

STRATEGIC REPORT AND FINANCIAL STATEMENTS 2020-21

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Professor Q A McKellar

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 Ms R Ellis (Appointed 9 July 2021)

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 Mr N Willott

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Bankers

Barclays Bank plc, St Albans

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Introduction

by the Pro Chancellor and Chair of the Board of Governors



This marks my second year as Chair of the Board of Governors, and amid the ongoing pandemic it has been another challenging, yet remarkable year for the higher education sector, and our University community. I'm proud of how we as an institution have risen to those challenges, maintaining our focus on the needs of students; powering their potential while adapting how we operate in so many ways.

Although the last 12 months have been challenging for our community, we remain focused on our 2020–2025 Strategic Plan. It provides us with a solid foundation from which to continue delivering flexible, high-quality education, research partnerships, and ongoing enterprise opportunities in the UK and globally. We are confident that the Strategic Plan will continue to help us navigate an ever-changing landscape.

The pandemic has created many challenges for staff and students but health and wellbeing is at the core of our strategic plan. We continue to support our University community through our Employee Assistance Programme, occupational health and wellbeing advisors, and wellbeing champions.

Despite the last academic year being a challenging one, I'm delighted that there have been so many incredible achievements, and new initiatives launched. I've been personally involved in the new Reverse BAME Mentorship Scheme, which sees senior leaders and governors being matched with BAME employees from the University, to help us better understand the experiences of people of colour, and raise awareness of the barriers and challenges to career progression. I'm excited about the potential of this scheme and know that I will gain a great deal of perspective, insight and awareness from it.

In uncertain times such as these, the role our University continues to play in supporting the growth of the local economy and the strengthening of our relationships across the community is more important than ever. This has been recognised in the last 12 months by Research England, which ranked Herts among the top 10% of Universities for local growth and regeneration.

I am deeply honoured to be a part of all of this great work, and would like to express my heartfelt gratitude to all our staff, students, governors, and executive group for the contribution each one of them continues to make to the University, our local community, and the wider world.

Dr Lynn Drummond
Pro Chancellor and Chair of
the Board of Governors

Introduction

by the Vice-Chancellor and Chief Executive



Welcome to our latest Strategic Report and Financial Statements, following another extraordinarily challenging year.

I would like to start by expressing my deep gratitude and immense pride for our staff and students. In the face of adversity, we continue to be resilient, persevere, and adapt as a community to overcome these unprecedented changes.

Financial performance in the year exceeded budget due to great success in recruiting more international students, resulting in higher income than was first thought possible.

Despite the Covid-19 pandemic changing the world and disrupting the higher education landscape, we have remained focused on our Strategic Plan; the three strategic pillars of offering opportunity, embracing flexibility, and building community have felt even more pertinent since March 2020 and we remain committed to having a positive transformational impact on every member of our University community, and the local economy.

One of the ways we are embracing flexibility is by launching 'Herts Learning'. By 2025 we aim to offer flexible learning across every programme – a big ambition that will provide the right framework to drive student success, eliminate the BAME awarding gap, improve inclusion and increase overall student satisfaction. We will be providing learning experiences which are aligned with the future of work, and our increasingly digital society.

In the 2021 National Student Survey (NSS), we performed in the top quartile for Student Voice and Learning Community, and above the sector average for Learning Resources and Academic Support, while our own overall satisfaction score is 74.14%. I'm also pleased to report that in this year's Staff Pulse Survey, 80% of University employees said they're proud to work here, testament to our wonderful culture.

This year we launched a new research-focused public awareness campaign, centered on our work in food and health; which highlights our role in solving some of the greatest societal challenges of our time, such as food poverty and inequality. We also launched our climate change and sustainability campaign, to highlight the breadth and impact of our multidisciplinary research in this area to a wide audience.

We remain committed to ensuring the best use of the resources, from students' fees, public money and commercial income, to achieve our strategic vision and objectives. This year has seen significant investment in our estate, with a new state-of-the-art Institute of Sport, and the new Enterprise Hub building, home to our all campus Business Incubator, our enterprise support services and spaces for students to study, learn and socialise. We have transformed our campus nightclub venue The Forum, into a new bar and nightclub, and built a new lecture theatre space.

This summer, I had the privilege of presenting awards to 16 worthy staff and student winners at our live, virtual Vice-Chancellor's Award ceremony. Meanwhile, our Hertfordshire Sports Village has been ranked one of the best small companies to work for in the UK, and in the top 20 for leisure and hospitality, according to the Best Companies List 2021.

I would once again like to thank our University community for their incredible commitment and hard work, and I look forward to the exciting academic year ahead.

Professor Quintin McKellar CBE
Vice-Chancellor and Chief Executive

Year at a glance

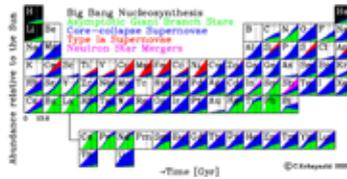
AUGUST 2020

Our School of Creative Arts students won the prestigious ‘Rookies’, the industry-leading international awards for digital artists. They picked up awards for Game of the Year PC and Console, Film of the Year VFX, and Film of the Year VFX People’s Choice Award.



SEPTEMBER 2020

A new study of galaxy evolution, led by a team of researchers at the University, and published in The Astrophysics Journal reveals unexplained quantities of gold in the cosmos, posing an astronomical mystery. The findings will substantially change the presently accepted view of how the universe evolved.



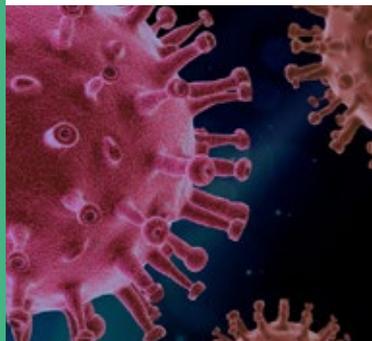
OCTOBER 2020

The University won ‘Teaching Innovation of the Year’ at the Student Nursing Times Awards. Judges gave positive recognition for how the University trains adult nursing students and nursing associates to provide transcultural and compassionate end-of-life care.



NOVEMBER 2020

Researchers from the University, together with international collaborators have researched the use of a traditional medicine remedy called Kratom, which they found to be effective in alleviating pain and fatigue in a Covid-19 patient. There had not been a previous treatment identified as effective against these symptoms.



DECEMBER 2020

The new £12 million Enterprise Hub was unveiled. The hub will significantly enhance and expand the existing support provided for businesses in the region and beyond and provide new learning and study spaces for students.



JANUARY 2021

In partnership with the NHS, a new vaccination centre opened, helping to protect those most at risk of Covid-19 in the community.



FEBRUARY 2021

We celebrated National Apprenticeships Week. Apprenticeships will play a crucial role in Hertfordshire's economic recovery post pandemic. As a provider of Degree Apprenticeship courses, we work with numerous partners across the region to help upskill and address skills shortages.



MARCH 2021

The University leads a Royal College of Nursing Foundation funded study to create and evaluate a visual resource to help people with intellectual and/or learning disabilities give their consent to having the Covid-19 vaccine.



APRIL 2021

A new clinic was opened at the University's Hertfordshire Sports Village, to help those suffering with the long-term effects of Covid-19. The 'long Covid' rehabilitation clinic will provide one-to-one support.



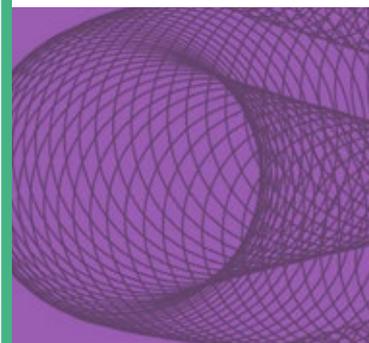
MAY 2021

Two rainbow crossings featuring the Pride Progress Flag, which represents the diversity of the LGBT+ community were installed on our campuses.



JUNE 2021

A Changed World, the University's initiative to create a digital archive of our student and staff communities experience of lockdown, was shortlisted for a University Alliance Award.



JULY 2021

Athletes taught and trained at the University were selected to represent Team GB at the Tokyo 2020 Olympic and Paralympic Games. Expert teaching has allowed many top athletes to thrive on the field and in the classroom.



Strategic report



With our heritage in Britain’s pioneering aeronautical industry, we have been an innovative force in education since the early 1950s. Today, we have a thriving community of more than 30,000 students who study 550 degree options at a vibrant, inclusive, campus-based institution. Alongside high quality teaching, our strong relationships with industry, and award-winning careers services ensure students gain the knowledge and skills they need to match their ambition and succeed.

Our academics are experts in their field, delivering research which is having a meaningful social and environmental impact in the UK and across the globe. From safeguarding older people’s food security and public health, to using a pioneering laser facility to deliver critical insights into climate change, our academic staff are committed to powering progress in everything they do.

We are an anchor institution for the regional economy and community. Through our all-campus incubator ethos and status as an Enterprise Zone, we give hundreds of local businesses the support and facilities they need to learn and grow each year.

Globally, we partner with institutions in countries all over the world, as well as welcoming more than 10,000 students from 140 countries to our campus in the UK. Home students are also encouraged to take the opportunity to experience studying abroad at one of over 170 universities worldwide.

At the University of Hertfordshire, students, staff and businesses consistently reach their full potential. They continue to think bigger, stand out and positively impact local, national and international communities.

We celebrate diversity and promote equality of opportunity for students and staff. We are proud of our diverse institution; 60% of our students and 19% of our staff are from ethnically diverse communities. We still have much work to do to create an inclusive University; we know we must have open conversations and confront difficult issues. We have champions in place to ensure equality, diversity and inclusion is at the heart of our decision making, and we have robust plans in place to address critical issues such as the BAME awarding gap in higher education.

Education is key to breaking down barriers. Thought provoking and impactful staff training is available in areas such as understanding unconscious bias, racial justice and how to be an ally. Our student and staff community are actively encouraged and supported in activities such as networks, campaigns and events. We have groups to support our LGBTQ+, BAME, and disabled communities at the University, among others – providing a safe space to discuss issues confidentially and a platform for celebration.

60% of our students and 19% of our staff are from ethnically diverse communities



Strategic plan 2020–2025

Our vision is to transform lives. It reflects the ambitions and inspiration that is central to the University and it's built on the belief that whatever your background, wherever you are from, we will drive your potential, powering you to succeed.

Our strategic plan – one year on

It has been a year since we launched our strategic plan, but we didn't realise at the time how relevant our commitment to community, flexibility and opportunity would be, giving us a strong foundation for the challenges of the last year. So much has been achieved and we are looking forward to the challenges of the next 12 months.

Education and student experience

During the last 12 months we've provided students with a flexible approach to teaching and learning, allowing them to access resources at a time and pace that suited them. We launched our first BAME institutional action plan, making every person at the University accountable and included in the action we're taking to reduce the awarding gap for our students. A personal tutoring framework was introduced, giving students access to a named member of staff for support both with their studies and pastoral concerns.

Over the next year our focus will be on our Herts Learning, which will see every student have a flexible learning experience to teaching and learning on their programme by 2025.

Research

Research we have undertaken is focused on real world problems, and we quickly responded to those presented by Covid-19 by undertaking robust research to test the effectiveness of PPE, exploring the link between Covid-19 and the loss of sense of smell, and identifying the impact of long covid and the ways in which exercise can support recovery. Many of our other research activities have been conducted through a Covid-19 lens to understand the ways it has impacted everything from our approach to exercise and our body image, to our ability to buy healthy and nutritious food.

Over the next 12 months our researchers will continue to build collaborations with other universities, and industry and commerce to apply

for European funding. We'll also remain focused on interdisciplinary research as we believe that joined up thinking is where the greatest breakthroughs happen, and continue to promote the numerous exciting opportunities we have for postgraduate research study at Herts.

Global engagement

Our global engagement strategy over the last year has moved forward and we've been able to create a virtual interactive experience for our international students and a new range of experiences for students looking to engage all over the world. We've increased the number of students coming to the UK and studying on our programmes overseas at a range of institutions, including those in Egypt, Malaysia, Brazil, Russia and Pakistan. Over the next 12 months we will focus on sustainability, to reduce the impact we have on the environment and to encourage our community to further engage with wider society, harnessing the power of technology.

Enterprise

Over the last 12 months we've supported and mentored over 200 businesses in our region, and we have around 60 companies using the University as an incubator. We launched our Proof of Concept initiative which has handed out more than £100,000 to help researchers turn their ideas into viable products. Looking ahead, we will concentrate on three areas - Innovation, skills and business support, especially our accelerator programme, where we'll be working with large companies by providing business support, marketing, access to finance, together with research by helping to grow and drive companies.

Our people

Our people sit at the heart of our strategic plan, and transforming lives starts with our own staff. Our staff survey results are encouraging and is a measure of how connected staff are with our organisation. Last year we set a target of 70% engagement, and achieved a score of 72%. We recognise that while we are going in the right direction, there is still a lot of work to be done. We have also made progress on our BAME mentoring, and reverse mentoring schemes.



Education and student experience

We deliver high-quality and distinctive education that transforms lives by providing opportunities to develop students' skills for life, working in partnership with our student community, and delivering flexible education with clear career pathways.

National student survey (NSS)

The NSS is an annual national survey by the Office for Students (OfS) of all final year undergraduate students and asks a series of questions about Teaching and Learning, Assessment and Feedback, Academic Support, Organisation and Management, Learning Resources, Learning Community, Student Voice and Overall Student Satisfaction. This year, questions about students' experiences during the pandemic were included.

For the fourth year running, our score for Student Voice is 69.23%, outperforming the sector average of 66.44%. We have performed in the top quartile for Student Voice and Learning Community, and above the sector average for Learning Resources and Academic Support – areas on which we have focussed so much over the past year. These achievements reflect the hard work and the great partnership that has been built between our staff and students.

The survey also asked how well changes to teaching were communicated, including effective communication (71.78%), provision of useful information (80.1%), and timely messaging (74.34%). These scores demonstrate the importance of keeping our students informed throughout the pandemic.

The sector's overall satisfaction score fell from 83% last year to 75% in 2021. Our overall satisfaction score broadly mirrors this, sitting at 74.14%. The pandemic brought huge challenges, and we recognise that there are significant areas that need attention, but the University will continue to adapt to deliver the best possible student experience and value for money.

80.78% of our students told us that the University took the right steps to keep the community safe during the pandemic

The Postgraduate Research Experience Survey (PRES)

We have performed well in our PRES, achieving an overall satisfaction level of 85% which has put our overall performance as 10th, 6% higher than the global average. Our results for disabled students gave an overall satisfaction of 90%, putting us 1st globally and 18% higher than the global average. For BAME students, satisfaction levels were 82%, 3% higher than the global average.

Postgraduate Taught Experience Survey (PTES)

Our overall student satisfaction score for the PTES this year was 80%, compared to 78% in 2020, the sector average is 78%. Our best ranking was for Skills Development, followed closely by Assessment and Support.

Our new term started in September and we created a plan for learning and teaching and the student experience for the academic year. The decisions made were driven by a desire to find an approach that can be applied consistently throughout the year, and one that will withstand whatever challenges come our way. They were based on what we believe would be permitted in September, but also recognise that there will continue to be uncertainty. We will continue to follow government guidance to ensure the safety of our staff and students.



Herts Learning

We will always be a campus-based university with in-person activities at the heart of what we do but it is important that we embrace learnings and successes from the pandemic, with a new approach to teaching and learning which reflects feedback from our new and continuing students, and offers more choice in how, where and when they study.

Herts Learning is a flexible approach to teaching and learning that will be part of every student's programme by 2025. It will provide our students with many benefits and there is early evidence across the sector that this approach is reducing the awarding gap for BAME students.



Nursing Scholarships

We offer every student the opportunity to succeed and support them to achieve the best of their ability. We believe that great talent should be encouraged. Our UH Trust Nursing Scholarships sponsored by the University have supported 27 students.

“ It humbles me that you have trusted and believed in me. Studying has been a challenge at times due to the many time commitments at home and in my multiple employments, but I am close to qualifying as a paramedic. I hope you will be able to help others too, for many years to come, because anyone's future is worth investing in, especially those whose circumstances are often out of their control. ”

Zsofia Bölöni-Potter
BSc Paramedic Science

“ I decided Radiotherapy and Oncology was something that I was passionate about but was restricted in terms of being able to afford university. Your kind gesture not only gave me the confidence to apply, that someone believes in me, that someone feels I am worthy of such an amazing award, but also the crucial funds, that without, I would not have been able to continue. ”

Asher Rubi Thomson
BSc Radiotherapy and Oncology

Research

We carry out research that transforms lives and powers progress. We stimulate, nurture and grow the potential of students, staff, businesses, and researchers alike, to address some of society’s greatest challenges, while offering engaging research opportunities for staff and students and adapting flexibly to research partnerships.

Insight from our investigation of the development and effectiveness of personal protective equipment during the pandemic was used extensively over the last year by companies and public sector organisations.

This year, we launched our new public awareness campaign which celebrates the positive societal impact of our research in the areas of food and health and climate change. We have also promoted other areas of our research to an external audience, such as our work in healthcare, science, and technology.





Focusing on food poverty and inequality

A team of experts from the University spanning nursing, primary care, epidemiology, social work, mental health and nutrition investigated the complexities of the relationship between food, health, and wellbeing for families, older people, those with health conditions, and the impact of a crisis like Covid-19 on the most vulnerable members of our society.

Our study found that approximately 9% of people in Britain experienced some form of food insecurity during the pandemic, and the estimated cost of malnutrition in England alone is £19.6 billion.

We are committed to providing actionable insights for health services to make positive changes to the way we care for and support people, and to working with partners with a joint ambition to drive positive change.

“ From speaking with parents across the East of England, we found the previous school holiday voucher scheme restricted food choices and had been difficult for many families to access, as they couldn't be used online in a time when families were trying to restrict visits to the shops. Our research found families would benefit from a cash top-up to their Child Benefit or Universal Credit payments as a more flexible way of buying food and making the best choices for their individual needs, if access to free school meals become an issue again in the future. ”

**Professor Wendy Wills,
Director of the Centre for Research in
Public Health and Community Care,
University of Hertfordshire**



Research to support families eligible for free school meals

Our research into supporting families eligible for free school meals during the pandemic is one of many areas that has been covered by local and national media.

A study of households, community volunteers and local authority and health and care professionals involved in the provision of food in the East of England has found that many families with school-aged children reported difficulties in accessing food during the pandemic.

The number of children eligible for free school meals has grown significantly over the past 12 months, from 1.44 million children in January 2020 to 1.74 million children in January 2021. When schools closed for the summer holidays, some families who are eligible for free school meals during term time worried that they could experience difficulties in providing nutritious meals for their children as the financial effects of the pandemic continued to affect some people's livelihoods.

The research conducted by the University of Hertfordshire, funded by the National Institute for Health Research (NIHR) Applied Research Collaboration (ARC) East of England, spoke with study participants between May 2020 and March 2021 to look at how people were managing with access to food and how they were being supported locally as the pandemic evolved. The study found more support is needed to help families who are eligible for free school meals to navigate the benefits system, especially for those new to the benefits system or recently unemployed.

Enterprise

We deliver transformative benefits for the economy and our communities through outstanding expertise in business, innovation and skills. We provide opportunities for students and graduates to pursue entrepreneurship, welcoming businesses to our community in the University Enterprise Zone and offering flexible ways for businesses to work with us.

We unveiled our new £12 million Enterprise Hub on our de Havilland Campus in December 2020, significantly enhancing and expanding support provided to local and national businesses of all sizes, which has been even more important during the pandemic.

Hertfordshire Local Enterprise Partnership provided funding for our Volunteer Business Support Scheme (VBSS) as part of a £3.28 million business support package created in response to Covid-19. The scheme matches entrepreneurs with one of more than 70 expert volunteer business mentors, providing them with a critical friend who has experience of the same sector or challenge they are facing.

Supporting local businesses

Jane Shipley's business, ELSA Next Generation, which delivers bespoke education programmes across the UK, found itself in crisis when the pandemic struck in March 2020. Without access to schools, it lost all future business opportunities. Jane signed up to VBSS and was paired with mentor Roma Bhowmick, a strategist, leadership and change consultant and visiting lecturer at Hertfordshire Business School.

Roma and Jane held regular calls where they discussed ways to improve the business model and help the company get back on its feet. Roma was able to find new business opportunities for Jane via her network and signposted Jane to additional support at the University and through the Growth Hub. ELSA Next Generation has not only managed to navigate the challenges presented by the pandemic but is now in a much stronger position than last year. The business has been able to diversify its services, reach out to new customers and increase its turnover with Roma's help.



“ Roma brings a completely different perspective to my ideas, and she has been a fantastic addition to my working week. Not only is she a wonderful mentor, but she has become a great friend. I have already recommended the scheme to 10 other businesses that need this vital support. ”

Jane Shipley
ELSA Next Generation



Apprenticeships

To celebrate February's National Apprenticeships Week, we hosted a virtual panel event for employers to explore the role apprenticeships will play in Hertfordshire's economic recovery and how they can better meet the needs of local businesses.

“ Apprenticeships can be a great solution. They allow businesses to shape and cultivate the exact skills they need, and there are many courses and modules which directly address the gaps employers say they have. There is also funding available through the apprenticeship levy – and they form a key part of Hertfordshire Local Enterprise Partnership's Economic Recovery Plan. ”

Professor Quintin McKellar CBE
Vice-Chancellor at the University
of Hertfordshire

SMEs

During our SME Support Day in April, business leaders and SMEs took part in an online panel discussion exploring how companies can innovate and grow post-pandemic.

The two other events we hosted on the day include a Funded Internships Virtual Fair and the University of Hertfordshire Business Support Showcase – highlighting how we can support businesses, via excellent education, enterprise or ground-breaking research.

Knowledge Exchange Framework

We have been recognised for the diverse contribution we make to local growth and regeneration, the quality of our research partnerships, and our work with the public and third sector by Research England's Knowledge Exchange Framework. We've ranked in our cluster's top 10% for 'Local Growth and Regeneration', and top 20% for 'Research Partnerships' and 'Working with the Public and Third Sector'.

Global engagement

We are a globally engaged university, transforming lives by providing international opportunities for staff and students, building a diverse community on our campus, and increasing flexible programme delivery for the overseas market.

Our strategy supports an international approach to education, and we have forged strong relationships with partners across the globe. This benefits our students by giving them diverse international experiences that prepare them for global careers, and it has helped us to build a vibrant global community and outlook, which also benefits our staff and the wider community.

Hosting the 'world first' global design challenge for students

More than 170 students from the University and Brooklyn College in New York put their creativity to the test in an ambitious online design sprint, thought to be one of the first university-run events of its kind anywhere in the world. A design sprint is used to tackle complex business questions through design, prototyping and the testing of ideas.

Students of fashion design, visual arts, architecture, photography and animation were put to the test over Zoom by some of our industry partners: Adobe, AllSaints, Harris Tweed Hebrides, Lambeth Palace, and Woof & Brew. Their brief: create a means of supporting the local community by responding to issues caused by the Covid-19 pandemic.

Entries were judged by senior representatives from each industry partner. The winning team designed an outdoor, temporary multi-faith pavilion for Lambeth Palace, the London home of the Archbishop of Canterbury, to enable the local community a place for worship and contemplation during the pandemic, when their own facilities were inaccessible.

“ It was thrilling to see the students’ imagination and creativity as they produced designs for prayer and reflection space, which could be inclusive and yet respect the integrities of difference. Coming to a decision on the best design was extraordinarily difficult and a testimony to the energy and vision of the students. ”

Richard Sudworth
Secretary for Inter-Religious
Affairs and Interfaith Advisor
to the Archbishop of Canterbury

New innovation partnership

The University and TWI through its wholly owned subsidiary in Athens, TWI Hellas, will build on their long-standing relationship with the inception of a new Innovation Centre that focuses on 5G, computer science and engineering. The initiative will provide a further platform through which to combine their complementary skills and experience in delivering industry-led research and development (R&D).

The new venture aims to become an internationally leading centre of excellence in communication networks, computer modelling and artificial intelligence (AI), data science and robotics, advanced materials and energy systems. The partners will undertake joint research programmes to develop new disruptive and enabling technologies in the Technology Readiness Levels (TRLs) 1-6, for the exploitation of 5G with big data and robotics, while also deepening the application of advanced materials technology and sustainable energy systems across industry.

The partners will work collaboratively with SMEs in the UK and Europe to access public funding from bodies such as Innovate UK and Horizon Europe to support R&D. A Europe-centric approach is central to the new venture, which aims to engage with the wider innovation community to develop a research portfolio



comprising of new collaborative projects that will deepen digital manufacturing technologies, and resulting in the delivery of novel products, systems and services.

“ By combining their expertise, our two organisations will unify their capabilities in automation and artificial intelligence to progress state-of-the-art in 5G and allied technologies, leading to future training of graduate students and highly skilled personnel through collaborative, multidisciplinary projects. ”

Panos Chatzakos
Regional Manager at TWI Hellas



People

Our people sit at the heart of our strategic plan. We value our staff and encourage them to thrive in a safe and welcoming environment; to feel proud to be part of a great community and to celebrate their achievements. We're a diverse, inclusive community which flexibly responds to the challenges of the changing world.

In June, our Vice-Chancellor Awards celebrated the exceptional work carried out by our colleagues across the University in a virtual, live ceremony, commending 16 winners across a range of categories.

We have also celebrated the success of colleagues who were recognised for teaching excellence by Advance HE, our sector's most important global organisation, which works with institutions to make higher education the best in the world for staff, students and society.

Over the summer, we celebrated the awards of the National Teaching Fellowship, the Collaboration Award for Teaching Excellence, and several Senior Fellowship, Fellowship, and Associate Fellowship accreditations.

Equality, diversity and inclusion

Through our networks and events, we ensure our LGBTQ+, BAME and disabled University communities have a safe space to discuss confidential issues, and a platform for celebration. We are working towards Level 2 within the Disability Confident Scheme. We also launched our BAME Institutional Action Plan to reduce the BAME awarding gap by 50% and address race equality at the University. It includes objectives for each member of staff within each Strategic Business Unit. We have introduced several initiatives to achieve our goals, such as adding equality objectives to staff appraisals and introducing the BAME mentoring and reverse mentoring scheme to address the lack of diversity within senior management.

Gender pay gap

The ongoing commitment to effectively tackling the pay gap across the University has maintained ongoing reductions in gender pay gaps. As of March 2020, our overall mean gender pay gap for hourly rates of pay is 10.45% and our median

gender pay gap is 14.33%. The proportion of eligible staff receiving a bonus resulted in a gap in favour of female staff.

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. Data for the period 1 April 2020 to 31 March 2021 is published on the University's website at: go.herts.ac.uk/TradeUnionFacilityTime

This has been updated to cover the accounting reporting period 1 August 2020 to 31 July 2021 (comparatives are not required to be presented under the regulations) and is as follows:

	2021
	Number
Number of trade union representatives	24
Full-time equivalent number of trade union representatives	21.1

Percentage of working hours spent on trade union facility time

	Number
0% of working hours	-
1 to 50% of working hours	26
51 to 99% of working hours	24
100% of working hours	-

Percentage of staff costs spent on facility time

	£'000
Total staff costs for the University	142,175
Total cost of facility time	142
Percentage of staff costs spent on facility time	0.10%

Paid trade union activities

Percentage of total paid facility time spent on paid trade union activities	12%
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Sustainability

Decarbonisation at the University

We are focused on the bigger picture – reducing our carbon footprint. Through a combination of measures, including better waste management, embracing green and more efficient types of energy and approaches to energy storage and effective management of our buildings and estate, we have reduced our carbon footprint by 43% since 2005. We are contributing to the race to net zero by 2050.

Over the course of the next 12 months, we will be launching a public awareness campaign about climate change and sustainability, highlighting the impact our research has in this area. We want to support the wider community and county in reaching net zero too – through our research, collaborations with industry and sharing best practice, and will use the campaign as an opportunity to engage, form new partnerships and play a key role in reducing carbon emissions across Hertfordshire.

We will also look to engage our staff and students, helping them to protect the environment on campus through things like clear and effective recycling, facilities to encourage and support more sustainable travel, and through our student and staff sustainability networks, teams and activities.

Examples of our progress in areas such as waste and green energy are below:

Green Energy

Since 2017 we have installed 315 kWp of solar panels across the campuses. Over the course of a year, green energy generated by these systems will displace CO₂ emissions equivalent to the total produced by 30 average UK dwellings (assuming 4 tonnes CO₂ per dwelling per annum). Each of these new arrays is linked to a cloud-based performance monitoring system that provides real time performance information. To date, the solar panels have saved the equivalent CO₂ of 3,861.59 trees and produced 311Mwh of electricity which is used on the campuses.

Waste

Since 2012-2013 we have been able to achieve a 90% reduction in overall annual waste output from 2283 tonnes to 205 tonnes. With waste to landfill reduced by 26% and energy creation from waste increased from 0% to 27.4%. In 2019-2020, only 9kg of waste was sent to landfill which has been the lowest recorded since records began. This has been achieved through cultural and operational changes, better waste management, recycling maintained at 70-80%, improvements with food waste, improved procurement, reduced paper use, reduced single use items and Improved packaging.



Eco friendly fashion brand scoops two prizes at annual University of Hertfordshire start-up awards

Creative arts graduate Morchen Liu was the big winner at this year's Flare Ignite awards, scooping £9,000 for his eco-friendly fashion brand.



New report outlines recommendations for sustainable transport planning

A new report launched by the Transport Planning Society and conducted by the University of Hertfordshire makes key recommendations for achieving a low carbon transport system and better places for people to live and work.

Key risk indicator

To support the strategy and its key performance indicators, the Board identifies and closely monitors business risks through regular review of the University's corporate risk register.

Risk	Mitigation	Rating
Education and student experience		
Failure to deliver a high-quality student experience.	<ul style="list-style-type: none"> Awareness of student experience is informed by the National Student Survey (NSS) and by module feedback. Well-established student wellbeing services in place and available to students both on campus and online. Introduction of Personal Tutoring Framework providing academic and pastoral support to students. Regular updates to students on changes, and engagement with student representatives to hear student concerns. 	
Failure to offer workplace engagement and overseas learning opportunities.	<ul style="list-style-type: none"> Advice to, and engagement with students and graduates by Careers and Employment service and Schools. Engagement with Enterprise and Business Development partners, including Degree Apprenticeship employers. 	
Research		
Loss of key research staff.	<ul style="list-style-type: none"> Regular engagement with, and monitoring of, key research staff to manage retention. 	
Enterprise		
Failure to maintain effective relationships with University subsidiaries.	<ul style="list-style-type: none"> Sound management and governance arrangements for subsidiaries in place, with close monitoring of financial planning and budget performance by executive and non-executive directors. 	
Global engagement		
Failure to develop and maintain strong and beneficial international partnerships.	<ul style="list-style-type: none"> Regular monitoring of international partners. Robust due diligence on potential partners. 	
People		
<i>People management</i>		
Failure to recruit, retain and ensure wellbeing of staff, and failure to effectively forward plan to support future University workforce needs.	<ul style="list-style-type: none"> People Strategy and Equality, Diversity and Inclusion Strategy in place. Established staff wellbeing services supported by a network of Wellbeing Champions and online employee support service. Organisational planning includes assessing workforce requirements, and identification of single sources of failure. 	
Employee Relations – local.	<ul style="list-style-type: none"> Engaging in both formal (JNCC) and informal discussions with local Trade Unions and senior management. 	
Major incident/accident on campus.	<ul style="list-style-type: none"> Close relations with police and emergency services, with on-campus presence through the Community Police Team. Clear policies, procedures and training in place on Prevent duty. 	

Key

Risks are scored using a 5 by 5 scoring matrix for likelihood and impact. The resulting residual risk score considers the mitigations in place and is rated:

 Red (significant risk 16-25)	 Amber (high risk 12-15)	 Yellow (medium risk 5-10)	 Green (low risk 1-4)
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Sustainability

Failure to meet student recruitment targets.	<ul style="list-style-type: none"> ▪ Robust recruitment systems, plans and campaigns in place, supported by regular analysis of market position. ▪ Effective and efficient Confirmation and Clearing campaigns. ▪ Continued engagement with UK and International agencies. 	
Failure to maintain a financially sustainable position.	<ul style="list-style-type: none"> ▪ Robust financial management controls with regular forecasting and scenario planning. ▪ Diversification of income to spread the financial risk to the University. 	
Significant Cyber Security attack having impact on multiple users.	<ul style="list-style-type: none"> ▪ Strong awareness raising of cyber risks to all staff and encryption of all new devices. ▪ Strong network security processes and anti-malware solutions in place with regular penetration testing. ▪ Engagement with sector and professional networks to ensure awareness of emerging threats. ▪ Roll out of Multi-Factor Authentication (MFA) to all staff. 	
Failure of a key supplier.	<ul style="list-style-type: none"> ▪ Regular monitoring of contractor performance by strong Procurement and Estates teams. ▪ Wide use of purchasing consortia. 	
Failure to prepare for impact on University of key external influences.	<ul style="list-style-type: none"> ▪ Robust horizon scanning processes in place with external intelligence from key, recognised channels. ▪ Active engagement and lobbying on key issues. 	

Regulatory and Legal Compliance

Failure to comply with legislation and statutory duties.	<ul style="list-style-type: none"> ▪ Strong processes and training in place for key legislation, such as GDPR and UK Visas and Immigration (UKVI). ▪ University Data Protection Officer in post, and dedicated teams in place to manage UKVI compliance. 	
Failure to comply with the Office for Students (OfS) conditions of registration.	<ul style="list-style-type: none"> ▪ Full and ongoing engagement with the OfS, partners and professional bodies to ensure awareness of any changes to, or new regulations or guidance. 	
Failure of IT infrastructure.	<ul style="list-style-type: none"> ▪ IT Infrastructure and replacement cycles reviewed, and additional contingencies developed to ensure continuity of service if IT fails. 	

University estate

Failure to maintain and develop the University estate.	<ul style="list-style-type: none"> ▪ Estates 2020 Project reviewed to ensure continued relevance to University strategy. 	
Failure to effectively manage the statutory compliance aspects of the estate.	<ul style="list-style-type: none"> ▪ Ten-year facilities management contract in place until 2027. ▪ Monthly reporting on statutory compliance. 	
Failure to provide assurance on the safety of campuses and buildings before return to campus.	<ul style="list-style-type: none"> ▪ Return to on-campus working being managed as part of a planned University business recovery. 	
Failure to prepare for the impact of a major disaster on the University.	<ul style="list-style-type: none"> ▪ Clear business continuity arrangements in place which have been tested. 	

Financial review

Financial surplus is critical to addressing the requirements of the strategic plan by delivering sustainability and providing investment opportunities to benefit students.

The Group returned to surplus in 2020-21, having incurred a small deficit for 2019-20 primarily as an impact of Covid-19 on accommodation income, and remains well placed to deal with changes in the external environment, including possible challenges from Brexit and from the government's review into higher education. The Group consists of the University of Hertfordshire, its subsidiary undertakings and joint ventures as shown in notes 16 and 17 of the financial statements.

The Group made a surplus for the year of £10.5 million (2020: deficit of £3.2 million) and recorded total comprehensive income of £38.2 million (2020: expenditure £57.4 million). The figures are reported after significant adjustments in respect of the Local Government Pension Scheme (LGPS) as detailed below. The LGPS actuarial gain/loss shown in other comprehensive income/expenditure has no cash impact.

Following the outbreak of Covid-19 in March 2020, many students who lived on campus opted to return home and the University released them from their accommodation contracts early. This incurred a cost of £6.0 million and was the principal cause of the financial deficit in 2019-20. In addition, costs were incurred in providing extra signage, personal protective equipment and cleaning materials. Although some students were allowed to return to campus in 2020-21, accommodation remained only partially occupied and on-site income remained suppressed.

The value delivered to students goes beyond research-informed teaching. There are many services included within the tuition fee, including state-of-the-art learning resources centres, careers advice, counselling, chaplaincy, subsidised transport, award-winning sports facilities and several others besides. These services positively contribute to the wellbeing of students.

UK undergraduate tuition fees are only repayable once a student has graduated and earns a salary above £25,000. Over a graduate's lifetime the average uplift in salary associated with a degree substantially exceeds the cost of repaying tuition fees. This year, 68% of Group income came from tuition fees.

	2021	2020
	£m	£m
Surplus for the year before pension cost adjustments	22.0	2.1
LGPS service cost and interest charge	(11.7)	(6.7)
USS recovery plan provision decrease	0.2	1.4
Surplus/(deficit) for the year	10.5	(3.2)
LGPS actuarial gain/(loss)	27.4	(54.0)
Change in fair value on hedging financial instruments	0.3	(0.2)
Total comprehensive income/(expenditure)	38.2	(57.4)

Income

Total tuition fee income for the year was £205.3 million, an increase of £30.1 million (17%) from the previous year. This was in line with increased student numbers, notably extra international post-graduates, and non-regulated fee increases.

Annual tuition fees for UK and EU undergraduate students remain capped at £9,250, with only one modest increase since 2012, and therefore are insufficient to meet cost inflation. Other fees and price increases need to stay competitive and are reviewed annually to take account of inflationary pressure on costs and market rates more generally.

Direct income grants from the Office for Students (OfS) remained stable and without any inflationary increase. £3.8 million was received from the Higher Education Innovation Fund, in recognition of the business-facing work undertaken by the University.

The University has enrolled a total of 855 learners on to degree apprenticeship programmes. We have total of 14 live programmes across four different schools. Our three most popular apprenticeship standards are Nursing Associate Higher Apprenticeship, the Senior Leader Degree Apprenticeship, and the Chartered Manager Degree Apprenticeship.

Research income is competitively bid for and is awarded from a variety of sources including the EU, research councils and UK Research and Innovation. Income recognised in the year was £9.9 million, slightly higher than the previous years. Recent investment in staff is anticipated to enhance the volume and success rate of bids.

The investment facility with Rathbones, which opened in 2017 to give some surplus cash more exposure to equities and bonds, has been successful in delivering returns well in excess of the more conventional cash and liquidity funds. A new bond investment fund was opened with Legal and General Investment Management in 2019. These gains are reported in note 15.

The Group made use of the government's CJRS furlough scheme claiming £0.9 million in respect of some staff employed in subsidiary companies.

The Group recognised a gain in investment property value of £4.5 million for Titan Court.

The provision for bad debts increased significantly by £4.0 million to reflect the difficulties being faced by some students. Many students have found it difficult to secure funds during the pandemic and so the University has offered extensions to payment deadlines throughout the year.

Group income sources can be seen in the chart below.

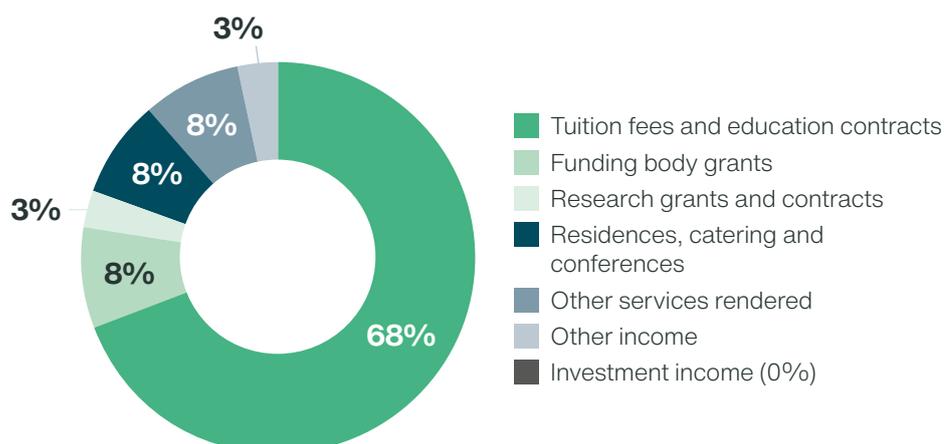
Expenditure

Control over costs is of significant importance as part of the Group's overall value-for-money agenda. Staff costs do generally increase annually even with modest pay awards. The Group made a number of strategic targeted investments in staffing to further improve the quality of teaching and research, resulting in a student-to-staff ratio of 16.3, so remaining highly competitive.

About 54% of operating expenditure of the University Group is spent on staff costs. The majority of these staff are in activities that make direct contact with students, either as lecturers, technicians, librarians, careers advisers or in the student hubs. Other expenditure is incurred to provide state-of-the art facilities, buildings, equipment, accommodation, and accessible learning resources.

Most staff are entitled to join an occupational pension scheme, with the majority becoming members of the Teachers' Pension Scheme (TPS) or the Local Government Pension Scheme (LGPS). Employer contribution rates increased in the TPS in 2018, adding about £3 million to operating costs; however, the employer contribution rate to the LGPS reduced from April 2020, saving about £1 million per annum.

Group income 2020-21



The LGPS is deemed to be specific enough to each employer to require recognition in the accounts. Following actuarial advice, the scheme deficit has reduced to £86.6 million (2020: £102.6m) after a period of recoveries in both world stock markets and corporate bond yields after the Covid-19 pandemic. However, forecasts for consumer price index are also higher than previously thought, meaning that the ongoing service cost has increased.

The Group employs a small number of staff who are members of the Universities Superannuation Scheme (USS). The University has a contractual obligation under the USS to fund the past deficit on this scheme. The £1 million deficit provision at the balance sheet date is based on the 2018 scheme valuation. The 2020 actuarial valuation was finalised after year-end and proposes changes to the deficit recovery period and to future service benefits. The latter will be subject to member consultation. The impact of the 2020 valuation on the deficit recovery provision is detailed in note 34.

Procurement of goods and services adheres to EU law and much use is made of regional and national purchasing consortia. While cost inflation is an ongoing hazard, significant effort is invested in attaining best value for students, and this has resulted in very low inflation being experienced by the Group.

Interest payable continues to fall as external loans are paid off. External debt reduced to £59 million, less than 20% of income, and provides some headroom if further borrowing was required. Around 55% of the external debt is at a fixed rate and this portion is unaffected by rate rises.

Capital investment

Recent buildings opened, as part of the Estates 2020 Vision, are the Enterprise Hub and the Institute of Sport at the de Havilland Campus; the former provides a social space for students and also houses business incubation and teaching, while the latter offers outstanding teaching facilities in sports subjects. Both attracted funding from the Hertfordshire Local Enterprise Partnership totalling £6.8 million over the last two years. The new Forum teaching and social space also opened to students in September 2021, providing a flexible teaching space and a new venue for students to socialise.

The demolition of a former teaching building at the College Lane Campus was completed in readiness for the construction of a new facility to be opened around 2024. Enhancements to the original college building, dating from the early 1950s, are also planned.

Investment has been made in teaching and research equipment, IT infrastructure, Wi-Fi capability, carbon reduction schemes and supporting the research themes. Universitybus

Limited acquired two new vehicles and Polyfield Property Limited bought new gym equipment costing £0.3 million, which was commissioned in September 2021. In total, £21.7 million was spent on capital projects during the year.

Subsidiary companies

The subsidiary companies had a reasonable trading year, despite the impact of the pandemic.

Universitybus Limited made a profit of £0.1 million, benefitting from the government's furlough scheme and from grant support to maintain the service through the lockdown period. Improvements were made to services with investment in two new vehicles and full rollout of cashless technology on-board, further enhancing customer experience.

The Exemplas group of companies recorded a profit of £0.1 million through its wide-ranging business support activities to small and medium-sized enterprises. Two major contracts with the Department for International Trade are currently under negotiation and could secure income into 2022.

Commercial projects in the academic schools and conferencing is traded through UH Ventures Limited, recording a loss of £0.1 million, with a notable reduction in conference activity after lockdown.

Polyfield Property Limited, which runs the Hertfordshire Sports Village and rents property to other members of the Group, made a loss of £1.1 million following the closure of the Sports Village for a prolonged period. The company makes ongoing unitary payments under a Private Finance Initiative, and this forms a substantial part of its cost base. The Sports Village did re-open ahead of expectation and trading increased significantly in the final quarter of the year.

Monitoring financial performance

The key performance indicators, as set by the board of governors, include three which are measured financially:

	Actual	Target
EBITDA	£37.6m	£18.9m
Research income	£9.9m	£10.1m
Other operating income	£58.2m	£65.0m

Earnings before interest, tax, depreciation and amortisation (EBITDA) improved largely because of the increase in income in 2020–21, mostly from international students and this also meant that the following metrics were also better than in 2019–20. External borrowing also continued to be paid down and total income increased to £300 million.

The Group also monitors its financial performance against the following key financial metrics used by the OfS:

Financial metric	Actual 2020-21	Actual 2019-20
Surplus as % of total income	3.5%	(1.2%)
Cash flow as % of total income	16.2%	6.9%
Net liquidity (total expenditure less depreciation) in days	167 days	138 days
Total assets/total liabilities	1.8	1.7
External borrowing as % of total income	19.6%	22.8%
Unrestricted reserves as % of total income	79.0%	73.8%

Cash flow

Cash, including short-term deposits, increased to £127.8 million (2020: £98.3 million) and so is healthy and adequate to both fund future investment and the immediate needs from the Covid-19 outbreak. Cash generated from operating activities was slightly higher than capital expenditure. External debt of £2 million was repaid. It is not envisaged that further external borrowing will be needed in the foreseeable future.

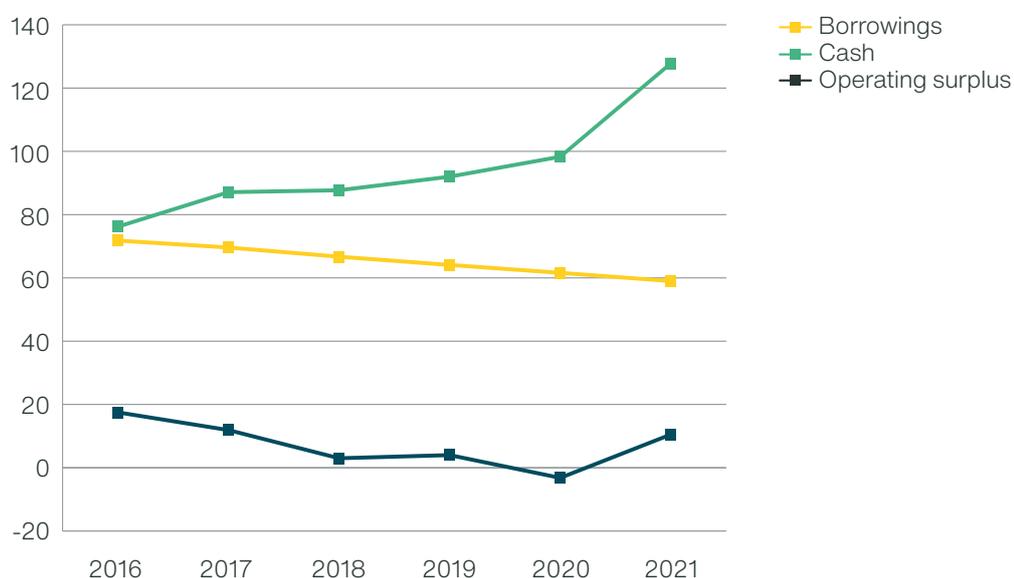
Taxation

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and Paragraph 1 of Schedule 6 to the Finance Act 2010 and is recognised as a charity by HM Revenue & Customs. Commercial trading activities undertaken by the University are operated through its subsidiary companies and attract VAT where applicable. Indirect tax (VAT) and payroll taxes (PAYE and National Insurance contributions) collected and paid amounted to £4.8 million and £35.8 million respectively. The Group took advantage of HMRC's VAT payment deferral scheme for the 2019-20 third quarter VAT liability totalling £2.9 million, which was paid in March 2021.

Conclusion

With only a single financial deficit since 2009, mostly because of the impact of Covid-19 on accommodation income, the Board considers that the Group remains in good financial health and well placed to face the uncertainties ahead, given its recent record in generating surplus and its controls over investments and costs. The Group is well placed to consider and make decisions in the interests of its stakeholders, most importantly the value it offers to its students.

Group operating surplus, cash and borrowings (£ million)



Statement of Corporate Governance

The following statement covers the year to 31 July 2021 and the period up to the date of approval of these financial statements. It is provided to enable readers of the financial statements to gain a better understanding of the governance and legal structure of the institution.

Legal status

The University of Hertfordshire is an independent corporation, established as a Higher Education Corporation in England under the provisions of the Education Reform Act 1988 and the Further and Higher Education Act 1992. It is an exempt charity under the Charities Act 2011. The University is regulated by the Office for Students (OfS) established as the regulator for English higher education under the provisions of the Higher Education and Research Act 2017 (HERA).

The University conducts its business in accordance with the seven principles identified by the Nolan Committee on Standards in Public Life; the guidance provided to higher education institutions by the Committee of University Chairs (CUC); and the requirements of the Office for Students (OfS) Regulatory Framework. The Board has adopted The Higher Education Code of Governance (CUC 2014, revised 2018 and 2020) and is satisfied that it operates in compliance with the Code.

The University's objectives, powers and the institutional governance framework are set by the Articles of Government. Any amendments to the Articles must be approved by the OfS (previously the Privy Council).

Governance structure

The Articles of Government require the University to establish a Board of Governors and an Academic Board, each with clearly defined functions and responsibilities.

Board of Governors

The Board of Governors is the University's governing body and is collectively accountable for the determination of the strategic direction and mission of the University and for oversight of its activities. It is responsible for the finance, property and staffing of the University and Group.

The Board has a majority of independent members, selected in line with criteria contained in legislation. The Chair of the Board is elected from the independent members. The Board also comprises the Vice-Chancellor, a teacher of the University nominated by the Academic Board following election by the academic staff as a whole, and a student nominated by the Trustees of the University's Students' Union.

There is also provision for the appointment of co-opted members. Mandatory co-opted members include a person having experience of the provision of education and a member of the professional staff (appointed via an election process involving all professional staff). One discretionary co-opted member was appointed during 2020-21.

No members of the Board receive any remuneration for the work they do for the Board, although they are able to claim expenses incurred in the course of undertaking their duties. In 2020-21, the Board met on seven occasions and average attendance was 90% (compared to 90% the previous year).

Members of the Board of Governors are drawn from a wide variety of sectors and industries and include senior figures with backgrounds in local government, the civil service, accountancy, business, health, pharmaceuticals, finance, politics, banking, regulation and higher education.

The Board has established a 'fit and proper' persons' framework for members of the governing body and those with senior management responsibilities.

During the lockdown, scheduled meetings of the Board and its committees were held virtually using Microsoft Teams.

As a response to the pandemic and as part of its Emergency Planning, the Executive formed a Gold Team, which comprised the Executive and select members of the Chief Executive Group. The Gold Team met daily to consider specific actions and responses required during the lockdown and business recovery period. The Secretary and Registrar updated the Board on all Covid-critical decisions and actions that arose from the Gold Team.

Members of the Board of Governors are listed on page 3. The University maintains a Register of Interests of members of the Board of Governors, the Boards of Directors of the subsidiary companies and designated officers of the Board, which may be consulted by arrangement with the Secretary and Registrar.

Academic Board

Subject to the overall responsibility of the Board of Governors, the Academic Board has oversight of the academic affairs of the University and draws its membership entirely from the staff and students of the University. It is particularly concerned with issues relating to the teaching and research work of the University. The Academic Board is chaired by the Vice-Chancellor.

Chief Executive

The Vice-Chancellor is the head of the University and is responsible to the Board of Governors for the organisation, direction and management of the University. Under the requirements of the OfS Regulatory Framework, the Vice-Chancellor is the designated accountable officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

As Chief Executive, the Vice-Chancellor exercises considerable influence upon the development of University strategy, the identification and planning of new developments and the shaping of the University ethos.

Members of the Vice-Chancellor's Executive Group (the Deputy Vice-Chancellor, the Group Finance Director, the Secretary and Registrar, and the Pro Vice-Chancellor (Business and International Development)) all contribute to this aspect of work.

However, the Vice-Chancellor remains ultimately responsible to the Board in this regard. In accordance with the Articles of Government, the University's Secretary and Registrar has been designated Secretary to the Board and in that capacity provides independent advice on matters of governance to all Board members.

Committees

Certain matters, such as the approval of the strategic plan, the annual budget, major investments and the sale and purchase of land, are reserved matters for the Board. However, much of its detailed work is delegated to four standing committees:

- Finance Committee
- Employment, Remuneration, Governance and Nominations Committee
- Vice-Chancellor's Remuneration Committee

- Audit and Risk Committee

Other than the Audit and Risk Committee, whose constitution provides for a staff governor nominated by the Board of Governors, these committees are composed of independent and external co-opted members of the Board. The decisions of these committees are reported formally to the Board.

The Board of Governors conducts regular effectiveness reviews of itself and its committees in accordance with regulatory body guidance.

Finance Committee

The Finance Committee is responsible for the financial management and regulation of the University and Group. It also has oversight of financial policy and management and the progress of significant capital projects. The committee normally meets five times per year.

Employment, Remuneration, Governance and Nominations Committee

This committee is responsible to the Board for the University's overarching human resources policy framework, its component policies and changes or additions to these, and determines and reviews the remuneration and conditions of staff appointed by the Board itself, except the Vice-Chancellor. It also sets the framework of pay and conditions of those employees designated as senior managers and considers and oversees all matters relating to the good governance of the Board.

The committee is established by the Board to act as the Nominations Committee in respect of all appointments made by the Board of Governors, except that final responsibility for the appointment of the Vice-Chancellor rests with the Board itself. The committee normally meets three times per year. This committee is chaired by an independent member of the Board (who is not the Chair of the Board).

Vice-Chancellor's Remuneration Committee

All aspects of the terms and conditions of employment, including the remuneration, of the Vice-Chancellor are determined by the Vice-Chancellor's Remuneration Committee. This committee is chaired by an independent member of the Board (who is not the Chair of the Board). The Vice-Chancellor is not a member of and does not attend this committee.

Audit and Risk Committee

The University adopted the revised CUC Higher Education Audit Committees Code of Practice at its meeting in June 2020. In doing so, a number of changes were made to its Terms of Reference to ensure ongoing compliance with the Code. In addition, actions have been agreed to formalise

Audit and Risk Committee (continued)

the induction of new members of the committee and to complete a self-assessment during 2021-22. These have been agreed following the completion of a full mapping of the Code against the committee's arrangements by Internal Audit.

The Audit and Risk Committee normally meets five times per year, including a meeting with the external auditors to discuss findings in relation to the audit of the financial statements. It reviews the annual financial statements prior to their consideration and approval by the Board, together with the accounting policies.

The Head of Internal Audit provides an annual report for consideration by the Audit and Risk Committee, and thereafter by the governing body, setting out their opinion on the adequacy and effectiveness of the University's arrangements for risk management, internal control and governance, and its processes for ensuring economy, efficiency and effectiveness (value for money). This report also sets out Internal Audit's approach to the review of data quality. The opinion is based on the work of the Internal Audit service, the detailed findings from which are presented to the committee during the year.

The committee ensures that the systems and processes for the preparation of statutory returns to OfS and the Higher Education Statistics Agency are reviewed and that returns have received the required approval prior to submission.

The Deputy Secretary and Registrar/Head of Corporate Services maintains a schedule, recording the behaviours linked to each OfS condition and associated evidence to demonstrate that the University is compliant with the OfS's Conditions of Registration. This is kept under regular review and is reported to each meeting of the Audit and Risk Committee. Internal Audit's planned work includes specific audits on compliance with OfS Conditions of Registration.

The committee also reviews the University's corporate risk register at each meeting.

The University has established an officer Assurance Group whose principal role is to monitor ongoing compliance with the OfS conditions of registration, including the submission of key data returns and to provide assurance to the Board.

Standard templates for committee reports have been updated to include the requirement for the report's author to indicate which of the OfS Conditions of Registration the report provides assurance on.

Going concern

The Board of Governors is satisfied that the University has adequate resources to continue

in operation for the foreseeable future, and for this reason the Board considers that the financial statements of the University and the Group should be prepared on a going-concern basis. The Group has made financial surpluses for 10 years until 2019-20 and has cash reserves at a high level. The deficit in 2019-20 was primarily caused by the need to release students from accommodation contracts and because of the actuarial adjustment in the Local Government Pension Scheme (LGPS), the latter not requiring any cash outflow. The Group has returned to profitability for 2020-21.

Each of the subsidiary companies, and the University itself, has produced trading budgets and cash flow forecasts for future periods. In addition, the Group has also modelled a number of scenarios to demonstrate the impacts on future cash flows from different financial surpluses and capital projects.

The University finished the 2020-21 financial year with cash deposits and investments of £127.8 million. Based on the budget for 2021-22, being the most likely scenario, cash and investments at the end of the coming year would be £84.0 million. External debt would be paid down to £56.2 million, ensuring that gearing remains low relative to both the historic position and to the sector more widely.

Each subsidiary company has demonstrated that its cash reserves will be sufficient to continue trading for the foreseeable future (to 31 December 2022). Borrowing facilities are in place should any of them require financial assistance for working capital on a short-term basis.

The capital expenditure programme has been reviewed by a senior panel to ascertain key priorities and has been budgeted as such. In the 2021-22 financial year, the largest project will cost about £25 million, with the majority of projects being considerably smaller in scope and value. There are options for delaying some projects should the need arise. In mid-November 2021, the Board agreed to progress the new Engineering Building to construction phase. The current and forecast cash position and low borrowing is such that construction is likely to take place over the next two financial years to replace the oldest buildings on the estate to support the largest school.

The budget for 2021-22 was approved on the basis of achieving a breakeven position even after the LGPS adjustment and the medium and long-term cash forecasts demonstrate financial sustainability. Investments in fixed assets are carefully reviewed prior to approval. The Board only undertakes such investments with the knowledge that the Group will remain solvent and that value is likely to be added as a result of the investment. Although no new external borrowing is likely to be required in the near term, the Board is confident that funding would be available from its lenders should the need arise.

Responsibilities of the Board of Governors

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

The Board of Governors is responsible for preparing the strategic report and the financial statements in accordance with applicable law and regulations.

The Board of Governors is required to prepare financial statements for each financial year in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law) including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland. In addition, the Board of Governors is required to prepare the financial statements in accordance with the OfS Regulatory Framework, through its accountable officer. At the University of Hertfordshire, the designated accountable officer is the Vice-Chancellor. The Board of Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the University and the Group and of the surplus or deficit, gains and losses and changes in reserves of the University and the Group for that year and the cash flows for the Group for the year.

In preparing the financial statements, the Board of Governors is required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the University and Group will continue in business.

The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the University's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the University and the Group. It also ensures that the financial statements comply with the Instrument and Articles of Government, the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (SORP) and any subsequent amendments, OfS Accounts Direction and other applicable regulations. It is also responsible for safeguarding the assets of the University and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Governors has taken reasonable steps to:

- ensure that funds from the OfS, UK Research and Innovation (including Research England), the Department for Education and the Education and Skills Funding Agency are used only for the purposes for which they have been given and in accordance with any terms and conditions of that funding. This includes the operation of a sound system of internal financial control, as described in the Statement of Internal Control on page 32 and the conduct of regular internal audits on compliance with legislation, for example compliance with OfS conditions of registration.
- ensure that there are appropriate financial management controls in place to safeguard public funds and funds from other sources.
- ensure that the University and Group has a robust and comprehensive system of risk management, control and corporate governance, which includes the prevention and detection of corruption, fraud, bribery and irregularities.
- secure the economic, efficient and effective management of the University's and the Group's resources and expenditure.

The Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board of Governors confirms that:

- so far as each governor is aware, there is no relevant audit information of which the University's auditor is unaware.
- the governors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the University's auditor is aware of that information.

Approved on behalf of the Board of Governors on 23 November 2021 and signed on its behalf by:

Professor Q A McKellar
Vice-Chancellor and Chief Executive

Dr L Drummond
Pro Chancellor and Chair of the
Board of Governors

Statement of Internal Control

The following statement covers the year to 31 July 2021 and the period up to the date of approval of these financial statements.

The Board of Governors acknowledges its responsibility for ensuring that an effective system of internal financial control is maintained and operated by the University of Hertfordshire Group.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period. The system of internal financial control is based on a framework of regular management information, administrative procedures – including the segregation of duties – and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the board.
- regular reviews by the board of periodic and annual financial reports, which monitor financial performance against budgets and forecasts.
- setting targets to measure financial and other performance using key performance indicators as appropriate.
- clearly defined capital investment control guidelines.
- the adoption of formal project management disciplines where appropriate.

The Board has established processes for the identification, evaluation and management of risks (business, operational, compliance and financial) the University Group faces. The Board has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible. This is in accordance with the responsibilities assigned to the governing body in Instrument and Articles of Government, Terms and Conditions of Funding, and the OfS Regulatory Notices 2, 5 and 9. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically.

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

- The Board meets at regular intervals to consider performance reports, operational plans and the strategic direction of the university.
- The Board receives periodic reports from the chair of the audit and risk committee concerning internal control. It requires regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- A robust risk management process that has been embedded across the University and covers the identification and evaluation of both strategic and operational risks, including compliance and financial risks. Risks are linked to the University's strategic themes and the risk management process assesses the likelihood and impact of risks arising and identifies mitigating controls and actions to manage these risks.
- Risk management is integrated into key activities, such as the annual planning process and major projects.
- The risk management approach is risk based resulting in a prioritised corporate risk register. This organisation-wide risk register is maintained and reported to and discussed regularly by the University's senior management team and at each meeting of the Audit and Risk Committee. The results of this process are then presented to and considered at each meeting of the Board of Governors.
- Risk registers are also maintained at Strategic Business Unit (SBU) level and by the wholly owned subsidiary companies, which are reviewed regularly by the University's Business Risk Manager who meets with Heads of SBU and the subsidiary companies' management twice a year to discuss their risks. Risks of strategic importance are then fed into the corporate risk register.

- The Business Risk Manager acts as a central point of contact for risk management coordination and review, working closely with senior management to promote University-wide understanding and application of the risk management process.
- Reviews of the adequacy and effectiveness of the University's risk management process are undertaken regularly by Internal Audit. The effective implementation of risk management arrangements is considered as part of the work undertaken on each audit, where appropriate.
- The role of Internal Audit is to provide assurance on the University's internal control environment as well as its arrangements for risk management, governance, and value for money. It does this through the completion of a risk-based audit plan, which identifies how each audit contributes to the overall audit opinion, including each of these four elements as well as the arrangements for ensuring data quality. In completing their work, Internal Audit not only advises on internal controls but looks to add value to the overall operation of the University, considering both the present situation and the future impact on the areas reviewed.
- The University's external auditors review the operating effectiveness of internal control over the key systems and income streams to the University. They consider Internal Audit reports to understand the scope of their work, any significant findings and their view on and contribution to the overall control environment.
- A system of key performance and risk indicators is in place.
- Procurement procedures are monitored to promote economy and efficiency and ensure value for money.
- The Audit and Risk Committee receives and provides challenge to the individual audit reports from Internal Audit. This includes Internal Audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control and its arrangements for risk management and governance and for ensuring value for money and data quality. There were four areas where Internal Audit has made high priority recommendations to address significant issues or weaknesses in internal control identified during the course of their work. These are summarised below:

– **Information Management and Records**

Storage: the need to determine the strategic balance between closer central control of data management and minimising any negative impact on University operations.

- **Data Quality:** the need for data quality issues identified by HESA and the University's Student Information and Planning team to be formally captured and used to inform the ongoing business process reviews that are mapping student administration processes.

This will ensure that these issues are fully investigated and will allow for the required improvements to be made to the arrangements for student data quality.

- **Purchasing Cards:** enhancements to controls have been identified in response to an ongoing internal investigation into purchasing card irregularities identified by management, including those around the oversight of purchasing card spend to ensure that such payments are accounted for and approved promptly.
- **Sports Village Application:** enhancements to system access controls.

Actions to address these issues are being put in place and implementation of all Internal Audit recommendations is regularly monitored by the Audit and Risk Committee.

Independent auditor's report to the Board of University of Hertfordshire

Opinion on the financial statements

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2021 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the Group's cash flows for the year then ended; and
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of University of Hertfordshire ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2021 which comprise the Consolidated and University statement of comprehensive income, the Consolidated and University statement of changes in reserves, the Consolidated and University balance sheets, the Consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the board members' use of

the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and University's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the board members with respect to going concern are described in the relevant sections of this report.

Other information

The Board is responsible for the other information. Other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters required by the Office for Students ("OfS"), Research England and the Education and Skills Funding Agency

In our opinion, in all material respects:

- Funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.

- Funds provided by the OfS, UK Research and Innovation (including Research England) and the Education and Skills Funding Agency have been applied in accordance with the relevant terms and conditions.
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

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

Responsibilities of the Board of Governors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined

above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations are related to their registration with the Office for Students (OfS) and their ongoing conditions of registration, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the OfS Accounts Direction and tax legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence if any.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

The audit procedures to address the risks identified included:

- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively.
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the actuarial assumptions used in the defined benefit pension scheme and the Universities Superannuation Scheme, assumptions used in the valuation of Investment Properties, the carrying value of liabilities under service concession arrangements, calculations of impairment provisions and the useful economic lives of fixed assets.
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management, journals posted by individuals outside of their expected job roles, and others deemed unusual based on our expectations.
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding with the OfS, Research England and the Education and Skills Funding Agency.

Use of our report

This report is made solely to the governors, as a body, in accordance with Section 75 of the Higher Education Research Act 2017. Our audit work has been undertaken so that we might state to the University's Board 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

James Aston MBE
(Senior Statutory Auditor)

For and on behalf of BDO LLP,
Statutory Auditor
Gatwick

Date: 20 January 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial Statements



Consolidated and University statement of comprehensive income for the year ended 31 July 2021

	Notes	2021		2020	
		Group £'000	University £'000	Group £'000	University £'000
Income					
Tuition fees and education contracts	1	205,332	205,326	175,252	175,260
Funding body grants	2	25,286	25,286	23,669	23,669
Research grants and contracts	3	9,921	8,965	8,466	7,699
Other income	4	58,235	38,002	60,968	41,981
Investment income	6	1,037	972	1,926	1,838
Donations and endowments	7	275	453	271	333
Total income		300,086	279,004	270,552	250,780
Expenditure					
Staff costs	8	159,886	142,175	151,132	134,635
Other operating expenses		116,273	112,976	105,919	103,720
Depreciation	13	17,286	15,507	17,020	14,883
Interest and other finance costs	9	3,732	3,203	3,535	2,989
Total expenditure	10	297,177	273,861	277,606	256,227
Surplus/(deficit) before other gains and losses and share of operating surplus of joint ventures					
		2,909	5,143	(7,054)	(5,447)
Gain on disposal of fixed assets		27	-	4,493	-
Gain/(loss) on investments	15	7,344	7,053	(795)	(310)
Share of operating surplus in joint ventures	17	193	-	165	-
Surplus/(deficit) before tax		10,473	12,196	(3,191)	(5,757)
Taxation	11	1	-	(2)	-
Surplus/(deficit) for the year		10,474	12,196	(3,193)	(5,757)
Actuarial gain/(loss) in respect of pension schemes					
	31	27,447	26,359	(54,004)	(53,457)
Change in fair value of hedging financial instruments					
	25	291	-	(184)	-
Total comprehensive income/(expenditure) for the year		38,212	38,555	(57,381)	(59,214)
Represented by:					
Endowment comprehensive income for the year		450	31	27	13
Restricted comprehensive income/(expenditure) for the year		260	353	(398)	(45)
Unrestricted comprehensive income/(expenditure) for the year		37,514	38,183	(56,743)	(58,915)
Revaluation reserve comprehensive expenditure for the year		(12)	(12)	(267)	(267)
		38,212	38,555	(57,381)	(59,214)

All results are from continuing operations.

The notes on pages 42 to 86 form an integral part of these financial statements.

Consolidated and University statement of changes in reserves for the year ended 31 July 2021

	Income and expenditure account			Revaluation reserve £'000	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Group					
Balance at 1 August 2019	2,834	571	216,059	40,530	259,994
Surplus/(deficit) from the statement of comprehensive income	27	165	(3,385)	-	(3,193)
Other comprehensive expenditure	-	(184)	(54,004)	-	(54,188)
Transfers between reserves	-	-	267	(267)	-
Release of restricted funds spent in year	-	(379)	379	-	-
Total comprehensive income/(expenditure) for the year	27	(398)	(56,743)	(267)	(57,381)
Balance at 1 August 2020	2,861	173	159,316	40,263	202,613
Surplus from the statement of comprehensive income	450	244	9,780	-	10,474
Other comprehensive income	-	291	27,447	-	27,738
Transfers between reserves	-	-	12	(12)	-
Release of restricted funds spent in year	-	(275)	275	-	-
Total comprehensive income/(expenditure) for the year	450	260	37,514	(12)	38,212
Balance at 31 July 2021	3,311	433	196,830	40,251	240,825
University					
Balance at 1 August 2019	769	154	229,719	39,389	270,031
Surplus/(deficit) from the statement of comprehensive income	13	55	(5,825)	-	(5,757)
Other comprehensive expenditure	-	-	(53,457)	-	(53,457)
Transfers between reserves	-	-	267	(267)	-
Release of restricted funds spent in year	-	(100)	100	-	-
Total comprehensive income/(expenditure) for the year	13	(45)	(58,915)	(267)	(59,214)
Balance at 1 August 2020	782	109	170,804	39,122	210,817
Surplus from the statement of comprehensive income	31	516	11,649	-	12,196
Other comprehensive income	-	-	26,359	-	26,359
Transfers between reserves	-	-	12	(12)	-
Release of restricted funds spent in year	-	(163)	163	-	-
Total comprehensive income/(expenditure) for the year	31	353	38,183	(12)	38,555
Balance at 31 July 2021	813	462	208,987	39,110	249,372

Consolidated and University balance sheets for the year ended 31 July 2021

	Notes	2021		2020	
		Group £'000	University £'000	Group £'000	University £'000
Non-current assets					
Intangible assets	12	26	-	28	-
Goodwill	12	585	-	674	-
Fixed assets	13	326,708	295,139	322,313	288,059
Investments	15	33,099	85,570	28,426	80,352
Investment in joint ventures	17	962	-	805	-
		361,380	380,709	352,246	368,411
Current assets					
Stock		433	157	306	113
Trade and other receivables	18	40,885	38,521	29,735	28,010
Investments	19	30,458	30,458	40,662	40,662
Cash and cash equivalents		97,333	76,210	57,646	36,085
		169,109	145,346	128,349	104,870
Creditors: amounts falling due within one year	20	(114,746)	(110,099)	(82,440)	(76,849)
Net current assets		54,363	35,247	45,909	28,021
Total assets less current liabilities		415,743	415,956	398,155	396,432
Creditors: amounts falling due after more than one year	21	(87,891)	(79,150)	(92,543)	(83,199)
Provisions					
Pension provisions	23	(86,624)	(87,031)	(102,596)	(102,013)
Provisions for liabilities	23	(403)	(403)	(403)	(403)
Total net assets		240,825	249,372	202,613	210,817
Restricted reserves					
Income and expenditure reserve – endowment reserve	24	3,311	813	2,861	782
Income and expenditure reserve – restricted reserve	25	433	462	173	109
Unrestricted reserves					
Income and expenditure reserve – unrestricted		196,830	208,987	159,316	170,804
Revaluation reserve		40,251	39,110	40,263	39,122
Total reserves		240,825	249,372	202,613	210,817

The Financial Statements were approved and authorised for issue by the Board of Governors on 23 November 2021 and signed on its behalf by:

Dr L Drummond
Chair

Professor Q A McKellar
Vice-Chancellor

Mr A Moffat
Group Finance Director

Consolidated statement of cash flows for the year ended 31 July 2021

	Notes	2021 £'000	2020 £'000
Cash flow from operating activities			
Surplus/(deficit) for the year before taxation		10,473	(3,191)
Adjustment for non-cash items			
Depreciation	13	17,286	17,020
Amortisation of intangibles	12	2	2
Amortisation of goodwill	12	89	89
(Gain)/loss on investments	15	(7,344)	795
(Increase)/decrease in stock		(127)	29
Increase in debtors		(11,235)	(7,630)
Increase in creditors		30,665	13,353
Increase in pension provision		11,475	5,358
Share of operating surplus in joint ventures	17	(193)	(165)
Adjustment for investing or financing activities			
Investment income	6	(1,037)	(1,926)
Interest payable		2,233	2,494
Endowment (income)/payments	24	(78)	46
Profit on the sale of fixed assets		(27)	(4,493)
Capital grant income		(3,600)	(3,039)
Cash inflow from operating activities		48,582	18,742
Taxation		1	(2)
Share of tax in joint ventures		36	12
Net cash inflow from operating activities		48,619	18,752
Cash flows from investing activities			
Proceeds from sale of fixed assets		42	9,921
Capital grant receipts		2,545	5,547
Disposal of non-current asset investments		273	230
Withdrawal of deposits		24,816	23,800
Investment income		980	915
Payments made to acquire fixed assets		(20,306)	(23,526)
New non-current asset investments		-	(187)
New deposits		(12,230)	(29,815)
		(3,880)	(13,115)
Cash flows from financing activities			
Interest paid		(1,509)	(1,748)
Interest element of finance lease and service concession payments		(712)	(754)
New endowments		100	-
Endowment payments		(22)	(46)
Repayments of amounts borrowed		(2,087)	(2,040)
Capital element of finance lease and service concession payments		(822)	(794)
		(5,052)	(5,382)
Increase in cash for the year		39,687	255
Cash and cash equivalents at beginning of the year		57,646	57,391
Cash and cash equivalents at end of the year		97,333	57,646

Statement of principal accounting policies

A. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland. The University is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102. The financial statements are prepared in accordance with the historic cost convention (modified by the revaluation of fixed assets, investment properties and derivative financial instruments).

Going concern

The University and each of the subsidiary companies have produced trading budgets and cash flow forecasts for future periods, and each entity within the Group has demonstrated that its cash reserves will be sufficient to continue trading for a period of not less than 12 months from the date of signing these financial statements. Borrowing facilities are in place should any of them require financial assistance for working capital on a short-term basis. In addition, the Group has also modelled a number of scenarios to demonstrate the impact on future cash flows from different financial surpluses and capital projects.

The University finished the 2020-21 financial year with cash deposits and investments of £127.8 million. Based on the budget for 2021-22, being the most likely scenario, cash and investments at the end of the coming year would be £84.0 million. External debt would be paid down to £56.2 million, ensuring that gearing remains low relative to both the historic position and to the sector more widely.

The capital expenditure programme has been reviewed by a senior panel to ascertain key priorities and has been budgeted as such. In the 2021-22 financial year, the largest project will cost about £25 million, with the majority of projects being considerably smaller in scope and value. There are options for delaying some projects should the need arise. In mid-November 2021, the Board agreed to progress the new Engineering Building to construction phase. The current and forecast cash position and low borrowing is such that construction is likely to take place over the next two financial years to replace the oldest buildings on the estate to support the largest school.

The budget for 2021-22 was approved on the basis of achieving a small surplus after any LGPS adjustment, and the medium- and long-term cash forecasts demonstrate financial sustainability. Investments in fixed assets are carefully reviewed prior to approval. The Board only undertakes such investments with the knowledge that the Group will remain solvent and that value is likely to be added as a result of the investment. Although no new external borrowing is likely to be required in the near term, the Board is confident that funding would be available from its lenders should the need arise.

The Board of Governors is satisfied that the University has adequate resources to continue in operation for the foreseeable future, and for this reason the Board considers that the financial statements of the University and the Group should be prepared on a going-concern basis. The Group has made financial surpluses for 10 years until 2019-20 and has cash reserves at a high level. The deficit in 2019-20 was primarily caused by the need to release students from accommodation contracts and because of the actuarial adjustment in the LGPS, the latter not requiring any cash outflow. The Group has returned to surplus in 2020-21.

B. Basis of consolidation

The consolidated financial statements include those of the University and its subsidiary undertakings and jointly controlled entities for the year ended 31 July 2021. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income and expenditure from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated on consolidation.

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

Associated companies and jointly controlled entities are accounted for using the equity method.

C. Recognition of income

Income from the sale of goods or services is credited to the consolidated statement of comprehensive income when the goods or services are supplied or the terms of the contract have been satisfied.

Tuition fee income is credited to the consolidated statement of comprehensive income over the period in which students are studying and is shown net of discounts for prompt payment. Bursaries and scholarships are accounted for as expenditure and not deducted from income.

C. Recognition of income (continued)

Investment income is credited to the consolidated statement of comprehensive income account on a receivable basis.

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

Grant income

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

Grants (including research grants) from non-government sources are recognised in income when the Group 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 capitalised and then recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the Group is entitled to the funds subject to any performance-related conditions being met.

Donations and endowments

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

Donations with no restrictions are recognised in income when the Group is entitled to the funds.

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

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

- i. Restricted donations - the donor has specified that the donation must be used for a particular objective.
- ii. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income.
- iii. 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.

D. Employee benefits

Short-term employee benefits

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

Retirement benefits – defined benefit plans

The two principal pension schemes for the Group's staff are the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These defined benefit schemes are externally funded and were contracted out of the State Second Pension until April 2016.

The University also participates in Universities Superannuation Scheme (USS) for designated employees. With effect from 1 October 2016, the USS changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits.

Due to the mutual nature of the TPS and USS schemes, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for these schemes as if they were wholly defined contribution schemes. As a result, the amount charged to the statement of comprehensive income represents the contributions payable to the schemes.

D. Employee benefits (continued)

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the Group's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the Group. The Group recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

For the LGPS scheme the current service cost and any past service costs are included in expenditure within staff costs. The interest income on the scheme's assets, net of the impact of the unwinding of the discount on scheme liabilities, is included within investment income or interest and other finance costs. Actuarial gains and losses are recognised, net of the related deferred tax, in other comprehensive income.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

Retirement benefits – defined contribution plans

Subsidiary companies within the Group participate in either NEST or a group administered defined contribution personal pension plan for those employees who are not members of LGPS. NEST is a qualifying pension scheme established by law to support the introduction of automatic enrolment. It is a national multi-employer defined contribution scheme.

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

E. Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the year-end rates and the resulting surplus or deficit transferred to the consolidated statement of comprehensive income.

F. Taxation

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Taxes Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the costs of such inputs including the cost of fixed assets.

The University's subsidiary and joint venture companies are liable to corporation tax and VAT in the same way as any other commercial organisation.

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

G. Qualifying charitable donation

Where any of the University's wholly owned subsidiary companies makes a qualifying charitable donation, the amount of the donation is shown in donations and endowments in the University's statement of comprehensive income and income is recognised on receipt.

H. Fixed assets

Land and buildings

On adoption of FRS 102, the Group elected to measure part of its land at fair value and to use that fair value as its deemed cost at the date of transition. The Group has chosen not to adopt a policy of revaluation of these assets in the future. These values are retained subject to the requirement to test assets for impairment on an annual basis. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to the consolidated statement of comprehensive income unless it reverses previous revaluations, which are dealt with through the revaluation reserve.

Depreciation on buildings is provided on a straight-line basis over the estimated useful lives as follows:

Freehold buildings	30-60 years
Refurbishments	3-50 years

Leasehold land and buildings are amortised over the life of the lease up to a maximum of 50 years.

Freehold land is not depreciated as it is considered to have an indefinite useful life.

Assets in the course of construction represent those assets which have not yet been brought into use. These assets are transferred to the relevant category of asset and depreciated from the date they are substantially complete at the appropriate rate for that category.

Borrowing costs are capitalised where they can be directly attributable to the construction of assets and only for the period of construction.

Equipment

Capitalised equipment is stated at cost and depreciated over its useful life on a straight-line basis as follows:

Plant and machinery	2-15 years
Fixtures, fittings and equipment	3-15 years

I. Intangible assets and goodwill

Goodwill represents the difference between the cost of an acquired operation and the aggregate of the fair values of that operation's identifiable assets and liabilities. Positive purchased goodwill is capitalised and classified as an asset on the balance sheet. Goodwill is amortised over the estimated economic life of the assets to which the goodwill relates. Impairment tests are carried out at the end of the first year and thereafter subject to normal periodic reviews for indications of impairment.

Purchased patents, licences and other similar rights over assets are recognised on the balance sheet by capitalising the purchase cost and amortising over the useful economic life based on each individual contract.

J. Investments

Non-current investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment of their value. Those that are listed are included at market value and any gains and losses on revaluations are recognised in the surplus or deficit.

Investments in joint ventures, associated and subsidiary undertakings are stated on the balance sheet at cost less provision for impairment. Impairment is assessed by comparing the carrying value of the investment against either an earnings-based or asset-based valuation of each entity as applicable to the business concerned.

Current asset investments are held at fair value with movements recognised in the consolidated statement of comprehensive income.

Investment properties are land and buildings held for rental income or capital appreciation rather than for use in delivering services. Investment properties are stated at fair value with an annual review and revaluation to reflect market conditions. Changes in fair value are recognised in the consolidated statement of comprehensive income. Investment properties are not depreciated. External valuations are carried out with sufficient regularity to ensure no material variation to fair value.

K. Stock

Stock is held at the lower of cost and net realisable value. Cost includes staff time, direct materials and attributable overheads. Where necessary, provision is made for obsolete, slow-moving and defective stock.

L. Cash and cash equivalents

Cash includes cash in hand, cash at bank, and deposits repayable on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. Short-term investments placed for three months or less are accounted for as cash equivalents.

M. Provisions, contingent liabilities and contingent assets

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

A contingent liability arises from a past event that gives the Group 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 Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

N. Leases and service concession arrangements

Operating leases

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

Finance leases

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

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Service concession arrangements

Fixed assets held under service concession arrangements are recognised on the balance sheet at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability.

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

O. Financial instruments

The provisions of both section 11 and 12 of FRS 102 will be applied in full. Under FRS 102 basic financial instruments should be held at amortised cost using the effective interest method, however, the Group holds these at transaction cost on the basis that there are no material differences between the two methods.

Complex financial instruments are held at fair value, with changes in fair value taken directly to the statement of comprehensive income.

P. Derivatives

The Group uses commodity swaps to reduce exposure to changes in fuel prices to acceptable levels. These derivatives are initially measured at fair value on the date that the contract is entered into and are subsequently held on the balance sheet at fair value. The Group has adopted and complied with the requirements of hedge accounting and as a result, movements in fair value are recorded within other comprehensive income.

Q. Reserves

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

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

Unrestricted reserves consist of the income and expenditure reserve and the revaluation reserve.

R. Significant accounting judgements and key sources of estimation uncertainty

In the application of its accounting policies, the Group is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances.

a. Key accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, the amounts recognised in the financial statements are addressed below.

i. Retirement benefit obligation valuations

Local Government Pension Scheme

In determining the valuation of defined benefit scheme assets and liabilities, a number of key assumptions have been made in terms of inflation rates, life expectancy, discount rates and salary growth. The key assumptions, which are detailed in note 31, are largely dependent on factors outside the control of the Group. The Group is exposed to risks if actual experience differs to the assumptions used and through volatility in plan assets. The defined benefit obligation recognised in the financial statements is based on an independent actuarial valuation as detailed in note 31.

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

Changes in assumptions at 31 July 2021	Approximate % increase in the defined benefit obligation as at 31 July 2021	Approximate monetary amount (£'000)
0.1% p.a. decrease in real discount rate	2%	9,191
One-year increase in member life expectancy	4%	16,847
0.1% p.a. increase in salary increase rate	0%	801
0.1% p.a. increase in pension increase rate	2%	8,300

Universities Superannuation Scheme (USS)

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

A number of key assumptions have been made in estimating the obligation to fund the USS deficit. The sensitivities of the principal assumptions are set out below:

Changes in assumptions at 31 July 2021	Approximate % increase in the deficit provision as at 31 July 2021	Approximate monetary amount (£'000)
0.5% p.a. decrease in discount rate	2%	21
0.5% p.a. increase in salary inflation over duration	2%	21
1% increase in deficit contributions from April 2021	17%	165
One-year increase in the duration of the deficit repayment plan	19%	188

ii. Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at fair value. This measurement uses market observable inputs and data as far as possible. The Group measures the following items at fair value:

- Investment properties.
- Derivative financial instruments.

R. Significant accounting judgements and key sources of estimation uncertainty (continued)

Investment properties are stated at fair value with annual review and revaluation to reflect the market conditions. In drawing their conclusion on the value of the properties, management and/or the external valuer considers the purpose of the property, the level of occupancy, economic factors and the climate of the property market in general. The Group's investment properties were revalued at 31 July 2021 by external valuers resulting in an estimated increase in value of £4.5 million for the University and £4.2 million for the Group. The carrying value of the University's investment properties has been adjusted in both the University and Group balance sheet as at 31 July 2021.

The subsidiary company, Universitybus Limited, uses derivative financial instruments designated as hedging instruments to reduce exposure to changes in fuel prices to acceptable levels. The derivatives are measured at fair value at each reporting date based on an external market valuation.

iii. Service concession arrangements

In determining the carrying value of the service concession arrangements, a number of financial assumptions have been made to calculate the present value of the minimum lease payments. These include indexation, credit and void costs, life cycle and operating costs. Consideration is given to whether these arrangements are on or off-balance sheet as detailed in note 14.

iv. Provision for impairments

Investments and tangible fixed assets are reviewed for signs of impairment each year and written down accordingly. Property, plant and equipment is reviewed by the University's Director of Estates in conjunction with market data and other relevant information.

Investments in subsidiaries and joint ventures are reviewed for impairments in value. In reviewing the value of these investments, management include in their consideration the performance of each undertaking, purpose of the undertaking and any changes, including political and economic changes, that may have an impact on that company's performance or net assets.

Changes in any of the factors considered for impairments can affect the value reported in the financial statements.

v. Useful economic lives of tangible fixed assets

Tangible fixed assets are depreciated over their useful economic lives taking into account residual values, where appropriate. Management regularly review the assets' useful economic lives taking into consideration factors such as maintenance programmes. Changes in assets' useful economic lives can have a significant impact on depreciation for the period. Residual value assessments consider issues such as future market conditions, the remaining life of the asset, and projected disposal values.

b. Other critical judgements in applying the company's accounting policies

i. Going concern

The management team has performed detailed stress testing including projection of future cash flows of the business to assess the potential impact of the health pandemic risks crystallising and has made proposals for a recovery plan to mitigate any negative impact.

S. Post balance sheet events

An adjusting post balance sheet event is an event arising after the end of the reporting period where the conditions giving rise to the event existed at the balance sheet date. Where the conditions giving rise to the event did not exist at the balance sheet date, no adjustment is made in the financial statements; although additional disclosures are provided.

Notes to the accounts

1. Tuition fees and education contracts

	2021	2021	2020	2020
	Group £'000	University £'000	Group £'000	University £'000
Full-time home and EU students	127,844	127,844	119,904	119,929
Full-time international students	61,173	61,173	39,665	39,665
Part-time students	12,846	12,840	11,582	11,565
Education contracts	3,469	3,469	4,101	4,101
	205,332	205,326	175,252	175,260

2. Funding body grants

	2021	2021	2021	2021	2020
Group and University	Office for Students (OfS) £'000	Research England £'000	Education and Skills Funding Agency £'000	Total £'000	Total £'000
Recurrent grant					
Teaching	11,956	-	-	11,956	10,961
Research	-	5,334	-	5,334	4,399
Capital grant released	2,798	-	-	2,798	2,690
Other	-	-	33	33	23
Specific grant					
Higher Education Academic Subject Centres	1,145	-	-	1,145	1,164
Higher Education Innovation Fund	-	3,820	-	3,820	4,432
Covid funding	200	-	-	200	-
	16,099	9,154	33	25,286	23,669

3. Research grants and contracts

	2021	2021	2020	2020
	Group £'000	University £'000	Group £'000	University £'000
Research councils	3,434	2,932	2,619	2,211
Research charities	618	509	475	474
Government (UK and overseas)	4,260	4,148	3,702	3,607
Industry and commerce	452	219	251	172
Other grants and contracts	1,157	1,157	1,419	1,235
	9,921	8,965	8,466	7,699

4. Other income

		2021	2021	2020	2020
		Group	University	Group	University
		£'000	£'000	£'000	£'000
Residences, catering and conferences		25,325	24,697	29,479	28,810
Other services rendered		22,900	5,225	23,134	5,860
Other capital grants		802	748	348	292
Other income		9,208	7,332	8,007	7,019
		58,235	38,002	60,968	41,981

5. Sources of grant and fee income

		2021	2021	2020	2020
		Group	University	Group	University
		£'000	£'000	£'000	£'000
Grant income from the OfS	Notes 2	16,099	16,099	14,815	14,815
Grant income from other bodies		25,257	20,134	21,816	18,793
Fee income for taught awards		199,515	199,515	170,528	170,528
Fee income for degree apprenticeships - ESFA		3,192	3,192	1,353	1,353
Fee income for research awards		1,260	1,260	1,394	1,394
Fee income for non-qualifying courses		1,365	1,359	1,976	1,985
		246,688	241,559	211,882	208,868

6. Investment income

		2021	2021	2020	2020
		Group	University	Group	University
		£'000	£'000	£'000	£'000
Investment income on endowments	Notes 24	59	4	63	8
Other investment income		978	968	1,863	1,830
		1,037	972	1,926	1,838

7. Donations and endowments

		2021	2021	2020	2020
		Group	University	Group	University
		£'000	£'000	£'000	£'000
Donations with restrictions	Notes 24	175	453	271	311
New endowments		100	-	-	-
Unrestricted donations		-	-	-	22
		275	453	271	333

8. Staff costs

	Notes	2021	2021	2020	2020
		Group £'000	University £'000	Group £'000	University £'000
Salaries		115,894	100,983	113,325	99,438
Social security costs		12,193	10,694	11,791	10,449
Movement on pension provision	31	9,977	9,888	4,317	4,261
Other pension costs	31	21,822	20,610	21,699	20,487
		159,886	142,175	151,132	134,635

The average number of full-time equivalent (FTE) employees (including senior post-holders) during the year was:

	2021	2020
	Number	Number
Academic	1,121	1,087
Research	124	125
Professional	969	940
Technical	102	92
Other	399	358
	2,715	2,602

The number of higher paid staff (including the Vice-Chancellor) whose basic salaries fall within the following bands are:

	2021	2020
	Number	Number
£100,000 - £105,000	3	2
£105,001 - £110,000	-	1
£110,001 - £115,000	3	1
£115,001 - £120,000	1	1
£120,001 - £125,000	1	1
£125,001 - £130,000	2	1
£130,001 - £135,000	1	1
£155,001 - £160,000	1	-
£195,001 - £200,000	1	1
£290,001 - £295,000	-	1
£295,001 - £300,000	1	-
	14	10

Included in the above table are two part-time members of staff who work in the NHS and whose basic salaries are linked to NHS equivalents.

8. Staff costs (continued)

Total remuneration package of the Vice-Chancellor

	2021	2020
	£'000	£'000
Basic salary	296	294
Performance-related variable pay (awarded in arrears):		
For 2018-19	-	21
Benefits in kind	1	1
Pension contributions	17	17
Payments in lieu of pension contributions	40	39
	354	372

The figures reported above relate to the remuneration paid to the Vice-Chancellor in 2020-21 and includes the cost of living increment, which was applied to 2020-21. From 2019-20, performance-related variable pay (PRVP) ceased to be applied to the Vice-Chancellor and the 2019-20 salary figure includes a compensatory uplift to take account of the removal of PRVP. The comparative figures represent payments made in 2019-20 and include PRVP paid in relation to 2018-19. The benefit in kind relates to healthcare insurance. The Vice-Chancellor receives no other remuneration or benefits in kind and no accommodation is provided by the University.

The Board of Governors of the University of Hertfordshire is responsible for the determination of the pay and conditions of service of the Vice-Chancellor (Head of Provider in OfS terms).

The remuneration of the Vice-Chancellor is considered by the Vice-Chancellor's Remuneration Committee (VCRC), chaired by an independent member of the Board (who is not the Chair of the Board of Governors). The Vice-Chancellor is not a member of the committee and does not attend.

The committee meets in the autumn term and reviews performance in the previous year as well as the remuneration package to be awarded for the following year.

The VCRC applied the agreed policy for remuneration for senior managers, which states that fair and appropriate remuneration recognises an individual's contribution to the University's success and is sufficient to recruit, retain and motivate staff of appropriate calibre in the context of the market for the role, balanced with the need to demonstrate the achievement of value for money for the use of resources.

There is only one element to the policy/package for the Vice-Chancellor's remuneration, basic salary, which is reviewed annually at the VCRC. In recent years the committee has determined to offer the same cost of living rise as awarded to staff in the University to the Vice-Chancellor.

The following was also taken into account:

- An analysis of the market(s) within which the organisation operates for talent.
- Individual performance, experience and value to the organisation.
- The performance of the University.
- Short-term objectives and long-term strategy set by the organisation.
- Organisational structure, financial situation and foreseeable future prospects.
- His total remuneration package.
- The approach to remunerating other employees, including their pay increases.
- The public interest and the requirement to achieve value for money.
- The interests of the University and its obligations as an exempt charity.

Additionally, the committee was also cognisant of the context in which the Vice-Chancellor is operating. The Vice-Chancellor is the head of a complex institution, with over 30,000 students studying in the UK and over 6,000 studying on University courses worldwide. It has a staff base of approximately 2,700 FTE and a turnover of over £300 million.

Of University of Hertfordshire students studying in the UK, over 50% are female, over 50% are BAME and significant numbers are first in their family to go to university, many come from families with low household income, and large numbers commute. 96.5% of students are in work or further study within six months of graduating. It also provides excellent impact led research, has a global reach and is entrepreneurial. It is a major employer in the county and has significant impact in the local economy. The University is extremely flexible in terms of its offering and provides opportunities to study from foundation degree level to PhD and has embraced two-year degrees,

8. Staff costs (continued)

apprenticeships and online learning. It has a number of partner organisations, which are validated to run University programmes.

The Vice-Chancellor is an excellent ambassador for both the University and the region and during the year has represented the University on a number of bodies such as Universities UK (UUK), University Vocational Award Council (UVAC), Innovation and Growth Policy Network (IGPN) and the Hatfield Renewal Project.

As can be seen from these accounts, against an ever-increasing competitive market, the University is financially sound, there has been no new borrowing since 2009 and the existing debt is being reduced annually.

The Vice-Chancellor's base pay was determined on the basis of the scale of the role, its impact on the University's values and teaching delivery; its complexity, the standing of the current post holder in the sector, and the strategic direction of the University to improve its league table position through improved performance results in areas such as the annual NSS. The individual had, in the committee's view, the necessary experience, knowledge, skills and sector reputation that would enable the University to deliver its strategic objectives to 2025.

The Vice-Chancellor's basic salary is 8.50 times (2020: 8.76 times) the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff.

The Vice-Chancellor's total remuneration is 9.67 times (2020: 10.57 times) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the University of its staff.

Key management personnel

	2021	2020
	£'000	£'000
Staff costs for key management personnel	931	929

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University and include the members of the Chief Executive's Group that are Officers of the Board. This includes the Vice-Chancellor, Deputy Vice-Chancellor, Secretary and Registrar and the Group Finance Director.

The members of the Board of Governors received no remuneration during the year (2020: £nil). Total expenses of £1,000 (2020: £500) were paid to five (2020: three) members of the governing body. This represents travel and subsistence expenses incurred in attending committee meetings and other events in their official capacity.

Compensation for loss of office

	2021	2020
	£'000	£'000
Compensation for loss of office payable	134	882

	Number	Number
Number of staff receiving compensation for loss of office	20	51

The Vice-Chancellor and the key management personnel received no compensation for loss of office during the year (2020: £nil).

9. Interest and other finance costs

	2021	2021	2020	2020
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Loan interest	1,519	1,518	1,706	1,705
Finance lease and service concession interest	712	195	754	210
Exchange differences and other interest	2	-	34	13
Net charge on pension schemes	1,499	1,490	1,041	1,061
	3,732	3,203	3,535	2,989

10. Analysis of total expenditure by activity

	2021	2021	2020	2020
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Academic departments	116,416	115,276	106,542	105,908
Academic services	37,021	39,118	28,622	30,260
Administration	42,188	47,606	42,983	47,968
Premises	29,172	27,696	28,319	27,113
Residences, catering and conferences	33,420	32,596	35,989	35,026
Research grants and contracts	7,924	7,305	7,614	7,326
Other expenses	31,036	4,264	27,537	2,626
	297,177	273,861	277,606	256,227

Other operating expenses include:

	2021	2021	2020	2020
	Group	University	Group	University
	£'000	£'000	£'000	£'000
External auditors remuneration in respect of audit services	115	78	106	66
External auditors remuneration in respect of non-audit services	23	19	14	11
Operating lease rentals	20,116	21,743	19,640	21,350

Notes

28

11. Taxation

	2021	2020
	Group £'000	Group £'000
UK corporation tax on result for the year	19	12
Group relief receivable	(19)	(5)
Adjustment in respect of prior years	4	4
Current tax charge	4	11
Origination and reversal of timing differences	(5)	(6)
Recognition of previously unrecognised tax losses	-	(3)
Deferred tax	(5)	(9)
Tax (credit)/charge for the year	(1)	2

	2021	2020
	Group £'000	Group £'000
Tax reconciliation:		
Surplus/(deficit) on ordinary activities before tax	10,473	(3,191)
Surplus/(deficit) on ordinary activities multiplied by standard rate in the UK (19.0%) (2020: 19.0%)	1,990	(606)
Effects of:		
Depreciation for the period in excess of capital allowances	(88)	(237)
Non-taxable income/expenditure	(4,195)	(570)
Expenses not deductible for tax purposes	6	21
Group relief surrendered	19	15
Group relief receipt	(19)	(5)
Tax losses not utilised	180	210
Tax losses brought forward	(24)	(95)
Tax losses brought forward surrendered as group relief	(86)	-
Tax at marginal rate	-	1
Timing differences relating to pension liability	2,217	1,273
Other timing differences	(5)	(9)
Adjustment in respect of prior years	4	4
Tax (credit)/charge for the year	(1)	2

There is no tax charge attributable to the University for 2021 (2020: £nil).

12. Intangible assets

	Group £'000
Other	
At 1 August 2020	28
Amortisation	(2)
At 31 July 2021	26
Goodwill	
At 1 August 2020	674
Amortisation	(89)
At 31 July 2021	585

The goodwill relates to an acquisition of trade and assets by a subsidiary undertaking in 2007; other intangibles comprise a patent that was purchased in 2013. There are no intangible assets on the University balance sheet.

13. Fixed assets

	Land and Buildings					Total £'000
	Freehold £'000	Service concession arrangement £'000	Assets in the course of construction £'000	Fixtures, fittings and equipment £'000	Plant and machinery £'000	
Group						
Cost or valuation						
At 1 August 2020	365,781	8,178	16,085	102,571	25,778	518,393
Additions at cost	3,107	-	14,651	3,746	192	21,696
Transfers	5,913	-	(11,435)	5,281	241	-
Disposals in year	-	-	-	-	(132)	(132)
At 31 July 2021	374,801	8,178	19,301	111,598	26,079	539,957
Depreciation						
At 1 August 2020	116,002	2,315	-	68,792	8,971	196,080
Charge for the year	6,110	138	-	9,250	1,788	17,286
Depreciation on disposals	-	-	-	-	(117)	(117)
At 31 July 2021	122,112	2,453	-	78,042	10,642	213,249
Net book value						
At 31 July 2021	252,689	5,725	19,301	33,556	15,437	326,708
At 31 July 2020	249,779	5,863	16,085	33,779	16,807	322,313

	Land and Buildings					Total £'000
	Freehold £'000	Service concession arrangement £'000	Assets in the course of construction £'000	Fixtures, fittings and equipment £'000	Plant and machinery £'000	
University						
Cost or valuation						
At 1 August 2020	313,965	8,178	15,793	99,969	16,490	454,395
Additions at cost	4,336	-	14,324	3,735	192	22,587
Transfers	5,913	-	(11,145)	4,991	241	-
At 31 July 2021	324,214	8,178	18,972	108,695	16,923	476,982
Depreciation						
At 1 August 2020	93,293	2,315	-	66,785	3,943	166,336
Charge for the year	5,218	136	-	9,098	1,055	15,507
At 31 July 2021	98,511	2,451	-	75,883	4,998	181,843
Net book value						
At 31 July 2021	225,703	5,727	18,972	32,812	11,925	295,139
At 31 July 2020	220,672	5,863	15,793	33,184	12,547	288,059

13. Fixed assets (continued)

The net book value of assets held by the Group under finance leases at 31 July was:

	2021	2020
	Buildings £'000	Buildings £'000
Cost	15,940	15,940
Accumulated depreciation brought forward	(5,848)	(5,542)
Charge for the year	(306)	(306)
Net book value	9,786	10,092

The University held no assets under finance leases. Details of the service concession arrangements are shown in note 14.

The amount of finance costs capitalised in the year amounts to £nil (2020: £nil). There were no assets constructed during the year financed by loan capital. The accumulated amount of capitalised finance costs is £1.8m, which is included in freehold land and buildings.

During the year ended 31 July 2021, a review was undertaken of the value of the estate belonging to the Group. The review considered the current value in use of all buildings and was conducted by the University's Director of Estates. All properties were still suitable for current activities and no impairment was required.

Land and buildings includes £55.6m of land, which is not depreciated (2020: £55.6m).

14. Service concession arrangements

The University has two service concession arrangements.

i. De Havilland campus

During 1999, the University entered into a Private Finance Initiative scheme with a contractor for the construction of residential accommodation for 1,600 students and sports facilities, and for the facilities management of those premises for a period of 30 years. Construction was completed in 2003 and under the terms of the scheme the contractor raised the finance for the construction of the buildings. The assets and liabilities relating to this scheme are recognised on the University's balance sheet. Service commenced on 1 August 2003 and the contract will finish on 31 July 2033. The University has annual rental payments amounting to £4.7m (subject to annual RPI inflation) recorded within other operating expenses.

ii. College Lane campus

In May 2013, the University disposed of its remaining residential accommodation on the College Lane campus to ULiving@Hertfordshire plc, a third-party property developer and operator under a contract to demolish the existing accommodation and construct 3,000 student bedrooms. The construction was completed in September 2016. ULiving@Hertfordshire plc will continue to operate the residential accommodation until 2063, at which point the facilities will revert to University ownership. Unlike the service concession arrangement above, the University does not incur a minimum guaranteed payment, and demand risk has transferred to a third party outside of the Group. Therefore, the University has no asset or liability to recognise on the balance sheet. This arrangement has been accounted for as an operating lease as detailed in note 28.

Movement in service concession arrangement assets

The asset value of the service concession included in the balance sheet as at 31 July 2021 is £5,725,000 (2020: £5,863,000). The reduction of £138,000 is as a result of depreciation.

Movement in service concession arrangement liabilities

The total liabilities relating to the service concession included in the balance sheet as at 31 July 2021 were £3,270,000 (2020: £3,543,000). The difference is principal repaid of £273,000 during the year.

Future commitments

The following table analyses the University's future commitments in relation to service concessions arrangements.

	Liability repayments £'000	Finance charge £'000	Service charge £'000	2021 Total £'000	2020 Total £'000
Group and University					
Due within one year	273	180	3,830	4,283	4,298
Due between one and two years	273	165	3,830	4,268	4,283
Due between two and five years	1,090	510	15,320	16,920	16,980
Due in five years or more	1,634	315	22,980	24,929	29,137
	3,270	1,170	45,960	50,400	54,698

15. Non-current investments

	Investment properties £'000	Other non-current investments £'000	Total £'000
Group			
At 1 August 2020	17,206	11,220	28,426
Disposals	-	(274)	(274)
Gain on revaluation	4,520	427	4,947
At 31 July 2021	21,726	11,373	33,099

	Subsidiary companies £'000	Investment properties £'000	Other non-current investments £'000	Total £'000
University				
At 1 August 2020	59,945	12,265	8,142	80,352
Additions	-	-	869	869
Disposals	-	-	(258)	(258)
Gain on revaluation	-	4,520	87	4,607
At 31 July 2021	59,945	16,785	8,840	85,570

Other non-current investments consist of:

	Total £'000
Group	
Uliving@Hertfordshire plc	7,951
COIF Charities Investment Fund	2,923
Other investments	499
At 31 July 2021	11,373

	Total £'000
University	
Uliving@Hertfordshire plc	7,951
COIF Charities Investment Fund	852
Other investments	37
At 31 July 2021	8,840

15. Non-current investments (continued)

	2021	2021	2020	2020
Gain/(loss) on investments	Group	University	Group	University
	£'000	£'000	£'000	£'000
Gain on revaluation of investment properties	4,520	4,520	-	-
Gain on disposal of non-current investments	64	64	-	-
Gain/(loss) on revaluation of other non-current investments	378	87	(480)	5
Gain/(loss) on revaluation of current investments	2,382	2,382	(315)	(315)
	7,344	7,053	(795)	(310)

The University's subsidiary companies are listed in note 16. They are stated at cost less any provision for impairment.

On transition to FRS 102 on 1 August 2014, a number of the premises owned by the Group were reclassified as investment properties and these are held on the balance sheet at fair value. The value of investment properties at 31 July 2021 was assessed by an independent valuer (Lambert Smith Hampton) with a recognised and relevant professional qualification. In assessing the value of the properties, various factors are considered that can affect the value reported in the accounts, including the purpose of the property, the level of occupancy, economic factors and the climate of the property market in general. The valuation resulted in an estimated increase in value of £4.5 million for the University and £(0.3) million for one of the subsidiary companies. The carrying value has been adjusted in the University as show above but not in the subsidiary on the basis of materiality.

The University holds £7,966,790 of Class B Loan Notes in Uliving@Hertfordshire plc, the company that developed and operates the student residential accommodation on the College Lane campus. Interest accrues at RPI plus 6% until the target internal rate of return is reached and at RPI plus 9% thereafter. At the balance sheet date, the carrying amount of the investment includes accrued capitalised interest of £1,763,630 (2020: £1,779,695). The loan notes are redeemable in accordance with a payment schedule commencing 31 January 2017 until 2063. During the year, loan notes with a value of £nil (2020: £nil) were redeemed.

16. Subsidiary undertakings

The University's subsidiaries (all of which are registered in England and Wales) are wholly owned or effectively controlled by the University and are as follows:

Company	Nature of business	% shareholding
UH Holdings Limited	Holding company	100%
UH Trust	Dormant	Limited by guarantee

The value of the investment in subsidiary undertakings in note 15 held by the University of £59,945,000 (2020: £59,945,000), relates solely to UH Holdings Limited.

On 1 August 2021 the assets of UH Trust and the trusteeship for its sub trust, the University of Hertfordshire Charitable Trust, transferred to the University of Hertfordshire. See note 30 for further details.

The subsidiary companies of UH Holdings Limited are all registered in England and Wales except UH Global Education (Asia-Pacific) Sdn Bhd (registered in Malaysia). These companies are wholly owned or effectively controlled by UH Holdings Limited and are as follows:

Company	Nature of business	% shareholding
UH Ventures Limited	Training, consultancy and conference services	100%
Universitybus Limited	Transport services	100%
Exemplas Holdings Limited	Business advice and support	100%
Polyfield Property Limited	Provision of property services and sports facilities	100%
Bio Park Hertfordshire Limited	Dissolved 5 January 2021	
UH Global Education (Asia-Pacific) Sdn Bhd	Overseas student recruitment	100%

The subsidiary companies of Exemplas Holdings Limited (all of which are registered in England and Wales) are wholly owned and are as follows:

Company	Nature of business	% shareholding
Exemplas Limited	Provision of services to business	100%
Exemplas Trade Services Limited	Provision of services to business	100%

All of the above subsidiaries are consolidated in the Group accounts.

Exemplas Holdings Limited ceased to trade on 31 July 2021 and its activities were transferred to Exemplas Limited with effect 1 August 2021.

17. Investment in joint ventures

The University, through its subsidiary companies, holds the following investments in joint ventures:

UH Holdings Limited holds 400,000 'A' ordinary shares in University Campus St Albans Limited and 51 'B' ordinary shares. This is a joint venture between the University of Hertfordshire and Oaklands College Further Education Corporation and its principal activity is the delivery of flexible degree level education.

Universitybus Limited owns 49,999 'A' ordinary shares in Uno Buses (Northampton) Limited, a joint venture that operates bus services in the Northampton area. The remaining 50,001 'B' ordinary shares are held by the University of Northampton.

Exemplas Holdings Limited has a 50% shareholding in Enterprise Growth Solutions Limited. The remaining 50% of shares are held by REED in Partnership Limited.

The above investments are treated as joint ventures and are accounted for using the equity method with 50% of the gross assets and liabilities of each entity being recorded in the consolidated balance sheet and 50% of its net income reported in the consolidated statement of comprehensive income.

Exemplas Limited has a 33.33% shareholding in Newable Exemplas Trade Services Limited, the company is dormant.

	University Campus St Albans Limited 2021 £'000	Uno Buses (Northampton) Limited 2021 £'000	Enterprise Growth Solutions Limited 2021 £'000	Total 2021 £'000
Group				
Statement of comprehensive income				
Income	400	1,360	2,109	3,869
Profit/(loss) before tax	42	(19)	170	193
Tax charge	-	(4)	(32)	(36)
Balance sheet				
Fixed assets	1	53	-	54
Current assets	239	261	1,189	1,689
Creditors: amounts falling due within one year	(30)	(176)	(475)	(681)
Creditors: amounts falling due after more than one year	-	(63)	(37)	(100)
Share of net assets	210	75	677	962
	2020 £'000	2020 £'000	2020 £'000	2020 £'000

Group

Statement of comprehensive income

Income	333	1,480	1,932	3,745
Surplus before tax	33	41	91	165
Tax	-	(4)	(8)	(12)
Distribution paid in the year	-	(22)	(300)	(322)

Balance sheet

Fixed assets	-	69	-	69
Current assets	199	454	933	1,586
Creditors: amounts falling due within one year	(31)	(350)	(357)	(738)
Creditors: amounts falling due after more than one year	-	(75)	(37)	(112)
Share of net assets	168	98	539	805

18. Trade and other receivables

	2021	2021	2020	2020
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Research grants receivable	2,040	1,968	1,313	1,310
Other trade receivables	28,949	28,370	17,344	16,702
Other receivables	387	17	750	49
Prepayments and accrued income	9,165	6,183	10,217	8,157
Amounts due from subsidiaries	-	1,854	-	1,792
Amounts due from related undertakings	261	129	111	-
Derivatives	83	-	-	-
	40,885	38,521	29,735	28,010

A deferred tax asset of £802,000 (2020: £507,000) in relation to tax losses has not been recognised due to uncertainty as to the extent and timing of relief. Management will continue to assess this situation on an annual basis and update their estimate as appropriate.

19. Current investments

	2021	2021	2020	2020
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Short-term deposits	30,458	30,458	40,662	40,662
	30,458	30,458	40,662	40,662

20. Creditors: amounts falling due within one year

		2021	2021	2020	2020
	Notes	Group	University	Group	University
		£'000	£'000	£'000	£'000
Unsecured loans		2,132	2,132	2,087	2,087
Obligation under finance leases		577	-	549	-
Service concession arrangements	14	273	273	273	273
Trade payables		8,132	7,531	7,305	6,975
Other payables		4,458	3,973	3,746	3,229
Social security and other taxation payable		5,019	4,054	6,745	4,102
Amounts due to subsidiaries		-	1,080	-	1,290
Amounts due to related undertakings		136	5	90	-
Accruals and deferred income		94,019	91,051	61,436	58,893
Derivatives		-	-	209	-
		114,746	110,099	82,440	76,849

Deferred income

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

		2021	2021	2020	2020
		Group	University	Group	University
		£'000	£'000	£'000	£'000
Research grants received on account		1,299	1,299	1,431	1,431
Other grant income		99	99	94	94
		1,398	1,398	1,525	1,525

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

		2021	2021	2020	2020
	Notes	Group £'000	University £'000	Group £'000	University £'000
Deferred income		28,650	28,649	30,319	30,293
Service concession arrangements	14	2,997	2,997	3,270	3,270
Obligation under finance leases		8,740	-	9,318	-
Unsecured loans		47,504	47,504	49,636	49,636
		87,891	79,150	92,543	83,199

Deferred income

Deferred income represents government grants received in respect of the acquisition or construction of fixed assets that are being recognised in income over the expected useful life of the relevant asset.

	2021	2021	2020	2020
Analysis of unsecured loans	Group £'000	University £'000	Group £'000	University £'000
Due within one year or on demand	2,132	2,132	2,087	2,087
Due between one and two years	2,172	2,172	2,132	2,132
Due between two and five years	6,850	6,850	6,686	6,686
Due in five years or more	38,482	38,482	40,818	40,818
Due after more than one year	47,504	47,504	49,636	49,636
Total unsecured loans repayable by 2043	49,636	49,636	51,723	51,723

All the unsecured loans are bank loans borrowed by the University

	Amount £'000	Term	Interest rate %
Unsecured loans	3,688	2032	5.42
	2,129	2030	Base + 0.16
	6,581	2042	5.38
	1,844	2042	5.15
	16,067	2042	4.53
	14,833	2043	Libor + 0.60
	4,494	2037	Base + 0.16
Total unsecured loans	49,636		

	2021	2020
Analysis of finance lease obligations:	Group £'000	Group £'000
Due within one year or on demand	577	549
Due between one and two years	608	577
Due between two and five years	2,020	1,920
Due in five years or more	6,112	6,821
Due after more than one year	8,740	9,318
Total obligations under finance lease	9,317	9,867

The above represents the finance lease in respect of the Hertfordshire Sports Village. The University has no finance leases.

22. Financial instruments

		2021	2021	2020	2020
	Notes	Group £'000	University £'000	Group £'000	University £'000
Financial assets					
Measured at fair value through statement of comprehensive income					
Investments in common investments funds	15	2,923	852	2,754	138
Other current investments		18,458	18,458	15,846	15,846
Derivative financial instruments	18	83	-	-	-
Measured at cost less impairment					
Other non-current investments	15	8,450	67,933	8,466	67,949
Measured at amortised cost					
Cash and cash equivalents		97,333	76,210	57,646	36,085
Other current investments	19	12,000	12,000	24,816	24,816
Trade and other receivables	18	31,637	32,338	19,508	19,853
Financial liabilities					
Measured at fair value through statement of comprehensive income					
Derivative financial instruments	20	-	-	209	-
Measured at amortised cost					
Loans payable	21	49,636	49,636	51,723	51,723
Obligation under finance leases	21	9,317	-	9,867	-
Obligation under service concession arrangements	14	3,270	3,270	3,543	3,543
Trade creditors	20	8,132	7,531	7,305	6,975
Other creditors	20	4,458	3,973	3,746	3,229

Derivative financial instruments

A subsidiary company, Universitybus Limited, has entered into commodity swaps for the period to January 2023. The swaps give rise to monthly cash flow exchanges with counterparties to offset the underlying settlement of floating fuel price costs. Gains or losses on fuel derivatives are recycled from reserves to the consolidated statement of comprehensive income on qualifying hedges to achieve fixed-rate fuel costs within operating results. The commodity swaps are designated and effective as hedging instruments. They are measured at fair value and are included in the financial statements as noted above and in note 25. The gains transferred from reserves into the consolidated statement of comprehensive income during the year are included within other operating expenses.

23. Provision for liabilities

	Obligation to fund deficit on USS pension £'000	Defined benefit obligation £'000	Total pension provisions £'000	Other provisions £'000	Total £'000
Group					
At 1 August 2020	1,191	101,405	102,596	403	102,999
Utilised in year	(41)	(7,864)	(7,905)	-	(7,905)
Decrease in provision	(153)	(7,914)	(8,067)	-	(8,067)
At 31 July 2021	997	85,627	86,624	403	87,027
University					
At 1 August 2020	1,191	100,822	102,013	403	102,416
Utilised in year	(41)	(7,737)	(7,778)	-	(7,778)
Decrease in provision	(153)	(7,051)	(7,204)	-	(7,204)
At 31 July 2021	997	86,034	87,031	403	87,434

Universities Superannuation Scheme deficit (USS)

The obligation to fund the past deficit on the USS arises from the contractual obligation with the pension scheme to fund deficit payments in accordance with the deficit recovery plan. Management have estimated future growth in the number of employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

Defined benefit obligation

This obligation is in respect of the Local Government Pension Scheme.

Further details regarding both pension schemes and the assumptions underlying the above provisions can be found in note 31.

Other provisions

The balance carried forward at 31 July 2021 represents the VAT capital goods scheme provision and reflects the current estimate of the VAT liability payable over the next ten years on costs incurred in the construction and refurbishment of various properties within the Group's estate.

24. Endowments

	Notes	Restricted permanent £'000	Unrestricted permanent £'000	2021 Total £'000	2020 Total £'000
Group					
Balance at 1 August					
Capital		1,857	594	2,451	2,441
Accumulated income		222	188	410	393
		2,079	782	2,861	2,834
New endowments	7	100	-	100	-
Investment income	6	55	4	59	63
Expenditure		(22)	-	(22)	(46)
Transfer to restricted reserve		(5)	-	(5)	-
Increase in market value of investments		291	27	318	10
Balance at 31 July		2,498	813	3,311	2,861
Represented by:					
Capital		2,255	621	2,876	2,451
Accumulated income		243	192	435	410
Total		2,498	813	3,311	2,861
Analysis by type or purpose:					
Scholarships and bursaries		2,498	-	2,498	2,079
General		-	813	813	782
		2,498	813	3,311	2,861
Analysis by asset:					
Current and non-current investments		2,070	166	2,236	1,927
Cash and cash equivalents		428	647	1,075	934
		2,498	813	3,311	2,861

24. Endowments (continued)

	Notes	Unrestricted permanent £'000	2021 Total £'000	2020 Total £'000
University				
Balance at 1 August				
Capital		594	594	589
Accumulated income		188	188	180
		782	782	769
Investment income	6	4	4	8
Increase in market value of investments		27	27	5
Balance at 31 July		813	813	782
Represented by:				
Capital		621	621	594
Accumulated income		192	192	188
Total		813	813	782
Analysis by type or purpose:				
General		813	813	782
		813	813	782
Analysis by asset:				
Current and non-current investments		166	166	138
Cash and cash equivalents		647	647	644
		813	813	782

25. Restricted reserves

Group	Cash flow hedge reserve £'000	Donations £'000	2021 Total £'000	2020 Total £'000
Balance at 1 August	(208)	381	173	571
Donations	-	236	236	700
Investment income	-	-	-	-
Expenditure	-	(274)	(274)	(916)
Investment income	-	1	1	2
Gains on investments	-	1	1	-
Transfer from endowment reserves	-	5	5	-
Change in fair value of hedging financial instruments	291	-	291	(184)
Total restricted comprehensive income/(expenditure) for the year	291	(31)	260	(398)
Balance at 31 July	83	350	433	173
Analysis of donations by type or purpose:				
Lectureships				
Scholarships and bursaries		109	109	152
Research support		79	79	163
Other		162	162	66
		350	350	381
University				
Balance at 1 August		109	109	154
Donations		514	514	366
Investment income		2	2	-
Expenditure		(163)	(163)	(411)
Total restricted comprehensive income/(expenditure) for the year		353	353	(45)
Balance at 31 July		462	462	109
Analysis of donations by type or purpose:				
Research support		138	138	109
Scholarships and bursaries		146	146	-
Other		178	178	-
		462	462	109

26. Reconciliation of net debt

		2021	2020
	Notes	Group £'000	Group £'000
Net debt at 1 August		7,696	10,599
Movement in cash and cash equivalents		(39,687)	(255)
Non-cash changes		(3,410)	(2,464)
Changes in market value and exchange rates	25	291	(184)
Net debt at 31 July		(35,110)	7,696
Change in net debt		(42,806)	(2,903)
		2021	2020
		Group £'000	Group £'000
Analysis of net debt:			
Cash and cash equivalents		97,333	57,646
Borrowings: amounts falling due within one year			
Unsecured loans	21	2,132	2,087
Obligations under finance leases		577	549
Service concession arrangements	14	273	273
Derivatives		-	209
		2,982	3,118
Borrowings: amounts falling due after more than one year			
Unsecured loans	21	47,504	49,636
Obligations under finance lease	21	8,740	9,318
Service concession arrangements	14	2,997	3,270
		59,241	62,224
Net (credit)/debt at 31 July		(35,110)	7,696

27. Capital commitments

Provision has not been made for the following capital commitments:

	2021	2021	2020	2020
	Group £'000	University £'000	Group £'000	University £'000
Contracted at 31 July	3,958	3,695	4,311	4,311
Authorised but not contracted at 31 July	2,312	2,294	2,976	2,976
	6,270	5,989	7,287	7,287

28. Lease obligations

	2021	2021	2021	2020
	Land and buildings £'000	Plant and machinery £'000	Total £'000	Total £'000
Group				
Payable during the year	19,756	360	20,116	19,640
Future minimum lease payments due:				
Within one year	19,603	224	19,827	20,311
Between one and five years	141	175	316	310
More than five years	-	1	1	-
Total future lease payments due	19,744	400	20,144	20,621
	2021	2021	2021	2020
	Land and buildings £'000	Plant and machinery £'000	Total £'000	Total £'000
University				
Payable during the year	21,609	134	21,743	21,350
Future minimum lease payments due:				
Within one year	21,465	134	21,599	22,043
Between one and five years	110	-	110	2,179
Total future lease payments due	21,575	134	21,709	24,222

29. Related parties

Name of related party and relationship	Nature of transaction	2021	2021	2020	2020
		Income £'000	Expenditure £'000	Income £'000	Expenditure £'000
Uno Buses (Northampton) Limited					
Joint venture	Management fee and staff recharges	427	813	431	676
Enterprise Growth Solutions Limited					
Joint venture	Management fee and staff recharges	532	20	454	-
University Campus St Albans Limited					
Joint venture	Grant and student loan funding; management fee and academic related charges	357	240	297	252
Uliving@Hertfordshire plc					
Mrs S Harrison-Barker, Secretary and Registrar of the University, is a director	Student residences rent and facilities	143	17,675	141	22,522
Oaklands College Further Education Corporation					
Mrs S C Grant, previous Secretary and Registrar of the University until 31 December 2019 was a governor. Ms Mairi Watson, Pro-Vice Chancellor of the University, is a governor since 1 July 2021	Transport services; grant funding to associate college	-	-	89	583
Southern Universities Management Services					
Mrs S C Grant, Secretary and Registrar of the University was a director until 30 November 2019	Subscription	-	-	-	22
University of Hertfordshire Students' Union					
Ms R Ellis, Governor of the University is President and Dr Mairi Watson, Pro Vice-Chancellor of the University, is a Trustee	Student's Union subvention grant, rent and other service charges	142	3	623	1,892
Universities UK					
Professor Q A Mckellar, Vice-Chancellor of the University, is a director	Subscription	-	43	-	81
University Alliance					
Professor Q A Mckellar, Vice-Chancellor of the University, is a director	Management fee for services; funding for Early Stage Researchers; subscription	122	114	7	65
Hertfordshire Local Enterprise Partnership					
Professor Q A Mckellar, Vice-Chancellor of the University was a board member until 1 January 2020; Mrs J A Newlan, Pro Vice-Chancellor of the University is a director	Rent and grant funding	1,422	-	4,721	-

29. Related parties (continued)

Name of related party and relationship	Nature of transaction	2021	2021	2020	2020
		Income £'000	Expenditure £'000	Income £'000	Expenditure £'000
Chiltern Automotive Limited					
Mr J S Thorpe, director of subsidiary company Universitybus Limited, is related to a director of this company	Purchase of goods and services	-	97	-	45
BYD (U.K.) Co. Ltd					
Mr J S Thorpe, director of subsidiary company Universitybus Limited, is related to a director of this company	Purchase of goods and services	-	74	-	-

Name of related party	2021	2021	2020	2020
	Debtor £'000	Creditor £'000	Debtor £'000	Creditor £'000
Uno Buses (Northampton) Limited	58	87	27	49
Enterprise Growth Solutions Limited	37	-	28	-
Uliving@Hertfordshire plc	-	1,473	-	1,312
University of Hertfordshire Students' Union	-	-	6	-
Universities UK	-	40	-	40
Hertfordshire Local Enterprise Partnership	96	-	75	-
Chiltern Automotive Limited	-	15	-	15
BYD (U.K.) Co. Ltd	-	2	-	-

The University has applied the exemption in FRS 102 and has not disclosed transactions with wholly owned subsidiary companies.

30. Connected charitable institutions

UH Trust and the University of Hertfordshire Charitable Trust are connected charitable institutions of the University of Hertfordshire and, under paragraph 28 of Schedule 3 to the Charities Act 2011, are exempt from registration with the Charity Commission.

The charities were established to raise funds and make awards of grants, scholarships, bursaries and prizes which advance and further education, learning and research at the University of Hertfordshire, and which assist in the provision of buildings and facilities at the University.

The University of Hertfordshire undertakes fundraising activities in order to solicit support from individuals, trusts and foundations, and companies for the University's work. University employees undertake meetings with individuals, including alumni of the institution, and companies to ascertain their interest in supporting the University philanthropically. In addition, bespoke written applications are submitted to charitable trusts and foundations for the support of research and other projects undertaken by the University. This activity is undertaken by professional staff members in the University's Development team. Having registered with the Fundraising Regulator, the University ensures that its employees are undertaking fundraising to the standard outlined by the Regulator.

UH Trust, a company limited by guarantee, started its operations on 10 February 2014 upon the transfer of the assets and activity from the University of Hertfordshire Charitable Trust. The permanent endowments were not transferred and remained in the University of Hertfordshire Charitable Trust with UH Trust as its sole trustee.

On 1 August 2020, the assets of UH Trust and the trusteeship for its sub-trust, the University of Hertfordshire Charitable Trust, were transferred to the University of Hertfordshire. The governance and stewardship of the funds formerly held in UH Trust, and of the permanent endowments held by the University of Hertfordshire Charitable Trust, is now overseen by the University's Development Committee who will report annually to the Board of Governors.

The Committee met regularly through the year to consider strategic issues and areas of activity, including grant making, investment, reserves and risk management policies and performance. It ensured that good practice is being maintained and that no individual is ever placed under any pressure to support the University, nor has their privacy intruded upon inappropriately. No complaints have been received by the University or any person acting on its behalf in respect of fundraising activity.

The activities of UH Trust and the University of Hertfordshire Charitable Trust, as summarised below, are consolidated into the Group accounts.

	At 1 August 2020 £'000	Income £'000	Expenditure £'000	Funds transferred £'000	Change in market value £'000	At 31 July 2021 £'000
UH Trust	1,237	-	-	(1,237)	-	-
University of Hertfordshire Charitable Trust	1,912	155	(22)	161	291	2,497
	3,149	155	(22)	(1,076)	291	2,497

Major donors to the Group during the year include:
Santander Universities
The Cadogan Charity

The University of Hertfordshire Charitable Trust received two legacy donations of £50,000 each in the year to create endowed funds for student scholarships.

31. Pension schemes

The two principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS).

The University also participates in Universities Superannuation Scheme (USS) for designated employees.

Universitybus Limited, Polyfield Property Limited and UH Ventures Limited participate in NEST, for those employees who are not members of LGPS. NEST is a qualifying pension scheme established by law to support the introduction of automatic enrolment. It is a national multi-employer defined contribution scheme. Universitybus Limited also provides a group Life Assurance Scheme for employees who are not members of the LGPS. Exemplas Holdings Limited and Exemplas Limited operates a group administered defined contribution personal pension plan, for those employees who are not members of LGPS.

Summary of pension scheme costs

Notes	Employer contributions 2021 £'000	Provision movement 2021 £'000	Total 2021 £'000	Employer contributions 2020 £'000	Provision movement 2020 £'000	Total 2020 £'000
Group						
	12,841	-	12,841	12,271	-	12,271
	7,864	10,179	18,043	8,489	5,715	14,204
	436	(202)	234	441	(1,398)	(957)
	681	-	681	498	-	498
8	21,822	9,977	31,799	21,699	4,317	26,016
University						
	12,841	-	12,841	12,271	-	12,271
	7,289	10,090	17,379	7,733	5,659	13,392
	436	(202)	234	441	(1,398)	(957)
	44	-	44	42	-	42
8	20,610	9,888	30,498	20,487	4,261	24,748

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). Whilst these regulations primarily apply to teachers in schools and other educational establishments, 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 TPS Budgeting and Valuation Account

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

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.

31. Pension schemes (continued)

Teachers' Pension Scheme (TPS) (continued)

Valuation

As a result of the latest scheme valuation, employer contributions were increased in September 2019 from a rate of 16.48% to 23.68%. Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses.

The next valuation is expected to take effect in 2023.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website: <https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

Scheme changes

In June 2019, the Supreme Court refused the Government permission to reverse the Court of Appeal's December 2018 judgment in the McCloud and Sargeant cases.

The judgement found that both the judges' and firefighters' pension schemes became unfavourable to some of their members, when the career average arrangement was introduced in 2015. The courts deemed that younger members of the judicial and firefighters' pension schemes had been discriminated against because the transitional protection applied only to older scheme members. These regulation changes now need to be rectified on the grounds of age discrimination and applies to all main public service pension schemes, including the Teachers' Pension Scheme.

The government launched a consultation on the proposals to address the discrimination, which closed on 11 October, and has now issued a response, which can be found at <https://www.teacherspensions.co.uk/members/scheme-changes/transitional-protection/background-to-transitional-protection.aspx>

TPS has summarised the key scheme changes for affected members in a factsheet, which can be found at <https://www.teacherspensions.co.uk/-/media/documents/member/factsheets/transitional-protection/transitional-protection-member-factsheet-feb-2021-v11.ashx?rev=dbb969b13af240b3961d09cfdcdbe69e&hash=44E207C0D2B60404783E720C568EA133>

In December 2019, a further legal challenge was made against the TPS relating to an identified equalities issue whereby male survivors of opposite-sex marriages and civil partnerships are treated less favourably than female survivors in same-sex marriages and civil partnerships. The Secretary of State for Education agreed not to defend the case. In June 2020, the Employment Tribunal recorded its findings in respect of the claimant. DfE is currently working to establish what changes are necessary to address this discrimination.

Any impact of these events will be taken into account when the next scheme valuation is implemented. This is scheduled to be implemented in April 2023, based on April 2020 data.

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.

Entry into USS for employees at the University is provided on a limited basis. As a default, employees are contractually enrolled in to either TPS or LGPS. Entry is available by way of election if an employee has actively paid contributions to the USS with their previous employer within 30 days of starting their employment at the University.

Due to ongoing delays, the 2020 Valuation is currently still ongoing and so the latest available complete actuarial valuation of the Retirement Income Builder section of the scheme is as at 31 March 2018 (the valuation date), which was carried out using the projected unit method. Up until 30 September 2021, an aggregate contribution rate of 30.7% of salary was in place with members paying 9.6% and employers paying 21.1%. Following consultations during the ongoing 2020 valuation, it was agreed that from 1 October 2021 the rate will increase to 31.2% with members paying 9.8% and employers paying 21.4%. Scheme changes affecting future benefit accrual have also been agreed and will take effect from 1 April 2022. Further information about these changes can be found at https://www.uss.co.uk/news-and-views/latest-news/2021/09/09062021_the-2020-valuation

The impact of the 2018 valuation has resulted in a net credit to the consolidated statement of comprehensive income of £234,000 (2020: net cost of £957,000) as detailed in the summary of pension scheme costs above.

The 2018 valuation was the fifth 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 £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

31. Pension schemes (continued)

Universities Superannuation Scheme (USS) (continued)

The key financial assumptions used in the 2018 valuation are described below.

Discount rate (forward rates)	Years 1-10: CPI + 0.14% reducing linearly to CPI – 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%
Pension increase (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

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 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. Post retirement: 97.6% of SAPS S1NMA 'light' for males and 102.7% of RFV00 for females.
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

The current life expectancies on retirement at age 65 are:

	2021	2020
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. In accordance with the requirements of FRS 102 and the SORP, the University has made a provision for this contractual commitment to fund the past deficit. The liability figures have been produced using the following assumptions:

Key assumptions used are:

	2021	2020
Discount rate	0.87%	0.73%
Pensionable salary growth	1.80%	1.30%

Local Government Pension Scheme (LGPS)

The LGPS is regulated by statute, with separate regulations for (a) England and Wales and (b) Scotland. The benefits of the LGPS are determined nationally by regulation and meet the definition of a defined benefit scheme. It is a funded scheme, with some 101 separate funds administered locally by administering authorities. Each fund has many employing authorities. Hertfordshire County Council is the administering authority with the District Councils in their county, and other bodies, for example the University, being employing authorities within that scheme. The University's wholly owned subsidiary, Universitybus Limited, is an admitted body to the fund, and a number of employees of this company are members of the LGPS. All other subsidiary companies contribute to the scheme through the University and these contributions are included in the University only figures below.

31. Pension schemes (continued)

Local Government Pension Scheme (LGPS) (continued)

The LGPS is not therefore a national multi-employer scheme, but each separate LGPS fund is a multi-employer scheme.

Changes to the LGPS permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

In calculating the scheme assets and liabilities, the fund's actuaries had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes, but it is possible that actual outcomes will differ from those included in the accounts. Any differences between expected and actual outcomes are reported through experience gains and losses.

The 31 March 2019 triennial funding valuation results included the impact of full GMP indexation and as such any increase to the defined benefit obligations as a result of GMP indexation is included in the closing balance sheet position at 31 July 2020.

McCloud

When the Government reformed public service pension schemes in 2014 and 2015 they introduced protections for older scheme members. In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes were discriminated against because the protections did not apply to them. This ruling is known as McCloud, after one of the claimants.

The Government has confirmed that there will be legislative changes to all public sector schemes, including the LGPS, to remove this age discrimination. The LGPS rules need to be changed to automatically provide eligible younger members with protection equal to the protection provided to older members.

The Ministry of Housing, Communities & Local Government are seeking views on proposals that would extend LGPS statutory underpin protection to younger members of the scheme.

It is government's intention for legislation to be in place by April 2022.

Employer contributions are affected by a surplus or deficit in the scheme. All new entrants to the fund are now single-status employees and there is no longer any classification of officer and manual employees. The contribution rates for the year were:

University of Hertfordshire	19.20%
Universitybus Limited:	
Employer – weekly paid staff	26.60%
Employer – monthly paid staff	19.20%
Employees	5.50%-12.50%

The estimated employer contribution payable for the year ending 31 July 2022 is £7,363,000.

The following information is based upon a full actuarial valuation of the Fund at 31 March 2019, updated to 31 July 2021 by a qualified independent actuary.

	2021	2020	2019
Financial assumptions			
Inflation and rate of increase in pension	2.60%	2.00%	2.20%
Rate of increase in salaries	1.80%	1.80%	2.20%
Expected return on assets	1.75%	1.40%	2.30%
Discount rate for liabilities	1.75%	1.40%	2.30%

31. Pension schemes (continued)

Local Government Pension Scheme (LGPS) (continued)

Mortality assumptions

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

	2021	2020
University		
Males currently aged 65 (years)	21.5	21.5
Females currently aged 65 (years)	23.7	23.7
Males currently aged 45 (years)	22.3	22.3
Females currently aged 45 (years)	25.0	25.0
Universitybus Limited		
Males currently aged 65 (years)	19.7	19.7
Females currently aged 65 (years)	23.0	23.0
Males currently aged 45 (years)	21.1	21.1
Females currently aged 45 (years)	24.5	24.5

The assets in the scheme (of which the Group's share is 5.0%) and the expected rates of return were:

	2021	2020	2019
	£'000	£'000	£'000
Equities	3,485,560	2,954,430	2,658,630
Bonds	2,010,900	2,143,410	1,928,810
Property	737,330	521,370	417,040
Cash	469,210	173,790	208,520
Total market value of assets	6,703,000	5,793,000	5,213,000
	2021	2020	2019
Weighted average expected long-term rates of return	1.4%	2.3%	3.0%

Under FRS 102 the expected rates of return are equal to the discount rate.

The pension scheme liability detailed below also takes account of the University's unfunded pension liability, which relates to pension enhancements payable to staff who have taken early retirement.

31. Pension schemes (continued)**Local Government Pension Scheme (LGPS) (continued)**

	2021	2021	2020	2020
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Analysis of the amount shown in the balance sheet				
Present value of scheme liabilities	(432,043)	(421,178)	(400,966)	(390,449)
Fair value of scheme assets (bid value)	346,416	335,144	299,561	289,627
Deficit in the scheme (note 23)	(85,627)	(86,034)	(101,405)	(100,822)
The amounts recognised in the surplus for the year				
Current service cost	18,031	17,815	14,177	13,968
Past service cost (including curtailments)	12	12	27	27
Settlements	-	-	-	-
Total operating charge	18,043	17,827	14,204	13,995
Interest on obligation	5,699	5,552	7,614	7,403
Expected return on scheme assets	(4,209)	(4,071)	(6,631)	(6,400)
Net charge on pension scheme	1,490	1,481	983	1,003
Total charged to the surplus for the year	19,533	19,308	15,187	14,998
Analysis of other comprehensive income/(expenditure)				
Actual return less expected return on pension scheme assets	40,083	38,766	3,867	4,159
Experience gains and losses arising on the scheme liabilities	4,781	4,669	(6,361)	(7,347)
Change in assumptions underlying present value of the scheme	(17,417)	(17,076)	(52,432)	(50,269)
Actuarial gain/(loss)	27,447	26,359	(54,926)	(53,457)
Effect of cap on pension surplus	-	-	922	-
Total other comprehensive income/(expenditure)	27,447	26,359	(54,004)	(53,457)
Analysis of movement in the scheme deficit				
Deficit in scheme at 1 August	(102,327)	(100,822)	(40,373)	(40,703)
Effect of cap on pension surplus	922	-	(330)	-
Adjusted pension deficit at 1 August	(101,405)	(100,822)	(40,703)	(40,703)
Movement in period:				
Current service cost	(18,031)	(17,815)	(14,177)	(13,968)
Employer contributions	7,864	7,737	8,489	8,336
Past service costs	(12)	(12)	(27)	(27)
Net interest on assets	(1,490)	(1,481)	(983)	(1,003)
Actuarial gain/(loss)	27,447	26,359	(54,926)	(53,457)
Deficit in scheme at 31 July	(85,627)	(86,034)	(102,327)	(100,822)
Effect of cap on pension surplus	-	-	922	-
Adjusted deficit in the scheme – net pension liability recorded within pension provisions (note 23)	(85,627)	(86,034)	(101,405)	(100,822)

31. Pension schemes (continued)

Local Government Pension Scheme (LGPS) (continued)

	2021	2021	2020	2020
	Group £'000	University £'000	Group £'000	University £'000
Analysis of the movement in the fair value of scheme liabilities				
Defined benefit obligation at 1 August	400,966	390,449	326,140	316,994
Current service cost	18,031	17,815	14,177	13,968
Past service costs	12	12	27	27
Interest cost	5,699	5,552	7,614	7,403
Actuarial loss	12,636	12,407	58,793	57,616
Estimated unfunded benefits paid	(480)	(480)	(496)	(496)
Estimated funded benefits paid	(7,521)	(7,244)	(7,873)	(7,608)
Contributions by members	2,700	2,667	2,584	2,545
Defined benefit obligation at 31 July	432,043	421,178	400,966	390,449
Analysis of the movement in the fair value of scheme assets				
Fair value of scheme assets at 1 August	299,561	289,627	286,359	276,291
Expected return on scheme assets	4,209	4,071	6,631	6,400
Actuarial gain	40,083	38,766	3,867	4,159
Contributions by employer	7,384	7,257	7,993	7,840
Contributions in respect of unfunded benefits	480	480	496	496
Estimated unfunded benefits paid	(480)	(480)	(496)	(496)
Estimated funded benefits paid	(7,521)	(7,244)	(7,873)	(7,608)
Contributions by members	2,700	2,667	2,584	2,545
Fair value of scheme assets at 31 July	346,416	335,144	299,561	289,627
Actual return on scheme assets				
Expected return on scheme assets	4,209	4,071	6,631	6,400
Asset gain	40,083	38,766	3,867	4,159
Actual return on scheme assets	44,292	42,837	10,498	10,559
Actuarial loss relating to changes in financial assumptions	(17,417)	(17,076)	(52,413)	(51,231)
Cumulative actuarial loss	(54,683)	(54,444)	(82,130)	(80,803)
	2021	2020	2019	2018
	£'000	£'000	£'000	£'000
History of experience gains and losses				
Difference between the expected and actual return on assets	40,083	3,867	12,425	16,698
% of scheme assets	11.6%	1.3%	4.3%	6.3%
Experience gains/(losses) on scheme liabilities	4,781	(6,361)	(115)	42
% of scheme liabilities	(1.1)%	1.6%	0.0%	0.0%

32. Herts Sports and Physical Activity Partnership

The University of Hertfordshire hosts the Herts Sports and Physical Activity Partnership (HSP), which is one of the County Sports Partnerships in England that were created as part of the long-term plan for delivering sport across the nation. The results of HSP are included within the financial statements for the University and the consolidated results for the Group. The income and expenditure for the year is detailed separately below.

	Sport England £'000	Local Authority £'000	Other public sector income £'000	Non-public sector income £'000	2021 Total £'000
Income					
Revenue grant income	1,116	23	153	-	1,292
Other income	109	4	1	-	114
Total income	1,225	27	154	-	1,406
Expenditure					
Staff costs	612	2	10	-	624
External activity providers	499	-	122	-	621
Rent and facility hire	37	2	-	-	39
Marketing	1	-	3	-	4
Other expenditure	103	23	18	-	144
Total expenditure	1,252	27	153	-	1,432
Net (expenditure)/income	(27)	-	1	-	(26)

	Sport England £'000	Local Authority £'000	Other public sector income £'000	Non-public sector income £'000	2020 Total £'000
Income					
Revenue grant income	903	7	22	-	932
Other income	148	-	(5)	2	145
Total income	1,051	7	17	2	1,077
Expenditure					
Staff costs	634	-	-	-	634
External activity providers	228	7	52	2	289
Rent and facility hire	28	-	6	-	34
Marketing	5	-	1	2	8
Other expenditure	187	-	33	9	229
Total expenditure	1,082	7	92	13	1,194
Net (expenditure)/income	(31)	-	(75)	(11)	(117)

Income includes £nil (2020: £nil) grant receivable from the University.

Expenditure includes £6,000 (2020: £7,000) payable to the University and £23,000 (2020: £28,000) to other group companies in respect of rent, facility hire and other expenditure.

33. Access and participation expenditure

	2021	2020
	£'000	£'000
Access investment	3,633	6,479
Financial support	495	732
Disability support	527	330
Research and evaluation	215	157
	4,870	7,698

The total of the approved expenditure in our Access and Participation Plan for the year ended 31 July 2021 was £4,500,000, actual expenditure has exceeded the plan.

£2,659,000 (2020: £1,699,000) of the total actual expenditure is already included in the overall staff cost figure included in the financial statements (note 8).

Access investment for 2020 includes £3,600,000 for Success, no such amount is required to be included in the 2021 figure for Access.

Details of the approved plan can be found at https://www.herts.ac.uk/__data/assets/pdf_file/0010/279271/UniversityOfHertfordshire_APP_2020-21_V1_10007147.pdf

34. Post balance sheet event

A recovery plan exists between the University and the Universities Superannuation Scheme (USS) to fund the overall deficit in this pension scheme. A liability exists for the contributions payable that arise from this agreement and a corresponding expense is recognised in the statement of comprehensive income. The liability at the balance sheet date is based on the 2018 valuation of the USS scheme as the 2020 valuation had not been finalised by the end of the reporting period.

Since the year-end, the 2020 actuarial valuation has been completed and filed with The Pensions Regulator. The Joint Negotiating Committee (JNC) has recommended changes to future service benefits to apply from April 2022, which will be the subject of consultation with members. The 2020 valuation came into effect on 1 October 2021 with a dual rate schedule of contributions:

1. Includes a small increase in contribution rates from the 2018 Valuation and a longer deficit recovery period as a result of the decision to proceed with benefit change by the JNC.
2. Includes more significant increases in contribution rates from the 2018 Valuation and shorter deficit recovery period but this only becomes applicable if the JNC recommended deed on benefit changes has not been executed by 28 February 2022.

Assuming all other assumptions used to calculate the provision remain unchanged, the 2020 valuation would have resulted in a revised provision as at 31 July 2021 of £3,457,000. This represents an increase of £2,460,000 from the current year-end provision as detailed in note 23.





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