
Annual Review and Financial Statements

2017 - 18

TOP 50
UK UNIVERSITY*

*44th of 121 UK institutions in
the Guardian League Tables 2019



THE
CONNECTED
UNIVERSITY

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Chair's foreword



David Gage MBE, DL
Chair of the Board of Governors

This year has seen Staffordshire University grow tremendously in terms of our student experience, our achievements and our influence locally and nationally. Higher education continues to be a competitive and transforming sector, and our strategic and financial plans have given us the strength to advance our position to the benefit of students, staff, partners and our communities.

Our position as an anchor institution – a civic university serving all of our diverse communities – is fundamental to our values and ethos. Our performance this year, and prospects for next, give us a strong platform to continue to improve people's lives across the region and beyond.

This year has seen us build on our 2017 number one ranking for employability (excluding specialist institutions) and silver Teaching Excellence Framework (TEF) rating of 2016/17. We are very proud to have won the Times Higher Education's 'Most Improved Student Experience' award and to have been the highest climber in The Complete University Guide league tables. We are currently on track to achieve a gold rating in the 2021 TEF and to reach our ambitions for our league table positions and financial sustainability.

The Board is indebted to our ambitious and committed academic and professional services staff for their vital contributions to achieving these fantastic outcomes. I also thank the Students' Union for its tireless work to support students and its open and positive approach to working with our managers.

Whilst the higher education environment and requirements of universities change, our fundamental role in developing skills and supporting social mobility does not. Staffordshire University has a critical role to play in:

- improving quality of life regionally, nationally and globally by increasing the opportunities for people to gain a Staffordshire University award.
- closing the regional skills gap by developing graduate-level employees and entrepreneurs who support employers to innovate and grow.

- Being a fundamental part of the communities we touch to increase aspiration and attainment.

Meaningful partnerships are at the heart of many of our achievements and we are engaged collaboratively across the region with councils, the Staffordshire Chamber of Commerce, the Stoke-on-Trent & Staffordshire Local Enterprise Partnership and a wide range of sporting and charitable organisations.

The changes to our Board structure over the last 12 months, reducing from 16 to 10 independent Board members and introducing a Strategy and Performance Committee, has seen us improve both our efficiency and effectiveness.

One of our Board members came to the end of her final third term this year. On behalf of the University and Board I would like to thank Cordella Bart-Stewart for her tireless dedication and commitment. In the last 12 months we have welcomed Kevin Gould as an independent member and someone with a wealth of governance, audit and risk experience. I am also indebted to all our Board members for their unstinting commitment and guidance.

And finally, it was a privilege to join students and their families at our Graduation Week at Trentham Gardens in July. It was a marvellous occasion to celebrate their achievements and to welcome our new honorary doctors.

David Gage MBE, DL
Chair of the Board of Governors

Vice-Chancellor's report



Universities are about enhancing life choices and transforming lives. We pride ourselves on recruiting students from diverse backgrounds and enabling them to shape their learning experience to suit their lifestyles and aspirations. We encourage our students to dare to be different, to aim to achieve great things and support them through their journey providing an excellent learning experience.

Staffordshire University is in the midst of exciting times. In a landscape of seismic change in Higher Education, we have a new strategy and have reshaped the way we work, ensuring that we are fit for the future and able to seize emerging opportunities and manage challenges. This has engendered an optimism and energy amongst our staff and students, who are playing a central role in shaping our future.

We have an unrelenting focus on putting our students first and providing an excellent student experience, enabling them to achieve the best they can. Our core themes of Innovative and Applied Learning, Connecting Communities, and Talented People, reflect our approach to staff, students and our communities, as we work together to enhance performance and deliver benefits for all.

Our transformation of our campuses has continued, with the confirmation of our £17m Office for Students funded Apprenticeship and Digital Skills Hub announced in January and the extension of the project to be a £40m iconic development announced in May. The 2018/19 academic year has seen adult nursing facilities come to our Stoke campus, and in September 2018 we were the first university in the UK to offer undergraduate and postgraduate courses in Esports. Our flexible approach, and skills in predicting and

understanding the needs of the future jobs market, are enabling us to offer our students and employers the right courses in a fast-moving digital world.

The student experience is at the heart of everything we do so it was particularly pleasing that we won the Times Higher Education's Most Improved Student Experience award this year. Alongside that, in April 2018 we were announced as the highest riser in the Complete University Guide league table and were shortlisted for the THELMA Outstanding Leadership and Management Team award.

Supporting our graduates to find employment is a priority. We continue to increase the number of employers we work with and the opportunities for students to experience real-world learning through initiatives such as placements, live briefs and employer-informed courses.



Creating Connections

Connectivity is integral to our success, and our commitment to improving educational aspirations and increasing social mobility remains central to our role.

In the last year we've strengthened and created partnerships, renewed relationships and worked collaboratively across the region in line with these ambitions. We were a key part of the city's bid to bring a Channel 4 creative hub to Staffordshire and were involved in the WW1 trail that complemented the 'Weeping Window' poppy display that came to Middleport Pottery this year. Our partnership with the University Hospitals of North Midlands (UHNM) has seen the creation of a new healthcare apprenticeship and we have maintained our strong links with the armed forces, Stoke City FC, Ryman's National Enterprise Challenge, Chambers of Commerce Business Awards and The Sentinel Business Awards.

In addition, we are driving the region's digital agenda, working with Microsoft and Staffordshire County Council to run community digital events in the heart of Stafford and having one of the widest-portfolios of digitally applied apprenticeships in the country.

Applied Connectivity

Our applied research strategy is about impact. Academic staff in our School of Life Sciences and Education are investigating the psychosocial predictors of suicidality amongst at risk groups and are part of formulating the county's suicide prevention action plan.

Our Centre for Health and Development (CHAD), an innovative partnership between the University, Stoke-on-Trent City Council and Staffordshire County Council, continues to work to reduce health and social inequalities and improve the health and wellbeing

of our local population. The May conference of over 300 local community members, held at our Stoke-on-Trent campus, helped set the future direction for our work as a civic institution playing an anchor role in the region.

Over the next 12 months, we will be looking to increase our research income and ensure that we carry out projects that have real benefits to productivity, the economy and communities.

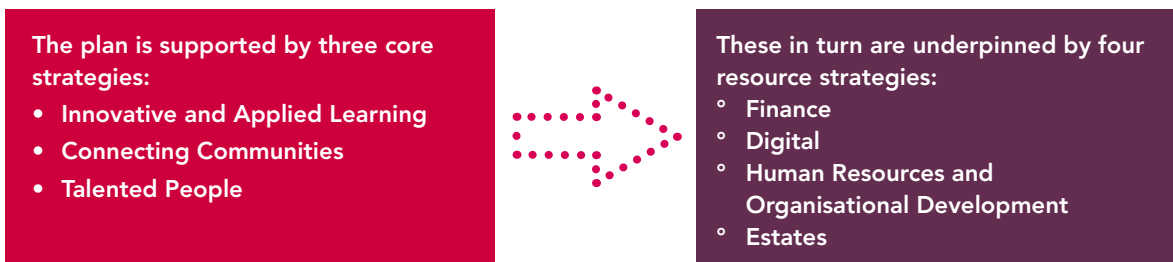
Professor Liz Barnes
Vice-Chancellor



Connected strategy

Strategic Plan – The Connected University

In 2016 the new Strategic Plan to 2020 was approved – ‘The Connected University’.



The values of the University are central to the way that we work.

- **Proud to be Staffs**
- **Ambitious and Inspirational**
- **Curious and Daring**
- **Brilliant and Friendly**

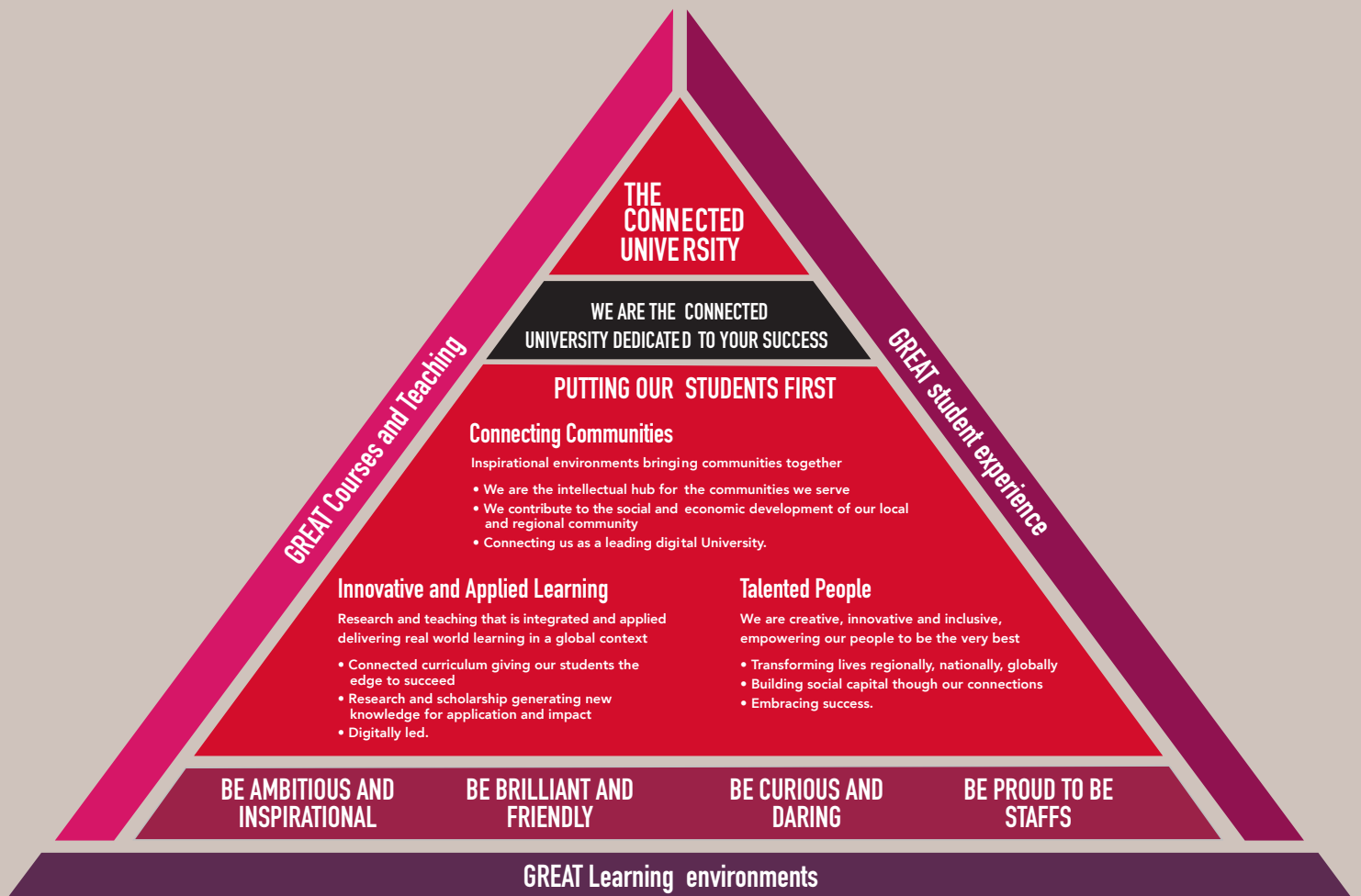
These help define how we work, ensuring that our culture develops and facilitates the delivery of the strategic plan.

proud to be staffs

be ambitious and inspirational

be curious and daring

be brilliant and friendly



Key highlights

**Silver
TEF**



Winner

THE Awards 2017 'Most Improved Student Experience'

£80m

campus investment over the next five years

Top 50

in Guardian League Tables (44th place)



Top 10

for teaching quality
(Sunday Times
Good University
Guide 2017)

100%

student satisfaction
on 13 courses (NSS)



Up 29 places

The Times and
Sunday Times
Good University
Guide 2018

78%

of research is
to international
standard or
better (REF)



Highest riser

in the Complete
University Guide
league tables 2019

Our role

A Connected University

- Our new Computing courses have been developed with Google and Amazon giving our graduates the digital skills needed by industry.
- We have championed the Ceramic Sector Deal for North Staffordshire working with local partners.
- In 2017 we launched the BSc (Hons) Healthcare Science/Healthcare Science Practitioner apprenticeship, designed in collaboration with regional and national NHS partner. As a result, our team won the Chief

Scientific Officer awards 2018 for Excellence in Education Delivery.

- We have journalism graduates in 14 Premier League football clubs, Sky Sports, Channel 5 and the BBC.
- We've relaunched our Film Production courses for September 2018 entry to meet the changing needs of the global film industry.
- This year we hosted the West Midlands Big Bang Fair, attracting thousands of young people to enjoy

science, technology, engineering, arts and maths activities.

- October's Big Biology day inspired the scientists of the future from across Staffordshire and beyond.
- £200k of government funding is supporting us to develop new courses in Ceramics, Materials Technologies and manufacturing with industry partners, including the British Ceramics Confederation, Amricc and Lucideon.



A Digital University

- Our Esports degree, the first in the UK, launched in September 2018. The degree was designed in consultation with industry experts, including The British Esports Association, UKie, The National University Esports League (NUEL), Fast Web Media and Codemasters.
- In January 2017 we secured £8m funding from the Office for Students to create the Catalyst Building, our state-of-the-art Apprenticeships and Digital Skills Hub which will deliver 6500 apprenticeships.
- Staffordshire University is the only university in the UK able to teach under the Amazon Web Services Architect academy.

- In 2018 / 19 we will create the Digital Shed, which will allow staff and students to design and create new products with the support of digital specialists.

A Civic University

- Our 2017 Graduate Nihad Alihodzic was awarded France's Légion d'Honneur for his work in managing the removal of chemical weapons from Syria.
- In spring 2018 we held a Patient Safety conference in Stafford, bring together academics, educators, health professionals, executives, commissioners and regulators to improve care for NHS patients across the country.

- We work in partnership with University Hospital North Midlands to deliver cystic fibrosis training days and raise money for equipment, contributing £1,300 this year.
- Student Disability Rights campaigner Bal Deol achieved a landmark legal ruling for equal treatment of people with disabilities.
- The Step Up programme for mature students provided taster courses, built skills and smoothed transition for a number of students in 2017/18.
- We worked with public sector partners to deliver the Channel 4 and City of Culture bids.
- Our 2017 / 18 corporate charity was the Donna Louise and fundraising took place across the University as part of the Tower to Tower challenge.



A Global University

- In Spring 2018 we hosted the Global Business Direction Annual Conference.
- This year's Noisefloor Festival saw our students perform alongside established musicians from the UK, Italy, Germany, Mexico, USA, Brazil and Canada.
- We work with the University of Alabama to deliver the Smart Cities MSc.
- In 2018 we welcomed a visiting scholar from Jingdezhen Ceramics University to work with staff and students to grow global expertise.
- In 2018 our Sports students spent three weeks at Nippon Sports Science University in Japan.
- In September 2018 we launched the BSc (Hons) Football Coaching and Performance two-year degree, delivered in partnership with Staffordshire Football Association and to meet the demand for football coaches nationally and internationally.



Changing lives

- We offer flexible degree apprenticeships in management and leadership that meet the needs of mature learners.
- In 2018 student Rose Dawson was awarded the Association of Fraud Examiners (ACFE) Martin Grieves Memorial Scholarship to support her to gain the CPA qualification.
- The University is the UK partner for the EU Silver Workers Project, which focuses on enterprise training for those aged 50 and over who are intending to start their own business.

- School of Computing, Design & Technology students won the 2017 Student Comedy and Entertainment and Craft Skills: Production Design awards.
- A Product Transport and Design student was named winner of the Superyacht UK Young Designer Competition 2018 for the second year.
- In 2018 we welcome Adult Nursing students to our Stoke campus for the first time.
- In July 2018 a Staffordshire University student was named the second Best Student Photographer in the World by Alamy Images.
- We sponsor a Multi-Academy Trust and the Staffordshire University Academy Trust (SUAT) to ensure that students from disadvantaged backgrounds aspire to higher education.
- We are a lead in the Higher Horizons Consortium, working across the region to reach young people with low educational aspirations.
- In 2017/18 the University spent 19.4% of its higher fee income on supporting widening participation.
- Fine Art Course Leader Michael Branthwaite received Arts Council funding for research with the Centre of Archaeology. He published in the International Journal of Historical Archaeology and delivered a paper for the European Association of Archaeologists in Maastricht.
- Staff within the School of Law, Policing and Forensics won a Higher Education Academy Collaborative Award for Teaching Excellence.
- Associate Professor Claire Gwinnett has been awarded the Winston Churchill Travelling Fellowship for her research on international microplastics.
- Ruby Hammer co-authored a leading textbook in the field of business law.
- Dr Graham Williams became a Fellow of the Chartered Society of Forensic Sciences.
- Associate Professor Rachel Bolton-King is piloting a Research4Justice Online Repository for undergraduate and postgraduate research dissertations, to enable criminal justice experts access to our students' research.
- Dr Martin Turner, Senior Lecturer in Sport and Exercise Psychology, was awarded the Albert Ellis Award for Research for his research into sports performance

Advancing knowledge

- In 2018 we hosted the first national 'Women in Sport and Exercise' Conference.



STAFFORDSHIRE
UNIVERSITY

Student experience

With our vision to be The Connected University, Staffordshire University's focus on the student experience has never been more important.

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It is central to our ambition to provide opportunities for students from a wide variety of backgrounds, cultures and interest, and to ensure the University supports learners both on campus and through our partnerships with organisations in the UK and overseas. It also underpins our commitment to delivering the best student experience through our digital and virtual channels.

2017 saw us win the Times Higher Education's 'Most Improved Student Experience Award'. We were also in the top 10 for teaching quality in the Sunday Times Good University Guide 2017, and in the top 50 UK universities in the Guardian League tables.

Our cross-university Student Journey project, which covers every touchpoint a student has with the University, is helping to ensure the student experience remains at the centre of our vision. It is split between seven streams:



Student experience

- 24/7 Campus
- The Academic Journey
- Early Intervention
- Employability
- Induction
- Measuring Impact
- Culture and Values

These streams help ensure we achieve our ambition to transform the student experience at Staffordshire University.

As part of our continuing drive to improve the student experience, the new Student Hub enables students to get the best help and advice and access to our excellent support services. Based on a one-stop-shop model, the extensive remodelling of the Science Centre Atrium, Café and Exhibition Area has created flexible and technology-enabled spaces, delivering an effective approach to integrated student services. This enables individual and self-guided learning and give options to work with students, either individually or in groups, to enhance their experience and encouraging more of our students to stay on campus between timetabled activities.



Digital learning is at the heart of our strategy, underpinned by five strands of activity:

- Tools and technologies
- Learning spaces
- Staff digital capabilities
- Student digital capabilities
- Learner analytics

To ensure that learning spaces are designed and used effectively, all new teaching rooms are designed in line with the latest research and practice-based evidence, including technology, furniture and layout, to create learning spaces that encourage student-centred learning.

Staff have benefitted from numerous development opportunities, particularly in digital capability. This reflects our commitment to providing students with opportunities to engage with learning in the most effective way, as well as helping them develop the digital skills needed to be successful learners.

Our commitment to enhancing employability is a vital element of the student experience at Staffordshire

University. We make it a priority that students are well-prepared for their future, with opportunities to develop skills to enhance employment and entrepreneurship embedded within the curriculum. All students are guaranteed a work-related experience to ensure they have the chance to work with future employers and entrepreneurs.

This can include a professional placement, sandwich placement, paid internship, short or serial placement, voluntary work or job shadowing. The volunteering programme, in partnership with the Students' Union, involves 1,270 students in volunteering activities with over 130 community, charity or public-sector organisations. Students can include this activity in their Higher Education Achievement Report (HEAR), following a skills reflection review. With such a diverse and broad student population, we recognise the need to ensure we are tailoring our students' university experiences to their ever-changing needs and demands. We have invested in our customer segmentation to highlight the wants of different groups of students. Both our own staff and the Students' Union use this information to ensure we support every student.

Campus transformation and Estates

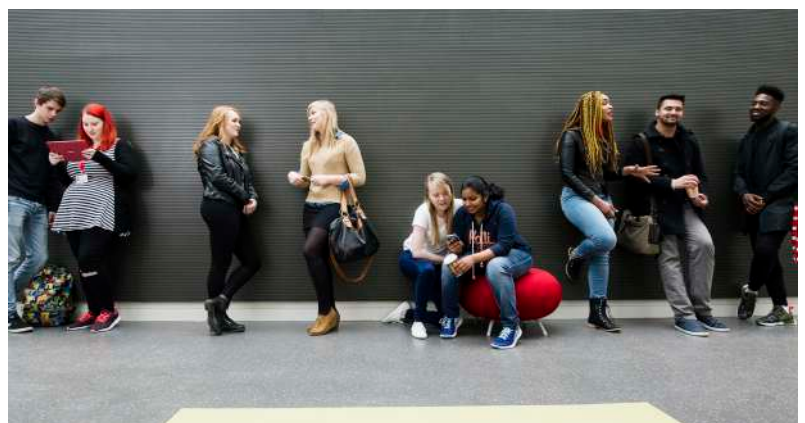
Since successfully embedding the significant changes already made to our estate throughout the first phase of our campus transformation, we are now immersed in developing a new student-focused masterplan which delivers creative and exciting learning environments that will further enhance our position as a digital university.

The recently announced £40m Catalyst Building will deliver the Apprenticeships & Digital Skills Hub, a new library, social learning spaces and dining venues. This landmark project for the region will deliver the first stage of our ambitious vision to deliver almost 6,500 new higher and degree apprenticeships. With completion planned in readiness for the start of the 2020 academic year, these new facilities will serve to further enhance the excellent learning experience already provided to our student community.

We will continue to invest and develop our estate in parallel to this core development, focusing on growth in either new award areas or those where we excel in terms of academic success. Some notable examples include the creation of two new clinical skills labs in Stoke-on-Trent to facilitate delivery of our leading nursing awards across all three campuses, as well as the creation of a dedicated specialist space for our market leading and pioneering award in Esports which will start in September 2018. As the first University within the UK to launch a degree in Esports, working in partnership with leading international gaming companies, this pioneering development will deliver a very technical learning environment, centred not only

on professional gaming technologies, but also specialist event management with live streaming and event coverage.

Student-focused enhancements will remain a key driver within our development plans; the most recent example being the creation of a new Student Hub comprising a central enquiry point, self-serve digital resources, flexible social learning spaces and a refurbished café. Delivered in readiness for a September 2018 opening, the Student Hub will also help to develop the University's 'sticky campus' concept, encouraging students to stay on-site, while not in timetabled sessions, through the provision of welcoming flexible working and social spaces for both staff and students to use. This new approach will bring services to students in a streamlined, customer-focused way rather than students having to search for the services themselves.



Higher Apprenticeships

Higher and degree apprenticeships are viewed by employers as a route to solving their skills challenges. As one of the largest university providers of higher and degree apprenticeships, Staffordshire University is supporting regional and national employers to:

- **Improve productivity and business performance**
- **Motivate and train their existing teams**
- **Attract and retain talent**

The apprenticeships are funded by an employer apprenticeship levy introduced in April 2017. All employers with a payroll of more than £3 million pay a 0.5% levy. They receive this back via a digital apprenticeship account, which can only be spent on apprenticeships.

The 'earn while you learn' model provides training costs for apprenticeships at level 4 to level 7 and an embedded higher education qualification, to help employers recruit new staff or develop their existing workforce.

Apprentices are employed for at least 30 hours per week in a specific occupational role, allowing them to put their knowledge into practice in the workplace.

Apprenticeships are a significant growth opportunity for the University, as we look to build on our sector-leading position as a provider of high quality, flexible employer-led training.

Working with Employers

Our expert academic staff have worked closely with business development managers to design courses aligned to the apprenticeships standards developed by employers. Current programmes offered by the University include:

- **Digital Technology Solutions Professional with BT**
- **Healthcare Science practitioner with regional NHS Trusts**
- **Chartered Legal Executive with Virgin Media**

Degree apprenticeships are becoming increasingly popular among young people. In 2017/18 more than 350 apprentices were studying higher and degree apprenticeships at the University.



Employability

Our commitment to enhancing employability is a vital element of the student experience at Staffordshire University.

We make it a priority that students are well prepared for their future, with opportunities to develop skills to enhance employment and entrepreneurship embedded within the curriculum. All students are guaranteed a work-related experience to ensure they have the chance to work with future employers and entrepreneurs.

Work experience is broad ranging. We encourage students to think broadly about the range of work experience opportunities, such as 12-month placements, short placements, internships, temporary work, voluntary work or work shadowing.

In addition to the work experience guarantee, our employment agency, Unitemps, helps students to apply for temporary and permanent roles within the University and with private and public-sector employers in the region, providing paid work to support them during their studies.



Future Success

All students have free access to careers and education advice, and Staffordshire University offers lifetime post-graduation advice and guidance for our alumni. During this time, experts in our academic schools and careers network provide support, face-to-face and online, to help students develop the knowledge, skills and behaviours to be successful and achieve their potential. This support is complemented by a digital platform that offers a wide range of development and careers support, including a CV builder, mock interviews, employer-insights and preparation for assessment centres.

Graduate Destinations

As the Connected University, our commitment to developing talented people includes a pledge that all our courses will be in the top 50% for graduate-level employment after six months.

In March 2018, we completed a survey of the destinations of our 2016/2017 graduates. A renewed emphasis on making strong connections and supporting students into work and self-employment during their study has resulted in evidence of strong outcomes for graduates working in both graduate and non-graduate outcomes.

Of our 2016/17 graduates, almost 81% are in graduate-level work or further study and over 96% are in employment.

Connected Futures 2017

Running alongside Global Entrepreneurship Week in November 2017, Connected Futures brought together a diverse set of employability development events across five days, with opportunities for all students to engage with entrepreneurs, alumnus, experts and employers at employment fairs, practical workshops, guest lectures, a hackathon and skills session. A range of events scheduled throughout the week were specifically tailored by academic schools to meet specific needs and interest of students on courses at all levels and in different subject areas.

Sport at Staffordshire University

This year has seen some incredible successes both on and off the sports field. 500 students make up our teams and individual athletes and they have secured a 20 position rise in the British University & Colleges Sport league table. The impact of the University financially supporting both a qualified coaching structure for all teams and transport for all away fixtures has been incredibly well received by our competitive students.



The implementation of a five team focus sport program running alongside our Sports Scholarship program has given teams and individual scholars' access to a qualified strength and conditioning coach. This program was supported by 14 Internship students from across the Schools, helping the program to flourish and offering valuable hands-on work experience in a number of areas.

Our scholars have continued to achieve great things, with both Andy Brookes (Archery) & Nikisha Bailey (Karate) being selected for the GB University Squads for the World Student Games.

Our aim to continually increase the number of our students that are physically active is going from strength-to-strength with the inclusion of a fitness membership at the sports centre with a student's accommodation agreement. This has seen over 75% of students in University-provided accommodation take up regular exercise at the centre and 100% in accommodation in Stafford.

Our Active Uni program continues to offer a full range of options for the less competitive student and staff member, with over 600 students accessing recreational sport or physical activity sessions in the academic year. This is supported by our Coach Education Program, a series of coaching qualifications hosted on site by National Governing Bodies of Sport and offered at reduced costs for our students. All 10 courses this year sold out and these students have actively engaged in supporting the program by volunteering their time to allow the program to offer even more social sport and physical activity opportunities for students and staff.

As a venue we hosted the BUCS National Boxing Finals for a second year running with over 200 student boxers competing over the course of the weekend.

We continue to grow our relationships with partners, this year has seen the centre become the recognised Excellence Hub for Stoke City FC Community Trust Disability Sport Program, hosting numerous coaching sessions and courses in partnership with the club.



Research

Research excellence is at the heart of our strategic planning and central to the University's vision of being The Connected University.

Our research underpins the curriculum, contributes to a positive student experience, makes a difference in society and grows the reputation of Staffordshire University and the region globally.

An organisational Research and Innovation Strategy has been prepared, committing to deliver collaborative, inter-disciplinary research to provide imaginative and sustainable solutions to real-world issues.

The strategy aims to develop our research-active staff and their research leadership skills, create a thriving research environment with a focus on impact, support a growth in research income, ensure our research underpins curricula and deliver a supportive and stimulating environment for our postgraduate research students.

A single, cross-university Research, Innovation and Impact Service (RIIS) was formed in November 2017, realigning our research support infrastructure. RIIS is supporting activity and monitoring progress towards the University's aim to return 150 researchers in the Government's Research Excellence Framework 2021 (REF2021). Our goal is to see an improvement in both the quality and quantity of research activity, with more than 50% of our research rated as 'internationally excellent or world-leading'.

The University is targeting a 10% increase in postgraduate students every year through to 2020, and an annual increase of 10% in external research income. By 2021, we aim to be securing more than £5 million research income annually.

Our annual staff research conference and postgraduate research conference in May 2018 provided a focus for celebration of our research activity and impact.

Some of the notable projects we have led during 2017/2018 include:

Working as part of a consortium with Coventry University, Birmingham City University and Wolverhampton University we have been developing data responsive initiatives as a vehicle for achieving equity in results and addressing barriers to student success. This regional approach to partnership will personalise support for HE students and develop tools and methodologies which can be shared across the sector.

The Centre of Archaeology has secured a ten year Finding Shakespeare project using cutting edge archaeological

techniques to investigate the life and times of William Shakespeare. This has received recognition on a global scale with outputs including three mainstream TV documentaries, a new permanent exhibition in Stratford-Upon-Avon and multiple temporary exhibitions around the UK and abroad, including Washington DC.

The £1.2 million Innovate UK funded project MiTREC will design, manufacture and validate a combustion system that can run on renewable gaseous fuels (biogas). The consortium includes Bladon Jets (UK) Ltd, Staffordshire University and Cranfield University. The novel work undertaken by the project is the development of a biogas-fuelled micro combustor to provide a clean, affordable and resilient energy source in developing countries.

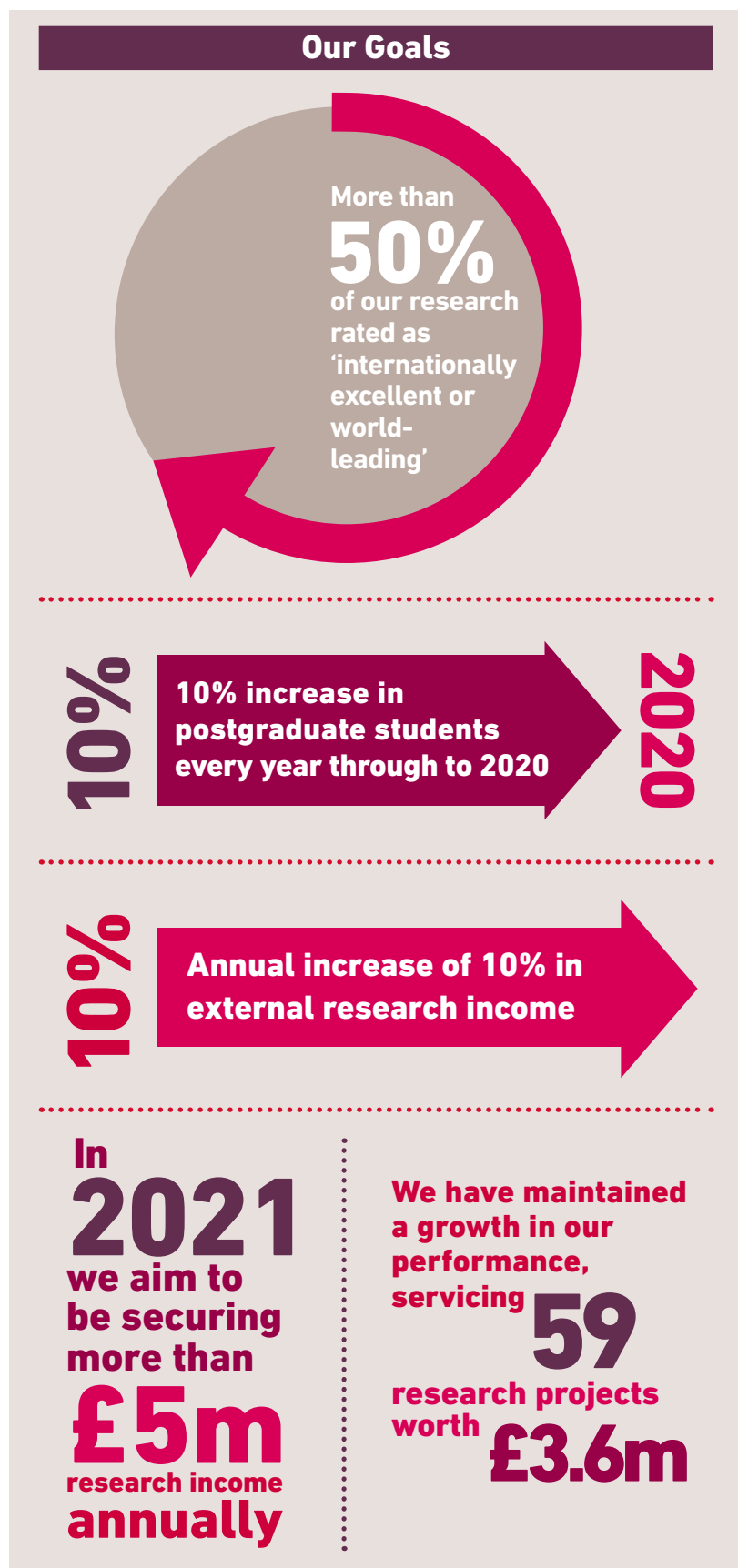
Colleagues in Life Sciences and Education are investigating the psychosocial predictors of suicidality amongst at risk groups (e.g. people with bipolar disorder diagnoses) to inform suicide prevention strategies, including the development of a local suicide prevention action plan for Stoke-on-Trent and Staffordshire.



European Researchers Night is part of the European Union Horizon 2020 funding programme, designed to widen participation in science and promote excellence in research. This year the Potteries Museum & Art Gallery, in partnership with Staffordshire University, has attracted funding to host two European Researchers Night events in 2018/19.

In 2017/18 the University has successfully achieved the HR Excellence in Research Award, an international benchmark of best practice linked to the European Charter for Researchers and Code of Conduct for the Recruitment of Researchers which set out principles for good working conditions for researchers.

In 2017/18 we have invested in 12 funded PhD scholarships across the University to grow our post-graduate research community and help support internationally excellent research.



Sustainability

Our vision is to continue to make a positive environmental impact through outstanding sustainability performance.

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We aim to achieve this by putting students at the heart of sustainability, with the campus as a living lab that enriches the curriculum experience. In addition, by collaborating with the Students' Union, student societies and other business stakeholders, we can create opportunities for practical sustainability actions and improvements.

Work has continued on sustainability initiatives such as upgrades, waste recycling and student engagement, including the 'Student Switch Off' campaign to encourage students to save energy. These have helped ensure legal compliance, as well as working towards long-term goals such as our carbon management plan.



We have recently upgraded our living green walls, delivering improved building insulation whilst also enhancing the environment for student living.

Sustainable energy supply

We are presently investigating the possibility of connecting to the City Council's District Heating Network. Powered through biomass (energy from waste) and geothermal heat sources, this system would not only support our environmental agenda but also provide greater price security for our energy supply. The current evaluations will consider both the potential financial and environmental benefits of connecting into the network and the outcome of this exercise will be reported back to the Executive for discussion in the autumn.

Sustainable design principles

As part of our emerging campus masterplan, the design specification of our latest new build is currently being developed against the following sustainability principles:

- Promote the use of the BRE Green Guide to Specification materials rated A & A+.
- Promote the use of post-consumer waste and/or recyclable materials.

- Target Gold standard on the 'Considerate Constructors' Award Scheme.
- Endeavour to deliver a portion of energy from renewable sources.
- Seek to use smart design to deliver CO2 emission reduction in comparison with Building Regulations benchmark.
- EPC 'A' rating with an aspiration to also potentially achieve a DEC 'A' rating.

Procurement and Social Value

Our Procurement team has continued to work on the DEFRA Flexible Framework, a recognised template for sustainable development in procurement and the supply chain. Level two accreditation has been achieved and the team has focused on mapping supply change impacts, sustainability training, policy implementation and engaging with key suppliers. The target is to reach level three during the next financial year.

The Procurement team has worked on the introduction of questions relating to compliance with the Modern Slavery Act with all suppliers intending to do business with the University and, where appropriate, seeking clarification on the source of materials used in the manufacture of goods provided.

Collaborative Academic Partnerships

Higher Education is about enhancing life choices and transforming lives. Staffordshire University is proud of its long history and continuing commitment to creating innovative, high quality learning opportunities which enable access to a higher education for a wide range of learners. In addition to students studying for Staffordshire University awards on our campuses in Stoke-on-Trent, Stafford and Shrewsbury, we work collaboratively with a wide range of UK and international educational partners creating opportunities for learners to progress from Schools and Colleges to gain higher education through studying for a Staffordshire University degree. Our collaborative academic partnerships also widen the opportunities for mature learners to combine employment and higher-level studies.

Our approach is based on principles of working with collaborative academic partners both in the UK and overseas to promote greater enhancement opportunities for student learning (including through student exchanges and placements), promoting student recruitment and progression to on-campus study and enhancing collaborative research. Our overriding ambition is for our Collaborative Academic Partnerships to have a positive impact both for students studying with our partners, and also students studying directly with Staffordshire University.

Benefits of partnership – connecting communities

Our partnership activity helps to connect communities and contributes positively to the social and economic development and growth of the regions in which we operate. It delivers real-world learning in a global context, building social and economic capital.

Partnership activity allows Staffordshire University to be highly versatile in the way we provide access to Higher Education. Our awards provide flexible study opportunities for local, mature, part-time and international students whose family, financial or work commitments, or geographical location, prevent them from studying on campus. Wherever possible, we also facilitate progression to on campus awards at both undergraduate and postgraduate level.

Our key regional partnerships in the UK include: Stafford College, Newcastle-under-Lyme College, Stoke-on-Trent College, City of Stoke-on-Trent Sixth Form College, South Staffordshire College, Burton and South Derbyshire College and Shrewsbury College.

Our key international partners are situated in China, Hong Kong, Malaysia, Oman, Sri Lanka, and Vietnam.

Our July 2018 graduation ceremonies in Trentham Gardens provided an important reminder of the significance of our partnerships, with a large number of graduating students attending from our UK partners and some from overseas. We have also celebrated the graduation of our students through the conferment of their degrees in a number of graduation ceremonies held overseas. These events always serve to highlight the hugely significant impact on the lives of students studying for Staffordshire University awards through our collaborative partners.

A refocused approach to Collaborative Academic Partnerships

Through the development of our new Connected University Strategic Plan

and the associated 5-year business plans for our academic schools and services, we have refocused our partnerships activity to align with the Connected University Strategy.

Our refreshed partnerships approach is based on principles of working with collaborative academic partners to have a positive impact for both for students studying with our partners and also students studying directly with Staffordshire University.

Working with existing and targeted new collaborative academic partners we will support our vision through partnership activity to facilitate and support our local and regional communities in developing and expanding learning opportunities. Collaborative working with our overseas collaborative academic partners will provide a range of opportunities for students and staff to develop their global awareness and to engage in a global learning community undertaking collaborative research and publishing internationally.

Promoting digital technologies, we will encourage connections to be made between and across our collaborative academic partnership network to facilitate ease of communication and engagement.

During the 2018/19 academic year we will:

- **Continue to review our collaborative academic partnership portfolio to ensure alignment with our University Strategic Plan.**

- **Strengthen and deepen our relationships with a refocused number of UK and international partners to maximise the collaborative benefits for promoting student learning, student recruitment and progression, and collaborative research.**

- **Review, develop and implement further improvements to our collaborative partnership management systems and partner support services.**

Risk Management Framework

Risk Appetite

The University has an overall risk appetite of Open.

Risk Management Framework Policy

Risk Categories Across the University

Financial Risk

Operational Risk

Student Experience Risk

External Risk

Infrastructure Risk

Reputational Risk

Strategic Financial Plan	Health & Safety and Wellbeing	Quality Assurance	UK Partnerships	Product Portfolio
Investment Strategy	People and Change	Employability	International Partnerships	Digital Capability
Procurement	Legal Compliance	Student Support	Employer Engagement	Estates
Pensions	Corporate Information reporting and Data Management	Student Recruitment	Regional Engagement	Research Funding
Financial Compliance/Control	Information and Data Security	Learning and Teaching Enhancement		
Insurance	Equality and Diversity	Inclusivity		
Fraud	Regulation and Compliance			

Top Risks Descriptions	KPIs
Failure to ensure we recruit and retain students in order to meet the financial targets as laid out in the Strategic Financial Plan.	<ul style="list-style-type: none"> • Gold Standard Teaching Excellence Framework (TEF) • Financially sustainable in accordance with our Strategic Financial Plan • Every course will achieve 90% or greater timely completion
Failure to provide a student experience in line with our key performance indicators, in terms of both academic provision and the wider student experience	<ul style="list-style-type: none"> • In the top 50% in the UK League Tables • Every course will be in top 50% in either the National Student Survey (NSS), Postgraduate Taught Experience Survey (PTES) or Post Graduate Research Experience Survey (PRES) • 90% satisfaction rating for the quality of teaching on my course measured by the National Student Survey (NSS) for full-time and part time undergraduate students • 70% or greater for 'good degrees' across our courses • 85% satisfaction rating for the quality of academic support as measured by the National Student Survey (NSS) for full-time and part time undergraduate students • 80% satisfaction for assessment and feedback as measured by the National Student Survey (NSS) for full-time and part time undergraduate student • 20% of our full-time undergraduate on campus students will have undertaken either study, work placement or exchange opportunity abroad • 70% or greater for 'good degrees' across our courses
Failure to ensure that the estate and infrastructure of the University is an enabler to the student and staff experience	<ul style="list-style-type: none"> • In the top 50% in the UK League Tables • Every course will be in the top 50% in either the National Student Survey (NSS), Postgraduate Taught Experience Survey (PTES) or Post Graduate Research Experience Survey (PRES)
Failure to attract and retain exceptional staff and provide a staff experience that is engaged, agile and responsive to change underpinning the student experience.	<ul style="list-style-type: none"> • 50% of academic staff with doctoral level qualifications • 100% of academic staff with HEA fellowship status
Failure to improve the research intensity of the University in line with our Key Performance Indicators, in terms of both income and reputational growth	<ul style="list-style-type: none"> • 30% or greater of our REF submitted staff will be delivering world leading and internationally recognised research • 50% of academic staff with doctoral level qualifications • £5M income from research as measured by HE-BCI • 15% of research outputs will be internationally co-authored as measured by SCOPUS
Failure to identify collaborative advantages of working externally and to have in place the operational processes needed to ensure benefits are realised	<ul style="list-style-type: none"> • Every course will be in the top 50% for graduate level employment after the first six months, as measured by the Destination of Leaders in Higher Education (DLHE) Survey • 20% of our full-time undergraduate on campus students will have undertaken either study, work placement or exchange opportunity abroad • Financially sustainable in accordance with our Medium Term Financial Plan • £5M income from research as measured by HE-BCI • 15% of research outputs will be internationally co-authored as measured by SCOPUS
Failure to ensure we effectively deliver external regulatory compliance requirements, changes in regulations and law, balancing the delivery of these with the delivery of University operations	<ul style="list-style-type: none"> • Underpinned by the overall suite of KPIs
Failure to manage critical incidents and subsequent business continuity in an effective manner	<ul style="list-style-type: none"> • Underpinned by the overall suite of KPIs

Financial Review

Scope of the Financial Statements

The Financial Statements comprise the consolidated results for the University and its subsidiary undertakings, Staffordshire University Enterprises Limited (SUEL) and Staffordshire University Unitemps Limited, and are prepared in accordance with the Financial Reporting

Standard applicable in the UK and Republic of Ireland FRS102 and the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (FE HE SORP 2015). The taxable profits of Unitemps Ltd are gifted back to the University under a covenant arrangement.

Results for the Year

The adoption of FRS102 continues to represent some challenges in terms of understanding University "operating" performance due to the inclusion of pension adjustments arising from the annual re-statement of pension assets and liabilities and any exceptional items. The impact of this is that the University accounts are likely to be much more volatile in terms of the "headline" results, and year on year comparisons will become less meaningful.

The University's Statement of Comprehensive Income for the year to 31 July 2018, as presented in the formal accounting statements, should be considered with reference to the following summary statement that identifies the key elements of our overall performance:

	2017/18				2016/17
	Operating Activities	Brindley Write-down	Pensions Adjustment	Total	
	£'000	£'000	£'000	£'000	
Total Income	114,851	0	0	114,851	124,057
Total Expenditure	112,048	8,417	3,003	123,468	115,313
Surplus before other gains losses and share of operating surplus/deficit of joint ventures and associates	2,803	(8,417)	(3,003)	(8,617)	8,744
Gain/(loss) on disposal of fixed/heritage assets	45	0	0	45	(9,589)
Surplus/(deficit) for the year	2,848	(8,417)	(3,003)	(8,572)	(845)
Actuarial gain/(loss) in respect of pensions schemes	0	0	19,997	19,997	32,631
Total comprehensive income and expenditure for the year	2,848	(8,417)	16,994	11,425	31,786
Transfers from revaluation reserve	0	0	0	0	9,313
Comprehensive income and expenditure surplus after transfer	2,848	(8,417)	16,994	11,425	41,099

Income decreased by £9.2m to £114.9m, though underlying operating income has increased marginally by £0.7m. The reduction in income is due to the sale of our Beaconside Campus in Stafford last year, which generated £9.9m disposal proceeds in the 2016/17 financial accounts. Net expenditure increased by 7.1% to £123.5m.

The results for 2017/18 include two material adjustments:

1. Brindley Building. During 2017/18 the University secured catalyst grant funding of £8.0m from HEFCE/OfS to deliver an innovative Apprenticeship and Digital Skills Hub, the Catalyst Building, at our Stoke Campus. To make way for the new Catalyst Building, the decision was taken to demolish the Brindley Building, which is now 43 years old and no longer fit for purpose. Although no formal contracts for demolition had been signed by the balance sheet date, the tender for demolitions is currently in the final phases of award with demolition planned to start in December 2018. The Brindley Building has therefore been written down as at 31 July 2018. The net impact of the write down is £8.4m.
2. Accounting for Retirement Benefits in accordance with FRS102. Following the triennial review of the LGPS in 2016 which was included in the Financial Statements for the first time last year, the scheme's actuaries have revalued the University's share of assets and liabilities to determine an interim valuation. Its impact this year was to increase the total comprehensive income by £20.0m (2016/17 increase the surplus by £32.6m).

When these items are excluded, our operating performance for the year shows a surplus of £2.8m, representing 2.5% of total income (2016/17 £2.3m and 2.0%).

Income

In an increasingly competitive environment, we are pleased to have increased Academic Fees & Education Grants by 2.9% to £90.1m, representing 78.5% of our total income. Full time undergraduate student (Home/EU) income saw the greatest increase following a successful recruitment round, at 9.3%. In addition, we have seen research income from grants and contracts increase by 5.0% over the prior year, to £1.6m. However, as anticipated, we have seen a further reduction of £2.3m in Funding Council Grants to £12.0m.

Nearly 10.0% of the University's income, £11.3m, is earned from other sources, 3.8% higher than in 2016/17. These activities primarily include student accommodation, sport, nursery and catering.

The University's Strategic Plan to 2020 has a strong focus on improving student recruitment, progression and future income diversification. Significant investments have been made during the course of the academic year to position the University to attract and retain students, and has been evidenced by the University winning the most improved student experience award at the Times Higher Education Awards 2017.

Expenditure

Recurrent staff costs at 56.8% of total costs (before adjustment for Brindley) have increased slightly from 56.2% the previous year. As stated in last years' Financial Statements, all areas of the University professional services have gone, or are going through, structural reviews to ensure that the University is at the forefront of delivering excellent and efficient student services. These reviews have focussed not only on reducing unnecessary costs, but on increasing value added and front-line services for our students, an example of which is the investment in a new and innovative Student Hub which brings together all student services into a single, digitally led location within our Science Centre Building. As a result of the aforementioned reviews, Administration, Professional & Clerical staff FTE's increased from 632 in 2016/17 to 672 in 2017/18, whilst overall FTE's increased from 1,270 to 1,314 (3.5%) over the same period. Total staff costs associated with the increased number of FTE's only increased by 0.8%, reflecting the revised structures that include a lower number of higher paid middle management.

Non-staff costs showed a slight decrease over the year of 1.6% (£0.8m) to £49.7m. £0.5m of the decrease is due to lower interest payable costs included in the LGPS pension valuation. LGPS interest payable results from the difference between the interest income on scheme assets and the interest cost of the defined benefit obligation. In 2017/18, scheme assets generated £1.0m more interest on plan assets and £0.5m more on obligations than 2016/17, resulting in the £0.5m variance. The remaining £0.3m decrease on 2016/17 costs is due to reductions in Administration and Central Services, Premises and Residences, Catering and Conferences expenditure.

Financial Review

Operating Surplus

The University's surplus from operating activities for the year is £2.8m, which is 2.5% of income (2016/17 2.0%) and indicates that our operating efficiency and profitability trajectory continues to improve as planned and in line with our ambition to deliver at least 5% by the end of our Strategic Plan 2020/21.

During 2017/18, the revaluation reserve was amalgamated with the unrestricted reserves of the University. As such, no transfer from the revaluation reserve has been made in 2017/18 (2016/17 £1.2m).

Cash Flow

The University continues to generate healthy levels of cash inflows from operating activities which are required to service existing debts and to continue to invest in the Estate and student experience. The consolidated Cash Flow Statement shows cash inflows from operating activities of £15.0m (2016/17 £10.0m), which was 13.1% of income (2016/17 8.0%). The level of cash inflow demonstrates that the underlying financial foundations of the University remain strong.

Liquidity and Long-Term Financing

The University had net liquidity of £8.7m at 31 July 2018 (2016/17 £8.7m). Cash at bank and in hand was £61.8m (2016/17 £51.9m). The improvement in the cash position in the year of £9.9m is primarily due to a reduction in capital expenditure while the capital masterplan is being refined, improved operating performance and favourable movements in working capital.

On 17 September 2007, the University refinanced its existing loans of £14.8m, with a new term loan of £16m, repayable over 27 years. The interest payable on this loan was fixed at 5.2% for its duration. The loan is part of a larger Convertible Revolving Credit Facility (CRCF) of £50m. This facility was provided by Lloyds TSB, its purpose to provide funding for the University's future capital programme. The remaining £34m was drawn down on 2 September 2013 as a 25-year term loan, at a fixed interest rate of 3.2%. The University remains comfortably within its banking covenants for the purposes of these borrowings.

Treasury and Financing

Cash deposits are invested in accordance with the University's Treasury Management Policy. The policy was reviewed in the year and in line with our Strategic Financial Plan, it now provides explicit KPIs in relation to the cash values and debt metrics that the University should operate within. Our use of counterparties and limits has also been reviewed to provide appropriate flexibility and control.

Interest receivable decreased to £0.2m (£0.3m in 2016/17) due to a lower average return over the year 2017/18 being 0.5% (0.7% in 2016/17). Funds are invested with a variety of different money market institutions in order to spread the risk to the University.

Interest payable at £3.6m includes an FRS102 adjustment of £2.0m (being the net difference between the interest income on the University share of the scheme assets, and the interest cost of the defined benefit obligations) and loan interest payments of £1.6m (2016/17 – interest payable £4.2m includes FRS 102 interest of £2.5m and loan interest payments of £1.7m).

Capital Investment

The University has continued to consolidate its estate and digital infrastructure across its four sites, developing teaching facilities for expanding courses and investing in student service provision and University systems. Developments are still ongoing, and the University had assets under construction of £2.9m at the end of the year, which primarily related to Games Design and eSports provision (£1.7m) as stated in last years' Financial Statements, and a further £0.4m on the new Student Hub which will provide a new and digitally led "one stop shop". Having successfully secured funding for the construction of the new Catalyst Building, over the next financial year the University will be undertaking the demolition of Brindley building and the construction of the new build, whilst continuing to prioritise investment in high quality student learning and social spaces and leading edge technology.

Pension Liability

Under UK Financial Reporting Standards, the financial results of the University must include a disclosure of liabilities relating to the pension funds to which past and present employees belong. The assets and liabilities of the Staffordshire Pension Scheme (LGPS) can be attributed to individual employers and therefore are shown in full detail in the Notes to the Financial Statements (Note 26).

A full actuarial review of the Staffordshire Pension Scheme was undertaken in 2016 as part of the triennial cycle, which resulted in significant movements in the University's Financial Statements last year. An updated calculation of the assets and liabilities within the scheme was performed by the scheme's actuaries

at 31 July 2018. The net result of this updated calculation has been to reduce the University's calculated share of the overall scheme liability from £73.3m at 31 July 2017 to £56.3m at 31 July 2018. There were no significant changes in the assumptions used by the scheme actuaries from those used at the full triennial valuation in 2016.

The Teachers' Pension Scheme (TPS) is deemed a multi-employer scheme, and the University's share of its assets and liabilities cannot be separately identified. As such the University has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. There

are, however, some pension liabilities related to Teachers' Pensions which are not funded through the scheme. These liabilities are valued on the University's balance sheet at £10.1m (2016/17 £9.9m) and relate to cases where additional years have been awarded due to legislation in force at the time.



Corporate governance

Charitable Status

The University is a 'Higher Education Corporation', as defined under the Education Reform Act 1988.

The powers of Higher Education Corporations are defined in Section 124 of the Act. They include the power to provide higher and further education and to carry out research and publish the results of that research as the University thinks fit.

The University was incorporated in November 1988. On 1 April 1989, all properties, rights and liabilities which had been used or held by Staffordshire County Council for the purposes of the University were transferred to the Higher Education Corporation.

The University also enjoys exempt charitable status under the Act. On 16 June 1992, the Privy Council confirmed its formal approval of a change of name from Staffordshire Polytechnic to Staffordshire University under the terms of the Further and Higher Education Act 1992.

Governance Structure

Staffordshire University is committed to best practice in all aspects of corporate governance, as outlined by the Higher Education Code of Governance published by the Committee of University Chairs (CUC) (December 2014).

Statement of Primary Responsibilities of the Board of Governors

Section 3(i) of the University's Instrument of Government states that the Board of Governors shall be responsible for:

- The determination of the educational character and mission of the University and for oversight of its activities.
- The effective and efficient use of resources, the solvency of the institution and the Corporation and for safeguarding their assets.
- Approving annual estimates of income and expenditure.
- The appointment, grading, assignment, appraisal, suspension, dismissal and determination of the pay and conditions of service of holders of senior posts.
- Setting a framework for the pay and conditions of service of all other staff.

In particular, the Board will:

- Approve the mission and strategic vision of the institution, long term business plans, KPIs and annual budgets, and ensure that these meet the interests of stakeholders.
- Appoint the head of the institution as Chief Executive and put in place suitable arrangements for monitoring their performance.
- Ensure the establishment and monitoring systems of control and accountability, including financial and operational controls and risk assessment, clear procedures for handling internal grievances and for managing conflicts of interest.
- Monitor institutional performance against plans and approved KPIs, which, where possible and appropriate, will be benchmarked against other institutions.

This statement is also available on the University's website.

Summary of the Corporate Governance Structure

The University's Board of Governors comprises independent, staff and student members, appointed under the University's Instrument of Government.

Under the regulatory framework for the Office for Students (OfS), the Board of Governors is responsible for the ongoing strategic direction of the University, the approval of major developments and the receipt of regular reports from executive officers on the day-to-day operations of its business and its subsidiary companies.

The Board of Governors meets four times a year and has five committees:

1. Sustainability and Resources
2. Nominations and Governance
3. Audit and Risk
4. Remuneration
5. Strategy & Performance

These committees are formally constituted with annually reviewed terms of reference. The Strategy and Performance Committee was launched in the autumn 2017, replacing the previous Education Committee.

The role and responsibilities of each committee is outlined below:

Sustainability and Resources Committee

This committee recommends the University's annual revenue and capital budgets to the Board of Governors and monitors performance in relation to those budgets once they are approved. It also reviews the University's annual financial statements and its accounting policies. The committee is responsible for advising the Board of Governors on its estates strategy and monitoring estates and infrastructure-related projects, information technology/digital developments and organisational development and human resource matters.

Nominations and Governance Committee

The Nominations and Governance Committee considers nominations for vacancies on the Board of Governors, reappoints members under the Instrument of Government, and advises the Board on general governance. It also leads the governance effectiveness review and oversees the implementation of any subsequent recommendations.

Audit and Risk Committee

The Audit and Risk Committee meets with the external auditors and internal auditors of the University to review their work. The committee approves the annual internal audit plan and considers detailed internal audit reports arising from the plan, as well as overseeing the implementation of any subsequent recommendations. It is responsible for overseeing the implementation of recommendations arising from the external auditors' management report, following their audit of the financial statements. The committee is also responsible for reviewing the University's risk management infrastructure and is responsible for responding to any public interest disclosures received by the University.

Remuneration Committee

The Remuneration Committee is chaired by the Deputy Chair of the Board. The Vice Chancellor is in attendance at Remuneration Committee in relation to Executive remuneration only, but

is not present for items relating to her own remuneration. The Chief Operating Officer/Clerk to the Board is in attendance at the Remuneration Committee but is also absent for discussions relating to their own pay. No member of staff is present for the discussion of their own remuneration.

The Committee meets typically twice each year. The Remuneration Committee sets the performance objectives for the Vice-Chancellor and approves the performance objectives for all other members of Executive. At the end of each academic year the Remuneration Committee evaluates the performance of the Vice-Chancellor against her objectives and will have oversight of the Vice-Chancellor's evaluation of Executive performance against objectives. At the end of the year, the Committee reviews the base salaries of senior managers, taking account of market intelligence and affordability. The Board are updated of all decisions of the Remuneration Committee. The terms of reference and the operating protocols of the Remuneration Committee are currently being reviewed in line with the CUC Higher Education Senior Postholders Remuneration Code and the OFS regulatory framework.

Strategy & Performance Committee

The Strategy and Performance Committee reviews the direction and implementation of the University's Strategic Plan, and supporting strategies. The Committee monitors performance through the review of key performance indicators.

Governance Review

During 2016/2017, the Board of Governors undertook a governance effectiveness review, in conjunction with the University's internal auditors, PwC.

This mapped current governance practice at the University against the Higher Education Code of Governance. Subsequently, several minor modifications were proposed and approved by the Board. These have been enacted in 2017/2018. In addition, it was determined to review the 'size and shape' of the composition of the Board of Governors, which was approved and was implemented for the 2017/2018 academic year.

The University maintains a Register of Interests of members of the Board of Governors, which may be consulted by arrangement with the Clerk to the Board of Governors. The Chief Operating

Officer has been designated Clerk to the Board and in that capacity, provides independent advice on matters of governance to all Board members.

Statement of Internal Control

The Board of Governors is responsible for maintaining a sound system of internal control that supports the achievement of our objectives. The internal control system also needs to safeguard the public and other funds and assets for which the University is responsible, in accordance with the responsibilities assigned in the University's Instrument and Articles of Government and the Office for Students regulatory framework.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve our objectives. Its effectiveness can therefore only be reasonably - not absolutely - assured.

Our internal control system is based on an ongoing process to identify risks, evaluate the nature and extent of those risks, and manage them efficiently and effectively. This process was in place for the year ended 31 July 2018 and up to the date of approval of the Financial Statements.

As part of its responsibilities for reviewing the effectiveness of our internal controls, the Board has established the following processes:

- It meets four times a year to consider the plans and strategic direction of the University.
- It receives regular reports from the Audit and Risk Committee concerning internal control, and 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.
- Risk management is a regular item on the agendas of both the full Board and the Audit and Risk Committee.
- The Audit and Risk Committee provides oversight of the risk management process within the University as a key aspect of its terms of reference.
- The Audit and Risk Committee receives regular reports from our appointed internal auditors. The reports include their independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement.

In addition, the University employed a Business Risk Manager to embed risk management within the University.

The University has an internal audit service who submit regular reports that include their independent assessment on the adequacy and effectiveness of our system of internal control, together with any recommendations for improvement.

Chair of the Board of Governors

Responsibility of the Board of Governors

In accordance with the Education Reform Act 1988, the Board of Governors of Staffordshire University is responsible for the administration and management of University affairs. An important part of this duty is presenting audited financial statements for each financial year.

The Board of Governors is required to keep proper accounting records which disclose with reasonable accuracy at any time, the financial position of the University. These statements are all prepared in accordance with the Education Reform Act 1988, the Statement of Recommended Practice (SORP), Accounting for Further and Higher Education Institutions, and other relevant accounting standards.

The Office for Students regulatory framework obliges us to ensure these statements give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In preparing the group and university statements, we are required to:

- **Select suitable accounting policies and then apply them consistently.**
- **Make judgements and estimates that are reasonable and prudent.**
- **State whether applicable UK accounting standards are followed, subject to any material departures disclosed and explained in the financial statements.**
- **Assess the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and**
- **Use the going concern basis of accounting unless they either intend to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so.**

All our financial statements are prepared on a 'going concern basis'. This means they always assume we know there are adequate resources to keep operating for the foreseeable future. This will always be the case, unless there is a valid reason to think otherwise.

The Board of Governors takes its responsibility for the University's financial affairs very seriously. It has therefore taken all reasonable steps to:

- Ensure that funds from OfS and other funding bodies are used only for the purposes for which they have been given. All funds will be used in accordance with the Memorandum of Assurance and Accountability and any other conditions that the OfS might prescribe.
- Ensure there are appropriate financial and managerial controls in place to safeguard public and other funds.
- Safeguard the assets of the University, and to prevent and detect fraud.
- Secure the economical, efficient and effective management of resources and expenditure.

How we maintain internal financial control

There are several key elements to the University's system of internal financial control. Each is designed to discharge the steps and responsibilities outlined above. These include:

- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets.

- Regular reviews of academic performance and monthly reviews of financial results, with variance reporting and updates of forecast outturns.
- Control of expenditure and investment decisions which are subject to formal detailed appraisal review, according to approval levels set by the Board.
- Comprehensive financial regulations, detailing financial controls and procedures. These are approved by the Sustainability and Resources Committee and the Board of Governors.
- Clear definitions of the responsibilities and authority of the Executive, Deans of Schools and Directors of Services.
- A professional internal audit team whose annual programme is approved by the Audit and Risk Committee.

Any system of internal financial control can only provide reasonable, but not absolute, assurance against material misstatement or loss. That's why throughout the year, the Audit and Risk Committee has reviewed the effectiveness of the University's system of internal financial control to make sure all risk is at an absolute minimum.

Public benefit statement

Staffordshire University is a Higher Education Corporation with exempt charitable status, as defined by the Education Reform Act 1988. The University is a not-for-profit organisation. Its mission is to provide higher education to a wide spectrum of students and other customers.

In setting the University's strategy and planning its activities, the Board of Governors and University management consider the guidance on public benefit issued by the Charity Commission carefully.

Our vision and strategies are underpinned by our key principles and activities towards the public good. Teaching and learning are the principal ways in which the University makes a contribution to wider society. They are at the core of our strategic plan, in our continued commitment to be an open and accessible institution that proactively encourages people from all backgrounds to aspire to higher education.

We are committed to breaking down barriers and encouraging active participation, raising attainment and aspirations, encouraging engagement and admissions to higher education. We do this by ensuring pathways to higher education are available through our work with other educational providers. For example, we work closely with schools and colleges across the UK. We work with pupils and students from as young as year 5 through the Children's University, to students in further education colleges and sixth forms in years 12 and 13, with in-school and on campus activities. We also work with mature learners via the "Step Up to HE" programme.

Staffordshire University collaborates with other higher education institutions and local organisations to provide a range of events and facilities that are available to people within our communities, and we host many public lectures throughout the year.

We provide business support, consultancy, skills development and research to businesses and individuals to help them maintain a competitive edge, and we encourage and support the creation of start-up businesses. One of the ways we do this is through our Business Villages, which have a long history of supporting University students and alumni and have a county-wide base of small business owners and entrepreneurs.

The University is also a major local employer and helps with the economics and social growth of the region. Improving employability is vital for individuals and contributes to their health and wellbeing and the economy.

We have a long history and commitment to widening participation and social inclusion. The OfS approves our plans annually, including enhancing opportunities for under-represented groups.

We are fully committed to supporting students with disabilities and we aim to provide individually tailored support programmes. These can include guidance and help with applications for disabled students' allowances, specialist academic support, and help with mobility, along with modification to estates and infrastructure, where necessary.

Further details of the University's public benefit can be found throughout this report and on the University website.

Governors, Executives and Advisors

Board of Governors

David Gage (Chair) MBE DL
Professor Liz Barnes
Cordella Bart-Stewart (to 31.07.18)
Darren Clarke (to 31.07.18)
Richard Cotterell
Tash Crump (from 01.08.18)
Glenn Earlam
Kevin Gould (from 30.11.17)
Mike Herbert
John Henderson CB
Dr Cathryn Hickey
Swetha Reddy (to 31.07.18)
Doug Rouxel
Sarah Tudor
Jonathan Vardon
Sara Williams
Scott William-Smith (from 01.08.18)

Chancellor

The Lord Stafford DL FRAgS

Executive team

Professor Liz Barnes	Vice-Chancellor
Professor Martin Jones	Deputy Vice-Chancellor
Rob Fekete	Deputy Chief Executive & Chief Financial Officer
Sue Reece	Pro Vice Chancellor (Student Experience)
Professor Ieuan Ellis	Pro Vice Chancellor (Partnerships & Region)
Ian Blachford	Chief Operating Officer

Professional advisors

Auditors	KPMG LLP, One Snowhill, Snowhill Queensway, Birmingham, B4 6GH
Internal Auditors	PWC LLP, Cornwall Court, 19 Cornwall Street, Birmingham B3 2DT (to 31.07.18). RSM Risk Assurance Services LLP, Festival Way, Festival Park, Stoke-on-Trent, ST1 5BB (from 01.08.18)
Bank	Lloyds Bank Plc, 5 Market Square, Stafford, ST16 2JL
Solicitors	Shakespeare Martineau, No 1 Colmore Square, Birmingham, B4 6AA

Independent Auditor's Report to the Board of Governors of Staffordshire University

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Staffordshire University ("the University") for the year ended 31 July 2018 which comprise the Consolidated and University statement of comprehensive income and expenditure, the Consolidated and University statement of changes in reserves, the Consolidated and University balance sheet, the Consolidated cash flow statement and related notes, including the Statement of Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2018, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of the Accounts Direction dated 19 June 2018 issued by the Office for Students.

Basis for opinion

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

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The Board of Governors is responsible for the other information, which comprises the Financial Review, Corporate Governance Statement and Responsibility of the Board of Governors. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Board of Governors responsibilities

As explained more fully in their statement set out on page 32, the Board of Governors is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

Report on other legal and regulatory requirements

We are required to report on the following matters under the Office for Students and Research England Audit Codes of Practice issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and Research England have been applied in accordance with these conditions and the terms and conditions attached to them; and
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

The Purpose of Our Audit Work and to Whom We Owe Our Responsibilities

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

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

Chartered Accountants
One Snowhill, Snowhill Queensway,
Birmingham
B4 6GH

Consolidated and University Statement of Comprehensive Income and Expenditure

Year ended 31 July 2018

	Notes	Year ended 31 July 2018		Year ended 31 July 2017	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	90,097	90,097	87,586	87,586
Funding body grants	2	11,964	11,964	14,233	14,233
Funding body grants - Release of Beaconside grants	2	0	0	9,902	9,902
Research grants and contracts	3	1,553	1,553	1,479	1,479
Other income	4	10,906	10,535	10,417	10,144
Investment income	5	213	213	295	295
Donations and endowments	6	118	118	145	145
Total income		114,851	114,480	124,057	123,784
Expenditure					
Staff costs	7	65,314	65,070	64,769	64,585
Other operating expenses	9	35,390	36,946	35,764	35,657
Depreciation	11	10,729	10,729	10,626	10,605
Depreciation - Brindley Buildings	11	8,417	8,417	0	0
Interest and other finance costs	8	3,618	3,618	4,154	4,154
Total expenditure		123,468	124,780	115,313	115,001
(Deficit)/surplus before other gains losses and share of operating surplus/deficit of joint ventures and associates.		(8,617)	(10,300)	8,744	8,783
Gain/(loss) on disposal of fixed/heritage assets		45	45	(9,589)	(9,593)
Deficit before tax		(8,572)	(10,255)	(845)	(810)
Taxation	10	0	0	0	0
Deficit before tax		(8,572)	(10,255)	(845)	(810)
Actuarial gain in respect of pension schemes		19,997	19,997	32,631	32,631
Total comprehensive income and expenditure for the year		11,425	9,742	31,786	31,821
Represented by:					
Endowment comprehensive income for the year		0	0	0	0
Restricted comprehensive income for the year		0	0	0	0
Unrestricted comprehensive income for the year		11,425	9,742	41,099	41,134
Revaluation reserve comprehensive income for the year		0	0	(9,313)	(9,313)
		11,425	9,742	31,786	31,821

All items of income and expenditure relate to continuing activities.

Consolidated and University Statement of Changes in Reserves

Year ended 31 July 2018

Consolidated	Income and expenditure account			Revaluation reserve £'000	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Balance at 1 August 2016	26	4,588	(33,033)	62,879	34,460
Deficit from the income and expenditure statement	0	0	(845)	0	(845)
Other comprehensive income	0	0	32,631	0	32,631
Transfers between revaluation and income and expenditure reserve	0	0	9,313	(9,313)	0
Release of restricted funds spent in year	0	0	0	0	0
Total comprehensive income for the year	0	0	41,099	(9,313)	31,786
Balance at 1 August 2017	26	4,588	8,066	53,566	66,246
Deficit from the income and expenditure statement	0	0	(8,572)	0	(8,572)
Other comprehensive income	0	0	19,997	0	19,997
Transfers between revaluation and income and expenditure reserve	0	0	53,566	(53,566)	0
Release of restricted funds spent in year	0	0	0	0	0
Total comprehensive income for the year	0	0	64,991	(53,566)	11,425
Balance at 31 July 2018	26	4,588	73,057	0	77,671

University	Income and expenditure account			Revaluation reserve £'000	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Balance at 1 August 2016	26	4,588	(31,386)	62,879	36,107
Deficit from the income and expenditure statement	0	0	(810)	0	(810)
Other comprehensive income	0	0	32,631	0	32,631
Transfers between revaluation and income and expenditure reserve	0	0	9,313	(9,313)	0
Release of restricted funds spent in year	0	0	0	0	0
Total comprehensive income for the year	0	0	41,134	(9,313)	31,821
Balance at 1 August 2017	26	4,588	9,748	53,566	67,928
Deficit from the income and expenditure statement	0	0	(10,255)	0	(10,255)
Other comprehensive income	0	0	19,997	0	19,997
Transfers between revaluation and income and expenditure reserve	0	0	53,566	(53,566)	0
Release of restricted funds spent in year	0	0	0	0	0
Total comprehensive income for the year	0	0	63,308	(53,566)	9,742
Balance at 31 July 2018	26	4,588	73,056	0	77,670

During 2017/18, the revaluation reserve was amalgamated with the unrestricted reserves of the University. Historically, there has been a release from the revaluation reserve into the unrestricted reserve each year via the Consolidated and University Statement of Comprehensive Income and Expenditure (CSCI). This transfer is an accounting entry only and does not form part of the University's operating activities. By amalgamating the revaluation and unrestricted reserves, this release will no longer take place, thereby bringing further clarity to the true operating position of the University each year.

Consolidated and University Balance Sheet

Year ended 31 July 2018

	Notes	As at 31 July 2018		As at 31 July 2017	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Fixed assets	11	147,492	147,492	163,228	163,228
Heritage assets	11/12	1,300	1,300	1,300	1,300
Investments	13	74	74	74	74
		148,866	148,866	164,602	164,602
Current assets					
Trade and other receivables due after more than one year	14	0	0	74	74
Trade and other receivables due within one year	15	8,640	18,122	10,919	27,051
Cash and cash equivalents	16	8,660	8,654	8,654	8,641
Investments	22	53,112	53,112	43,284	43,284
		70,412	79,888	62,931	79,050
Less: Creditors: amounts falling due within one year	17	(24,665)	(34,142)	(23,725)	(38,162)
Net current assets		45,747	45,746	39,206	40,888
Total assets less current liabilities		194,613	194,612	203,808	205,490
Creditors: amounts falling due after more than one year	18	(58,302)	(58,302)	(61,874)	(61,874)
Provisions					
Pension provisions	26	(56,307)	(56,307)	(73,301)	(73,301)
Other provisions	19	(2,333)	(2,333)	(2,387)	(2,387)
Total net assets		77,671	77,670	66,246	67,928
Restricted Reserves					
Income and expenditure reserve - endowment reserve	20	26	26	26	26
Income and expenditure reserve - restricted reserve	21	4,588	4,588	4,588	4,588
Unrestricted Reserves					
Income and expenditure reserve - unrestricted including pension reserve		73,057	73,056	8,066	9,748
Revaluation reserve		0	0	53,566	53,566
Total Reserves		77,671	77,670	66,246	67,928

The financial statements were approved by the Board of Governors on 21 November 2018 and were signed on its behalf on that date by:

David Gage MBE DL, Chair of the Board of Governors

Professor Liz Barnes, Vice-Chancellor

Consolidated Cash Flow Statement

Year ended 31 July 2018

	Notes	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
Cash flow from operating activities			
Deficit for the year before transfer from Reserves		(8,572)	(845)
Adjustment for non-cash items			
Depreciation	11	19,146	10,626
Decrease/(increase) in stock		0	0
Decrease/(increase) in debtors	14/15	2,353	495
Increase/(decrease) in creditors	17/18	(2,212)	(14,621)
Increase/(decrease) in pension provision	7/8	3,003	3,533
Increase/(decrease) in other provisions	19	(54)	(206)
Adjustment for investing or financing activities			
Investment income	5	(213)	(295)
Interest payable	8	1,626	1,685
Endowment income		0	0
Loss / (Profit) on the sale of fixed assets		(45)	9,589
Proceeds from sales of fixed assets		0	0
Capital grant income		0	0
Capital grants receipts		0	0
Net cash inflow from operating activities		15,032	9,961
Cash flows from investing activities			
Proceeds from sales of fixed assets		0	12,529
Proceeds from sales of intangible assets		0	0
Capital grants receipts		1,146	1,007
Disposal of non-current asset investments		0	0
Withdrawal of deposits		0	0
Investment income	5	213	295
Payments made to acquire fixed assets	11	(3,365)	(15,686)
Payments made to acquire intangible assets		0	0
New non-current asset investments		0	0
New deposits		(9,828)	1,238
		(11,834)	(617)
Cash flows from financing activities			
Interest paid		(1,626)	(1,685)
Interest element of finance lease and service concession payments		0	0
Endowment cash received		0	0
New secured loans		0	0
New unsecured loans		0	0
Repayments of amounts borrowed		(1,566)	(1,506)
Capital element of finance lease and service concession payments		0	0
		(3,192)	(3,191)
Increase in cash and cash equivalents in the year		6	6,153
Cash and cash equivalents at beginning of the year		8,654	2,501
Cash and cash equivalents at end of the year	16	8,660	8,654

Statement of Accounting Policies

Year ended 31 July 2018

The following accounting policies have been applied consistently in detailing items which are considered material in relation to financial statements.

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the FEHE SORP) and in accordance with Financial Reporting Standard (FRS102).

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets).

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102.

Going Concern

The University considers that it has sufficient financial resources and is confident that its future income streams will maintain these resources.

The Governors believe that the University is well-placed to effectively manage its business risks, despite the current uncertain economic situation.

The Governors have a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. The financial statements continue to be prepared on the going concern basis.

Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements except as noted below.

Basis of Consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2018. The results of subsidiaries 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 transactions are eliminated on consolidation. The consolidated financial statements do not include those of Staffordshire University Union of Students, as the University does not exert control or dominant influence over policy decisions.

Income Recognition

Income recognition is determined by the nature of the transaction, income source and whether or not the transaction has commercial substance.

Transactions with commercial substance

Where a transaction has commercial substance, it is accounted for as a revenue transaction or service and referenced to the terms of the contact or service.

Tuition fees and educational contracts

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

Sale of goods and services

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

Investment income

Refer to Page 54 for investment income recognition policy.

Agency Income

Funds the University receives and disburses as paying agent on behalf of a funding body, are excluded from the income and expenditure of the University where the University is exposed to minimal risk.

Transactions without commercial substance

Where the University receives income on a basis that is without commercial

substance it accounts for this on a Non-Exchange Transaction basis. A Non-Exchange Transaction is defined as when; An entity receives value from another entity without directly giving approximately equal value in exchange.

Accrual Model requires:

Grants are either classified as a grant relating to revenue or a grant relating to assets.

Grants relating to revenue are recognised in income on a systematic basis over the periods in which the University recognises the related costs for which the grant is intended to compensate. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the University with no future related costs, shall be recognised as income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset.

Government Grants

Both revenue and capital government grants are accounted for under the Accrual Model.

Funding Grants

For funding grants relating to a single academic year income is recognised in full in the period to which the grant relates. Grants relating to more than a single year are recognised pro-rata across the term of the grant.

Non-Government Grants, Donations and Endowments

Grant and donation income received from a non-governmental source, is accounted for under the Accrual Model.

Income is recognised as Donation and Endowment income, with the exception of funding for the purposes of research which is recognised as 'Research Grants and Contracts'.

Statement of Accounting Policies

Year ended 31 July 2018

Non-government grants and donation income is split into four classes:

- (i) Non-government grants and donated income with performance conditions
- (ii) Donations with restrictions

A donation is considered to have a restriction when the gift agreement contains;

'A requirement that limits or directs the purposes for which a resource may be used that does not meet the definition of a performance-related condition'.

Income with restrictions, but no performance conditions, is recognised within the Statement of Comprehensive Income and Expenditure when the grant is receivable (legal/contractual commitment) and recorded within restricted reserves. As the funding is expended against the restriction it is transferred to unrestricted reserves by way of a reserves transfer.

- (iii) Donations without restrictions

Income with neither restrictions nor performance conditions is recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the grant is receivable (legal/contractual commitment) and recorded within unrestricted reserves

- (iv) Endowments

Refer to Endowment policy for income recognition on endowments.

Capital Grants

Government Grants for the purchasing or construction of specific assets are recognised across the useful life of the asset.

Research Income

Income recognition for research funding is dependent upon the source of the funding and the nature of the transaction. Income is classified as 'Research Grants and Contracts' regardless of source when it meets the Frascati definition of research.

The following specific research income recognition criteria has been applied:

- Where funding is from a government body, expenditure on the grant purpose is presumed to be the performance condition unless specifically disallowed under the funding agreement.
- Funding from charities and industry is accounted for as non-government grant income unless it is demonstrable that a revenue transaction has taken place with near equal value being exchanged.

Endowments

Endowments are a class of donation where the donor requires the original gift to be invested, with the return to be spent against the donor's charitable aims. The donor can specify that the capital can be spent (expendable endowment) or maintained in perpetuity (permanent endowments).

Endowments are Non-Exchange transactions without performance-related conditions. Endowments with donor imposed restrictions are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Reserves

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

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

Post Retirement Benefits

Retirement benefits to employees of the University are provided by the Teachers' Pension Scheme (TPS) and the Local

Government Pension Scheme (LGPS).

These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS).

Contributions to the TPS are charged as incurred.

Contributions to the TPS scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The increase in the present value of the liabilities of the scheme which are expected to arise from employee service in the period is charged to the operating surplus. The expected return of the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of changes in reserves.

Further details of the pension schemes are given in note 26.

Employment Benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. A liability is recognised at each balance sheet date to the extent that employee holiday allowances have been accrued but not taken, the expense being recognised as staff costs in the Consolidated Statement of Comprehensive Income and Expenditure.

Statement of Accounting Policies

Year ended 31 July 2018

Operating Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Future commitments under operating leases are disclosed in note 24.

Foreign Currency

Transactions in foreign currencies are recorded at the rate of exchange on the transaction date. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income and Expenditure.

Fixed Assets - Property, Plant & Equipment

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses as disclosed in note 11.

Where parts of a fixed asset have different economic lives, they are accounted for as separate items with the appropriate depreciation rate.

Land and Buildings

Buildings under construction are accounted for at cost. They are not depreciated until they are brought into use.

A review of impairment of fixed assets is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Land and buildings inherited from Staffordshire County Council are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the

revalued amount is released to the income and expenditure account reserve on an annual basis.

Certain items of fixed assets that had been re-valued to fair value on the date of transition to FRS102, are measured on the basis of deemed cost being the re-valued amount at the date of that revaluation.

Equipment

Equipment (including computers and software) costing less than £10,000 per item is charged to the Consolidated Statement of Income and Expenditure in the year of acquisition. All other equipment is capitalised at cost and depreciated according to the rates in the table below.

Depreciation

Depreciation is not provided on freehold land. Freehold buildings have been depreciated over the estimated remaining useful life of each building with a base date of 1 August 2014. Depreciation on newly acquired buildings is provided for at the rate of 2% per annum on a straight-line basis.

On all other tangible fixed assets depreciation is provided to write off the cost or valuation over their useful lives on a straight line basis at the following annual rates:-

Building Refurbishments

6.67% per annum

Plant and Machinery

20% per annum

Plant and Machinery (small)

10% per annum

Fixtures and Fittings

20% per annum

Computer Equipment (general)

33.3% per annum

Computer Equipment (servers)

20% per annum

Office Furniture and Equipment

20% per annum

Vehicles

33.3% per annum

Expenditure which extends the useful life of an asset has been depreciated over the assessed extended life of the asset.

Assets held under finance leases are depreciated over the life of the lease if this is a shorter period.

Equipment including computers and software costing less than £10,000 per individual item is written off in the year of acquisition.

Borrowing Costs

Borrowing costs are recognised as an expense in the Consolidated Statement of Comprehensive Income and Expenditure in the period in which they are incurred.

Heritage Assets

Works of art and other valuable artefacts valued at over £25,000 are capitalised and recognised at their cost or value where reasonably obtainable. Assets initially received as donations are initially recognised at fair value. Heritage assets are not depreciated as their long economic life residual value mean that any depreciation would not be material.

Investment Properties

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

Investments

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

Investments in listed shares and venture capital vehicles (where shares are publicly traded or their fair value can be reliably measurable) are measured at market value.

Stock

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

Statement of Accounting Policies

Year ended 31 July 2018

Cash and Cash Equivalents

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

Cash equivalents are short term, high liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. These include term deposits and other instruments with less than three months maturity held as part of the University's treasury management activities.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the financial statements when:

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

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

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

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

in the Balance Sheet but are disclosed in the notes.

Taxation Status

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is 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 to 488 of the Corporation Tax Act 2010 (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988) or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature. The University's subsidiary company is subject to corporation tax.

Deferred Taxation

Deferred taxation is recognised on all timing differences at the balance sheet date where transactions or events that gives the company an obligation to pay more tax in the future, or right to pay less tax in the future, have occurred. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have enacted or substantively enacted by the balance sheet date.

Accounting Estimates and Judgements

The preparation of financial statements requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying accounting policies. Estimates, assumptions and judgements are continually evaluated based on available information and experience.

Estimates based on assumptions and judgements could differ significantly from actual results. The areas most affected by the use of estimates and judgements are described below:

- (i) **Tangible Fixed Assets**
Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- (ii) **Local Government Pension Scheme**
The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2018.

Financial Instruments

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS102 requires that basic financial instruments are subsequently measured at amortised cost, however the University has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Notes to the Accounts

For the year ended 31 July 2018

	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Tuition fees and education contracts				
Full time Students - UK/EU	59,904	59,904	54,815	54,815
Full time Students - Overseas	2,666	2,666	2,946	2,946
Part-time Fees	3,885	3,885	3,812	3,812
Partnerships	12,834	12,834	13,192	13,192
Other Education Contracts	10,268	10,268	12,821	12,821
Apprenticeships	540	540	0	0
	90,097	90,097	87,586	87,586
2 Funding body grants				
HEFCE /Office for Students - Teaching	8,132	8,132	10,744	10,744
HEFCE /Research England - Research	755	755	711	711
Higher Education Innovation Fund	1,314	1,314	1,153	1,153
National College for Teaching and Leadership	0	0	14	14
Capital grants - Beaconside release (See Note 11)	0	0	9,902	9,902
Capital grants - other release	1,763	1,763	1,611	1,611
	11,964	11,964	24,135	24,135
<p>In 2017-18 the University received grants from the Higher Education Funding Council for England (HEFCE) from 1 August 2017 until 31 March 2018, and then from the Office for Students (OFS) and UK Research and Innovation (via Reasearch England) from 1 April 2018 to 31 July 2018.</p>				
3 Research grants and contracts				
Research Councils	1	1	18	18
UK Based Charities	102	102	88	88
UK Industry & Commerce	148	148	121	121
UK Central Government/Health Authorities	672	672	758	758
European Community Programmes	597	597	301	301
Other Research Grants & Contracts	33	33	193	193
	1,553	1,553	1,479	1,479
4 Other income				
Residences, catering and conferences	6,589	6,589	6,175	6,175
Consultancy/Self Financing Fees	1,935	1,935	1,846	1,845
Other Rents/lettings	723	723	712	712
Other Income	1,606	1,235	1,605	1,333
Release from deferred capital grants (non-funding council)	53	53	79	79
	10,906	10,535	10,417	10,144
5 Investment income				
Other investment income	213	213	295	295
	213	213	295	295
6 Donations and endowments				
Unrestricted donations	118	118	145	145
	118	118	145	145

Notes to the Accounts

For the year ended 31 July 2018

	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
7 Staff costs				
Salaries	47,896	47,774	47,612	47,536
Social security costs	4,956	4,856	4,736	4,639
Other pension costs	9,936	9,914	9,094	9,083
Pension adjustment	1,011	1,011	1,064	1,064
Redundancy/ Managed Severance Scheme	1,515	1,515	2,263	2,263
Total	65,314	65,070	64,769	64,585

Redundancy/managed severance scheme payments were made to 84 people (2016/17 - 132 people)

	Year Ended 31 July 2018		Year Ended 31 July 2017	
	£'000	£'000	£'000	£'000
Emoluments of the Vice-Chancellor Professor E Barnes				
Salary	204	204	193	193
Performance-related pay	20	20	5	5
Taxable benefits - Health Care Insurance	3	3	3	3
Non -taxable benefits	0	0	0	0
	227	227	201	201
Pension contributions to Teachers Pensions'	34	34	32	32
	261	261	233	233

The Remuneration Committee considers the market position of the Vice Chancellor and Chief Executive's role, reviewing against comparator institutions. For 2017-2018, the salary of the Vice Chancellor was below the median of the post 92 sector, of institutions of a similar turnover, as measured by the UCEA Annual Survey of Senior Postholders and below all but one of the comparators in the CUC Annual Survey of Vice Chancellors Remuneration (2017) comparator set. The full comparator set is available in the Remuneration of Senior Postholders Policy available on the University's website. The Remuneration Committee also considers the performance of the institution when reviewing remuneration of the Vice Chancellor and Chief Executive. Significant activity has taken place since the Vice Chancellor's appointment in 2016, which has resulted in the University achieving the highest riser in the Complete University Guide (rising from 105th to 73rd), and making significant improvements in the Guardian League Table (rising 67th to 44th) and the Sunday Times University Guide (92nd to 63rd) during 2017-2018. The University was also winner of the Most Improved Student Experience Award and shortlisted for the THELMA Outstanding Leadership and Management Team. The full Annual Statement of Senior Postholders Remuneration is available on the University's website. Performance-related pay reflects a full year in post (2016/17 reflects a five month period).

The Vice-Chancellor's basic salary is 6.3 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The Vice-Chancellor's total remuneration is 7.1 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent for the total remuneration by the provider of its staff.

	Year Ended 31 July 2018	Year Ended 31 July 2017
Remuneration of other higher paid staff earning over £100,000, excluding employer's pension contributions are shown before any salary sacrifice:		
	No.	No.
£100,000 to £104,999	1	0
£105,000 to £109,999	0	0
£110,000 to £114,999	0	0
£115,000 to £119,999	0	0
£120,000 to £124,999	0	1
£125,000 to £129,999	4	0
£130,000 to £134,999	1	0
	6	1

Average staff numbers by major category :	No.	No.
Academic	510	503
Academic Technicians	60	66
Administrative, Professional & Clerical Staff	672	632
Management (Academic)	35	32
Management (Non Academic)	37	31
Manual	0	6
	1,314	1,270

Key management personnel

Key management personnel are the Senior Leadership Team (SLT) who have authority and responsibility for planning, directing and controlling the activities of the University. SLT members 21, (FTE's - 19) (2016/17 - SLT members 42, FTE's - 37). This includes compensation paid to key management personnel.

	Year Ended 31 July 2018	Year Ended 31 July 2017
	£'000	£'000
Key management personnel	2,188	3,397

Notes to the Accounts

For the year ended 31 July 2018

7 Staff costs (continued)

Board of Governors

The University's Board of Governors are the trustees for charitable law purposes. Due to the nature of the University's operations and the composition of the Board being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest. All transactions involving organisations in which a member of the Board may have an interest, including those identified in Note 28, are conducted at arms length and in accordance with the University's Financial Regulations and usual procurement procedures. No Board member has received any remuneration/waived payments from the group during the year (2017 - none). The total expenses paid to or on behalf of four Board members was £3.1k (2017 - £1.9k to three Board members). This represents travel and subsistence expenses incurred in attending Board meetings, Committee meetings and Charity events in their official capacity.

Notes	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
8 Interest and other finance costs				
Loan interest	1,626	1,626	1,685	1,685
Net charge on pension scheme	1,992	1,992	2,469	2,469
	3,618	3,618	4,154	4,154

9 Other Operating Expenses

	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Academic and Related Expenditure	11,563	11,563	8,619	8,619
Administration and Central Services	13,847	15,403	16,092	15,996
Premises	5,604	5,604	6,129	6,130
Research Grants and Contracts	624	624	281	281
Residences, Catering and Conferences	2,593	2,593	3,553	3,553
Other Expenditure	1,159	1,159	1,090	1,078
	35,390	36,946	35,764	35,657

Other Operating Expenses include fees paid to the External Auditors for audit services of £56,000 (2016/17 - £55,000), and fees for non-audit services was £92,000 (2016/17 - £10,000).

10 Taxation

The taxation charge for the University and Group in the year was zero (2016/17 : zero).

Notes to the Accounts

For the year ended 31 July 2018

11 Fixed Assets Consolidated & University

	Freehold Land and Buildings	Assets in the Course of Construction	Investment Properties	Computer Equipment	Other Equipment & Fittings	Motor Vehicles	Heritage Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 August 2017	194,408	6,406	2,265	29,386	21,481	141	1,300	255,387
Additions	328	2,527	0	165	394	24	0	3,438
Reclassification	1,113	(6,047)	0	692	4,242	0	0	0
Disposals	0	0	0	(132)	0	0	0	(132)
At 31 July 2018	195,849	2,886	2,265	30,111	26,117	165	1,300	258,693
Depreciation								
At 1 August 2017	57,850	0	0	18,266	14,602	141	0	90,859
Charge for the year	5,838	0	0	2,849	2,040	2	0	10,729
Reclassification	(193)	0	0	1	192	0	0	0
Write-down Brindley	8,293	0	0	0	124	0	0	8,417
Disposals	0	0	0	(104)	0	0	0	(104)
At 31 July 2017	71,788	0	0	21,012	16,958	143	0	109,901
Net book value								
At 31 July 2018	124,061	2,886	2,265	9,099	9,159	22	1,300	148,792
At 31 July 2017	136,558	6,406	2,265	11,120	6,879	0	1,300	164,528

The University has secured funding from HEFCE (now Office for Students) for the construction of a Catalyst Building, an apprenticeship and skills facility at our Stoke Campus. To make way for the Catalyst Building, the decision has been taken to demolish the Brindley Building. Though no formal contracts for demolition had been signed by the balance sheet date, the decision was taken to write down the building at 31 July 2018. The net impact of the write down is £8.42m.

Freehold Buildings at the University's Stoke Campus, Blackheath Lane and Lichfield were revalued on a depreciated replacement cost basis by GVA BILFINGER, an Independent Chartered Surveyor as at 1 August 2014. Freehold land was revalued on an open market, existing use basis at the same date. The University has used those fair values as its deemed cost at 1 August 2014 in accordance with FRS102 Paragraph 35.10(c).

At 31 July 2018, Freehold land and buildings included £17.3 million (2016/17: £17.3 million) in respect of Freehold land and is not depreciated.

In December 1996 the University entered into an agreement with Tamworth and Lichfield College (now South Staffordshire College, see note 15, page 61) to provide a new campus facility at Lichfield. The cost of this project was £3.2 million. The project was partly funded by a grant from the European Regional Development Fund and by a loan taken out by the University. Responsibility for the loan is shared jointly by the University and the College and the value of the College's commitment is shown as a long term debtor in the University's Balance Sheet (see note 14).

During 2002/03 the University and the South Staffordshire College entered into an agreement for the development of a second phase at the Lichfield campus. This phase was partly funded by a loan facility taken out by the College. Responsibility for the loan is shared jointly by the University and the College and the value of the University's commitment is shown as a long-term creditor in the University's Balance Sheet (see note 18).

Notes to the Accounts

For the year ended 31 July 2018

12 Heritage assets

The Thornhill Bequest, a collection of medieval Chinese pottery owned by the University. The value is based on a valuation made for insurance purposes as at November 2013. The valuation was undertaken by professional advisors expert in this field.

	Year Ended 31 July 2018 £'000	Year Ended 31 July 2017 £'000
Valuation	1,300	1,300
Additions	0	0
Disposals	0	0
	<u>1,300</u>	<u>1,300</u>

13 Non-Current Investments

Consolidated	Subsidiary companies £'000	Subsidiary investment in spinouts £'000	Other fixed assets investments £'000	Total £'000
At 1 August 2017	0	0	74	74
Additions	0	0	0	0
Disposals	0	0	0	0
Impairment	0	0	0	0
At 31 July 2018	<u>0</u>	<u>0</u>	<u>74</u>	<u>74</u>
University	£'000	£'000	£'000	£'000
At 1 August 2017	0	0	74	74
Additions	0	0	0	0
Disposals	0	0	0	0
Impairment	0	0	0	0
At 31 July 2018	<u>0</u>	<u>0</u>	<u>74</u>	<u>74</u>

Other non-current investments consist of :	Consolidated and University £'000
CVCP Properties Limited	33
Mercia Technologies PLC	41
	<u>74</u>

Non-Current investments represent £33k investment (0.78% of the issued share capital) in CVCP Properties Limited, which is a Company registered in Great Britain and incorporated in England and Wales and £41k investment (0.0003% of the issued share capital) in Mercia Technologies PLC.

The group holds shares in a number of spin out companies and companies which have been set up through Research Business and Employability Services.

The group shareholding is as follows:

	University Holding	Value
Subsidiary Companies		
Staffordshire University Unitemps Ltd	100%	£1
Staffordshire University Enterprises Ltd	100%	£0
Staffordshire University Services Ltd	100%	£2
Spinout Companies		
AVA Technologies Ltd	37%	-
Echo Breaker Research and Analysis Ltd	15%	-
Grand Independent Ltd	30%	-
High House Collections Ltd	100%	-

Staffordshire University Unitemps Ltd was established to act as an employment agency primarily employing students and providing services both internal and external to the University.

Staffordshire University Enterprises Ltd, a company incorporated in and operating in Great Britain and registered in England and Wales. The main areas of activity of Staffordshire University Enterprises Limited, are the undertaking of consultancy work and the operation of recreational activities. The company was dormant throughout the year and was dissolved on the 28th August 2018.

Staffordshire University Services Ltd, a company incorporated in and operating in Great Britain and registered in England and Wales. The main areas of activity of Staffordshire University Services Limited, are the provision of staff to the University.

The group has chosen not to attribute any value to the investments in spinout companies within the financial statements and will review as they become further established. Echo Breaker Research and Analysis Ltd was dissolved on the 28th August 2018. An application for striking off has been made for High House Collections Ltd.

Notes to the Accounts

For the year ended 31 July 2018

14 Trade and other receivables

Amounts falling due after more than one year:

Amounts owed under joint arrangement with South Staffordshire College Phase 1

Year ended 31 July 2018		Year ended 31 July 2017	
Consolidated £'000	University £'000	Consolidated £'000	University £'000
0	0	74	74
0	0	74	74

15 Trade and other receivables

Amounts falling due within one year:

Other trade receivables

Other receivables

Prepayments and accrued income

Amounts due from subsidiary companies

Consolidated £'000	University £'000	Consolidated £'000	University £'000
3,293	3,121	5,642	5,502
218	218	396	393
5,129	5,129	4,881	4,881
0	9,654	0	16,275
8,640	18,122	10,919	27,051

16 Cash and Cash Equivalents

Cash and Cash equivalents

Consolidated £'000	University £'000	Consolidated £'000	University £'000
8,660	8,654	8,654	8,641
8,660	8,654	8,654	8,641

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with less than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

17 Creditors : amounts falling due within one year

Unsecured loans

Trade payables

Social security and other taxation payable

Accruals and deferred income

Other Creditors

Amounts owed to subsidiary companies

Consolidated £'000	University £'000	Consolidated £'000	University £'000
1,566	1,566	1,539	1,539
2,499	2,499	2,495	2,464
2,555	2,525	2,702	2,674
17,289	17,176	15,976	15,840
756	756	1,013	1,013
0	9,620	0	14,632
24,665	34,142	23,725	38,162

Notes to the Accounts

For the year ended 31 July 2018

18 Creditors : amounts falling due after more than one year	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Deferred income	18,144	18,144	20,150	20,150
Secured loans	40,158	40,158	41,724	41,724
	58,302	58,302	61,874	61,874

Analysis of secured and unsecured loans:

Due within one year or on demand (Note 17)

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Due between one and two years	1,629	1,629	1,566	1,566
Due between two and five years	5,270	5,270	5,074	5,074
Due in five years or more	33,259	33,259	35,084	35,084
Due after more than one year	40,158	40,158	41,724	41,724
Total secured and unsecured loans	40,158	40,158	41,724	41,724

Deferred income represents deferred capital government grants which are now required under FRS102 to be reported as a long term creditor.

The University has two term loans, the first was drawn down in 2007 for £16m at 5.38% fixed for 27 years and the second of £34m was drawn down in 2013 at 3.19% fixed for 25 years.

A loan facility of £54k was drawn down on the 20 March 2014 from Salix Finance Ltd as part of their Energy Efficiency Programme. The loan is interest free, repayable over four years.

A new loan facility of £121k was drawn down on 17 September 2014 from HEFCE as part of their Revolving Green fund. The loan is interest free payable over four years.

South Staffordshire College was formed as a merger of the Colleges of Rodbaston, Cannock and Tamworth & Lichfield on 1 August 2008. During 2002/2003 a development of a second phase at the Lichfield campus which was partly funded by a loan facility taken out by the College. The responsibility of the loan is shared jointly by the University and the College and is shown as a long-term creditor.

19 Provisions for liabilities

Consolidated	Pension enhancements on termination	Onerous Lease/ Dilapidations	Restructuring	Total
	£'000	£'000	£'000	£'000
At 1 August 2017	1,171	1,146	70	2,387
Utilised in year	(322)	0	(58)	(380)
Additions in 2017/18	384	0	362	746
Unused amounts reversed in 2017/18	0	(420)	0	(420)
At 31 July 2018	1,233	726	374	2,333

University	Pension enhancements on termination	Onerous Lease/ Dilapidations	Restructuring	Total
	£'000	£'000	£'000	£'000
At 1 August 2017	1,171	1,146	70	2,387
Utilised in year	(322)	0	(58)	(380)
Additions in 2017/18	384	0	362	746
Unused amounts reversed in 2017/18	0	(420)	0	(420)
At 31 July 2018	1,233	726	374	2,333

Notes to the Accounts

For the year ended 31 July 2018

20. Endowment Reserves - Consolidated & University

Restricted net assets relating to endowments are as follows:

	Restricted Permanent endowments £'000	Year Ended 2018 Total £'000	Year Ended 2017 Total £'000
Balances at 1 August 2017			
Capital	22	22	22
Accumulated income	4	4	4
	<u>26</u>	<u>26</u>	<u>26</u>
New endowments	0	0	0
Investment income	0	0	0
Expenditure	0	0	0
(Decrease) / increase in market value of investments	0	0	0
Total endowment comprehensive income for the year	<u>0</u>	<u>0</u>	<u>0</u>
At 31 July 2018	<u>26</u>	<u>26</u>	<u>26</u>
Represented by:			
Capital	22	22	22
Accumulated income	4	4	4
	<u>26</u>	<u>26</u>	<u>26</u>
Analysis by type of purpose:			
Prize funds	26	26	26
	<u>26</u>	<u>26</u>	<u>26</u>

Notes to the Accounts

For the year ended 31 July 2018

21 Restricted Reserves - Consolidated & University

Reserves with restrictions are as follows:

	Year Ended 2018 Total £'000	Year Ended 2017 Total £'000
Balances at 1 August 2017	4,588	4,588
New grants	0	0
New donations	0	0
Investment income	0	0
Capital grants utilised	0	0
Gain on disposal	0	0
(Decrease) / increase in market value of investments	0	0
Total restricted comprehensive income for the year	0	0
At 31 July 2018	4,588	4,588
	2018	2017
	Total	Total
	£'000	£'000
Analysis of other restricted funds /donations by type of purpose:		
Lectureships	0	0
Scholarships and bursaries	0	0
Research support	0	0
Prize funds	0	0
General	4,588	4,588
At 31 July 2018	4,588	4,588

22 Cash & Short-Term Investments

	At 31st July 2018 £'000	Cash Flows £'000	At 1st August 2017 £'000
Consolidated			
Cash and short-term investments	53,112	9,828	43,284
Bank overdraft	0	0	0
	53,112	9,828	43,284

Cash and short-term investments are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months maturity at the balance sheet date.

Notes to the Accounts

For the year ended 31 July 2018

23 Capital and other commitments

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

	Year Ended 31 July 2018		Year Ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	2,075	2,075	3,674	3,674
Approved not contracted for	5,877	5,877	2,037	2,037
	7,952	7,952	5,711	5,711

24 Lease obligations

Total rentals payable under operating leases:
Consolidated & University

	Year Ended 31 July 2018			31 July 2017
	Land and Buildings £'000	Other leases £'000	Total £'000	£'000
Payable during the year	1,247	99	1,346	1,209
Future minimum lease payments due:				
Not later than 1 year	1,759	85	1,844	1,259
Later than 1 year and not later than 5 years	2,027	66	2,093	1,082
Later than 5 years	0	0	0	166
Total lease payments due	3,786	151	3,937	2,507

25 Contingent Liabilities

The University is a member of U.M Association Limited (UMAL), a company limited by guarantee, formed to provide a mutual association for insuring risk. Under the terms of its membership, each member acts as insurer and insured. If the association as a whole suffers a shortfall in any underwriting year, the members are liable for their prorated share, spread using a bank facility over 7 years. The University is a guarantor, on a joint and several basis with a bank facility. No liability has yet arisen under this guarantee.

Notes to the Accounts

For the year ended 31 July 2018

26. Pension Costs

Retirement benefits for employees of the University are provided by defined benefit schemes, which are funded by contributions from the University and employees. Payments are made to the Teachers' Pension Scheme for academic staff and to the Staffordshire County Council Superannuation Scheme (LGPS) for non-academic staff. These are both independently administered schemes.

Total employees and employers contributions to the Teachers' Superannuation Scheme for 2017/18 were £5,681k (2016/17 £5,712k) and for the Staffordshire County Council Superannuation Scheme £5,354k (2016/17 £5,885k).

Funded liabilities comprise of approximately £239m in respect of employee members, deferred pensioners and pensioners. For unfunded liabilities it is assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabiting) at death and that their spouse (cohabitee) will receive a pension of 50% of the member's pension as at the date of the member's death.

Teachers' Pension Scheme

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

The Teachers' Pension 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 are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of The Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

Employer contribution rates were set at 16.4% of pensionable pay:

Total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion.

An employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS was implemented in September 2015. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012, will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

Local Government Pension Scheme

The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, the Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government Pension Scheme (Transitional Provisions) Regulations 2008. It is contracted out of the State Second Pension.

The agreed contribution rates for future years are 16.6% plus an increasing annual sum for the employer and between 5.5% and 12.5% for employees.

Notes to the accounts

For the year ended 31 July 2018

The latest formal valuation of the Fund for the purpose of setting employers' actual contributions was as at 31 March 2016, with the next formal valuation due as at 31 March 2019.

A valuation of the Fund's liabilities as at 31 July 2016 has been undertaken by the Fund's actuary for the purpose of FRS 102 "Retirement Benefits". The following valuation data has been used for the purposes of this disclosure.

The individual membership data submitted as at the 31 March 2016 for the purpose of the funding valuation at that date (or for employers which have joined the Fund after 31 March 2016, membership data as at the date of joining);

The individual pensioner data in respect of LGPS unfunded pensions and teachers' pensions where appropriate;

The latest numbers of employees, deferred pensioners and pensioners;

Actual payroll data information up to the latest available date;

Employer and employee contributions up to the latest available date (in order to estimate contribution income and pensionable payroll for the accounting period this year);

The actual split of the fund assets as at the latest available date;

The actual Fund returns provided up to the latest available date;

Any new early retirements from 1 August 2016 to the latest available date on unreduced pensions which are not anticipated in the normal employer service cost (e.g. non ill-health retirements before the member's benefits can be taken unreduced), as set out in Section 1 of the Results Schedule.

The following information is based upon a full actuarial valuation of the Fund at 31 March 2016

Salary increases are 1% pa nominal until 31 March 2015, reverting to the long term rate shown thereafter.

Changes to the Local Government Pension Scheme (LGPS under regulation 3 of the LGPS (Amendment) Regulations 2006 (statutory Instrument 2006/966) permits employees retiring on or after 6 April 2006 to take an extra increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension.

Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for the pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

	At 31 July 2018	At 31 July 2017
Rate of increase in salaries	2.80%	2.90%
Rate of increase for pensions	2.40%	2.50%
Discount rate for liabilities	2.80%	2.70%

Notes to the accounts

For the year ended 31 July 2018

26 PENSION COSTS (CONTINUED)

Mortality Assumptions

Life expectancy is based on the fund's VitaCurves in line with the CMI2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% pa.

Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.1 years	24.4 years
Future Pensioners	24.1 years	26.4 years

Historic Mortality

Life expectancy for the prior year end is based on the fund's VitaCurves. The allowance for the future life expectancies are shown below:

Year Ended	Prospective Pensioners	Pensioners
31 July 2018	CMI 2013 model assuming the current rate of improvement has reached a peak and will converge to a long-term rate of 1.25%	CMI 2013 model assuming the current rate of improvement has reached a peak and will converge to a long-term rate of 1.25%

The assets in the scheme and the expected rates of return were:

	Proportion of each asset type at 31 July 2018	Value at 31 July 2018 £'000	Proportion of each asset type at 31 July 2017	Value at 31 July 2017 £'000
Equities	70%	128,455	76%	126,589
Bonds	18%	33,031	12%	19,988
Property	8%	14,680	8%	13,325
Cash	4%	7,340	4%	6,662
Total Market Value of Assets		183,506		166,564

	Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
Group's estimated asset share	183,506	166,564
Present value of scheme liabilities	(239,813)	(239,865)
Deficit in the scheme	(56,307)	(73,301)

Under the arrangements of FRS102, a provision has been made by the Group for the Institution's share of the deficit of the scheme.

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP". The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes.

Notes to the accounts

For the year ended 31 July 2018

26 PENSION COSTS (CONTINUED)

ANALYSIS OF THE AMOUNT CHARGED TO THE INCOME AND EXPENDITURE ACCOUNT

	Year Ended 31 July 2018 £'000	Year Ended 31 July 2017 £'000
Employer service cost (net of employee contributions)	6,462	6,366
Past service cost	117	185
Curtailement and Settlements	0	0
Total operating cost	6,579	6,551

Analysis of pension finance income/costs

	Year Ended 31 July 2018 £'000	Year Ended 31 July 2017 £'000
Expected return on pension scheme assets	4,516	3,552
Interest on pension scheme liabilities	(6,508)	(6,021)
Pension finance costs	(1,992)	(2,469)

Amounts recognised in the Statement of Comprehensive Income & Expenditure (SOCl)

Actuarial gain (loss) recognised in SOCl	19,997	32,631
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Reconciliation of defined benefit obligation

	Year Ended 31 July 2018 £'000	Year Ended 31 July 2017 £'000
Opening Defined Benefit Obligation	239,865	249,637
Current service cost	6,462	6,366
Interest Cost	6,508	6,021
Contributions by Members	1,201	1,310
Actuarial losses	(9,227)	(18,593)
Past Service Costs (including Curtailments)	117	185
Unfunded Benefits Paid	(719)	(666)
Benefits Paid	(4,394)	(4,395)
Closing Defined Benefit Obligation	239,813	239,865

Reconciliation of fair value of employer assets

	Year Ended 31 July 2018 £'000	Year Ended 31 July 2017 £'000
Opening Fair Value of Employer Assets	166,564	147,238
Expected Return on Assets	4,516	3,552
Contribution by Members	1,201	1,310
Contributions by the Employer	4,849	4,821
Contributions in respected of Unfunded Benefits	719	666
Actuarial Gains/(Losses)	10,770	14,038
Estimated Unfunded Benefits paid	(719)	(666)
Estimated Benefits Paid	(4,394)	(4,395)
Closing Fair Value of Employer Assets	183,506	166,564

Movement in deficit during the year

	Year Ended 31 July 2018 £'000	Year Ended 31 July 2017 £'000
Deficit in scheme as 1 August	(73,301)	(102,399)
Movement in year:		
Current service charge	(6,462)	(6,366)
Contributions	4,849	4,821
Contributions in respected of Unfunded Benefits	719	666
Past service costs	(117)	(185)
Net interest on assets	(1,992)	(2,469)
Actuarial gain (loss)	19,997	32,631
Deficit in scheme as 31 July	(56,307)	(73,301)

Notes to the accounts

For the year ended 31 July 2018

27 National College for Teaching and Leadership (NCTL)

	Year Ended 31 July 2018 £'000	Year Ended 31 July 2017 £'000
Student Bursaries		
Opening fund balance	82	21
Net NCTL grants received in year	739	652
Disbursed to students	(724)	(591)
Balance Unspent at 31 July owing to the NCTL	97	82

28 Related Party Transactions

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

Included with the accounts for the period are transactions between:

Staffordshire University and Staffordshire University Students Union. The University provided a grant of £875k to the Student's Union (2016/17: £880k), and purchases from the Student's Union amounted to £7k (2016/17: £14k)

Staffordshire University Academy Trust and Staffordshire University. Purchases by the University amounted to £23k (2016/17: £11k) and sales £40k (2016/17: £83k)

Staffordshire University Academy Trust and Staffordshire University Unitemps Ltd. Purchases by Unitemps £nil (2016/17: £nil) and sales £3k (2016/17: £6k)

29 Events after the End of the Reporting Period

On the 1st August 2018 a new wholly owned subsidiary, Staffordshire University Services Limited (SUS Ltd) began trading. SUS Ltd provides long-term staffing solutions and services to the University. On the 1st August 2018 all Professional Support staff up to a certain grade were transferred from the University to SUS Ltd under TUPE regulations (Transfer of Undertakings (Protection of Employment) Regulations 2006) so all terms and conditions remained the same as those of the University. At the time of the transfer, all transferred staff ceased to be members of the Local Government Pension Scheme (LGPS) and enrolled in the new Staffordshire University Pension Scheme, a defined contribution scheme.

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THE
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UNIVERSITY