



# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

# Financial Statements

for the year ended 31 July 2021

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## financial highlights

for the year ended 31 July 2021

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>		2020/21 £ million	2019/20 £ million	Change
Tuition fees and educational contracts		389.7	360.1	8.2%
Funding body grants		66.8	66.4	0.6%
Research grants and contracts		139.8	131.7	6.2%
Other income		100.7	115.4	(12.7%)
Investment income		1.0	2.6	(61.5%)
Donations and endowments		5.7	3.7	54.1%
<b>Total income</b>		<b>703.7</b>	<b>679.9</b>	3.5%
<b>Surplus for the financial year excluding USS pension provision movement</b>		<b>76.5</b>	<b>28.8</b>	165.6%
<b>Surplus for the financial year</b>		<b>79.3</b>	<b>119.1</b>	(33.4%)
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		2021 £ million	2020 £ million	
Fixed assets		862.5	818.6	
Investments		30.4	7.7	
Net current assets		83.1	78.7	
		976.0	905.0	
Long term creditors and provisions		(555.4)	(571.8)	
<b>Total net assets</b>		<b>420.6</b>	<b>333.2</b>	26.2%
<b>CAPITAL EXPENDITURE IN THE YEAR</b>		2020/21 £ million	2019/20 £ million	
		<b>97.6</b>	<b>100.9</b>	(3.3%)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		2020/21 £ million	2019/20 £ million	
		<b>122.4</b>	<b>90.3</b>	35.5%
<b>OTHER KEY STATISTICS</b>		2020/21 Number	2019/20 Number	
Full Time Students:-	Home / EU undergraduates	14,275	13,277	7.5%
	Home / EU postgraduates	2,338	2,264	3.3%
	Overseas undergraduates	3,342	3,038	10.0%
	Overseas postgraduates	3,968	4,074	(2.6%)
Total number of students (Full Time Equivalent)		25,638	24,289	5.6%
Total staff numbers (Full Time Equivalent)		6,382	6,554	(2.6%)

## financial review

### Introduction

This has been a remarkable year for the University. Despite the backdrop of the ongoing global pandemic, with continued uncertainty around our global student population's ability to travel, Warwick has shown great resilience and has delivered an outstanding performance: teaching excellence has been maintained with an improved student satisfaction ranking, pre-pandemic research activity levels have been achieved, major capital building projects have been completed and a strong financial performance has been reported. This has only been possible because of the commitment, willingness to innovate and the endeavour shown by Warwick staff and all our students and I would like to express my thanks for their many achievements over this last year.

In order to fully understand this year's financial performance it is important to reflect on the preparations that the University undertook to ensure financial sustainability in a highly turbulent environment. The University Council necessarily adopted a cautious outlook in setting the budget for 2020/21 to provide a high level of confidence that financial sustainability would be assured whatever the scenarios were that unfolded. A surplus of £30.3m was targeted with contingency provisions, primarily against student income shortfalls, reducing the overall budget to a planned loss of £10.1m. Well thought through financial restraint measures were put in place for the year with a clear focus on ensuring the continued improvement of student experience irrespective of the mode of delivery. Measures were carefully targeted to achieve a controlled deceleration of expenditure such as restricting non-urgent non-pay spend, postponing recruitment to vacant staff posts and adopting a 0% inflationary pay award; spend on capital projects was limited to those initiatives where build had already commenced.

Actual financial performance has proved to be significantly better than the cautious budget. In particular, student recruitment far surpassed expectations – a remarkable tribute to our students' commitment to pursue their educational aspirations despite the very many challenges this posed for them. Expenditure has also run below budget mainly due to the ongoing Covid restrictions which have limited certain 'normal' activities, such as travel. These favourable outcomes, coupled with the release of contingency provisions, have enabled a final surplus for the year of £76.5m (£79.3m after USS adjustments) to be reported. However, not all University operations have prospered over this period with commercial and accommodation income falling c. £20m below target due to Covid restrictions (similar to industry peers).

Despite the restrictions on certain activities referred to above and the requirement to transition at speed to on-line teaching provision and remote working, Warwick has excelled operationally. In addition to improving our student satisfaction ranking (placing Warwick 3rd in the Russell Group with a satisfaction rating of 8.3% ahead of the sector average) the University was awarded University of the Year for Teaching Quality in the UK by The Good University Guide, the internationally respected British university rankings guide published by The Sunday Times, and also runner up in University of the Year. These accolades follow continued high rankings in league tables with Warwick again being placed as one of the UK's top 10 and the world's top 80 universities.

The improved financial outcome has provided the University with a strong foundation to emerge from this extended period of widespread Covid restrictions. It has empowered the University to accelerate its unwinding of financial restraints enabling essential investment in academic posts and equipment and providing investment for key strategic initiatives such as our STEM 'Grand Challenge', which is reimagining the future of STEM at Warwick. We have also been able to re-invest directly in our staff, such as our Career Support Scheme which is helping staff whose careers have been adversely affected by Covid-related issues (including caring responsibilities) and in our students, such as our campus activation programme – a diverse programme of activity to bring life, attraction and excitement to our students returning to campus.

## financial review

(continued)

We are delighted that in recent weeks a number of major capital projects have completed:

- Warwick Arts Centre has undergone a c.£43m transformational redevelopment to create an exciting, modern and accessible new space that combines refurbished and upgraded pre-existing spaces with new areas.
- The new c.£50m Interdisciplinary Biomedical Research Building (IBRB) has opened, bringing to life the University's commitment to delivering world-leading research in neuroscience, microbiology and infection, cell biology, and disease models, supporting and facilitating interdisciplinary biomedical research of the highest quality.
- Our new c.£58m Faculty of Arts Building is also completed - the sustainably built structure will bring together most of our Faculty of Arts departments and research centres in one modern and flexible space that will enable collaboration, creativity and innovation to flourish.
- The final phase of the Cryfield Village student residences opened in September 2021 with the overall scheme having capacity to house over 800 students. These are exciting new residences offering an alternative style to most of the other residences on campus – a mixture of townhouse-style apartments and studios with a Village Hall at its heart providing a laundrette, a post room, student social areas and offices.

These are significant milestones in our long term plans and a great achievement to have delivered these projects in such difficult circumstances - they symbolise the determination of the University to drive change and define its own future.

Other exciting developments include the University being invited to assist in establishing the UK's first 'Megalab' in Royal Leamington Spa – the Rosalind Franklin Laboratory is a key national initiative to help combat the pandemic. The University has also announced a collaboration with BT and Warwickshire County Council to bring 5G innovation and co-development to the University campus and the wider region, stimulating regional economic growth and post Covid recovery. We have also been pleased to announce a new partnership with University College Birmingham with a view to helping to meet the national and regional skills demand and to transform the lives of students from disadvantaged backgrounds through new alternative pathways to higher education.

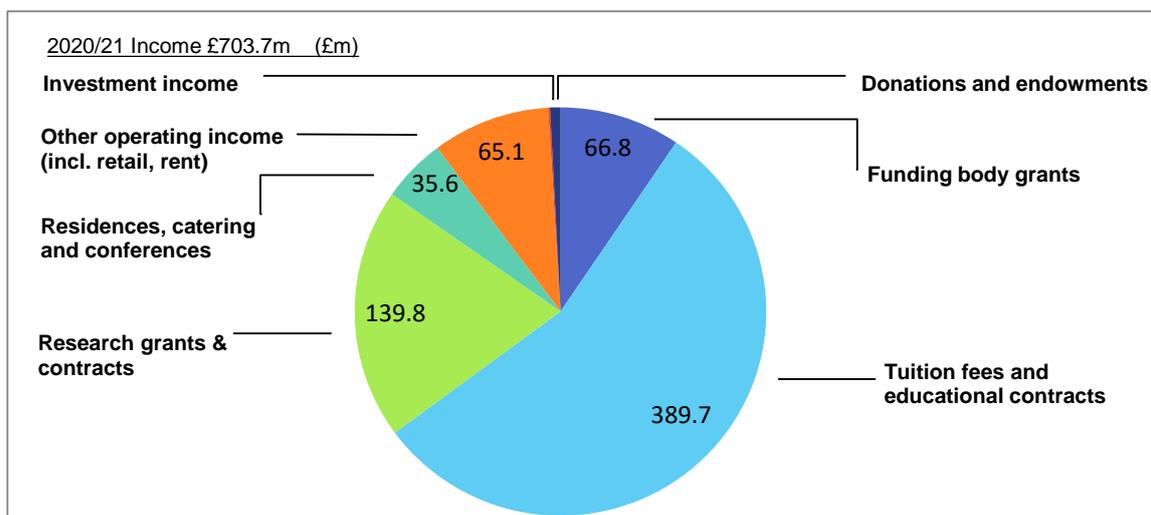
It would be naïve to assume that the UK and the rest of the world will fully emerge from the pandemic quickly and without setbacks, and there are of course many other risks facing Warwick and UK Higher Education in general (see later sections of report). However, Warwick has a strong track record of performing well in adversity and seizing opportunities to innovate and improve. As illustrated above the future continues to present exciting possibilities for the University and this year's financial result provides welcome investment to help us push on beyond this year's achievements in pursuit of our strategic aim of being one of the world's exceptional universities, helping to transform our region, country and world for the collective good.

### Financial Performance

The University made a surplus of £79.3m in 2020/21 which is lower than the prior year surplus of £119.1m. However, it is important to note that the previous year's surplus was distorted by movements in the USS pension liability which reflected a positive movement resulting from the 2018 scheme valuation; the next significant impact on surplus levels is expected in 2021/22 when the results of the 2020 scheme valuation will be reflected. After removing the impact of USS movements from the financial results the University reported a surplus of £76.5m in 2020/21 compared with £28.8m in 2019/20. As reported above, this financial result is an outstanding achievement in extremely testing circumstances. It should be noted that part of the improved position results from expenditure rephasing to future years as well as cost savings as a result of our approach to Covid mitigation.

## financial review

(continued)



The University's total income has increased slightly from the prior year £679.9m to £703.7m. This increase was primarily driven by extremely positive, and better than expected, student recruitment and therefore an increase in tuition fee income. Student retention also held up well throughout the year, despite concerns that ongoing national restrictions would have a detrimental impact. The outstanding efforts of our academic staff to provide an excellent learning experience in very changed circumstances, as recognised by the Good University Guide awards and student satisfaction ranking, will have played a significant role in achieving such high retention levels.

Research income also increased back to pre-pandemic levels. Research grants and contracts income increased to £139.8m, up from £131.7m in the previous year. This is despite the significant Covid-related challenges that our researchers face, ranging from increased safety measures in the lab to ongoing travel restrictions. A number of departments posted excellent results, including WMG which continued to build on its very strong relationships with industry partners.

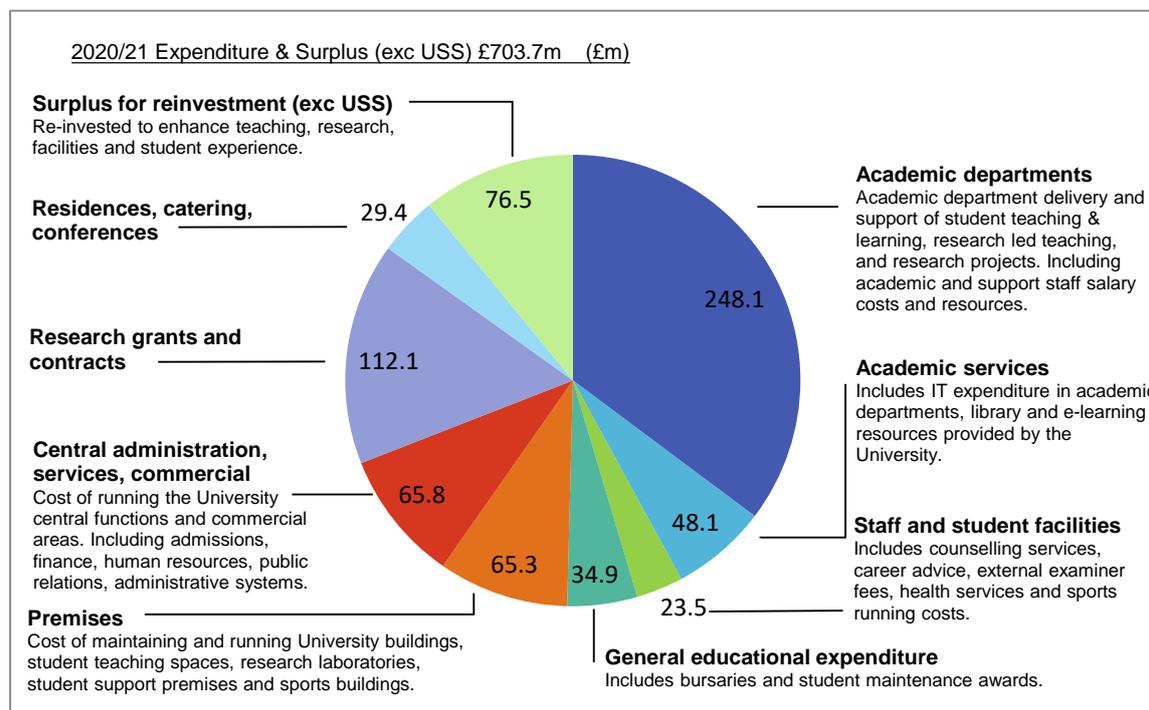
Other income fell from the prior year £115.4m to £100.7m. This reduction is primarily due to the Government's Covid restrictions which had a significant impact on Warwick's retail and conference centre businesses, which were either closed or were operating at lower volumes than previously. Residential income also continued to be subdued due to supporting students unable to travel to campus and the associated rent refunds and waivers to affected students.

Staff costs increased from £287.4m last year to £368.5m in 2020/21. However, this movement is distorted by the impact of pension cost movements, especially USS. Excluding the impact of the pension scheme adjustments staff costs fell from £381.9m to £372.9m. This decline reflects the cost reduction measures put in place at the outset of the pandemic including the pausing of non-critical recruitment and observing pay restraint. Staff costs when adjusted for pension movements as a percentage of expenditure increased slightly to 59.0% (2019/20: 58.6%); this small increase largely reflects the impact of lower non-pay spend in 2020/21, which was also a consequence of cost restraint measures, as well as certain expenditure not taking place because some of the University's commercial businesses had suspended operations.

The accounts also show the University's total comprehensive income, which is composed of the reported surplus, any actuarial movements on the University's own pension fund and movements in the market value of financial instruments. The University Pension Scheme made an actuarial loss of £4.6m compared with a small gain of £1.1m in 2019/20. The £4.6m loss is made up of £1.9m of assumption changes (mainly changes to inflation assumptions and scheme experience) and a £2.7m difference in investment returns from those assumed during the prior period. The movement on the valuation of the swaps used to hedge interest rates during the year was £12.7m favourable, a significant swing from the £7.7m adverse in the prior year. The movement was driven by latest expectations around future interest rates and the wider economic impact from the Covid-19 pandemic. While the numbers are significant in comprehensive income, the amounts do not impact cash balances and therefore do not affect the ongoing operations of the University.

## financial review

(continued)



### Financial Position

The University is continuing to maintain a strong financial position and balance sheet despite the ongoing challenges caused by the pandemic. Non-current assets increased from £826.3m to £892.9m during the year as a result of ongoing investment in our campus, as well as the decision to reinvest in non-current asset investments having previously converted our investments into cash holdings as a precautionary measure (reflecting market concerns and a desire to have access to liquid funds at short notice if required) at the outset of the pandemic. The new investments undertaken during the year were made in Environmental Social and Governance (ESG) Funds in line with the University's investment policy.

Total net assets increased from £333.2m to £420.6m. This increase was mainly due to the surplus made in the year, as well as the increases in non-current assets noted above. It is worth noting however that this position may reduce next year as a result of the USS valuation which is discussed in more detail below, although this adjustment will be non-cash and therefore should not directly impact the operation of the University.

Trade and other receivables increased to £55.7m (2019/20: £49.8m). This is due to several factors including higher than previous trade debtors as a result of increased trading activities and volume from the low point during the previous year, higher than previously recorded student debtors reflecting current challenges in collecting all debts in a timely manner from students, and high accrued income in relation to research and other projects in comparison to the previous year.

Creditors falling due in less than one year increased from £215.8m to £238.5m during the year. A number of factors are at play here including higher receipts in advance in deferred income in relation to student and other educational related income, small timing differences on a number of payments within trade payables, as well as higher accruals in relation to capital related projects and an increased holiday pay accrual.

## financial review

(continued)

Creditors falling due after more than one year reduced by £17.7m to £452.4m. A number of items caused this movement, the most significant of which being a £12.7m reduction in the fair value of the liability in relation to the interest rates swaps the University holds based on the latest expectations around future interest rates. Loan balances and deferred income continue to unwind in line with expectations.

The pension provision, which relates entirely to the USS, reduced slightly from £107.2m to £104.4m in line with the unwinding of the deficit payments. Pension movements have been in a state of flux for the last few years and this turbulence is not expected to change in the near future. The values involved are large and subject to significant potential swings year on year. The pension liability relates to the current fair value of the future deficit payments required for the scheme based on the overarching scheme valuation and recovery plan in place at the year end. The scheme's 2020 valuation has recently been completed, though not in time to be reflected in this year's financial statements – the outcome is reported as a non-adjusting post balance sheet event. The valuation outcome is expected to have a significant adverse impact on the pension liability that will be reported in next year's accounts (potential liability in excess of £300m). Whilst the magnitude of the expected liability is daunting it should be viewed with caution because of the sensitivity of the valuation to relatively minor movements in variables; it should also be noted that the expected future contributions levels remain affordable for the University and are fully factored into its financial planning.

The pension asset relates to the defined benefit section of the University of Warwick Pension Scheme (UWPS). The asset has reduced from £8.6m to £4.4m over the course of the year, the reduction being largely due to the actuarial movements reported earlier in this report. Whilst being able to report an asset should be seen as a positive outcome, it is important to note that the accounting methodology adopts less prudent assumptions than required for the triennial scheme valuation, which remains in deficit. The University is therefore in the unusual position of reporting an accounting surplus yet being required to continue paying deficit contributions to the scheme.

### Liquidity and Borrowing

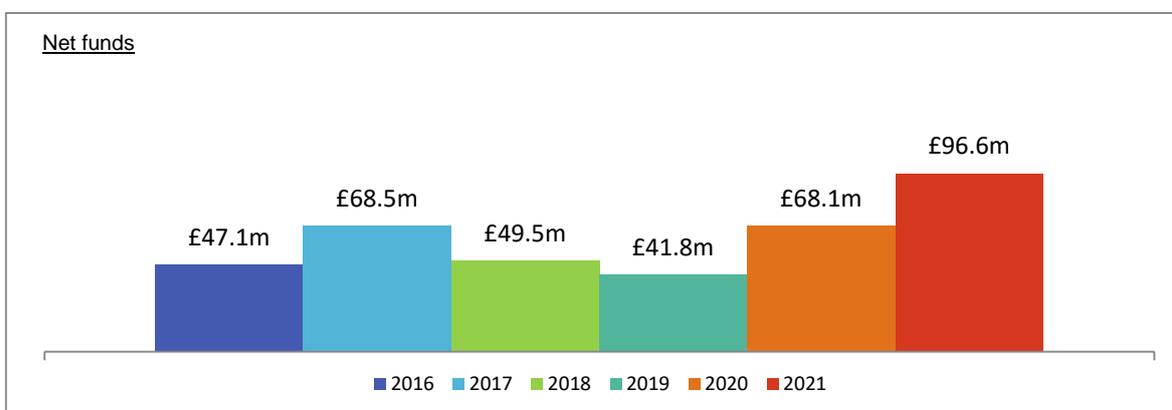
The University continued to hold significant amounts of cash and cash equivalents and current asset investments throughout the year with the total balance moving to £265.2m, up from £244.0m. The loan balance decreased as a result of capital repayments in the year from £175.9m to £168.6m. Net cash flow from operating activities was £122.4m and the University must continue to generate sufficient cash balances from its operations to enable it to invest in both its capital infrastructure and other strategic priorities.

The University continually ensures that it maintains minimum cash levels for working capital purposes. In previous years this has been relatively straightforward and the University has had excess cash to invest back into the University. However, the impact of the Covid-19 pandemic was expected to put extreme pressure on the University's cash balances and therefore preparatory measures were undertaken to ensure the University could deal with any turbulence. Ultimately, the University has had a positive outturn for the year and therefore there has been less pressure on working capital management. It was noted in last year's Financial Statements that the University was in discussions with a number of banks with regard to providing some short-term finance, but due to the better than expected year-end result, no additional finance was ultimately drawn down.

While it appears that the University has significant cash and investment balances, it should be noted that these are largely designated towards future capital projects and are expected to reduce over the coming years. Furthermore, the current strong cash position provides a secure safety buffer for the University to operate in during the continuing challenging economic environment. Given this robust financial position, coupled with strong future financial forecasts which have been tested using sensitivity analysis on key assumptions and inclusion of appropriate contingency provisions, the University Council is satisfied that the accounts can be prepared on a going concern basis.

## financial review

(continued)



Net funds are comprised of the following:

	2016 £ million	2017 £ million	2018 £ million	2019 £ million	2020 £ million	2021 £ million
Short term deposits	70.0	89.0	38.5	81.5	25.0	49.0
Cash and cash equivalents	100.0	98.7	126.6	143.6	219.0	216.2
Unsecured loans	(122.9)	(119.2)	(115.6)	(183.3)	(175.9)	(168.6)
	47.1	68.5	49.5	41.8	68.1	96.6

The University cash balances are invested across a range of approved financial institutions, principally in short term deposit accounts of up to two years in length and to a maximum value of £55m per financial institution. The University investment policy maintains at its core the principal aim of protecting the charitable assets of the University and, as such, cash balances are currently restricted to UK clearing banks and the largest UK building societies. The University also maintains an investment portfolio, managed primarily by Rathbone Greenbank (see note 15 of the accounts), principally with a view to holding for the longer term and as an instrument for repaying bullet loan commitments. In the previous year some of the investments were converted to cash in the anticipation of a volatile stock market but this has been reinvested this year. As noted above, the funds have been placed in ESG Funds in line with the University's sustainability objectives. All cash and investment funds are held in accordance with the University's socially responsible investment policy.

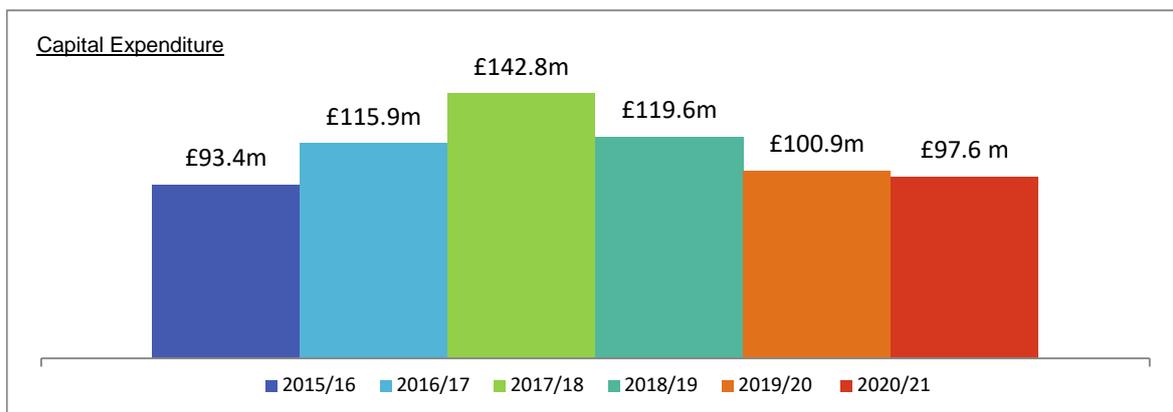
### Capital projects

It has been an incredibly challenging year from an estates and capital perspective. In line with Government requirements our campus has been subject to significant restrictions and additional safety measures. With a view to preserving cash, the University restricted expenditure to capital projects that were already underway and all new projects, except for essential safety work and repairs, were put on hold. Throughout the pandemic the University worked closely with its contractors to ensure that essential building work was able to progress while at the same time ensuring that the safety of staff, students and the contractors themselves was maintained.

Despite the operational challenges caused by compliance with covid restrictions, the University was able to progress all of its existing capital projects, incurring spend of £97.6m (2019/20: £100.9m). As reported in the introduction to this report, this excellent progress enabled our four major projects to be brought to completion over the last year: Interdisciplinary Biomedical Research Building; Faculty of Arts Building; Warwick Arts Centre refurbishment and extension; and the final phase of the Cryfield Village student residences. The completion of these projects means that Warwick's physical environment is greatly enhanced providing a powerful catalyst to accelerate the University's emergence from the pandemic.

## financial review

(continued)



### Risks

The University has a Risk Management Policy which is approved by the Council. The Council, supported by Audit and Risk Committee and other committees, keeps under review the strategic risks facing the University and the programmes which help to manage or mitigate these risks.

The University has had to adapt rapidly over the last 18 months in response to the impact of the pandemic. A Business Continuity and Recovery Group, reporting to the University Executive Board, was established which oversaw the University's response to the pandemic and to a greater extent the University has managed to deal effectively with the many, complex and interlinked issues. The move to blended learning and the transitioning of many staff to remote working has been accomplished in a calm and professional manner and has largely been positively received – indeed, these innovations offer new opportunities for an evolution of working practices which will no doubt endure beyond the end of the current pandemic.

The University continues to monitor other risks beyond the immediate and continuing impact of the pandemic. The following list illustrates some of the key risks currently on the University's radar:

- The need to maintain effective cyber security measures;
- Failure to recruit and retain internationally recognised scholars in a highly competitive market;
- Failing to recruit and retain a strategically desirable number, quality and diversity of students, particularly international students in a competitive and global market;
- Long term impacts from Brexit impacting on: the recruitment of EU students; attracting and retaining high-calibre staff; the ability to continue to be involved in research of the highest quality with our peers across the EU and to access funding;
- Potential adverse changes to the funding of universities from public sources, including changes to the tuition fee regime;
- Adverse impacts from USS pension valuations, both in respect of future contribution levels and the risk of industrial dispute in respect of the benefits offered;
- Failure to maintain reputation and an internationally competitive position in respect of the quality and recognition of both teaching and research; and
- Maintaining reliable, sustainable and ethical supply chains (including energy supplies) that deliver value for money.

To mitigate these strategic risks, the University, amongst other things:

- plans prudently with respect to income assumptions, continually reviews the need for efficiency savings and monitors student feedback and surveys to most effectively direct available resources, including continuing to manage the exit from Covid-related restrictions and behaviours;
- plans conservatively for student demand and focuses on building and developing overseas networks with other organisations, representatives and alumni communities;
- invests in the best staff and facilities and pursuing international excellence in all aspects of its operations and continuously grows its academic links and collaborative working relationships with overseas education partners and international businesses;

## financial review

(continued)

- makes appropriate levels of investment in digital infrastructure and cyber security, maintaining a focus on assurance and compliance, with regular staff training and awareness updates;
- engages in regular, frequent review of recognition and reward mechanisms and leadership and development training programmes; and
- actively manages supply chain, entering longer term agreements where appropriate to ensure continuity of supply and to lock in value when market cycles permit (e.g. gas and electric supply agreements fixed until October 2022).

Sensitivity analysis is routinely undertaken during the University's annual planning process to stress test the financial plan to ensure it is robust and Warwick is in a strong position to manage future risks. The University also makes prudent assumptions in its planning process and has a good track record for outperforming its targets. We have effective governance of financial decision-making to ensure that a high standard is maintained in the ongoing stewardship of our assets. This cautious and diligent approach to the management of the University's finances has ensured that Warwick continues to respond well to emerging challenges.

### Future outlook

The success of the University over the last year provides compelling evidence that Warwick has a robust and sustainable business model that can operate effectively in the most testing of circumstances. This favourable position draws significantly on our international reputation for excellence in teaching and research, and this will have been further strengthened by the Good University Guide awards won this year and strong showings in the latest league tables. There is of course no room for complacency in a highly competitive market and, in addition to continuing to navigate through the evolving pandemic landscape, there are some significant issues to be managed over the coming year and beyond. The two most significant factors to highlight are considered to be the following:

- The threat of industrial action by the Universities and Colleges Union in respect of proposed changes to the contribution levels and benefit structure of the USS pension. The impact of strike action falls on our students and may be damaging to the University's reputation and the sector more widely. Negotiations on changes to USS take place at a national level and so it is not in the gift of individual institutions to resolve matters.
- The potential for changes to the public funding of Higher Education. The outcome of the Government's comprehensive spending review and its anticipated detailed response to the Augar Report on Post-18 Education & Funding could have major repercussions for the sector, impacting on a number of key income streams. Undergraduate fees for home students have remained at £9,250 for a number of years and so have decreased in real terms as costs have risen with inflation.

The University will need to respond to the outcomes from these important issues as they emerge. To attempt to present ready-made solutions in this report would be to over-simplify or trivialise their potential significance. What can be said is that the University has a strong track record in navigating successfully through major, complex issues and, as with the Covid pandemic, has been quick to adapt successfully to emerging events. We can also report that the University faces the future challenges from a position of financial strength - we have a strong balance sheet with significant cash balances to allow us to absorb negative impacts from emerging risks. Furthermore, our student recruitment in 2021-22 is set to exceed expectations which further strengthens our financial position.

The completion and opening of our four new major building projects provides further reason to be optimistic about Warwick's prospects. They improve our learning environment and student experience, strengthen our research infrastructure, enhance our community engagement and will drive future income streams. Future major developments are already in the planning phase with a significant emphasis on STEM as we look to deliver a transformational expansion of our science capabilities on campus.

## financial review

(continued)

We will also continue to look beyond the boundaries of our campus and thrive as a truly global institution despite the barriers of Covid-related travel restrictions and the changing relationship with the EU following Brexit. We are delighted that the EUTOPIA partnership of European universities, of which Warwick is a founding member, continues to grow from strength to strength and in September welcomed three new member institutions from Italy, Germany and Portugal. Such partnerships, both in Europe and around the world, strengthen our research networks and offer exciting exchange opportunities for our students.

Whilst much remains under review at a UK Government level, if possible Higher Education policy certainty over the next few years would provide welcome stability as the University looks to build back stronger from the recent and ongoing challenges, and support a return to more normal University life and operations post Covid.

Overall, notwithstanding the potential for headwinds, we consider the future outlook to be positive. The University enters the coming financial year with its finances in a state of good health. Furthermore, Warwick has shown itself to be robust and innovative throughout the pandemic, our campus has been significantly improved by our recent developments, our international networks and partnerships are thriving and we are receiving recognition for our achievements. This gives us good reason to be proud of our performance over the last year and confident that the University will continue to prosper.

Neil Sachdev, University Treasurer

17 November 2021

## public benefit statement

We provide public benefit principally by pursuing our core objects, as set out in our Charter: 'the advancement of learning and knowledge by teaching and research and the provision of University education'. Members of the University Council, as charity trustees, have complied with their responsibility to have due regard to the Charity Commission's guidance on public benefit in exercising their powers and duties.

Our strategy, Excellence with Purpose, has been in place since September 2018. We continue to strive for excellence whilst rejecting intolerance in all of our activity. Our strategy continues to be underpinned by a core set of values that address our duty to the public interest through the impact of our teaching and research. These values are complemented by a set of five guiding principles which represent our expectations of how we behave as individuals and an institution and are embedded across all our activities, serving as a positive example to our community and beyond.

The University Council and Senate have continued to seek assurance that our education, research and knowledge generation are at the forefront of excellence in national and international agendas, and are committed to continuing to work in partnership with our students and staff to maintain and further enhance the distinctiveness of education and research at Warwick.

### Teaching and Learning

*We are committed to providing the highest standard of educational experience for all students, enabling the achievement of outstanding academic and career outcomes. For over 50 years, our mission has been to equip our students with the knowledge and skills required to succeed in a global society. We enable them to work creatively and flexibly within and across disciplinary boundaries and to achieve their full potential in employability and career progression.*

Widening participation and social inclusion continue to remain core to our mission. Our commitment to provide a transformative educational experience for all students means our graduates can demonstrate sector leading academic attainment and career outcomes. Our Widening Participation Strategy (WP) along with the Access and Participation Plan (APP) made bold commitments to ensure we have the greatest impact on social mobility, through our ability to recognise, inspire, and enrich talented students from socially and economically disadvantaged backgrounds.

A new Inclusive Education Model has been developed to address any disparities in student outcomes and experiences through tackling structural and cultural changes required.

We have been shortlisted for 'University of the Year' in the UK Social Mobility Awards, an important accolade in support of our vision that by 2030 Warwick will be regarded as one of the UK universities with the greatest impact on social mobility.

Our whole student lifecycle approach supports students throughout their time at Warwick, with a focus on ensuring equality of opportunity to the range of student experience and to ensure students thrive during their student experience. More information about our work and approach can be found on our web pages <https://warwick.ac.uk/study/outreach/>

We seek to ensure that, wherever possible, financial circumstances are not a barrier to studying at Warwick. We offer means-tested packages of support for UK undergraduate students. Rent levels are set with reference to affordability, and scholarships are available for postgraduate students.

## public benefit statement

(continued)

In 2019 we launched Warwick Scholars, a new transformational social mobility programme to enable young people from disadvantaged backgrounds from the region to realise and achieve their career ambitions. To date the programme has supported around 330 post-16 widening participation students in the region capable of gaining a place at Warwick. Warwick Scholars has grown into a comprehensive programme of activities, opportunities and experiences, designed to level the playing field and aid social mobility. By 2020 our Warwick Scholars community comprised over 300 students and will continue to grow to beyond 1000 in the next few years. In 2020 Warwick Scholars joining us as undergraduates from this access programme received tuition fee reductions and bursaries alongside enhancing access to opportunities such as study abroad experiences (where possible currently), careers and skills development, work experience and internships. <https://warwick.ac.uk/study/outreach/whatweoffer/warwickscholarsug>

Warwick Scholars was also shortlisted for the Highest Impact University Initiative Award as part of the Student Social Mobility Awards in 2021, with two 2021 graduates also receiving personal awards.

Addressing challenges that relate to social mobility and inequality are rarely tackled by one organisation alone, it required cross-sector and multilateral commitment and collaboration. Collaboration and partnerships are central to our efforts. We have pioneered new provision in collaboration with partners, including the Sutton Trust where we have for many years supported students access the legal profession through the Pathways to Law programme. This work has since extended to address disparities in diversity in the banking and finance industry and in 2020 we launched a new Pathways to Engineering programme to empower disadvantaged students in the Midlands to consider a career in engineering and advanced manufacturing.

The University's partnership with IntoUniversity (IU) continues to go from strength to strength. The IntoUniversity Centre Coventry has made a significant impact in the local community including providing effective support to students and their families during the pandemic. In 2019-20 84% of IntoUniversity students in Coventry progressed to HE (v30% local average) and although the partnership is not about access to Warwick, 109 IntoUniversity students from across the country have joined the University since the partnership began with 7 from our Coventry IU Centre.

<https://intouniversity.org/content/intouniversity-coventry>

We are leading the Office for Students (OfS) funded Uni Connect network in partnership with Coventry University, Warwickshire County Council and local Further Education colleges. Through this programme, we continue to play an important collaborative role in supporting young people in schools and colleges in Rugby, Nuneaton and Bedworth and North Warwickshire areas.

Our partnership with the social mobility charity upReach provides opportunities for Warwick students to have access to intensive career support and top employers for internships and future employment. We currently have over 180 students benefiting from this partnership each year.

We continue to be a partner in the University Schools Trust (UST) focusing on schools in East London. The UST comprises a unique partnership of like-minded universities, companies and community organisations, which work with the member schools to ensure the highest possible educational outcomes for young people from some of the most deprived communities in the UK.

We sponsor two University Technical Colleges, the WMG Academies for Young Engineers based in Coventry and Solihull, building on its expertise in this area providing for 14-19-year-olds through an applied, problem-based curriculum. The University has worked in partnership with local employers to develop a bespoke learning experience that is delivering both technical and academic education, and employability skills that will maintain manufacturing knowledge and excellence within the West Midlands region and beyond.

## public benefit statement

(continued)

Warwick Business School (WBS) offers a BSc (with Foundation Year) in Accounting and Finance, and a BSc (with Foundation Year) in Management. The Foundation Year aims to equip students with the skills and knowledge they will need for successful progression to year one of the existing three-year BSc degrees. The Foundation Year targets students from WP groups who have the potential to succeed on the WBS undergraduate programme. The University saw its third set of graduates in summer 2021.

Through degree apprenticeships, we have diversified our educational offer in order to align ourselves with key national government policy changes and respond to the changing external landscape, ensuring that we contribute to regional and national employment needs. By September 2021, the University was offering seventeen degree apprenticeships as the main training provider, with 690 apprentices on programmes, working with 67 employers. A further seven courses have since been launched, aiming to enhance access to undergraduate and postgraduate education through flexible, industry-orientated study.

The University of Warwick and University College Birmingham (UCB) have launched a new partnership aiming to build on the core strengths of both institutions to benefit students and the region. Many of UCB's degrees will be accredited and awarded by Warwick but the partnership will also provide opportunities for collaboration to widen access and improve outcomes for students.

We continue to build on the evidence developed through the Postgraduate Support Schemes in prioritising support to enhance the progression to postgraduate study for underrepresented groups. In recognition of some of the barriers to PG study, the University has committed up to £500k per year in continuing the Warwick Taught Master's Scholarship Scheme (WTMSS) which provides targeted students with a up to £10k in tuition fee scholarship. Our Centre for Lifelong Learning provides opportunities for adults seeking to return to learning or wishing to pursue studies in HE through offerings such as its foundation, part-time and 2+2 degree, the innovative Gateway to HE, degree apprenticeship programmes and postgraduate courses.

In the 2022 Sunday Times Good University Guide the University was recognised as the best University in the UK for teaching quality and was runner up in the University of the Year Award. The awards built on positive National Student Survey outcomes in 2021 and reflected the institution-wide commitment to working with students to provide an excellent experience, despite the challenges of the year.

## Education and Research

Ranked **61st**  
in the world by the  
**QS World University  
Rankings**

Ranked **78th**  
in the world by the  
*Times Higher Education  
Rankings*

**Distance  
learning MBA**  
from WBS ranked

**#1**

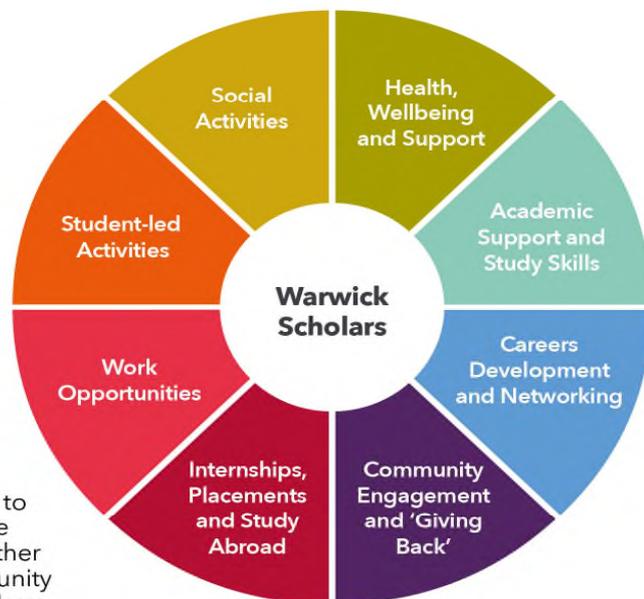
in the world by  
Financial Times.



OVER  
**12,000**  
qualifications  
awarded

Ranked  
**7<sup>TH</sup>** in the **UK**, with  
**87%**  
of the University's research rated as  
"world leading" or  
"internationally excellent"

Research Excellence Framework (REF 2014)



"Being part of the Warwick Scholars programme means that you have access to exclusive employability support and the opportunity to attend social events with other ambitious students. It is an inclusive community where all backgrounds are celebrated, and you can be yourself. It's about having fun and challenging yourself to embrace all opportunities available to you."

First year Warwick Scholar participant 2020

Ranked  
**6th**  
in the UK by  
*The  
Guardian*

**THE TIMES  
THE SUNDAY TIMES**

**GOOD  
UNIVERSITY  
GUIDE  
2022**

**UNIVERSITY  
OF THE YEAR  
FOR TEACHING  
QUALITY**

**THE TIMES  
THE SUNDAY TIMES**

**GOOD  
UNIVERSITY  
GUIDE  
2022**

**UNIVERSITY  
OF THE YEAR  
RUNNER UP**

## public benefit statement

(continued)

### Research

*As one of the UK's leading research universities, we continue to have a commitment to research that is both nationally and internationally recognised, with impact and purpose. We have an ambitious vision for the future, one in which our research will transform the way in which we understand the world, creating lives that are healthier, safer, more resilient, just and fulfilled. We are inspired by fundamental questions led by own intellectual curiosity. We strive to inspire curiosity in others, being challenged by our public, private and charitable partners.*  
<https://warwick.ac.uk/research/partnerships/>

*Our academics are supported to deliver curiosity driven, provocative research within and across our research themes (<https://warwick.ac.uk/research/#themes>). Making links between disciplines is vital as evidenced by our GRP Programme (<https://warwick.ac.uk/research/priorities#global>) and network of Research Centres (<https://warwick.ac.uk/departments/research/>), uniting our researchers to tackle some of the world's most pressing challenges (<https://warwick.ac.uk/research/impact/qcrf/>).*

We have sustained our world-class research during the period of the Covid-19 pandemic and have made a wide-ranging contribution with our research activity. <https://warwick.ac.uk/research/covid-19-research/>

Warwick has continued to be instrumental in providing expert input, advice and comment during the Covid-19 pandemic on a variety of subjects, on ways in which Covid-19 has impacted life and responses to this, including: mental health, careers, the UK supply chain, teamwork in clinical settings, compliance with regulation. In addition we have continued our contribution to medical developments using a state-of-the-art computational simulator, members of Warwick's Zeeman institute have continued their support to the Scientific Pandemic Influenza Group and have led on research that continues to inform government real time decision making.

Highlights this year include:

- Nurturing talent is core to the delivery of the University's research strategy. Warwick has been successful in securing a large number of research fellowships (185 fellowships), many of which have helped to further the careers of our younger researchers, who will be key to the UK's future world-leading research. In addition, the University was awarded funding for doctoral training in sustainability science and in interdisciplinary biomedical research, which includes a partnership with the NHS. This supplements the University's own investment in doctoral training.
- The Warwick Medical School launched the world's largest non-invasive respiratory support trial for Covid-19, funded by the NIHR, which is leading to important developments in critical care for patients.
- The University was awarded three prestigious Prosperity Partnerships to work collaboratively with business on transformative technologies to produce cleaner chemical processing methods, to develop new diamond-enabled technologies and to develop a framework for responsible adoption of Artificial Intelligence in the financial services industry.
- The University is a partner in the TALENT programme, launched in 2021, which aims to advance status and opportunity for technicians in UK higher education and research. The programme is led by Midlands Innovation and brings together universities, industry partners and other key stakeholders.
- Our Institute for Global Sustainable Development, which launched in 2019, continues to be at the forefront of knowledge creation that enables transformations towards a more sustainable, prosperous, healthier, and just world for all. Its mission is to provide a focal point for Warwick's sustainable development research, contributing towards the UN Sustainable Development Goals (SDGs) but still challenging of them.

## public benefit statement

(continued)

- The University has engaged with the Coventry City of Culture research theme (<https://warwick.ac.uk/about/cityofculture/our-research/>), and has to date worked with partners to support over 60 small research projects spanning themes such as Coventry Eats, Transforming the City, Coventry Communities, Coventry Stories, Improving Health and Wellbeing and Connected Coventry. 'Coventry Creates' has matched researchers from the universities of Coventry and Warwick with local Coventry based artists; the result is a series of innovative and unique artistic responses to pieces of University research.
- A film which demonstrates how research at the University has contributed to societal challenges, including the Covid-19 pandemic, has been released and profiled across various social media channels. [https://www.youtube.com/watch?v=0wE2G\\_xeKNw](https://www.youtube.com/watch?v=0wE2G_xeKNw)

### Corporate social responsibility

*Warwick continues to play an anchor institution role within our region. Our regional and community engagement strategy is guided by the University's 2030 vision to be one of the world's exceptional universities, helping to transform our region, country and world for the collective good. Our partnerships ensure we have a real and positive impact on our local area, and that the community benefits from our teaching, research, facilities and other activities.*

This year saw the creation of the Warwick Institute of Engagement (WIE) to bring together Professional Services and Academic staff and students, to set the strategy for and facilitate regular and effective knowledge exchange with a broad public, going out into the community to share Warwick's work and bring the voices of diverse communities back into the University to co-create research and practices. It builds on Warwick's placement in the top 10% of English universities for Public and Community Engagement in the 2021 KEF results.

WIE has four aims:

- Act as a fully representative pan-University hub for joined-up discussion and co-ordination of public engagement activities.
- Build capacity and expertise amongst Warwick staff and students in order to ensure they are able to communicate and work with regional communities and the wider world in the most compelling and effective way possible.
- Create the right opportunities (face to face and digital) for University staff and students to collaborate with the public, key influencers and decision makers, particularly in relation to Coventry and Warwickshire.
- Enable the University to engage more profoundly and sustainably, locally, regionally and nationally.

In its first year of operation, the Institute has appointed 100 Fellows from amongst current staff and students and now works across fourteen Learning Circles, focused on different aspects of Public Engagement, including inclusive engagement, evaluating and assessing public engagement and the new skills (and formats) of public engagement.

At the same time, the University has been working to put Public Engagement on the student agenda as part of the Warwick student experience and, this year, one in four of the University's Undergraduate Research Support Scheme winners had applied to do a Public Engagement project alongside their research project. In addition, across its first six months of operation, WIE has interacted with 22,000 people through its public events, and, working closely with a range of community partners, is now running the Resonate Festival - a yearlong festival in support of Coventry City of Culture. It takes our research off campus into community settings across the city, making connections between our work and key issues, ideas and concerns that matter to people.

## public benefit statement

(continued)

The University is influential in steering local economic policy, particularly through the Coventry and Warwickshire Local Enterprise Partnership and West Midlands Combined Authority (WMCA). In 2019 the West Midlands Local Industrial Strategy (WMLIS) was agreed with government and dedicated to the life and achievements of Professor Lord Bhattacharyya, founder of WMG. Warwick is committed to working with industry and public sector partners to deliver regional growth. Our role in the UK Battery Industrialisation Centre, which will accelerate the UK capability for battery manufacture, is a key example of this commitment.

The University of Warwick Science Park (UWSP) continues to offer office and laboratory space to companies, including start-ups, in four locations across the West Midlands. It is a supportive environment with access to research and resources from the University and has an experienced in-house business support team. UWSP is now home to 113 tenants and a recognised regional centre of Access to Finance excellence - running a range of programmes and operating the largest syndicate based business angel investment activity in the UK (Minerva Business Angels). As companies were forced to send their staff to work from home during Covid-19, much of this vital support has been made available online.

Warwick delivers the Innovate UK funded "Innovation to Commercialisation of University Research" (ICURe) programme across the Midlands region. By October 2021 we had 25 teams complete the ICURe process, resulting in the creation of 15 spin-out companies who attracted £19.5m of funding.

Warwick's innovation and growth programmes have had huge impact across the region - the Digital Information for Manufacturing (DI4M) programme has resulted in over 2000 jobs and £143.4m value added to the West Midlands Economy over three years. Warwick is a partner in 1 Mill Street - a creative industries hub in Leamington Spa which was opened in November 2020. The University supports through incubation of creative start-ups, with 15 companies having joined the programme, and also with networking, events and links to academic expertise.

Warwick is developing its Wellesbourne campus as an innovation campus, supporting diversification of the local economy and increasing job opportunities, including for graduates. The Wellesbourne campus is now home to Lotus Engineering, Rimac, Corteva, Dow Agrosience and a range of small businesses as well as University applied crop and battery research.

The University is a partner for the Midlands Future Mobility programme (<https://midlandsfuturemobility.co.uk/>), which is developing the environment that will play a crucial role in shaping the transport sector. Our campus is part of a network of over 200 miles of roads in Coventry, Warwickshire, and Birmingham that will be used to gather useful data, measure public interaction, and monitor the technology in action.

Community and local need was at the core of our response to the Covid-19 pandemic. We sat on the Major Incident Community Leadership Team convened by Coventry City Council and directly reached out to provide support. We had students and staff volunteering in the local community and shared our knowledge and expertise. Medical students and staff worked to support the NHS and local community with over 500 working in our local hospitals at the height of the pandemic and over 350 working as Covid-19 vaccinators and testers. Significant numbers of students also worked as part of several national clinical trials, including the REACT-2 & REACT GE trials, and have supported testing and vaccination trial activity led by local NHS partners. Some of our laboratory facilities have also been converted to Covid 19 PCR testing facilities and two medical students led a project called Patient Connect, which was a multi-partner initiative enabling patients unable to receive visitors to connect virtually. The University is also a partner in the Rosalind Franklin Laboratory in Leamington Spa which opened in July. The lab is one of the centrepieces of UK's future test and trace infrastructure and will play a key role in responding to new variants of concern and future disease threats.

## public benefit statement

(continued)

The University is also contributing to the region's health and wellbeing through the recently launched West Midlands Health and Wellbeing Innovation Network, in partnership with local health trusts and business. The Network will identify and develop innovations in healthcare which can have a transformational impact in the region.

Warwick researchers continue to make significant contributions to understanding various aspects of Covid-19 – including advising government, mathematical modelling to allow real-time decision-making, optimising mechanical ventilation as well as looking at the economic and social impact of the pandemic. We were a key part of the WMCA/Midlands Engine Thrive at Home programme which provided wellbeing information to organisations and their employees across the Midlands.

As one of the founding Principal Partners, Warwick is working in close partnership with Coventry University, the City Council and the City of Culture Trust to ensure that Coventry's tenure as UK City of Culture contributes to the Cultural, Social, Economic and Health and Wellbeing targets of the city. We funded over 50 collaborative research projects to allow academics to work closely with local community groups to ensure our research benefits the region. In response to the Covid-19 pandemic we launched a new funding call for local artists to respond to research and take part in a digital exhibition.

Warwick Sport continues to provide a broad range of opportunities for students, staff and the external community. Prior to lockdown in 2020 over 2,000 community users had signed up to take advantage of our incredible Sport and Wellness Hub. During lockdown periods our work continued, providing regular online classes and support to encourage people to keep active at home.

In a challenging pandemic year we have retained our strong drive on student engagement in volunteering. Students supported the communities surrounding the University: volunteering in local foodbanks, aiding the mental health of shielding groups through participating in their activities and even repurposed computing equipment for disadvantaged children. Students were also supported and encouraged to volunteer in their home local areas during lockdown and through various online national programmes.

As part of our social responsibility to its local community, the Regional and Community Engagement Team ensures that the University is a 'good citizen' in the way we engage and behave with those communities where it has a major physical, student or staff footprint. The team proactively develops strategic place-making programmes which deliver transformational impact. In 2020, £200,000 funding was secured for a 3-year creative engagement programme in Canley called 'Playing Out' funded through Spirit of 2012. Over the summer, the Community Team worked with community leaders to set up a Samba band and run workshops, which culminated in the first Canley Parade for many years. This parade led Canley residents to the 'Big Lunch' which the Lord Mayor attended.

Warwick Volunteers run several projects in areas adjacent to the University and student residential areas, looking after the green spaces, reducing the loneliness among older residents, running craft activities and supporting other community events.

The Regional Public Engagement and Community webpages share and promote the University's regional and community activities. We share a digital newsletter every six weeks with a growing audience of thousands of people in Coventry and Warwickshire which provides useful resources and expert comment addressing pertinent issues.

## public benefit statement

(continued)

### Social Inclusion

Social Inclusion is one of the four strategic priorities that underpin the University 2030 strategy. The purpose of this strategy is to remove economic, social and cultural barriers that have prevented people from working, studying and succeeding at Warwick. To achieve this we have three overarching objectives:

- Increase the diversity of staff to maximise innovation and creativity
- Develop a culture that supports our students and staff to achieve their potential
- Become an internationally recognised leader in inclusion

Warwick continues to build on the strong foundations of our achievements that include:

- Institutional Silver Athena Award with an additional six silver and eleven bronze Athena Department Awards
- Stonewall Workplace Equality Index top 150

We are a vibrant and international culture, and the diversity of thought that students and staff bring to the work of the University is essential to our innovative approach to research and teaching. We are however keen to reflect the national and regional diversity of the UK. We are working hard to increase the ethnicity diversity through initiatives to develop our talent pool and ensuring that our recruitment and promotion processes are fair and transparent. One of our early successes has been revising our academic promotions process, which has seen significant increases in the number of women and Black, Asian and other minority ethnic professors able to progress. This year has also seen the launch of INspire, a programme designed to increase the diversity of our senior talent pool. We have set targets for greater diversity at senior levels for academic and professional services staff.

Through our widening participation work, we continue to welcome a greater diversity of students, including those who have been in care, refugees and students from economically disadvantaged backgrounds. We are also delighted to be working with EY Foundation, providing young people in the region with work and skills experience, and opening up the University experience. At the end of our first pilot one of our participants has become a Warwick Scholar and Warwick has been nominated for the EY Foundation Impact Awards. We are proud to be a University of Sanctuary, having successfully renewed our status this year. Our work includes providing scholarships to refugee students and working with local refugee communities.

An inclusive culture that supports our students and staff to achieve their potential is a key goal and we are engaged in a number of activities to help us to achieve this. This includes our determination to eliminate any academic awarding gaps for our students by working in partnership with them to ensure teaching practices are inclusive and that curriculums reflect the diversity of students and staff. In addition to the recently developed Inclusive Education Model (see Section on Teaching and Learning) which is intended to provide a foundation for whole institutional, structural change, we are facilitating peer mentoring for Black, Asian and other minority ethnic students which is helping to accelerate our progress.

We are also working with organisations such as the Business Disability Forum to better understand the needs of students and staff and have recently been awarded a Bronze award for our Disability Standard submission to the Forum.

Achieving race equality is a priority issue and to help us achieve this we have completed a submission for the Race Equality Charter Mark and pledged our support for the Business in the Community Race at Work Charter. We now have a clear three year action plan to help us achieve our goals.

## public benefit statement

(continued)

Working in partnership with students and staff is an important principle and we have a number of Taskforces (Gender, Race Equality, Disability and Rainbow) with a further taskforce for Religion and Belief in the process of being set up. The Taskgroups are all represented on the Social Inclusion Committee, which is a joint committee of the Senate and Council. Supporting our staff to work in an inclusive environment is also important, providing resources through UK Carers Platform is one way that we do this, in addition to EDI Wellbeing Champions and 670 staff LGBTQUA+ supporters. In 2020/21 we submitted our application for a Race Equality Charter Mark and are working towards the Thrive at Work Commitment. We have also committed and pledged our support for the Business in the Community Race at Work Charter.

We want to share the good practice that we have developed and to learn from our partners by engaging with and contributing to regional, national and international work on social inclusion. Two of our key projects in this area are working with regional partners, Coventry City Council and Warwickshire and Coventry LEP to engage regional employers on inclusive leadership and working with European universities through EUTOPIA and The Guild of European Universities.

### **Responsible Investment**

Our investments are managed in line with our Socially Responsible Investment Policy (available at [https://warwick.ac.uk/services/finance/corporate\\_information/socially\\_responsible\\_investment\\_policy/](https://warwick.ac.uk/services/finance/corporate_information/socially_responsible_investment_policy/)). We consider that environmental, social and corporate governance (ESG) factors have a material impact on investment returns and therefore investment decisions informed by socially responsible and ethical considerations will produce the better overall returns in the long term. Our University Investment Fund is now managed by Rathbone Greenbank with the portfolio invested in collective funds of ESG-compliant securities. We promote and monitor compliance with the highest standards of research ethics as embodied in UK regulation and practice. We carefully consider the nature of any funding we are offered from an ethical perspective.

### **Environmental Sustainability**

We are firmly committed to sustainability and work in partnership with our staff and students to promote environmental sustainability. Our 2030 Strategy focuses on action through education, research and our sustainable campus, using the UN's Sustainable Development Goals as an overarching framework. We understand that if we want to get to a sustainable future, we'll need the best scientific research to help conceive new ideas, mobilise them, test, learn and improve fast. Our work connects industry and academia, public and private enterprise, to help create practical technologies, systems and products that can help us on our way. Alongside our research and innovation, our education will help to ensure that we can all embrace and drive change. We will seek to understand that we empower people across society to get to a sustainable future and empower communities to embrace new behaviours and ways of living. We seek to lead by example on our campus by developing sustainable transport, energy and a green campus to enhance the environmental sustainability of our University as a key priority. Our Environmental Policy is available at: <https://warwick.ac.uk/about/environment/warwick/policies>

It's our vision to lead the way at Warwick by trialling new ideas and activities that will help to create a greener, cleaner, safer, better world for all, to use our campus as a space for experimentation and innovation before we take ideas and research out into the world and to do this collectively as a community.

## public benefit statement

(continued)

In September 2019 we confirmed our target to achieve net carbon neutrality from energy use in 2030 and from all activities in 2050. To assist in working towards these targets, we have established a new action group, 'Environmental and Social Sustainability Action Group' (ESSAG), to proactively challenge, guide and steer our future work and have renamed the University Estates Committee as the University Estates and Environment Committee.

## Our Environment and Sustainability

In September 2019 the University confirmed its target to achieve net-carbon neutrality from energy use in 2030, and from all activities in 2050 in line with UK Government and COP21 Paris Climate Change agreement.



### UniDrive

is a carpooling app that makes students' commute from cities to campus much easier



University of Warwick declares a state of Climate Emergency November 2019



Total generating capacity of solar panels on university buildings increased from 728kWp in 2020 to **1132kWp** in 2021.



We generated **50%** of our own electricity in 2020/21



The University has invested **£11.9m** in projects to reduce carbon emissions since 2009



Carbon emissions by unit of income **reduced by 52.2%** between 2005 and 2020



### 24 groups and societies

involved in promoting sustainability.

Students are encouraged to engage with sustainability issues through teaching, research and student society projects, including the provision of optional modules, and courses such as the Global Sustainable Development degree or an MSc in Sustainable Energy Technologies.

## carbon emissions

	2020/21	2019/20
<b>Energy consumption used to calculate emissions (kWh)</b>		
Gas	166,032,019	152,133,691
Grid Electricity	28,194,573	32,100,682
Petrol and Diesel	327,800	675,338
LPG for heating	33,396	56,153
	<b>194,587,788</b>	<b>184,965,864</b>
<b>Scope 1 emissions (tCO2e)</b>		
Gas	30,410	27,973
Petrol and Diesel	77	162
LPG	7	12
	<b>30,494</b>	<b>28,147</b>
<b>Location Based Scope 2 emissions (tCO2e)</b>		
Grid Electricity	5,987	7,484
	<b>36,481</b>	<b>35,631</b>
<b>Total Location Based Scope 1 and 2 emissions from University activities (tCO2e)</b>		
Less: Scope 2 emissions re electricity procured from accredited renewable sources (tCO2e)	(1,004)	(7,012)
	<b>35,477</b>	<b>28,619</b>
<b>Total Location Based Scope 1 and 2 emissions from University activities (tCO2e) excluding scope 2 emissions where suppliers are certified for providing 100% renewable electricity</b>		
Less: estimated carbon capture sequestration on campus	(63)	(63)
	<b>35,414</b>	<b>28,556</b>
<b>Intensity ratios</b>		
tCO2e/student FTE	1.38	1.18
tCO2e/research £'000	0.25	0.22
tCO2e/staff FTE	5.55	4.36

### Basis of calculation

Whilst the disclosure of emissions is currently voluntary for the Higher Education sector, the University believes it is good practice to disclose its emissions. This disclosure has been prepared to align with the 2019 HM Government Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard.

Energy consumption is mostly taken from meter readings. Where no meter readings are available, industry body benchmarks have been applied (e.g. consumption per building floor area). The related carbon emission is then determined by using 2020 and 2021 Conversion Factors published by the UK Government for greenhouse gas reporting

<https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

Location-based scope 1 and 2 emissions are reported gross and also net of emissions relating to electricity procured from accredited renewable sources. Only certified energy suppliers with 100% renewable fuel mix which are passed through to customers are reflected in this adjustment, with emissions from other electricity supply being reflected in line with UK grid average emissions. The University intends to procure energy solely from 100% renewable sources going forwards.

## carbon emissions

(continued)

This disclosure reflects University Group activities and excludes all emissions from third parties operating in University buildings. This follows the methodology of the 2019 HM Environmental Reporting Guidelines to report on units within the organisation's financial and operational boundaries.

A prudent estimate of total CO<sub>2</sub>e sequestered on campus by the University's trees is provided, based on current tree survey methods which we will continue to develop. The University will continue to grow its carbon offset potential through an ongoing tree planting programme and other natural asset initiatives on University grounds.

### Intensity Ratios

The chosen intensity measurement ratios are net Scope 1 & 2 carbon dioxide equivalent emissions in metric tonnes (tCO<sub>2</sub>e) per student FTE, per £'000 of research income and per staff FTE, reflecting the combination of teaching, research and supporting activities that the University undertakes.

### Movement between 19/20 and 20/21

Total location-based scope 1 and 2 emissions have increased slightly by 2% between the reporting years due to a mix of factors. The increase in gas consumption between the years was driven by higher utilisation of the University's substantial gas fired combined heat and power (CHP) installations, colder weather (2,210 heating degree days<sup>1</sup> in 2020/21 compared to 1,990 in 2019/20) and a change in ventilation practices in response to the coronavirus pandemic that increase the space heating demand in buildings. The increase in gas consumption is offset by lower electricity usage due to fewer people being on campus driving lower demand combined with the year-on-year increase in on site CHP utilisation further reducing grid electricity purchases. Grid electricity emissions are also lower due to the reduction in the grid average electricity carbon factor which fell by 9% between years.

Most of the petrol and diesel consumption relates to grounds maintenance, portering, shuttle buses, and agricultural vehicles at the Wellesbourne campus. Fuel emissions have decreased due to lower campus activity as a consequence of Covid-19.

LPG is used for heating and hot water in a mixed use building at the University. This property is used intermittently and was occupied for less time in the 2020/21 reporting year driving a decrease in LPG carbon emission.

Carbon emissions movements for Scope 1 follow year on year variances in the energy consumed for each given fuel.

Total location-based scope 1 and 2 emissions from University activities, excluding emissions where electricity is procured from certified renewables sources, have increased significantly by 24% between the reporting years due to changes in grid electricity suppliers. During the 2019/20 reporting year over 90% of grid electricity consumed through University activities was procured from accredited renewable sources. Following a change in supplier during the year, the level of electricity procured from renewable sources reduced in the 20/21 reporting year. The University is committed to renewable purchases for all future energy contracts, to be effective from the end of existing forward contracts which run up to October 2022.

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<sup>1</sup> Heating degree days give an indication of the thermal energy required for heating based on outside air temperatures.

## carbon emissions

(continued)

### **University climate emergency statement, measures taken to improve energy efficiency**

In 2019 the University announced its target to reach net zero carbon from our direct emissions (scope 1 and 2) and the energy we buy by 2030.

There are continuous efforts to reduce energy demands through building performance analysis, investment in existing building stock and behaviour change campaigns. Higher energy performance standards are in place for new builds alongside zero carbon fuel sources. As noted above, when existing contracts end in October 2022, all purchased grid electricity is intended to be from renewable sources.

The University is also putting in place initiatives to significantly reduce its indirect emissions with the aim of achieving net zero carbon for both direct and indirect emissions (scope 1, 2 and 3) by 2050. Ambitious embodied carbon targets for new builds and a new travel policy are in place to encourage lower carbon travel. More can be found at [https://warwick.ac.uk/about/environment/news/climate\\_emergency\\_declaration](https://warwick.ac.uk/about/environment/news/climate_emergency_declaration)

The University has a Socially Responsible Investment policy at [https://warwick.ac.uk/services/finance/corporate\\_information/socially\\_responsible\\_investment\\_policy/](https://warwick.ac.uk/services/finance/corporate_information/socially_responsible_investment_policy/)

# corporate governance

## The University

1. The University has charitable status as one of the exempt charities listed in Schedule 3 to the Charities Act 2011. It is therefore exempt from certain requirements of that Act, including the need to register with the Charity Commission. The Office for Students (OfS) is the “principal regulator” for charity law purposes of those English universities which are exempt charities and the current regulatory framework has been in effect since 1 August 2019. The University’s legal status derives from a Royal Charter originally granted in March 1965. Its objects, powers and framework of governance are set out in the Charter and its supporting Statutes, which were modernised with effect from 13 February 2019, following a review of the University’s Governing Instruments in 2018/19.
2. The University conducts its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to universities that had been provided by the OfS and the Committee of University Chairs (CUC) in the Higher Education Code of Governance. A ‘fit and proper’ test for all members of the University Council has been adopted. The University is mindful of its charitable purpose and its strategy aims to encompass its public benefit role.

## The University Council

3. The University Council is the executive governing body, responsible for the finance, property, investments and general business of the University, and for setting the general strategic direction of the institution. It has a majority of members from outside the University (described as independent members), from whom the Chair, Vice-Chair and the Treasurer are drawn. Also included in its membership are representatives of the staff of the University and the student body. None of the independent members receive any payment, apart from the reimbursement of reasonable expenses, for the work that they do for the University.
4. The Terms of Reference for the University Council and each of its Committees are publicly available on the University’s website (<https://warwick.ac.uk/services/gov/committees/>), as well as a diagrammatic representation of the University’s Committee structures (<https://warwick.ac.uk/services/gov/committees/diagram/>). The University makes redacted minutes of each University Council meeting publicly available via its website, alongside the full agenda (<https://warwick.ac.uk/services/gov/committees/council/minutes>). Papers that are not confidential are readily available from the Modern Records Centre (<https://warwick.ac.uk/services/library/mrc>). The Scheme of Delegation, developed during 2018/19 and approved by the University Council in October 2019, is also available on the University’s website (<https://warwick.ac.uk/services/gov/calendar/schemeofdelegation>). The Scheme is reviewed annually over the summer and presented to the University Council for approval each October.
5. The University Council has, during the academic year 2020/21, undertaken a number of extra formal and informal sessions in recognition of the ongoing Covid-19 pandemic. The University Council has continued to work in conjunction with the Senate to monitor compliance with the OfS’s ongoing conditions of registration, any terms and conditions of funding, as well as any other relevant regulatory responsibilities. The University Council will receive information explicitly describing the ways in which the organisation has complied with these terms and conditions, at the same time as it receives information required for submission for the OfS’s Annual Accountability Return.

## corporate governance

(continued)

6. The University Council approves its Code of Practice on Corporate Governance and Statement of Primary Responsibilities annually. A copy of the Code of Practice on Corporate Governance can be obtained from the University's website. The Responsibilities of the University Council are set out on pages 36 and 37 of these accounts.
7. The University Council normally meets formally at least five times each academic year. The University Council is supported by a number of sub Committees, as outlined in its Code of Practice on Corporate Governance. Reports from each sub Committee, as well as from the Senate, inform the work of the University Council.
8. During the financial year ending 31 July 2021 (and continuing except where indicated), the following individuals were members of the University Council: D Normington (Chair), L Ainsworth, Y Akinola, K Bedell-Pearce (member to 31 December 2020), G Bennett (from 1 September 2020), A Bhalla (Vice-Chair), B Claire, Professor S Croft (Vice-Chancellor and President), Professor C Ennew, Dr J Ferrie (to 31 July 2021), Professor C Hughes (to 14 October 2020), R Hyde (from 19 May 2021), Professor S Jacka, Dr D Keith, A Sefah (as Democracy and Development Officer from 1 August 2020 to 31 July 2021), Professor D Leadley, Professor A Lockett, L Mepham (as Students' Union President from 1 August 2020 to 31 July 2021), Professor R Moseley (from 1 August 2020), J Nickalls, A Penfold, N Sachdev (Treasurer from 1 August 2020), Professor M Shipman (to 14 October 2020), Professor P Thomas (to 14 October 2020), G Tucker.

For the subsequent period, 1 August 2021 onwards, to the approval of these financial statements (and beyond): S Dzumbira (as Students' Union President from 1 August 2021), James Furse (as an independent member of Council from 1 August 2021), and J Jefferson (as Democracy and Development Officer from 1 August 2021).

As detailed in our 2019/20 Statement, at its meeting on 14 October 2020, the Council approved a change to its constitution, beginning 15 October 2020, reducing from 26 to 21 members. The Pro Vice-Chancellors Professor C Hughes, Professor M Shipman and Professor P Thomas are no longer members, but now attendees, of the Council. In addition, the number of independent members has reduced from 14 to 12.

9. The University maintains a Register of Interests of members of the University Council which may be consulted by arrangement with the Secretary to Council. An anonymised version of the Register of Interests was made available on the University website from November 2020. All members of the University Council, and sub Committees, are requested to declare any conflicts of interest in relation to the agenda of each meeting.
10. The Secretary to Council plays a key role in the operation and conduct of Council business, and provides advice to the Chair of Council on all matters of procedure and in respect of any matters where conflict, potential or real, may occur. All members of the governing body have access to the services of the Council Secretariat.

## corporate governance

(continued)

### The Audit and Risk Committee

11. There is ongoing oversight of risk management, control and governance by the Council's Audit and Risk Committee (A&RC), which seeks assurance from a number of sources, including: the University's internal audit service; the University's external auditors; reports from external funding and quality assurance bodies; reports from the Strategic Risk Advisory Board; management representations, and deep dive reviews of areas of particular significance. The Chair of the A&RC reports to the University Council at every meeting.

### Finances and Public Funds

12. Under the terms and conditions of OfS funding, the University Council is responsible for the University's use of public funds. Acting on behalf of the University Council, the Vice-Chancellor and President, as the Accountable Officer, has overall responsibility for ensuring that all public funds are properly used and the University achieves value for money. The Vice-Chancellor and President is supported in this regard by the Executive Team, who manage various related processes and systems.
13. The University's system of internal controls and governance structures ensure regularity and propriety in the use of funds, including all public funds, via the following.
14. Processes:
  - a) As detailed in the Statement of Internal Control (page 32), the University Council is responsible for maintaining a sound system of internal control that safeguards the public and other funds and assets for which it has responsibility.
  - b) The University maintains a comprehensive suite of Financial Regulations and Procedures, giving control over the totality of the University's resources and providing an appropriate financial regulatory framework which ensures that resources are used with due regard to propriety, regularity and value for money, in the context of the achievement of the University's strategic plan. Anyone with a contractual relationship with the University (including all employees and honorary staff) is required to abide by the Financial Regulations and Procedures.
  - c) The University is required to adhere to key funder rules, in addition to the requirements of its own Financial Regulations and Procedures, and operates various controls to do this.
  - d) The University's Internal Audit function provides assurance to management and the A&RC. Internal Audit makes recommendations for improvement in key management processes. It particularly aims to ensure that key risks are being appropriately managed, including those in relation to the use of funds and value for money.
15. Reporting and Planning:
  - a) The University produces departmental financial reports throughout the year, as part of quarterly financial performance reporting for the University as a whole, enabling departmental heads and the University Executive team to understand and manage the financial position.
  - b) Financial performance and updated forecasts are provided to the University Executive Board (UEB) and the Finance and General Purpose Committee (FGPC). The Group Finance Director and the Chair of the FGPC report at each University Council meeting on matters that the FGPC has discussed since the last Council meeting, and on anything that requires Council approval or note.
  - c) The University Council annually approves the financial statements providing the out turn for the year ended 31 July and the Financial Plan covering future years, as required by the OfS. The Financial Plan supports the University in delivery of its strategy whilst protecting its future financial viability and sustainability.
  - d) The University has in place an Access and Participation Plan, approved by the OfS.

## corporate governance

(continued)

16. Committees.
- a) The following Committees support the University Council in various financial aspects.
  - b) The University Council has delegated responsibility for the close monitoring of finances to the FGPC. The role of the FGPC includes:
    - i. Advising and making recommendations to the University Council regarding the financial management of the University within the context of the University Financial Plan. This includes monitoring the implementation of the University's financial strategy; overseeing the University's strategic financial planning; recommending to the Council the University's annual capital and revenue budget and financial plan, and approving release of resources in line with budget and plan; monitoring of financial performance against budget; review and approval of the University's financial regulations and procedures.
    - ii. Monitoring the economy, efficiency and effectiveness of the deployment of the University's resources, liaising with the A&RC as appropriate.
  - c) The Financial Plan Sub Committee (FPSC), a sub Committee of the FGPC, has responsibility for detailed review of the Financial Plan, including the authority to approve new expenditure up to defined limits, and also reports to the FGPC on its approval of Transparent Approach to Costing (TRAC) and TRAC(T) returns to the OfS, on behalf of the University Council.

### The Remuneration Committee

17. The University Council has delegated the following authority to the Remuneration Committee:
- a) The determination of the remuneration of senior members of the University staff whom it is deemed appropriate, including but not exclusive to:
    - Vice-Chancellor and President;
    - Provost;
    - Registrar;
    - Pro-Vice-Chancellors;
    - Vice-Presidents;
    - Group Finance Director;
    - Commercial Director;
    - Chief Information and Digital Officer;
    - Chief Communications Officer;
    - Secretary to Council;
    - Chairs of Faculty;
    - Executive Chair of Warwick Manufacturing Group;
    - Executive Dean of Warwick Manufacturing Group;
    - Executive Dean of Warwick Business School;
    - Executive Dean of Warwick Medical School; and
  - b) The determination of the level of severance pay to be awarded to those members of staff whose salary exceeds £100,000.

The University Council appoints members of the Remuneration Committee who have expertise in leadership and/or senior remuneration in other sectors. The constitution of the Remuneration Committee during 2020/21 was as follows: Chair of the Council (Chair), Treasurer, three independent members of the University Council, with expertise in leadership and/or senior remuneration (Dr J Ferrie (to 31 July 2021), Dr D Keith (to 21 September 2021), L Ainsworth (from 19 May 2021)), one independent member external to the Council, with expertise in leadership and/or senior remuneration (J Furse). The Remuneration Committee meets four times each year. It reports annually to the Council on the work of the Committee, including decisions taken under delegated authority. The Remuneration Committee exercises its delegated authority on behalf of the University Council within an agreed remuneration policy framework. Any matters in relation to remuneration or severance pay that do not fall within the approved remuneration policy framework or the delegated authority of the Committee are referred to the University Council for approval.

## corporate governance

(continued)

In proposing and applying the framework, the Remuneration Committee had regard to 'Guidance on decisions taken about severance payments in HEIs' published by the CUC, as required by the OfS. The framework for University Senior Remuneration 2020/21 has been approved by the University Council and is published online: <https://warwick.ac.uk/services/gov/committees/rc/rcframework18>. In addition, the Remuneration Committee approves annually the operating framework within which the Vice-Chancellor shall exercise their authority to determine senior remuneration, and receives an annual report on the work of the University Executive Board (Remuneration). The constitution and terms of reference of the Remuneration Committee are available in the Code of Practice on Corporate Governance. In terms of all recruitment to the University we provide a welcoming and inclusive working and learning environment, recognising and respecting all individuals' differences. We therefore welcome applications from people who identify with any of the Protected Characteristics, such as race/ethnicity, disability, sexual orientation, or gender identity/expression.

### **The Senate**

18. The Senate is the academic authority of the University and draws its membership entirely from the staff and the students of the institution. Its role is to direct and regulate the teaching and research work of the University. Whilst the University Council and the Senate have clearly defined functions and responsibilities, there is active consultation and interaction between the two bodies.

### **The Vice-Chancellor**

19. The principal academic and administrative officer of the University is the Vice-Chancellor and President who has a general responsibility to the University Council for maintaining and promoting the efficiency and good order of the University. Under the Regulatory Framework for Higher Education in England between the University and the OfS, the Vice-Chancellor and President is the Accountable Officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.
20. As Chief Academic and Administrative Officer of the University, the Vice-Chancellor and President exercises considerable influence upon the development and implementation of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Vice-Chancellor and President is supported by the senior executive team.

### **Other**

21. Any enquiries about the constitution and governance of the University should be addressed to the Secretary to Council.
22. This statement relates to the period covered by these financial statements, and the period up to the date of approval of these audited financial statements.

## statement of internal control

The Council is responsible for maintaining a sound system of internal control which identifies and manages risk linked to the achievement of the aims and objectives of the University, and the efficacy of its policies, whilst safeguarding the public and other funds and assets for which it has responsibility.

A system of control is designed to identify, evaluate and mitigate risk to a reasonable level rather than to eliminate all risk, and therefore can only provide reasonable and not absolute assurance of effectiveness. This is particularly pertinent this year with the impact that Coronavirus has continued to have on the University and the Higher Education (HE) sector, in the context of the wider global impact of the pandemic.

Key elements of the system of internal control, which are designed to discharge the responsibilities set out above, include the following:

- Approval of University strategy by the Council, whose membership includes a majority of external members, together with academic professional services and student representation.
- Monitoring the performance of the University through the annual consideration by the Council and other relevant Committees of Key Performance Indicators and Transformational Milestones.
- An annual and forward looking operating and capital planning process that combines top-down and bottom-up input, and is subject to challenge and scrutiny via a range of appropriately informed Committees.
- Quarterly monitoring of financial performance and updates to forecast out-turns.
- Clearly defined requirements for control of expenditure, including the appointment of staff, investment and borrowings, together with comprehensive Financial Regulations and Procedures.
- An Internal Audit function that undertakes investigative work to identify any areas of weakness in compliance with University policies, procedures and internal controls, primarily based on an agreed audit plan, but also in response to the identification of emerging risks or in response to actual issues.

The Audit and Risk Committee, whose membership is entirely external, plays a key role in providing the Council with objective assurance that its system of internal control is effective. The Audit and Risk Committee provides reports to the Council at each of its meetings, in addition to providing its formal opinions on the adequacy and effectiveness of Warwick's arrangements for risk management, control and governance, economy, efficiency and effectiveness, and the management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, the Office for Students (OfS) and other bodies in its Annual Report to the Council.

- The Audit and Risk Committee provides challenge on operational, financial and risk matters coming before it and, where appropriate, monitors agreed actions to ensure that changes and recommendations are duly implemented.
- The Audit and Risk Committee receives regular reports from the Head of Internal Audit that provide an overview of internal control matters (in the main as set out in the agreed Internal Audit Plan), including an opinion on the adequacy and effectiveness of the University's systems of internal control, together with recommendations for improvements. The work and conclusions of Internal Audit provide the primary source of evidence for the Audit and Risk Committee's opinion on the adequacy and effectiveness of the University's internal control arrangements and subsequent improvements that may be required.
- Additionally, the Audit and Risk Committee considers an annual report from the Head of Internal Audit that provides and evidences an opinion on the adequacy and effectiveness of the University arrangements for economy, efficiency and effectiveness (value for money) as well as risk management, control and governance, in addition to a report summarising the data management and returns assurance processes.

## statement of internal control

(continued)

- Representatives from the University's External Auditors attend the meetings of the Audit and Risk Committee, providing various reports on developments in the sector, as well as their External Audit Strategy and Planning Memorandum in May, and their Management Letter relating to the Financial Accounts for the year in November. The Management Letter provides the Committee with assurance as to the effectiveness of the University's controls in preparing the Financial Accounts, and compliance with accounting and regulatory guidance.
- The Audit and Risk Committee meets on, at minimum, an annual basis with Internal Audit as well as External Audit without University management being present.
- The Audit and Risk Committee also receives periodic reports on the management of the University's significant risks and on specific areas of internal control.

The Audit and Risk Committee has oversight of the University's risk management strategy and policy on behalf of the Council.

- The University operates a system of risk management designed to identify the significant risks to the achievement of the University's strategy, to evaluate the nature and extent of those risks and to manage them effectively.
- The Council holds ultimate responsibility for ensuring the effective and efficient management of institutional risk. The Council monitors formally the institutional risk profile twice a year and is ultimately responsible for the University's key risks. A broader sector-wide discussion is on an annual basis.
- The Senate maintains an oversight of all academic risks facing the institution. The Senate undertakes strategic planning activities in relation to academic risk identification.
- The University Executive Board (UEB) has responsibility for the initial identification and oversight of risks associated with the University Strategy, as well as monitoring key institutional financial and strategic/capital project risks. It has the oversight of resource prioritisation in a risk/opportunity context. It undertakes regular strategic planning activities in relation to strategic risk identification.
- The Academic Resourcing Committee, and Campus and Commercial Services Group consider departmental risk assessments, maintain oversight of key department risks throughout the year, and escalate those that could have significant institutional impact.
- The Strategic Risk Advisory Board (SRAB) was formed following the disestablishment of the Operational Risk Management Group (ORMG). The SRAB supports the UEB through reviewing risks from across the institution to ensure effective identification and escalation of risks to UEB for potential inclusion on the Strategic Risk Register. The SRAB encourages the adoption of the principles of business continuity plan. The Audit and Risk Committee also receives periodic reports on the management of the University's significant risks and on specific areas of internal control. Additionally, this year the Audit and Risk Committee has received detailed reports from the Chief Information and Digital officer related to the ICO audit, the Data Protection Officer related to the monitoring of data breaches and Freedom of Information Requests, the Secretary to Council on Whistleblowing enquiries and reports from the Business Continuity and Recovery Programme (BCRP) related to the University's response to the Coronavirus pandemic.
- During 2020/21, and in response to the Coronavirus pandemic, the Business Continuity and Recovery Programme (BCRP) supported the UEB through its responsibility for operation of and compliance with government guidelines, risk identification, analysis, evaluation and monitoring.
- Heads of Department and individual risk owners, with support from the Risk and Resilience team, are responsible for the consideration and dynamic management of risk within their remit.
- The University recognises the need to identify, understand and manage the risks inherent in the changing operating environment, and in developing strategies in response, and therefore consideration of risk is explicit in the development and implementation of strategy, and is required as part of any business case and as part of the management of institutional projects.

## statement of internal control

(continued)

### Risk Management

The University has a Risk Management Policy which is approved by the Council. The policy sets out the approach to risk management and is a guide for individuals and committees whose responsibilities include some or all of the elements of risk management or oversight.

Full details of the Risk Management Policy that has been active through 2020/21 are available here:

[https://warwick.ac.uk/services/gov/riskmanagement/updated\\_risk\\_management\\_policy\\_approved\\_by\\_council\\_july\\_2018\\_without\\_ra.pdf](https://warwick.ac.uk/services/gov/riskmanagement/updated_risk_management_policy_approved_by_council_july_2018_without_ra.pdf)

All senior managers and heads of departments are required to implement the Risk Management Policy and ensure colleagues are appropriately equipped to manage risk within their responsibilities. The policy is currently being updated to reflect changes to risk management processes that were being implemented across the University, including references to risk appetite statements and the newly-established Strategic Risk Advisory Board, these updates have received an initial review by the Policy Oversight Group, with further work being carried out on the policy before progressing through its usual approval route.

Risk management operates across all levels of the University, from daily departmental activities and the management of projects, to formal bodies charged with institutional governance, decision-making and institutional strategy-setting. Irrespective of the level at which risk management is operating, the definition of risk used by the University is: 'The combination of the probability of an event and its consequence impacting upon the achievement of agreed objectives. Consequences can range from positive to negative'. The definition of risk management used by the University is: 'The process by which uncertainty is quantified (where possible), assessed, recorded and managed in order to enable innovation and support good, well-informed decision-making at all levels of the institution'.

Risk Management at the University adheres to five guiding principles. Risk management should be:

- **Proportionate** to the level of risk with the institution
- **Aligned** with other business activities
- **Comprehensive**, systematic and structured
- **Embedded** within the business processes of the institution
- **Dynamic** and responsive to emerging and changing risks.

The Risk Management policy and the guiding principles have been adopted by the Business Continuity Recovery Programme (BCRP) in their management of risks associated with the Coronavirus pandemic.

The University has a Risk Management Framework and illustrates the coordination of the risk management activities that take place across all parts of the University. It shows how assurance is provided to the University Executive Board and the Council that the process of identification, management and reporting of risks is taking place effectively at all levels.

The Council is ultimately accountable for ensuring that effective risk management is undertaken by the University. The Council must be kept informed of the University's total risk portfolio when reaching its decisions as well as receiving appropriate assurance as to the effectiveness of the processes in place to monitor and assess the University's risks. The Council has delegated to the Audit and Risk Committee the responsibility for concluding on the adequacy and effectiveness of the processes in place for the management of risk. In forming its judgement on an annual basis, the Audit and Risk Committee takes into account the work of the Internal Audit function. Internal Audit undertakes an annual assessment of the institution's overall risk management by assessing the adequacy and effectiveness of local risk management processes as part of their programme of audits. The Risk Management Framework is included within the planning process, which results in either a full review or a review of specific elements of the framework guided by the level of change taking place. The Council formally considers the strategic risk register as part of its annual programme of business. The Council has recently included a KPI for risk management and this is reviewed alongside the University's strategic KPIs.

## statement of internal control

(continued)

This statement relates to the period covered by these financial statements, and the period up to the date of approval of these audited financial statements. The system of internal control has operated as intended and there were no significant control failures during the period. The University continues to strengthen its control over its arrangements for data security and compliance in the light of the external environment.

## statement of primary responsibilities of the council

of the University of Warwick

This Statement is based on the Model Statement contained in the Higher Education (HE) Code of Governance published by the Chairs of University Committees (CUC) in September 2020, adapted to reflect the powers and responsibilities that the Council of the University of Warwick derives from the University Statutes.

The Council is the governing body of the University and its members are the trustees in relation to the University's status as an exempt charity. Subject to the powers of the Senate as provided for in the University Statutes, it has ultimate responsibility for the affairs of the University. It is responsible for reviewing the work of the University and taking such steps as it thinks proper for the purpose of advancing the interests of the University, maintaining its efficiency, encouraging teaching, the pursuit of learning and the prosecution of research and providing for the recreation and well-being of students.

Consistent with the University's constitution, the primary responsibilities of the University Council are as follows:

1. To enable the University to achieve and develop its mission and primary objectives of learning, teaching and research.
2. To approve and keep under review the University's long-term academic and strategic plans, including key performance indicators, and ensuring that these meet the interests of the University's stakeholders and beneficiaries, especially staff, students and alumni.
3. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against its plans and approved key performance indicators. Where possible and appropriate, these shall be benchmarked against other comparable institutions.
4. To delegate authority to the Vice-Chancellor and President for the effective academic, corporate, financial, estate and human resource management of the University.
5. To establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice-Chancellor and President.
6. To ensure the establishment and monitoring of systems of control and accountability, including transparent financial and operational controls and risk assessment, value for money arrangements and clear procedures for handling internal grievances and for managing conflicts of interest.
7. To establish processes to monitor and evaluate the performance and effectiveness of the Council and the University's systems of governance and decision-making.
8. To conduct its business in accordance with best practice in higher education corporate governance, with the principles of public life drawn up by the Committee on Standards in Public Life, and with due regard to the Charity Commission's guidance on public benefit.
9. To safeguard the good name and values of the University and to be responsible for the ethical governance of the University.
10. To appoint the Vice-Chancellor and President as Chief Academic and Administrative Officer of the University and the Office for Students' Accountable Officer and to put in place suitable arrangements for monitoring their performance.
11. To appoint the Secretary to the Council and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.

## statement of primary responsibilities of the council

of the University of Warwick (continued)

12. To be the employing authority for all staff in the University and to be accountable for ensuring that an appropriate human resources strategy is established for the University.
13. Subject to the powers of the Senate, to be the principal financial and business authority of the University, to ensure that proper books of account are kept and, to approve the University's annual budget and financial statements and to have overall responsibility for the University's assets, property and physical estate. The Council has to ensure that the going concern basis is appropriate for the preparation of the financial statements and to be satisfied that they give a true and fair view. The Council is required to prepare financial statements in accordance with the University Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions and other relevant accounting standards, as well as the Accounts Direction issued by the Office for Students.
14. To be the University's legal authority and to ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name.
15. To receive assurance that adequate provision has been made for the general welfare of students.
16. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
17. To determine regulations for the custody and use of the common seal of the University.
18. To be responsible for effective planning, ongoing control, monitoring and review of the University's health and safety management procedures.
19. To approve changes to University Statutes and to ensure that the University's constitution is followed at all times and that appropriate advice is available to enable this to happen.
20. To promote a culture which supports inclusivity and diversity across the University.
21. In partnership with the Senate, to maintain and protect the principles of academic freedom and freedom of speech legislation.
22. To ensure that all students and staff have opportunities to engage with the governance and management of the University by operating in an open, honest and accountable manner and allowing for a range of perspectives to have influence.

# independent auditor's report

to the Council of the University of Warwick

## report on the audit of the financial statements

### opinion

We have audited the financial statements of the University of Warwick ("the University") for the year ended 31 July 2021 which comprise the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Statement of Financial Position, the Consolidated Cash Flow Statement and related notes, including the Statement of Principal 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 2021, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

### basis for opinion

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

### going concern

The Council has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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

Our conclusions based on this work:

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

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

## independent auditor's report

to the Council of the University of Warwick (continued)

### fraud and breaches of laws and regulations – ability to detect

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

- Enquiring of the Council, the Audit and Risk Committee, internal audit and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Council, Audit & Risk Committee and Finance & General Purposes Committee minutes.
- Obtaining a copy of the Group’s fraud register.

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

As required by auditing standards, and taking into account possible pressures to meet loan covenants and performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from tuition fees is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as impairment and pension assumptions.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those with unusual descriptions and those posted to seldom used accounts relating to revenue or estimates.
- Assessing significant accounting estimates for bias.

### identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

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

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

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

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to

## independent auditor's report

to the Council of the University of Warwick (continued)

### identifying and responding to risks of material misstatement due to non-compliance with laws and regulations (continued)

have such an effect: GDPR, Health and Safety legislation, employment and social security legislation, and the regulatory framework of the Office for Students, recognising the regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### other information

The Council is responsible for the other information, which comprises the Financial Highlights, the Financial Review, the Public Benefit Statement, the Carbon Emissions Statement, the Corporate Governance Statement, the Statement of Internal Control and the Indicators of Financial Health. 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; and
- in our opinion the information given in the Financial Highlights, the Financial Review, the Corporate Governance Statement, the Statement of Internal Control and the Indicators of Financial Health is consistent with the financial statements.

### Council responsibilities

As explained more fully in their statement set out on page 36, the Council 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](http://www.frc.org.uk/auditorsresponsibilities).

## independent auditor's report

to the Council of the University of Warwick (continued)

### report on other legal and regulatory requirements

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

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

### matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in note 11 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 5 to the financial statements has been materially misstated.

We have nothing to report in these respects.

### the purpose of our audit work and to whom we owe our responsibilities

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

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

*Chartered Accountants*  
One Snowhill  
Snow Hill Queensway  
Birmingham B4 6GH

# consolidated and university statement of comprehensive income

for the year ended 31 July 2021

	Note	Consolidated		University	
		2020/21 £ million	2019/20 £ million	2020/21 £ million	2019/20 £ million
<b>Income</b>					
Tuition fees and educational contracts	2	389.7	360.1	389.7	360.1
Funding body grants	3	66.8	66.4	66.8	66.4
Research grants and contracts	4	139.8	131.7	139.8	131.7
Other income	6	100.7	115.4	95.4	105.1
Investment income	7	1.0	2.6	0.9	2.5
Donations and endowments	8	5.7	3.7	5.6	3.6
<b>Total income</b>		<b>703.7</b>	<b>679.9</b>	<b>698.2</b>	<b>669.4</b>
<b>Expenditure</b>					
Staff costs	9	368.5	287.4	358.2	270.1
Other operating expenses		197.7	210.9	203.0	218.5
Depreciation	14	53.0	48.3	51.8	47.2
Interest and other finance costs	12	8.5	11.1	8.5	11.1
<b>Total expenditure</b>		<b>627.7</b>	<b>557.7</b>	<b>621.5</b>	<b>546.9</b>
<b>Surplus before other gains or losses</b>		<b>76.0</b>	<b>122.2</b>	<b>76.7</b>	<b>122.5</b>
Loss on disposal of non-current assets	13	(0.7)	(0.9)	(0.7)	(0.9)
Gain / (loss) on investments		4.0	(2.2)	3.3	(1.6)
<b>Surplus before tax</b>		<b>79.3</b>	<b>119.1</b>	<b>79.3</b>	<b>120.0</b>
Taxation		0.0	0.0	0.0	0.0
<b>Surplus for the year</b>		<b>79.3</b>	<b>119.1</b>	<b>79.3</b>	<b>120.0</b>
Actuarial (loss) / gain in respect of pension schemes	23	(4.6)	1.1	(4.6)	1.1
Change in fair value of hedging financial instruments	21	12.7	(7.7)	12.7	(7.7)
<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR</b>		<b>87.4</b>	<b>112.5</b>	<b>87.4</b>	<b>113.4</b>
<b>Represented by:</b>					
Endowment comprehensive income and expenditure for the year		1.3	(0.4)	0.7	0.1
Unrestricted comprehensive income and expenditure for the year		86.1	112.9	86.7	113.3
<b>Attributable to the University</b>		<b>87.4</b>	<b>112.5</b>	<b>87.4</b>	<b>113.4</b>

All items of income and expenditure relate to continuing activities.

The accompanying notes and policies on pages 46 to 86 form part of these financial statements.

# consolidated and university statement of changes in reserves

for the year ended 31 July 2021

Consolidated	Income and expenditure account		Total
	Endowment £ million	Unrestricted £ million	£ million
<b>Balance at 1 August 2019</b>	12.0	208.7	220.7
(Deficit) / surplus from the income and expenditure statement	(0.4)	119.5	119.1
Other comprehensive income and expenditure	0.0	(6.6)	(6.6)
<b>Total comprehensive income and expenditure for the year</b>	<b>(0.4)</b>	<b>112.9</b>	<b>112.5</b>
<b>Balance at 1 August 2020</b>	<b>11.6</b>	<b>321.6</b>	<b>333.2</b>
Surplus from the income and expenditure statement	1.3	78.0	79.3
Other comprehensive income and expenditure	0.0	8.1	8.1
<b>Total comprehensive income and expenditure for the year</b>	<b>1.3</b>	<b>86.1</b>	<b>87.4</b>
<b>Balance at 31 July 2021</b>	<b>12.9</b>	<b>407.7</b>	<b>420.6</b>
<b>University</b>			
	Income and expenditure account		Total
	Endowment £ million	Unrestricted £ million	£ million
<b>Balance at 1 August 2019</b>	6.2	177.1	183.3
Surplus from the income and expenditure statement	0.1	119.9	120.0
Other comprehensive income and expenditure	0.0	(6.6)	(6.6)
<b>Total comprehensive income and expenditure for the year</b>	<b>0.1</b>	<b>113.3</b>	<b>113.4</b>
<b>Balance at 1 August 2020</b>	<b>6.3</b>	<b>290.4</b>	<b>296.7</b>
Surplus from the income and expenditure statement	0.7	78.6	79.3
Other comprehensive income and expenditure	0.0	8.1	8.1
<b>Total comprehensive income and expenditure for the year</b>	<b>0.7</b>	<b>86.7</b>	<b>87.4</b>
<b>Balance at 31 July 2021</b>	<b>7.0</b>	<b>377.1</b>	<b>384.1</b>

# consolidated and university statement of financial position

as at 31 July 2021

		Consolidated		University	
	Note	2021 £ million	2020 £ million	2021 £ million	2020 £ million
<b>Non-current assets</b>					
Fixed assets	14	862.5	818.6	850.4	805.4
Investments	15	30.4	7.7	32.1	10.1
		<b>892.9</b>	<b>826.3</b>	<b>882.5</b>	<b>815.5</b>
<b>Current assets</b>					
Stock	16	0.7	0.7	0.7	0.7
Trade and other receivables	17	55.7	49.8	59.7	55.1
Investments	18	49.0	25.0	49.0	25.0
Cash and cash equivalents		216.2	219.0	204.7	216.2
		<b>321.6</b>	<b>294.5</b>	<b>314.1</b>	<b>297.0</b>
Less: Creditors : Amounts falling due within one year	20	(238.5)	(215.8)	(257.9)	(244.8)
<b>Net current assets</b>		<b>83.1</b>	<b>78.7</b>	<b>56.2</b>	<b>52.2</b>
<b>Total assets less current liabilities</b>		<b>976.0</b>	<b>905.0</b>	<b>938.7</b>	<b>867.7</b>
Creditors : Amounts falling due after more than one year	21	(452.4)	(470.1)	(451.6)	(469.3)
<b>Provisions</b>					
Pension provisions	23	(104.4)	(107.2)	(104.4)	(107.2)
Pension asset	23	4.4	8.6	4.4	8.6
Other provisions	24	(3.0)	(3.1)	(3.0)	(3.1)
<b>TOTAL NET ASSETS</b>		<b>420.6</b>	<b>333.2</b>	<b>384.1</b>	<b>296.7</b>
<b>Restricted reserves</b>					
Income and expenditure reserve - endowment reserve	25	12.9	11.6	7.0	6.3
<b>Unrestricted reserves</b>					
Income and expenditure reserve - unrestricted		407.7	321.6	377.1	290.4
<b>TOTAL RESERVES</b>		<b>420.6</b>	<b>333.2</b>	<b>384.1</b>	<b>296.7</b>

The financial statements on pages 42 to 86 were approved by the Council on 17 November 2021, and signed on its behalf by:  
The accompanying notes and policies on pages 46 to 86 form part of these financial statements.

Professor Stuart Croft, Vice-Chancellor and President

Neil Sachdev, University Treasurer

# consolidated cash flow statement

for the year ended 31 July 2021

	Note	2020/21 £ million	2019/20 £ million
<b>Cash flow from operating activities</b>			
Surplus for the year before and after tax		79.3	119.1
<b>Adjustment for non-cash items</b>			
Depreciation	14	53.0	48.3
(Gain) / loss on investments	15	(4.0)	2.2
Decrease in stock	16	0.0	0.1
(Increase) / decrease in debtors	17	(5.9)	15.0
Increase in creditors	20 & 21	19.9	10.7
(Decrease) in pension provision	23	(3.2)	(91.0)
(Decrease) in other provisions	15 & 24	(0.1)	0.0
<b>Adjustment for investing or financing activities</b>			
Investment income	7	(1.0)	(2.6)
Interest payable	12	7.1	7.4
Endowment income	25	(1.2)	(1.4)
Loss on the sale of non-current assets	13	0.7	0.9
Capital grant income		(22.2)	(18.4)
<b>Net cash inflow from operating activities</b>		<b>122.4</b>	<b>90.3</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		0.0	0.1
Capital grants receipts		27.3	21.4
Disposal of non-current asset investments		0.1	18.9
Withdrawal of deposits		0.0	56.5
Investment income	7	1.0	2.6
Payments made to acquire fixed assets	14	(97.6)	(100.9)
New non-current asset investments	15	(18.8)	(0.1)
New current asset investments	18	(24.0)	0.0
		<b>(112.0)</b>	<b>(1.5)</b>
<b>Cash flows from financing activities</b>			
Interest paid	12	(7.1)	(7.4)
Endowment cash received	25	1.2	1.4
Repayments of amounts borrowed	22	(7.3)	(7.4)
		<b>(13.2)</b>	<b>(13.4)</b>
<b>(Decrease) / increase in cash and cash equivalents in the year</b>		<b>(2.8)</b>	<b>75.4</b>
Cash and cash equivalents at beginning of the year		219.0	143.6
Cash and cash equivalents at end of the year		216.2	219.0

The accompanying notes and policies on pages 46 to 86 form part of these financial statements.

# notes to the accounts

## 1. PRINCIPAL ACCOUNTING POLICIES

### 1. Basis of preparation

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant.

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards. The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of derivative financial instruments.

### 2. Going concern

The Group and parent University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Financial Review which also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the University Council considers to be appropriate for the following reasons.

The Council prepare cash flow forecasts for a 5 year period. After reviewing the latest annual iteration of these forecasts the Council is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of Covid-19, the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The forecast assumptions and projections are prepared considering various risks and mitigations to the University, including the items set out in the Financial Review on page 9. Sensitivity analysis is undertaken on future forecasts and used as a basis for the inclusion of planning contingencies against adverse impacts and further stress on our planning assumptions. Key potential downside risks to the forecasts include:

- Further impact of Covid-19, including on commercial activity and student residence occupancy. Whilst tightening of UK Government restrictions would affect those income streams in particular, the University has demonstrated its ability to manage its overall cost base through the period since March 2020.
- Underachievement of student recruitment targets: mitigating activity includes significant investment in on-campus facilities, with a view to enhancing the student experience, most recently the new Sports Hub and Faculty of Arts Building. Student recruitment in 2021-22 is set to exceed expectations – and the University's position in the latest rankings has remained strong.
- Higher Education reform: the sector is still awaiting the Government's response to the Augar review. The review recommended a cut in home tuition fees to £7,500 but with the shortfall being replaced by additional Teaching Grant leaving the average unit of funding unchanged in cash terms. However, this substitution income is likely to be directed towards high-cost subjects, such as STEM. Whilst this could lead to a potential net income shortfall to Warwick, the experience over the last 18 months has shown the University's capacity to manage its cost base when required.
- USS pension valuation. As set out in note 30, since the year-end a new schedule of contributions has been proposed following the completion of the 2020 actuarial valuation. Whilst this would lead to a large single year cost within the Consolidated Statement of Comprehensive Income and Expenditure, the cash payments in relation to this would fall over many years and are incorporated into our planning assumptions.

## notes to the accounts

(continued)

The University's forecasts maintain cash balances above a minimum of £100m. This target is in excess of the OfS guidance of a minimum cash balance of 30 days of spend (c£50m). Financial performance has also enabled the University to put on hold with its discussions with banks regarding short term finance, and at the present time the University's projections do not require such finance to be drawn. Additionally, the University's favourable financial performance for the 2020-21 year has driven a better than anticipated cash position at 31 July 2021, providing a stronger base for the year ahead than was assumed in the forecasts.

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

### 3. Basis of consolidation

The consolidated financial statements include the financial statements of the University, its subsidiary undertakings, and the University of Warwick Foundation. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include those of Warwick Students' Union and subsidiaries of the Union, as these are separate organisations in which the University has no control or significant influence over policy decisions.

### 4. Income recognition

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

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

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

Government grants including block grants, capital grants and Government research grants are recognised within the Consolidated Statement of Comprehensive Income and Expenditure over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a Government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Other revenue grants and donations from non-government sources, including research grants from non-government sources, are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is deferred on the Balance Sheet and released to the Consolidated Statement of Comprehensive Income and Expenditure in line with such conditions being met.

## notes to the accounts

(continued)

Non exchange transactions without performance related conditions may include donations and endowments. Donations and 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.

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

Donations with no restrictions are recorded within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

There are four main types of donations and endowments with restrictions:

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

Capital grants from non-government sources are recorded in income when the University is entitled to the income, subject to any performance related conditions being met.

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

### 5. Accounting for retirement benefits

#### *Universities Superannuation Scheme (USS)*

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

## notes to the accounts

(continued)

### *University of Warwick Pension Scheme (UWPS)*

The Defined Benefit (DB) section of the University's own scheme, an exempt approved pension scheme, provides retirement benefits (based on final pensionable salary), lump sum and spouse's death-in-service benefits. The scheme is set up under trust and the assets are held in a separate trustee-administered fund. The University's net obligation for the scheme is calculated in accordance with the advice of a qualified actuary using the projected unit credit method. The rules of the scheme permit any surplus existing after all benefits have been extinguished to be returned to the University. The DB section of the scheme was closed to new recruits on 1 April 2010.

From 1 April 2010 the University introduced a new Defined Contribution (DC) section to its own scheme, for those eligible members who are not members of the DB section. The DC section of the scheme is operated as a separate defined contribution pension scheme. Employer contributions to this section of the scheme are accounted for through the Consolidated Statement of Comprehensive Income at the time that payment to the external provider is accrued as due. A small number of staff remain in other pension schemes.

### 6. Employment benefits

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

### 7. Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

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

### 8. Operating leases

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

### 9. Foreign currency

Transactions denominated in foreign currencies are recorded at the average rate of exchange ruling for each month. Monetary assets and liabilities denominated in foreign currencies are recorded at the closing rate of exchange ruling at the year end. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

## notes to the accounts

(continued)

### 10. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets. Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University. No depreciation is charged on assets in the course of construction.

#### *Land and buildings*

Land is not depreciated as it is considered to have an indefinite useful life. New buildings are depreciated in equal instalments over their expected useful lives of up to 50 years, car parks are depreciated over 35 years and laboratory and other major refurbishments over 10 to 20 years. Where an item of land and buildings comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement of components is capitalised as incurred. Where buildings are acquired with the aid of government and other specific grants they are capitalised and depreciated as above or over the life of the project if deemed more appropriate. The University has no inherited assets.

The Professor Lord Bhattacharyya Building, home to the National Automotive Innovation Centre (NAIC), has been built for the furtherance of the University's objectives while working closely with our industry partners. The primary aims of the NAIC with our partners are:

- to foster innovation in the British automotive industry;
- to connect academic research with leading manufacturers and attract the next generation of engineers;
- to create a collaborative environment that can encourage teamwork and innovation across disciplines;
- to be a showcase for forward thinking in British engineering and design.

It is a space for advanced research and learning, knowledge transfer and collaboration. The activities happening within the building are core to the main objectives and strategy of the University and as such, the building has been classified as a functional fixed asset within these financial statements.

A number of the Group's buildings are rented to third parties. This supports the transfer of University 'know-how' and research into industry, as well as providing accommodation for growing knowledge-based companies and as such are treated as tangible fixed assets. These activities further support the University by helping to enhance its reputation, and promoting the University's strategic priorities, in particular Regional Leadership and Innovation.

#### *Equipment*

In the accounts of the University, equipment, including micro-computers and software, costing less than £25,000 per individual item or group of related items are written off in the year of acquisition. Capitalised equipment, other than certain information technology equipment, is stated at cost and depreciated over typical expected useful lives of 5 to 10 years; software licences and certain items of information technology equipment are depreciated over three years. Equipment bought for a specific research or other project is usually depreciated over five years, or the life of the project if more appropriate. All assets are depreciated on a straight line basis, with a full year's depreciation in the year of acquisition.

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

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

## notes to the accounts

(continued)

### *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.

### 11. Investments

Non-current investments are held on the Balance Sheet at amortised cost less impairment. Investments in subsidiaries are carried at cost less impairment in the University's accounts.

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

### 12. Stock

Stocks of raw materials and consumables include departmental stocks in science departments, supplies for the Estates Office and goods for resale in catering, bars and retail outlets and are valued at the lower of cost plus attributable overheads and estimated selling price less costs to complete and sell. Stocks of other consumable materials are written off to expenditure as incurred.

### 13. Cash and cash equivalents

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

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

### 14. Provisions, contingent liabilities and contingent assets

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

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

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

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

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

## notes to the accounts

(continued)

### 15. Taxation

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

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

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

### 16. Basic financial instruments

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Trade and other payables are recognised initially at transaction price plus attributable transaction costs.

### 17. Derivatives

Derivatives (interest rate swaps) are held on the Balance Sheet at fair value with movements in fair value recorded in the Consolidated Statement of Income and Expenditure. The University has adopted and complied with the requirements of hedge accounting and as a result movements in fair value are recorded within Other Comprehensive Income and Expenditure. Any ineffective portion of the hedge is recognised immediately in income or expenditure. The hedging gain or loss recognised in other comprehensive income is reclassified to income or expenditure when the hedged item is recognised in profit or loss or when the hedging relationship ends.

### 18. Reserves

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

## notes to the accounts

(continued)

### 19. Key accounting estimates and judgements

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

#### Income recognition:

As set out in more detail in policy 4, certain revenue grants and donations are recognised in the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income and performance related conditions have been met. University management apply judgement in deferring income received for conditions not yet satisfied and accruing for income not yet received.

#### Pension provisions – key actuarial assumptions:

The key actuarial assumptions used in the valuation of the Universities Superannuation Scheme (USS) and the University of Warwick Pension Scheme (UWPS) are set out in note 30 Pension Schemes.

The cost to the University of the USS deficit recovery plan has been estimated based on a model devised by USS and the British Universities Finance Directors Group (BUFDG) based on the USS March 2018 deficit valuation. The USS pension deficit provision includes key assumptions on discount rates, salary inflation and future staff numbers, based on management judgement of the estimated parameters.

#### Depreciation and amortisation:

Depreciation and amortisation charges are calculated on a straight-line basis over the estimated useful economic lives of the related assets. The remaining useful economic lives of assets are periodically reviewed based on actual experience and expected future utilisation. Where management identifies a change in the life of an asset, it is treated as a change in accounting estimate and the accelerated depreciation is accounted for in the period of change and future periods.

#### Recoverability of debtors:

A provision for bad and doubtful debts is calculated using a formula based on the age of the overdue debt. The formula is applied consistently each year but inevitably requires a degree of estimation. Specific provision is made for individual debts where recovery is believed to be uncertain and this requires an element of judgement.

#### Holiday pay accrual:

The employee holiday pay accrual represents an estimate of holidays earned but not taken as at the balance sheet date of 31 July 2021. It is calculated from a combination of the University's most recent Time Analysis Survey of its academic staff (an input to the TRAC return to the Office for Students) and extracts of annual leave records from the University's HR systems, adjusted accordingly for management judgement for items specific to the current year.

## notes to the accounts

(continued)

### 2. TUITION FEES AND EDUCATIONAL CONTRACTS

	Consolidated		University	
	2020/21 £ million	2019/20 £ million	2020/21 £ million	2019/20 £ million
Accredited course fees from home/EU students	179.5	162.5	179.5	162.5
Accredited course fees from overseas students	194.3	177.5	194.3	177.5
International foundation programme fees	3.1	4.7	3.1	4.7
Non-accredited short course fees	1.2	3.6	1.2	3.6
Research Training Support Grants	11.4	11.4	11.4	11.4
Other fees	0.2	0.4	0.2	0.4
	<b>389.7</b>	<b>360.1</b>	<b>389.7</b>	<b>360.1</b>

### 3. FUNDING BODY GRANTS

	Consolidated		University	
	2020/21 £ million	2019/20 £ million	2020/21 £ million	2019/20 £ million
<b>Recurrent grants:</b>				
Office for Students teaching grant	13.8	14.0	13.8	14.0
Research England research grant	41.3	41.7	41.3	41.7
<b>Specific grants:</b>				
HE Innovation Fund	4.7	4.3	4.7	4.3
Catalyst Fund	0.0	0.0	0.0	0.0
Uni Connect, formerly National Collaborative Outreach	0.4	0.5	0.4	0.5
Other specific grants	1.6	1.1	1.6	1.1
<b>Capital grants released in year:</b>				
Buildings	4.6	4.3	4.6	4.3
Equipment	0.4	0.5	0.4	0.5
	<b>66.8</b>	<b>66.4</b>	<b>66.8</b>	<b>66.4</b>

### 4. RESEARCH GRANTS AND CONTRACTS

	Consolidated		University	
	2020/21 £ million	2019/20 £ million	2020/21 £ million	2019/20 £ million
Research councils	44.9	36.1	44.9	36.1
Central government, local authorities and public corporations	57.6	58.4	57.6	58.4
UK charitable bodies	9.0	8.4	9.0	8.4
European Union	11.1	12.1	11.1	12.1
UK industry and commerce	6.7	6.1	6.7	6.1
Overseas	8.9	9.1	8.9	9.1
Others	1.6	1.5	1.6	1.5
	<b>139.8</b>	<b>131.7</b>	<b>139.8</b>	<b>131.7</b>

Income from research grants and contracts includes £14.0m in respect of capital grants released in the year (2019/20: £11.5m).

## notes to the accounts

(continued)

5. GRANT AND FEE INCOME	Consolidated		University	
	2020/21 £ million	2019/20 £ million	2020/21 £ million	2019/20 £ million
The source of grant and fee income included in notes 2 to 4 is as follows:				
Grant income from the Office for Students	14.5	14.6	14.5	14.6
Grant income from other bodies	192.1	183.5	192.1	183.5
Fee income for taught awards (exclusive of VAT)	357.1	326.6	357.1	326.6
Fee income for research awards (exclusive of VAT)	16.7	13.4	16.7	13.4
Fee income from non-qualifying courses (exclusive of VAT)	15.9	20.1	15.9	20.1
	<b>596.3</b>	<b>558.2</b>	<b>596.3</b>	<b>558.2</b>

6. OTHER INCOME	Consolidated		University	
	2020/21 £ million	2019/20 £ million	2020/21 £ million	2019/20 £ million
Residences, catering and conferences	35.6	37.1	36.9	37.1
Other services rendered	2.8	1.7	2.8	1.7
Other capital grants	1.1	0.9	1.0	0.8
Retail operations	27.1	34.5	11.1	17.6
Post-experience centres	2.3	9.8	0.7	1.1
Other income	31.8	31.4	36.1	39.8
Covenant income	0.0	0.0	6.8	7.0
	<b>100.7</b>	<b>115.4</b>	<b>95.4</b>	<b>105.1</b>

Included within consolidated other income above is £4.6m (University: £4.4m) of income from the Coronavirus Job Retention Scheme (2019/20: Consolidated £3.3m, University £1.5m).

7. INVESTMENT INCOME	Consolidated		University	
	2020/21 £ million	2019/20 £ million	2020/21 £ million	2019/20 £ million
Net return on University of Warwick Pension Scheme assets (note 30)	0.2	0.2	0.2	0.2
Restricted permanent endowment investment income (note 25)	0.1	0.2	0.1	0.1
Restricted expendable endowment investment income (note 25)	0.1	0.1	0.0	0.0
Other investment income	0.6	2.1	0.6	2.2
	<b>1.0</b>	<b>2.6</b>	<b>0.9</b>	<b>2.5</b>

8. DONATIONS AND ENDOWMENTS	Consolidated		University	
	2020/21 £ million	2019/20 £ million	2020/21 £ million	2019/20 £ million
New endowments	1.2	1.5	1.1	1.4
Unrestricted donations	4.5	2.2	4.5	2.2
	<b>5.7</b>	<b>3.7</b>	<b>5.6</b>	<b>3.6</b>

## notes to the accounts

(continued)

### 9. STAFF

	Consolidated		University	
	2020/21 £ million	2019/20 £ million	2020/21 £ million	2019/20 £ million
Staff costs: Salaries and wages	293.8	302.3	284.6	286.6
Social Security costs	28.6	29.0	27.9	28.0
Other pension costs	46.1	(43.9)	45.7	(44.5)
	<b>368.5</b>	<b>287.4</b>	<b>358.2</b>	<b>270.1</b>

	Consolidated	
	2020/21 Number	2019/20 Number
The number of full time equivalent staff, by area of activity, can be summarised as:		
Academic staff within academic departments	2,432	2,505
Other staff within academic departments	1,400	1,391
Academic services	509	395
Premises management and maintenance	557	574
Residences and catering	380	420
Other services and activities, including commercial operations	1,104	1,269
	<b>6,382</b>	<b>6,554</b>

Professor Stuart Croft is the Vice-Chancellor and President of the University and is its senior post-holder. The total costs of the University include payments to Professor Croft and benefits. These were as follows:

	2020/21 £000	2019/20 £000
<b>Professor Stuart Croft</b>		
Basic salary	309	309
Salary in lieu of pension	40	40
Taxable benefit - accommodation	19	22
<b>Total emoluments (including taxable benefits-in-kind) before pension contributions</b>	<b>368</b>	<b>371</b>
Pension contributions in respect of the Vice-Chancellor and President	6	6
<b>Total emoluments (including taxable benefits-in-kind)</b>	<b>374</b>	<b>377</b>
Non-taxable benefits-in-kind - accommodation	0	0
<b>Total emoluments (including taxable and non-taxable benefits-in-kind)</b>	<b>374</b>	<b>377</b>

The Chair of Council conducts an annual review of the performance of the Vice-Chancellor and President against objectives, which are agreed at the start of the year. In advance of the review, the Chair seeks comments on the Vice-Chancellor's performance from all members of the University's Council, including the student representatives. The outcome is discussed at the Remuneration Committee and subsequently reported to the University Council. The Vice-Chancellor is not present at the Committee or Council during the discussions regarding his performance. The Chair of Council does not chair the Remuneration Committee when the Vice-Chancellor's objectives or performance are being discussed.

## notes to the accounts

(continued)

### 9. STAFF - continued

The Vice-Chancellor's objectives for 2020 -2021 fell under three main headings:

1. the successful management of the University's response to the pandemic with particular emphasis on providing students with the best possible educational experience and the maintenance of a strong financial position; and
2. continuing to deliver the University's 2030 strategy, Excellence with Purpose, with a particular focus on the new campus masterplan, sustainability, progress on planning the future of STEM provision and inclusion and diversity; and
3. successful management of in year challenges, expected and unexpected, including a strong REF submission and renewed progress on communications and building reputation.

The Remuneration Committee agreed with the assessment of the Chair of Council that under the exemplary leadership of the Vice-Chancellor, the University had made substantial progress on all these fronts. There had been a particularly strong and impressive response to the pandemic with a remarkably fast conversion to high quality online teaching and, later, when restrictions eased a little, the maintenance of some face-to-face teaching. Communications with, and support for, students and staff had been generally excellent in often very difficult circumstances. The University had maintained a very tight control of costs throughout the period, reflected in a strong financial performance.

Other areas of progress were:

- **Sustainability** – Sustainable campus development continued with: new buildings, with the IBRB, completed to EPC A and BREEAM 'excellent' standards; the announcement of a new plan for an eco park on the south of the campus; and the launch of a two-year Transport and Future Mobility campus project with the aim of reducing vehicle use. The University also signed up to the Sustainable Development Goals Accord, agreed a new sustainability strategy and set net zero targets for 2030 and 2050.
- **Research Excellence** - The 2021 REF was submitted in March 2021. We will not know the outcome of this until 2022. Research income in 2020/21 was at its highest level ever. Despite the pandemic, interdisciplinary research helped to tackle global, Covid-related problems and Warwick researchers played leading roles in supporting SAGE's advice to the UK Government.
- **Education and Enhancing the Student Experience** - As a response to the Covid-19 Pandemic the University embedded a successful blended learning model in every Department. This, and the progress made with the Education Strategy led to very strong results in the National Student Survey, compared with many competitor universities. Overall satisfaction amongst the students at 83.2%, placed the University 13th in the sector overall and 3rd in the Russell Group.
- **STEM** – significant progress was made in developing the vision for the future provision and expansion of STEM teaching and research and in initial plans for developing a new science quarter.
- **International Partnerships** –New appointments were made particularly the Deputy Pro Vice Chancellors for China and North America which has enabled research at greater scale, with more impact. New partnerships are under consideration, particularly in China. The University was instrumental in progressing Eutopia, a partnership of European universities. The University also launched the Warwick Undergraduate Global Excellence Scholarship Scheme for outstanding international students.
- **Inclusion** – The University is actively seeking to increase diversity at leadership level with the creation of the forum for leaders of inclusive cultures, working with Coventry City Council and the Warwickshire L.E.P. plus the introduction of the INspire pilot programme, which will help make structural and cultural changes to Talent Development strategies.

The University's strong performance over a number of years, but particularly during the pandemic, was reflected in the national and international league tables of universities, where the University either held or strengthened its position in every league table.

## notes to the accounts

(continued)

### 9. STAFF - continued

The Times Higher Education's (THE) World University Rankings 2022 named the University of Warwick as one of the UK's top 10 and the 78th in the World rankings. It was also ranked 6th and 9th respectively in the 2022 Guardian University league tables and the Complete University Guide 2022. Reflecting the strong student satisfaction results, the Sunday Times Good University Guide named the University the University of the Year for Teaching Quality and the runner up for University of the Year.

On the basis of this outstanding performance, the Remuneration Committee judged that, if this had been a normal year, the Vice-Chancellor would have been eligible for a significant bonus. However, he had already made it clear, in advance, that, as in previous years, he did not wish to receive a performance bonus; and in fact, in the light of the financial constraints following the onset of the pandemic, no member of the senior team has received a performance pay rise or bonus. The Vice-Chancellor has also chosen not to undertake any paid work outside the University.

The Remuneration Committee regularly reviews the Vice Chancellor's pay against remuneration in other Russell Group Universities, reflecting the top 10 league table position described above and the scale of the University's operations with total annual turnover of over £700 million. Using January 2021 data from the 2021 survey of Vice-Chancellors' Remuneration conducted by the Committee of University Chairs, the University of Warwick's Vice-Chancellor and President's base salary is currently positioned slightly above the Russell Group median and mean. This is a slight advance on recent years, when his base salary has been positioned between the median and the mean. The change is due, not to any significant increase in the Vice Chancellor's overall remuneration, but to changes at other Russell Group Universities (including the retirement of some higher paid Vice Chancellors and some new appointments). The University of Warwick's Vice-Chancellor has been in post since 2016. Since August 2017, his base salary has been increased in line with the percentage awarded nationally to university staff (there was no such award in August 2020) and he has accepted no performance bonuses since 2017.

The relationship between the Vice-Chancellor and President's remuneration, expressed as a multiple of other employees is set out below, for both basic salary and total remuneration. Multiples are shown for three groupings: excluding "atypical" staff (primarily temporary and agency workers), including "atypical" staff, and including "atypical" staff other than the University's Unitemps staff.

	2020/21 Number	2019/20 Number
Basic salary as a multiple of median basic salary of staff - excluding atypicals	8.4	8.9
Total remuneration as a multiple of median total remuneration of staff - excluding atypicals	8.4	8.7
Basic salary as a multiple of median basic salary of staff - including atypicals	10.3	10.9
Total remuneration as a multiple of median total remuneration of staff - including atypicals	10.2	11.0
Basic salary as a multiple of median basic salary of staff - including atypicals but excluding Unitemps	8.9	9.4
Total remuneration as a multiple of median total remuneration of staff - including atypicals but excluding Unitemps	8.9	9.3

The Vice-Chancellor and President's total remuneration in the above calculation includes taxable and non-taxable benefits. The calculation of the ratio is affected by the University's decision to normally employ directly its staff in support and ancillary services roles, including in its commercial businesses. This means that many more lower paid staff are included in the calculation than would be the case in institutions which have outsourced these services or have less significant commercial businesses.

The ratio of the Vice-Chancellor and President's basic salary to the median academic salary is 6.2 (2019/20: 6.2).

## notes to the accounts

(continued)

### 9. STAFF - continued

Basic salary of Higher Paid Staff.

The following number of staff (FTE) received basic salary in the following ranges:

	2020/21	2019/20
	FTE	FTE
£305,000 - £309,999	1.0	1.0
£250,000 - £254,999	0.6	0.6
£235,000 - £239,999	1.0	1.0
£230,000 - £234,999	1.3	1.5
£225,000 - £229,999	0.8	0.8
£220,000 - £224,999	1.2	1.2
£210,000 - £214,999	1.0	1.0
£200,000 - £204,999	1.9	1.8
£195,000 - £199,999	2.0	1.8
£190,000 - £194,999	4.1	3.1
£185,000 - £189,999	4.4	3.3
£180,000 - £184,999	1.3	1.2
£175,000 - £179,999	4.2	5.2
£170,000 - £174,999	2.2	1.6
£165,000 - £169,999	3.7	3.7
£160,000 - £164,999	6.8	6.3
£155,000 - £159,999	5.3	4.6
£150,000 - £154,999	8.4	8.8
£145,000 - £149,999	5.9	7.2
£140,000 - £144,999	6.0	6.8
£135,000 - £139,999	10.1	8.1
£130,000 - £134,999	6.4	8.7
£125,000 - £129,999	13.0	14.2
£120,000 - £124,999	19.8	19.9
£115,000 - £119,999	17.7	21.0
£110,000 - £114,999	27.9	30.8
£105,000 - £109,999	25.6	25.5
£100,000 - £104,999	27.2	30.7

Excluded from the above list are staff who joined or left part-way through a year but who did not exceed the threshold during the financial year. Salary partly funded by another body is also excluded. Salary bands are stated on a full time equivalent basis.

£4,160k in compensation for loss of office and redundancy was paid to 297 employees at all salary levels, in addition to their emolument entitlement for the year. In 2019/20, 215 employees were paid £2,640k.

All severance payments including compensation for loss of office in respect of higher paid staff are approved by the University's Remuneration Committee. Amounts for compensation for loss of office and redundancy for all other staff are approved by University management in accordance with delegated authority.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel. Key management personnel for the University consist of the following senior officers: Vice-Chancellor and President, Provost, Registrar, Group Finance Director, Commercial Director, Pro-Vice Chancellors, Chief Information and Digital Officer, Chief Communications Director and Secretary to Council. Compensation paid to key management personnel during the year (including any employer's pension contributions, social security costs and including compensation for loss of office payments, any benefits-in-kind and additional salary in lieu of pension contributions for certain staff) is disclosed below:

	2020/21	2019/20
	£000	£000
Key management personnel	2,365	2,244

## notes to the accounts

(continued)

### 10. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Consolidated		University	
	2020/21 Total £ million	2019/20 Total £ million	2020/21 Total £ million	2019/20 Total £ million
Academic departments	248.1	256.4	248.1	256.4
Research grants and contracts	112.1	110.7	112.1	110.7
<b>Total teaching and research</b>	<b>360.2</b>	<b>367.1</b>	<b>360.2</b>	<b>367.1</b>
Academic services	48.1	39.2	46.7	39.2
Central administration and services	31.0	39.6	32.2	39.7
General educational expenditure	34.9	34.4	34.7	34.3
Staff and student facilities	23.5	22.2	23.6	22.2
Premises	65.3	63.2	65.4	64.3
Residences, catering and conferences	29.4	32.9	29.6	33.7
Other services rendered	1.8	1.2	1.8	1.3
Retail operations	23.2	27.0	17.7	21.2
Post-experience centres	5.8	10.1	5.2	3.1
Other activities	7.3	11.1	7.2	11.0
USS pension provision movement	(2.8)	(90.3)	(2.8)	(90.2)
<b>Total per income and expenditure account</b>	<b>627.7</b>	<b>557.7</b>	<b>621.5</b>	<b>546.9</b>

**Other operating expenses include:**

	2020/21 £000	2019/20 £000
Auditor's remuneration for the University of Warwick Group (An amount of £60k (2019/20: £55k) relates to the Auditor's remuneration for the University)	103	106
Auditor's remuneration in respect of non-audit services appointed by the University	42	90
Grants to Warwick Students' Union	2,989	3,056

During the year the University made payments totalling £1,000 (rounded to the nearest £1,000) including reimbursement of expenses, on behalf of four independent members of the Council (2019/20: fourteen members claimed a combined total of £4,000). This does not represent the total expenses individuals incurred, only what they claimed from the University. Additionally, the University provides members (not by way of expenses on an individual basis) with food and accommodation for the activities they attend on the University's campus. Members of the University's Council are the University's Trustees. The University does not remunerate independent members of the University Council. Reasonable travel and subsistence expenses incurred in attending meetings relating to the work of the Council and associated charitable events in members' official capacity are reimbursed upon request, as supported by appropriate evidence of expenditure. The salaries of members of the staff of the University who serve on the Council do not include any element specific to their trusteeship, but are determined following an agreed process.

## notes to the accounts

(continued)

### 11. ACCESS AND PARTICIPATION EXPENDITURE

	Consolidated		University	
	2020/21 £ million	2019/20 £ million	2020/21 £ million	2019/20 £ million
Access investment	2.3	2.7	2.3	2.7
Financial support provided to students	7.7	6.1	7.7	6.1
Support for disabled students	0.6	0.7	0.6	0.7
Research and evaluation of access and participation activities	0.1	0.1	0.1	0.1
	<b>10.7</b>	<b>9.6</b>	<b>10.7</b>	<b>9.6</b>

£1.8m of these costs are already included in the overall staff costs figures included in note 9 (2019/20: £1.9m).

The University's published access and participation plan is available at

[https://apis.officeforstudents.org.uk/accessplansdownloads/2024/TheUniversityOfWarwick\\_APP\\_2020-21\\_V1\\_10007163.pdf](https://apis.officeforstudents.org.uk/accessplansdownloads/2024/TheUniversityOfWarwick_APP_2020-21_V1_10007163.pdf)

Access investment has reduced during the Covid-19 pandemic as the opportunities for outreach activities have been limited (on campus activity could not take place in 2020 or 2021, there were no visits to/from schools in 2020-21, and activities have been restructured as on-line offerings wherever possible).

Additional funding has been committed to financial support compared to the previous year, including the first cohort of Warwick Scholars at a cost of £0.4m. The University received additional OfS funding for additional hardship support of £0.2m which was distributed in full, and initiated an IT bursary scheme costing £0.6m in response to Widening Participation (WP) student needs during the Covid-19 pandemic.

Disability support, including funding via the disabled students premium, is committed to the Success and Progression categories in the University's 2020/21 access and participation plan.

The University's access and participation plan is developed and governed by the Widening Participation Committee, which seeks approval from the Academic Resourcing Committee (ARC) for additional investment requirements. The methodology for including expenditure in the respective categories maps to the delivery of the University's access and participation plan commitments.

Expenditure reported in this note is either:

- captured on separate cost codes for WP programmes, WP activity in academic departments and funding schemes; or
- an allocation of the cost of individual staff members time (including overheads) based upon estimates of time spent on relevant activities with eligible groups.

## notes to the accounts

(continued)

### 12. INTEREST AND OTHER FINANCE COSTS

	Consolidated		University	
	2020/21 £ million	2019/20 £ million	2020/21 £ million	2019/20 £ million
Loan interest	7.1	7.4	7.1	7.4
Administration costs paid from scheme assets	0.6	0.6	0.6	0.6
Net charge on USS pension scheme	0.8	3.1	0.8	3.1
	<b>8.5</b>	<b>11.1</b>	<b>8.5</b>	<b>11.1</b>

The administration costs are in relation to the University of Warwick Pension Scheme (UWPS).

### 13. DISPOSAL OF NON-CURRENT ASSETS

	Consolidated		University	
	2020/21 £ million	2019/20 £ million	2020/21 £ million	2019/20 £ million
Profit on disposal of non-current investments	0.0	0.1	0.0	0.1
Loss on disposal of fixed assets	(0.7)	(1.0)	(0.7)	(1.0)
	<b>(0.7)</b>	<b>(0.9)</b>	<b>(0.7)</b>	<b>(0.9)</b>

## notes to the accounts

(continued)

### 14. FIXED ASSETS

#### CONSOLIDATED

	Total £ million	Land & Buildings £ million	Fixtures, Fittings & Equipment £ million	Assets under the Course of Construction £ million
<b>Cost</b>				
At 1 August 2020	1,320.3	924.8	275.6	119.9
Additions at cost	97.6	1.5	16.5	79.6
Asset transfers	0.0	109.3	10.5	(119.8)
Write offs and disposals at cost	(2.4)	0.0	(1.7)	(0.7)
At 31 July 2021	1,415.5	1,035.6	300.9	79.0
<b>Depreciation</b>				
At 1 August 2020	501.7	278.9	222.8	0.0
Charge for the year	53.0	30.4	22.6	0.0
Eliminated on write offs and disposals	(1.7)	0.0	(1.7)	0.0
At 31 July 2021	553.0	309.3	243.7	0.0
<b>Net Book Value at 31 July 2021</b>	<b>862.5</b>	<b>726.3</b>	<b>57.2</b>	<b>79.0</b>
Net Book Value at 31 July 2020	818.6	645.9	52.8	119.9

#### UNIVERSITY

	Total £ million	Land & Buildings £ million	Fixtures, Fittings & Equipment £ million	Assets under the Course of Construction £ million
<b>Cost</b>				
At 1 August 2020	1,285.2	891.8	273.7	119.7
Additions at cost	97.5	1.5	16.5	79.5
Asset transfers	0.0	109.1	10.5	(119.6)
Write offs and disposals at cost	(2.3)	0.0	(1.7)	(0.6)
At 31 July 2021	1,380.4	1,002.4	299.0	79.0
<b>Depreciation</b>				
At 1 August 2020	479.8	258.9	220.9	0.0
Charge for the year	51.8	29.2	22.6	0.0
Eliminated on write offs and disposals	(1.6)	0.0	(1.6)	0.0
At 31 July 2021	530.0	288.1	241.9	0.0
<b>Net book value at 31 July 2021</b>	<b>850.4</b>	<b>714.3</b>	<b>57.1</b>	<b>79.0</b>
Net book value at 31 July 2020	805.4	632.9	52.8	119.7

## notes to the accounts

(continued)

15. NON-CURRENT INVESTMENTS	Consolidated		University	
	2021 £ million	2020 £ million	2021 £ million	2020 £ million
Balance at 1 August	7.7	28.6	10.1	30.3
Net additions / (disposals) in the year	18.7	(18.7)	17.9	(17.8)
Increase / (decrease) in market value	4.0	(2.2)	3.3	(1.6)
Decrease / (increase) in provision for diminution in value	0.0	0.0	0.8	(0.8)
<b>Balance at 31 July</b>	<b>30.4</b>	<b>7.7</b>	<b>32.1</b>	<b>10.1</b>
Represented by:				
Group undertakings	0.0	0.0	6.9	7.7
Associated undertakings	1.1	1.1	0.0	0.0
Other equity investments	0.7	0.7	0.6	0.6
Cash held within managed funds	0.1	0.0	0.1	0.0
Bonds held within managed funds	0.9	1.0	0.3	0.4
Equity investments held within managed funds	28.1	5.4	24.3	2.2
Alternative investments held within managed funds	0.8	0.8	0.4	0.5
	31.7	9.0	32.6	11.4
Provision for diminution in value	(1.3)	(1.3)	(0.5)	(1.3)
	<b>30.4</b>	<b>7.7</b>	<b>32.1</b>	<b>10.1</b>

Associated undertakings include:

### University of Warwick Science Park Associates

On 1 February 2012, the University acquired full ownership of the University of Warwick Science Park Limited and its associated undertakings including the University of Warwick Science Park Business Innovation Centre Limited (UWSP BIC) and University of Warwick Science Park Innovation Centre Limited (UWSP IC). From the date of acquisition, the Science Park was treated as a group investment at cost within the University's figures and is accounted for as a fully consolidated subsidiary within the group accounts (see note 28). UWSP BIC and UWSP IC are not consolidated into the results of the University nor the University of Warwick Science Park Limited on the grounds of materiality.

Other Equity Investments include:

### CVCP Properties plc

50,766 ordinary shares of £1 each

### The Mercia Fund 1

This is a limited partnership between the Universities of Birmingham and Warwick and the General Partner, Mercia Fund Management Limited. Warwick's investment comprises of an initial capital contribution of £100 and a grant of £199,900. The Universities each hold one Class 'B' share of £1 (there are 2 Class 'B' shares in issue) in Mercia Fund Management Limited. All the Class 'A' shares are held by Mercia Fund Management Limited. Since initial set up, the University has invested a further £200k into Mercia Fund 1.

## notes to the accounts

(continued)

### 15. NON-CURRENT INVESTMENTS - continued

#### Investment in spin-out companies

The University holds a range of shareholdings in a number of spin-out companies, set up to maximise the return on intellectual property that is the result of the University's previous research activities. The University currently holds investments in 34 active spin-out companies, all of which are incorporated in Great Britain and registered in England. In total these spin-out companies employ 211 staff, mainly within the West Midlands.

Further details of the University's investment in spin-out companies can be found at

<http://www2.warwick.ac.uk/services/ventures/spinout-companies/spin-out-companies-a-z-list/>.

The University provides for investment in spin-out companies immediately upon acquisition and, whilst shareholdings vary in range, up to 55.0%, all spin-out investments are carried within the University's consolidated group accounts at nil value, given the uncertain nature of any valuation or return. The results of these companies are not being consolidated in the accounts on the basis of materiality. This will be reviewed on an annual basis.

### 16. STOCK

	Consolidated		University	
	2021 £ million	2020 £ million	2021 £ million	2020 £ million
Consumables and goods for resale	0.7	0.7	0.7	0.7

### 17. TRADE AND OTHER RECEIVABLES

	Consolidated		University	
	2021 £ million	2020 £ million	2021 £ million	2020 £ million
<b>Amounts falling due within one year:</b>				
Other trade receivables	17.7	14.1	15.5	13.2
Prepayments and accrued income	38.0	35.7	36.9	34.5
Amounts owed by group undertakings	0.0	0.0	7.3	7.4
	<b>55.7</b>	<b>49.8</b>	<b>59.7</b>	<b>55.1</b>

### 18. CURRENT INVESTMENTS

	Consolidated		University	
	2021 £ million	2020 £ million	2021 £ million	2020 £ million
Short term deposits	49.0	25.0	49.0	25.0

Short term deposits are held with banks and building societies operating in the London market and licensed by the Prudential Regulation Authority, with more than three months maturity on placement.

## notes to the accounts

(continued)

### 19. CONSOLIDATED RECONCILIATION OF NET FUNDS

	Consolidated	University
	2020/21 £ million	2020/21 £ million
Net funds at 1 August 2020	68.1	65.3
Movement in cash and cash equivalents	(2.8)	(11.5)
Movement in current investments	24.0	24.0
Movement in unsecured loans	7.3	7.3
<b>Net funds at 31 July 2021</b>	<b>96.6</b>	<b>85.1</b>
<b>Change in net funds</b>	<b>28.5</b>	<b>19.8</b>

	Consolidated		University	
Analysis of net funds	2021 £ million	2020 £ million	2021 £ million	2020 £ million
<b>Cash and cash equivalents</b>	216.2	219.0	204.7	216.2
<b>Current investments</b>	49.0	25.0	49.0	25.0
<b>Borrowings: amounts falling due within one year</b>				
Unsecured loans	(7.3)	(7.3)	(7.3)	(7.3)
	(7.3)	(7.3)	(7.3)	(7.3)
<b>Borrowings: amounts falling due after more than one year</b>				
Unsecured loans	(161.3)	(168.6)	(161.3)	(168.6)
	(161.3)	(168.6)	(161.3)	(168.6)
<b>Net funds</b>	<b>96.6</b>	<b>68.1</b>	<b>85.1</b>	<b>65.3</b>

## notes to the accounts

(continued)

### 20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2021 £ million	2020 £ million	2021 £ million	2020 £ million
Unsecured loans (note 22)	7.3	7.3	7.3	7.3
Deferred income	131.1	122.8	128.1	120.6
Deferred capital grants	16.9	17.2	16.9	17.2
Trade payables	14.2	10.1	14.1	10.0
Social security and other taxation payable	10.4	9.3	9.8	8.8
Accruals	58.6	49.1	57.3	47.7
Amounts owed to group undertakings	0.0	0.0	24.4	33.2
	<b>238.5</b>	<b>215.8</b>	<b>257.9</b>	<b>244.8</b>

### 21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Consolidated		University	
	2021 £ million	2020 £ million	2021 £ million	2020 £ million
Derivatives	47.5	60.2	47.5	60.2
Unsecured loans (note 22)	161.3	168.6	161.3	168.6
Deferred income	79.0	82.1	78.9	82.0
Deferred capital grants	164.6	159.2	163.9	158.5
	<b>452.4</b>	<b>470.1</b>	<b>451.6</b>	<b>469.3</b>

The University holds derivative instruments (interest rate swaps) on its borrowings to convert its floating rate debt to fixed rate in order to hedge against the interest-rate risk arising. The fair value of the derivative instruments (hedging instruments) at 31 July 2021 was £47.5m (2019/20: £60.2m). The change in fair value of the hedging instruments during the financial year of £12.7m favourable (2019/20: £7.7m adverse) is shown within the Consolidated Statement of Comprehensive Income.

### 22. ANALYSIS OF UNSECURED LOANS

Amounts owing on unsecured loans as at 31 July 2021 fall due as follows:

	Consolidated		University	
	2021 £ million	2020 £ million	2021 £ million	2020 £ million
Due within one year or on demand (note 20)	7.3	7.3	7.3	7.3
Due between one and two years (note 21)	7.3	7.3	7.3	7.3
Due between two and five years (note 21)	21.9	21.9	21.9	21.9
Due in five years or more (note 21)	132.1	139.4	132.1	139.4
	<b>168.6</b>	<b>175.9</b>	<b>168.6</b>	<b>175.9</b>

## notes to the accounts

(continued)

### 22. ANALYSIS OF UNSECURED LOANS - continued

The University takes professional advice on the hedging of interest rates on its borrowing, with a view to reducing the risk of unexpected finance costs. The University has entered into long term interest swap agreements which result in effectively fixed rate borrowing over the life of the loans.

Bank loan arrangements for the University as at 31 July 2021:

	Total original facility £ million	Outstanding 31 July 2021 £ million	Effective Interest rate
<b>Drawn facilities</b>			
Amortising loan, drawn July 2007, repayable July 2037	40.0	21.0	5.37%
Bullet loan, drawn July 2008, repayable July 2037	10.0	10.0	4.82%
Bullet loan, drawn July 2009, repayable July 2037	5.0	5.0	4.92%
Bullet loan, drawn October 2010, repayable July 2037	15.0	15.0	4.92%
Bullet loan, drawn October 2010, repayable July 2037	10.0	10.0	4.84%
Amortising loan, drawn March 2012, March 2013 and December 2013, repayable December 2040	60.0	43.3	5.19%
Amortising loan, drawn August 2018, repayable July 2038	75.0	63.8	2.49%
	<b>215.0</b>	<b>168.1</b>	

The University has a negative pledge arrangement in respect of the bank loan facilities.

During the financial year the University also had the following borrowing arrangements in place:

1. A £0.4m loan from the Lawn Tennis Association, amortising over 13 years from September 2008, at a 0% rate of interest, specifically for the purpose of building an indoor tennis centre. £0.03m remains outstanding as at 31 July 2021.
2. A £0.5m loan received from HEFCE, as part of HEFCE's partnership with Salix Finance Ltd, specifically for the purpose of funding energy efficiency and low carbon technology. The loan is at a 0% rate of interest and is repayable in greater than five years, being the period during which compliant projects have already been planned.

## notes to the accounts

(continued)

### 23. PENSION PROVISIONS AND PENSION ASSET

	Consolidated	University
	£ million	£ million
Obligation to fund deficit on USS Pension (Note 30)		
Provision at 1 August 2020	107.2	107.2
Unwinding of discount factor	0.8	0.8
Deficit contributions paid	(4.3)	(4.3)
Increase in provision in year	0.7	0.7
	(2.8)	(2.8)
Provision at 31 July 2021	<b>104.4</b>	<b>104.4</b>

	Consolidated	University
	£ million	£ million
Defined benefit obligations for University of Warwick Pension Scheme (UWPS) (Note 30)		
Asset at 1 August 2020	(8.6)	(8.6)
Net service cost contributions	(0.8)	(0.8)
Net return on assets	(0.2)	(0.2)
Administrative expenses	0.6	0.6
Actuarial loss	4.6	4.6
	(4.4)	(4.4)
Asset at 31 July 2021	<b>(4.4)</b>	<b>(4.4)</b>
Total of above pension provisions carried forward at 31 July 2021	<b>100.0</b>	<b>100.0</b>

### 24. OTHER PROVISIONS

	Consolidated	University
	£ million	£ million
Life Sciences restructuring provision		
At 1 August 2020	3.1	3.1
Utilised in year	(0.1)	(0.1)
At 31 July 2021	<b>3.0</b>	<b>3.0</b>

## notes to the accounts

(continued)

### 25. ENDOWMENTS

#### CONSOLIDATED

	Restricted Permanent £ million	Restricted Expendable £ million	2021 Total £ million	2020 Total £ million
<b>As at 1 August</b>				
Capital	5.2	5.6	10.8	11.4
Accumulated income	0.6	0.2	0.8	0.6
	<b>5.8</b>	<b>5.8</b>	<b>11.6</b>	<b>12.0</b>
New endowments	0.4	0.8	1.2	1.4
Investment income	0.1	0.1	0.2	0.3
Expenditure	(0.1)	(1.0)	(1.1)	(1.3)
Increase / (decrease) in market value of investments	0.8	0.2	1.0	(0.8)
<b>As at 31 July</b>	<b>7.0</b>	<b>5.9</b>	<b>12.9</b>	<b>11.6</b>

	Restricted Permanent £ million	Restricted Expendable £ million	2021 Total £ million	2020 Total £ million
<b>Represented by:</b>				
Capital	6.3	5.7	12.0	10.8
Accumulated income	0.7	0.2	0.9	0.8
<b>Total</b>	<b>7.0</b>	<b>5.9</b>	<b>12.9</b>	<b>11.6</b>

#### Analysis of endowment funds by type and purpose

Chairs and lectureships	2.0	1.1	3.1	2.6
Scholarships and bursaries	2.9	2.3	5.2	4.7
Prize funds	1.9	0.2	2.1	1.9
General	0.2	2.0	2.2	2.1
Research support	0.0	0.3	0.3	0.3
<b>Total</b>	<b>7.0</b>	<b>5.9</b>	<b>12.9</b>	<b>11.6</b>

	Consolidated		University	
	2021 £ million	2020 £ million	2021 £ million	2020 £ million
<b>Analysis by asset</b>				
Current and non-current asset investments	7.5	6.5	2.7	2.3
Cash and cash equivalents	5.4	5.1	4.3	4.0
<b>Total endowment asset investments</b>	<b>12.9</b>	<b>11.6</b>	<b>7.0</b>	<b>6.3</b>

## notes to the accounts

(continued)

### 25. ENDOWMENTS - continued

#### UNIVERSITY

	Restricted Permanent £ million	Restricted Expendable £ million	2021 Total £ million	2020 Total £ million
As at 1 August				
Capital	2.4	3.6	6.0	6.0
Accumulated Income	0.3	0.0	0.3	0.2
	<b>2.7</b>	<b>3.6</b>	<b>6.3</b>	<b>6.2</b>
New endowments	0.4	0.7	1.1	1.4
Investment income	0.1	0.0	0.1	0.1
Expenditure	0.0	(0.9)	(0.9)	(1.1)
Increase / (decrease) in market value of investments	0.4	0.0	0.4	(0.3)
As at 31 July	<b>3.6</b>	<b>3.4</b>	<b>7.0</b>	<b>6.3</b>

#### Represented by:

	Restricted Permanent £ million	Restricted Expendable £ million	2021 Total £ million	2020 Total £ million
Capital	3.2	3.4	6.6	6.0
Accumulated income	0.4	0.0	0.4	0.3
<b>Total</b>	<b>3.6</b>	<b>3.4</b>	<b>7.0</b>	<b>6.3</b>

### 26. CAPITAL COMMITMENTS

	Consolidated		University	
	2021 £ million	2020 £ million	2021 £ million	2020 £ million
Commitments contracted at 31 July	25.5	69.0	25.5	68.9

### 27. LEASE OBLIGATIONS

	Consolidated		University	
	2021 £ million	2020 £ million	2021 £ million	2020 £ million
Operating lease commitments in respect of buildings and equipment on leases:				
Within one year	4.3	11.0	4.3	11.0
Between one and five years	12.9	17.6	12.9	17.6
Over five years	31.1	34.6	31.1	34.6
	<b>48.3</b>	<b>63.2</b>	<b>48.3</b>	<b>63.2</b>

## notes to the accounts

(continued)

### 28. SUBSIDIARY COMPANIES AND ASSOCIATED BODIES

The University owns 100% of the issued share capital of the following companies which are registered in England and operating in the UK, unless dormant as stated:

	<u>No. of £1 Ordinary Shares</u>
Warwick University Training Limited	600,004
Warwick University Services Limited	125,000
Warwick University Enterprises Limited	170,000
Warwick Learning Limited	2,200
University of Warwick Science Park Limited	27,997
Research-TV Limited (Dormant)	3
Warwick Conferences Limited (Dormant)	2
The University of Warwick Press Limited (Dormant)	2
Jobs for the Academic Community Limited (Dormant)	1
World First Racing Limited (Dormant)	100
Warwick Ventures Company Limited (to 12 October 2018: WMG-Tech Limited) (Dormant)	1
Warwick Innovation Network Limited (Dormant)	1
Warwick Event Solutions Limited (Dormant)	1
UWSP Connect Limited (Dormant)	1
HRI Limited (Dormant)	3
UPS Pension Trustee Limited (Dormant)	1
Horticulture Research International (Dormant)	Limited by guarantee

The University owned 100% of the issued share capital of the following company which was registered in Australia and operating in Australia:

	<u>No. of \$1(Aus) Ordinary Shares</u>
Warwick University Enterprises (Australia) Pty Ltd	1,380,000

The above company was deregistered on 21 July 2021.

#### University of Warwick Foundation

In addition, the consolidated accounts include the accounts of the University of Warwick Foundation, an exempt Charity. The Foundation is a linked charity as defined under paragraph 28 of the Charities Act 2011 and, as such more information is disclosed in respect of the Foundation at note 29 of these accounts.

#### WMG Academy for Young Engineers (WMG Academy)

WMG Academy was formed on 6 February 2012 and is a private company, limited by guarantee and also an exempt charity where the University is one of three members. The University does not consider the entity to be an associate due to lack of substantial control and therefore is not included in the consolidated results. It operates two University Technical Colleges specialising in engineering.

#### Other Associated Bodies

Due to the nature of its activities, the University is a member of, or holds other minor interests in, a number of other joint ventures and companies involved in academic related activities. The individual detail of these other holdings is not disclosed, nor consolidated into the accounts of the University, purely on the grounds of materiality.

## notes to the accounts

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### 29. CONNECTED CHARITABLE INSTITUTIONS

The University is required to disclose details of connected charitable institutions, in order to allow for appropriate review by the Office for Students, which acts as principal regulator of the University of Warwick and its connected institutions, on behalf of the Charity Commission.

#### University of Warwick Foundation

It is the University's view that the University of Warwick Foundation is a connected institution to the University as defined under paragraph 28 of the Charities Act 2011 and, accordingly, further details are disclosed below.

The University of Warwick Foundation is an exempt charity, by virtue of Schedule 3 of the Charities Act 2011; the purposes of the Foundation are to:

- (a) hold endowments and other donations received for the development of the University of Warwick; and
- (b) provide funding for the development of buildings at the University of Warwick.

The activities of the Foundation, a financial summary of which is shown below, are consolidated into the University's group accounts, as described in note 28.

Consolidated results	2020/21 £ million	2019/20 £ million
<b>Net assets</b>		
As at 1 August	33.3	34.3
Income	0.7	0.8
Expenditure	(0.7)	(1.3)
Gain / (loss) on investments	0.6	(0.5)
As at 31 July	<b>33.9</b>	<b>33.3</b>

Endowment Funds	Restricted Permanent £ million	Restricted Expendable £ million	2020/21 Total £ million	2019/20 Total £ million
As at 1 August	3.1	2.1	5.2	5.8
Income	0.1	0.1	0.2	0.1
Expenditure	(0.1)	0.0	(0.1)	(0.2)
Gain / (loss) on investments	0.3	0.3	0.6	(0.5)
As at 31 July	<b>3.4</b>	<b>2.5</b>	<b>5.9</b>	<b>5.2</b>

## notes to the accounts

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### 30. PENSION SCHEMES

#### Universities Superannuation Scheme (USS)

The total net income to the Consolidated Statement of Comprehensive Income and Expenditure is £2.8m (2019/20: net income £90.3m) as shown in note 23. Deficit recovery contributions due within one year for the institution are £12.4m (prior year: £4.5m).

The University participates in the USS. With effect from 1 October 2016, the scheme changed from a defined benefit only scheme to a hybrid pension scheme, providing defined benefits (for all members) as well as defined contribution benefits. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. At 31 March 2021 USS had over 203,000 active members (2020: 204,000+) and the University had 4,907 active members participating in the scheme as at 31 July 2021 (2020: 4,861).

As at the year end the latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme was at 31 March 2018 (the valuation date), which was carried out using the projected unit method. As at the year end a valuation as at 31 March 2020 was underway but not yet complete.

Since the University cannot identify its share of USS Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The 2018 valuation was the fifth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

Actuarial valuation date	31 March 2018
Valuation method	Projected Unit
Value of scheme assets	£63.7bn
Value of technical provisions	£67.3bn
Net pension deficit	£3.6bn
Funding level from accrued benefits	95.0%

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles:

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

Defined benefit liability numbers for the scheme have been produced using the following assumptions\*:

\* FRS102 basis per USS Report and Accounts 2021 and 2020

	2021	2020
Discount rate	2.15%	2.55%
Pension increase assumption	2.50%	2.05%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. Mortality is assumed to be in line with the Continuous Mortality Investigation's (CMI) tables: for pre-retirement, 71% of AMC00 (duration 0) is used for males, and 112% of AFC00 (duration 0) for females. For post retirement, 97.6% of SAPS S1NMA "light" is used for males and 102.7% of RFV00 for females. Use of these mortality tables reasonably reflects the actual USS experience. To allow for future improvements in mortality rates, the CMI 2017 projections with a smoothing parameter of 8.5 and long term improvement rates of 1.8% pa for males and 1.6% pa for females were also adopted. The current life expectancies on retirement at age 65 are:

Males (females) currently aged 65:	24.6 (26.1) years
Males (females) currently aged 45:	26.6 (27.9) years

## notes to the accounts

(continued)

### 30. PENSION SCHEMES - continued

The existing position (per USS Report and Accounts 2021 and 2020) is as follows:	2021	2020
Scheme assets	£80.6bn	£66.5bn
Total scheme liabilities	£95.5bn	£79.7bn
FRS 102 total scheme deficit	£14.9bn	£13.2bn
FRS 102 total funding level	84%	83%

Surpluses or deficits which arise at future valuations may impact on the University's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. In accordance with the requirements of the SORP, the University currently recognises a provision for its obligation to fund past deficits arising within the USS. The recovery plan in the 2018 actuarial valuation requires employers to contribute 2.0% of salaries towards repairing the deficit over the period 1 October 2019 to 31 September 2021 at which point the rate will increase to 6% to 31 March 2028. The 2021 deficit recovery liability reflects this plan. Details of this provision, which has been discounted at a rate of 0.87% as at 31 July 2021, are included in note 23 to the financial statements. The University has provided £104.4m in the current year (2019/20: £107.2m).

The University's liability calculation assumes a salary inflation rate growing to 4.7%, an annual increase in staff FTE in line with the University five-year plan and 0.5% beyond and a discount rate of 0.87%. A change in the assumption for salary inflation by +/- 0.5% would increase the obligation to fund the USS deficit by +£2.1m/-£2.0m. Similarly changes to the assumptions to the increase in staff FTE numbers by +/-0.5% would impact the provision by +/-£2.1m as at 31 July 2021.

Since the year end, following the completion of the 2020 actuarial valuation, a new dual rate schedule of contributions has been agreed (subject to member consultation), with an effective date of 1 October 2021. This new plan requires deficit payments of 6.3% of salaries from 1 April 2022 to 31 March 2038. Recalculating the USS provision on the basis of these contributions, and assuming all other assumptions used to calculate the provision remained unchanged, would result in a revised obligation to fund the deficit of £341.1m as at 31 July 2021, an increase of £236.7m from the current year end provision and a higher cost within the Consolidated Statement of Comprehensive Income and Expenditure of an additional £236.7m.

A further change to deficit recovery contributions will become applicable under the 2020 valuation if the Joint Negotiating Committee recommended deed on benefit changes has not been executed by 28 February 2022. In this scenario, higher deficit recovery contributions will commence from 1 October 2022 at 3% and then increase every 6 months until they reach 20% at 1 October 2025. They remain at this level until 31 July 2032. Recalculating the USS provision on the basis of these contributions, and assuming all other assumptions used to calculate the provision remained unchanged, would result in a revised obligation to fund the deficit of £517.1m as at 31 July 2021. Negotiations continue and an increase to this level is considered remote.

If the Schedule of Contributions remains unchanged from the new dual rate schedule of contributions above, the University's Financial Statements for the year ended 31 July 2022 will reflect these changes to the provision, subject to any other changes in financial and operational assumptions.

#### Sensitivity analysis:

The results of the recent valuations show the potentially significant impact on the year end provision that may arise from any future changes in deficit contribution rate and duration of payments. Based on the inputs to the calculation, the following sensitivity analysis outlines the potential impact on the liability at the year end of £104.4m (per the 2018 valuation assumptions, with the same discount rate of 0.87%) were employer deficit repair contributions and duration to increase:

	3.0%	6.0%	9.0%
Duration	£ million	£ million	£ million
Base	52.6	104.4	156.3
+3 years	81.8	162.9	243.9
+6 years	115.0	229.3	343.6

## notes to the accounts

(continued)

### 30. PENSION SCHEMES - continued

#### University of Warwick Pension Scheme (UWPS)

As of 1 April 2010 the University introduced changes to the benefit structure for existing members of UWPS and introduced a new Defined Contribution Section (DCS) to the scheme for new hires from this date. The University closed the Defined Benefit Section (DBS) of the scheme to new hires from 1 April 2010, but continues to operate this DBS in the UK for eligible members at the point of closure and the following disclosure relates to this ongoing DBS. Under FRS 102, the current service costs arising from employee service for the current period (less contributions paid into the scheme), expected interest costs on the scheme liabilities and the expected rate of return on scheme assets are charged and credited to the Consolidated Statement of Comprehensive Income and Expenditure of the University. Other changes in the forecast scheme asset / liability recorded on the Balance Sheet, as a result of changes in assumptions, are also recorded in the Consolidated Statement of Comprehensive Income and Expenditure. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method. This valuation has been updated to 31 July 2021 by a qualified independent actuary, for calculating FRS 102 accounting entries. The main results and assumptions of the most recently available full valuation figures of the UWPS are as follows:

Latest actuarial valuation date		31 March 2019
Valuation method		Projected Unit
Value of notional assets		£221.7m
Funding level from accrued benefits		92%
Discount rates per annum	- short term	2.50%
	- long term	1.70%
Salary scale increases per annum		2.55%
Pension increases per annum (subject to limited price indexation) *		3.00%

\* re pre 6 April 1997 benefits. Different increases are payable on other tranches of pension.

All assumptions have been derived with reference to the full gilt yield curve and implied inflation curve, from the Willis Towers Watson Investment Model. Detailed in the above table are the single equivalent financial assumptions. These represent the equivalent single assumptions which taken in isolation would produce the same liability figure as that derived from using the full curves for each respective financial assumption.

As at 31 July 2021 there were 375 members of staff actively contributing to the DBS of the scheme (2020: 420), with a further 1,547 staff being active members of the DCS (2020: 1,679).

Following the scheme's March 2019 actuarial valuation, the University will maintain an overall flat contribution rate of £3.29m per annum into the DBS of the scheme, inclusive of deficit recovery contributions. With effect from 1 June 2020, the University's £3.29m per annum DBS contribution is made up of 25.6% ordinary annual contributions and the balance in deficit recovery contributions. From 1 April 2017 to 31 May 2020, the University's £3.29m per annum DBS contribution was made up of 20.4% ordinary annual contributions and the balance in deficit recovery contributions.

The DCS of the scheme, comprising of the Heritage Section (University of Warwick staff) and the Enterprise Section (Unitemps personnel engaged by Warwick Employment Group), is treated and accounted for as a normal and separate part of the University of Warwick Pension Scheme. The University's contributions to the Heritage section, are either 6%, 8% or 10% of pensionable salary, dependent upon the level of employee contributions chosen by the scheme member. The contributions to the Enterprise section are based on the statutory minimum basis. Contributions to both sections are recognised through expenditure in the Consolidated Statement of Comprehensive Income as paid over to the external scheme provider. In 2020/21 contributions to the Heritage Section were partially offset by a drawdown of £1.0m from the University's defined contribution reserve, following the reserve account reaching a balance of £2.0m in April 2020.

## notes to the accounts

(continued)

### 30. PENSION SCHEMES - continued

The major assumptions used by the actuary (in nominal terms) for the latest updates of the DBS of the scheme were:

	2021	2020	2019	2018	2017
Rate of increase in salaries	2.55%	2.00%	2.25%	2.15%	3.15%
Discount rate	1.60%	1.45%	2.05%	2.55%	2.60%
Inflation assumption (RPI)	3.25%	2.90%	3.25%	3.15%	3.15%
Inflation assumption (CPI) *	2.55%	2.00%	2.25%	2.15%	2.15%

\* CPI used for revaluation of deferred pensions where appropriate.

To develop the expected long-term rate of return on assets assumption, the University considered the current level of expected returns on risk free investments (government bonds), the historical level of risk premium associated with the other asset classes in which the portfolio is invested (including equities, property, liability driven investments (LDI), infrastructure, commodities and reinsurance) and the expectations for future returns on each asset class. The expected return for each asset class was then weighted based on the actual asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

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

	2021 Years	2020 Years	2019 Years	2018 Years	2017 Years
Male member aged 45	22.2	22.2	22.1	23.3	23.2
Female member aged 45	25.6	25.5	25.3	27.0	27.0
Male member aged 65	20.9	20.9	20.8	21.1	21.1
Female member aged 65	24.2	24.1	23.9	24.7	24.6

The assets in the Scheme were:

	2021 £ million	2020 £ million	2019 £ million	2018 £ million	2017 £ million
Value of assets					
- Equities	27.6	22.6	33.0	47.8	59.0
- Other growth assets	78.4	79.2	88.1	77.6	69.7
- Bonds and other	147.8	154.2	116.6	85.2	75.5
Total market value of assets	253.8	256.0	237.7	210.6	204.2
Value of liabilities	(249.4)	(247.4)	(230.9)	(218.3)	(224.7)
Net pension surplus / (deficit)	4.4	8.6	6.8	(7.7)	(20.5)

Analysis of movement in the market value of scheme assets

	2020/21 £ million	2019/20 £ million
Fair value of plan assets at beginning of the year	256.0	237.7
Expected rate of return on scheme assets *	3.7	4.9
Actuarial (losses) / gains	(2.7)	17.1
Contribution paid by the employer	3.7	3.7
Contributions by scheme participants	0.1	0.1
Benefits paid	(6.4)	(6.9)
Administrative expenses paid from plan assets	(0.6)	(0.6)
Fair value of plan assets at end of the year	253.8	256.0

\* Non-investment expenses incurred in the year have been offset within the expected returns of assets

## notes to the accounts

(continued)

### 30. PENSION SCHEMES - continued

Analysis of movement in the present value of scheme liabilities	2020/21 £ million	2019/20 £ million
Benefit obligation at beginning of the year	247.4	230.9
Current service costs	2.9	2.6
Interest cost	3.5	4.7
Contributions by scheme participants	0.1	0.1
Actuarial loss	1.9	16.0
Benefits paid	(6.4)	(6.9)
	<b>249.4</b>	<b>247.4</b>

Analysis of amount recognised in Other Comprehensive Income	2020/21 £ million	2019/20 £ million
Actual gain on scheme assets	1.0	22.0
Expected return on assets	(3.7)	(4.9)
Experience of gains and losses on liabilities	3.2	(2.4)
Changes in assumptions	(5.1)	(13.6)
	<b>(4.6)</b>	<b>1.1</b>

Summary of movement in net asset / (liability) during the year	2020/21 £ million	2019/20 £ million
Current service cost	(2.9)	(2.6)
Contributions	3.7	3.7
Past service costs	0.0	0.0
Net return on assets	0.2	0.2
Administrative expenses	(0.6)	(0.6)
	<b>0.4</b>	<b>0.7</b>
Actuarial (loss) / gain recognised in Other Comprehensive Income	(4.6)	1.1
	<b>8.6</b>	<b>6.8</b>
	<b>4.4</b>	<b>8.6</b>

History of experience of gains and losses	2020/21 £ million	2019/20 £ million	2018/19 £ million	2017/18 £ million
Actual return less expected return on scheme assets	(2.7)	17.1	24.3	3.2
% of scheme assets:	(1.1%)	6.7%	10.2%	1.5%
Experience of gains and losses on liabilities	3.2	(2.4)	0.7	2.6
% of scheme liabilities:	1.3%	(1.0%)	0.3%	1.2%
Changes in assumptions	(5.1)	(13.6)	(9.6)	7.7
Total amount recognised in Total Comprehensive Income	(4.6)	1.1	15.4	13.5
% of scheme liabilities:	(1.8%)	0.4%	6.7%	6.2%

Sensitivity analysis: variation of assumptions would have the following potential impact on the UWPS pension asset at the year end of £4.4m. Discount rate 0.1% lower, pension provision £(0.2)m. Inflation rate (RPI) 0.1% higher, pension asset £2.2m. Inflation rate (CPI) 0.1% higher, pension asset £3.3m.

## notes to the accounts

(continued)

### 30. PENSION SCHEMES - continued

Excluding salary sacrifice contributions on behalf of employees, the University's contribution and movement on provisioning in respect of costs to the various schemes for its own staff were:

	2020/21 £ million	2019/20 £ million
Universities Superannuation Scheme (USS)	45.4	44.3
University of Warwick Pension Scheme (UWPS) Defined Benefit Section	3.2	3.3
University of Warwick Pension Scheme (UWPS) Defined Contribution Section	1.2	2.3
Other schemes	0.7	0.7
	<hr/>	<hr/>
	50.5	50.6
(Decrease) in pension provision for staff costs	(4.4)	(94.5)
	<hr/>	<hr/>
Pension cost for year (note 9)	<b>46.1</b>	<b>(43.9)</b>

Due to the low value of contributions and small number of participants in defined benefit schemes other than the Universities Superannuation Scheme (USS) and the University's own scheme (UWPS), as shown above, no disclosures have been made on the grounds of materiality.

In addition to the amounts shown above are pension payments of £0.3m in relation to temporary staff (2019/20: £0.4m).

#### Guaranteed Minimum Pension (GMP) benefits equalisation

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. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The University is working with the Trustee of The University of Warwick Pension Scheme to understand the extent to which the judgment crystallises additional liabilities for the scheme.

On 20 November 2020, the High Court ruled that pension schemes will need to revisit individual transfer payments made since 17 May 1990 to check if any additional value is due as a result of GMP equalisation. Based on the level of transfer payments, and the GMP equalisation reserve already including a small margin above the Scheme Actuary's central estimate, the University has chosen to retain the allowance adopted last year, estimated at 0.25% of the total pensions liability. The actual cost of GMP equalisation will be reflected after the benefits have been equalised.

For the University's other significant defined benefit scheme, the USS, the provision included within the financial statements at note 23 will only be impacted to the extent the change in benefits increases cash financing.

## notes to the accounts

(continued)

### 31. RELATED PARTIES

#### Members of Council

Due to the nature of the University's operations and the composition of the University's Council (being drawn from local, public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. Total expenses paid direct to members of the University's Council, who are also the University's Trustees, are shown in note 10.

The President of the Union of Students and another student elected by the Union of Students are members of the University's Council. During the year ended July 2021, payments were made to the Warwick Students' Union for the value of £3.0m (2019/20: £3.5m), invoices were raised from the University for the value of £0.4m (2019/20: £0.7m). There were balances of £3k and £8k (2019/20: £6k and £4k) outstanding in debtors and creditors at the year end.

Bal Claire, an independent member of the University's Council is also a Non-Executive Director of Coventry & Warwickshire Partnership NHS Trust. During the financial year, income of £405k (2019/20: £197k) and expenditure of £37k (2019/20: £20k) was recorded. There was a balance of £13k (2019/20: £Nil) outstanding in creditors at the year end.

Professor Stuart Croft who is Vice-Chancellor and President of the University is also a Board Member of The Hong Kong Polytechnic University International Advisory Board. During the financial year, sales of £1.4m (2019/20: £0.5m) were made. There was a £Nil balance (2019/20: £14k) outstanding in debtors at the year end.

Professor Pam Thomas who was Pro-Vice-Chancellor (Research) is also a Trustee and CEO of The Faraday Institute. During the financial year, sales of £118k (2019/20: £25k) were made. There was a balance of £20k (2019/20: £Nil) outstanding in debtors at the year end.

#### Spin-out companies

The University made no direct investments in spin-out companies during the year that totalled more than £50k.

The University supplies facilities, goods and services to a number of its spin-out companies, within which the University holds varying levels of share interest (see note 15). All of these goods and services are provided on an arm's length basis and the total value of sales to such individual companies, in excess of £100k for the reported financial year, is summarised below:

	2020/21 £ million	2019/20 £ million
Medherant Ltd	0.1	0.0
Nanosyrinx Ltd	0.2	0.0

## notes to the accounts

(continued)

### 32. HERITAGE ASSETS

The University of Warwick is in possession of an art collection which is on view to staff, students and visitors who have access to the various buildings where the work is exhibited.

The collection displays a variety of media including paintings, prints, textiles and ceramics and there are also a number of sculptures exhibited in external locations across campus. The combined value of heritage assets is not considered to be material and is of too uncertain value to warrant separate disclosure within the financial statements.

### 33. EVENTS AFTER THE REPORTING PERIOD

As set out in Note 30 in respect of the USS pension scheme, since the year end, following the completion of the 2020 actuarial valuation, a new dual rate schedule of contributions has been agreed (subject to member consultation), with an effective date of 1 October 2021. Recalculating the USS provision on the basis of these contributions would result in an increased obligation to fund the deficit of £341.1m, an increase of £236.7m from the provision in these financial statements.

A further change to deficit recovery contributions will become applicable under the 2020 valuation if the Joint Negotiating Committee recommended deed on benefit changes has not been executed by 28 February 2022. In this scenario, higher deficit recovery contributions will commence from 1 October 2022 at 3% and then increase every 6 months until they reach 20% at 1 October 2025. They remain at this level until 31 July 2032. Recalculating the USS provision on the basis of these contributions, and assuming all other assumptions used to calculate the provision remained unchanged, would result in a revised obligation to fund the deficit of £517.1m as at 31 July 2021. Negotiations continue and an increase to this level is considered remote.

If the Schedule of Contributions remains unchanged, the University's Financial Statements for the year ended 31 July 2022 will reflect these changes to the provision, subject to any other changes in financial and operational assumptions.

## notes to the accounts

(continued)

### 34. CONSOLIDATED FIVE YEAR RESULTS

	2020/21 £ million	2019/20 £ million	2018/19 £ million	2017/18 £ million	2016/17 £ million
<b>Income</b>					
Tuition fees and educational contracts	389.7	360.1	344.5	316.6	287.5
Funding body grants	66.8	66.4	61.4	59.6	58.4
Research grants and contracts	139.8	131.7	137.8	126.5	120.3
Other income	100.7	115.4	136.9	123.0	120.3
Investment income	1.0	2.6	2.7	1.7	1.6
Donations and endowments	5.7	3.7	5.3	4.1	2.9
<b>Total income</b>	<b>703.7</b>	<b>679.9</b>	<b>688.6</b>	<b>631.5</b>	<b>591.0</b>
<b>Expenditure</b>					
Staff costs	368.5	287.4	480.0	321.1	298.0
Other operating expenses	197.7	210.9	227.4	208.4	210.7
Depreciation	53.0	48.3	47.5	38.4	35.6
Interest and other finance costs	8.5	11.1	9.7	8.4	8.8
<b>Total expenditure</b>	<b>627.7</b>	<b>557.7</b>	<b>764.6</b>	<b>576.3</b>	<b>553.1</b>
<b>Surplus / (deficit) before other gains or losses</b>	<b>76.0</b>	<b>122.2</b>	<b>(76.0)</b>	<b>55.2</b>	<b>37.9</b>
(Loss) / gain on disposal of non-current assets	(0.7)	(0.9)	0.0	(0.8)	1.2
Gain / (loss) on investments	4.0	(2.2)	1.2	1.6	2.4
Taxation	0.0	0.0	0.0	0.0	0.0
Actuarial (loss) / gain in respect of pension schemes	(4.6)	1.1	15.4	13.5	19.5
Change in fair value of hedging financial instruments	12.7	(7.7)	(8.8)	6.3	14.6
<b>Total comprehensive income and expenditure for the year</b>	<b>87.4</b>	<b>112.5</b>	<b>(68.2)</b>	<b>75.8</b>	<b>75.6</b>
<b>Assets</b>					
Fixed Assets	862.5	818.6	767.1	695.0	590.7
Investments	30.4	7.7	28.6	27.3	24.1
Current assets	321.6	294.5	290.7	216.8	236.7
<b>Liabilities</b>					
Creditors : Amounts falling due within one year	(238.5)	(215.8)	(201.1)	(178.7)	(160.5)
Creditors : Amounts falling due after more than one year	(452.4)	(470.1)	(470.8)	(397.7)	(389.2)
Other provisions	(3.0)	(3.1)	(3.1)	(3.2)	(3.4)
<b>Net assets, excluding pension provisions</b>	<b>520.6</b>	<b>431.8</b>	<b>411.4</b>	<b>359.5</b>	<b>298.4</b>
Pension provisions	(104.4)	(107.2)	(197.5)	(70.6)	(85.3)
Pension asset	4.4	8.6	6.8	0.0	0.0
<b>Net assets</b>	<b>420.6</b>	<b>333.2</b>	<b>220.7</b>	<b>288.9</b>	<b>213.1</b>
<b>Capital expenditure</b>					
Land and buildings	81.1	80.5	102.1	126.3	99.2
Fixtures, Fittings and Equipment	16.5	20.4	17.5	16.5	16.7
<b>Total capital expenditure</b>	<b>97.6</b>	<b>100.9</b>	<b>119.6</b>	<b>142.8</b>	<b>115.9</b>

## notes to the accounts

(continued)

### 35. FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE FOR THE U.S. DEPARTMENT OF EDUCATION

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

The amounts presented within the schedules have been:

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

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

				2020/21	2019/20
				£ million	£ million
Financial statements ref			UK title		
			<b>Primary Reserve ratio</b>		
			<b>Adjusted Equity</b>		
SoFP, p44, line 18	Statement of Financial Position - Net assets without donor restrictons	Net assets without donor restrictons	Income and expenditure reserve - unrestricted	407.7	321.6
SoFP, p44, line 17	Statement of Financial Position - Net assets with donor restrictons	Net assets with donor restrictons	Income and expenditure reserve - endowment reserve	12.9	11.6
-	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and unsecured related party receivable		0.0	0.0
-	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable		0.0	0.0
SoFP, p44, line 1	Statement of Financial Position - Property, plant and equipment - net (includes Construction in Progress)	Property , plant and equipment, net (incl construction in progress)	Fixed assets	862.5	818.6
Note 14, cols 2&3, line 11	Notes - Property, plant and equipment, net - pre-implementation	Property, plant and equipment, net - pre-implementation (less construction in progress)	Fixed assets, less Assets under the Course of Construction (at 31.7.2020)	(698.7)	(698.7)
-	Notes - Property, plant and equipment, net - post-implementation with outstanding debt for original purchase	Property, plant and equipment, net - post-implementation (less construction in progress), with outstanding debt for original purchase		0.0	0.0
Note 14, cols 2&3, line 10 less line 11	Notes - Property, plant and equipment, net - post-implementation without outstanding debt for original purchase	Property, plant and equipment, net - post-implementation (less construction in progress), without outstanding debt for original purchase	Fixed assets, less Assets under the Course of Construction (post 31.7.2020)	(84.8)	0.0
Note 14, col 4, line 10	Notes - Property, plant and equipment, construction in progress	Construction in progress	Assets under the Course of Construction	(79.0)	(119.9)

## notes to the accounts

(continued)

### 35. FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE FOR THE U.S. DEPARTMENT OF EDUCATION - continued

				2020/21 £ million	2019/20 £ million
<b>Financial statements ref</b>			<b>UK title</b>		
-	Statement of Financial Position - Lease right of use assets, net	Lease right of use asset, net		0.0	0.0
-	Notes - Lease right of use asset pre-implementation	Lease right of use asset - pre implementation		0.0	0.0
-	Notes - Lease right of use asset post-implementation	Lease right of use asset - post implementation		0.0	0.0
-	Statement of Financial Position - goodwill	Intangible assets		0.0	0.0
Note 23, line 13	Statement of Financial Position - post employment and pension liabilities	Post-employment and pension liabilities	Pension provisions (net)	100.0	98.6
Note 20 lines 1, 3 & note 21 lines 2, 3, 4	Statement of Financial Position - notes payable and line of credit (current and long-term) and Line of Credit for Construction in progress	Long-term debt - for long-term purposes	Unsecured loans, plus Deferred Income > 1 year, Deferred Capital Grants <1 year and >1 year	429.1	434.4
Note 20 lines 1, 3 & note 21 lines 2, 3, 4	Statement of Financial Position - notes payable and line of credit (current and long-term) and Line of Credit for Construction in progress	Long-term debt - for long-term purposes pre-implementation	Unsecured loans, plus Deferred Income > 1 year, Deferred Capital Grants <1 year and >1 year	429.1	434.4
-	Statement of Financial Position - notes payable and line of credit for long term purposes (both current and long term) and line of credit for CIP	Long-term debt - for long-term purposes post-implementation		0.0	0.0
-	Statement of Financial Position - notes payable and line of credit (both current and long term) and line of credit for Construction in progress	Line of credit for Construction in Progress		0.0	0.0
-	Statement of Financial Position - lease right of use of asset liability	Lease right of use asset liability		0.0	0.0
-	Statement of Financial Position - lease right of use of asset liability - pre-implementation	Pre-implementation right of use leases		0.0	0.0
-	Statement of Financial Position - lease right of use of asset liability - post implementation	Post-implementation right of use leases		0.0	0.0
-	Statement of Financial Position - Annuities	Annuities with donor restrictions		0.0	0.0
SoFP, p44, line 17	Statement of Financial Position - Term Endowments	Term Endowments with donor restrictions	Income and expenditure reserve - endowment reserve	(12.9)	(11.6)
-	Statement of Financial Position - Life Income Funds	Life Income funds with donor restrictions		0.0	0.0
-	Statement of Financial Position - Perpetual Funds	Net assets with donor restrictions: restricted in perpetuity		0.0	0.0

## notes to the accounts

(continued)

### 35. FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE FOR THE U.S. DEPARTMENT OF EDUCATION - continued

				2020/21	2019/20
				£ million	£ million
Financial statements ref			UK title		
		<b>Total Expenses and Losses</b>			
SOCI, p42, line 12	Statement of Activities - Total operating expenses, prior to adjustments	Total expenses without donor restrictions - taken directly from Statement of Activities	Total expenditure	627.7	557.7
SOCI, p42, lines 14 & 20	Statement of Activities - Non-operating (Investment return appropriated for spending), Investments net of annual spending gain / (loss), Other components of net periodic pension. Change in value of split interest agreements and Other gains / (losses). (Total from Statement of Activities prior to adjustments)	Non-Operating and Net investment (loss)	(Gain) / loss on disposal of non-current assets, Change in fair value of hedging financial instruments	(12.0)	8.6
SOCI, p42, line 15	Statement of Activities - (Investment return appropriated for spending), Investments net of annual spending gain / (loss)	Net investment losses	(Gain) / loss on investments	(4.0)	2.2
SOCI, p34, line 19	Statement of Activities - pension related changes other than periodic pension	Pension related changes other than net periodic costs - (gain) / loss	Actuarial loss / (gain) in respect of pension schemes	4.6	(1.1)

## notes to the accounts

(continued)

### 35. FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE FOR THE U.S. DEPARTMENT OF EDUCATION - continued

				2020/21	2019/20
				£ million	£ million
Financial statements ref			UK title		
		<b><u>Equity Ratio</u></b>			
		<b>Modified Net Assets</b>			
SoFP, p44, line 18	Statement of Financial Position - Net Assets without donor restrictions	Net assets without donor restrictions	Income and expenditure reserve - unrestricted	407.7	321.6
SoFP, p44, line 17	Statement of Financial Position - Net Assets with donor restrictions	Net assets with donor restrictions	Income and expenditure reserve - endowment reserve	12.9	11.6
-	Statement of Financial Position - Goodwill	Intangible assets		0.0	0.0
-	Statement of Financial Position - Related party receivable and related party note	Secured and Unsecured related party receivables		0.0	0.0
-	Statement of Financial Position - Related party receivable and related party note	Unsecured related party receivables		0.0	0.0
		<b>Modified Assets</b>			
SoFP, p44, lines 3 & 8	Statement of Financial Position - Total Assets	Total assets	Non-current assets plus Current assets	1,214.5	1,120.8
-	Notes - Statement of Financial Position - lease of use asset - pre-implementation	Lease right of use asset - pre-implementation		0.0	0.0
-	Statement of Financial Position - lease of use asset - liability pre-implementation	Pre-implementation right of use leases		0.0	0.0
-	Statement of Financial Position - goodwill	Intangible assets		0.0	0.0
-	Statement of Financial Position - Related party receivable and related party note	Secured and Unsecured related party receivable		0.0	0.0
-	Statement of Financial Position - Related party receivable and related party note	Unsecured related party receivables		0.0	0.0
		<b><u>Net Income Ratio</u></b>			
SOCI p42, line 23	Statement of Activities - change in net assets without donor restriction	Change in net assets without donor restriction	Unrestricted comprehensive income and expenditure for the year	86.1	112.9
SOCI p42, lines 7, 14, 15 (where>0) & 20	Statement of Activities (net assets released from restriction) total operating revenue and other additions and sale of fixed assets gains / (losses)	Total Revenues and Gains	Total income, plus (Gain) / loss on disposal of non-current assets, Gain on investments, Change in fair value of hedging financial instruments	719.7	671.3

## indicators of financial health

	2020/21	2019/20	2018/19	2017/18	2016/17
(a) Net cash flow as % of total income	17.4	13.3	13.2	15.7	18.8
(b) External borrowing as % of total income	24.0	25.9	26.6	18.3	20.2
(c) Total assets ÷ total liabilities	1.5	1.4	1.3	1.4	1.3
(d) Net liquidity / (total expenditure – depreciation) (days)	168	175	115	112	132
(e) Surplus / (deficit) as % of total income	10.8	18.0	(11.0)	8.7	6.4
(f) Unrestricted reserves as % of total income	57.9	47.3	30.3	43.9	34.3