorian factory home. The project is based on the concept of STEAM, which places the arts at the centre of traditional scientific subjects of science, technology, engineering and maths to increase innovation. STEAMhouse provides businesses with access to state-of-the-art facilities, packages of business support, and access to like-minded collaborators from the business, academic, creative and digital communities.

IntoUniversity

A partnership between Birmingham City University and IntoUniversity is bringing higher education to the schoolchildren of the Kingstanding area in the north of our city, where participations rates are currently significantly below average. Our £1.2 million education hub is equipped with teaching facilities and new technology to deliver community-based education programmes to over 1,000 children in the local area each year.

Tackling racism in sport

The University has carried out a number of projects on the subject of racism in sport, including how Islamophobia in football impacts male and female football players both on and off the pitch, like the significant under-representation of British South Asian cricketers at the professional level in the UK. Our expertise in this field has been enhanced by our status as Warwickshire County Cricket Club's first official University Partner.

ACADEMIC EXCELLENCE: AIMING FOR TEF GOLD



BCU Strategy 2025 states clearly that we aim to achieve a Gold rating, which is the highest category of award denoting Outstanding Quality, in the Teaching Excellence Framework (TEF). The TEF is a government assessment of the quality of undergraduate teaching in universities – it measures excellence in provision over and above a set of minimum standards set by the Office for Students (OfS).

We use TEF Gold benchmarks as indicators on how well we are delivering successful outcomes for all our students, as well as regarding how to shape our endeavours for continuous improvement of our delivery of learning and teaching. Below we report briefly on each of the key areas in which we measure excellence; and then summarise particular developments in 2021/22.

STUDENT CONTINUATION

When we look at the percentage of undergraduate entrants who are still with us a year later, the rate of 2020/21 entrants continuing into 2021/22 was 3% lower than the previous year. The difference is driven by a range of Covid-related factors, including disruption to school education experienced by 2020 entrants. While the University's continuation rate for most subjects remains well above the minimum threshold likely to be set by OfS, we strive constantly to improve the preparation and early support we provide to our entrants – from ensuring enrolment takes place early, through to providing help to students struggling with the transition between school and university, to financial and digital help through our hardship fund.

STUDENT COMPLETION

As a University, we perform well above minimum national threshold for the percentage of our students who complete their studies with an award. During the pandemic we experienced an increase in the number of students who have interrupted, repeated or deferred assessments – all of whom are vulnerable to withdrawal. Initiatives introduced to support such students include a new life-coaches programme run out of our Education Development Services department (EDS).

EDS Life Coaches aim to engage with 70% of repeating Level 4 learners to improve retention. Life Coaches identify barriers and issues impacting students' engagement, attendance, learning and assessments on their course. They run confidential one-to-ones online, in-person and phone meetings to set goals and create action plans to assist the student in their repeat year. Life Coaches also enable students to contact relevant University services (such as Counselling, Finance or Enablement). They create a network of support through regular contact with course leaders, personal tutors and school administrators.

PROGRESSION TO EMPLOYMENT

Our employment rate, including students undertaking further study, stands at 92.1%, for full-time undergraduates who left in 2019/20. The percentage of students in skilled employment or further study was 70.8%, well above the national minimum threshold of 60% set by the OfS. We currently rank in the top third of post-92 universities for employability with a view to be in the top quarter by 2025 as part of Strategy BCU2025.

STUDENT SATISFACTION AND ENGAGEMENT

In the National Student Survey 2022, our performance in 'Teaching on my Course' was in line with the previous year and in line with the sector. We saw a significant uplift of over 7% in Learning Resources. Our best performing area continued to be in the area of Assessment and Feedback, where BCU ranks 36th out of 124 participating institutions. 2021/22 finalists taking the NSS Survey, who entered in 2019/20 have been significantly affected by the pandemic, as were 2020/21 finalists.

THE TEACHING ON MY COURSE					
	2018	2019	2020	2021	2022
BCU	85.6	83.9	82.6	78.3	78.8
Post-92 sector	83.9	83.6	83.4	77.5	78.7
Diff to sector	1.8	0.4	-0.7	0.8	0.0

KEY HIGHLIGHTS FOR 2021/22 INCLUDE:

- Face to face teaching was delivered throughout 2021/22 bolstered by a Campus First approach for all staff.
- All undergraduate students were surveyed about their experiences through our first BCU Voice survey.
- Performance data on all our courses was monitored through a new Course Monitoring and Enhancement process, supported by dashboards on all key indicators down to module level. The process had its first full year of operation during 2021/22.
- A full portfolio review was carried out supporting Strategy BCU2025 of meeting demand while driving academic excellence and success for all our students.
- Further enhancement in Faculty leadership structures was introduced to bring greater focus on academic excellence.
- At Faculty level, actions during 2021/22 to improve student outcomes included:
 - In Faculty of Health, Education and Life Sciences, more use of and investment in simulation facilities to help student resilience and success (particularly those for whom early clinical exposure was limited because of the pandemic).
 - In Faculty of Business, Law and Social Sciences, an increased focus on placements and micro placements (recognising the barriers faced by some students to taking a full year's placement).
 - In Faculty of Computing, Engineering and Build Environment, a detailed survey of students revealed the devastating impact of the pandemic on many students' lives particularly in East Birmingham – this has led to greater focus on transition work.
 - In Faculty of Arts, Design and Media, they are developing its students' capability for enterprise and freelance work through its network of Alumni and 'Job Book' initiative linking students with expert practitioners.



RESEARCH QUALITY

Results from Research Excellence Framework REF2021

- Our institutional strategy for REF2021 was to grow the quality, volume, and impact of our research. This would improve our capability and capacity to undertake high quality research and increase capture of Research England quality related (QR) research funding.
- Results from the 2021 Research Excellence Framework (REF2021) demonstrated overall research quality improved from 2.64 to 2.70, as measured by institutional grade point average (GPA).
- Our submission to REF2021 was more inclusive of staff, with 310 individuals submitted, up from 151 to REF2014. The improvements in both volume and quality increased our research power by more than 140%, to 783, up from 322 from REF2014.
- This significant growth in research power increased to more than £3 million per year our annual allocation of recurrent mainstream QR funding from Research England, up from £1.7 million per year from REF2014.

ACCESS AND PARTICIPATION

Along with all other English universities regulated by the Office for Students, BCU has in place an [Access and Participation Plan \(APP\)](#).

BCU views APP to be of central significance in our mission to be the University for Birmingham, and to transform lives. We set ambitious targets to address gaps in access and student success between key groups of students.

We are already on track to meet our 'Access' targets with a current participation gap of under 1.5% between students coming from areas with highest levels of participation in Higher Education and those from areas of the lowest participation (so-called POLAR1 areas).

In relation to student attainment (as measured by the percentage of students achieving a 2:1 or a first), attainment gaps persist between White students and students from an Ethnic Minority background, with the largest gap between White and Black students. We have found that, although overall performance in all groups improved, the attainment gaps worsened during the pandemic as distinct student groups faced different challenges in relation to digital resources and availability of appropriate working space. The attainment gaps between students from Index of Multiple Deprivation (IMD) Quintile 1 (most deprived) postcodes and those from IMD Quintile 5 (least deprived) postcodes was of a similar magnitude, showing a significant degree of intersectionality.

During 2021/22, the Deputy Vice-Chancellor for Academic led focused investigations to establish key influences and address root causes of differing levels of attainment.

These include identifying the:

- key elements at course level: overall balance, culture and organisation
- key elements at module level: content, delivery and assessment variations between different modules
- impact on students when they do not submit work at the first opportunity – patterns of non-submission correlate with poorer degree outcomes, for example students entering with BTEC qualifications. As has been shown nationally, student outcomes with BTECs tend to perform less well than those entering with A Levels. There is also significant overlap between students who enter with BTECs, and those from Ethnic Minority and IMD Quintile 1 backgrounds.

Targeted and evaluated projects are in development for 2022/23. As the University for Birmingham, Birmingham City University is committed to ensuring that all students admitted to our courses have equal chances of success.



EXCELLENCE IN EDUCATION AND STUDENT ENGAGEMENT REMAINS AT THE HEART OF EVERYTHING WE DO.



50%

TARGET FOR ACADEMIC STAFF TO BE CATEGORISED AS RESEARCH ACTIVE, WITH EXTERNAL GRANT CAPTURE OF **£40 MILLION.**



ACHIEVE TARGETS SET OUT IN THE ACCESS AND PARTICIPATION PLAN WHILE ENSURING CONTINUED HIGH LEVELS OF ENTRY FOR DISADVANTAGED AND UNDER REPRESENTED GROUPS, AND REDUCED GAPS IN CONTINUATION AND ATTAINMENT.

LEADING LOCALLY ENGAGING GLOBALLY

The University's 2025 Strategy underlines the institutional importance of partnerships to both BCU's mission and associated measures of success. Across 2021/22 the University continued its drive to be the partner of choice for industry, cultural organisations and public service providers, based on distinctive partnerships of mutual value both domestically and internationally.

ENTERPRISE

Across the 2021/22 academic year, work continued with the Institute for Innovation and Knowledge Exchange (IKE) following BCU's award of the Investor in Innovation Standard - just the second university in the country, and the first in the region, to be handed the accreditation. Under the University's new status and banner of 'Midlands IKE', BCU continued to promote and enable innovation linked to local, regional and national priorities for stimulating innovation, skills, business development and productivity. Key activity included capacity building through the provision of accredited innovation training for our academic community; and the creation of an IKE repository of tools and materials for a commercial market, based on STEAM innovation methods.

As the University for Birmingham, a key and growing part of our civic role is proactive knowledge exchange. Reflecting this focus, the past 12 months also saw a continuation of BCU's contribution to society and the economy at local, national and international levels through translation of our knowledge and research into impact. In July, BCU launched the inaugural Knowledge Exchange Reward and Recognition Awards, to recognise the work of our academic base against this agenda, and to underpin our commitment to growth in knowledge exchange. The prestigious awards yielded 71 applications across all four faculties, against 8 categories including best public and community engagement, best research with business, and most impactful CPD.

The academic year was also typified by continued growth in BCU's Knowledge Transfer Partnership activity - business improvement programmes designed to help SMEs increase profitability and achieve growth. By year end, BCU had 25 KTPs either live, or that had been completed in year (ranked 9th in the UK by UKRI in terms of volume), with a portfolio value of £4.4m. This included high profile work with GlaxoSmithKline around Consumer Healthcare Augmented Reality, and Evac+Chair International to support those with restricted mobility in emergency situations.



NUMBER OF ON CAMPUS
INTERNATIONAL STUDENTS
INCREASED TO
OVER 3,400

INTERNATIONAL PARTNERSHIPS

Strong and sustainable international partnerships are central to the University's status as the University for Birmingham and to its global reach. Our international partnerships support the University's international student recruitment onto BCU courses delivered in the UK and abroad, our research and enterprise reputation in the international arena, as well as the graduate outcomes of BCU students who undertake study and work abroad through our international network. We are particularly proud of the following achievements this year:

- We have grown our on campus international recruitment to over 3,400 students with the ambition to place us among the 10 largest recruiters in post-92 universities by 2025.
- Total Overseas Tuition fee income from TNE and On Campus: £39.3m: TNE income: £4.9m (13%), and On Campus income - £34.4m (87%), with 4,500 students across 22 partners.
- University TNE strategy for our branch campuses has been strengthened significantly with key academic and innovation hubs operating in three strategic regions:
 - Wuhan, China: BIFCA joint Ministry-approved campus running three successful programmes and looking to expand.
 - Ludhiana, India: STEAMhouse Ludhiana-Munjal Birmingham Centre for Innovation and Entrepreneurship (MBCIE) is a joint enterprise hub partnered with India's motorbike and cycle manufacturing giant Hero Group. The space provides a place for individuals to take new business ideas, for existing organisations to grow their businesses and for entrepreneurs to collaborate.
- Student experience and employability - secured UK Government's Turing funding to support study and work placements at our partner institutions in 22 countries in 2021/22, with further funding awarded to BCU for international placements in 41 countries in the 2022/23 academic year.



WE AIM FOR PHYSICAL PRESENCE IN AT LEAST THREE AREAS OF THE CITY WHICH SUFFER FROM HIGH DISADVANTAGE, PROVIDING FACILITIES FOR STUDY, STUDENT SUPPORT AND COMMUNITY ENGAGEMENT.



WE AIM TO BE RANKED IN THE TOP QUARTILE AMONG COMPARATOR INSTITUTIONS FOR OVERALL EMPLOYMENT OF OUR FULL TIME UK UNDERGRADUATES, AND THE TOP QUARTILES FOR HIGHER-LEVEL EMPLOYMENT.

COMMUNITY PRESENCE AND ENGAGEMENT

As articulated through the 2025 Strategy, the University's approach to partnerships underpins its role as a civic university, with specific weight placed upon community presence and engagement. This is exemplified by the ESF-funded Early Years Career Progression Pathways (EYCPP) project which saw BCU working alongside sector specialists to provide 218 students, graduates and local residents with the vital Early Years skills required to progress within the sector and enhance career prospects.

Throughout the academic year, BCU also received external recognition for its role as an anchor institution to Birmingham and the wider region, and contribution to placemaking and shaping. Notable successes included being named Higher Education Provider of the Year at the Education Awards, in recognition of the University's continued commitment to providing regional transformation. In terms of skills development, BCU secured two AGCAS awards for excellence for the University's Higher Level Skills Match project, which tackles the gap between future skills required by businesses, and workforce skills currently held; and the Graduate Re-tune project which helps unemployed and underemployed graduates to secure graduate-level jobs.

The University's mentoring offer grew in strength across the year, with 234 students and graduates being matched with 135 high profile mentors, drawn from a range of sectors including finance, law, education, business, IT and the creative services. The Programme, which has achieved full accreditation status from the Mentoring and Befriending Foundation, provides important insight into a



particular industry or career path, through one-to-one sessions over a 10-week period, while also being used to support curriculum delivery and staff development. In terms of BCU's volunteering offer, 719 students were engaged and 189 opportunities promoted in 2021/22, covering a range of categories from health, care and support work and creative design and media, to sports events and heritage conservation and environment.

The Graduate + award scheme objectives are to provide an early intervention in students' self-awareness, confidence, digital literacy and self-efficacy. Students have the opportunity to sign up for volunteering opportunities as part of the award and 820 students have participated in the opportunity in the past year. The Graduate + scheme has

been embedded within the first-year modules across all faculties with 84% of students completing the Bronze award. Graduate + weeks takes place at the 50-day pinch point mid-semester and involves a programme of 200 internal and external workshops for students to select and gain recognition as part of the Graduate + scheme; bronze, silver and gold.

VOLUNTEERING SCHEME

One of the ways BCU is encouraging staff to live the values is through our volunteering scheme, introduced this year - to live the value of Building Community. The volunteering scheme is part of the University's Time Off Work Policy providing staff with one paid day a year to undertake some formal or informal volunteering in the local community.

GRADUATE OUTCOMES

The latest Graduate Outcomes data, based on 2019/20 leavers, indicated that the percentage of full-time UK domiciled first degree graduates in highly skilled employment or further study had not changed from the previous cohort of leavers (70.8%), that it compared well against the OfS regulatory threshold of 60%, and was similar to the current sector benchmark (70.9%). Meanwhile the overall unemployment rate of BCU graduates had decreased by 0.5%. The headline statistics are particularly positive for the University when considering the wider socio-economic context as a result of the Covid pandemic.

Significant levels of work took place across the institution to drive positive outcomes for our graduates. In 2021/22, over 24,390 careers and employability advice interactions

took place with students and graduates, with an uplift of 6% in the number of students receiving individual advice compared with 2020/21. The University also achieved significant success in working in partnership with the Department of Work and Pensions and key regional stakeholders to support unemployed and underemployed graduates. This is exemplified by the Kickstart project with West Midlands Police which supported 34 placements for local long-term unemployed graduates, with 11 going on to secure employment.

The University was also active in championing and developing entrepreneurial graduates, with entrepreneurship placed at the centre of BCU's provision. This is exemplified by the launch of the STEAM Hatchery in June - a new 10-week programme offering students and graduates with an innovative and exciting business idea the opportunity to earn part of a £10,000 prize fund, as well as access to expert support and facilities to launch their own business. The first cohort attracted 65 entrants, who will learn skills such as how to build a sustainable business model, and create an efficient sales strategy.

EQUALITY, DIVERSITY AND INCLUSION

ALL INCLUSIVE UNIVERSITY

Birmingham City University is located in one of the most diverse and vibrant cities in the UK. Most of our students are from Birmingham and the wider West Midlands region, studying alongside others from hometowns throughout the UK and from more than 100 different countries across the globe. Our students join us from a diverse range of backgrounds that reflect our city and our region, making our community one that is rich, vivacious and dynamic.



Our contribution stretches beyond the confines of our campuses, with many of our graduates powering the front line of public services, making a positive impact on the lives of many thousands of people through their studies and careers.

The University is committed to reducing inequality and creating an environment where everyone can thrive and achieve their true potential. Through our equality objectives, we have made it our ambition to transform the lives of our community by improving outcomes for the most disadvantaged students and by striving to have a workforce that reflects the students and citizens we serve at all levels.

In line with our equality, diversity and inclusion strategy, we are proactively using frameworks provided by equality charters such as Athena Swan and Advance HE's Race Equality Charter, to advance equality in academic roles and professional support services to improve the representation,

progression, and success of all members of our workforce. We are also working hard to continue to develop inclusive environments, by implementing best practice in relation to LGBT+ inclusion, signing up to the University Mental Health charter, and we are committed to being a Disability confident employer of choice.

Departments and faculties across the University continue to be at the forefront of advancing equality through impactful research centres like the Lenny Henry Centre for Media Diversity that brings together the expertise of established media professionals working in collaboration with academics and students; and through partnership projects with charities like IntoUniversity working to improve access to higher education for people from disadvantaged backgrounds.



WE AIM TO ACHIEVE EXTERNAL ACCREDITATIONS BY STONEWALL, ATHENA SWAN AND THE RACE EQUALITY CHARTER.



WE AIM TO BE EXTERNALLY ACCREDITED BY THE WELLBEING CHARTER AS A TOP QUARTILE EMPLOYER.



STAFF HIGHLIGHTS OF THE YEAR



1. STAFF ENGAGEMENT

We go out to our workforce periodically to ask for feedback on how staff are feeling about working at BCU by way of a staff engagement survey. Staff are asked to comment on aspects such as leadership, equality, diversity and inclusion, pay and reward, and communication to name a few. All staff are encouraged to have their say on the top priorities that they would like the University Executive Group to focus on before the next survey is launched, as well as within their own areas. Progress against those actions will be measured by way of temperature checks questionnaires over the next 12 months so we can ensure that staff feel we are heading in the right direction.

2. EMPLOYEE FORUM

As an aid to staff engagement the Employee Forum, with representatives from every area of the University, meets at least once per term to share information and discuss matters including:

- BCU strategy and business plans
- Organisational change
- Changes in operations and working methods
- Employment policies
- Learning and Development
- Health and Safety at work, environmental issues and staff welfare
- Impact on students.

It also provides the opportunity for representatives to ask questions directly to the Vice-Chancellor and Director of HR on behalf of their departments or areas.

3. LOYALTY AWARDS

On 21 July BCU celebrated the long service of around 160 members of staff who have completed in excess of 20 years of service. The presentation event, held at the prestigious Edgbaston Cricket Ground, reflects the value that the University places on such outstanding loyalty. The Loyalty Awards, in addition to a certificate, included shopping vouchers and a lapel pin marking the individuals' much appreciated service. Future annual events will celebrate 20, 30 and 40 year anniversaries.

4. STAFF WELLBEING

Investment in a 12-month holistic wellbeing timetable has been devised based on the staff feedback from the 2021 staff survey wellbeing section – examples of the sessions on offer are managing stress, managing work life balance, fitness, health eating hints and tips and financial wellbeing.

5. WORKPLACE WELLBEING CHARTER

As part of the 2025 strategy, showing our commitment to the health and wellbeing of our workforce, BCU has successfully been accredited the Workplace Wellbeing Charter which is an accreditation that demonstrates an organisation's commitment to the health of its workforce and defines organisations as an employer of choice.

The accreditation is recognised across the UK, and is segmented into eight topic areas which have been developed in line with best practice and the latest research. These topic areas range from leadership and absence management to physical activity and healthy eating. The topic areas work together to cover every area of workplace wellbeing.

6. HEALTH AND SAFETY

The University has successfully maintained its international certification to the ISO 45001 Standard following a 5-day external audit in March. The University received significant praise from the external audit team on our approach and high standards toward Covid-19.

Auditors noted that "The application and commitment to Covid and its controls within the University are exemplary and this is recognised across all functions and faculties."

7. BCU VALUES:

Our values are not just words on a page, but actions and behaviours that can be seen, heard and felt in what we do every day:

- They underpin how we work in achieving the ambitions set out in our strategy and priorities, they are the principles that unite the way we work and work with others.
- As the University for Birmingham our values reflect our relationship with the city, how we care about our community and the collaboration we use to get the best results

This year our values were refreshed through a comprehensive process of conversations with staff and student groups, who told us what they should be, what's important in BCU, what makes us the University for Birmingham. Our new values are building community, thinking differently and creating opportunity.

- They were formally launched at a staff event in May 2022, where we saw over 200 staff in attendance, and stories were shared from colleagues of how they are living the values in the work they do.

- We are making the values come alive beyond written words, making the values more prominent in all our HR policies and processes that impact people from the start of their employment experience and throughout their careers.
- We are capturing staff telling their stories and sharing these on our staff iCity Values page for others to see and experience the values in action.

8. I AM BCU AWARDS

On 9 June this year, staff and students attended an exciting event to celebrate the nominations and winners of the I AM BCU Awards. There are 18 Awards in 11 categories including inspirational staff/student of the year (two awards), Personal Tutor of the Year, and the Sir Lenny Henry Inclusivity Award – for staff and students. The full ceremony can be watched on YouTube.

THE UNIVERSITY FOR BIRMINGHAM

Work took place throughout 2021/22 to increasingly embody our mission to be the University for Birmingham. Specific highlights included a focus on environmental sustainability through biodiversity and net zero; furthering the cross-disciplinary STEAM agenda with enhanced support for regional entrepreneurs and start-ups; and driving personal transformation through student growth.

SUSTAINABILITY

BCU is currently joint 31st (out of 154 universities) in the People and Planet University League. BCU's score improved during this year due to the work on education for sustainable development (scoring 95% in this section).

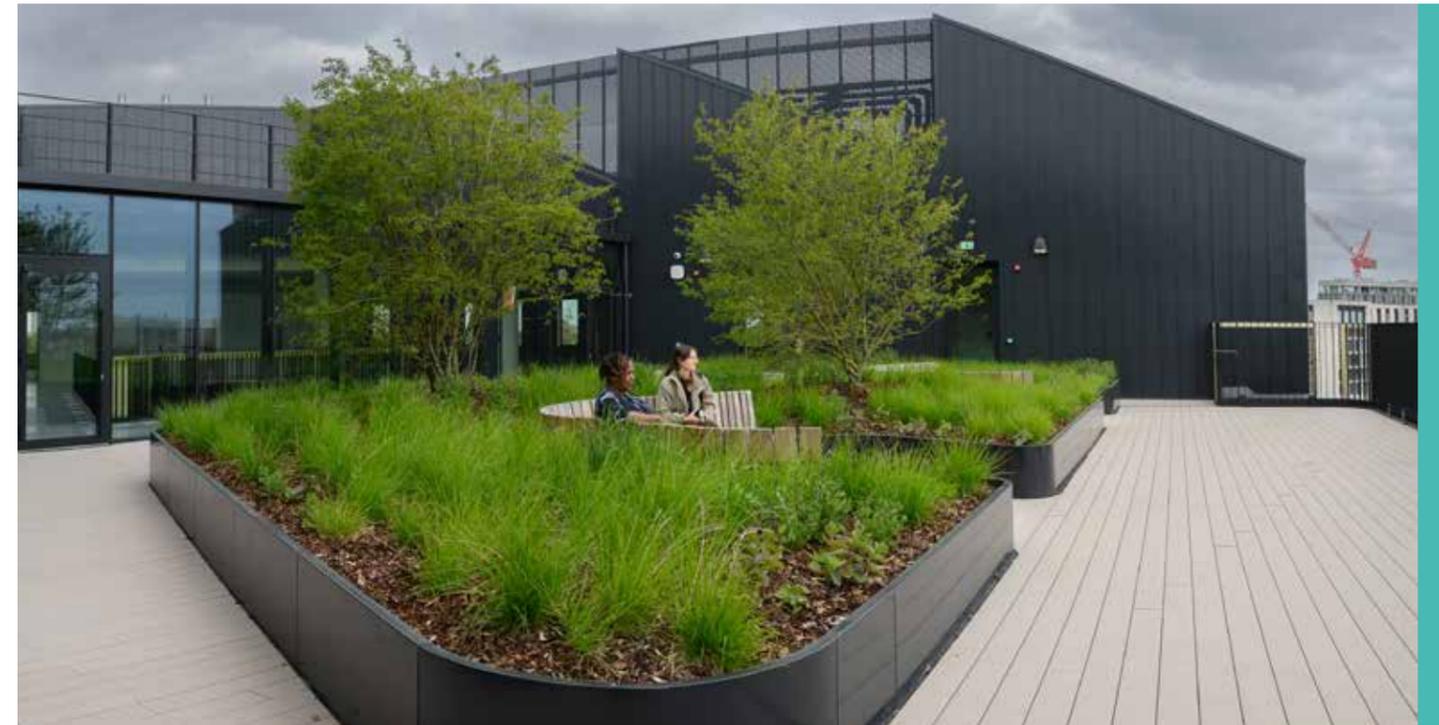
BCU were Green Gown Award finalists in two categories for sustainable curriculum initiatives in 2021 and delivered a presentation at the Advance HE Sustainability Symposium 2022: 'From individual action to transformative change - the value and impact of working together'. Several workshops on education for sustainable development have been delivered during the year and the environment team continues to support the community of practice.

It's against a backdrop of extreme volatility in energy markets that BCU is investing in BMS upgrades and the School of Jewellery lighting refurbishment to reduce energy consumption. Energy reductions will be fully realised in 2022/23.

Scope 1 and 2 carbon emissions for 2021/22 are 7383 tCO2e. This represents a 9% reduction compared to 2020/21. Despite the increase in activity across the estate, the relaxation of pandemic rules has meant that heat recovery technology has been reinstated, dramatically reducing the amount of gas consumed.

Two key pieces of environmental strategy were developed during 2021/22, to be published in 2022/23. The Biodiversity Action Plan, for the first time, sets the baseline against which BCU will measure its performance in creating flourishing greenspaces across its estate. The actions outlined in the plan will ensure that BCU is creating beneficial habitats, not only for flora and fauna, but for all those who use and visit BCU to enjoy. Also under development is the net zero strategy which defines the steps to achieve net zero. To aid delivery of the strategy, an application for £3.3m of grant funding has been made to the Public Sector Decarbonisation Scheme. If successful, two buildings will be retrofitted to reach net zero, with both projects completed before March 2024.

27 events (reaching over 1000 people) and 100 articles were delivered during the 2021/22 including 'Go Green Week', which took place at the same time as COP26. BCU's first Waste Awareness Week was also held in 2021/22.



ALL UNIVERSITY

DECISIONS AT MAIN GOVERNANCE COMMITTEES TO EXPLICITLY ADDRESS ENVIRONMENTAL SUSTAINABILITY...

ALL STAFF

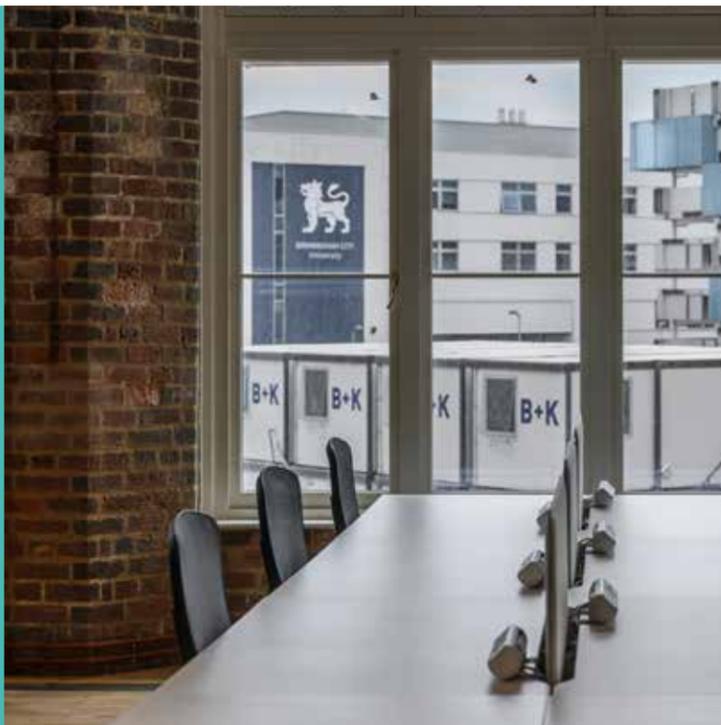
TO HAVE COMPLETED ENVIRONMENTAL AWARENESS TRAINING, AND ALL COURSES ASSESSED AGAINST SUSTAINABLE DEVELOPMENT GOALS.



BCU IS CURRENTLY JOINT 31ST (OUT OF 154 UNIVERSITIES) IN THE PEOPLE AND PLANET UNIVERSITY LEAGUE.

BCU'S SCORE IMPROVED DURING THIS YEAR DUE TO THE WORK ON EDUCATION FOR SUSTAINABLE DEVELOPMENT (SCORING 95% IN THIS SECTION).





STEAMHOUSE

The 2020/21 academic year oversaw a significant milestone for the University's STEAM journey, with the completion of the STEAMhouse Phase 2 build – a 100,000 square foot innovation centre providing five storeys of state-of-the-art facilities.

As part of this development, the STEAMhouse Incubator/ Accelerator opened in June, providing regional entrepreneurs, start-ups and early-stage businesses with support and resources that can be otherwise difficult to access such as networks, investors and mentors. By year end 46 of the 66 desks had been taken, (22 businesses) - c. 70% occupancy. The STEAM production space was also successfully transitioned over from STEAMhouse Phase 1 and reopened, offering leading edge support and facilities to prototype, fabricate and assemble new products. Meanwhile, the Challenge Lab also opened for business, and has already supported new high profile consultancy projects with clients such as the Institute for Engineering and Technology.

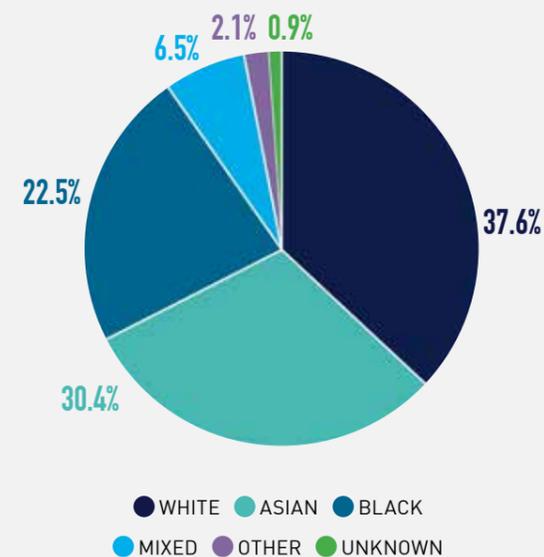
From an academic perspective, 12 STEAM Fellows were secured to act as key practitioners and academic advocates. Each Fellow works to deliver a specific transdisciplinary project through the lens of STEAM, aligned to their field of academic discipline, with current activity including the investigation of sustainable composites for automotive and product use, and exploration of blood haemoglobin measurements through unmodified smartphones.



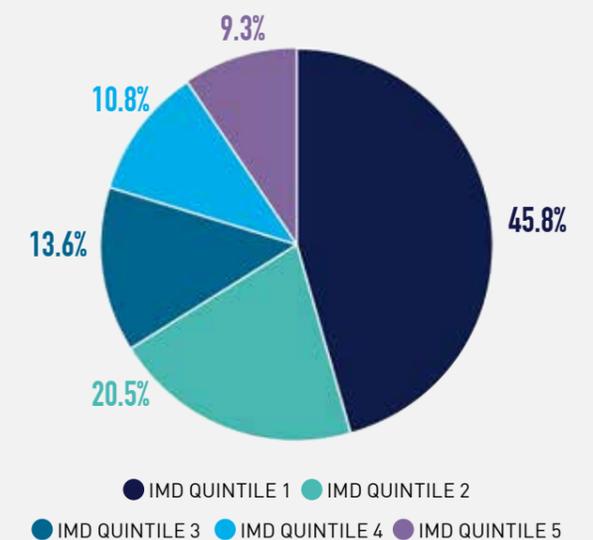
ALL STUDENTS
 TO HAVE THE OPPORTUNITY
 TO WORK ACROSS DISCIPLINE
 BOUNDARIES, AND A FURTHER 100
 STEAM PHD SCHOLARSHIPS PLANNED
 TO SUPPORT THE CROSS DISCIPLINARY
 RESEARCHERS OF THE FUTURE.

Academic input has also underpinned high-profile international collaborations, such as the BCU-led and Erasmus+ funded STEAM Inc project. Across seven European partners, the project launched new pedagogy to showcase European approaches to STEAM in Higher Education. Other examples of international STEAM success in 2020/21 included winning an international business competition at the University Industry Innovation Network conference in Amsterdam, based on a concept for what future universities would look like; and the Story Futures project which brought together a transdisciplinary team of BCU academics to develop a VR prototype that educates users on sustainability in a gamified experience, and which was showcased at the New European Bauhaus festival in Brussels in June.

BCU ETHNICITY FULL-TIME FIRST DEGREE ENTRANTS 2021/22



BCU INDEX OF MULTIPLE DEPRIVATION FULL-TIME FIRST DEGREE UK 2021/22



MEETING DEMAND: STUDENT NUMBERS

In 2021/22 we reported a student population of 30,318 to the Higher Education Statistics Agency. This was a year-on-year growth against 2020/21 (total number 29,244) of 4%, with the most significant growth (20%) shown in our population of full-time international postgraduate students which stood at 2,292 in July 2021 versus 2,875 in July 2022.

Taking our total number of 29,276 (BCU on-campus students - without our UK franchise students) BCU is well on-track to meet our targeted numbers of 30,000 on-campus students reported to HESA by 2025.

Our apprentice numbers have also increased, from 883 reported to HESA in 2020/21 to 1,039 to be reported in 2021/22, with the most significant increase in our Faculty of Health, Education and Life Sciences as a result of the expansion of courses beyond Nursing to wider Allied Health provision such as Radiography.

Of our 2021/22 full-time first degree UK-domiciled entrants, the ethnic make-up was as per the chart above showing BCU as an increasingly plural university with no one single ethnic group having the majority.

In terms of indices of deprivation, 45% of our full-time home undergraduate entrants were from IMD Quintile 1. In addition, the IDACI index (which is a near-proxy for the Free School Meals indicator), showed 52% of BCU entrants to be in this category. 64% of our entrant undergraduate population come from IMD Quintiles 1 and 2.

For international partnership activity, we currently have 5,299 students registered at our Transnational Partners, compared to 5,059 last year.

BCU STUDENTS AT UK CAMPUSES 2021/22

Full-time Home Undergraduate	62%
Full-time Home Postgraduate	6%
Full-time Home International Undergraduate	3%
Full-time Home International Postgraduate	9%
Part-time total	11%
Apprentices	4%
Postgraduate Research	2%
Franchised UK Partner	1%
BCU International College	2%

THE UNIVERSITY'S STATEMENT OF PUBLIC BENEFIT

Birmingham City University is an exempt charity by virtue of Schedule 3 of the Charities Act 2011 and as such regulated by the Office for Students (OfS) on behalf of the Charity Commission for England and Wales.

The University's objectives as defined in the Education Reform Act 1988 are to 'provide higher education', to 'provide further education' and to 'carry out research and to publish the results of that research' for the public benefit. The University's Board of Governors serves as its trustees and is responsible for determining the educational character and mission of the University, overseeing and scrutinising its activities. When establishing the strategic direction of the university, the Board of Governors and the University's Executive Group give careful consideration to the Charity Commission's general and supplementary guidance on public benefit and to the guidance issued by the OfS in its capacity as principal regulator on behalf of the commission.

We consider the beneficiaries of our charitable status to be all students (both undergraduate and postgraduate), as well as members of the public in the UK and overseas. We believe universities are institutions of public good and that Birmingham City University transforms lives by providing inspiring environments for its students and staff while sharing their discoveries to benefit the world.

PUBLIC BENEFIT – OUR COMMITMENT

Birmingham City University is committed to supporting personal transformation, and through the transformation of the life opportunities of our students, drive the success of our communities, city and our region. With over 70% commuter students who live in or around Birmingham, BCU believes we do not thrive unless our city and its people thrive.

A focus on applied and experiential learning and teaching on service to our city and on the widening of education to all who can benefit from it remain core to the strategy of the University. They are central to the University's understanding of its inherent charitable objectives.

BCU Strategy 2025 states our mission as: To be the University for Birmingham, and to work with individuals to enable them to transform their lives and potential. This mission underpins our charitable objectives, which we deliver in the way shown throughout the sections of this report, reflecting as they do the pillars of our strategy. The examples below show how our work reaches out beyond our applicants and students to start the work of transforming lives through our work in primary and secondary schools.

RAISING ATTAINMENT IN LOCAL SCHOOLS

BCU Forward programme

BCU has designed and delivers, with a school partner, a bespoke school engagement project which includes study skills and delivery of academic tutoring. Embedded within the project is a fostering of engagement with the wider community through activities involving parents and carers.

BCU launched the BCU Forward programme with Hamstead Hall Academy (Handsworth Wood, Birmingham) in January 2022. BCU Forward has been designed to provide bespoke attainment-raising workshops in English and Science, personal confidence-building sessions, career awareness work, engagement with local employers, and



BCU CONTRIBUTES

£125,000

A YEAR TO OUR WORK WITH EDUCATION CHARITY INTO, WHICH MATCH FUNDS THE SUM AND RUNS OUR BIRMINGHAM CITY NORTH CENTRE IN KINGSTANDING.



campus visits to BCU. The full programme reaches 120 'average grade' (Grade 4) pupils from Year 7 and Year 8, which form the core cohort for the programme. The core cohort engage with the programme from KS3 through to KS5.

INTO UNIVERSITY PARTNERSHIP

BCU contributes £125,000 a year, match funded by our educational charity partner Into, to support the delivery of our Birmingham City North centre in Kingstanding. It undertakes aspiration and attainment raising work from Year 3 to Year 13, featuring structured academic study after school, as well as academic sessions on BCU's campus. This project is in place for five years, taking the partnership through from 2019 to 2024

Literacy tutoring in primary schools

BCU delivers an intensive literacy tutoring programme with local primary schools initiated by our partnership with Kingshurst Primary School in 2020/21. Initial research showed some young pupils in the Kingshurst area requiring support with literacy, with many currently performing at ungradable reading ages.

Working with BCU's School of Education, a programme was designed to train student ambassadors to work directly with pupils in school. Each year, approximately 106 Year 3-6 pupils receive weekly 30-minute one-to-one sessions for 10 weeks. In Year 5 they attend the University for a celebration event and in Year 6 for a graduation ceremony.

Attainment is assessed by STAR reports completed by school staff. The programme is evaluated through a measure of the pupils' reading age score at the start and end of the project.

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

INTRODUCTION

The University endeavours to conduct its business in accordance with the seven Principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and the HE Code of Governance. The University has reviewed its governance and management practices and internal controls against the latter and is satisfied that they comply with the guidance contained within the Code. In accordance with this guidance the University commissioned an independent review of the effectiveness of its governance arrangements which reported to the Board of Governors in February 2022.

This statement of corporate governance relates to the period covered by the financial statements, and the period up to the date of approval of the audited financial statements.

THE CORPORATION

The University is an independent corporation, established as a Higher Education Corporation under the terms of the Education Reform Act 1988 and of an Instrument of Government approved by the Privy Council in April 1993. The University is an exempt charity within the meaning of the Charities Act 2011. Its powers are set out in the Act; its framework of governance is set out in the Articles of Government which were approved by the Privy Council in September 1995 and by the Board of Governors in November 1995.

THE BOARD OF GOVERNORS

The Board of Governors is collectively responsible for overseeing the University's activities, determining its educational character, mission and general strategic direction and all decisions which might have significant reputational or financial implications, as well as all legal and regulatory compliance.

The Board includes the Vice-Chancellor within its membership and has a majority of independent members, chosen in line with strict criteria contained in the legislation. It is customary for the Chairman of the Board to be elected from the independent members. There is also provision for the appointment of co-opted members (some of whom may be members of the staff of the University) and for representatives of the student body. By custom and practice the President of the Students' Union and one of the Vice-Presidents are members of the Board. The University Secretary has been appointed as Clerk to the Board and, in that capacity, provides independent advice and guidance on matters of governance to all Board members.

The University maintains a Register of Interests of members of the Board and senior officers which is published on the University's website. The members of the Governing Body are its trustees for the purpose of charity law. The trustees and officers serving during the year and until the date the financial statements were formally approved were as follows:



Chair of the Board of Governors

Mr Mark Hopton (Independent Member)

Deputy Chair

Ms Anita Bhalla, OBE (Independent Member)
(from 1 October 2022)

Vice-Chancellor

Professor Philip Plowden (Ex-officio)

Independent Members

Mr Joe Bates
Dr Louise Brooke-Smith, OBE
Mr Andrew Buckley
The Rt Hon. the Lord Grocott (from 1 October 2022)
Ms Sue Hall
Mr Glenn Howells
Mr Neil Jones
Mr Hinesh Mehta (from 1 April 2022)
Ms Nicola McGowan (from 25 November 2021)
Mr Peter Phillips
Mr Parmjit Singh

Co-opted Lay Members

Mr Hugh Jones
Ms Clare Pelham (from 1 July 2022)
Ms Zubeda Limbada (from 1 April 2022)

Co-opted Staff Governors

Mr Mohammed Ayaz
Professor Andrew Kulman

Student Governors

Ms Dhanusha Hema Reddy (from 1 July 2022)
Ms Simranvir Kaur (from 1 July 2022)

Retired Members

Ms Victoria Bennett-Salvador
Professor Graham Henderson, CBE, DL
Ms Leanna Grant
Mr Andrew Jowett, OBE
Rt Hon Baroness Stuart of Edgbaston
Ms Tracy Westall

Expiry of Term of Office

(30 June 2022)
(30 November 2021)
(30 June 2022)
(31 March 2022)
(5 March 2022)
(12 May 2022)

During the year ended 31 July 2022 no members of the Board received remuneration for their services as Governors. Expenses paid to Board members (for travel and necessary subsistence) totalled £499 (2021: £492) and expenditure on external training to the value of £4,366 (2021: £2,275) was also provided.

Ex-officio and elected staff representatives on the Board have their salaries agreed in the normal way as employees (i.e. in accordance with agreed salary scales or, in the case of the Vice-Chancellor, via the approval of the University's Remuneration Committee). No staff representatives receive additional payment for their role as Trustees.

All members and co-opted members of the Board of Governors and its Committees are required to complete the annual Register of Interests. In addition, declarations of interest are invited and minuted as appropriate at all meetings of the Board of Governors and its Committees.

The University's Governance structure includes a number of wholly-owned subsidiary companies. All non-charitable work carried out by the University is undertaken through these subsidiary companies.

THE VICE-CHANCELLOR

The Vice-Chancellor is the Chief Executive Officer and is responsible to the Board of Governors for the leadership of the academic affairs and executive management of the University. The Vice-Chancellor is the Accountable Officer under the OfS Terms and Conditions of Funding which came into force on 1 April 2018. The Accountable Officer is personally responsible to the governing body for ensuring compliance with the terms and conditions of funding and for providing the OfS with clear assurances to this effect. If required, the Accountable Officer can be summoned to appear before the Public Accounts Committee of the House of Commons.

The senior officers of the University in 2021/22 were the Deputy Vice-Chancellors, the Pro Vice-Chancellor (Learning and Teaching), and the University Secretary who, together with the Vice-Chancellor, comprise the Vice-Chancellor's Office. As Chief Executive Officer, the Vice-Chancellor has overall executive responsibility for the development of strategy, the identification and planning of new developments and the shaping of the University's ethos. Although the other senior officers all contribute in various ways to this aspect of the work, ultimate responsibility for what is done rests with the Vice-Chancellor.

In the executive leadership of the University the Vice-Chancellor is supported by the University Executive Group (UEG) which comprises all members of the Vice-Chancellor's Office; the four PVC Executive Deans of Faculty and the Director of Human Resources.

COMMITTEES OF THE BOARD OF GOVERNORS

The Board of Governors meets regularly and at least three times each academic year, but much of its detailed work is initially handled by committees, including the Finance Committee, Human Resources Committee, Remuneration Committee, Nominations and Governance Committee, and Audit Committee. The decisions of these Committees are all formally reported to the Board.

Membership of these committees is comprised predominantly of independent and co-opted lay members of the governing body and does not include staff and student members of the governing body. The Vice-Chancellor is in attendance at meetings of the Remuneration Committee as a non-member but is required to withdraw from meetings where his own salary and terms of conditions of service are under discussion. The University's Articles allow for the co-option of non-Board members with particular expertise onto all Board committees. During 2021/22 co-opted members served on the Audit, Human Resources and Finance Committees.

INTERNAL CONTROL

The Board of Governors is responsible for maintaining a sound system of internal control that supports the achievements of policies, aims and objectives, while safeguarding the public and other funds and assets for which it has responsibility. The Board's review of the effectiveness of this system is supported by the work of the following:

- the University Executive Group (UEG), which has operational responsibility for the development and maintenance of the internal control framework;
- the Audit Committee, which monitors and reviews the effectiveness of internal control, risk management and governance arrangements. As part of its work in this area, the Committee holds individual meetings with both the internal and external audit senior management teams at which no member of the University Executive is present;
- the University's internal audit service. The regular reports submitted to the Audit Committee by the internal audit service include an independent opinion on the adequacy and effectiveness of the system of internal control, together with any recommendations for improvement.
- the University's External Audit and Internal Audit providers both make recommendations for improvement in key management and internal control processes. Internal audit reviews include periodic reviews of the University's approach to delivering value for money. In addition to the annual assurance report received from Internal Audit, the Audit Committee and Governors receive benchmarking and sector specific reports from both Internal and External Auditors to assist them in discharging their responsibility to monitor the University's performance in delivering value for money.

The University received a review of Governance and Risk Management Arrangements by the Internal Audit Function in March 2022 which concluded that the Board of Governors can take substantial assurance that the controls upon which the organisation relies to manage the identified area are suitably designed.

The University's system of internal control manages, rather than eliminates, the risk of failure to adhere to policies and achieve aims and objectives and is based on a continuous process of management and monitoring, designed to:

- identify the principal risks to compliance with policies and to the achievement of aims and objectives;
- evaluate the nature and extent of those risks;
- implement actions to manage the risks efficiently, effectively and economically.

The University maintains an appropriate financial regulatory framework which ensures that resources are used with due regard to propriety, regularity and value for money, in the context of the achievement of the University's strategic plan.

RISK MANAGEMENT

The following specific actions have been taken in relation to risk management during the year:

- the University's Strategic Risk Register, which is approved by the University Executive Group (UEG), identifies the key risks that could prevent the University Group from achieving its strategic objectives and articulates the measures being taken to manage and mitigate these risks. The risks and mitigations report has been reviewed regularly by UEG and any pertinent risks have been reported to the Audit Committee;
- during the year a small risk community of practice (COP) has been successfully trialled to improve the understanding and quality of operational risks. All relevant teams across the University will be included within the scope by July 2023;
- the Risk Appetite Statement was reviewed by the Audit Committee and approved by the Board in May 2020 and will be reviewed in academic year 2022/23;
- the Audit Committee has provided the Board with regular reports and advice on the implementation and continuing effectiveness of the University's risk management and internal control arrangements.

GOING CONCERN

The University and Governors have closely monitored the financial situation of the University. This included consideration of the impact of the pandemic and global events on the income, costs and cashflow in 2021/22 and forecasts for subsequent years.

Income forecasts have been more difficult to anticipate than usual. Home students have faced uncertainty in their A Level and equivalent examination grades. International students still face uncertainty of travel and visa applications, although restrictions have been easing for entry into the UK. Quarantine restrictions have been imposed for some students when they reach the UK. All of this has made financial planning and forecasting more difficult. Additional costs are forecast to be required for enhanced cleaning costs for the University for the safe working condition of staff and students on the campus and accommodation and commercial income will be affected if there are future lockdowns in 2022/23.

Birmingham City University is a strongly sustainable institution, with low borrowings as at 31 July 2022, but with available credit facilities of £60m until January 2024. It has historically strong local student recruitment, with approximately 67% commuting from home, and is situated in a city that's growing and prospering with the Commonwealth Games next year. The Board of Governors monitors the financial security at each of its meetings, to ensure that the University has adequate resources to continue in its operational existence for the foreseeable future and comfortable headroom in meeting bank covenant requirements. The Board of Governors considers that the University has adequate resources to continue in operational existence for the foreseeable future and, therefore, has adopted the going concern basis of accounting in these financial statements.

Further detail on the Board's assessment of the going concern status of the University is set out in the Principal Accounting Policies on Page 45.

FINANCIAL RESPONSIBILITIES OF THE BOARD OF GOVERNORS

In accordance with the Education Reform Act 1988, the Board of Governors is responsible for overseeing the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping 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 Education Reform Act 1988, the SORP on Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the current OfS Terms and Conditions of Funding for Higher Education Institutions the Board of Governors, through the Vice-Chancellor, is required to prepare financial statements which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

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

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- it is appropriate that the financial statements are prepared on the going concern basis.

Having regard to its charitable purpose, the Board of Governors has taken reasonable steps to:

- ensure income from the OfS, Research England, Department for Education and the Education and Skills Funding Agency (ESFA), grants and income for specific purposes and from other restricted funds by the University during the year ended 31 July 2022 have been applied for the purposes for which they were received and in accordance with the University statutes and, where appropriate, with the OfS Terms and Conditions of Funding, the Research England Terms and Conditions of Funding and the Financial Memorandum with the Department for Education and ESFA.
- ensure that there are appropriate financial management controls, regulations and policies in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and to prevent and detect fraud;
- secure the economical, efficient and effective management of the University's resources and expenditure.

FINANCIAL REVIEW

KEY FINANCIAL HIGHLIGHTS

The accounts have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

The University has delivered a surplus and strong cash position despite a challenging world economy and continues to invest in its capital estate including the completion of the STEAMhouse building.

FINANCIAL PERFORMANCE 2021/22

The external economic and market operating environment continued to present significant challenges. Whilst emerging from the impact of Covid-19 new pressures have formed from the global geopolitical insecurity and the resulting cost of living crisis. The University has moved during the year to the "Campus First" objective to bring students and staff back to campus following the pandemic disruptions, which has enabled income to return from student accommodation, lettings, summer schools and catering. However this return to campus has coincided with the increases in heat and power the University.

Against this backdrop, the results for the year reflect a strong financial performance. The majority of UK students pay tuition fees capped at £9,250. Growth in student numbers, particularly from international students, has provided an increase in income of £10.8m. However this has not fully covered increases in total costs of £13.6m due

to increases in pay costs of £12.7m and other costs of £10.8m largely due to the increases in fuel expenditure in the year. Offsetting this is a reduction in depreciation costs of £1.0m, and the non recurrence of the FY21 impairment cost of £9.2m. Before other gains and losses and taxation the Group achieved a surplus of £4.1m (2021: surplus of £3.8m).

Staff costs remain a significant cost for the University and the increase in the year reflects an increase in underlying staff numbers and increasing pension costs.

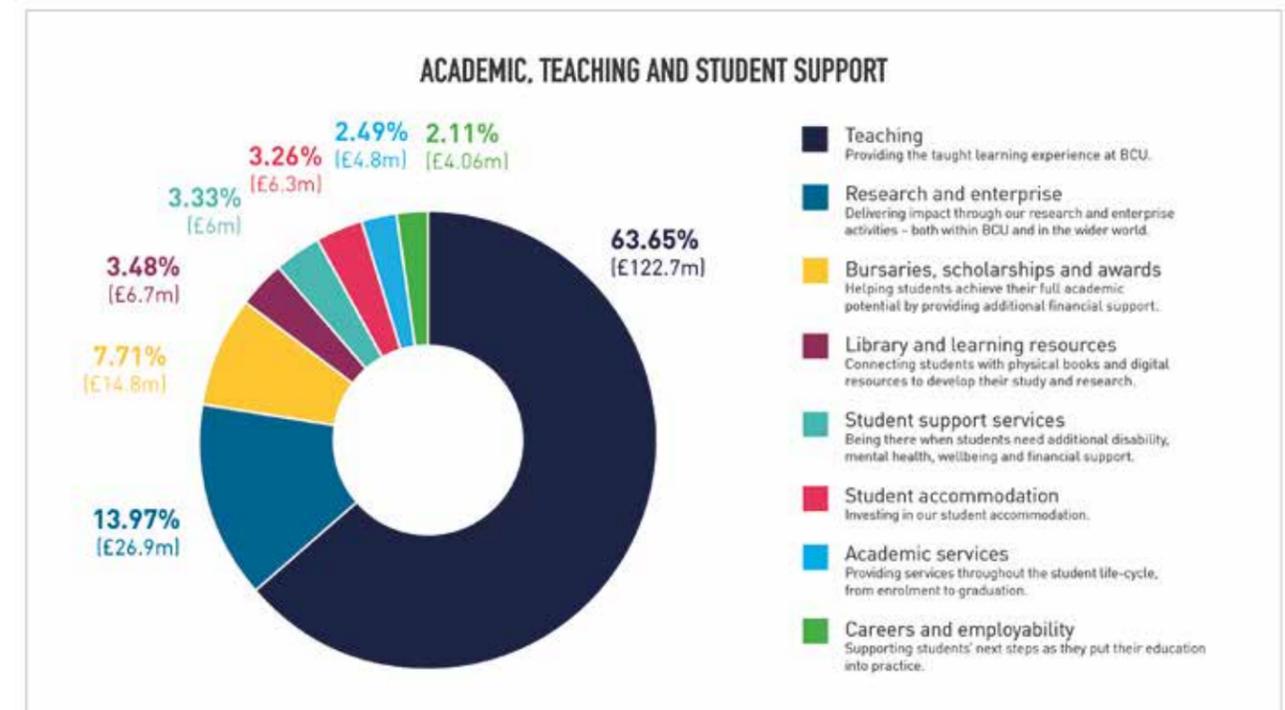
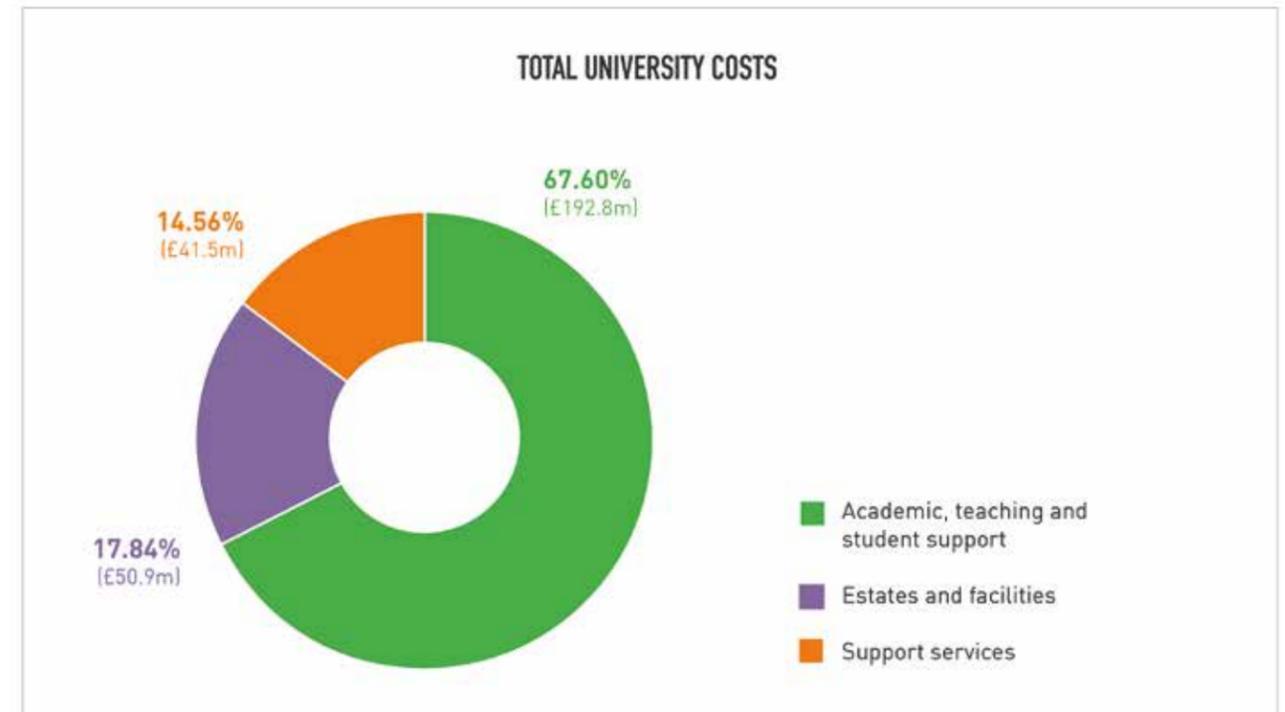
A major focus for the University's procurement team is the delivery of value for money in relation to other operating expenditure.

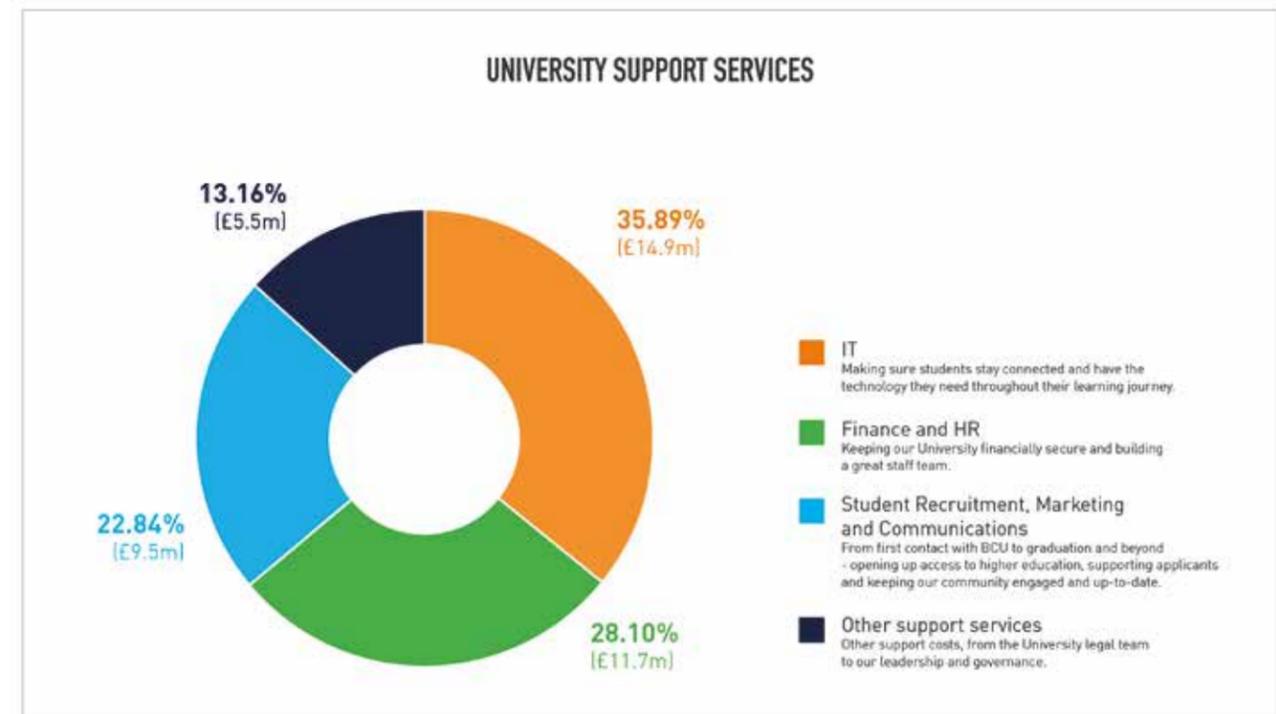
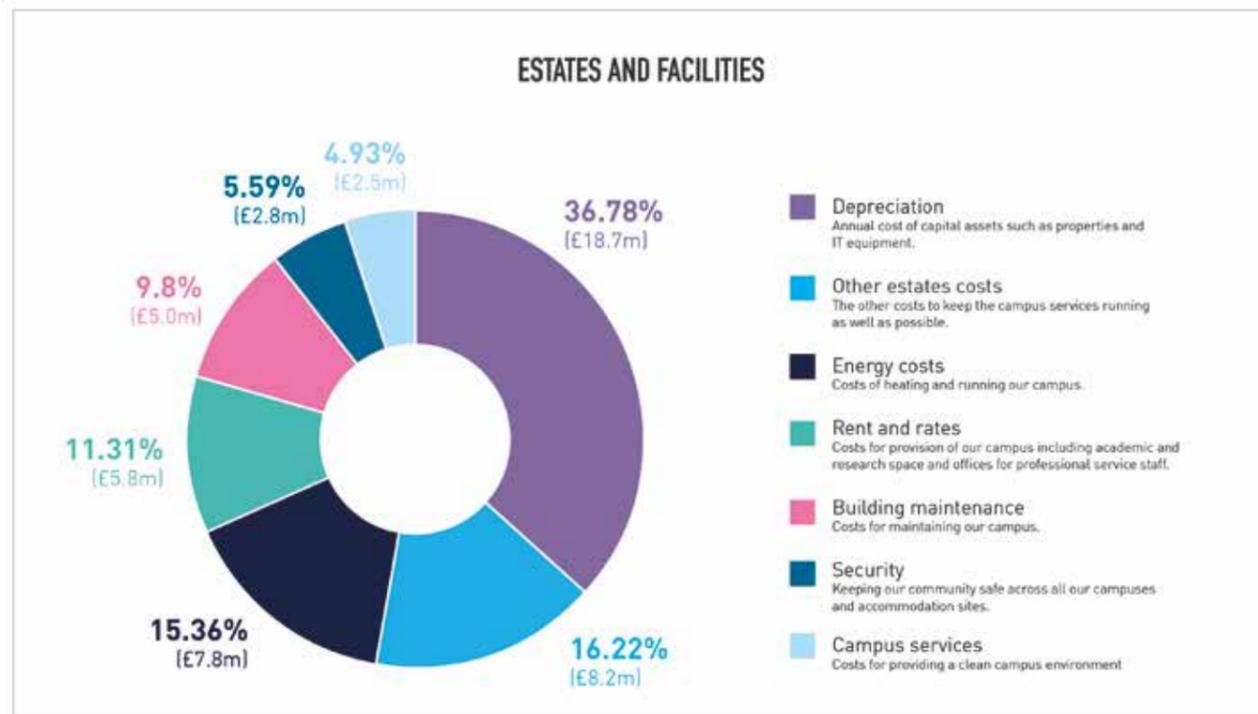
VALUE FOR MONEY

The diagrams below show a summary of total University spend on academic and student support, estates and facility costs and other support costs and then breaks down each area into more detail.

Capital Investment

The University capital expenditure for the year amounted to £29.4m (2021: £39.7m) as the Group continued its estates development, opening the new build of an academic and innovation centre on the Curzon campus in Birmingham, known as STEAMhouse and investment in replacement IT infrastructure.





CASH FLOW AND TREASURY MANAGEMENT

Cash flow from operations for the year was £51.6m (2021: £46.3m). The cash outflow from investing activities amounted to £23.8m (2021: £36.5m).

The Group has long-term borrowings in the form of mortgages secured on the city south campus and student residential accommodation amounting to £9.6m (2021: £11.2m). In addition, the Group had undrawn borrowing facilities amounting to £60m (2021: £85m). The borrowings are subject to a set of financial covenants and the Group has complied with these requirements during the year. Gross debt at the year-end was £9.8m (2021: £11.4m). The Group has cash balances amounting to £67.8m at 31 July 2022 (2021: £41.2m) giving net cash of £58.0m (2021: net cash £28.8m) as at the year end.

The cash balances are invested with a variety of counterparties, including UK banks and building societies. The counterparty list has been kept under close review during the year with a view to balancing risk and return, but with short term rates being at historically low levels, the Group is earning lower interest on its cash balances than the rates payable on its mortgages. Restricted funds are invested with CCLA in its Charities Funds which have received income rates of over 3% during the year.

FUNDRAISING AND DONATIONS

In 2021/22, the University continued to concentrate its fundraising operation on the completion of a £10m campaign for Royal Birmingham Conservatoire. By 31

July 2022, the campaign, which was officially launched in 2016/17, had raised a total of £9.73m from more than 1,300 donors, comprising private individuals, corporate partners and grant-making trusts.

New gift commitments secured in this period, including forward pledges which are payable in instalments over multiple years, amounted to £1.66m (2021: £1.06m). This consisted of £620k for scholarships and bursaries, £414k for outreach and education projects, £411k for endowments, £95k towards staff posts, £54k for departmental activity and events, £52k for instruments and £15k in unrestricted funds.

Examples of new grants awarded during the year include: £130k from the Linbury Trust (one of the Sainsbury Family Charitable Trusts) to support a unique three-year programme of outreach, taking opera into schools and community settings in order to identify and nurture the next generation of singers, instrumentalists, designers, directors and other creative professionals involved in making opera; and £134k from the Allan & Nesta Ferguson Charitable Trust to provide scholarships enabling eight talented postgraduate musicians from Africa, South America and India to study at the Conservatoire over the next four years.

The University acknowledges with sincere gratitude not only the generosity of its growing community of donors, but also the impact of their giving on both its student body and wider community.

CONCLUSION

The University results demonstrate strong financial performance, control and management. Our performance in 2021/22 and the earlier years against global challenges show that the University is resilient to changes in the future.

The University's financial position remains strong in the short term and is considered stable in the long term.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF BIRMINGHAM CITY UNIVERSITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the Birmingham City University ("the University") for the year ended 31 July 2022 which comprise the consolidated and institution statements of comprehensive income and expenditure, consolidated and institution statement of changes in reserves, consolidated and institution balance sheets, consolidated cashflow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2022, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Board of Governors has prepared the financial statements on the going concern basis as they do not

intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board of Governors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the Group and University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- We consider that the Board of Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
- We have not identified, and concur with the Board of Governors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the University will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud.



To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Board of Governors, the Audit Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board of Governors, Audit Committee and Finance Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet loan covenants and performance targets, we perform procedures to address the risk of management override of controls and the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as pension assumptions. On this audit we do not believe there is a fraud risk related to revenue due to the non complex revenue recognition criteria and limited opportunity to fraudulently manipulate revenue.

We did not identify any additional fraud risks. In determining the audit procedures we took into account the results of our evaluation and testing of the operating

effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those containing a revenue impact posted to unusual accounts, those containing a cash impact posted to unusual accounts, those posted to seldom-used accounts and those made by individuals who typically do not make journal entries.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Board of Governors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Board of Governors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation, pensions legislation and specific disclosures required by higher education and related legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: compliance with the regulatory framework of the Office for Students. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Board of Governors is responsible for the other information, which comprises the Operating and Financial Review and the Statement of Public Benefit and the Corporate Governance and Internal Controls statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially

misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Operating and Financial Review and the Statement of Public Benefit and the Corporate Governance and Internal Controls Statement, is consistent with the financial statements.

Board of Governors responsibilities

As explained more fully in their statement set out on page 30, the Board of Governors is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction').

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, 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 relevant terms and conditions; and
- the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in Note 10 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 8 to the financial statements has been materially misstated.

We have nothing to report in these respects.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Board of Governors in accordance with paragraph 13.2 of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors for our audit work, for this report, or for the opinions we have formed.

Mark Dawson
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

CONSOLIDATED AND INSTITUTION STATEMENTS OF COMPREHENSIVE INCOME AND EXPENDITURE

	NOTE	CONSOLIDATED 2022 £'000	INSTITUTION 2022 £'000	CONSOLIDATED 2021 £'000	INSTITUTION 2021 £'000
INCOME					
Tuition fees and education contracts	2	249,467	249,299	238,694	237,216
Funding body grants	3	19,542	19,530	20,170	20,156
Research grants and contracts	4	4,368	2,565	3,686	2,188
Other income	5	14,240	33,748	10,625	11,480
Investment income	6	209	209	207	207
Donations and endowments	7	660	538	1,225	1,190
TOTAL INCOME		288,486	305,889	274,607	272,437
EXPENDITURE					
Staff costs	9	167,755	167,755	155,089	155,089
Other operating expenses	10	93,210	70,061	82,366	91,141
Depreciation and amortisation	13, 14	18,718	18,499	20,063	19,494
Interest and other finance costs	11	4,744	4,744	4,138	4,138
Impairment	14	-	-	9,162	9,162
TOTAL EXPENDITURE		284,427	261,059	270,818	279,024
SURPLUS/(DEFICIT) BEFORE OTHER GAINS/(LOSSES)		4,059	44,830	3,789	(6,587)
Gain on disposal of fixed assets		-	-	(43)	(43)
Gain on investments		(197)	(197)	819	944
SURPLUS BEFORE TAX		3,862	44,633	4,565	(5,686)
Taxation	12	(814)	(444)	(567)	(543)
SURPLUS/(DEFICIT) FOR THE YEAR		3,048	44,189	3,998	(6,229)
Actuarial gain in respect of pension scheme	31	127,761	127,761	2,336	2,336
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR		130,809	171,950	6,334	(3,893)
Represented by:					
Endowment comprehensive income for the year	23	147	147	1,566	1,566
Unrestricted comprehensive income for the year	24	130,662	171,803	4,768	(5,459)
TOTAL		130,809	171,950	6,334	(3,893)

The notes form part of these financial statements.

CONSOLIDATED AND INSTITUTION STATEMENTS OF CHANGES IN RESERVES

CONSOLIDATED	ENDOWMENT £'000	UNRESTRICTED £'000	TOTAL £'000
AS AT 31 JULY 2020	10,191	232,611	242,802
Surplus from the income and expenditure statement	1,566	2,432	3,998
Actuarial gain in respect of pension schemes	-	2,336	2,336
AS AT 31 JULY 2021	11,757	237,379	249,136
Surplus from the income and expenditure statement	147	2,901	3,048
Actuarial gain in respect of pension schemes	-	127,761	127,761
AS AT 31 JULY 2022	11,904	368,041	379,945

INSTITUTION	ENDOWMENT £'000	UNRESTRICTED £'000	TOTAL £'000
AS AT 31 JULY 2020	10,191	193,515	203,706
Surplus from the income and expenditure statement	1,566	(7,795)	(6,229)
Actuarial gain in respect of pension schemes	-	2,336	2,336
AS AT 31 JULY 2021	11,757	188,056	199,813
Surplus from the income and expenditure statement	147	44,042	44,189
Actuarial gain in respect of pension schemes	-	127,761	127,761
AS AT 31 JULY 2022	11,904	359,859	371,763

The notes form part of these financial statements.

CONSOLIDATED AND INSTITUTION BALANCE SHEETS

	NOTE	CONSOLIDATED 2022 £'000	INSTITUTION 2022 £'000	CONSOLIDATED 2021 £'000	INSTITUTION 2021 £'000
NON-CURRENT ASSETS					
Intangible assets	13	5,077	5,077	7,971	7,971
Fixed assets	14	464,957	459,410	451,374	446,086
Heritage assets	15	690	690	690	690
Investments	16	7,323	11,623	7,520	11,820
TOTAL		478,047	476,800	467,555	466,567
CURRENT ASSETS					
Stocks	17	212	212	214	214
Debtors	18	34,935	33,664	35,132	33,179
Cash at bank and in hand		67,789	66,684	41,245	40,108
TOTAL		102,936	100,560	76,591	73,501
CREDITORS					
Creditors - Amounts falling due within one year	19	(72,899)	(77,926)	(60,309)	(106,013)
Net current assets/(liabilities)		30,037	22,634	16,282	(32,512)
TOTAL ASSETS LESS CURRENT LIABILITIES		508,084	499,434	483,837	434,055
Creditors – amounts falling due after more than one year	20	(77,301)	(76,959)	(75,581)	(75,250)
PROVISIONS					
Pension provisions	22	(44,453)	(44,453)	(153,461)	(153,461)
Other provisions	22	(6,385)	(6,259)	(5,659)	(5,531)
NET ASSETS		379,945	371,763	249,136	199,813
RESTRICTED RESERVES					
Income and expenditure reserve - endowment reserves	23	11,904	11,904	11,757	11,757
UNRESTRICTED RESERVES					
Income and expenditure reserve - unrestricted	24	368,041	359,859	237,379	188,056
TOTAL RESERVES		379,945	371,763	249,136	199,813

The financial statements were approved by the Board of Governors on 24 November 2022 and signed on its behalf by:

MT Hopton, Chairman of the Board of Governors

P Plowden, Vice-Chancellor

The notes form part of these financial statements.

CONSOLIDATED CASHFLOW STATEMENT

	NOTE	2022 £'000	2021 £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year before tax		3,862	4,565
ADJUSTMENT FOR NON-CASH ITEMS			
Depreciation		15,714	16,537
Amortisation of intangibles		3,005	3,526
Impairment		-	9,162
(Gain)/loss on endowments, donations and investment property		86	(944)
Decrease/(increase) in stock		2	(10)
Decrease/(increase) in debtors		197	(4,723)
Increase/(decrease) in creditors		10,430	7,502
Increase in pension provision		18,753	10,933
(Decrease)/increase in other provisions		726	542
ADJUSTMENT FOR INVESTING OR FINANCING ACTIVITIES			
Investment income		-	-
Interest payable		2,105	2,050
Endowment income		(209)	(207)
(Gain)/loss on the sale of tangible assets		-	43
Capital grant income		(3,092)	(2,654)
OPERATING ACTIVITIES			
Net cash flows from operations		51,579	46,322
Corporation tax paid		(27)	(27)
NET CASH FLOWS FROM OPERATING ACTIVITIES		51,552	46,295
INVESTING ACTIVITIES			
Investment income		-	-
Interest received		-	-
Interest paid		(351)	(339)
Endowment income		209	206
Donation Income		270	679
Purchase of intangible fixed assets		42	(230)
Purchase of tangible fixed assets		(29,450)	(39,499)
Proceeds on disposal of tangible fixed assets		-	-
Proceeds on disposal of current asset investments		-	-
Other capital grant receipts		5,497	2,654
NET CASH FLOWS FROM INVESTING ACTIVITIES		(23,783)	(36,529)

The notes form part of these financial statements.

CONSOLIDATED CASHFLOW STATEMENT (CONTINUED)

	NOTE	2022 £'000	2021 £'000
FINANCING ACTIVITIES			
New endowments received		390	932
Drawdown of Loans		-	21,000
Repayment of loans		(1,615)	(22,606)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(1,225)	(674)
Net increase / (decrease) in cash and cash equivalents		26,544	9,092
CASH AND CASH EQUIVALENTS AT 1 AUGUST		41,245	32,153
CASH AND CASH EQUIVALENTS AT 31 JULY		67,789	41,245
CASH AND CASH EQUIVALENTS CONSIST OF:			
Cash at bank and in hand		67,789	41,245
CASH AND CASH EQUIVALENTS		67,789	41,245

The notes form part of these financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the University's accounts.

1.1 Accounting convention

The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets). At 1 August 2014, fair value has been used for deemed cost for certain properties measured at fair value.

1.2 Basis of preparation

The Consolidation and Institution financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education institutions issued by the OfS and the Terms and conditions of Research England Grant.

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

1.3 Going concern

The Consolidated and Institution activities, together with the factors likely to affect its future development, performance and position, are set out in the Operating and Financial Review which forms part of the Corporate Governance and Internal Controls Statement. The Corporate Governance and Internal Controls Statement also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the Board of Governors consider to be appropriate for the following reasons.

The Board of Governors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. After reviewing these forecasts the Board of Governors is of the opinion that, taking account of severe but plausible downsides, the Group and Institution will have sufficient funds to meet their group liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The forecasts were reassessed using the latest available assumptions, including student recruitment and potential impacts on revenue from commercial activities. Recruitment data has been prudently considered in arriving at the final forecasts of student numbers and tuition fee income included in the forecasts, in light of the uncertainty of recruitment and retention of international students.

Consequently, the Board of Governors is confident that the Group and Institution will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.4 Lease Incentives

The University will continue to recognise the residual benefit or cost associated with lease incentives on the same basis as that applied at the date of transition to FRS102.

1.5 Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2022. The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions.

1.6 Recognition of Income

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied. Grant funding including Funding Council block grant, research grants from government sources and grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met. The University has adopted the accounting treatment which allows it to recognise grant income received relating to land purchases in the income and expenditure account in the year of receipt.

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

The University acts as agent in the collection and payment of training bursaries from the Department for Education and of access funds and bursaries from OfS. Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

1.7 Leasing Costs

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are operating leases.

Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Costs in respect of operating leases are charged on a straight line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

1.8 Post-Retirement Benefits

The University participates in three principal, defined benefit pension schemes: the Local Government Pension Scheme (LGPS), the Universities Superannuation Scheme (USS) and the Teacher's Pension Scheme England and Wales (TPS). The schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension (S2P). The assets of the schemes are held separately from those of the University and are administered independently. Each fund is valued at least every five years by professionally qualified independent actuaries.

LGPS assets are measured using market values; scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The University's share of the pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full and movements are disclosed in the Consolidated Statement of Comprehensive Income and Expenditure split between operating charges, finance items and actuarial gains and losses.

In determining the valuation of the West Midlands Pension Fund, a number of key assumptions have been made. The key assumptions, which are given below, are largely dependent on factors outside the control of the University:

- Discount rate;
- Inflation rate; and
- Life expectancy

The asset values are reported using estimated asset allocations prepared by the scheme Actuary. This asset value is calculated at each triennial valuation. Thereafter it is rolled forward to accounting dates using investment returns, contributions received, and benefits paid out. During each annual reporting period between triennial valuations, asset returns are estimated using 11 months of market experience and one month of extrapolation being assumed.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities relating to University members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme in respect of the accounting period. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

The TPS is accounted for as if it were a defined contribution pension scheme because the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As a result, the amount charged to the Consolidated Statement of Comprehensive Income and Expenditure account represents the contributions payable in respect of the accounting period.

1.9 Employment Benefits

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

1.10 Taxation

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993), and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471, and 478-488 CTA 2010 (formerly s505 of ICTA 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost. 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 to the extent they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

All subsidiary companies (with the exception of the Technology Innovation Centre, which is a charity) are liable to Corporation Tax and Value Added Tax in the same way as any other commercial organisation.

1.7 Leasing Costs

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are operating leases.

Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Costs in respect of operating leases are charged on a straight line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

1.11 Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities 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 the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Nonmonetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

1.12 Intangible Assets

Intangible assets are amortised over 3-5 years representing the remaining estimated economic life of the assets.

1.13 Tangible Fixed Assets and Depreciation

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2019 SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University. Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July.

Equipment is stated at cost. Equipment costing less than £25,000 per individual item or group of related items is written off in the year of acquisition. All other equipment is capitalised.

Depreciation is provided so as to charge the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet:

- Existing freehold buildings - up to 60 years
- Leasehold land and buildings - period of lease or useful economic life, if shorter

Newly completed buildings:

- Externals - up to 60 years
- Services - 30 years
- Finishes - 20 years
- Fixtures and fittings - 30 years
- Equipment - between 3 and 10 years

No depreciation is provided on freehold land or on assets in the course of construction.

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

1.14 Borrowing Costs

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

1.15 Investments

Non-current asset investments are held on the Balance Sheet at amortised cost less impairment. Current asset investments are held at fair value with movements recognised in the Surplus or Deficit. Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the University's accounts.

1.16 Stocks

Stock is held at the lower of cost or net realisable value.

1.17 Cash Flows and Liquid Resources

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

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

1.18 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

1.19 Accounting for Donations and Endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised as income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions, at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised as income when the University is entitled to the funds.

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

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

Restricted donations - the donor has specified that the donation must be used for a particular objective.

Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.

Restricted expendable endowments- the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.

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.

1.20 Heritage Assets

Heritage assets are defined as assets that are held principally for their contribution to knowledge and culture.

Heritage assets valued at over £25,000 are capitalised and recognised in the balance sheet provided appropriate valuations are available. Donated assets that are capitalised will be reported in the income and expenditure account at valuation on receipt.

Valuations of heritage assets on conversion to FRS 102 were performed by specialist external valuers. Heritage assets that are irreplaceable originals for which no reliable value can be attributed will not be capitalised in the financial statements.

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material. They are subject to impairment reviews if damage or deterioration is reported. They are maintained and the cost of maintenance is charged to the income and expenditure account as incurred.

1.21 Reserves

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

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

2. TUITION FEES AND EDUCATION CONTRACTS

An analysis of the group's revenue by class of business is given below:

	CONSOLIDATED 2022 £'000	INSTITUTION 2022 £'000	CONSOLIDATED 2021 £'000	INSTITUTION 2021 £'000
TUITION FEES				
Full-time home and EU students	180,372	180,372	179,782	179,796
Full-time international students	49,473	49,472	40,853	39,594
Part-time students	7,569	7,569	5,153	5,141
Further education	42	42	29	29
Full cost course fees	1,876	1,773	2,184	2,108
TOTAL	239,332	239,228	228,001	226,668
EDUCATION CONTRACTS				
Health professions education contracts	4,686	4,686	6,153	6,153
Apprenticeships	5,449	5,385	4,540	4,395
TOTAL	249,467	249,299	238,694	237,216

Health professions education contracts include the training of nurses (pre and post registration), midwives, radiographers, radiotherapists, speech and language therapists and operating department practitioners for the NHS and Royal Centre for Defence Medicine.

3. FUNDING BODY GRANTS

	CONSOLIDATED 2022 £'000	INSTITUTION 2022 £'000	CONSOLIDATED 2021 £'000	INSTITUTION 2021 £'000
FUNDING BODY GRANTS				
Teaching funds	11,963	11,963	12,940	12,938
Research funds	2,974	2,974	3,087	3,087
Other specific grants	1,502	1,502	1,481	1,481
Deferred capital grants released	3,092	3,080	2,654	2,642
TOTAL	19,531	19,519	20,162	20,148
Education and Skills Funding Agency	11	11	8	8
TOTAL	19,542	19,530	20,170	20,156

4. RESEARCH GRANTS AND CONTRACTS

	CONSOLIDATED 2022 £'000	INSTITUTION 2022 £'000	CONSOLIDATED 2021 £'000	INSTITUTION 2021 £'000
Research councils	1,128	1,128	1,126	1,077
Research charities	172	137	230	226
Government (UK and overseas)	2,395	1,105	1,646	858
Industry and commerce	580	227	665	57
Other	93	(32)	19	(30)
TOTAL	4,368	2,565	3,686	2,188

5. OTHER INCOME

	CONSOLIDATED 2022 £'000	INSTITUTION 2022 £'000	CONSOLIDATED 2021 £'000	INSTITUTION 2021 £'000
Residences, catering and conferences	4,829	4,941	2,911	3,012
Other revenue grants	2,605	2,596	2,645	2,353
Other capital grants	-	-	-	-
Other income	6,806	26,211	5,069	6,115
TOTAL	14,240	33,748	10,625	11,480

6. INVESTMENT INCOME

	CONSOLIDATED 2022 £'000	INSTITUTION 2022 £'000	CONSOLIDATED 2021 £'000	INSTITUTION 2021 £'000
Investment income on endowments	209	209	207	207
Other investment income	-	-	-	-
Interest receivable	-	-	-	-
TOTAL	209	209	207	207

7. DONATIONS AND ENDOWMENTS

	CONSOLIDATED 2022 £'000	INSTITUTION 2022 £'000	CONSOLIDATED 2021 £'000	INSTITUTION 2021 £'000
New endowments	390	390	546	511
Unrestricted donations	270	148	679	679
TOTAL	660	538	1,225	1,190

8. GRANT AND FEE INCOME

	CONSOLIDATED 2022 £'000	INSTITUTION 2022 £'000	CONSOLIDATED 2021 £'000	INSTITUTION 2021 £'000
Grant income from the OfS	11,963	11,963	12,940	12,938
Grant income from other bodies	7,579	7,579	7,229	7,218
Fee income for research awards	2,300	2,300	2,255	2,255
Fee income from non-qualifying courses	3,241	3,157	2,989	2,910
Fee income for taught awards	243,926	243,926	233,450	233,450
TOTAL	269,009	268,925	258,863	258,771

Note - see Para 33 to 34 of the 2019/20 OfS Accounts direction for details of allocation between income sources.

9. STAFF COSTS

Staff costs, including remuneration of the Vice-Chancellor, were as follows:

STAFF COSTS	CONSOLIDATED 2022 £'000	INSTITUTION 2022 £'000	CONSOLIDATED 2021 £'000	INSTITUTION 2021 £'000
Wages and salaries	114,517	114,517	111,167	111,167
Social security costs	12,890	12,890	11,893	11,893
Other pension costs	40,348	40,348	32,029	32,029
TOTAL	167,755	167,755	155,089	155,089

Included within payroll costs above are restructuring costs amounting to £0.2 million relating to 18 staff (2021: £0.2 million relating to 16 staff).

Consolidated other pension costs consist of the group's contributions into the following pension schemes:

PENSION SCHEMES	CONSOLIDATED 2022 £'000	CONSOLIDATED 2021 £'000
Universities Superannuation Scheme (USS)	1,996	520
Local Government Pension Scheme (LGPS)	24,166	17,793
Teachers' Pension Scheme (TPS)	14,186	13,716
TOTAL	40,348	32,029

The average monthly number of employees, including the Executive Group, during the year was:

EMPLOYEES	2022	2021
Manager	450	386
Administration	1,231	1,191
Academic	1,621	1,545
Visiting tutors	722	723
TOTAL	4,024	3,845

9. STAFF COSTS (CONTINUED)

Number of higher paid staff (by range) whose basic salary was above £100k, during the year was:

SALARY	2022	2021
£100,000 to £104,999	3	3
£105,000 to £109,999	1	1
£110,000 to £114,999	3	-
£115,000 to £119,999	1	1
£125,000 to £129,999	1	6
£130,000 to £134,999	3	-
£145,000 to £149,999	-	2
£150,000 to £154,999	-	1
£155,000 to £159,999	2	-
£160,000 to £164,999	1	-
£230,000 to £234,999	-	1
£295,000 to £299,999	1	-
TOTAL	16	15

Note – The Vice Chancellor's remuneration has been included within the analysis above.

Key management personnel

The members of the University Executive Group (excluding the Vice Chancellor) including the Deputy Vice Chancellors, PVC Executive Deans, Director of HR and University Secretary are the Key Management Personnel for the University.

	2022 £'000	2021 £'000
Remuneration of key management personnel	2,254	2,125
Compensation for loss of office paid to Higher paid personnel (excluding Vice Chancellor)	-	-

Note - Key management personnel remuneration is stated excluding employers national insurance payments.

EMOLUMENTS OF THE VICE CHANCELLOR:	2022 £	2021 £
P PLOWDEN		
Salary	245,461	231,138
Taxable Benefits	50,172	-
Pension Contributions (Taxable)	4,561	54,733
Non-Taxable Benefits	-	-
TOTAL EMOLUMENTS	300,194	285,871

Justification for the total remuneration for the Head of Provider (Vice Chancellor):

The Chair of the Board of Governors conducted Professor Plowden's annual performance review and confirmed that the Vice-Chancellor is performing at the expected level and continued to perform well in his leadership role of Birmingham City University, where both university income and student numbers have grown. The Remuneration Committee had also reviewed the salary level of the Vice-Chancellor in the light of comparable market data available from the CUC and the University's performance and the Remuneration Committee supported an exceptional salary increase with effect from 1st January 2022 that reflected both these factors.

Separately, as is allowed under University policy where a staff member is close to exceeding the Pensions Lifetime Allowance, Professor Plowden had requested that he receive a payment equal to the employer's contributions in the relevant occupational pension scheme rather than continue to make direct contributions to the relevant occupational pension scheme. This request was approved and implemented with effect from September 2021.

Head of Provider (VC) - Multiples of Basic Pay and Total Pay Analysis:

YEAR	VC	FTE SALARY	STAFF BASIC PAY MEDIAN	VC MULTIPLE OF BASIC PAY
2021	Plowden	231,138	34,971	6.61
2022	Plowden	245,460	36,579	6.71

YEAR	VC	TOTAL PAY	STAFF TOTAL PAY MEDIAN	VC MULTIPLE OF TOTAL PAY
2021	Plowden	285,871	39,824	7.18
2022	Plowden	300,194	41,291	7.27

10. OTHER OPERATING EXPENSES

Other operating expenses include:

	2022 £'000	2021 £'000
AUDITOR'S REMUNERATION:		
In respect of audit services	119	102
In respect of non-audit services	85	160
OPERATING LEASE RENTALS:		
Land and buildings	9,462	9,536
Other	346	247

ACCESS & PARTICIPATION EXPENDITURE	CONSOLIDATED AND INSTITUTION 2022 £'000	CONSOLIDATED AND INSTITUTION 2021 £'000
Access investment	1,913	933
Financial support provided to students	499	2,867
Support for disabled students	521	681
Research and evaluation of access and participation activities	107	157
TOTAL	3,040	4,638

In relation to Financial Support provided to Students, the significant difference is accounted for by the fact that the expenditure last year included £1.8m OfS pandemic-related grants, as well the viring of £400k from planned access activity investment [much of which could not be carried out, or was delivered on on-line, because of school closures; impossibility of on-campus events] to student financial support. In terms of the digital support provided, much was provided at the end of 2020/21 through this larger fund, meaning that demand was not as great during 2021/22. Access investment has increased in line with schools re-opening and renewed focus on attainment in key schools as a way of promoting access.

The amount for research and evaluation includes the time cost of the development of new analytical dashboard products to drill down to course, module, qualification on entry and other details by A&P characteristic and intersectionality, but does not include the considerable time and effort spent by senior academic and professional staff at University and Faculty level in using these products for targeted evaluation, action planning and action, reporting up to senior management, and discussions/ planning which has been a key focus during 2021/22, particularly around attainment.

The Access and Participation plan is published at <https://www.bcu.ac.uk/about-us/corporate-information/policies-and-procedures/access-and-participation-plan>

11. INTEREST AND OTHER FINANCE COSTS

	CONSOLIDATED 2022 £'000	INSTITUTION 2022 £'000	CONSOLIDATED 2021 £'000	INSTITUTION 2021 £'000
Loan interest	351	351	339	339
Finance lease interest	1,754	1,754	1,711	1,711
Net expense on pension scheme	2,639	2,639	2,088	2,088
TOTAL	4,744	4,744	4,138	4,138

12. TAXATION

Recognised in the statement of comprehensive income:

CURRENT TAX	CONSOLIDATED 2022 £'000	CONSOLIDATED 2021 £'000
UK Corporation tax	-	(2)
China tax	810	546
Deferred tax expense	3	23
TOTAL TAX EXPENSE	814	567

13. INTANGIBLE ASSETS

CONSOLIDATED AND INSTITUTION	IT SOFTWARE DEVELOPMENT £'000
COST OR VALUATION	
AT 1 AUGUST 2021	21,632
Additions	(42)
Transfers from tangible assets	153
AT 31 JULY 2022	21,743
DEPRECIATION	
AT 1 AUGUST 2021	13,661
Expense for the year	3,005
AT 31 JULY 2022	16,666
NET BOOK VALUES	
AT 31 JULY 2022	5,077
AT 31 JULY 2021	7,971

14. FIXED ASSETS

CONSOLIDATED	FREEHOLD LAND AND BUILDINGS £'000	LEASEHOLD LAND AND BUILDINGS £'000	FIXTURES, FITTINGS AND EQUIPMENT £'000	ASSETS IN THE COURSE OF CONSTRUCTION £'000	TOTAL £'000
COST OR VALUATION					
AT 1 AUGUST 2021	113,315	369,791	27,506	49,071	559,683
Additions	-	4,968	2,391	22,091	29,450
Transfer to intangible	-	-	-	(153)	(153)
Transfers	(3,767)	49,776	838	(46,847)	-
Disposals	-	(4,846)	-	-	(4,846)
At 31 JULY 2022	109,548	419,689	30,735	24,162	584,134
DEPRECIATION					
AT 1 AUGUST 2021	10,172	85,425	12,712	-	108,309
Expense for the year	2,153	9,730	3,831	-	15,714
Transfers	(36)	36	-	-	-
Eliminations on disposals	-	(4,846)	-	-	(4,846)
At 31 JULY 2022	12,289	90,345	16,543	-	119,177
NET BOOK VALUES					
AT 31 JULY 2022	97,259	329,344	14,192	24,162	464,957
AT 31 JULY 2021	103,143	284,366	14,794	49,071	451,374

INSTITUTION	FREEHOLD LAND AND BUILDINGS £'000	LEASEHOLD LAND AND BUILDINGS £'000	FIXTURES, FITTINGS AND EQUIPMENT £'000	ASSETS IN THE COURSE OF CONSTRUCTION £'000	TOTAL £'000
COST OR VALUATION					
AT 1 AUGUST 2021	113,315	362,117	26,966	49,100	551,498
Additions	-	4,968	2,400	21,603	28,971
Transfers to intangible	-	-	-	(153)	(153)
Transfers	(3,767)	49,777	838	(46,848)	-
Disposals	-	(4,848)	-	-	(4,848)
At 31 JULY 2022	109,548	412,014	30,204	23,702	575,468
DEPRECIATION					
AT 1 AUGUST 2021	10,171	82,942	12,299	-	105,412
Expense for the year	2,153	9,533	3,808	-	15,494
Transfers to intangible fixed assets	-	-	-	-	-
Elimination on disposals	-	(4,848)	-	-	(4,848)
Transfers	(36)	36	-	-	-
At 31 JULY 2022	12,288	87,663	16,107	-	116,058
NET BOOK VALUES					
AT 31 JULY 2022	97,260	324,351	14,097	23,702	459,410
AT 31 JULY 2021	103,144	279,175	14,667	49,100	446,086

14. FIXED ASSETS (CONTINUED)

Included within consolidated and university fixed assets are assets held under finance leases as follows:

	2022 £'000	2021 £'000
COST OR VALUATION		
AT 1 AUGUST 2020 and 31 JULY 2021	21,369	21,369
DEPRECIATION		
AT 1 AUGUST 2020	3,252	2,786
Expense for the year	465	466
AT 31 JULY 2021	3,717	3,252
Net Book Values	17,652	18,117

15. HERITAGE ASSETS

CONSOLIDATED AND INSTITUTION	TOTAL £'000
COST OR VALUATION	
AT 1 AUGUST 2021 and 31 JULY 2022	690

The University's heritage assets support its teaching, research and public engagement. The collection includes objects, such as paintings and sculpture. The strengths of the collection relates to the University's own specialist areas of excellence. The heritage assets held in the University make a significant contribution to scholarly endeavour, teaching and learning and the dissemination of knowledge for the public benefit.

The acquisition, preservation, management and disposal of heritage assets is in accordance with the University's general policies in regard to its heritage assets; relevant assets are curated by the appropriate staff in the Birmingham Institute of Art and Design to ensure that such assets continue to be available to staff and students for teaching, research and other purposes.

Heritage assets valued at over £25,000 are capitalised and recognised in the balance sheet provided appropriate valuations are available. Donated assets that are

capitalised will be reported in the income and expenditure account at valuation on receipt.

The collections were valued on conversion to FRS 102 by specialist external valuers. Information on the qualifications of the valuer can be found at <http://schoonantiquesandart.com/index.html>. Heritage assets that are irreplaceable originals for which no reliable value can be attributed will not be capitalised in the financial statements.

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material. They are subject to impairment reviews if damage or deterioration is reported. They are maintained and the cost of maintenance is charged to the income and expenditure account as incurred.

16. INVESTMENTS

CONSOLIDATED	SUBSIDIARY UNDERTAKINGS £'000	ENDOWMENT FUNDS £'000	OTHER FIXED ASSET INVESTMENTS £'000	TOTAL £'000
COST OR VALUATION				
AT 1 AUGUST 2021	-	7,349	171	7,520
Change in Fair Value	-	(86)	(111)	(197)
At 31 JULY 2022	-	7,263	60	7,323

INSTITUTION	SUBSIDIARY UNDERTAKINGS £'000	ENDOWMENT FUNDS £'000	OTHER FIXED ASSET INVESTMENTS £'000	TOTAL £'000
COST OR VALUATION				
AT 1 AUGUST 2021	4,300	7,349	171	11,820
Change in Fair Value	-	(86)	(111)	(197)
At 31 JULY 2022	4,300	7,263	60	11,623

The £4,300k subsidiary undertaking is an investment in BCU Property Ltd, a wholly owned subsidiary of Birmingham City University.

Investments in endowment funds constitute the University's Trust and Prize Funds. The capital element of these assets is invested in income and shares in the COIF Charities Fixed Interest, Property and Investment Funds on the basis of professional investment advice. Investments held in the COIF funds at the year-end were as follows:

ENDOWMENT FUNDS COMPRISE:	CONSOLIDATED AND INSTITUTION TOTAL £'000
COIF Fixed Interest Fund	370
COIF Property Fund	6,329
COIF Investment Fund	564
TOTAL	7,263

Investments in subsidiaries and other fixed asset investments are held at cost.

OTHER FIXED ASSET INVESTMENTS CONSIST OF:	CONSOLIDATED AND INSTITUTION TOTAL £'000
CVCP Properties Limited	35
Advantage Growth Fund	25
AT 31 JULY 2022	60

17. STOCKS

	CONSOLIDATED 2022 £'000	INSTITUTION 2022 £'000	CONSOLIDATED 2021 £'000	INSTITUTION 2021 £'000
Raw materials and consumables	212	212	214	214
Finished goods and goods for resale	-	-	-	-
TOTAL	212	212	214	214

18. DEBTORS

	CONSOLIDATED 2022 £'000	INSTITUTION 2022 £'000	CONSOLIDATED 2021 £'000	INSTITUTION 2021 £'000
Trade debtors	19,854	19,592	20,064	19,310
Amounts due from subsidiaries	-	825	-	929
Prepayments and accrued income	15,081	13,247	15,068	12,940
TOTAL	34,935	33,664	35,132	33,179

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	CONSOLIDATED 2022 £'000	INSTITUTION 2022 £'000	CONSOLIDATED 2021 £'000	INSTITUTION 2021 £'000
Bank loans (Note 21)	1,625	1,625	1,615	1,615
Trade creditors	4,944	4,913	2,792	2,785
Other creditors	12,073	12,056	9,627	9,632
Capital Grants	2,940	2,940	3,410	3,398
Finance Lease	207	207	207	207
Amounts due to subsidiaries	-	9,300	-	49,358
Corporation tax	[1]	-	11	-
Other taxation and social security	3,649	3,392	3,465	3,340
Accruals and deferred income	47,462	43,493	39,182	35,678
TOTAL	72,899	77,926	60,309	106,013

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

	CONSOLIDATED 2022 £'000	INSTITUTION 2022 £'000	CONSOLIDATED 2021 £'000	INSTITUTION 2021 £'000
Donations	-	-	115	62
Research grants received on account	1,429	1,429	1,306	857
Grant income	1,715	1,715	1,528	1,528
TOTAL	3,144	3,144	2,949	2,447

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	CONSOLIDATED 2022 £'000	INSTITUTION 2022 £'000	CONSOLIDATED 2021 £'000	INSTITUTION 2021 £'000
Bank loans (Note 21)	8,192	8,192	9,817	9,817
Other creditors	-	-	-	-
Capital Grants	40,911	40,569	38,037	37,706
Finance Lease liabilities (Note 21)	28,198	28,198	27,727	27,727
TOTAL	77,301	76,959	75,581	75,250

21. BANK LOANS AND FINANCE LEASES

Bank loans are repayable as follows:

	CONSOLIDATED 2022 £'000	INSTITUTION 2022 £'000	CONSOLIDATED 2021 £'000	INSTITUTION 2021 £'000
Within one year	1,625	1,625	1,615	1,615
Between two and five years	6,467	6,467	6,479	6,479
After more than five years	1,725	1,725	3,338	3,338
TOTAL	9,817	9,817	11,432	11,432

The Natwest Bank loans are secured on the University's city south campus and student residential properties, a facility of £20 million was agreed with HSBC which is not secured, and a further £40m with Natwest which is also not secured. The secured loan facilities are scheduled for repayment by 19 August 2028; the interest rate payable on the loans is SONIA + 0.40%.

Finance leases are repayable as follows:

	CONSOLIDATED 2022 £'000	INSTITUTION 2022 £'000	CONSOLIDATED 2021 £'000	INSTITUTION 2021 £'000
Within one year	207	207	207	207
Between two and five years	-	-	207	207
After more than five years	28,198	28,198	27,520	27,520
TOTAL	28,405	28,405	27,934	27,934

22. PROVISIONS

CONSOLIDATED	OBLIGATION TO FUND DEFICIT ON USS PENSION £ 000	OBLIGATION TO FUND DEFICIT ON LGPS PENSION £ 000	TOTAL PENSION PROVISIONS £ 000	OTHER PROVISIONS £ 000	TOTAL OTHER PROVISIONS £ 000
AT 1 AUGUST 2021	1,676	151,785	153,461	5,659	5,659
Increase / (decrease) in provisions	1,312	(110,320)	(109,008)	726	726
At 31 JULY 2022	2,988	41,465	44,453	6,385	6,385

Other provisions of £6.4m includes: £3.8m dilapidations provision for Leasehold Buildings, and £2.6m provision against potential clawback on externally funded projects.

INSTITUTION	OBLIGATION TO FUND DEFICIT ON USS PENSION £ 000	OBLIGATION TO FUND DEFICIT ON LGPS PENSION £ 000	TOTAL PENSION PROVISIONS £ 000	OTHER PROVISIONS £ 000	TOTAL OTHER PROVISIONS £ 000
AT 1 AUGUST 2021	1,676	151,785	153,461	5,531	5,531
Increase / (decrease) in provisions	1,312	(110,320)	(109,008)	728	728
At 31 JULY 2022	2,988	41,465	44,453	6,259	6,259

Other provisions of £6.3m includes: £3.8m dilapidations provision for Leasehold Buildings, and £2.5m provision against potential clawback on externally funded projects.

23. ENDOWMENT RESERVES

CONSOLIDATED AND INSTITUTION	RESTRICTED PERMANENT ENDOWMENTS 2022 £'000	EXPENDABLE ENDOWMENTS 2022 £'000	TOTAL 2022 £'000	TOTAL 2021 £'000
AT 1 AUGUST				
Capital	8,816	2,180	10,996	9,120
Accumulated income	671	90	761	1,071
TOTAL	9,487	2,270	11,757	10,191
New endowments	385	5	390	932
Investment income	194	15	209	206
Other income	-	28	28	-
Expenditure	(357)	(37)	(394)	(516)
Increase in market value of investments	(80)	(6)	(86)	944
TOTAL ENDOWMENT COMPREHENSIVE INCOME FOR THE YEAR	142	5	147	1,566
AT 31 JULY	9,629	2,275	11,904	11,757
Capital	9,122	2,179	11,301	10,996
Accumulated income	507	96	603	761
TOTAL	9,629	2,275	11,904	11,757

ANALYSIS OF ENDOWMENTS BY ASSETS	2022 £'000	2021 £'000
Fixed assets	509	346
Non-current asset investments	7,263	7,349
Cash at bank and in hand	3,587	3,389
Current assets	548	673
Current liabilities	(3)	-
TOTAL	11,904	11,757

24. UNRESTRICTED RESERVES

CONSOLIDATED	TOTAL 2022 £'000	TOTAL 2021 £'000
AT 1 AUGUST	237,379	232,611
Surplus for the year	2,901	2,432
Actuarial gain/(loss) in respect of pension schemes	127,761	2,336
TOTAL UNRESTRICTED COMPREHENSIVE INCOME FOR THE YEAR	130,662	4,768
AT 31 JULY	368,041	237,379

24. UNRESTRICTED RESERVES (CONTINUED)

INSTITUTION	TOTAL 2022 £'000	TOTAL 2021 £'000
AT 1 AUGUST	188,056	193,515
Surplus for the year	44,042	(7,795)
Actuarial gain in respect of pension schemes	127,761	2,336
TOTAL UNRESTRICTED COMPREHENSIVE INCOME FOR THE YEAR	171,803	(5,459)
AT 31 JULY	359,859	188,056

25. CAPITAL AND OTHER COMMITMENTS

Capital commitments

At 31 July, the Group and University had the following capital commitments for which no provision has been made:

	CONSOLIDATED 2022 £'000	INSTITUTION 2022 £'000	CONSOLIDATED 2021 £'000	INSTITUTION 2021 £'000
Commitments contracted for	15,058	15,058	14,177	14,177

The gross value of capital commitments set out above reflect the costs associated with the implementation of the University's two-campus strategy. The commitments reflect the contracted costs set out in the University's major projects plan in relation to the development of the City Centre Campus.

No provision has been made in the accounts for these capital commitments. However, the University has taken steps to ensure that it will have access to sufficient cash and liquid resources to enable it to finance its major projects plan.

Lease obligations

Minimum lease payments payable under non-cancellable operating leases fall due as follows:

	2022 £'000	2021 £'000
Within than one year	5,333	5,907
Between one and five years	19,691	18,610
After more than five years	52,235	58,563
TOTAL	77,259	83,080

26. CONTINGENT LIABILITIES

The University has given a guarantee to Millennium Point Property Ltd to pay the property lease rental of its subsidiary, Technology Innovation Centre (TIC). The lease term is currently 30 years until 26 November 2029 and the current annual rental is £1,072,992 (2021: £1,046,821). On the expiration date of the current lease, a lease extension signed on 31 October 2011 will be entered into between Millennium Point Property Ltd, TIC and the University which extends the period of the guarantee and lease to 18 March 2149.

27. SUBSIDIARY UNDERTAKINGS

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

ENTITY	PRINCIPAL ACTIVITY	STATUS	HOLDING
Awarding Body For The Built Environment Limited	Awarding organisation providing qualifications for the built environment	Company limited by guarantee	100%
Technology Innovation Centre	First-degree & post-graduate level education, engineering related scientific and technical consulting, technical testing and analysis	Company limited by guarantee	100%
TIC Commercial Limited	Professional, scientific and technical activities	Company limited by guarantee	100%
BCU Enterprise Limited	Training programmes for health professionals, training, consultancy, commercial research, residential conferences and catering	Company limited by guarantee	100%
BCU Property Limited	Buying and selling of own real estate	Company limited by shares	100%
BCU Trustees limited	Trustee for Employees' Non-Discretionary Medical Benefit Scheme for BCU	Company limited by shares	100%
Eastside Locks Management Ltd	Management and Maintenance of Eastside Locks	Company limited by shares	74.4%

28. RELATED PARTY TRANSACTIONS

Due to the nature of the University's activities and the composition of the Board of Governors it is possible that transactions will take place from time-to-time with organisations in which a member of the Board of Governors may have an interest. All such transactions are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

The following material related party transactions occurred during the year: £4,428,201 (2021: £4,838,968) was paid to Millennium Point Property Limited for use of space and associated service charges (Julian Beer – Trustee).

In 2019/20, BCU approved investment in the form of annual membership and five year support for Greater Birmingham and Solihull Institute for Technology. During the year transactions occurred for the value of £109,000.

Two student governors elected by the Students' Union are members of the University's Board of Governors. During the year ended 31 July 2022, payments were made to the Students' Union for the value of £205,357 (2021: £1,522,765) and invoices were raised from the University for the value of £16,364 (2020: £13,583).

There were balances of £37,943 and £27,945 outstanding in debtors and creditors at the year end.

29. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the University's consolidated financial statements requires management to make estimates and judgements that affect the reported results in the income statement, balance sheet and accompanying disclosures. Uncertainty about the estimates and judgments could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 31, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

USS Pension Liability

The USS pension liability has been estimated using the BUFDG USS modeller on the assumption that the number of staff in the pension scheme will be stable, salary inflation consistent with the assumptions used for LGPS and the discount rate for high quality corporate bond.

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically

with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS.

The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss.

The management are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

Assessment of impairment of Assets

An impairment assessment of the University's land and buildings has been undertaken and impairments have been taken in this financial year.

Bad Debt Provision

A bad debt provision has been made against expenditure based on the percentage recovery rates of the external debt recovery company used by the University. Management are satisfied these provide a reasonable approximation in light of historical recovery rates. Due to the continuing impact of Covid-19 and global impacts the percentages have been revised to reflect those areas for which management consider there to be an increased risk.

The University's principal financial instruments are cash, investments and loans. The core objective of these financial instruments is to meet the financing needs of the University's operations. Additionally, the University has other financial assets and liabilities arising directly from its operations i.e. trade debtors and creditors.

30. FINANCIAL INSTRUMENTS

Risk Management

The University operates a centralised treasury management function which is responsible for managing the credit, liquidity, interest and foreign currency risk. These financial risks are managed within the parameters specified by the Finance Committee's approved treasury management policy. The treasury management policy adopts the key recommendations of the Code of Practice on Treasury Management in Public Service as issued by Chartered Institute of Public Finance and Accountancy (CIPFA) as recommended by the Office for Students (OfS) and is reviewed, updated and approved annually.

30. FINANCIAL INSTRUMENTS (CONTINUED)

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the University.

The University's credit risk arises from bank balances, investments, student debtors and commercial organisations as customers. Management of credit risk is a prime objective of the Treasury Management Policy. At 31 July 2022, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

The credit risk of liquid funds and financial instruments is limited because the counterparties are banks with investment grade credit ratings assigned by an international credit-rating agency. The University's exposure and the credit ratings of its counterparties are monitored regularly. The credit exposure is limited by counterparty limits and minimum counter party credit ratings set within the treasury management policy.

Student and commercial debtors are reviewed on an ongoing basis and a bad debt provision is made if recovery becomes uncertain. If a debtor is deemed irrecoverable it is written off. The concentration of risk is limited due to a large number of diverse customers across both students and commercial customer populations.

Liquidity Risk

Liquidity risk refers to the risk that the University will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities.

Cash flow forecasts form part of the University's planning process and are revised during the financial year when re-forecasts are made. The University policy is to normally maintain a minimum of £20m in on-call cash balances. Excess funds are invested to maximise the return whilst observing the Treasury Management Policy limits.

Interest Rate Risk

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of balance sheet items (i.e. price risk) or changes in interest income or expenses (i.e. re-investments risk).

Financial Instruments – fair values

The fair values of each category of the University's financial instruments are the same as their carrying value in the balance sheet.

31. PENSION SCHEMES

The University's employees belong to three principal pension schemes, the West Midlands Pension Fund, a Local Government Pension Scheme (LGPS) the Teachers' Pension Scheme (TPS), and the Universities Superannuation Scheme (USS). The assets of these schemes are held separately from those of the University and are administered independently. The liabilities associated with these schemes are as follows:

The liabilities associated with these schemes are as follows:

	2022 £'000	2021 £'000
Local Government Pension Scheme	41,465	151,785
Universities Superannuation Scheme	2,988	1,676
Teachers' Pension Scheme	-	-
TOTAL	44,453	153,461

31. PENSION SCHEMES (CONTINUED)

(i) Local Government Pension Scheme (LGPS)

In completing our calculations for pension accounting purposes we have used the following items of data, which we received from West Midlands Pension Fund:

- The results of the valuation as at 31 March 2019 which was carried out for funding purposes and the results of the 31 July 2020 FRS102 report which was carried out for accounting purposes;
- Estimated whole Fund income and expenditure items for the period to 31 July 2022;
- Fund investment returns to 30 June 2022, estimated returns based on a net asset statement and market returns thereafter;

- Estimated Fund income and expenditure in respect of the Employer for the period to 31 July 2022;
- Details of any new early retirements for the period to 31 July 2022 that have been paid out on an unreduced basis, which are not anticipated in the normal employer service cost; and
- Details of any settlements for the period to 31 July 2022.

Although some of these data items have been estimated, we do not believe that they are likely to have a material effect on the results of this report. Further, we are not aware of any material changes or events since we received the data. The data has been checked for reasonableness and we are happy that the data is sufficient for the purposes of this advice.

Employer membership statistics

The table below summarises the membership data, as at 31 March 2019, for members receiving funded benefits, and as at 31 March 2019 for any members receiving unfunded benefits.

MEMBER DATA SUMMARY	NUMBER
Actives	1,637
Deferred pensioners	3,308
Pensioners	724
Unfunded pensions	11

The service cost for the year ending 31 July 2022 is calculated using an estimate of the total pensionable payroll during the year. The estimated total pensionable payroll during the year is £42,372,000.

The projected service cost for the year ending 31 July 2023 has been calculated assuming the payroll remains at this level over the year.

Scheduled contributions

For information, the table below summarises the minimum employer contributions due from Birmingham City University to the Fund over this inter-valuation period. The calculated cost of accrual of future benefits is 18.0% of payroll p.a.

MINIMUM EMPLOYER CONTRIBUTIONS DUE FOR THE PERIOD BEGINNING	1 APRIL 2021	1 APRIL 2022	1 APRIL 2023
Percent of payroll	18.0%	18.0%	18.0%
Plus monetary amount (£'000)	1,554	1,611	1,663

We have agreed with the administering authority to prepay an element of the certified contributions by making lump sum payments at the start of each year (i.e. in April 2020, April 2021 and April 2022). This lump sum payment will include an actuarially equivalent discount.

31. PENSION SCHEMES (CONTINUED)

Birmingham City University may pay further amounts at any time and future periodic contributions, or the timing of contributions may be adjusted on a basis approved by the Fund Actuary.

Early retirements

There were no new early retirements over the year which were not allowed for at the previous accounting date.

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 July 2022 is estimated to be 16.63%. The actual return on Fund assets over the year may be different.

The estimated asset allocation for Birmingham City University as at 31 July 2022 is as follows:

	31 JULY 2022 £'000	%	31 JULY 2021 £'000	%
Equities	188,295	65%	169,674	61%
Bonds	66,627	23%	40,070	14%
Property	23,175	8%	19,568	7%
Cash	11,587	4%	49,237	18%
TOTAL	289,684	100%	278,549	100%

The actuaries have estimated the bid values where necessary based on the information provided by West Midlands Pension Fund. Please note that the individual percentages shown are to the nearest percentage point for each asset class and may not sum to 100%. The final asset allocation of the Fund assets as at 31 July 2022 is likely to be different from that shown due to estimation techniques.

Valuation approach

To assess the value of the Employer's liabilities at 31 July 2022, actuaries have rolled forward the value of the Employer's liabilities calculated for the funding valuation as at 31 March 2019 using financial assumptions that comply with FRS102.

The full actuarial valuation involved projecting future cash flows to be paid from the Fund and placing a value on them. These cash flows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

It is not possible to assess the accuracy of the estimated value of liabilities as at 31 July 2022 without completing a full valuation.

However, they are satisfied that the approach of rolling forward the previous valuation data to 31 July 2022 should not introduce any material distortions in the results provided that the actual experience of the Employer and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation. From the information received there appears to be no evidence that this approach is inappropriate.

As required under the FRS102 accounting standard, the actuaries have used the projected unit credit method of valuation.

Valuation of the Employer's assets

To calculate the asset share we have rolled forward the assets allocated to the Employer at 31 March 2019 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees.

31. PENSION SCHEMES (CONTINUED)

Experience items allowed for since the previous accounting date

Experience items arise due to differences between the assumptions made as part of the roll forward approach and actual experience. This includes (but is not limited to) assumptions made in respect of salary increases, pension increases, mortality, and member transfers. We have allowed for actual pension increase experience for the period from 2019-2022. This assumes that pension increases are in line with the annual pension increases set by HM Treasury Revaluation Order.

As a result of allowing for actual experience, which may be different from that assumed previously, an experience item may be observed in the reconciliation to 31 July 2022.

Guaranteed Minimum Pension (GMP) Equalisation

As a result of the High Court's recent Lloyds ruling on the equalisation of GMPs between genders, a number of pension schemes have made adjustments to accounting disclosures to reflect the effect this ruling has on the value of pension liabilities. It is our understanding that HM Treasury has confirmed that the judgement "does not impact on the current method used to achieve equalisation and indexation in public service pension schemes".

On 23 March 2021, the Government published the outcome to its Indexation and equalisation of GMP in public service pension schemes consultation, concluding that the requirement for public service pension schemes to fully protect the GMP element of individuals' public service pension would be extended to those individuals reaching State Pension Age (SPA) before 5 April 2021.

This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016.

Our valuation assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase.

For members that reach SPA after this date, we have assumed that the Fund will be required to pay the entire inflationary increase. Therefore the pension fund do not believe we need to make any adjustments to the value placed on the liabilities as a result of the above outcome.

Demographic/Statistical assumptions

The actuaries have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2019, except for the CMI projection model. The post retirement mortality tables adopted are the S3PA heavy tables with a multiplier of 85% for males and 95% for females. These base tables are then projected using the CMI_2021 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an initial addition parameter of 0.0% p.a. and a 2020 weighting of 10%.

Although the post retirement mortality tables adopted are consistent with the previous accounting date, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's model, CMI_2020, which was released in March 2021. The parameters of the model have been requested by the University after taking independent advice. At the last accounting date, the CMI_2020 Model was adopted. The effect on the University's liabilities of updating to the most recent model is reflected in the Change in demographic assumptions figure, and the effect on the assumed life expectancies is demonstrated in the table below.

The assumed life expectations from age 65 are:

		31 JULY 2022	31 JULY 2021 [After CMI 2020 update]	31 JULY 2021 [Before CMI 2020 update]
Retiring today	Males	20.6	20.8	21.0
	Females	23.1	23.3	23.3
Retiring in 20 years	Males	21.9	22.2	22.5
	Females	24.6	24.8	24.9

The actuaries have also assumed that:

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

31. PENSION SCHEMES (CONTINUED)

Financial assumptions

The financial assumptions used to calculate the results are as follows:

	31 JULY 2022 % P.A.	31 JULY 2021 % P.A.	31 JULY 2020 % P.A.
Discount Rate	3.50%	1.65%	1.5%
Pension increase	2.65%	2.65%	2.0%
Salary increases	2.65%	2.65%	2.5%

The assumptions as at 31 July 2022 have been requested of the Fund following the University having taken independent advice.

The estimate of the duration of the University's liabilities is 24 years.

Past service costs/gains

Past service costs/gains arise as a result of introduction or withdrawal of, or changes to, member benefits. For example, an award of additional discretionary benefits to a member such as added years by a member would be considered a past service cost.

The actuaries are not aware of any additional benefits which were granted over the year ending 31 July 2022.

Curtailments

The actuaries have calculated the cost of curtailments arising as a result of the payment of unreduced pensions on early retirement. The fund may also have to account for non-pension related costs (e.g. lump sum payments on redundancy) but for the avoidance of doubt, the actuaries have only calculated the cost of curtailments which affect the University's LGPS pension liabilities.

The Actuaries calculate the cost of curtailments at the point of exit, with interest applied to the accounting date accounted for separately.

Over the year, no employees were permitted by the University to take unreduced early retirement that they would not otherwise have been entitled to.

Settlements

We are not aware of any liabilities being settled at a cost materially different to the accounting reserve during the year.

Statement of profit or loss for the year to 31 July 2022

The amounts recognised in the profit and loss statement are:

	YEAR TO 31 JULY 2022 £'000	AS AT 31 JULY 2021 £'000
Service cost	23,463	18,453
Net interest on defined liability	2,624	2,074
Administration expenses	-	32
TOTAL LOSS	26,087	20,559

31. PENSION SCHEMES (CONTINUED)

Asset and benefit obligation reconciliation for the year to 31 July 2022.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	YEAR TO 31 JULY 2022 £'000	YEAR TO 31 JULY 2021 £'000
Opening defined benefit obligation	430,334	376,600
Current service cost	23,463	18,453
Interest Cost	7,256	5,621
Change in financial assumptions	(143,521)	41,581
Change in demographic assumptions	(2,837)	(2,527)
Estimated benefits paid net of transfers in	(6,511)	(6,688)
Experience loss/(gain) on defined benefit obligation	20,364	(5,632)
Contributions by Scheme participants and other employers	2,612	2,937
Unfunded pension payments	(11)	(11)
CLOSING DEFINED BENEFIT OBLIGATION	331,149	430,334

The change in demographic assumptions figure in the table above reflects the update to use the CMI_2020 Model as set out in the Demographic/Statistical assumptions section of this report.

Reconciliation of opening and closing balances of the fair value of Fund assets:

	YEAR TO 31 JULY 2022 £'000	YEAR TO 31 JULY 2021 £'000
Opening fair value of fund assets	278,549	233,711
Interest on assets	4,632	3,547
Return on assets less interest	1,767	35,758
Administration expenses	-	(32)
Contributions by University including unfunded	8,646	9,327
Contributions by Scheme participants and other employers	2,612	2,937
Estimated benefits paid plus unfunded net of transfers in	(6,522)	(6,699)
Other actuarial gains	-	-
CLOSING FAIR VALUE OF FUND ASSETS	289,684	278,549

The total return on the fund assets for the year to 31 July 2022 is £6.4m.

31. PENSION SCHEMES (CONTINUED)

Re-measurements in other comprehensive income

Re-measurement of the net defined liability:

	YEAR TO 31 JULY 2022 £'000	YEAR TO 31 JULY 2021 £'000
Return on Fund assets in excess of interest	1,767	35,758
Changes in financial assumptions	(143,521)	(41,581)
Change in demographic assumptions	(2,837)	2,527
Other actuarial gains/(losses) on assets	(3,534)	-
Experience gain/(loss) on defined benefit obligation	20,364	5,632
RE-MEASUREMENT OF THE NET DEFINED LIABILITY	127,761	2,336

Post balance sheet event

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly since 31 July 2022, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore while both gross DBOs and assets will have fallen, it is difficult to estimate the impact of these changes on the net balance sheet position.

(ii) The Universities' Superannuation Scheme

The institution participates in Universities Superannuation Scheme (USS). 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. USS is a multi-employer scheme and is accounted for as set out in the accounting policies.

The University participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2018 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set.

The total cost charged to the profit and loss account is £1,996,000 (2021: release £520,000) as shown in note 9. The latest available full actuarial valuation of the scheme was at 31 March 2020 (the valuation date), which was carried out using the projected unit method.

The 2020 valuation was the sixth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £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.

DISCOUNT RATE (FORWARD RATES)	
Fixed interest gilt yield curve plus:	
Pre-retirement:	2.75% p.a.
Post retirement:	1.00% p.a.
PENSION INCREASE (CPI)	
Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040	
PENSION INCREASES (SUBJECT TO A FLOOR OF 0%)	
CPI assumption plus:	0.05%

31. PENSION SCHEMES (CONTINUED)

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:

MORTALITY BASE TABLE	2020 VALUATION
Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females.
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

(iii) The Teachers' Pension Scheme (TPS)

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

The Teacher's Pension Budget and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The current life expectancies on retirement at age 65 are:

	2022 VALUATION	2021 VALUATION
Males currently aged 65 (years)	23.9	24.7
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.7
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 Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers have paid an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%).

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website.

Birmingham City University
University House
15 Bartholomew Row
Birmingham
B5 5JU

www.bcu.ac.uk
+44 (0)121 331 5000

 @myBCU
 birminghamcityuniversity