

A photograph of the Cardiff University building at dusk. The building is a large, light-colored stone structure with a prominent dome and a smaller tower. The sky is a mix of blue and orange, suggesting sunset. Trees are visible in the foreground and background, and a stone pillar is on the left.

Annual Report and Financial Statements

Year Ended 31 July 2023

cardiff.ac.uk

CARDIFF
UNIVERSITY
PRIFYSGOL
CAERDYDD



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Charity Name:
Cardiff University

Charity Registration Number:
1136855

Registered Office:
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Chair of Council's Introduction

I'd like to open this Annual Review with a message of thanks to the University's outgoing Vice-Chancellor, Professor Colin Riordan, who retired in September 2023 after 12 years in post.

Colin always worked with the best interests of Cardiff University at the heart of his work within a framework of seeking the best outcome for Cardiff, for Wales and for the world.

Under his leadership, the University embarked on its biggest campus upgrade in a generation with major financial investment in the University estate, including the flagship Centre for Student Life, the Abacws building for teaching and research in mathematics and computer sciences, new centres for groundbreaking research, innovation, technology transfer and entrepreneurship in sbarc|spark and the Translational Research Hub, as well as other key investments benefiting academic Schools.

His tenure saw a 30% increase in students and teaching staff, with 600 more academic staff in post than when he first arrived in 2012. He also championed the University becoming a living wage employer.

It has been a privilege to work with Professor Riordan, and he leaves the University in a solid position reputationally, and financially.

Council led the global search for Professor Riordan's successor, with the full and active engagement of staff and students, who were invited to tell us what they wanted from our ideal leader and were also involved directly in the selection process.

In January 2023, a special meeting of Council confirmed the appointment of Professor Wendy Larnier as our new Vice-Chancellor. The former Provost of Victoria University of Wellington, New Zealand, she took up her post in September. In Professor Larnier we have found an esteemed academic and a talented leader and the first female Vice-Chancellor in the University's 140 year history.

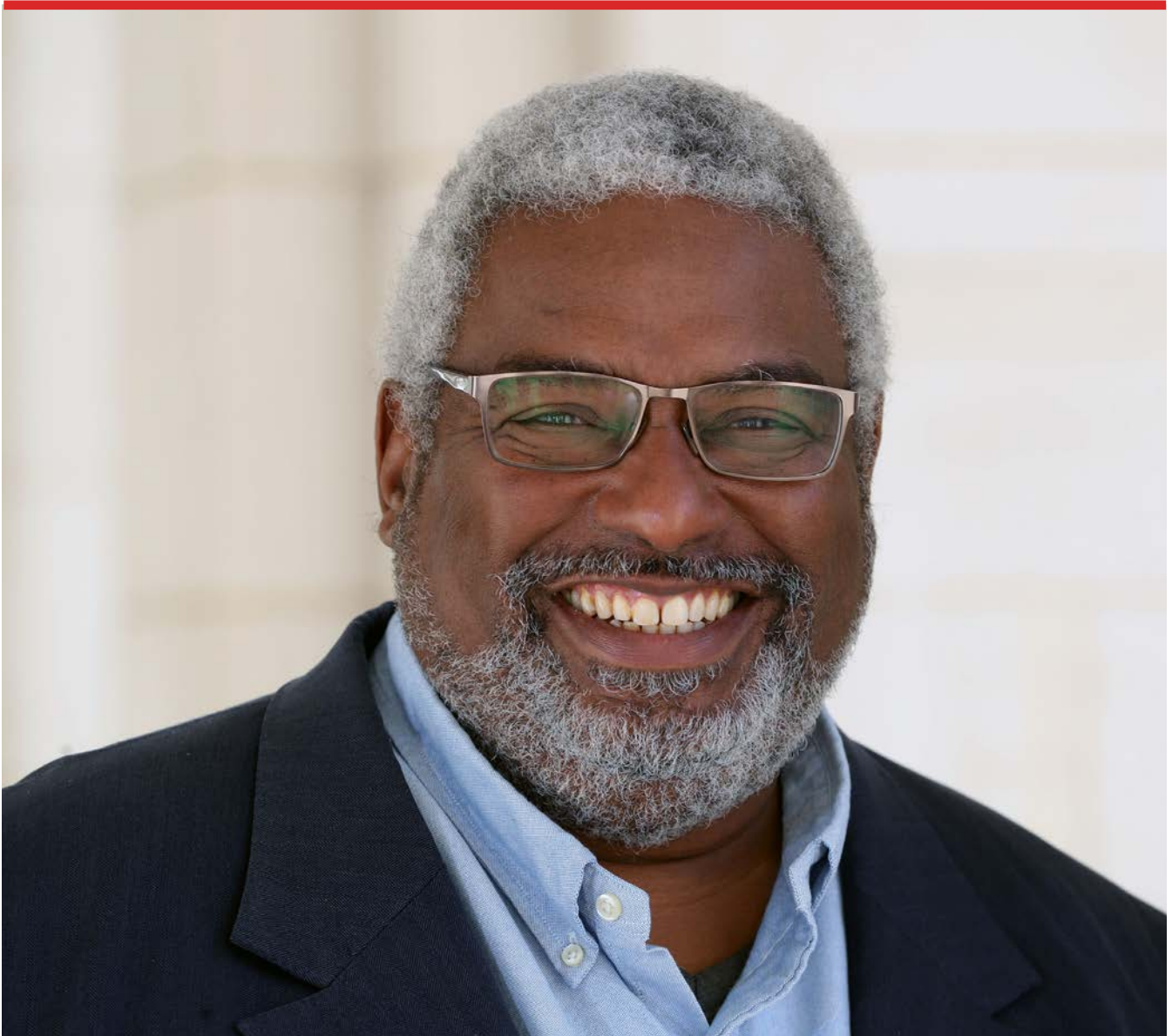
As I write, our new Vice-Chancellor has just announced the Big Conversation – a chance for the whole of our University community to have their say on our future direction. This is still at its early stages, but I look forward to working with Wendy on taking this important conversation forward over the next year.

As the governing body of the University, part of the Council's role is to ensure appropriate scrutiny and governance of the University's strategy, finances and activities. Council met five times in the 2022/23 academic year. Our work was varied, ranging from approving new strategic partnerships, and approving the first phase of the University's carbon reduction plan to monitoring progress on our work to improve the student experience and staff wellbeing, as well as monitoring the University's investments and financial plans and a range of regulatory obligations.

On a personal level, there were some stand-out moments in the academic year. The launch of the University's five innovation research institutes showcased the very best of the University – our collaboration across disciplines to channel our collective expertise into tackling some of the world's biggest issues.

Graduation – always a highlight for me – was also spectacular. This year's graduates were the students whose time at University was so disrupted by the pandemic and periods of industrial action. The whole University community was proud of them for their achievements in such difficult circumstances, and this really shone through in the celebrations.

Chair of Council's Introduction



I was also pleased to see the University create new partnerships with the University of Namibia and the University of Illinois Systems, among others. Closer to home, I'm delighted that our partnership with Cardiff City House of Sport, Cardiff Council and Sport Wales to redevelop our Llanrumney Sports Field came to fruition. The upgraded site provides access for local communities and gives local and student sport teams the chance to play on some of the best facilities in the UK.

Partnerships like these will be a major feature in the University's future.

And finally, who can forget our student's stunning victory in the annual Varsity fixtures with Swansea University.

Once again, it's been an honour to chair Council and play my small part in guiding the University's progress. My thanks to every member of Council for their commitment and contribution to the University over the year, and to the University's executive board for their leadership and to all of our staff, students, alumni and stakeholders for their continued support of the University and its mission.

Patrick Younge
Chair of Council

University Strategic Plan

Across the 2023/2024 academic year, Cardiff University will undertake a participative and self-challenging process to examine its context, purpose and priorities for the future. Y Sgwrs Fawr/The Big Conversation will lead to the development of an ambitious new University Strategy that answers the question ‘what kind of University will Cardiff be for what kind of future?’

The Way Forward 2018-2023: Recast COVID-19

The University reviewed its strategic plan in response to Covid-19 at the start of the pandemic, adapting its strategic priorities to the new reality faced by society. Although the immediacy of the threat posed by Covid-19 has receded, that strategy remains in place until the end of 2023 calendar year, responding to the lasting impacts of the pandemic. In 2022, Council approved the return to the full reporting of the University's strategy with some enhancements to reflect the Recast Way Forward.

The Way Forward 2018-2023: Recast Covid-19 is set out below.

Cardiff University exists to create and share knowledge and to educate for the benefit of all. Our vision is to be a world-leading, research excellent, educationally outstanding University, driven by creativity and curiosity, which fulfils its social, cultural, and economic obligations to Cardiff, Wales, the UK and the world. By fulfilling our vision our objective is to become one of the top 100 universities in the World and the top 20 in the UK. Our priority must be the health and wellbeing of our students and staff. To secure this, we must be financially sustainable. As we take forward the interdependent priorities of health and wellbeing and financial sustainability, we must ensure that the quality and integrity of our academic and educational activity remain paramount. The changed circumstances will have profound

effects in terms of our performance and how we assess progress. League table position will not be the primary concern. Instead, we must ensure that we survive and thrive.

Our Values

We will operate according to the Nolan Principles of Public Life and furthermore be guided by the following values: institutional autonomy; freedom of enquiry; collegiality, leadership and management; equality, diversity and inclusion; environmental sustainability; financial resilience; and civic mission.

Education and students

We will re-prioritise activity to provide our students with the highest quality experience possible given the constraints of the Covid-19 crisis, whilst preserving our academic standards and integrity.

Learning environment: We will move forward on plans to enhance our online and blended offering to ensure we are agile enough to deliver programmes.

Student experience: The priorities for the University will remain enhancement of the student experience, retention and outcomes successes of our students.

Student success: Work to support careers and skills will continue. The University will take forward the planning and implementation of its newly drafted Widening Participation Strategy. Work on this will continue, supporting students from socio-economically deprived and educationally disrupted backgrounds to engage, achieve and succeed at Cardiff University.

Teaching excellence: Work on supporting academics and those who support learning and teaching will continue, with progress being made on the Academic CPD Framework and achievement of Advance HE accreditation.

Academic standards: The priority here will be the maintenance of academic standards.

Civic mission

In the same way as Cardiff University reacted to major societal challenges of the 20th Century, the social and health crisis caused by coronavirus required the University to reshape its civic mission to help government, health services and wider society to revive and renew the Welsh economic, social, and cultural landscape. Supporting job creation will be of paramount importance given the economic impact of the virus. Innovation in education is more

University Strategic Plan

prominent than ever and we will continue our contributions to this. Our partnership with the NHS will achieve very much greater salience. We will continue to work to enhance the Welsh-language culture of our campus in line with our new Welsh-Language Strategy.

International

We maintain and continue to build international relationships to position ourselves for the future. We will explore the extent to which we can learn from current changes in learning and teaching practices regarding international travel and reduce the level of international travel relating to conferences and fieldtrips. We will continue to focus on maintaining and building strong relationships with international partner universities by remote methods. We will continue to support our staff to develop international collaborations that ensure success in a changing international research funding landscape.

Research

We mitigated the immediate impact of Covid-19 on research by encouraging staff to work on research outputs deliverable remotely. Enhanced support for staff and postgraduate research students will be considered, depending upon the financial resilience of the University. We minimised potential financial impacts of Covid-19 on our research by working closely with funders, external partners and governments to ensure deliverable research outcomes. We will reconsider our research strategy in light of the long-term challenges to the financial sustainability of research and the likely scale and direction of future research funding post-Covid-19.

Innovation

We have completed our research related building projects and the Cardiff Innovation Campus to position ourselves effectively for post-Covid-19 revival and renewal opportunities. This includes

reworking of business cases for our major innovation projects to ensure that these are aligned to new funding opportunities and positioned strategically. We will work closely with local authorities, the Cardiff Capital Region, third sector and Welsh Government to develop major strategic initiatives able to deliver major economic benefit to the region. This will include developing new private and public sector collaborations for a post-Covid-19 world, in alignment with UK research and development priorities.

Progress

Until December 2023, we will be guided by our recast strategy and monitored the critical success factors within it. Over the last year, we have also reported against a refreshed set of KPIs.

Our attention now turns to Y Sgwrs Fawr/The Big Conversation and working with our community to co-create our ambitious new strategy for the years ahead.





Vice-Chancellor's Review

2023 has been a year of change for Cardiff. My predecessor, Professor Colin Riordan retired and I joined in September 2023. As such, this section of the Annual Review draws on both of our experiences and thoughts over the year.

It was a difficult twelve months, industrial action continued in the form of a marking and assessment boycott (MAB), organised by University and College Union. Its impact across the UK University sector became clear, particularly as we headed into graduation and was most keenly felt by our final year students.

While negotiations at a local level are constructive, this is a national dispute over pay which we cannot solve alone. As I write, the MAB has been suspended so there is some positive news for those students still waiting for their marks. However, we have also been notified of a new ballot so it appears that industrial action may still be a feature of University life over the coming year.

While some of our students experienced disruption to their final marks, our graduation ceremonies went ahead. These were the students whose degrees had been most affected by the pandemic, so it was wonderful to see them graduate. I attended one of the ceremonies and it was simply joyful and uplifting. Almost 8,000 students and over 20,000 of their guests came to Cardiff during the course of the week.

We had an excellent launch event at the Royal Institution in London for our University Research Institute in Systems Immunity and our four University Innovation Institutes in Digital Transformation, Net Zero, Neuroscience and Mental Health, and Security, Crime and Intelligence. The event was very well attended, and allowed us to showcase the excellence of our research and innovation to an informed and influential audience.

My predecessor in his departing comments talked very much of the need for the University to focus on anti-racism. A great deal of investment and work has begun in this area and I am determined that this progress will continue. Our University must better reflect the communities of which we are part and there is much to do.

What follows next are some of the highlights from across the University over the last year, detailing progress against our current strategy – which will guide the University until the end of 2023 - and outlining some of the principal risks - and changes - the University faces in the near future.

Education and Students

71% of our final year students are satisfied with their overall experience according to the latest National Student Survey (NSS). This was a drop of four percentage points and we were disappointed not to have improved our score this year.

There were however improvements across some areas including student voice, assessment and feedback, and academic support. Of course, these results must also be considered against a background of considerable uncertainty – industrial action and the significant disruption these students experienced because of the pandemic.

New, state-of-the-art facilities at our Llanrumney Sports Fields were officially opened giving our students – and community – access to some of the best sports provision in the UK. The project – a partnership between the University, Cardiff Council and Cardiff City House of Sport - offers a much-needed boost for our students' sporting experience. It means more students will be able to benefit from activities that we know can help enhance and maintain mental health, boost academic achievement, and increase employability prospects.



Cardiff graduates among the UK's most employable

The 2020/21 Graduate Outcomes Survey* found that 87% of all Cardiff graduates working in the UK had secured high-skilled employment within 15 months of finishing their studies. It also found that 95% of our graduates were in employment and/or further study or doing other activities such as travelling, 15 months after their course ended.

*Graduate Outcomes 2020/21 survey results published by the Higher Education Statistics Agency (HESA). HESA open data is published under the (CC BY 4.0) licence.



Urdd anti-racism message

Cardiff University students and Urdd Gobaith Cymru threw a spotlight on anti-racism as part of the Welsh charity's annual Peace and Goodwill Message. The message calls on people to "encourage kindness, teach acceptance, and to call out racist remarks and prejudices".



Doctoral student presents research to MPs in Westminster

A final-year PhD student presented his research to MPs as part of a major scientific poster competition and exhibition hosted in the Houses of Parliament. Tim Ostler's research uses data-driven mathematics to model and optimise three key aspects of In Vitro Fertilisation (IVF).



USA's brightest students choose Cardiff

Three of the USA's brightest students have chosen to pursue international scholarships at Cardiff University. Myya Helm, an MA student in History and Welsh History and Daniel Dominguez, who is studying an MSc in Computing, are both Marshall scholars. John Glover, studying an MA in History, is on a Fulbright scholarship.

Vice-Chancellor's Review

Research

Over the year we saw a significant increase in our research grants and contracts, both in the pipeline for the future and projects in progress.

At the start of the year, applications were up more than 40% on the same period last year, awards have more than doubled and have increased by 89% even if compared with the average for the same period over the last three years, while income is at a record high, almost £8m or 7% up on last year. This is not only a great testament to the ability and commitment of our researchers across the University but also a vindication of the University's policy of investment in recent years.

We also invested £5.4m in five innovation and research institutes to tackle the biggest issues facing society, the economy and the environment. Each institute will deliver research with global impact and bring together academics from a range of disciplines to help create a better future for all of us.



Using artificial intelligence to create a tsunami early warning system

An early warning system that quickly classifies submarine earthquakes and determines the risk of tsunami events has been developed by scientists at Cardiff University. The team, from the University's School of Mathematics, combined state-of-the-art acoustic technology with artificial intelligence (AI) to monitor tectonic activity in real-time. Their work is part of a long-running project to enhance natural hazard warning systems across the globe.



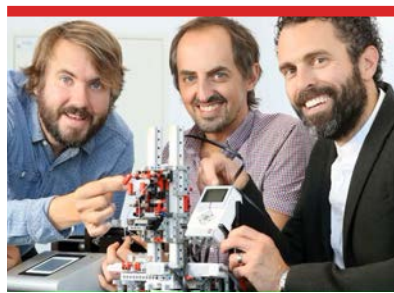
Extreme violence and abuse commonplace in elite kitchens around the world

Suffering is viewed as a necessary means of elite chefs fulfilling their true potential, Cardiff Business School research showed. Conducted across the restaurant industry, anonymous interviews with 62 chefs working in Michelin-starred restaurants around the world revealed how a culture of suffering is central to how individuals form professional identities to gain recognition and respect among their peers.



Identifying Parkinson's through smartwatches

New research from the University's Neuroscience and Mental Health Innovation Institute and the UK Dementia Research Institute found that smartwatches could help predict who is likely to develop Parkinson's disease, up to seven years before clinical diagnosis. The team say wearable tech that tracks accelerometry – the acceleration of motion – could be vital in identifying individuals in the general population who are most likely to develop Parkinson's disease.



LEGO in the lab

A 3D bioprinter constructed entirely from LEGO has been engineered by a team from the School of Pharmacy and Pharmaceutical Sciences to create affordable, scalable and reproducible tissue models. The printer is capable of printing biological material – such as skin cells. In contrast to much research which usually protects intellectual property, the Cardiff team have outlined the exact methodology used to engineer and build the device in the hope that their work can enable easy uptake, modification and improvement by other laboratories.



Orchestral commission for female composer

Professor Arlene Sierra's new work Kiskadee received its world premiere with the Detroit Symphony in October 2023. Additional orchestras scheduled to perform the work over 2024 and 2025 are the Dallas Symphony Orchestra, Illinois Philharmonic Orchestra, Louisiana Philharmonic Orchestra, and Wheeling Symphony Orchestra, part of a 30-orchestra consortium performing works by women composers commissioned by the League of American Orchestras with the generous support of the Virginia B. Toulmin Foundation.

International

We were delighted to be awarded University of Sanctuary status, part of the Cities of Sanctuary programme - an initiative that recognises and celebrates the good practice of universities in welcoming people seeking sanctuary by helping them go to University, and supporting local refugee communities.

Our plan of action highlights the ways in which we will help create a sense of belonging which leads to a better experience in accessing University and living in Cardiff. We also signed our first strategic partnership with an American institution – Wyoming. It follows similar arrangements with universities in China, Brazil, Germany, Belgium, Africa and, most recently, New Zealand, as part of the University's overarching The Way Forward 2018-2023: Recast COVID-19 strategy (which runs until the end of 2023).



Cardiff and Illinois sign Strategic Partnership

Cardiff University has signed a strategic partnership with the University of Illinois System. The five-year agreement will underpin an evolving programme of work and student exchange and aims to strengthen joint research in key areas: energy systems and Net Zero emissions, cybersecurity, data science and artificial intelligence, cancer research, geo-sciences, entrepreneurship and innovation, water and prairie research, and journalism.



Strengthening Ukraine's science and engineering base

The University scaled up its support for Zaporizhzhia National Polytechnic University in Ukraine and is helping the institution - and country - strengthen its science and engineering base thanks to new funding. Funding of £164,000 from Universities UK international's Ukraine R&I twinning grants scheme will help support partnerships between academics and students at both universities, build research and innovation collaboration, and help rebuild Ukraine's economy.



Environmental lessons to be shared between Wales and New Zealand

Cardiff and Waikato Universities are investigating how Wales and New Zealand could learn from each other's approaches to managing the environment, agriculture and natural hazards.



Enhancing academic capacity in Wales and Namibia

An international civic mission partnership has been established between Cardiff University and the University of Namibia. The five-year agreement will focus on enhancing academic capacity and training, increase the international mobility of staff and students, and promote research exchanges in areas of mutual intellectual interest across disciplines.

Vice-Chancellor's Review

Innovation

In May we officially opened our Translation Research Hub.

The idea of this hub is to focus on areas where fundamental scientific research, which universities are best placed to deliver, can be rapidly translated into new products and processes that benefit society, create high-quality, graduate level jobs and boost economic growth in our region.

A major focus of our research and innovation strategy over the last decade has been to position Cardiff at the leading edge of tackling the grand challenges facing humanity in the future. The completion of our innovation campus – which also includes sbarc | spark – the world's first social science research park – will bring together industry and academia to ignite ideas, and turn research into spinouts, start-ups, social enterprises, products and partnerships.



Concentric Health using co-working space in sbarc | spark

A software company dedicated to helping patients and clinicians make informed decisions about treatment is using the co-working space in sbarc | spark. Concentric Health's ground-breaking app is transforming how decisions are made about our health, informed by patient outcomes and shared by patient and clinician - on one easy-to-use application.



University in £15m UKRI rail innovation award

Cardiff University, the University of Birmingham and Swansea University have won a £15m UK Research and Innovation award to establish a leading railway research centre in South Wales. The project, led by Birmingham, will see the development of a Railway Research and Innovation Centre at the Global Centre of Rail Excellence.



Power electronics MoU with CSA Catapult

Cardiff University signed a memorandum of understanding ("MoU") with Compound Semiconductor Applications ("CSA") Catapult. The MoU will lay the foundations for a long-term partnership to promote research in areas of common strength and create a lasting public impact in Wales, the UK and beyond.



Wellcome Leap for Cardiff

Cardiff University has joined a global network dedicated to delivering discoveries in human health over the next decade. The Wellcome Leap Health Breakthrough Network is the largest, most rapidly 'activatable' health research network in the world, and will help eliminate barriers to progress, offering rapid access to funding that can shave months off development timelines.

Civic Mission

The Caerau and Ely Rediscovering ("CAER") heritage project is a stand-out example of the success of our Civic Mission strategy, which is needed now more than ever, at a time when economic and social stresses appear to be continuously on the increase.

Because of its impact, we confirmed that our support for the CAER Project will continue so that it can become a permanent, sustainable activity in Caerau and Ely, reconnecting members of the community with their ancient roots.



Excavation of Bronze Age enclosure hidden under city park

An archaeological dig which uncovered what is believed to be the earliest house found in Cardiff resumed. The dig at Trelai park focused on the floor of the house, which has remained largely intact and unspoiled beneath the grounds of the park's playing fields for 3,500 years.



Growth for South Wales media sector

The South Wales media sector experienced significant growth as a result of an ambitious Cardiff University-led innovation programme, a report finds. The five-year Clwstwr initiative was led by the University, in partnership with the University of South Wales and Cardiff Metropolitan University. Clwstwr's funded projects have directly contributed to more than £20m of additional turnover and more than 400 additional jobs in the creative industries. Between 2019 and 2022, Clwstwr directly contributed £1 in every £13 of annual turnover growth in the Welsh creative industries.



University-sponsored mural of Betty Campbell MBE officially unveiled

A giant mural of Wales's first Black headteacher was officially unveiled. The ten-metre tall painting, which was funded by Cardiff University, stands proudly on the front of Mount Stuart Primary School where Mrs Campbell held the role of headteacher from 1965 until 1999.



Primary school pupils receive support in reading and literacy from student mentors

Primary school children across Wales will receive reading and literacy support as part of a pilot mentoring scheme led by Cardiff University. The team behind the Modern Foreign Languages mentoring project, where student mentors work with young people in secondary schools to inspire a love of language learning, will use this tried-and-tested formula as the basis of their work with younger pupils in 10 schools.

Alumni and friends supporting Cardiff University

We are deeply grateful for the continuing support of our donors, fundraisers, and volunteers. Through generous donations, gifts in Wills, and by giving their time, experience, and enthusiasm, our supporters help Cardiff University to create and share knowledge for the benefit of all.

The support we receive through gifts and pledges helps to fund world-class research and gives talented students strong foundations, so they can flourish. This year in particular, the cost-of-living crisis has hit our students hard. Generous donations from alumni and friends have helped to make sure every Cardiff University student can access the education and opportunities they deserve.

The dedication of our alumni volunteers also helps to support current and prospective students. Through mentoring, career talks, events, open days, and internships, our volunteers generously share their expertise and experience to help equip our students with the skills and knowledge needed for life after Cardiff.

This year, our #TeamCardiff fundraisers have continued to challenge themselves to raise funds for life-changing neuroscience and mental health, and cancer research. Hundreds of alumni, staff, students, and friends have helped raise vital funds this year, boosting Cardiff University's ability to change lives through research.

We'd like to extend a huge thank you to everyone for their support. Diolch.

Over £8.8m

of new funds were secured* from more than **643** donors and fundraisers, including **54** organisations, to fund world-changing research and give our students the support they need to succeed.

(*Using CASE-Ross definitions)

£5 million

was awarded by The Hodge Foundation to establish the Hodge Centre for Translational Neuroscience.

The Centre focuses on the development of innovative new treatments for mental health conditions such as schizophrenia, bi-polar disorder, and severe depression. A large cohort of talented PhD students, in partnership with senior researchers, will take Cardiff University research to the next level - developing projects that have the potential to contribute to real-world impact for patients.

£566,000

has been generously donated through gifts in Wills.

Gifts in Wills leave a lasting legacy of support for future generations of students and help drive forward pioneering research.

90 members

of Cylch Caerdydd supported students and research with a gift of £1,000 a year or more.

Cylch Caerdydd donors play a crucial role in supporting the University's work and represent Cardiff's leading fundraising ambassadors.

£37,500

was raised by 139 #TeamCardiff fundraisers.

In October 2022, around 70 #TeamCardiff fundraisers took part in the Cardiff Half Marathon, raising over £26,000. Alum Gavin Jewkes (BA 2011, PgDip 2012) ran the Hackney Half Marathon and raised over £6,700 for Cardiff University research. Our supporters also organised their own activities including fundraising lunches, coach trips, raffles and sweepstakes.

8,621

hours were volunteered by the Cardiff University alumni community.

Our alumni generously gave their time to help support and inspire our students, and fellow alumni. This year, thousands of Cardiff graduates offered mentoring, employability talks, career guidance, and internships. They also supported the launch of our first Alumni Chapters and our inaugural 30(ish) Alumni Awards, designed to connect and celebrate our global alumni community.

The year ahead and risks

It is a challenging time for universities. The day has come when we need to reassess our role and function. I am confident we have a strong future; universities have reinvented themselves many times over in their long history and we can do that again.

But in the coming months new thinking is needed. As a University community we will take time to decide where we're going to focus our collective energy for the future, and then we will need a strategic and financial plan that commits us to that path and supports our goals.

This is taking place against an often tense and difficult backdrop.

The financial situation facing universities here in Wales is unsustainable. Home tuition fees don't cover teaching costs. Student expectations have grown. Not only have fees remained the same for the last ten years or so, the unit of resource available to fund each student's education and experience has declined over the years because of inflation.

It leaves universities like Cardiff in a challenging position. We're trying to balance the books with overseas students – and while we're aiming to grow our international student numbers, this isn't how or why we wanted to do it. As a global-civic University, international students are crucial and valued members of our community but they shouldn't be propping up our finances.

We also have staff who are making the case for better pay via industrial action. Although this is a national dispute and not something that we can resolve alone, it's impacted on teaching and learning for many months. My predecessor, Professor Colin Riordan, had constructive meetings with UCU towards the end of his tenure and I am continuing those in the hope of doing better locally.

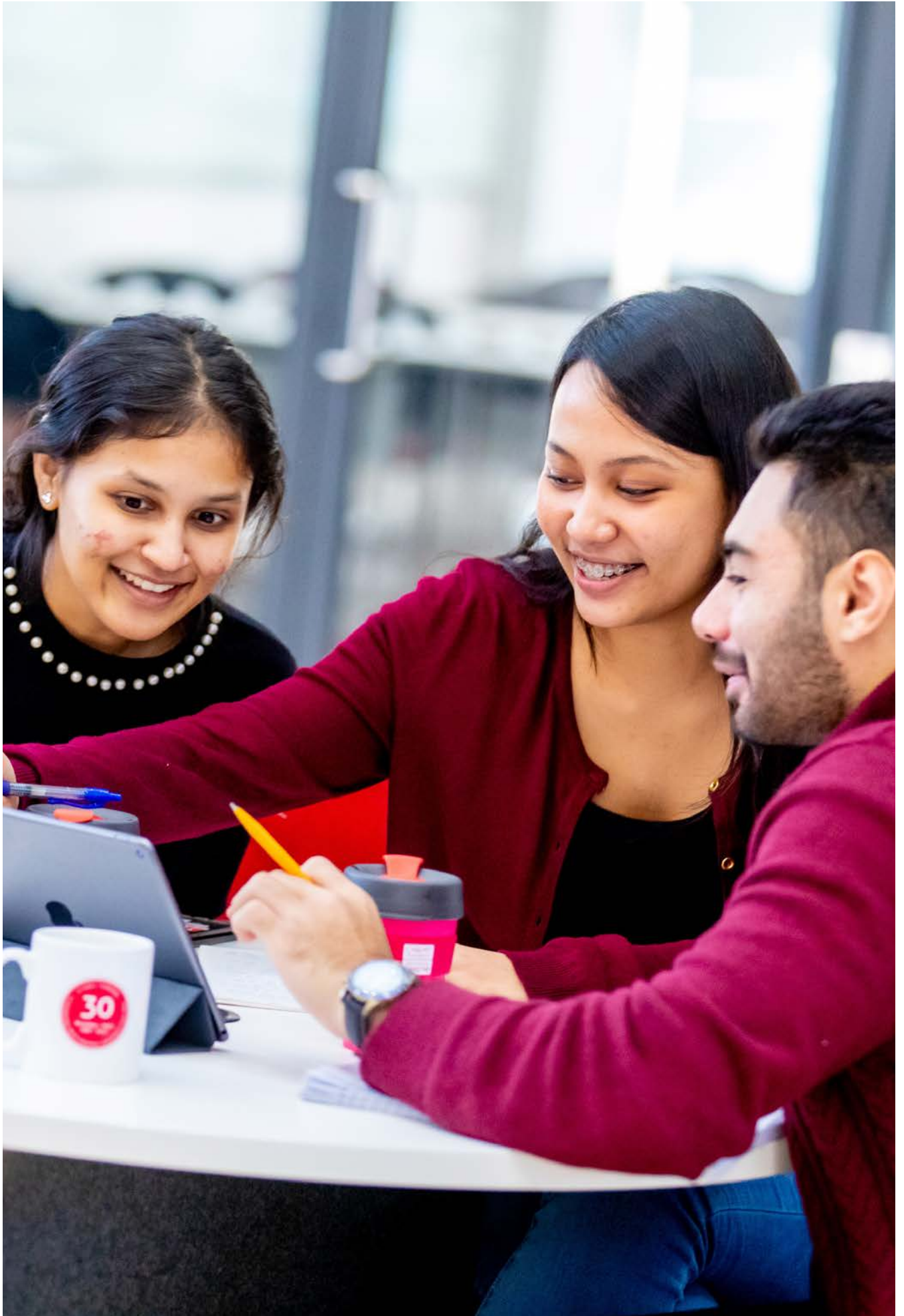
At the same time the cost of living crisis rumbles on. Our students are looking to us for support and help to protect them from this; but we're also seeing our own cost base rise on everything from food to energy. We are an anchor institution in Cardiff and Wales, and fully committed to our civic mission, so there is much to do. But universities – Cardiff University included – can not be all things for all people.

More broadly, universities are grappling with new and ongoing geopolitical tensions; and I also believe that we haven't even begun to understand the legacy of the Covid-19 pandemic. The enormity of these issues – along with climate change – are felt globally and are being addressed by our talented academics and their many collaborators. They too need strong support to deliver the research that will shape our future.

For me, it's clear that the current business model for universities is broken. The format that has dominated the sector for the last decade or so is now in question. That's a reality – and a challenge – that we need to address in the year ahead.

My predecessor, Professor Riordan, always said that Cardiff's strength comes from its community. Over the last three months, I've witnessed that first hand. This is an exceptional community, full of brilliant people who care – they care about the world we live in and this University. Over the year ahead I am confident we can work together to co-create a collective sense of the future – not just for our University, but for Cardiff, Wales and the world.

Professor Wendy Larner
Vice-Chancellor
22 November 2023



Key trends in Higher Education

Cardiff University continues to respond to trends in both Wales and Westminster, adapting to the different policy agendas devolution entails.

The last year has seen a number of significant developments in Welsh politics, including discussion about the future of the Welsh Labour and Plaid Cymru Co-Operation agreement, changes in leadership of three UK political parties, and the launch of the Welsh Government's Innovation Strategy.

The most significant legislative development in the past year has been the scrutiny and passage of the Tertiary Education & Research (Wales) Bill, which has received Royal Assent and brings together all parts of the post-16 education sector under one new regulator, the Commission for Tertiary Education & Research (CTER). We successfully argued for a number of changes to the bill.

The future operations of CTER will be of significant importance to the University, as it seeks to manage higher education more explicitly alongside further education, sixth forms, and adult community learning. Work to liaise with CTER has begun and we will also maintain strategic engagement with the relevant Welsh Government departments.

Rising costs are exacerbating challenges for UK higher education institutions. Rising inflation is making it more expensive to provide education and support students, whilst income is remaining static. Cardiff University now loses money on each domestic student it educates as well as on research activity. In addition, there is a difference in tuition fees between England and Wales, which puts Welsh universities at a competitive disadvantage, as they are unable to charge the same fees as their English counterparts. This is making it difficult to attract and retain staff, and is also impacting research funding. Making the financial challenges facing the University clear to both UK and Welsh governments remains a priority for Cardiff and Welsh universities.

Changes to immigration – which is not devolved – could also potentially affect international recruitment, although recent changes such as restrictions on visas for families of Masters students will not affect the University to the same extent as other institutions. International students' fees not only support the University's financial viability, but help create a globally diverse campus, enriching our students' learning and experience and improving our academic outlook.

In February 2023, the Welsh Government launched Wales Innovates: Creating a stronger, fairer, greener Wales, which replaced the previous Reid Review. The strategy focuses on four main mission areas. The University continues to encourage greater ambition for Welsh innovation to complement and build on its own vision for research and innovation, which was set out in its refreshed sub-strategy in December 2021. The University is committed to working with partners across Wales to deliver on the goals of Wales Innovates and to make Wales a world-leader in innovation. In addition to this Welsh strategy, the UK Government also announced its Science and Technology Framework, which sets out its priorities for science and technology for the next decade.

The University continues to contribute to plans for a North Wales Medical School at Bangor University, which will be Wales' third such school. We continue to support its establishment while making the case that any expansion in Wales' medical education and research should mean additional investment rather than re-allocation of existing resource.

As we look to the year ahead, it's anticipated that there will be a General Election at some point in 2024, with an autumn election looking ever more likely. A new UK Government will have an inevitable impact on the sector. We will monitor with interest and need to be able to respond and adapt to policy changes in the best interests of the University and the sector as a whole.

Major Committees and University Executive Board

Report from the Governing Body's key committees

Council has established four major committees whose members it appoints to oversee various aspects of the University's business: the Audit and Risk Committee, the Finance and Resources Committee, the Governance Committee, and the Remuneration Committee. All of these committees are formally constituted, each with terms of reference and a membership which includes lay members of Council and a Council lay member as Chair. Major committees may establish sub-committees, such as the Nominations Sub-Committee which is a key sub-committee created to consider and agree recommendations to Council in relation to key appointments.

Audit and Risk Committee

Member	Type	Attendance
Michael Hampson (Chair, resigned 04 Jul 23)	Lay	4/4
Pers Aswani	Lay	5/5
Dónall Curtin	Lay	5/5
Suzanne Rankin	Lay	4/5
Dr Robert Weaver (Chair from 24 Jul 23)	Lay	5/5
Agnes Xavier-Phillips	Lay	3/5

The Chair of Council and members of staff or students at the institution are not members of the Committee. Members are not individuals with executive management responsibilities within the institution or members of the Finance and Resources Committee.

Key responsibilities

The Audit and Risk Committee has a key role in advising and assisting the Council in overseeing the assurance and control environment of the University. Its duties cover:

- ▶ Assessing and advising Council on the effectiveness of the institution's risk management, control and governance arrangements, and the internal controls and procedures to promote economy, efficiency and effectiveness;
- ▶ Oversight of external and internal audit arrangements, including advising the governing body on the appointment of the audit providers, and oversight of the nature and scope of external and internal audits and the effectiveness of the audit processes; and
- ▶ Oversight of audit aspects of the University's financial statements, including the independent auditors' opinion, the statement of members' responsibilities, the statement of internal control and any relevant issue raised in the management External Auditor's representation letter.

Summary of business

The Audit and Risk Committee met five times during 2022-23, including an extraordinary meeting to review interim options for the Internal Audit provision following the resignation of the Head of Internal Audit. A further special meeting relating to Internal Audit was held in September 2023. The Chair resigned both as a member of the Council and as Chair of the Committee on 4 July 2023 and one of the existing non-Council lay members was appointed as a member of Council and as Chair of the Committee from 24 July 2023.

The External Auditors attended all ordinary meetings of the Committee and were present for consideration of the annual Financial Statements (including Going Concern), management representation letter, and the External Auditor's formal opinion as well as approval of the annual internal audit plan.

The Committee reviewed the University's risk register and detailed reports on the findings from the UK Research and Innovation (UKRI) audit of compliance with the terms and conditions and the internal audit reports, including the recommendations for the improvement of the University's systems of internal control, management responses and implementation plans, and progress with the highly rated internal audit recommendations. The Committee considered and monitored progress with the completion of the recommendations from the 2022 External Audit Report, with specific focus on the priority 1 recommendations, and progress with a project to map the University's internal control framework to identify areas requiring improvement or enhancement.

The Committee considered reports on value for money, sustainability and Net Zero, assurance mapping and the estate. The Committee also received regular reports on serious incidents, whistleblowing and financial irregularities.

Major Committees and University Executive Board

Finance and Resources Committee

Member	Type	Attendance
John Shakeshaft	Lay	4/4
Professor Rudolf Allemann (term ended 31 Jul 23)	Employee	4/4
Gina Dunn (term ended 30 Jun 23)	Student	4/4
Angie Flores Acuña (term ended 30 Jun 23)	Student	3/4
Chris Jones	Lay	4/4
Jan Juillerat	Lay	4/4
Professor Urfan Khaliq (appointed from 01 Aug 23)	Employee	–
Robert Kingham (term ended 21 Jun 23)	Lay	2/3
Professor Wendy Lerner (from 01 Sep 23)	Employee	–
Micaela Panes (appointed from 01 Aug 23)	Student	–
Professor Colin Riordan (until 31 Aug 23)	Employee	4/4
David Selway (appointed from 01 Jan 23)	Lay	3/3
Professor Damian Walford Davies	Employee	4/4
Jennifer Wood	Lay	4/4
Patrick Younge	Lay	4/4

Key responsibilities

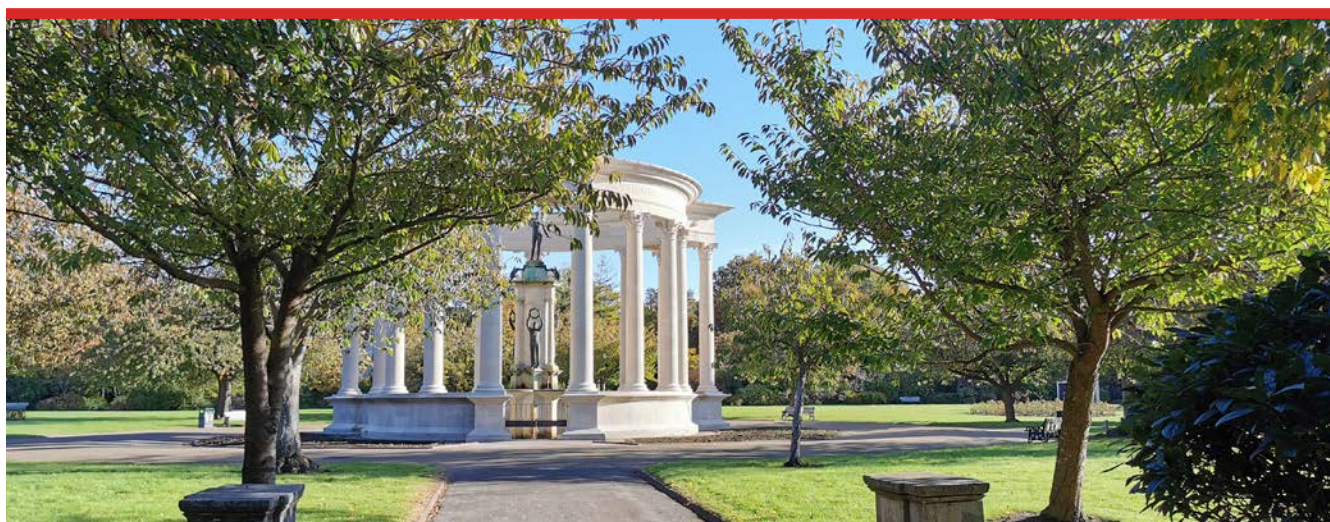
The broad remit of the Finance and Resources Committee is to advise and assist Council on the University's financial and resource matters. It monitors proposals for achievement, alignment of resources and performance of the University's strategic aims. It has specific duties in respect of the following areas:

- ▶ Resource Allocation, including allocation provided to Students' Union;
- ▶ Financial management including investment and banking;
- ▶ Estates and Digital Infrastructure management; and
- ▶ Human Resources management.

Summary of business

The Committee met four times during the 2022-23 academic year. The Committee oversaw the business of its two sub-committees: the Environmental Sustainability Sub-Committee, that oversees the development and implementation of environmental sustainability strategy, policies and programmes of activity; and the Investment and Banking Sub-Committee that monitors and advises on the University's investment strategy and its banking arrangements.

Over the course of the year, the Committee reviewed performance across HR related activities, and the University's financial statements, budgets and financial plans against the Strategic Plan. The Committee received regular updates on investment to the estate, including an Annual Estates Performance Report and an update on maintenance works, and also reviewed a number of infrastructure business cases.



Major Committees and University Executive Board

Governance Committee

Member	Type	Attendance
Judith Fabian (Chair)	Lay	4/4
Gina Dunn (term ended 30 Jun 23)	Student	4/4
Professor Dame Janet Finch	Lay	4/4
Angie Flores Acuña (appointed from 01 Aug 23)	Student	–
Professor Adam Hedgecoe (appointed from 01 Aug 23)	Employee	–
Jan Juillerat	Lay	4/4
Professor Wendy Larnier (from 01 Sep 23)	Employee	–
Dr Caroline Rae (appointed from 01 Aug 23)	Employee	–
Professor Colin Riordan (until 31 Aug 23)	Employee	2/4
David Selway	Lay	3/4
Dr Andy Skyrme (term ended 31 Jul 23)	Employee	3/4
Professor Ceri Sullivan (term ended 31 Jul 23)	Employee	3/4
Professor Damian Walford Davies	Employee	4/4
Patrick Younge	Lay	4/4

Key responsibilities

The key role of the Governance Committee is to advise and assist the Council on the effectiveness of the governance structure and framework of the University. This includes:

- ▶ The University's level of compliance with the mandatory requirements of legislation and other regulations, including the provisions of the Equality Act and the Welsh Language Act;
- ▶ Constitutional and legal matters, including the Charter, Statutes and Ordinances; and
- ▶ Lay Member nominations and appointments.

To discharge its responsibilities, the Governance Committee has established five sub-committees:

- ▶ Nominations
- ▶ Health, Safety and Wellbeing
- ▶ Equality, Diversity, and Inclusion
- ▶ Biological Standards
- ▶ Open Research Ethics and Integrity.

Summary of business

The Governance Committee met four times in 2022-23. The Committee reviewed the University's Governance Framework and recommended associated updates to Ordinances. It has also monitored completion of outstanding actions from a series of governance reviews, including the Governance Charter for Wales 2020 and Commitment to Action and the Governance Effectiveness Review 2021, which included establishing a Task and Finish Group to progress the review of the relationship between Council and Senate.

The Committee reviewed a number of annual assurance documents, including compliance with the Welsh Language Standards, PREVENT, The Modern Slavery Act 2015, the Animals (Scientific Procedures) Act 1996, and the Strategic Equality Plan Annual Monitoring Report.

The Governance Committee reviewed the lay member skills matrix and equality and diversity data to consider the composition requirements of an effective and efficient governing body, and oversaw the appointment of a Governor apprentice. The Committee also oversaw the annual review of the Chair of Council's performance.

Nominations Sub-Committee

Member	Type
Judith Fabian (Chair)	Lay-7
Professor Rachel Ashworth (term ended 31 Jul 23)	Staff – Senate member of Council
Gina Dunn (term ended 30 Jun 23)	Student
Angie Flores Acuña (appointed from 01 Aug 23)	Student
Professor Stephen Riley (appointed from 01 Aug 23)	Staff – Senate member of Council
John Shakeshaft	Lay
Patrick Younge	Lay

Key responsibilities

The role of the Nominations Sub-Committee is to consider and agree recommendations to Council in relation to key appointments, including the appointment and re-appointment of the Chair and Lay Members to the Council and its committees.

The sub-committee ensures that lay member recruitment is achieved through a clear and transparent appointment process, having due regard for the overall skills and experience of the governing body, balance of sector and non-sector knowledge and commitments to diversity and inclusivity.

Summary of business

The sub-committee did not hold any meetings during the 2022/23 academic year but considered the recruitment and selection of the governor apprentice for 2023-24 via email circulation. A meeting was held in early August 2023 to progress the recruitment of lay members of the Council for the 2023-24 academic year.

The governor apprentice was recruited via Perrett Laver's Governor Apprenticeship Scheme which aims to encourage diversity on boards, and the post was advertised externally.

Major Committees and University Executive Board

Remuneration Committee

Member	Type	Attendance
Jan Juillerat (Chair)	Lay	3/3
Professor Dame Janet Finch	Lay	3/3
Michael Hampson (resigned 04 Jul 23)	Lay	2/2
Patrick Younge	Lay	3/3

The Remuneration Committee has a wholly independent membership of lay members of the Council (who include the Chair and Vice-Chair of Council). The Remuneration Committee shall not be chaired by the Chair of Council. The Director of HR is invited to attend the Committee meetings.

The University's pay policy is published annually on our [website](#).

Key responsibilities

The Remuneration Committee, with advice from the Professorial and Senior Salaries Committee, develops the overall reward strategy and policy to cover the remuneration, benefits, conditions of employment and severance of the senior officers and staff of the University, including Deans and Heads of School.

The Committee is responsible for determining the remuneration, benefits and conditions of employment of the Vice-Chancellor and their direct reports, taking account of affordability, comparative information of the remuneration, benefits and conditions of employment in the Higher Education Sector and elsewhere as appropriate and relevant metrics and performance data.

The Vice-Chancellor's remuneration package is determined according to a number of factors including, but not limited to:

- ▶ the depth of the Vice-Chancellor's leadership, management and academic experience within the higher education sector;
- ▶ the breadth of leadership responsibilities for one of the UK's largest universities consisting of 33,260 students and 5,945 FTE staff; as well as a global community of 160,000 alumni in more than 180 countries;
- ▶ the financial responsibilities for an institution with an annual turnover of over £500 million; and which contributes more than £3.23 billion to the UK economy, generating £6.30 for every £1 we spend and supports 1 in 130 jobs in Wales; and
- ▶ the accountability for sustaining a TEF Silver-ranked educational experience for our students; and a world-leading research portfolio worth £100 million devoted to solving some of the most pressing global challenges, to the benefit of society in the UK and around the world.

In addition, the University recognised the Vice-Chancellor's performance across a range of key priority areas linked to the Way Forward 2018-2023: Recast Covid-19 strategy and achievement of the five Critical Success Factors identified during covid. These included but were not limited to:

- ▶ strong leadership during the Covid period;
- ▶ strong performance across two Research Excellence Frameworks (REF);
- ▶ other positive metrics which included progress with National Student Survey (NSS); and
- ▶ delivery of key built environment projects.

Summary of business

During 2022/23 the Committee reviewed the Senior Salary Review for the Vice-Chancellor and the Senior Staff Salary and Professorial Banding (including the Vice-Chancellor's direct reports), the annual update on the Gender and Ethnicity Pay Gap and on Equal Pay and Senior Pay Governance.

The Committee also undertook its annual review of the Committee of University Chairs (CUC) HE Senior Staff Remuneration Code and confirmed the University has adopted the Code. The Committee, through the Chair, reports to Council at least twice a year.

Major Committees and University Executive Board

Senate

Member	Type	Attendance
Professor Colin Riordan (until 31 Aug 23)	Employee	3/3
Angie Flores Acuna	Student	2/3
Professor Rudolf Allemann	Employee	1/3
Professor Stuart Allen	Employee	3/3
Professor Jon Anderson (delegate)	Employee	1/1
Professor Rachel Ashworth	Employee	2/3
Professor Warren Barr	Employee	2/3
Dr Thomas Beach (appointed from 01 Aug 23)	Employee	–
Professor Roger Behrend	Employee	1/3
Professor Anthony Bennett (appointed from 01 Aug 23)	Employee	–
Dr Daniel Bickerton (delegate)	Employee	1/1
Professor James Birchall (delegate)	Employee	1/1
Dr Emma Blain (appointed from 01 Aug 23)	Employee	–
Professor Kate Brain	Employee	2/3
Professor Gill Bristow	Employee	2/3
Professor Marc Buehner	Employee	1/3
Andreas Buerki	Employee	2/3
Professor Christine Bundy	Employee	3/3
Dr Cindy Carter	Employee	1/3
Professor David Clarke	Employee	2/3
Lauren Cockayne (appointed from 01 Aug 23)	Employee	–
Susan Cousins (appointed from 11 May 23)	Employee	1/3
Professor Vikki Cummings (appointed from 01 Aug 23)	Employee	–
Professor Trevor Dale	Employee	1/3
Dr Juliet Davis	Employee	1/3
Professor Lina Dencik	Employee	0/3
Rhys Denton	Employee	3/3
Rebecca Deverall (term ended 30 Jun 23)	Student	3/3
Dr David Doddington (appointed from 24 Mar 23)	Employee	1/3
Dr Luzia Dominguez	Employee	3/3
Gina Dunn (term ended 30 Jun 23)	Student	3/3
Dr Derek Dunne	Employee	2/3
Professor Dominic Dwyer (appointed from 01 Aug 23)	Employee	–
Professor Edwin Egede (appointed from 01 Aug 23)	Employee	–
Fflur Evans (appointed from 01 Aug 23)	Employee	–
Helen Evans (term ended summer 23)	Employee	2/3

Member	Type	Attendance
Olivia Evans (term ended 30 Jun 23)	Student	2/3
Professor Stephen Fairhurst	Employee	1/3
Professor Dylan Foster Evans	Employee	1/3
Ashly Alva Garcia (term ended 30 Jun 23)	Student	3/3
Graham Getheridge	Employee	1/3
Shreshth Goel (term ended 30 Jun 23)	Student	3/3
Dr Rob Gossedge (delegate)	Employee	1/1
Professor Julian Gould-Williams (appointed from 01 Aug 23)	Employee	–
Professor Mark Gumbleton	Employee	1/3
Dr Thomas Hall	Employee	2/3
Professor Ken Hamilton	Employee	2/3
Dr Natasha Hammond-Browning	Employee	3/3
Deborah Hearle (delegate)	Employee	1/1
Professor Adam Hedgecoe	Employee	2/3
Professor James Hegarty (term ended 31 Aug 23)	Employee	1/3
Professor Mary Heimann	Employee	1/3
Dr Monika Hennemann	Employee	2/3
Lloyd Hole (term ended 20 Mar 23)	Employee	2/2
Dr Jonathan Hewitt (appointed from 11 May 23)	Employee	0/1
Professor Joanne Hunt	Employee	2/3
Madison Hutchinson (appointed from 01 July 23)	Student	–
Professor Aseem Inam	Employee	3/3
Professor Nicola Innes	Employee	2/3
Professor Dai John	Employee	2/3
Professor Dafydd Jones (appointed from 01 Aug 23)	Employee	–
Dr Nicholas Jones (delegate) (appointed from 01 Aug 23)	Employee	1/1
Dr Hesam Kamalipour (appointed from 01 Aug 23)	Employee	–
Dr Tahl Kaminer (appointed from 01 Aug 23)	Employee	–
Professor Andrew Kerr (appointed from 01 Aug 23)	Employee	–
Professor Urfan Khaliq	Employee	3/3
Professor Alan Kwan	Employee	3/3
Professor Wendy Larnar (from 01 Sep 23)	Employee	–
Professor Eshwar Mahenthiralingam (appointed from 01 May 23)	Employee	1/1
Alex Meers (appointed from 01 July 23)	Student	–

Major Committees and University Executive Board

Senate continued

Member	Type	Attendance
Emmajane Milton	Employee	3/3
Claire Morgan	Employee	3/3
Professor Damien Murphy (term ended 31 Aug 23)	Employee	3/3
Professor Jim Murray	Employee	0/3
Larissa Nelson	Employee	1/3
Rebecca Newsome	Employee	2/3
Professor Gerard O'Grady (appointed from 01 Aug 23)	Employee	–
Dr James Osborne	Employee	3/3
Deio Owen (appointed from 01 July 23)	Student	–
Joanne Pagett	Employee	0/3
Micaela Panes (appointed from 01 July 23)	Student	–
Dr Jo Patterson (term ended 30 Nov 22)	Employee	1/1
Dr Juan Pereiro Viterbo	Employee	3/3
Professor Tim Phillips (delegate)	Employee	1/1
Dr Jenny Pike	Employee	3/3
Abyd Quinn-Aziz	Employee	2/3
Dr Caroline Rae	Employee	1/3
Michael Reade	Employee	3/3
Kate Richards	Employee	3/3
Professor Stephen Riley	Employee	2/3
Dominic Roche	Employee	2/3
Dr Siwan Rosser (delegate)	Employee	1/1
Noah Russell	Student	1/3
Sarah Saunders	Employee	3/3
Professor Katherine Shelton (appointed from 01 Jun 23)	Employee	0/1
Dr Andy Skyrme	Employee	2/3
Professor Peter Snowton	Employee	2/3
Dr Zbig Sobiesierski (term ended summer 23)	Employee	3/3
Helen Spittle	Employee	3/3
Georgia Spry (appointed from 01 July 23)	Student	–
Tracey Stanley	Employee	3/3
Professor Ceri Sullivan	Employee	2/3
Dr Petroc Sumner (term ended 31 May 23)	Employee	2/2
Professor Patrick Sutton	Employee	0/3
Dr Catherine Teehan	Employee	2/3
Grace Thomas	Employee	3/3
Dr Jonathan Thompson	Employee	3/3
Dr Onur Tosun	Employee	2/3
Professor Damian Walford Davies	Employee	3/3

Member	Type	Attendance
Dr Catherine Walsh	Employee	2/3
Matt Walsh	Employee	2/3
Lisa Watkins (appointed from 24 Mar 23)	Employee	1/3
Professor Ian Weeks	Employee	3/3
Professor Keith Whitfield	Employee	1/3
Professor David Whitaker	Employee	2/3
Professor Roger Whitaker	Employee	2/3
Professor John Wild	Employee	1/3
Professor Martin Willis	Employee	1/3
Professor Jianzhong Wu	Employee	3/3

Key responsibilities

The Senate is established by the University's Charter, which gives it responsibility for the ordering of the academic affairs of the University, both in teaching and in research, and powers to make Academic Regulations. It draws its membership from the academic staff, professional services staff and students of the Institution. Senate keeps under review the educational policy of the University and provides Council with assurance that the academic affairs of the University are appropriately managed.

In turn, Senate has established standing panels and Sub-Committees to support it in discharging its responsibilities, such as the Academic Standards and Quality Committee and the Education and Student Experience Sub-Committee.

Summary of business

The Senate met three times during the 2022-23 academic year. Key areas of strategic business, proposals for strategic partnership and updates on proposals for ensuring excellence in research activities across the University. Senate also received detail on the membership, remit and activities of the Task & Finish Group to consider the bicameral relationship between Council and Senate.

Senate considered the Annual Quality Report and inaugural Annual Enhancement Report for 2021-22, the Institutional Response to the Student View for 2022 and the 2023 Student View. Senate reviewed the Terms of Reference and received reports of business from its sub-committees, along with a number of annual reports (such as the Annual Statement on Research Integrity and the Students' Union Charter and Relationship Agreement).

Major Committees and University Executive Board

University Executive Board

Member	Type
Professor Colin Riordan (Chair)	Employee
Professor Rudolf Allemann	Employee
Rashi Jain	Employee
Professor Urfan Khaliq	Employee
Susan Midha	Employee
Claire Morgan	Employee
TJ Rawlinson	Employee
Claire Sanders	Employee
Professor Damian Walford Davies	Employee
Professor Ian Weeks	Employee
Professor Roger Whitaker	Employee
Darren Xiberras	Employee

All members of the University Executive Board (UEB) attend weekly senior meetings. Given the frequency of these meetings, the attendance is not recorded in the table above.

Key responsibilities

The UEB is the University's senior executive team. The HEFCW Terms and Conditions of Funding defines the Senior Executive Team in accordance with Financial Reporting Standard 102 (FRS 102)'s definition for 'key management personnel'; that is "those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity".

The broad remit of UEB is to advise the Vice-Chancellor in the performance of their duties as the Chief Executive Officer including developing and implementing strategy, operational plans, policies and procedures, setting budgets, and monitoring operating and financial performance.

Summary of business

In addition to weekly meetings throughout 2022/23, the UEB held three extended away days to look at strategic themes in addition to decision-making. Student life and the student experience continued to be a priority focus through the year. Other key areas of activity included work towards the development of a Target Operating Model for Professional Services at Cardiff University; maturing of the University-wide Integrated Planning Process; advancing a one University approach to equality, diversity, inclusion and anti-racism; and introducing a Transitional Estates Strategy to 2025.



Annual Pay Policy Statement

Senior Pay Remuneration

The Remuneration Statement provides the framework for decision making in respect of remuneration and in particular decision making on remuneration for senior staff.

All senior staff, excluding the Vice-Chancellor serving between 1 September 2022 and 31 August 2023, are covered by the University's Senior Pay Policy, which is published annually. This reviews performance on a biennial basis, and allows performance-based awards, as well as reviewing equity. Data drawn from the Universities and Colleges Employer Association's (UCEA) Senior Staff Remuneration Survey and the Russell Group Reward Survey are used to provide evidence for any market adjustments. The policy is set by the Remuneration Committee, who have overall responsibility for the University's approach to senior remuneration. As part of this role, it takes decisions on the pay of the most senior individuals in the University, including the Vice-Chancellor.

The numbers of all staff paid above £100k are published in the Notes to the Financial Statements of this report, along with directly reimbursed expenses for senior staff who are members of the University Executive Board. All expense claims and payments made to senior members of the University are in accordance with the University's financial regulations. These apply to all staff and are reviewed and approved annually by the University Council.

Previous Vice-Chancellor Remuneration

The remuneration of the Vice-Chancellor serving between 1 September 2022 and 31 August 2023 was determined by the Remuneration Committee, through the Vice-Chancellor's Reward Scheme.

This scheme was designed as a long-term incentive plan to reward and retain the Vice-Chancellor with a view to delivery of The Way Forward 2018-2023. The scheme built on the principles of the Senior Salary Review process as outlined in the Senior Staff Pay Policy.

The Vice-Chancellor's Reward Scheme involved:

- ▶ an annual review of base pay in relation to the market;
- ▶ a long-term lump sum non-pensionable performance-related bonus payment linked to the achievement of The Way Forward 2018-2023.

When the Remuneration Committee reviews the Vice-Chancellor's remuneration package, it considers comparative information on salaries, other benefits, and conditions of service in the Higher Education sector and elsewhere.

In 2023 the long-term performance was assessed, the final payment made, and the scheme closed.

Remuneration for other staff groups

The majority of other staff are on the National Framework Agreement (NFA) pay spine and covered by the University's Grading Structure which consists of 9 grades. These grades are supported by the Higher Education Role Analysis (HERA) role evaluation methodology.

Staff on NFA pay scales gain pay increases annually based on increased skill, knowledge, and experience, until they reach the top of the grade's core range. They are also subject to any nationally agreed pay awards.

The Clinical Pay Scale covers clinical staff, and replicates the NHS pay ranges. Clinical staff gain increases annually based on increased skill, knowledge, and experience, until they reach the top of the grade range. Clinical consultants also gain commitment awards above the top of the consultant grade range.

The Outstanding Contribution Award Scheme (OCAS) recognises exceptional performance and contribution, resulting in both one-off awards, and any accelerated incremental progression.

Living Wage Employer

The University is an accredited Living Wage employer and as a result all staff receive at least the Living Wage Foundation rate of pay.

Pay Ratio

The ratios between the VC salary and the median pay of staff and the VC total remuneration and the median total remuneration of staff are disclosed in note 8 (staff costs).

Exit policy

All settlement agreements, including voluntary severance, for professorial, professional service directors and senior staff are reported biannually to the Remuneration Committee, with details of both the severance payment and the saving to the University. Any redundancies related to academic and senior staff are subject to the University's redundancy processes.

Financial Review

The University retained an operating deficit of £12.7m in 2022/23 before the change in the pension scheme provision.

The financial year ending 31st July 2023 continued to challenge us, with new economic headwinds of inflation at levels not seen since the 1980s, especially in energy costs. Higher interest rates whilst causing losses in the value of our investment portfolio have nevertheless resulted in positive changes to our pensions liabilities which are reflected in our overall surplus for the year. We have experienced actuarial gains on our pension schemes and a reduction in the provision we hold for the University's share of the USS deficit. The challenge of inflation meant that staff and students were also impacted and we assisted through (amongst other things) one off payments, accelerated pay awards and more student hardship payments. We also experienced a reduction in tuition fee income largely as a result of not delivering our overseas recruitment targets offset by increases in research income. However, despite these challenges the underlying financial result was in line with the budget the University set at the start of the year.

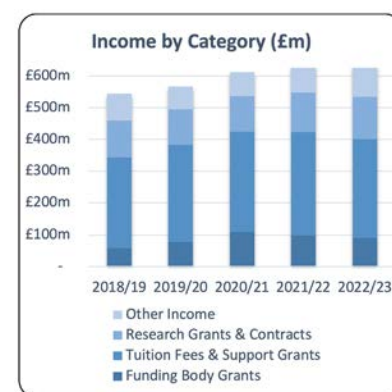
The underlying operating deficit of £12.7m reconciles to the total surplus of £28.9m as follows:

Summary of group results	2022/23 £m	2021/22 £m
Total comprehensive (deficit)/surplus for the year	28.9	(27.8)
Impairment on revaluation of assets	3.0	-
Loss on valuation of investments	5.6	11.6
Loss on disposal of fixed assets	2.3	-
Actuarial gain on pensions	(15.5)	(72.1)
(Deficit)/Surplus before other losses/(gains)	24.3	(88.3)
Other pension movements	(10.2)	(2.0)
USS pension provision change/(credit)	(27.4)	118.8
Other losses/(gains)	0.6	(2.8)
Underlying operating surplus/(deficit)	(12.7)	25.7

The financial statements for the year ended 31 July 2023 consolidate the results of the University, its subsidiary companies University College Cardiff Consultants Limited and International Learning Exchange Limited ("Taith") and the joint ventures of Compound Semiconductor Centre Limited and Cardiff Medicentre.

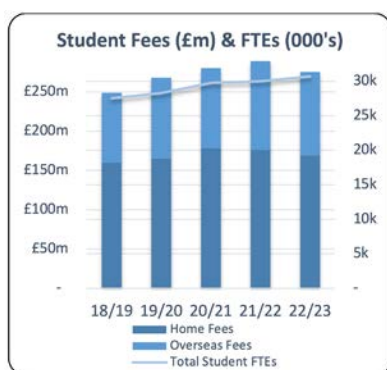
Income up 0.3% to £636m

2022/23 saw total income grow from £634.2m to £636.4m largely due to strong growth in research income (up £8m or 7% to £134m), other income (up £12m or 14% to £91m) and investment income (up £4m or 69% to £10m). This was offset by a reduction in tuition fees and education grants (down £13m or 4% to £311m) and funding body grants (down £9m or 9% to £90m).



2022/23 saw a 4.0% decrease in tuition fees and education contracts which was worse than we had anticipated. This was, however, offset by higher research and income relating to commercial services offered by the Institution.

Financial Review



Our student body of 30,672 students is made up as follows:

Student Numbers	2022/23	2021/22
Undergraduates	22,992	22,009
Postgraduate Taught	5,241	5,984
Postgraduate Research	2,439	1,996
Total	30,672	29,989
Home	24,212	23,796
Overseas	6,460	6,193
Total	30,672	29,989

Whilst recurrent grant income from HEFCW increased by £0.5m to £76m overall funding reduced by £9m. This reduction reflected the reduction in specific capital funding from HEFCW.

Research activity continued to grow during this financial year generating £134m of income.

Other income has continued to recover from the impact of the pandemic, with services rendered to UK Government and other sources growing strongly.

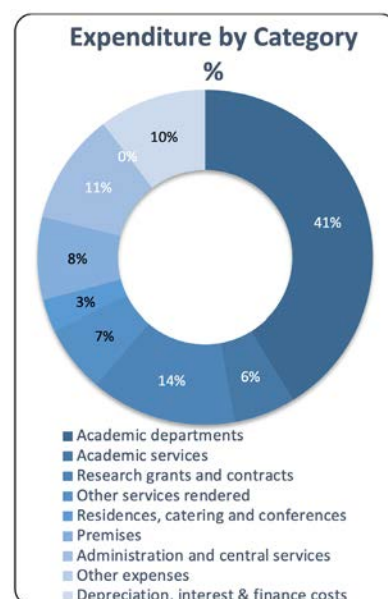
Active management of expenditure continued throughout the year

Total expenditure, excluding the USS pension provision, increased by 5.0% to £649m. The increase in expenditure is largely attributable to increased premises expenditure (largely driven by utility cost inflation) and academic spend.

Staff costs grew by 5.8% in the year which included a one off payment of £500 to all staff on Grades 1 – 8 and Clinical pay scales D1 and D2, (pro-rata for part time staff) who were employed at the university on 1 November 2022, due to the unprecedented cost of living crisis, down from the £750 paid to all staff in 2021/22.

There was also an early implementation of the 2023/24 pay award as agreed by JNCHES negotiation process. These payments reflected the increased pressures from cost of living. Average staff full time equivalent (fte) numbers increased by 3% to 6,231 mainly in academic areas as we strove to improve student experience and to deliver our research commitments.

Staff costs as a proportion of income was 57.1% which is an increase on the previous year (54.2%).



Operating expenses increased by £13.4m to £226.3m in the year as the Institution gradually returns to a normal operating environment, whilst investing further in supporting staff and students, and continuing to maintain a safe campus whilst Covid-19 variants still circulate the general UK population.

Pension provisions reduced

The Universities Superannuation Scheme (USS) of which Cardiff is an employer member provides pensions for academic and professional staff. The University's financial statements reflect the actuarial valuation as of 31 March 2020, when the scheme had a deficit of £16.1Bn (up from £3.6Bn in 2018).

Whilst the situation remains volatile the funding position of the USS has improved since March 2020. The 2023 valuation is currently in progress and given the changes in market conditions since the 2020 valuation, it is likely that the 2023 valuation will show an improved funding position with the scheme expected to be in a surplus position. This has resulted in a decrease of £27m in the provision to £165m.

Operating cash surplus of £30m retained to support investment

The University retained an operating cash surplus in the year of £30m or 4.8% of income. After servicing debt, further fixed asset expenditure and depositing funds into investments, the cash and cash equivalent reserves of the University decreased by £59.8m to £36.6m (see Statement of Cashflows on Page 54).

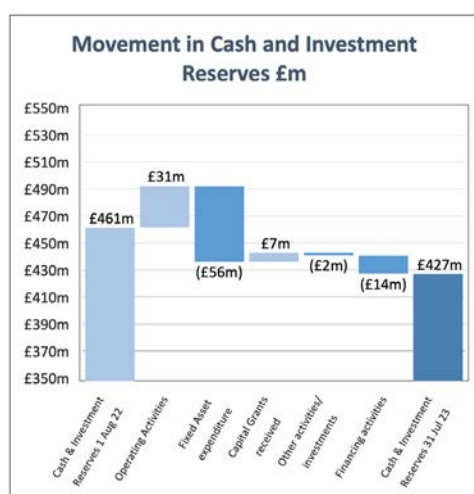
At 31 July 2023 the University's available cash reserves and investments totalled £427m (2022 £461m), although this includes £66m ring-fenced as the Bond Repayment Fund (see Note 24).

The University is in a strong position financially to deal with any future financial challenges.

Investments

Economic turbulence and uncertainty has continued to disturb the financial markets globally throughout 2022/23. As a result, our investment balances reduced by £5.6m (2021/22 £11.6m) by the year end.

Financial Review



During the year the University incurred a net interest cost of £3.6m a reduction of £3.9m on the prior year cost.

Last financial year the University has become a partner in SETsquared, the world's top-ranked University-business incubator. This will add significantly to our ambition to turn research into real-world economic and social enterprises.

During the year we revised our socially responsible investment policy to align our investment practices more closely with our public statements around disinvesting from fossil fuels. We replaced one of our fund managers, and are working closely with our fund managers to ensure our investments align with the new policy. We expect the transition to the new policy to be completed during the course of the 2023/24 financial year.

Borrowings

Borrowings at the year-end totalled £421.6m of which the public bond totalled £420.7m. This incurs interest of 3.0% p.a. and is repayable in 2055. Moody's have assessed the bond as A1 with a stable outlook.

The University has, to date, set aside £65.7m of reserves into a bond repayment fund that is invested on a total return basis with the objective of being able to fund the repayment of the £400m bond in 2055.

The University has a three year £20m Revolving Credit Facility with Lloyds Bank to cover working capital requirements. To date this facility has not been used and expires in July 2024.

Strong Balance Sheet

At 31 July 2023 the University's consolidated net assets had increased 4.4% to £678m (2022 £649m) of which £329m or 48.6% represented unrestricted reserves.

The University has successfully managed the many challenges of the last year due to the significant commitment of our staff. Whilst not reflected on the balance sheet of the University they remain our most important and valued asset.

Financial sustainability

In the short-term global economic headwinds and the geo-political situation will continue to mean that financial performance will continue to be difficult to forecast and deliver.

Higher inflation rates will continue to filter into our operating costs especially in energy and pay. There is a continued threat of industrial action which could impact upon our ability to deliver our objectives. Higher interest rates are unlikely to impact upon our borrowing costs but could continue to depress returns on our investment portfolios. If higher interest rates are sustained they will continue to have a positive impact upon our pensions costs and liabilities. Despite these challenges the University remains in robust

financial health with an excess of £420m of cash, cash equivalents and investments held by the University.

In the medium to longer term, we will continue to compete for student growth in the highly competitive international market. It is essential that we are able to continue to attract and retain talented students from both the UK and overseas to support our scholarly activities across a diverse range of academic disciplines. In order to do so, we will continue to invest in our strategy to deliver a world-leading, research excellent, educationally outstanding university, driven by creativity and curiosity. The significant investment we have made to deliver a world-class campus will enable us to achieve this vision alongside continued investment in our employees' professional development.

Our key performance financial metric is to deliver an operating surplus before investment income and depreciation in excess of 12% of income. This enables us to generate sufficient cashflow to maintain and enhance the University's facilities and retain reserves that are sufficient to weather any reasonably foreseeable economic challenges. In 2022/23 we achieved 10.5% (2021/22 12.8%) in challenging circumstances.

The University continuously scans the risk horizon and regularly updates its risk register. All risks are rated in terms of impact and likelihood, risk mitigation actions are logged and monitored. The risk register is discussed and monitored at University Executive Board, Finance & Resources and Audit & Risk Committee and at Council. The principal risks to the University and how they are being mitigated are shown in the tables on pages 40 to 43.

The University's capital commitments of £20.0m (2022 £5.0m) are more at the reporting date than the prior year as we follow our Transitional Estates Strategy 2023-2025 and include the relocation of the School of

Financial Review



Healthcare to Heath Park West (£7m) and further projects at Cardiff Innovation Campus (£5m). Our operating lease commitments at £38.6m (2022 £39.6m) are less as the University seeks to divest itself of leased premises where possible.

Significant risks still ahead

The University still faces significant uncertainties and risks. Future UK and Welsh Government policy could have a major impact on the funding of higher education. The global response to the pandemic and geopolitical tensions may affect the international student market while at home the sector faces major challenges on inflation, pay and pensions.

We remain focused on delivering an excellent student experience alongside our five priorities of the health and wellbeing of our staff and students, maintaining financial sustainability, improving student satisfaction and experience, supporting research grants and contracts, and continuing to contribute to our civic mission.

A cautious financial outlook

Whilst we face some significant political and economic risks and continued uncertainty about the global pandemic, we remain cautious but optimistic about the future. We will work with the new Vice-Chancellor to assess our options for delivering a sustainable financial future for the university over the next twelve months.

We have been encouraged by the demand from students to study at Cardiff and we will continue to focus on providing students with a positive experience in a safe campus environment.

The University has a strong balance sheet and sufficient liquidity to deal positively with the uncertainties and opportunities that the future holds.

Darren Xiberras
Chief Financial Officer

John Shakeshaft
Chair of Finance &
Resources Committee

22 November 2023

Environmental Reporting

Cardiff University is committed to leadership in sustainability and improving our environmental performance. Our vision is to build an inclusive, sustainable, and resilient future for our community and to bring about environmental benefits not only to Cardiff and Wales but to the wider world.

It is crucial to develop environmental sustainability as an integral part of our values and to embed the United Nations Sustainable Development Goals into all aspects of our academic and operational activities.

We will promote sustainability through education, dissemination, and direct participation, enabling students and staff to make positive changes to our environmental impact, in particular our declaration of a Climate Emergency and our aim to become carbon net zero (Scopes 1 and 2) by 2030.

We will empower our students, graduates, and staff to become sustainable citizens who make a positive contribution to society and are active within their communities.

We will ensure sustainable development is a key consideration in all major decision making, promote sustainability issues and principles with all staff, students and stakeholders and enable the application of our innovative research to improve global sustainability.

Our underpinning goals are adapted from the United Nations Sustainable Development Goals, the Welsh Government's Environment Act and the Welsh Government's Well-being of Future Generations Act, Well-being Goals. These are as follows:

- ▶ A prosperous University - An innovative, productive, and low carbon community which recognises the limits of the global environment and therefore uses resources efficiently and proportionately including acting on climate change;
- ▶ A resilient University - A University which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic, and ecological resilience, embedding the capacity to adapt to change;

- ▶ A healthier University - A University which provides facilities for and encourages staff and students to make healthier food, lifestyle, and travel choices which in turn help to improve wellbeing and reduce pollution both locally and globally; and
- ▶ A globally responsible University - A University which will take account of the impact of its activities on global sustainable development and global well-being. We will purchase zero carbon energy and adopt responsible consumption practices for all goods and services we procure and use. We will also actively enable our innovative research to improve global sustainability.

Our aims, for 2023-24 academic year are:

- ▶ We will consider future adoption of the Standardised Carbon Emissions Framework (SCEF) launched this year by the EAUC. This will allow us to benchmark our footprint with other universities;
- ▶ We will develop a Net Zero Roadmap to better understand the costs and timeframes needed to achieve net zero (Scopes 1 & 2);
- ▶ We will develop a new Environmental Strategy and milestones which align with our net zero roadmap and wider sustainability ambitions. Our strategy will be supported by an annual action plan of measures;
- ▶ We will begin a programme of "quick wins" to decarbonise our estate which include energy efficiency measures such as LED lighting, Solar PV, upgrades to equipment and expansion of our existing heat pump;
- ▶ We will consider the opportunity for low carbon heat across our estate;

Environmental Reporting

- ▶ We will develop our Sustainable Procurement Policy to help understand and eventually mitigate the emissions from our supply chain. This activity accounts for the majority of our Scope 3 emissions;
- ▶ We will prioritise the consideration of low carbon staff business travel, which is a large proportion of our Scope 3 emissions after our supply chain;
- ▶ We will continue to maintain accreditation to ISO 14001 Environmental Management System; and
- ▶ We will continue to raise awareness of sustainability and net zero through our ongoing behavioural change programme LEAF, which focuses on our laboratories. We will work to expand wider behavioural change actions through a network of environmental compliance officers.

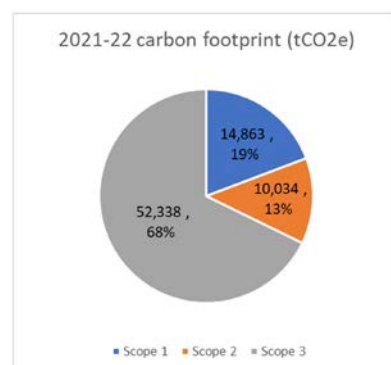
These will be monitored via our Environmental Sustainability Sub-Committee which governs our sustainability activities.

Carbon emissions

Our Environmental Sustainability Sub-Committee chaired by the Deputy Vice-Chancellor is responsible for taking forward our carbon net zero work over the coming years. We have committed to achieving net zero carbon for scope 1 (direct emissions) and 2 (indirect emissions) by 2030 (timeframe to be reviewed in summer 2024 when our roadmap is drafted, to ensure that we focus on carbon reduction ahead of any offset) and before 2050 for scope 3 (indirect emissions). A Net Zero Programme Manager began work in June 2023 to develop our Roadmap to Net Zero for Scope 1 & 2 over the coming year. Our roadmap will help identify the projects and activities that need to be undertaken to work towards net zero.

This year we submitted our 2021/22 carbon footprint to the Welsh Government for the first time, as part of the Public Sector Net Zero Reporting requirements. Using the Welsh Government reporting standards, our annual emissions were 77,235 tCO₂e. The reporting standards for Scope 1 and 2 emissions are similar to those we have used before and show that our emissions were 14,863 tCO₂e (Scope 1) and 10,034 tCO₂e (Scope 2). The standards for Scope 3 do not align well to Higher Education procurement categorisation, so our reported emissions of 58,338 tCO₂e (Scope 3) are less reliable. We will continue reporting to Welsh Government in future and will use the 2021/22 footprint as our “baseline” for Scopes 1 & 2 going forward; as noted

we are also exploring alternative reporting standards which would align us to the Higher Education sector (EAUC's Standardised Carbon Emissions Framework (SCEF)).



Transport and Travel

The University umbrella travel plan (2022 – 2027) has been approved to address the impact that University travel has on the environment, the local area and the health and wellbeing of our staff and students. It places active travel modes (walking, cycling, wheeling) at the top of an agreed travel hierarchy. The five-year strategy which aligns with local and national policy, and best practice includes a focused approach each year on the key elements of our transport operations. Alongside the focused review is an action plan of measures that will encourage and support use and uptake of sustainable transport. This year we will be considering a business travel review as part of the plan.

Waste and Recycling

During 2022/23, the focus was to develop a team to drive Waste Minimisation for the University. Our Waste Minimisation Manager joined the University in early July with an initial focus on completing Waste and Recycling Audits to understand the current situation, and to improve our weights capture and reporting.

Our general waste and recycling scheme has continued to operate well, and new initiatives are in development, for example introducing a furniture re-use scheme across the University.

For the next academic year, focus will be on developing a Waste Minimisation Strategy in partnership with Procurement Services to include significant behavioural change initiatives to divert recycle from the general waste stream and to reduce waste generally.

THE Impact Rankings

The Times Higher Education (THE) Impact Rankings provide the only global performance table that assess universities against the United Nations' Sustainable Development Goals (SDGs). Calibrated indicators provide comprehensive and balanced comparisons across three broad areas: research, outreach and stewardship.

This year the University rose to be ranked 52nd out of 1591 ranked institutions worldwide. This is a substantial improvement compared to last year, where the University ranked 101-200th out of 1410 institutions. Cardiff's overall score improved from 88.5% to 91.2%.

There are seventeen SDGs in total. For the 2023 ranking, Cardiff submitted data for the same ten SDGs as last year. Cardiff now has four SDGs ranked in the top 50, compared to three last year:

SDG14: Life Below Water – 6th, up from 55th (1st in the UK)

SDG15: Life on Land – 11th, up from 26th (4th in the UK)

SDG12: Responsible Consumption and Production – 24th, up from 90th (12th in the UK)

SDG3: Good Health and Wellbeing – 31st, up from 41st (1st in the UK)

The University also moved into the **top 100 on the compulsory SDG17**.

Out of the 10 SDGs submitted, seven improved their rank, with the biggest change to SDG12 Responsible Consumption and Production, up 66 places, and returning to a similar score as in the first submission in 2021.

For the first time we have an SDG ranked in the top 10 (SDG14 Life Below Water) and three in the top 25.

Environmental Reporting

Education for Sustainable Development Champions Network

We have established networks for Education Sustainable Development (ESD) Champions across our Colleges. The aim is to understand how sustainability is currently being embedded throughout our curricula. Over the last year, we have established staff support for teaching and learning relating to Education for Sustainable Development through collaboration with the Learning and Teaching Academy. We have created an online toolkit and a series of workshops to support and develop staff understanding and implementation of Education for Sustainable Development in teaching practice. The overarching aim of the toolkit and workshops is to support staff at various levels of Education for Sustainable Development (from novice to expert), with some of the more experienced ESD staff supporting with examples and case studies from their own teaching practice. We have also been working with a student intern on a project to develop the framework and structure for a sustainability focused group induction activity for first year Cardiff University students. The idea for the project builds on a proposal made to the College of Physical Sciences and Engineering's Education Forum. It aims to enable students to build communities and a sense of belonging within their School and cohort during the induction period while engaging with the important topic of sustainability and the climate emergency.

Ecosystem Resilience and Biodiversity Action Plan

In 2022/23 we completed our Environment (Wales) Act section 6 biodiversity reporting requirements. This academic year we will be reviewing the ERBAP to ensure our biodiversity activities remain relevant.

Our achievements in the last 12 months include:

- ▶ Building on our Bronze award last year, we received Hedgehog Friendly Campus Silver Accreditation in February 2023 and will be working towards Gold next academic year;
- ▶ We have carried out a full inventory of our mature trees in 2021 and 2022 to inform our replanting strategy which, together with Cardiff City Council's Coed Caerdydd urban canopy project, intends to improve tree canopy cover in the city to 25% by 2030;
- ▶ As part of the GW4 Green Alliance, we received funding for a living lab project enabling us to run an event "From ecosystem regeneration to green therapy, what can we do?" This included sessions on forest management and funded the first of our tree planting events in partnership with Cardiff Council at Talybont. Students volunteered to do the planting;
- ▶ We have supported Plantlife's #NoMowMay for a third year. Leaving our green spaces to grow during May benefits the wildflowers and wildlife, which both play a part in sequestering our carbon emissions;
- ▶ A green space survey was conducted in December 2022 with the ERBAP Steering Group and our grounds contractor to identify areas where our green space could be "low managed" to benefit nature and the environment. This has resulted in positive actions being agreed such as:
 - leaving spaces not actively used by people uncut for wildlife;
 - delaying trimming of shrubs and bushes until autumn/ winter to provide berries for birds and other wildlife;
 - leaving fallen leaves in specified areas and transferring leaves to borders to create safe areas for hibernating hedgehogs and overwintering insects;
 - utilising branches and logs from tree coppicing/removal to form log piles for wildlife; and
 - leaving areas of our grounds completely unmanaged for wildlife, as agreed with our building and residency managers.

Over the coming year, we aim to develop a comprehensive "low management plan", which includes GIS maps of target areas for biodiversity management along with agreed actions for each area.



Environmental Reporting

Hedgehog Friendly Campus

The University was awarded Hedgehog Friendly Campus Silver Accreditation in February 2023, after another year of successful activities run by staff and students to enhance habitats for hedgehogs and other wildlife. We ran several campaigns across the year, including the #LeaveTheLeaves campaign in the Autumn, delivering our first #Homes4Wildlife workshop, and organising litter pick events across campus.

14 sites have been surveyed for hedgehogs across the University, and hedgehogs were detected at each location. Biodiversity initiatives have been installed in multiple locations including bee/bug hotels, hedgehog houses, log piles, leaf piles, hoverfly lagoons, a hedgehog highway, water stations and bird baths to help increase wildlife.

We continued engagement sessions with University staff and students through talks at staff away days, and attendance at student fairs and wellbeing events. We engaged with local community groups and delivered sessions on hedgehogs to local primary schools and scout groups.

In March, we were awarded an Earth Hour 2023 Community Activity Grant to support our 'MiniHavens' project, which aims to encourage people in Wales to create habitats and homes for the wildlife on their doorsteps. At this event we engaged with 132 people, including staff, students, a community group and two Year 6 classes via the Children's University.

Changing Steps Cardiff

Changing Steps is a free to join rewards programme funded by the University. It is designed to help staff and students get around more sustainably. It rewards sustainable travel for commuting and leisure trips to and from campus, and encourages regular walking, running, wheeling, and cycling activity for health and wellbeing.

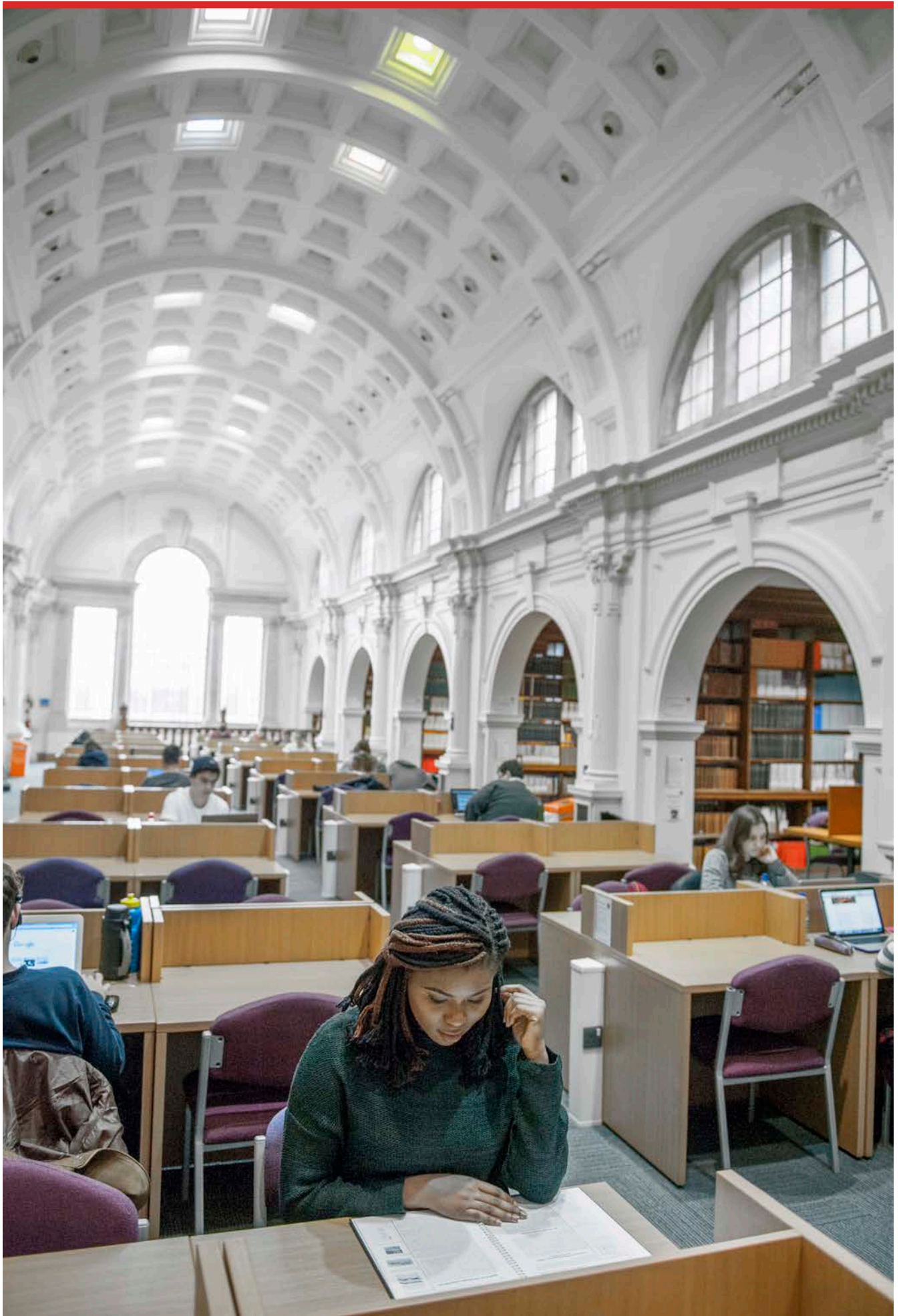
178,000 active and sustainable journeys were recorded on the Changing Steps Cardiff app between 26 September 2022 and 16 June 2023, with an average of 163 activities per participant. This is an increase from 99,428 reported in the previous 12-month period (27 September 2021 – June 2022). Users of the programme are equally split between staff and students.

Walking was the most popular activity, accounting for 75% of total active and sustainable journeys, followed by cycling (12%) and bus travel (7%). The total share of journeys for all active modes (walk, run, cycle, e-bike) was 89%, with public transport (bus and train) at 11%.

Approximately 101,800 active and sustainable journeys have directly replaced single occupancy car trips equating to 48,200kg of CO₂ avoided.

Sustainable Catering

Our catering team have re-registered as a Fairtrade University and are soon to be assessed for accreditation. This year we are undertaking a project which considers the procurement of our food and looking to partner with an organisation who will highlight the carbon emissions of menu choices to help increase awareness of the impact of food. We are undertaking engagement with our hospitality customers to help increase food waste recycling. We are also electrifying our kitchens by removing the gas appliances and updating existing equipment to be more energy efficient. We now have a mobile food truck which is aiming to source as much local Welsh produce and Fairtrade items as possible.



Estates Report

The University has produced a Transitional Estates Strategy 2023–25 at a moment when the institution is turning to the curation of its legacy estate following the successful completion of major capital projects that mark the largest campus upgrade in a generation.

The transitional strategy sets out the key objectives for the estate as follows:

Strategic: Our estate will support our strategic University goals in terms of size and shape, the student experience, and our research focus; -

- ▶ Sustainable: All projects will contribute to our Net Zero targets;
- ▶ Efficient: Space will be appropriately maintained, total space will be reduced, and utilisation will be increased; and
- ▶ Equitable: Our estate will be accessible, and allocation of space will be fair and transparent with reference to recognised space norms.

Underpinned by a space management policy and by the institution's Strategic Equality Plan, the estate will be proactively curated and managed not as a passive resource but as an active agent of the University's strategy, including net zero.

Since 2020/21 the estate has grown by 57,000m² with the addition of new buildings and the acquisition of the Heath Park West site.

To balance this increase, with the imperatives of student and staff satisfaction, backlog maintenance, and our net zero commitments in mind, the University has already divested from leased and freehold properties; this will continue as the opportunity arises and where appropriate. Two examples of this are the remodelling of space in Julian Hodge Building to accommodate the National Software Academy's relocation from Newport and the refurbishment of two buildings at Heath Park West to enable the School of Healthcare's move from Eastgate House to Heath Park West.

In 2022 we identified that we face a maintenance backlog figure of £128m. To better understand this, a new campus-wide condition survey that includes the residential estate has been commissioned. The new condition survey will enable a fully costed comprehensive programme of maintenance (including the residential estate) to be established and delivered. The condition survey will complete in March 2024, but critical maintenance work is already underway on areas of recognised risk.

There are also a number of refurbishment projects taking place and planned for 2023/24 completion which contribute to the upgrade of our existing estate. The refurbishment of 50/51 Park Place for Continuing Professional Education and English Language Programme has been designed with carbon net zero technology. The Aberconway building, part of our Business School, will provide a student hub for the school and give space for continued expansion.

In 2023 we began work with a consultant on our Residential Estate Strategy in order to carry out a comprehensive analysis of supply (the whole of the PBSA Cardiff market) and demand (student growth) to understand our future needs, undertake benchmarking against competitor institutions, and provide insight into student preferences on (for example) room type, social space and kitchen requirements. This will identify our strategic and delivery options, whether they be disposals, nomination agreements, refurbishments or new builds.

A Sports Strategy is also in development, and the institution is working in conjunction with the Cardiff and Vale Health Board on the development of plans for a new University Hospital and associated teaching and research space.

Public Benefit Statement

Cardiff University is a registered charity (no. 1136855). It exists to create and share knowledge and to educate for the benefit of all. Its Royal Charter, first granted in 1884, sets out its constitutional arrangements and objects.

Embodied within the objects is the fundamental principle of the advancement of education, empowering the University to research, teach, examine, and award degrees. The objects also contain obligations to develop the character of students, promote health and welfare—especially in Wales— and contribute to social, cultural, and economic development.

A member of the Russell Group of research-intensive universities, Cardiff University sees fundamental research as essential to human aspiration and critical to the development of cultural artefacts, technologies and services that improve the quality of life for all. In setting and reviewing the University's objectives and activities, the University's Council has had due regard to the Charity Commission's guidance on the reporting of public benefit, particularly its supplementary guidance on the advancement of education. The Way Forward 2018-2023: Recast Covid-19, which guided the University to the end of 2023, sets out the University's strategic themes, which are summarised below.

Education and Students

The University provides an educationally outstanding and consistently high-quality student experience, driven by creativity and curiosity, which seeks to enhance learning and support student life. Our priorities are to provide a high quality student experience, maintain the academic standards of our degrees, and ensure the safety and wellbeing of our staff and students. Building on our strong track record in widening participation, we continue to prioritise ensuring that students from a variety of backgrounds have access to the benefits of higher education, and this is also coupled with work on retention and student success.

Research and Innovation

Through its research, the University has been fast acting in its response and continues to actively contribute to Covid-19 recovery efforts both in relation to tackling the disease and combatting the wider societal challenges post-Covid-19. Our research allows us to contribute to tackling critical global issues that require cross disciplinary co-operation. For example, our researchers are addressing major challenges facing society, the economy, and the environment in Wales, in the UK and globally, delivering breakthroughs in areas such as mental health, compound semiconductors, astronomy, climate change and creative industries. The University has also established itself as the Home of Innovation with the implementation of a new innovation strategy ensuring that the impacts from its research make a difference, often working in partnership with business, public and third sector organisations. We have invested in bespoke facilities for innovative collaborations with industry, government, and wider society, and enhancing support for students to engage in innovation and entrepreneurial training. This ensures all members of Cardiff University can contribute to the growth of the knowledge economy. Aligned to our Civic Mission activities, our researchers also work with local communities, supporting new forms of education and socio-economic change in our region.

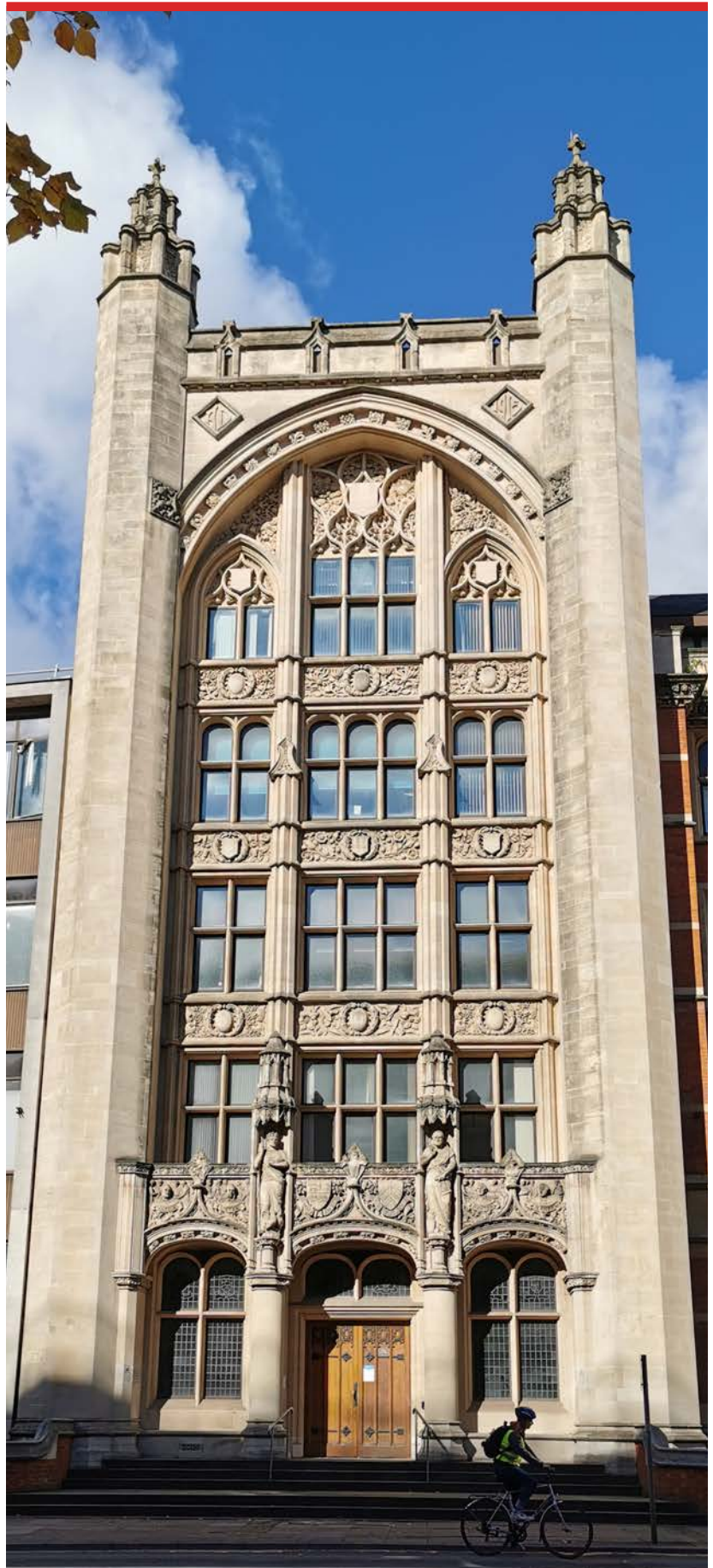
Public Benefit Statement

International

The University is a global institution with over 9,500 (more than 25% of the total student body) international students (EU included) from more than 130 countries and formal links with more than 300 institutions worldwide. We collaborate with business and education partners all over the world, including formal strategic partnerships with Xiamen University and Beijing Normal University in China, University of Campinas in Brazil, University of Bremen in Germany, University of Waikato in New Zealand and the Universities of Wyoming and Illinois System in America. The University's strong links with institutions worldwide mean that many of its students have the opportunity to study, work, or volunteer abroad. We attract the highest calibre of academics and researchers from around the world. International staff make up more than 30% of the academic body, enhancing the learning experience for students and bringing a global perspective to its research. Our researchers collaborate with partners worldwide to tackle global issues such as climate change adaptation for improved food and water security, mitigation of CO2 emissions through storage in coal deposits, and the genetic architecture of mental disorders.

Civic Mission

In response to the social and health crisis caused by Covid-19, the University reshaped its civic mission. It is committed to using its research strengths, expertise, and knowledge to help government, health services and wider society to revive and renew the Welsh economic, social, and cultural landscape in response to the lasting impact of the pandemic. The University's research strengths will be utilised to make greater civic mission contributions to new societal challenges faced by Wales, aligned to successful revival and renewal. Supporting job creation is of paramount importance given the continued economic impact of the virus. Now more than ever, the University will continue to contribute to innovation in education with primary and secondary schools and further education colleges. Our partnership with the NHS will achieve much greater salience. The University has a strong sense of place in the Cardiff and south Wales region and will continue to enhance and celebrate our Welsh identity and the Welsh language culture of our campus in line with our Welsh-Language Strategy.



Statement of Corporate Governance

The University's legal status derives from a Royal Charter first granted by Queen Victoria in 1884 to found the University College of South Wales and Monmouthshire.

The University's objects, powers and framework of governance are set out in its Charter and its supporting Statutes, the latest amendments to which were approved by the Privy Council in 2022.

Embodied within the Charter are fundamental principles such as the University's power to teach, examine, carry out research and award degrees. The Charter also gives Council its 'supreme authority', establishes Senate for 'ordering of the academic affairs', and establishes the President and Vice-Chancellor as 'the chief academic and executive officer' and Chair of Senate.

The University was registered as a charity in 2010 (1136855).

Council

The Council is the governing body and thus the supreme authority of the University, which means that it is ultimately accountable for the conduct and activity of the University and its representatives. The Council is responsible for the administration and management of the affairs of the University and for agreeing the general strategic direction of the institution.

The Council is committed to conducting its business in accordance with the Nolan principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). The Council complies with the Committee of University Chairs (CUC) Higher Education Code of Governance published in September 2020 and the CUC Audit Committee Code of Practice (May 2020). The University has continued to work on areas identified for enhancement via a number of reviews, including documenting and approving the University Scheme of Delegation. The University has also adopted the Universities in Wales Governance Charter.

In the preparation of this statement the Council of the University has had regard for the guidance issued by the Charity Commission:

- (i) that there was no element of the CUC HE Code of Governance with which the University's practice was not consistent; and
- (ii) that the University's fundraising policies and practices are fully aligned with the Fundraising Regulator's requirements set out in the University's Code of Fundraising Practice. No fundraising complaints were received during the reporting period.

The University's commitment to all funders of the University, and additional commitments to philanthropic donors to the University is available on the University's website:

<https://www.cardiff.ac.uk/donate/other-ways-to-give/funders-rights>

The University undertakes regular Council effectiveness reviews with the last external review undertaken in 2021. The Report concluded that the University's overall governance effectiveness is satisfactory, with no material weaknesses. An action plan to support the implementation of the recommendations was approved by Council in July 2021 and progress to complete the actions has continued to be monitored by the Governance Committee. The majority of high-priority actions have now been completed and it is intended to complete remaining actions in 2023-24. The next external effectiveness review will take place during 2023-24.

The Governance Committee also receives regular progress reports against outstanding recommendations from earlier reviews of governance, including the Universities in Wales Governance Charter (Camm Report) Commitment to Action.

Statement of Corporate Governance

Council has continued to reflect on both its culture as a governing body and that of the University more broadly and is working to define a statement about the culture of the University, and to integrate culture within its mechanisms for decision making and reporting.

The University is committed to the highest standards of openness, probity and accountability, and seeks to conduct its affairs in a responsible manner and has in place a Whistleblowing (Public Interest Disclosure) Policy to enable staff, students and other members of the University to raise concerns which are in the public interest.

Over the year, we have utilised the positive benefits of hybrid (virtual and face to face) working to communicate with key stakeholders on a variety of activities. Council Development sessions have involved the Students' Union, University Executive members, and Directors of Professional Services, to discuss developments such as culture, student recruitment and the University's financial budgeting and planning. Stakeholder engagement will be a key focus of the conversations around the development of the next University Strategy, and it is intended that an action plan will be put in place by May 2024 to be overseen by the Council.

The Council has a majority of members from outside the University (described as lay members). Council membership also includes staff and students. Council lay members are recruited in an open, fair and transparent manner and due regard is given to equality and diversity, the need to balance skills and expertise as well as geographical location.

With respect to boardroom diversity, we continue to build on our Strategic Equality Plan actions to promote and develop an inclusive (internal) culture and governance by addressing diversity of decision-making committees. We continue to use and review equality data to inform processes for lay member recruitment and induction. Our most recent review identified achieving greater diversity in relation to age and ethnicity as priority areas for lay member recruitment during 2023-24 as part of the Council's commitment to equality, diversity and inclusion. We continue to be a launch partner for Perrett Laver's Governor Apprenticeship Scheme, recently appointing our third governor apprentice. The scheme supports boardroom diversity by enabling a diverse and talented pool of candidates

otherwise lacking in board room experience, to gain that experience.

The Nominations Sub-Committee (a sub-committee of the Governance Committee) is responsible for overseeing the recruitment process and recommending new lay members to Council for approval. Each year the Committee reviews a schedule of lay membership to consider term end dates and succession planning. All vacancies for Independent Lay Members of Council are advertised externally, as well as being communicated to staff, students and current members of Council, with expressions of interest particularly welcome from under-represented groups.

Lay members do not receive any payment, apart from the reimbursement of expenses, for the work they do for the University. On appointment, Council members are required to complete a Register of Interests entry. The current Register of Interests is publicly available on our website:

<https://www.cardiff.ac.uk/about/organisation/governance/council>

Throughout the 2022/23 academic year, the Council met five times and approved a number of business cases, reviewed strategic direction and monitored decision making across a number of University activities, including cyber security, student experience and innovation within the three Colleges, and the Estates Strategy. Council held an extraordinary meeting to consider the recommendation from the Joint Committee of Council and Senate for a successor to the Vice-Chancellor.

All new members of Council receive an induction to the University and their responsibilities as a member of the governing body. There is an annual development programme which focuses on key strategic development areas, information sharing and creates opportunities for discussion between Council members and the University's Executive Team. Feedback is collated from all members of Council to inform the annual development schedule and the induction pack is

reviewed to ensure the currency of the information provided to new members.

The Chair of Council holds an annual meeting with individual members of Council and this feedback is used to inform and improve the effectiveness of the governing body. The Chair of Council held appraisals during Spring/Summer 2023. The Audit and Risk Committee also conducts an annual review of their effectiveness, which in 2022/23 was via a self-evaluation survey.

Accountable Officer

The chief executive and principal academic and administrative officer of the University is the Vice-Chancellor, who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University.

Under the Terms and Conditions of Funding between the University and the Higher Education Funding Council for Wales, the Vice-Chancellor is the Accountable Officer of the University and in that capacity can be summoned to appear before the Audit Committee of the Welsh Government.

Management

As chief executive of the University, the Vice-Chancellor has responsibility for the development of institutional strategy, the identification and planning of new developments, and the shaping of the institutional ethos. The Deputy Vice-Chancellor, Pro Vice-Chancellors, University Deans and the senior professional officers all contribute in various ways to these aspects of the work, but ultimate authority rests with the Council.

Council Membership

All of those persons listed served as Charity Trustees throughout the year covered by this Report. Unless otherwise indicated they also occupied these positions on the date on which the Report was approved.

Trustees appointed after 1 August 2023 and up to the signing of the annual report are included for information with no attendance reported for the 2022/23 academic year. Member attendance is reviewed with the Chair of Council as part of the annual member appraisal process, unless already discussed during the year.

Name	Category	Attendance at Council
1. Professor Rudolf Allemann (term ended 31 Jul 23)	Employee	5/5
2. Professor Rachel Ashworth (term ended 31 Jul 23)	Employee	3/5
3. Paul Baston (term ended 31 Jul 23)	Employee	5/5
4. Professor Marc Buehner (term ended 31 Jul 23)	Employee	1/5
5. Gina Dunn, Students' Union (term ended 30 Jun 23)	Student	2/4
6. Judith Fabian	Lay	4/5
7. Professor Dame Janet Finch	Lay	4/5
8. Angie Flores Acuña	Student	5/5
9. Michael Hampson (resigned 04 Jul 23)	Lay	4/4
10. Chris Jones	Lay	4/5
11. Jan Juillerat, Vice Chair of Council	Lay	5/5
12. Professor Urfan Khaliq (appointed from 01 Aug 23)	Employee	-
13. Professor Wendy Larnar, Vice-Chancellor (from 01 Sep 23)	Employee	-
14. Jeremy Lewis	Lay	5/5
15. Deio Owen (appointed from 01 July 23)	Student	1/1
16. Dr Joanna Newman (term ended 31 Jul 23)	Lay	3/5
17. Dr Juan Pereiro Viterbo (appointed from 01 Aug 23)	Employee	-
18. Suzanne Rankin	Lay	3/5
19. Professor Stephen Riley	Employee	-
20. Professor Colin Riordan, Vice-Chancellor (until 31 Aug 23)	Employee	5/5
21. Dr Pretty Sagoo	Lay	4/5
22. David Selway	Lay	4/5
23. John Shakeshaft	Lay	4/5
24. Professor Damian Walford Davies	Employee	5/5
25. Dr Robert Weaver (appointed from 24 Jul 23)	Lay	-
26. Dr Catrin Wood (appointed from 01 Aug 23)	Employee	-
27. Jennifer Wood	Lay	5/5
28. Agnes Xavier-Phillips	Lay	4/5
29. Patrick Younge, Chair of Council	Lay	5/5

Council Membership



Front row (L to R): Professor Dame Janet Finch, Angie Flores Acuña, Jan Juillerat, Professor Wendy Larner, Patrick Younge, Julie-Anne Johnston, Millicent Ele

Second row (L to R): Professor Stephen Riley, Judith Fabian, Agnes Xavier-Phillips, Jennifer Wood, David Selway, Dr Juan Pereiro Viterbo, Jeremy Lewis

Third row (L to R): Chris Jones, Claire Morgan, Dr Catrin Wood, Suzanne Rankin, Professor Damian Walford Davies, Deio Owen, Professor Urfan Khaliq, Darren Xiberras

The University must adopt a definition of independence for lay membership of governing bodies to provide a robust approach to identifying and managing conflicts of interest.¹

How is independence defined and tested?

There are several circumstances which may prevent a person being appointed as an independent member of the governing body. The Governing Body's Nominations Sub-Committee has oversight of the appointment process and responsibility for considering these factors.

In response to the Universities in Wales Charter Commitment to Action, the University has adopted a Statement of Independence based on the Welsh Secretaries and Clerks Group guidance, including a Definition of Independence and Principles of Independence for lay membership. The University defines 'senior employees' as University Executive Board members in this context.

The robust process for ensuring independence through the recruitment and training of members is also set out in the Statement of Independence. When considering applications and interviewing prospective new governors, recruitment panels shall establish whether the individual

has any relationships or statuses that might give rise to a conflict of interest or loyalty, as defined in the Principles of Independence and including being related to any senior employee of an organisation gaining a pecuniary advantage from the University.

The University's Statement of Independence is available on the University's governance webpages at:

<https://www.cardiff.ac.uk/about/organisation/governance/council/>

How does the governing body manage conflicts of interests?

A Register of Interests of all Council and Audit and Risk Committee members is maintained by the Secretary to Council and is available publicly on the University's governance webpages at:

<https://www.cardiff.ac.uk/about/organisation/governance/council/>

If any member of a Committee has any pecuniary or other interest, direct or indirect, in any Contract or proposed Contract or other matter involving financial transaction, that

interest shall be disclosed to the Committee as soon as practicable. All Committees request that Members and Officers disclose any interests at the start of each Committee meeting, and the Member shall take no further part in the consideration or discussion of, or vote on, any position with respect thereto. A member of any Committee is not considered to have a pecuniary or personal interest in matters under discussion merely because he/she is a member of staff or student at the University.

As set out in the Statement of Independence section 4, the University Secretary (as Clerk to the governing body) is accountable for highlighting issues of independence or conflict to the Chair.

The University is committed to the highest standards of openness, probity and accountability, and seeks to conduct its affairs in a responsible manner. The Whistleblowing (Public Interest Disclosure) Policy enables staff, students and other members of the University to raise conflict of interest concerns which they feel have not been addressed through existing procedures.

1. Source: The Governance Charter for Universities in Wales – Commitment to Action is available at <https://uniswales.ac.uk/unions-universities-and-regulator-endorse-new-approach-governance-wales>

Statement of Internal Controls and Principal Risks

Council has responsibility for maintaining a sound system of internal control that supports the achievement of the University's policies, aims and objectives, while safeguarding public and other funds and assets for which it is responsible.

Principal Risks and System of Internal Control

The system of internal control is designed to manage rather than eliminate the risk of non-achievement of policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the University's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them effectively.

Council confirms that this process has been in place and operating effectively for the year ended 31 July 2023 and up to the date of approval of the financial statements and accords with HEFCW guidance.

As the governing body, Council has responsibility for ensuring that a sound system of control is maintained and reviewing the effectiveness of the arrangements. It meets at regular intervals to consider the plans and strategic direction of the institution and receives assurance reports from the Chair of the Audit and Risk Committee concerning internal control. During 2022/23, the Audit and Risk Committee has monitored progress in addressing a number of high-priority recommendations made by the University's External Auditor as part of the 2022 ISA260 report to strengthen the system of internal control.

The Audit and Risk Committee receives regular reports from the Internal Audit service. Council confirms that the Head of Internal Audit is unequivocally free to act in

an independent manner in pursuit of their professional business and is not fettered in their scope or reporting. An independent opinion is provided on each report relating to the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement. A summary of the work undertaken by the Internal Audit service is provided in an Annual Report. This provides an independent opinion on the adequacy and effectiveness of the University's arrangements for the provision of risk management, internal control, governance and value for money and data quality. For 2022/23 the report concluded that the University's arrangements for risk management, control and governance require improvement.

The level of assurance provided by the 2022-23 internal audit plan and supporting information indicates that some improvements are required to enhance the adequacy and effectiveness of the University's arrangements for risk management, control and governance. The Audit and Risk Committee and Council have received assurance regarding the robustness of plans in place to ensure improvements are made at pace. The Audit and Risk Committee commissioned and has overseen a project to map the internal control framework to identify areas requiring improvement or enhancement. The work undertaken to date indicates that the system of internal control is robust with opportunities for strengthening of control operations or implementation and an action plan is to be developed to address these during 2023-24.

In relation to governance, management responses to the recommendations raised in the

Statement of Internal Controls and Principal Risks

internal audits of key aspects of regulatory risk and conflicts of interest have been provided and clear timescales are in place to ensure their completion. The recommendations are also to be considered as part of a previously established review of the assurance mechanisms in place across the governance structure in relation to regulatory compliance, which will be completed during 2023-24. Further detail on the enhancements to risk management arrangements are detailed below.

The Vice-Chancellor is the University's Accountable Officer, responsible for providing HEFCW with clear assurances that the institution has an effective policy of risk management. The University Secretary is the Chief Risk Officer, responsible for promoting effective risk management across the University.

The University Executive Board has responsibility for the management of risk across the University, assessing the University's risk appetite, updating the University's strategic risk register and reporting on risk to the Finance and Resources Committee, Audit and Risk Committee, and Council throughout the

year. The risk management policy and guidance has been reviewed and updated during 2022-23. The enhancement of risk maturity and strengthening of risk culture during 2023-24 will be achieved via the implementation of risk management software and the completion of a Risk Maturity Assessment and associated development of a Risk Management Improvement Plan. This work will also support the development of the University's assurance mapping approach.

The University operates a hierarchical system for risk management. Risks within individual teams and projects are reported to the relevant school or department on a quarterly basis. The schools and departments then escalate any key risks to the Colleges and Professional Services Board for consideration and inclusion in their risk registers. Colleges and Professional Services Board then report their risk registers to the University Executive Board on a quarterly basis. This ensures

that governance, management, reputational, quality and financial risks from across the University are considered for incorporation into the University's strategic risk register.

The University produces a merged risk reporting structure which combines teaching and assessment, student life, research and operations with school/departmental/operational group systems, the focus of risk reporting being on the former. Risks identified in the strategic register are also cascaded down the hierarchy to ensure that any mitigating actions required are put in place.

All staff have a part to play in protecting the University from undue exposure to risk, whether reputational, financial, legal or in terms of its core activities of teaching and research, and are encouraged to be aware of the implications and potential consequences of their actions for the University.

Principal Risks

Risk area	Risk description	Risk management
Regulatory Compliance	The University is in breach of regulations	<p>A detailed Regulatory Compliance Risk Assurance Map has been developed and a follow-up review undertaken to outline the areas where additional measures would have the greatest impact on reducing the risk for the highest areas of risk.</p> <p>In addition, the Assurance and Risk Group has overseen the creation of a risk assurance heatmap. This allows the University to readily identify the higher risk areas using measures such as the internal audit findings as to the level of assurance in place and the impact on the University should that risk crystallise.</p>
Net Zero	The University does not achieve its commitment to achieve reductions in its emissions to net zero by 2030 (scopes 1 & 2).	<p>The Strategic Environmental Sustainability Sub-Committee has identified the staffing required to enable a step-change. Recruitment is currently underway for professional staff in this area.</p> <p>Analysis of our biggest carbon emitting buildings was completed in summer 2022; we are now developing projects to maximise impact of short-term initiatives.</p> <p>We are exploring Welsh Government backed loan schemes to enable investment into short- and medium-term carbon reduction plans.</p> <p>June 2023, we confirmed the University carbon emissions baselines which are aligned to Welsh Government reporting requirements. A tree-planting programme in partnership with Coed Caerdydd is in train.</p> <p>We are finalising our carbon offset policy now and will draft our roadmap to Net Zero (scopes 1 & 2) by 2030.</p> <p>The University is a member of Cardiff City Council One Planet Strategy Group and UUK groups relating to environmental sustainability.</p>

Statement of Internal Controls and Principal Risks

Principal Risks continued

Risk area	Risk description	Risk management
Cyber Security	The University fails to prevent a cyber security incident	<p>Cardiff University has a multi-layered approach to Cyber Security. We are prepared for cyber-attacks through scenario planning and testing the effectiveness of both business continuity and disaster recovery contingency plans.</p> <p>The University is regularly audited by cyber experts and is currently accredited for both Cyber Essentials (this is cyber assurance provided by the National Cyber Security Centre) and PCI DSS compliance. The University has a compulsory all staff information security training module.</p> <p>We have protected the University through the use of best-in-class cyber security tools.</p> <p>We detect threats using the latest national and international threat intelligence data combined with a full suite of monitoring tools.</p>
Financial Sustainability	The University's operational costs, including the costs of repairing and maintaining the estate, and capital plans outweigh the income the University can generate or receives in grants, making it financially unsustainable	<p>The University deploys detailed budget control and monitoring. Clear financial targets were set with Colleges and departments at the start of this year's budgeting process to ensure that the outputs from the budgeting process were more closely aligned with the long term goal of financial sustainability. Student recruitment targets were also set with this goal in mind.</p> <p>There are regular discussions between Recruitment and Admissions and Finance to model fee income.</p> <p>Research and Change projects are assessed for return on investment to ensure delivery on expected benefits.</p> <p>Integrated planning process has been launched to ensure delivery of robust academic and financial plans.</p> <p>The change in the external financial environment, particularly with regards to inflation has resulted in significant realised cost pressures as well as industrial unrest given inability of pay to keep pace with the cost of living. We continue to strive for additional income growth particularly in relation to overseas tuition fee income and manage our cost base carefully.</p> <p>All mitigating actions have resulted in a continued robust financial position.</p>
Industrial Action	If there is a disruption to University services as a result of Industrial Action	<p>October 2022 the University received notification of UCU's mandate and intention for strike action and action short of a strike (ASOS). In response to this and in line with previous UCU industrial action, a University Contingency Planning Group was formed to plan and mitigate, wherever possible, the impact of strike action and ASOS.</p> <p>April 2023 the University received notification of a successfully renewed UCU mandate for strike action and ASOS, which included a marking and assessment boycott (MAB), which commenced from 20th April. May 2023 the University's PVC for Education and Student Experience formed a sub-group [MAB Situation Reporting Group 'MAB SitRep'] to understand and manage the operational aspects relating to the marking and assessment boycott, which reported to the University Contingency Planning Group.</p> <p>In June 2023 the Chief Operating Officer recommended the forming of a Gold (strategic) major incident team to support the University's management of the marking and assessment boycott. September 2023 both the MAB SitRep and Gold Major Incident Team continue to meet to review the current position and manage those impacted by the industrial action.</p>

Statement of Internal Controls and Principal Risks

Principal Risks continued

Risk area	Risk description	Risk management
Quality of Education	If the standard and quality of education does not meet stakeholder needs or expectations	<p>An Education & Student Experience Committee (ESEC) oversees quality enhancement activity for the University, reporting to Council. On behalf of ESEC, an Education Performance Oversight Group plans and monitors enhancements to the student experience.</p> <p>Student Experience and Enhancement Plans are submitted at subject level (where appropriate), school, college and institutional level. The Awards and Progress Committee considers the profile of degree outcomes for undergraduate degrees to identify whether there are concerns regarding grade inflation. Academic & Standards Quality Committee keeps under review the academic quality system, receives an overview of external examiner reports, considers thematic issues from the annual review and enhancement process and considers opportunities to enhance and strengthen the oversight and support for the effective institutional management of academic partnerships. An Annual Enhancement Report was introduced in 2022/23 to review and evaluate enhancements to the student experience.</p> <p>Schools are considering options to manage additional student numbers to maintain quality of education, with support from Learning & Teaching Academy, Timetabling and other professional services teams.</p> <p>A significant piece of work to be undertaken is the development of a consistent and controlled approach that is to be adopted across all schools which will require change in the use of systems, processes, and culture.</p>
Dental School	If the School of Dentistry fails to provide its core activities or facilities	<p>If the School of Dentistry fails to provide necessary clinical opportunities and time to observe, learn, practice and develop competencies. Maintenance plan for electrical and plumbing works are in place with University Health Board Estates and BLS College/School of Dentistry to deliver prioritized work within the Dental Hospital.</p> <p>Clinical supervision policies are in place and additional casual staff employed. School staff are exploring alternative options/locations for students to practice clinical competencies and the School is working with HEIW placement lead to help identify locations for provision. The School has an Outreach Group to develop this using new initiatives, resolving issues and building robust placement governance.</p> <p>The School and College are prioritising the recruitment of key roles, reviewing their portfolio to build sustainable teaching and reviewing and building succession plans, including supporting staff development to grow existing talent.</p> <p>The School and College monitor the Patient Timetable reporting tool to measure number of hours lost and data from the National Student Survey to assess student feedback on key areas.</p>

Responsibilities of the Council of Cardiff University

In accordance with the University's Charter, the Council is responsible for the administration and management of the affairs of the University, including ensuring an effective system of internal control.

The Council is responsible for ensuring the University and Group Financial Statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law), the University's Charter, the Accounts Direction and Terms and Conditions of Funding issued by HEFCW, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions 2019, the Charities Act 2011 and other relevant accounting standards.

The Council, through its Accountable Officer, is required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the University and its subsidiaries and of its income and expenditure, gains and losses, changes in reserves and cash flows for the year. The Council is responsible for keeping

adequate accounting records that are sufficient to show and explain the University's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the University and Group and to enable it to ensure that the Financial Statements comply with applicable law and regulations.

The Council is also responsible for safeguarding the assets of the University and Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing these Financial Statements, the Council is required to:

- ▶ select suitable accounting policies and then apply them consistently.
- ▶ observe the methods and principles in the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition).
- ▶ make judgements and estimates that are reasonable and prudent.
- ▶ state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the University will continue in business.

The Council has taken reasonable steps to:

- ▶ ensure that funds from HEFCW, Welsh Government and other Funding Bodies are used only for the purposes for which they have been given and in accordance with the HEFCW Terms and Conditions of Funding and Financial Management Code; and any other conditions which HEFCW or any other Funding Body may from time to time prescribe;
- ▶ ensure that income, where appropriate, has been applied in accordance with paragraph 145 of the HEFCW's Financial Management Code (FMC);
- ▶ ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- ▶ safeguard the assets of the University and its subsidiaries and prevent and detect fraud; and
- ▶ secure the economical, efficient and effective management of the resources and expenditure of the University and its subsidiaries.

Any system of internal financial control can, however, provide reasonable, but not absolute, assurance against material misstatement or loss.

On behalf of the Council
Professor Wendy Larner
Accountable Officer
22 November 2023

Independent Auditor's Report to the Council of Cardiff University

Report on the audit of the financial statements

1. Our opinion is unmodified

We have audited the financial statements of Cardiff University ("the University") for the year ended 31 July 2023 which comprise the Consolidated and University Statements of Comprehensive Income, the Consolidated and Institution Statements of Changes in Reserves, the Consolidated and Institution Statement of Financial Position, and the Consolidated and Institution Statements of Cash-flow and the related notes, including the Statement of Principle Accounting Policies in note 1.

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the Group's and of the Institution's affairs as at 31 July 2023 and of the Group's and of the Institution's income and expenditure, gains and losses, changes in reserves, and cash flows, for the year then ended;
- ▶ have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- ▶ have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under the Charters and Statutes of the University and in accordance with section 144 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit & Risk Committee.

We were first appointed as auditor by the Council on 7 July 2022. The period of total uninterrupted engagement is for the two financial years ended 31 July 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: group financial statements as a whole		£6.07 million
		(2022: £6.0 million)
		0.95% of Group total income (2022: 0.95%)
Coverage	100% of Group total Income (2022: 100%)	
Key audit matters		Change since 2022
Recurring risks	Research Grants & Contract Income	Risk Level unchanged
	Valuation of pension liabilities	Risk Level unchanged

Independent Auditor's Report to the Council of Cardiff University

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters in arriving at our audit opinion above, (unchanged from 2022), in decreasing order of audit significance, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Group and Institution: Research Grants and Contract Income (£134 million (2022: £125 million))	2022-23 income Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. The University manages a significant number of projects from a range of public and private sources with a variety of contractual requirements in terms of treatment of direct and overhead costs and other evidence/compliance requirements. Research grants and contracts income are accounted for under the Performance Model. Unless specifically disallowed, in most cases expenditure on the grant purpose is presumed to be the performance condition and therefore income is generally recognised in line with the related expenditure, including apportioned overhead costs. We have identified a significant risk of fraud and error due to: <ul style="list-style-type: none"> ▶ The risk of inappropriate apportionment of overhead costs resulting in inappropriate recognition of research revenue; ▶ The risk that income may be inappropriately recognised when grants do not have any performance conditions ▶ The risk of non-compliance with grant terms and conditions resulting in income not being recognised in line with the University's accounting policies or relevant accounting standards. ▶ The risk of non-compliance with grant terms and conditions resulting clawback of funding by research funders. 	We performed the tests below rather than seeking to rely on the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: <ul style="list-style-type: none"> ▶ For a sample of research expenditure recorded in the year, we assessed whether the expenditure incurred was in line with the terms and conditions of the relevant contract; ▶ For a sample of research expenditure recorded in the year, we assessed whether overhead rates applied were appropriate by reference to the terms of the grant agreement; ▶ For a sample of research projects with underlying milestones, we agreed the revenue recognised to invoices raised and cash receipts, and assessed whether the milestone had been met in accordance with the grant agreement. ▶ We inspected the reconciliation of research expenditure to corresponding research income and agreed that income had been accounted for in accordance with the requirements of the relevant accounting standards. ▶ For a sample of research projects with large accrued and deferred income balances at year-end, we reviewed the grant agreements, cash received to date, and the payment profile to assess whether research expenditure and income had been accounted for in the appropriate accounting period. ▶ We inquired with management as whether there were any disputes or significant issues on any projects that could impact on revenue recognition. Our results The results of our testing were satisfactory and we considered the amount of research grants and contract income recognised to be acceptable.(2022: Acceptable).

Independent Auditor's Report to the Council of Cardiff University

	The risk	Our response
<p>Group and Parent Institution: Valuation of Pension Liabilities</p> <p>Group and Parent Institution: Cardiff University Pension Fund: Gross present value of defined benefit liabilities: £216.7 million (2022: £265.7 million)</p> <p>Group and Parent Institution: USS : Deficit recovery plan provisions £165 million (2022: £199 million)</p>	<p>Subjective valuation</p> <p>The Group is a member of a number of defined benefit schemes, including the Cardiff University Pension Fund (CUPF) and the Universities Superannuation Scheme (USS).</p> <p>Cardiff University Pension Fund (CUPF)</p> <p>The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the University's pension liability could have a significant effect on the financial position of the University.</p> <p>Universities Superannuation Scheme (USS)</p> <p>While this is accounted for as a defined contribution scheme a provision is required to be recognised for the University's obligation to fund deficit payments.</p> <p>This valuation of this provision involves the selection of appropriate assumptions, most notably discount rate and payroll and headcount growth assumptions. The selection of these assumptions is inherently subjective and small changes in the assumptions used to value the group's USS pension liability could have a significant effect on the financial position of the University.</p> <p>The USS pension liability at 31 July 2023 was £165 million. This was based on the valuation set out by the USS review panel at the time.</p> <p>Impact of Estimation Uncertainty</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that valuation of pensions liabilities has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 25) disclose the sensitivity estimated by the University.</p>	<p>We performed the tests below rather than seeking to rely on the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> ▶ Our actuarial expertise: We used our own actuarial specialists to challenge the key assumptions and estimates used in the calculation of the retirement benefit obligations (and USS provision); and performed a comparison of key assumptions against our own benchmark ranges derived from externally available data and against those used by other universities reporting on the same period. ▶ Assessing external actuaries' credentials: We assessed the competence and independence of all external actuaries engaged by the Group. ▶ Assessed non actuarial assumptions: We reviewed the non-actuarial assumptions used in the USS provision calculation such as payroll and headcount increases to Group forecasts for appropriateness by comparison to long term University Strategy, as well as comparing to other institutions. ▶ Assessing transparency: We considered the adequacy of the Group's disclosure in respect of retirement benefits, in particular the gross defined benefit obligation and USS provision and the sensitivity of the obligation to the assumptions used. <p>Our results</p> <p>We found the resulting estimates of the CUPF and USS retirement benefit obligations to be acceptable.</p>

Independent Auditor's Report to the Council of Cardiff University

3. Our application of materiality and an overview of the scope of our audit

We have audited the financial statements of Materiality for the Group financial statements as a whole was set at £6.07 million, determined with reference to a benchmark of group total income for 2022/23 of £636 million, of which it represents 0.95%.

Materiality for the University financial statements was set at £6.0 million, determined with reference to a benchmark of University total income for 2022/23 of £627 million, of which it represents 0.96%.

We consider total income, rather than a surplus-related benchmark, to be the appropriate benchmark as the University is a not-for-profit organisation.

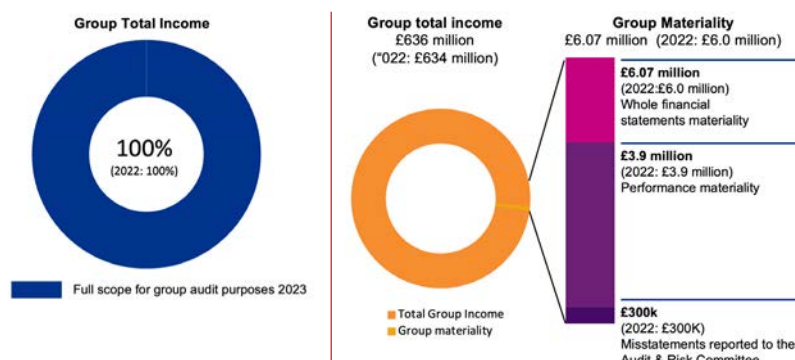
In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% of materiality for the financial statements as a whole, which equates to £3.9 million for the group and £3.9 million for the University. We applied this percentage in our determination of performance materiality based on the level of identified control deficiencies and the number of identified misstatements during our prior year audit.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £300k, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

The Group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality and performance materiality level set out above.



4. Going concern

The Council has prepared the financial statements on the going concern basis as it does not intend to liquidate the Group or the Institution or to cease their operations, and as it has concluded that the Group's and the Institution's financial position means that this is realistic. It has 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").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Institution's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Institution's available financial resources over this period were:

- ▶ A reduction in tuition fee income
- ▶ Impact of inflation on underlying cost base;

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the Council's sensitivities over the level of available financial resources indicated by the Group's financial forecast taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

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 Institution's ability to continue as a going concern for the going concern period; and
- ▶ We found the going concern disclosure in note 1 to be acceptable.

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 Institution will continue in operation.

Independent Auditor's Report to the Council of Cardiff University

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- ▶ Enquiring of the 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 and Audit and Risk Committee minutes.
- ▶ Using analytical procedures to identify any unusual or unexpected relationships.
- ▶ Reading a copy of the Group's risk 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, we perform procedures to address the risk of management override of controls and the risk that research income is overstated through recording revenues in the wrong period, in particular the risk that management may be in a position to make inappropriate accounting entries.

We performed procedures including:

- ▶ Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts and unusual cash and borrowing journals.
- ▶ Performing testing as detailed on page 46 in relation to the fraud risk that research income is overstated through recording revenues in the wrong period.

Identifying and responding to risks of material misstatement related to 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 Audit and Risk Committee and other management (as required by auditing standards), and discussed with the 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

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 (including related charities legislation, higher education related legislation and regulation), taxation legislation, pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: GDPR, Health and Safety legislation, employment and social security legislation and the higher education regulatory requirements of the Higher Education Funding Council for Wales (HEFCW), recognising the regulated nature of the Institution'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 fraud 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.

6. We have nothing to report on the other information in the Annual Report

The Council (the members of which are the Trustees of the University for the purposes of charity law) is responsible for the other information, which comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover

Independent Auditor's Report to the Council of Cardiff University

the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if, based solely on that work:

- ▶ we have identified material misstatements in the other information; or
- ▶ in our opinion the information given in the Vice Chancellor's Review, Financial Review, Statement of Corporate Governance, and Statement of Internal Control (which together constitutes the Trustees' Annual Report for the financial year) is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- ▶ the University has not kept sufficient accounting records; or
- ▶ the financial statements are not in agreement with the accounting records; or
- ▶ we have not received all the information and explanations we require for our audit.
- ▶ We have nothing to report in these respects.

8. Respective responsibilities

Council's responsibilities

As explained more fully in its statement set out on page 44, Council is responsible for: the preparation of financial statements that which 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 Institution's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to

liquidate the Group or the Institution or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

Report of other legal and regulatory requirements

9. Reporting on other legal and regulatory requirements

We are required to report on the following matters prescribed in the Higher Education Funding Council for Wales ("HEFCW") Audit Code of Practice (effective 1 August 2017) issued under the Further and Higher Education Act 1992 and in the Financial Management Code issued under the Higher Education (Wales) Act 2015 and the Accounts Direction to Higher Education Institutions for 2022/23 issued by the HEFCW ("the Accounts Direction").

In our opinion, in all material respects:

- ▶ funds from whatever source administered by the Group or the Institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;

- ▶ income, where appropriate, has been applied in accordance with paragraph 145 of the HEFCW's Financial Management Code ("FMC");
- ▶ Funding Council grants have been applied in accordance with terms and conditions attached to them and used for the purposes for which they were received, including the Terms and Conditions of Funding 2022/23; and
- ▶ the requirements of HEFCW's Accounts Direction have been met.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Council in accordance with Section 4 of the Charters and Statutes of the University and in accordance with section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act.

Our audit work has been undertaken so that we might state to 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.



Jonathan Brown

for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants.

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

3 Assembly Square
Britannia Quay
Cardiff CF10 4AX
30 November 2023

Consolidated and Institution Statements of Comprehensive Income and Expenditure

Year ended 31 July 2023

		Consolidated		Institution	
	Note	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Income					
Tuition fees and education contracts	2	310,617	323,510	310,617	323,510
Funding body grants	3	90,199	98,893	90,199	98,893
Research grants and contracts	4	133,624	125,427	133,629	125,427
Other income	5	90,874	79,369	81,730	76,833
Investment income	6	9,670	5,729	9,622	5,725
Donations and endowments	7	1,397	1,239	1,397	1,239
Total Income		636,381	634,167	627,194	631,627
Expenditure					
Staff costs	8	346,090	339,213	346,090	338,760
Staff costs – Voluntary Severance Scheme	8	-	9	-	9
Staff costs – (decrease)/ increase in USS pension scheme provision	10	(27,447)	118,781	(27,447)	118,781
Other operating expenses	10	226,288	212,897	217,833	211,012
Depreciation	11	47,291	40,041	47,291	40,041
Interest and other finance costs	9	19,247	14,372	19,247	14,372
Total Expenditure	10	611,469	725,313	603,014	722,975
Operating surplus/ (deficit) before other gains and losses		24,912	(91,146)	24,180	(91,348)
Loss on disposal of fixed assets		(2,333)	-	(2,333)	-
Impairment of tangible fixed assets	11	(458)	-	(458)	-
Impairment of non-current assets	12,14	-	(6)	-	-
Gain on sale of non-current investments		675	2,181	675	2,181
Loss on valuation of investments	12,16	(5,624)	(11,574)	(5,624)	(11,574)
Share of surplus/ (deficit) in joint venture	12,23	(813)	641	-	-
(Deficit)/Surplus for the year		16,359	(99,904)	16,440	(100,741)
Other Comprehensive Income					
Impairment on the revaluation of assets		(3,043)	-	(3,043)	-
Actuarial gain in respect of pension schemes	21	15,541	72,095	15,541	72,095
Total comprehensive surplus/ (deficit) for the year		28,857	(27,809)	28,938	(28,646)
Represented by:					
Endowment comprehensive income for the year		677	88	677	88
Restricted comprehensive expenditure for the year		-	-	-	-
Unrestricted comprehensive income/ (expenditure) for the year		28,180	(27,897)	28,261	(28,734)
		28,857	(27,809)	28,938	(28,646)

All items of income and expenditure relate to continuing activities.

The Notes on page 55 to 91 form part of these financial statements.

Consolidated and Institution Statements of Changes in Reserves

Year ended 31 July 2023

Consolidated	Income and expenditure account			Revaluation reserve	Total
	Endowment	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2021	45,482	160	314,097	316,729	676,468
Surplus / (deficit) from the income and expenditure statement	88	-	(99,992)	-	(99,904)
Other comprehensive income	-	-	72,095	-	72,095
Total comprehensive surplus/(deficit) for the year	88	-	(27,897)	-	(27,809)
Transfers between revaluation and income and expenditure reserve	-	-	6,118	(6,118)	-
Balance at 31 July 2022	45,570	160	292,318	310,611	648,659
Surplus from the income and expenditure statement	677	-	15,682	-	16,359
Other comprehensive income	-	-	12,498	-	12,498
Total comprehensive surplus for the year	677	-	28,180	-	28,857
Transfers between reserves	-	-	8,672	(8,672)	-
Balance at 31 July 2023	46,247	160	329,170	301,939	677,516

Institution	Income and expenditure account			Revaluation Reserve	Total
	Endowment	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2021	45,482	160	316,364	316,729	678,735
Surplus / (deficit) from the income and expenditure statement	88	-	(100,829)	-	(100,741)
Other comprehensive income	-	-	72,095	-	72,095
Total comprehensive surplus/(deficit) for the year	88	-	(28,734)	-	(28,646)
Transfers between revaluation and income and expenditure reserve	-	-	6,118	(6,118)	-
Balance at 31 July 2022	45,570	160	293,748	310,611	650,089
Surplus from the income and expenditure statement	677	-	15,763	-	16,440
Other comprehensive income	-	-	12,498	-	12,498
Total comprehensive surplus for the year	677	-	28,261	-	28,938
Transfers between reserves	-	-	8,672	(8,672)	-
Balance at 31 July 2023	46,247	160	330,681	301,939	679,027

The Notes on page 55 to 91 form part of these financial statements.

Consolidated and Institution Statements of Financial Position

Year ended 31 July 2023

	Note	Consolidated		Institution	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Non-current assets					
Tangible fixed assets	11	952,270	949,055	952,270	949,055
Investments	12	15,207	9,249	13,433	7,630
		967,477	958,304	965,703	956,685
Current assets					
Stocks	13	289	296	289	296
Trade and other receivables	14	61,549	60,245	62,783	61,121
Investments	16	390,439	365,051	390,439	365,051
Cash and cash equivalents	15	36,586	96,365	33,135	89,438
		488,863	521,957	486,646	515,906
Creditors: amounts falling due within one year	17	(168,138)	(168,757)	(166,567)	(162,620)
Net current assets		320,725	353,200	320,079	353,286
Total assets less current liabilities		1,288,202	1,311,504	1,285,782	1,309,971
Creditors: amounts falling due after more than one year	18	(422,901)	(424,324)	(422,901)	(424,324)
Pension provisions	21	(180,332)	(233,452)	(180,332)	(233,452)
Other provisions	22	(7,453)	(5,069)	(3,522)	(2,106)
Total net assets		677,516	648,659	679,027	650,089
<u>Restricted Reserves</u>					
Income and expenditure - endowment reserve	23	46,247	45,570	46,247	45,570
Income and expenditure - restricted reserve		160	160	160	160
<u>Unrestricted Reserves</u>					
Income and expenditure - unrestricted		329,170	292,318	330,681	293,748
Revaluation reserve		301,939	310,611	301,939	310,611
Total Reserves		677,516	648,659	679,027	650,089

The Notes on page 55 to 91 form part of these financial statements.

The financial statements on pages 51 to 91 were approved by Council on 22 November 2023 and were signed on its behalf on 30 November 2023 by:

Patrick Young
Chair of Council

Professor Wendy Larnar
Vice-Chancellor

Darren Xiberras
Chief Financial Officer

Consolidated and Institution Statements of Cash-flow

Year ended 31 July 2023

		Consolidated		Institution	
	Note	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash flow from operating activities					
Surplus/ (Deficit) for the year		16,359	(99,904)	16,440	(100,741)
Adjustment for non-cash items					
Depreciation	11	47,291	40,041	47,291	40,041
Impairment of fixed assets	11	458	-	458	-
Loss on disposals of fixed assets	11	2,530	-	2,530	-
Impairment of non-current investments	12	-	6	-	-
Share of operating deficit/(surplus) in JV's	12,22	813	(641)	-	-
Non-cash pension (credits)/charges	21	(37,579)	116,733	(37,579)	116,733
Increase in stock	13	7	-	7	-
Increase in debtors	14	(1,304)	(13,451)	(1,662)	(13,472)
Increase in creditors	17,18	4,239	6,662	8,805	908
(Decrease)/ increase in other provisions		1,416	2,106	1,416	2,106
Adjustment for investing or financing activities					
Capital grant income	3,5	(9,885)	(16,577)	(9,885)	(16,577)
Investment income	6	(9,670)	(5,729)	(9,622)	(5,725)
Interest payable	9	11,865	11,980	11,865	11,980
New endowments	23	(1,175)	(267)	(1,175)	(267)
Gain on disposal of non-current investments	12	(675)	(2,181)	(675)	(2,181)
Loss on current investments	12,15	5,624	11,574	5,624	11,574
Net cash inflow from operating activities		30,314	50,352	33,838	44,379
Cash flows from investing activities					
Capital grant receipts		6,797	11,562	6,797	11,562
Investment income	6	9,670	5,729	9,622	5,725
Increase in deposits	15	(31,012)	(51,033)	(31,012)	(51,033)
Payments made to acquire fixed assets	11	(56,734)	(54,821)	(56,734)	(54,821)
Non-current investment acquisitions	12	(6,632)	(2,312)	(6,632)	(2,312)
Proceeds from sale of fixed assets		197	-	197	-
Non-current investment disposal proceeds	12	1,504	3,009	1,504	3,009
Net cash (outflow) from investing activities		(76,210)	(87,866)	(76,258)	(87,870)
Cash flows from financing activities					
Interest paid	9	(12,325)	(12,433)	(12,325)	(12,433)
Endowment cash received	7	1,175	267	1,175	267
Repayments of amounts borrowed	17,18	(2,733)	(2,542)	(2,733)	(2,542)
Net cash (outflow) from financing activities		(13,883)	(14,708)	(13,883)	(14,708)
Decrease in cash and cash equivalents in the year		(59,779)	(52,222)	(56,303)	(58,199)
Cash and cash equivalents at beginning of the year		96,365	148,587	89,438	147,637
Cash and cash equivalents at end of the year	16	36,586	96,365	33,135	89,438

The Notes on page 55 to 91 form part of these financial statements

Notes to the Financial Statements

Year ended 31 July 2023

1. Statement of Principal Accounting Policies

Basis of preparation

This consolidated financial information has been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019, the Financial Reporting Standard (FRS 102) and the Charities Act 2011. The Institution is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial information is prepared in accordance with the historical cost convention (modified by the revaluation of land and buildings and the measurement of certain financial instruments at fair value).

The Group and University's activities, together with the factors likely to affect its future development, performance, and position, are set out in the Financial Review which forms part of the Board of Council's Report. The Council's Report 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 Council consider to be appropriate for the following reasons.

- ▶ The Council has reviewed cash flow forecasts for a period of 12 months from the date of approval of these financial statements.
- ▶ After reviewing these forecasts, the Council is of the opinion that, taking account of severe but plausible downsides, the Group and parent Institution 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).

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

Basis of consolidation

The consolidated financial information consolidates the financial statements of the Institution and its subsidiary undertakings University College Cardiff Consultants Limited and International Learning Exchange Programme Limited for the financial year to 31 July. It does not include those of the University Students' Union, or the Cardiff Partnership Fund Limited as the Council does not exercise control over their financial and operating activities.

Uniform accounting policies are adopted throughout the Group. Joint ventures are accounted for using the equity method.

Recognition of income

Tuition fee income is stated gross, apart from expenditure that is a discount (including prompt payments) or fee waivers, and is credited to the Consolidated Statement of Comprehensive Income. Bursaries and scholarships (including those administered by third parties) are accounted for gross as expenditure and not deducted from income.

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

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

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

Grant funding

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

Donations and endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income when the Institution is entitled to the funds and is retained within the separate restricted reserve until such time that it is utilised in line with such restrictions.

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

Notes to the Financial Statements

Year ended 31 July 2023

Investment income and movements in fair value of endowments are recorded in income in the year in which they arise and as either restricted or unrestricted income according to the terms of the endowment.

restrictions applied to the individual endowment funds.

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

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

Capital grants are recognised in income when the Institution is entitled to the funds subject to any performance related conditions being met.

Provision for doubtful debts

Provision is normally made for individual debts where recovery is thought to be in doubt based on the ageing of the debt past its due date, other known circumstances relating to the individual debtor, such as referred to debt collection agency, and post year end recovery of debts. Any un-provided debts are deemed as recoverable.

Pension schemes

The three principal defined benefit pension schemes for the Institution's staff are the Universities Superannuation Scheme (USS), the Cardiff Institution Pension Fund (CUPF), and the Local Government Pension Scheme (LGPS). The schemes are funded defined benefit schemes. The funds are actuarially valued every three years by a professionally qualified actuary using either the aggregate method or the attained age method with the rates of contribution payable being determined by the scheme's trustees on the advice of the actuary.

Universities Superannuation Scheme

The institution participates in 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 institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution 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.

Defined contribution plan:

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

Defined benefit plan:

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

In addition, the National Health Service (NHS) Pension Scheme is in operation for certain staff. The NHS scheme is an unfunded defined benefit scheme, with pension benefits being paid out of contributions received in the year and contribution rates determined by HM Treasury. This is accounted for as a defined contribution scheme. To comply with The

Notes to the Financial Statements

Year ended 31 July 2023

Pensions Act 2008, the Institution also uses the NEST defined contributions pension scheme for eligible non-contractual workers.

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 Institution. Any unused benefits are accrued and measured as the additional amount the Institution expects to pay as a result of the unused entitlement.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into GB Sterling, the functional currency of the Institution, at year-end rates and the resulting exchange differences are included in the determination of the deficit or surplus for the year.

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.

Fixed assets

Fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses. Freehold and Long Leasehold property assets in existence on the transition to the FRS102 (1st August 2014) were measured on the basis of deemed cost, being market fair value or deemed cost of replacement.

The difference between the revalued amount and historical cost is credited to a revaluation reserve.

An amount equal to the depreciation in excess of that on the historical cost basis is transferred from the revaluation reserve to retained earnings.

Land and buildings

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 Institution.

Land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful lives, in years, as follows:

Academic buildings and listed buildings	50
Pre 1990 residence sites	25
Post 1990 and Talybont North residences	50
Residential Houses	50
Semi-permanent buildings	25
New UHW site buildings	50
Old UHW site buildings	25
Refurbishments	15

Leasehold buildings are depreciated over the shorter of the lease term or the expected useful lives shown above.

No depreciation is charged on assets in the course of construction.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets, in line with component accounting.

Componentised items are depreciated on a straight-line basis over their expected lives, in years, as follows:

Component	Life
Building shell	20-50
Refurbishment	15
Mechanical and engineering services	10-25
Fit out	10-50

Social Science Research Park (SBARC|SPARK) building

The University's Social Science Research Park (SBARC|SPARK) provides many opportunities for the University to provide its core services.

The SBARC|SBARK building is 11,604 m². Approximately 15% of this space is allocated to university start-ups, spin-outs, researchers and other stakeholders, providing support for inter-disciplinary co-location and collaboration, rented out on short term lease agreements. These

stakeholders have been selected on the basis that they contribute towards Cardiff University's ability to deepen its partnerships with industry and other organisations, generating economic and social value through innovation, which is aligned to the University's strategy for Research and Innovation. The building is at the heart of the University Campus and this space is held to support the University's aims, rather than for commercial rent or capital appreciation. Accordingly, the whole building is accounted for as a fixed asset and is held at depreciated cost.

The activities are all hugely beneficial to the University in respect of enhancing its reputation, promoting the services available being the provision of world-class and world-recognised social sciences research, to foster and develop partnerships through a range of innovation, enterprise and engagement activities and events, to support the wider regional economy, and to enhance the breadth and volume of research opportunities for students and student entrepreneurs.

Plant & Equipment

Plant and equipment costing less than £10,000 per individual item or group of related items is written off in the year of acquisition unless purchased as part of a new build or major building infrastructure refurbishment.

All other equipment is capitalised, with the exception of equipment funded from Research Grants which costs under £50,000 which is also written off in the year of acquisition.

Capitalised plant and equipment are stated at cost less accumulated depreciated and impairment losses over their expected useful life of between four and ten years, for equipment, as appropriate.

Assets under construction are not depreciated until brought into use.

Notes to the Financial Statements

Year ended 31 July 2023

Fully depreciated equipment is written off once the asset is no longer in use or no longer in existence.

Investments

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

Joint ventures are carried at cost less impairment in the Institution's financial statements.

Current asset investments are held at fair value with movements recognised in the total comprehensive income for the year.

Stocks

Stocks held are building materials, medical/ bioscience consumables, and trading consumables of the Estates Works Unit, College of Biomedical and Life Sciences and Catering respectively. They are valued at the lower of cost or net realisable value.

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.

Maintenance of premises

The Institution has a rolling maintenance plan which is reviewed on an annual basis. The cost of routine corrective maintenance is charged to the statement of comprehensive income.

Taxation status

The Institution is a registered charity within the meaning of Chapter 1 Section 3 of the Charities Act 2011 and as such is a charity within the meaning of Section 6 to the Finance Act 2010. Accordingly, the Institution 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 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 for public benefit.

All subsidiary companies are liable to Corporation Tax and Value Added Tax (VAT). The Institution's principal activities are exempt from VAT, but certain ancillary supplies and services are liable to VAT at various rates. Expenditure includes irrecoverable VAT charged by suppliers to the Institution. The Institution does not have to pay Stamp Duty Land Tax when buying and leasing a property.

Provisions

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

Financial instruments

The Institution has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments for its consolidated and Institution financial statements.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the total comprehensive income for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the total comprehensive income for the year.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures, are initially measured at fair value which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the surplus or deficit, except those investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the assets are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Notes to the Financial Statements

Year ended 31 July 2023

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled, or expires.

Reserves

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

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

The bond repayment fund, a designated reserve, was created in 2019/20 for the purpose of being able to give a reasonable likelihood of being able to meet the bond repayment of £400m, due on 7 December 2055 (note 24).

Significant estimates and judgements

Significant estimates and judgements used in the preparation of this financial information were as follows:

(i) Recoverability of debtors

The normal (post-COVID-19) accounting policy for the assessment of recoverability of debtors and the subsequent doubtful debt impairment provisioning regarding the collection of students fees and Commercial and Research debt has been applied.

As a result of measures put in place during the COVID-19 pandemic, our dunning procedures have continued, and students have been required to clear their current fees before progressing to another academic year. For students who have completed their course but have fees outstanding their full certification is withheld until their fee debt is cleared, in line with Institution Tuition fee policy.

Overall, post- COVID-19, the Institution's ability to collect debt from our students, UK and international Commercial and Research clients has improved which has lessened the risk in recovering the debt, with the exception of specific debts. We continue to monitor closely overseas debt and act as appropriate.

Estimate

Tuition fee debt

The year-end tuition fees doubtful debt impairment provision is assessed on the basis of all overdue debt by fee debtor category regardless of aged profile, with particular categories attributing more risk than others.

The resulting aggregated debt impairment provision is reduced by subsequent fee settlements received after 31 July 2023 from debtors within these same categories. All other tuition fee debt is deemed recoverable.

Tuition fee debt at 31 July 2023 was £4.2m (2022: £4.7m) (see Note 14). After applying our debt impairment policy, the doubtful debt impairment provision is £4.2m (2022: £4.3m) after assessment of receipts received after 31st July 2023.

Commercial and Research Debt

General debt impairment assessment policies have been applied, with the exception of overseas embassies whereby debt over 91 days overdue is subject to impairment provision (normally provided on 181 days overdue).

Overall, Commercial and Research debt at 31 July 2023 was £16.2m (2022: £15.8m) (see Note 14).

After applying the doubtful debt impairment policy, £1.5m is assessed at risk (2022: £1.2m) and subject to doubtful debt impairment provision.

(ii) Leasehold Property Dilapidations

The Institution has recognised its future estimated obligation to return short term leasehold properties to their original state on the termination of the lease arrangement, based on the current market works cost estimate provided by a professional property surveyor on assessing the current status of each relevant building.

As at the 31 July 2023, it is assumed that the Institution will exit each lease on the relevant date as there are no plans or indications to counter this view.

The resulting estimated provision(s) will be subject to future annual review for both relevance, i.e. future plans to exit or renew, and to the application of inflation, based on relevant industry cost price indexation data.

Future cost inflation fluctuations will be recognised in the Statement of Comprehensive Income and Expenditure as a repairs and maintenance cost.

Notes to the Financial Statements

Year ended 31 July 2023

(iii) Retirement benefit obligations

Estimate – CUPF and LGPS

The Institution operates its own scheme, Cardiff University Pension Fund (CUPF) and participates in a Local Government Pension Scheme (LGPS); both are defined benefit schemes. Actuarial valuations of the schemes are carried out as determined by the trustees at intervals of not more than three years.

Pension costs under FRS 102 are assessed in accordance with the advice of independent actuaries based upon latest actuarial valuations and assumptions determined by the actuaries.

The assumptions are based upon information supplied to the actuaries by the Institution, supplemented by discussions between the actuary and management, where relevant. The assumptions are documented in Note 25.

As at 31 July 2023, the LGPS fund, under FRS102 accounting treatment, resulted in a pension asset. The surplus is not recoverable in full, we have followed IAS19 to determine the economic benefit of the surplus that Cardiff University can recognise. For 2023 the surplus recognised as an asset in the statement of financial position is £nil (2022: £nil).

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

Estimate - USS

As the Institution is contractually bound to make deficit recovery payments to USS, this is recognised as a liability in the balance sheet. The provision is currently based on USS deficit recovery plan agreed after the 2020 actuarial valuation, which defines the deficit payment required as a percentage of future salaries until 2038. These contributions are re-assessed within each triennial valuation of the scheme. The provision is based on management's estimate of future salaries inflations, changes in staff numbers and the prevailing rate of discount. Further details are set out in Note 25.

Judgement - USS

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme.

The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with the resulting expense charged through the profit or loss account in accordance with section 28 of FRS 102.

Council is satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements.

(iv) Research Income Recognition

All research grants are considered to have a performance condition. The type of performance condition is determined by reviewing the research grant's contract. For the majority of research grants, income is recognised in accordance with the level of service as established by the pre agreed project spending budgets, and where actual spend profiles differ from budgeted spend profiles the income is recognised in line with the actual spend. For some research grants, the level of service is tied to a milestone being met; as a result, the revenue for these grants is recognised on a cash received basis.

Notes to the Financial Statements

Year ended 31 July 2023

2. Tuition Fees and Education Contracts

Consolidated and Institution

	2023 £'000	2022 £'000
UK and European Union Undergraduate	151,049	156,378
UK and European Union Postgraduate	12,215	13,246
Overseas (including part-time)	106,126	113,334
Part Time (UK and European Union)	5,797	6,389
	275,187	289,347
Education contracts	16,620	16,490
Research training support grants	11,824	10,053
Non-credit bearing fees	6,986	7,620
	310,617	323,510

3. Funding Body Grants

Consolidated and Institution

	2023 £'000	2022 £'000
Recurrent grant	75,794	75,263
Specific grants	6,877	9,053
Capital grants - buildings	3,282	5,968
Capital grants - equipment	4,246	8,609
	90,199	98,893

4. Research Grants and Contracts

	Consolidated		Institution	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Research Councils	43,079	41,833	43,079	41,833
UK-based charities	24,628	22,857	24,628	22,857
UK Government bodies	43,247	37,553	43,252	37,553
UK Industry	7,138	6,563	7,138	6,563
European Commission	7,197	8,828	7,197	8,828
Overseas	6,423	5,708	6,423	5,708
Other grants and contracts	1,912	2,085	1,912	2,085
	133,624	125,427	133,629	125,427

Notes to the Financial Statements

Year ended 31 July 2023

5. Other Income

	Consolidated		Institution	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Other services rendered:				
UK Central Government	23,592	22,662	23,353	22,662
UK Health Authorities	8,212	6,919	8,212	6,919
UK Industry	1,103	964	1,103	964
European Union	1,815	1,468	1,815	1,468
Overseas	91	78	91	78
UK Universities	596	533	596	533
Other Sources	7,293	7,608	9,534	7,608
Total other services rendered	42,702	40,232	44,704	40,232
Residences, catering and conferences	29,685	27,788	29,685	27,788
Exempt VAT recoverable	559	632	559	632
Other capital grants	2,357	2,000	2,357	2,000
Other income	15,571	8,717	4,425	6,181
	90,874	79,369	81,730	76,833

6. Investment Income

	Consolidated		Institution	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Income from investments	8,292	4,465	8,245	4,461
Income from endowment investments (Note 23)	1,378	1,264	1,377	1,264
	9,670	5,729	9,622	5,725

7. Donations and Endowments

	Consolidated		Institution	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
New endowments (Note 22)	1,175	267	1,175	267
Donations with restriction	-	-	-	-
Unrestricted donations	222	972	222	972
	1,397	1,239	1,397	1,239

Notes to the Financial Statements

Year ended 31 July 2023

8. Staff Costs

	Consolidated		Institution	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Staff costs:				
Wages and salaries	274,178	258,247	274,178	257,897
Social security costs	28,879	27,370	28,879	27,336
Other pension costs	43,033	53,596	43,033	53,527
	346,090	339,213	346,090	338,760

The above figures exclude payments made to staff on behalf of the National Health Service.

	Consolidated		Institution	
	2023	2022	2023	2022
	FTE	FTE	FTE	FTE
Average staff numbers by major category:				
Clinical and non-clinical academic and academic related	4,712	4,599	4,712	4,591
Technical services	217	219	217	219
Administrative support	1,005	981	1,005	981
Operational services	237	233	237	233
	6,171	6,032	6,171	6,024

Key management personnel compensation

The Institution considers that key management personnel are the 12 individuals (2022: 12) who serve as members of the University Executive Board having authority and responsibility for planning, directing, and controlling the activities of the Institution. Staff costs include compensation paid to key management personnel.

	2023	2022
	£'000	£'000
Key management personnel compensation	2,305	1,959

A list of current members of University Executive Board is publicly available on our website: www.cardiff.ac.uk/about/organisation/University-executive-board

Compensation for loss of office to higher paid employees

No compensation payments were made to higher paid employees in year (2022: nil)

Notes to the Financial Statements

Year ended 31 July 2023

8. Staff Costs (continued)

Other higher paid staff

The remuneration of higher paid staff (excluding the Vice-Chancellor) reflected in the ranges below exclude employer pension contributions, bonuses, and compensation for loss of office but include payments made on behalf of the NHS in respect of its contractual obligation to Institution staff under separate NHS contracts of employment. These payments are excluded from the Institution's Income and Expenditure account. Of the 167 staff earning in excess of £100,000 in 2023 (2022: 151), 45 (2022: 43 Restated) include such payments on behalf of the NHS.

	2023 NHS No.	2023 Other No.	2023 Total No.	2022 NHS No.	2022 Other No.	2022 Total No.
Salary Band						
£100,000 - £104,999	-	27	27	1	33	34
£105,000 - £109,999	-	24	24	-	21	21
£110,000 - £114,999	-	16	16	1	10	11
£115,000 - £119,999	1	13	14	2	8	10
£120,000 - £124,999	2	5	7	7	6	13
£125,000 - £129,999	4	9	13	1	5	6
£130,000 - £134,999	4	5	9	2	9	11
£135,000 - £139,999	3	6	9	2	4	6
£140,000 - £144,999	3	4	7	5	4	9
£145,000 - £149,999	4	2	6	4	2	6
£150,000 - £154,999	1	3	4	3	-	3
£155,000 - £159,999	5	-	5	2	-	2
£160,000 - £164,999	3	-	3	1	2	3
£165,000 - £169,999	4	4	8	1	1	2
£170,000 - £174,999	1	1	2	3	1	4
£175,000 - £179,999	-	2	2	2	-	2
£180,000 - £184,999	5	-	5	4	-	4
£185,000 - £189,999	-	-	-	1	2	3
£190,000 - £194,999	3	1	4	-	-	-
£195,000 - £199,999	-	-	-	-	-	-
£200,000 - £204,999	-	-	-	1	-	1
£205,000 - £209,999	1	-	1	-	-	-
£210,000 - £214,999	1	-	1	-	-	-
	45	122	167	43	108	151

Notes to the Financial Statements

Year ended 31 July 2023

8. Staff Costs (continued)

Emoluments of the Vice-Chancellor	2023 £'000	2022 £'000
Salary	301	289
Bonus	56	1
Benefits-in-kind	20	20
	<hr/> 377	<hr/> 310
Pension Death in Service Enhanced Opt-out contribution only	19	16
	<hr/> 396	<hr/> 326

The benefits-in-kind received by the Vice-Chancellor are as follows (£000s):

Private medical insurance	1	1
Permanent accommodation	19	19

The remuneration of the Vice-Chancellor is set by the Remuneration Committee, which comprises independent lay members of Council who possess relevant knowledge and expertise. The Vice-Chancellor is not in attendance for, and does not play any part in, the discussions and decisions of their own remuneration.

The Vice-Chancellor's Reward Scheme involved:

- an annual review of base pay in relation to the market; and
- a long-term lump sum non-pensionable performance-related bonus payment linked to the achievement of the Way Forward 2018-2023.

The scheme built on the principles of the Senior Salary Review process as outlined in the Senior Staff Pay Policy and was designed as a long-term incentive plan to reward and retain the Vice-Chancellor with a view to delivery of the Way Forward Strategy 2018-23.

The Remuneration Committee determined the remuneration according to several factors including, but not limited to:

- the Vice-Chancellor's leadership, management, and academic experience within the higher education sector.
- the breadth of leadership and financial responsibilities for the Institution.
- the benchmarking of base salary against the annual salary of Vice-Chancellors of Russell Group universities and other institutions of comparable size and scope.
- The performance of the Institution according to the strategy and agreed metrics.

Each year, the Remuneration Committee receives a report by the Chair of Council on the Vice-Chancellor's Performance Development Review (which includes input from Council members) and agreed objectives for the following year.

This information supported the final performance review against the Vice-Chancellor's 5-year Reward Scheme. This Scheme is now concluded and no longer in place. The final performance bonus given is noted within this report. The Vice-Chancellor does not receive any annual performance payments.

The Vice-Chancellor's base salary is reviewed in line with national pay awards for the Higher Education sector.

The Vice-Chancellor's basic salary is 7.0 times (2022: 7.2 times) the median pay of all staff, where the median pay is calculated on a full-time equivalent basis for the salaries and wages paid by the Institution.

The Vice-Chancellor's total remuneration is 8.7 times (2022: 7.6 times) the median total remuneration of all staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the Institution.

As per HEFCW Accounts Direction, remuneration includes personal service companies that are deemed by the Institution to be employees under HMRC Intermediary Regulations (IR35) and paid through payroll and reported to HMRC via "Real-time Information" (RTI) reporting.

Notes to the Financial Statements

Year ended 31 July 2023

9. Interest and Other Finance Costs

	Consolidated		Institution	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bond interest & finance costs	11,588	11,594	11,588	11,594
Bank loan interest	277	386	277	386
	11,865	11,980	11,865	11,980
Net charge on pension schemes (Note 21)	798	1,640	798	1,640
Unwind of discount on USS pension provision (Note 21)	6,584	752	6,584	752
	19,247	14,372	19,247	14,372

Notes to the Financial Statements

Year ended 31 July 2023

10. Analysis of Expenditure by Activity

Consolidated	Staff costs £'000	Other operating expenses £'000	Interest Payable £'000	Total 2023 £'000	Total 2022 £'000
Academic departments	213,255	51,943	-	265,198	256,035
Academic services	21,169	17,245	-	38,414	36,545
Research grants and contracts	55,192	35,340	-	90,532	86,910
Other services rendered	16,213	25,675	-	41,888	38,234
Residences, catering and conferences	5,405	14,703	277	20,385	18,753
Premises	10,479	41,094	-	51,573	44,348
Administration and central services	41,452	27,800	-	69,252	68,196
Other expenses	439	12,488	11,588	24,515	19,509
Pension fund adjustments	(17,514)	-	7,382	(10,132)	(2,048)
	346,090	226,288	19,247	591,625	566,482
Depreciation (note 11)				47,291	40,041
Staff costs – (Decrease)/Increase in USS pension scheme provision (note 19)				(27,447)	118,781
Staff costs – Voluntary Severance Scheme				-	9
Total per Statement of Comprehensive Income and Expenditure				611,469	725,313
Institution	Staff costs £'000	Other operating expenses £'000	Interest Payable £'000	Total 2023 £'000	Total 2022 £'000
Academic departments	213,255	51,943	-	265,198	256,035
Academic services	21,169	17,245	-	38,414	36,545
Research grants and contracts	55,192	35,340	-	90,532	86,910
Other services rendered	16,213	25,571	-	41,784	38,234
Residences, catering and conferences	5,405	14,703	277	20,385	18,753
Premises	10,479	41,094	-	51,573	44,348
Administration and central services	41,452	27,800	-	69,252	68,196
Other expenses (see Page 67)	439	4,137	11,588	16,164	17,171
Pension fund adjustments	(17,514)	-	7,382	(10,132)	(2,048)
	346,090	217,833	19,247	583,170	564,144
Depreciation (note 11)				47,291	40,041
Staff costs – (Decrease)/Increase in USS pension scheme provision (note 21)				(27,447)	118,781
Staff costs – Voluntary Severance Scheme				-	9
Total per Statement of Comprehensive Income and Expenditure				603,014	722,975

Notes to the Financial Statements

Year ended 31 July 2023

10. Analysis of Expenditure by Activity (continued)

Other operating expenses include	2023	2022
External auditors' remuneration in respect of audit services	224	204
External auditors' remuneration in respect of audit-related services	2	2
External auditors' remuneration in respect of non-audit services	Nil	Nil
 Operating lease rentals		
Land and buildings	2,905	2,973
Other	118	122

Other expenses include:

- ☐ a credit in staff costs of £4,560k (2022: credit of £2,876k) relating to the movement on the Employee Leave Accrual (Note 17)
- ☐ No costs associated with the Institution's COVID-19 Testing facility (2022: £637k).

Notes to the Financial Statements

Year ended 31 July 2023

11. Tangible Fixed Assets

Consolidated and Institution

	Land and Buildings			Equipment	Total
	Freehold £'000	Long leasehold £'000	Assets in the Course of Construction £'000	£'000	£'000
Cost or valuation					
At 1 August 2022	738,818	300,823	2,432	214,402	1,256,475
Additions at cost	12,425	2,281	18,850	22,981	56,537
Disposals	(2,435)	(4,061)	-	(29,572)	(36,068)
Projects completed	1,448	-	(1,448)	-	-
At 31 July 2023	750,102	299,043	19,834	207,811	1,276,944
Valuation (i)	369,771	229,472	-	-	599,243
Cost	380,485	69,571	19,834	207,811	677,701
At 31 July 2023	750,256	299,043	19,834	207,464	1,276,944
Accumulated depreciation					
At 1 August 2022	76,844	59,130	-	171,446	307,420
Charge for year	20,879	8,372	-	18,040	47,291
Eliminated on disposal	(442)	(3,524)	-	(29,572)	(33,538)
Impairments	(3,154)	-	-	(347)	(3,501)
At 31 July 2023	100,435	63,978	-	160,261	324,674
Net book value					
At 31 July 2023	649,821	235,065	19,834	47,550	952,270
At 31 July 2022	661,974	241,693	2,432	42,956	949,055

- (i) A full valuation of the Institution's Estate was carried out on 31 July 2014 by Cooke and Arkwright Chartered Surveyors in accordance with the RICS Valuation – Professional Standards January 2014 (the Red Book) to establish deemed cost. Of the total valuation of £609m, £557m was at fair value by depreciated replacement cost and £52m was at fair value.

Certain buildings have been funded from U.K. Treasury sources at a cost of £132m. Should these particular buildings be sold, the Institution would use the proceeds in accordance with the HEFCW Terms of Funding.

Land and buildings include non-depreciated land of £116m (2022: £118m).

Spend on capital projects incurred and completed in year is recognised in freehold additions rather than through assets in the course of construction.

An impairment of £3,154k has been recognised in the year. Main impairments include £2,048k related to land which holds an old Maths/Computer Science building which has been written off, with costs to demolish in excess of the land's net book value. £1,078k relates to buildings and pitches in Llanrumney Playing Fields.

Where information is available, buildings have been broken down into key components causing an overall reduction in the estimate of a building's useful life. This change in estimate has led to an additional depreciation charge of £4,430k when compared to the prior year estimate of depreciating whole buildings over 50 years.

Notes to the Financial Statements

Year ended 31 July 2023

12. Non-Current Investments

	Consolidated			Institution		
	Investment in joint ventures	Other Investments	Total	Equity investment in joint ventures	Other Investments	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2022	3,592	5,657	9,249	2,003	5,627	7,630
Additions	-	6,632	6,632	-	6,632	6,632
Disposals	-	(829)	(829)	-	(829)	(829)
Share of operating deficit in joint ventures	155	-	155	-	-	-
Balance at 31 July 2023	3,747	11,460	15,207	2,003	11,430	13,433

The Institution has investments in the following:

University College Cardiff Consultants Limited (UC3)

The results of UC3, a company limited by guarantee and registered in the UK, have been included by consolidation in the financial information. The company's principal activity is the commercialisation of the intellectual property and other outputs of research generated by the academic schools of the Institution. The company is also responsible for the Institution's interests through shareholdings in a number of spin-out companies arising from the Institution's research and other operations.

Compound Semiconductor Centre Limited

Compound Semi Conductor Centre Limited is a joint venture between Cardiff University and IQE (Europe) Ltd. The Institution recognises its share of the overall net liability of the joint venture and this is disclosed under Other Provisions in the Statement of Financial Position (see Note 22). The total of Cardiff University's share of liabilities in Compound Semi Conductor Centre Limited as at 31st July was £3,931k. On the 18th September 2023, Cardiff University transferred its holding of Compound Semiconductor Centre Limited for nil consideration.

Cardiff Medicentre

The Institution holds an investment of £2,003k (2022: £2,003k) representing an 89% shareholding in Cardiff Medicentre with Cardiff and Vale UHB holding the remaining 11%. This Group's total investment after its share of operating surpluses is £3,747k (2021 £3,592k). This interest is treated as a joint venture as the Institution has joint control with Cardiff and Vale UHB.

Mobeus

The Institution made an original commitment (in 2016) to invest £10m in the Mobeus Equity Partners IV fund and another £15m in the Mobeus Equity Partners V Fund. Both funds contribute to the bond repayment fund for the repayment of the £400m bond capital in December 2055.

In the year, additions to IV Fund were £263k and divestments proceeds were £829k, of which a gain of £539k was realised (2022: divestment proceeds of £3,009k). As at 31 July 2023, the investment fund is held at £4,985k (2022: £5,551k).

In the year, additions to V Fund were £6,369k (2022: nil).

Cash and cash equivalent balances relating to both Mobeus funds are combined to form part of the Bond Repayment Fund (Note 24).

Cardiff Partnership Fund Limited

The Institution owns a 100% shareholding of £76k (2022: £76k) in the Cardiff Partnership Fund Limited, the holding company of the unincorporated Cardiff Partnership Fund Limited Partnership. This company is not consolidated on the basis that the Institution does not exercise control over the activities that rest with an independent board.

SETsquared Partnership

In September 2021, the Institution joined the SETsquared Partnership, a Institution incubator network. This company is not consolidated.

Notes to the Financial Statements

Year ended 31 July 2023

12. Non-Current Investments (continued)

International Learning Exchange Programme Limited ("ILEP")

Following the UK Government's decision to withdraw from the Erasmus+ scheme, the Welsh Government announced a new learning scheme to continue to benefit staff and students from international exchanges in a similar way to Erasmus+, not just in Europe but also further afield. The scheme will run from 2022 to 2026. To safeguard transparency, the Institution agreed to operate the programme on behalf of the Welsh Government through a wholly owned subsidiary company. ILEP was incorporated on 22 June 2021 and commenced operations on 1 August 2022. The results of ILEP have been included by consolidation in the financial statements.

13. Stocks

	Consolidated		Institution	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Residences and Catering	97	86	97	86
Maintenance	72	107	72	107
Academic Departments	120	103	120	103
	289	296	289	296

14. Trade and other receivables

	Consolidated		Institution	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Amounts falling due within one year:				
Trade Debtors:				
- Tuition fees	4,204	4,745	4,204	4,745
- Research grants & contracts	9,726	11,201	9,726	11,201
- Other Services	6,538	6,283	6,112	6,036
Less: Trade Debtors impairment provision (i)	(5,785)	(5,571)	(5,785)	(5,571)
Net Trade Debtors	14,683	16,658	14,257	16,411
Other Debtors	2,047	1,639	2,047	1,639
Amount due from subsidiary undertaking	-	-	1,914	1,480
Prepayments	5,969	4,159	5,643	3,802
Accrued Income				
- Research grants and contracts	28,501	25,213	28,501	25,213
- Other Income	10,349	12,576	10,421	12,576
Total Debtors	61,549	60,245	62,783	61,121

- (i) Further information regarding the judgements and estimates in relation to the impairment can be found in Note 1: Accounting Policies on Page 58 "Recoverability of debtors".

Notes to the Financial Statements

Year ended 31 July 2023

15. Current Investments

Consolidated and Institution

	Endowment Investments £'000 (Note 23)	Other Investments £'000	2023 Total £'000	2022 Total £'000
Short term investment in shares	-	162,130	162,130	161,000
Short term bonds	-	85,423	85,423	68,446
Other short-term investments	43,482	20,443	63,925	79,790
Short term deposits	-	78,961	78,961	55,815
	43,482	346,957	390,439	365,051

The decrease in fair value of current investments in the year was £4,525k (2022: decrease of £10,922k).

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

At 31 July 2022 the weighted average interest rate of these fixed rate short term deposits was 5.12% (2022: 1.54%) per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 35 days (2022: 135 days). The fair value of these deposits was not materially different from the book value.

16. Cash and Cash Equivalents

	Consolidated		Institution	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Operational bank accounts	10,460	55,143	7,009	48,216
Cash-in-hand	9	10	9	10
Money market funds	11,539	24,468	11,539	24,468
Cash funds held by investment fund managers	11,813	14,889	11,813	14,889
Cash fund held within endowment funds	2,765	1,855	2,765	1,855
	36,586	96,365	33,135	89,438

Notes to the Financial Statements

Year ended 31 July 2023

17. Creditors: amounts falling due within one year

	Consolidated		Institution	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade creditors	20,936	19,730	20,891	19,693
Social security and other taxation	7,929	9,815	7,929	9,815
Sundry creditors	10,351	10,104	9,665	9,577
Deposits	187	142	187	142
Employees leave entitlement accrual (i)	9,721	14,280	9,721	14,280
Accruals	27,166	25,193	27,032	25,143
Deferred income (see below)	89,589	86,761	88,883	81,238
Unsecured loans	-	129	-	129
Secured loans	2,259	2,603	2,259	2,603
	168,138	168,757	166,567	162,620

Deferred Income

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

	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Tuition Fees	9,761	4,551	9,761	4,551
Research grants and contracts	52,531	47,518	52,768	47,518
Other Income	26,327	33,240	25,384	27,717
Capital grant income	970	1,452	970	1,452
	89,589	86,761	88,883	81,238

- (i) The Institution has returned to its traditional policy of allowing staff to carry-forward up to five days (2022: ten days) holiday entitlement. Prior year increases were due to the impact of the COVID-19 pandemic.

Notes to the Financial Statements

Year ended 31 July 2023

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

Consolidated and Institution	2023 £'000	2022 £'000
Sundry Creditors	1,297	-
Unsecured loans (i)	-	1
Secured loan	875	3,134
Public Bond (ii)	294,084	293,956
Public Bond Tap (iii)	126,645	127,233
Total loans and long-term debt	421,604	424,324
	422,901	424,324

Analysis of secured and unsecured loans

Due within one year or on demand (Note 17)	2,259	2,732
Due between two and five years	875	3,135
Due in five years or more	420,729	421,189
Due after more than one year	421,604	424,324
	423,863	427,056

Included in loans are the following:

Lender	Term	Secured/ Unsecured	Interest rate %	Borrower	2023 £'000	2022 £'000
Welsh Government (i)	2023	Unsecured	-	Institution	-	130
Lloyds Bank/Scottish Widows ^(iv)	2024	Secured	8.853	Institution	1,559	3,462
Royal Bank of Scotland (v)	2025	Secured	See below	Institution	1,575	2,275
					3,134	5,867

- (i) The interest free Welsh Government loan is from their Invest-to-Save scheme for student transition, retention and success and was repaid in full in November 2022.
- (ii) The 39-year public bond of £300 million was issued in February 2016 and is repayable in full on 7th December 2055. Interest is payable semi-annually at a coupon rate of 3.0% on 7th June and 7th December each year. The effective interest rate is 3.1%.
- (iii) A £100m bond tap was issued in February 2021 at a premium and is repayable in full on 7th December 2055. Interest is payable semi-annually at a coupon rate of 3.0% on 7th June and 7th December each year. The effective interest rate is 1.9%.
- (iv) Lloyds Bank originally advanced £17 million to the Institution to finance the cost of student residences. The loan is secured on Talybont South property and is repayable by 28 February 2024 on a reducing balance method. In 2013, Lloyds Bank transferred certain rights of the loan to Scottish Widows (part of the Lloyds Banking Group), however, Lloyds Bank act on behalf of Scottish Widows in the capacity of service provider.
- (v) Royal Bank of Scotland originally advanced £14 million to the Institution to finance the cost of Talybont Court. The loan is secured on Talybont Court and is repayable by 1 October 2025 by equal instalments of £0.7m per annum. Interest is payable on the loan at 0.225% above Base Rate.
- (vi) In July 2021 the Institution took out a 3-year unsecured Revolving Credit Facility with Lloyds Bank for £20m over three years. As at 31 July 2023, the facility had not been utilised.

Notes to the Financial Statements

Year ended 31 July 2023

19. Consolidated and Institution Reconciliation of Net Debt

	Consolidated £'000	Institution £'000
Net debt 1 August 2022	330,691	337,618
Movement in cash and cash equivalents	59,779	56,303
Repayment of secured loans	(2,603)	(2,603)
Repayment of unsecured loans	(130)	(130)
Other non-cash changes (bond interest)	(460)	(460)
Net Debt 31 July 2023	387,277	390,728
Change in net debt	56,586	53,110

Analysis of net debt	Consolidated		Institution	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000

Borrowings: amounts falling due within one year

Secured loans	2,259	2,603	2,259	2,603
Unsecured loans	-	129	-	129
(Note 17)	2,259	2,732	2,259	2,732

Borrowings: amounts falling due after more than one year

Secured Loans	875	3,134	875	3,134
Unsecured loans	-	1	-	1
Public Bond	294,084	293,956	294,084	293,956
Public Bond Tap	126,645	127,233	126,645	127,233
(Note 18)	421,604	424,324	421,604	424,324

Less: Cash and cash equivalents	(Note 16)	(36,586)	(96,365)	(33,135)	(89,438)
Net debt		387,277	330,691	390,728	337,618

Notes to the Financial Statements

Year ended 31 July 2023

20. Financial Instruments

The Institution has the following financial instruments which are all denominated in sterling:

		Consolidated		Institution	
	Note	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Financial assets at fair value through surplus or deficit investments in equity and listed bonds	16	311,478	309,236	311,478	309,236
		311,478	309,236	311,478	309,236
Financial assets that are debt instruments measured at amortised cost					
Trade receivables	14	14,683	16,658	14,257	16,411
Other receivables	14	2,047	1,639	3,961	3,119
Investments in short term deposits	15	78,961	55,816	78,961	55,816
		95,691	74,113	97,179	75,346
Financial liabilities measured at amortised cost					
Public Bond	18	294,084	293,956	294,084	293,956
Public Bond Tap	18	126,645	127,233	126,645	127,233
Loans	18	3,134	5,867	3,134	5,867
Trade creditors	17	20,936	19,730	20,891	19,693
Other creditors	17,18	11,835	10,246	11,149	9,719
Accruals	17	27,166	25,193	27,032	25,143
		483,800	482,225	482,935	481,611

21. Pension Provision

Consolidated and Institution

	Obligation to fund deficit on USS Pension £'000	CUPF fund obligations (Note 25) £'000	LGPS fund obligations (Note 25) £'000	2023 Total Pension Provision £'000	2022 Total Pension Provision £'000
At 1 August 2022	198,922	34,530	-	233,452	188,814
Utilised in year	(12,814)	-	-	(12,814)	(4,677)
Additions/ (reductions)	(27,447)	(20,391)	150	(47,688)	46,923
Discount rate changes (Note 9)	6,584	948	(150)	7,382	2,392
At 31 July 2023	165,245	15,087	-	180,332	233,452

USS deficit

The Institution has entered into an agreement (the Recovery Plan) that determines how each employer within the multi-employer scheme will fund the overall deficit. The Institution recognises a liability for the contributions payable that arise from the agreement to fund the scheme (to the extent that they relate to the deficit) and the resulting expense in the Statement of Comprehensive Income. For key assumptions used in calculating the liability please refer to Note 25.

LGPS Fund

The actuary has estimated that the net pension asset/liability as at 31 July 2023 is an asset of £10,800k. The surplus is not recoverable in full, we have followed IAS19 to determine the economic benefit of the surplus that Cardiff University can recognise. For 2023 the surplus recognised as an asset in the statement of financial position is £nil (2022: £nil).

Notes to the Financial Statements

Year ended 31 July 2023

22. Other Provisions

Consolidated	Share of net liability in joint venture £'000	Marking Assessment Boycott £'000	Leasehold Property Dilapidations £'000	2023 Total £'000	2022 Total £'000
As at 31 August 2022	2,963	-	2,106	5,069	3,431
Additions / (Reductions)	968	1,726	(310)	2,384	1,638
Closing balance	3,931	1,726	1,796	7,453	5,069

Increase in share of net liability in joint venture represents the Group's share of operating deficit in the year of Compound Semiconductors Centre Limited – see Note 12.

Institution	Marking Assessment Boycott £'000	Leasehold Property Dilapidations £'000	2023 Total £'000	2022 Total £'000
As at 31 August 2021	-	2,106	2,106	-
Additions / (Reductions)	1,726	(310)	1,416	2,106
Closing balance	1,726	1,796	3,522	2,106

Provision for Leasehold Property dilapidations recognised as per Note 1 Page 59.

23. Endowment reserves

Consolidated and Institution

	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2023 Total £'000	2022 Total £'000
Capital opening balance	2,762	22,481	25,243	1,511	26,754	27,363
Accumulated income	1,593	14,401	15,994	2,821	18,815	18,119
	4,355	36,882	41,237	4,332	45,569	45,482
New endowments	-	1,010	1,010	165	1,175	267
Income for year	128	1,087	1,215	123	1,338	1,264
Expenditure	(117)	(523)	(640)	(136)	(776)	(791)
	11	564	575	(13)	562	473
(Decrease) in market value	(104)	(861)	(965)	(95)	(1,060)	(652)
Closing balance	4,262	37,595	41,857	4,389	46,246	45,570
Represented by:						
Capital	2,692	22,719	25,411	1,494	26,905	26,755
Accumulated income	1,570	14,876	16,446	2,895	19,341	18,815
	4,262	37,595	41,857	4,389	46,246	45,570

Notes to the Financial Statements

Year ended 31 July 2023

23. Endowment reserves (continued)

	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2023 Total £'000	2022 Total £'000
Analysis by type of purpose:						
Appeal Fund	-	95	95	-	95	95
Chairs	-	14,070	14,070	-	14,070	13,371
Lectures	-	1,117	1,117	-	1,117	1,116
Hardship Funds	11	2,320	2,331	588	2,919	2,881
Scholarships	-	9,715	9,715	478	10,193	10,196
Prizes	-	3,211	3,211	42	3,253	3,247
Research	-	1,658	1,658	2,577	4,235	4,247
General	4,251	5,409	9,660	704	10,364	10,417
	4,262	37,595	41,857	4,389	46,246	45,570
Analysis by asset:						
Current asset investments						
- investment units					43,482	43,716
Cash & cash equivalents					2,764	1,854
					46,246	45,570

24. Bond repayment fund

Cardiff University's 39-year public bond of £300m, issued in February 2016, along with the subsequent £100m tap issued in February 2021, will be redeemed at their principal amounts of £400m on 7 December 2055 and the Institution will have to repay this sum on that date.

In July 2019 Council approved the creation of a Bond Repayment Fund (BRF) which has as its sole objective to deliver £400m in cash in 2055.

The bond repayment fund forms part of the unrestricted funds in the statement of financial position.

The Institution has, to date, invested £58.7m (2022: £50m) on a total return basis to generate the repayment.

Total fund value	2023 £'000	2022 £'000
Cash held for investment	2,016	8,191
Current investments	52,342	50,470
Non-current investments	11,354	5,551
	65,712	64,212

Notes to the Financial Statements

Year ended 31 July 2023

25. Pension Schemes

Different categories of staff were eligible to join one of six different schemes:

- (i) Universities Superannuation Scheme (USS)
- (ii) Cardiff University Pension Fund (CUPF)
- (iii) Local Government Pension Scheme (LGPS)
- (iv) Cardiff University Pension Scheme (CUPS)
- (v) National Health Service Scheme (NHSPS)
- (vi) NEST workplace pension scheme

The nature of the schemes above are detailed below.

Cardiff University Pension Scheme is a new Defined Contribution Scheme effective from 1 January 2022 in co-ordination with the closure of the CUPF DB scheme to new members.

The tender for a DC Scheme to be available for new members was undertaken and Legal and General appointed to provide the scheme. The DC scheme allows members flexibility in contribution rates and a member could choose to contribute 0%, but still benefit from Institution contributions into the scheme. Any flexibility which allows members to pay zero or very low contributions may result in some members who have previously opted out of pension scheme (currently around 230 members) to opt in. The additional benefits of life insurance and income protection are available for members from 1st March 2022.

Elements of the DC scheme that are offered.

Institution 10% fixed Member 6.5% default, option to reduce to 4%,2%,0% Life Insurance 5x basic salary, Income Protection.

The **NHSPS** which is contracted out of the State Second Pension (S2P). The notional assets of NHSPS are assessed by the Government. Scheme is a defined benefit public service pension scheme, which operates on a pay-as-you-go basis. A new reformed scheme was introduced on 1 April 2015 that calculates pension benefits based on career average earnings. Transitional arrangements permit individuals who on 1 April 2012 were within ten years of normal pension age to continue participating in the old 'final salary' NHS Pension Scheme arrangements (the 1995 and 2008 sections).

An HM Treasury pension scheme valuation for funding purposes was carried out as at March 2012. The Scheme Regulations have been changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate. The employers' contribution rate payable by the Institution during the year ended 31 July 2023 remained unchanged at 14.38% of total pensionable earnings.

NEST is a defined contributions pension scheme for eligible non-contractual workers.

	Consolidated		Institution	
The total pension cost for the period was:	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Universities' Superannuation Scheme (USS)	31,828	36,730	31,828	36,662
Cardiff University Pension Fund (CUPF)	9,059	15,114	9,059	15,113
Local Government Pension Scheme (LGPS)	230	351	230	351
Cardiff University Pension Scheme (CUPS)	651	62	651	62
National Health Service Pension (NHSPS)	1,538	1,328	1,538	1,328
NEST	11	11	11	11
	43,317	53,596	43,317	53,527
USS minimum funding guarantee adjustment	(27,447)	118,781	(27,447)	118,781
	15,870	172,377	15,870	172,308

Notes to the Financial Statements

Year ended 31 July 2023

25. Pension Schemes (continued)

(i) The Universities Superannuation Scheme

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

USS is a multi-employer scheme and is accounted for as set out in the accounting policies.

The total cost charged to the Consolidated Statement of Comprehensive Income is £31,828k (2022: £36,730k) including Pension Choice, but excluding the impact of the change in the deficit recovery plan, as shown in note 21.

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

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

The deficit recovery contributions due within one year for the institution are £12,814k (2022: £13,150k).

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

CPI Assumption:

Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less:

1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040

Pension increases (subject to a floor of 0%):

CPI assumption plus 0.05%

Discount rate (forward rates):

Fixed interest gilt yield curve plus:

Pre-retirement: 2.75% p.a.

Post retirement: 1.00% p.a.

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

Mortality base table:

101% of S2PMA "light" for males and 95% of S3PFA for females.

Future improvements to mortality:

CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5% pa and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2023	2022
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	26.0	25.9
Females currently aged 45 (years)	27.4	27.3

Notes to the Financial Statements

Year ended 31 July 2023

25. Pension Schemes (continued)

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024 at which point the rate will increase to 6.3%. The 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2023	2022
Discount rate	5.52%	3.31%
Pensionable salary – inflation - Year 1	6.00%	6.00%
Pensionable salary – inflation – remaining years	3.00%	3.00%
Pensionable salary – Headcount – Year 1	Nil	2.70%
Pensionable salary – Headcount – remaining years	Nil	Nil

The employers' contribution rates are as follows:

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

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

Sensitivity	2023	2022
	£'000	£'000
0.5% per annum decrease in discount rate	5,986	8,255
0.5% per annum increase in salary inflation over duration	6,090	8,211
0.5% per annum increase in salary inflation in year 1 only	787	938
0.5% increase in staff changes over duration	5,898	8,465
0.5% increase in staff changes year 1 only	796	968

(ii) Cardiff University Pension Fund

The pension fund is a defined benefit scheme, externally funded and is contracted out of the State Second Pension (S2P) pension provision. As at 1 January 2022, the fund was closed to new members.

The last formal triennial actuarial valuation of the schemes which have been concluded were performed by professionally qualified actuaries as at 31 July 2022.

Following consultation with members, a Deed of Amendment effecting the change to future benefits was executed by the Institution and the Trustees of the Fund. The change impacts the benefits accrued from an effective date of 1 January 2022. A summary of the changes to benefit accrual from this date is set out below:

The actual rate reduced from 80ths to 85ths

Pension increases reduced in line with CPI inflation up to a maximum of 2.5% p.a.; and

The Normal Retirement Date increased from age 65 to age 66.

As these changes only impact benefits in relation to service from 1 January 2022, there is no impact on the Defined Benefit Obligation (DBO).

Notes to the Financial Statements

Year ended 31 July 2023

25. Pension Schemes (continued)

Cardiff University Pension Fund (continued)

An estimated valuation of the defined benefit schemes was performed at 31 July 2021 by qualified actuary. The Fund deficit under FRS 102 has reduced from £34.5m at 31 July 2022 to £15.1m at 31 July 2023.

Under the latest Schedule of Contributions dated 23 June 2023, the University contributes the following*:

17.0% of pensionable earnings in respect of all active CARE members who have elected to participate in salary sacrifice.

10.5% of pensionable earnings in respect of all members who have not elected to participate in salary sacrifice

18.0% of pensionable earnings in respect of Final Salary members who have elected to participate in salary sacrifice.

*Up to 31 July 2023, the University agreed to continue to pay contributions in respect of future service in line with the previous Schedule of Contributions, dated 30 December 2021.

In addition, up until 31 July 2023, the University agreed to pay deficit contributions of:

8.2% per annum of total pensionable salary; and

£1,000,000 per annum

From 1 August 2023 until 31 July 2029, the University agrees to pay deficit contributions of £4,800,000 per annum.

The FRS 102 disclosures set out in the tables below are based upon this updated valuation.

The actuary has made Guaranteed Minimum Pensions (GMP) equalisation allowance and the result has been included with the scheme's FRS102 disclosures.

(iii) Local Government Pension Scheme

The pension fund is a defined benefit scheme, externally funded and is contracted out of the State Second Pension (S2P) pension provision.

The last formal triennial actuarial valuation of the schemes which have been concluded were performed by professionally qualified actuaries as at 31 March 2022.

During the accounting period, the Institution paid contributions to the CUPF of 19.2% of pensionable salaries (LGPS - 27.7% plus a cash lump sum of £1.0m). The Institution has also contributed the salary sacrifice amount of 7.5% (final salary members) or 6.5% for Career Average Revalued Earnings members for each Non-Contributory member (i.e., those participating in the Salary Sacrifice arrangement) in the CUPF. Salary sacrifices of pension contributions is not permitted in the LGPS scheme.

An estimated valuation of the defined benefit schemes was performed at 31 July 2023 by qualified actuary. The FRS 102 disclosures set out in the tables below are based upon this updated valuation.

The actuary has made GMP equalisation allowance and the result has been included with the scheme's FRS102 disclosures.

In addition, the actuary, due to current levels of high inflation, has also made an allowance in the DBO for the expected impact of CPI inflation on the pension increase order of April 2023, which is expected to reflect CPI inflation for the year ending 30 September 2022. Therefore, allowance is made for CPI inflation between 30 September 2021 and the accounting date of 9.0% and is included within the CPI inflation assumption and reflects market expectations at the accounting date.

As at 31 July 2023, the LGPS fund FRS102 actuarial report resulted in a pension asset £10,800k. The asset has not been recognised as such on the Statement of Financial Position, as there is no automated entitlement to a refund from the scheme. The £10,800k is eliminated by an additional asset valuation charge to Other Comprehensive Expenditure

Notes to the Financial Statements

Year ended 31 July 2023

25. Pension Schemes (continued)

Assumptions relating to CUPF and LGPS

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	CUPF At 31 July 2023 % p.a.	LGPS At 31 July 2023 % p.a.	CUPF At 31 July 2022 % p.a.	LGPS At 31 July 2022 % p.a.
Price Inflation (RPI)	3.15	n/a	3.15	n/a
Price Inflation (CPI)	2.75	2.60	2.75	2.70
Rate of increase in salaries	2.75	3.60	2.75	3.70
Rate of increase of pensions in payment	2.64	2.60	2.75	2.70
Increases to deferred pensions before retirement	2.75	2.60	2.75	2.70
Discount rate	5.15	5.10	3.55	3.50

Key non-financial assumptions relate to member life expectancy at the accounting date, based on actual mortality experience of members within the Funds carried out as part of the latest formal actuarial valuations (see above), and allow for expected future mortality improvements, the accounting assessments are based on the life expectancy of male and female members at age 65 in normal health as shown below.

	CUPF At 31 July 2023	LGPS At 31 July 2023	CUPF At 31 July 2022	LGPS At 31 July 2022
Pensioner – male	21.0	22.0	21.5	22.1
Pensioner – female	23.7	24.2	24.2	24.6
Non-pensioner (currently aged 45) – male	21.6	22.6	22.1	23.2
Non-pensioner (currently aged 45) – female	24.8	25.3	25.3	26.0

Funder membership data summary at last actuarial valuation	CUPF July 2022	LGPS March 2022
Active members	1,798	29
Deferred members	1,887	85
Pensioners and dependants	1,137	237

Notes to the Financial Statements

Year ended 31 July 2023

25. Pension Schemes (continued)

	2023 CUPF	2023 LGPS	2022 CUPF	2022 LGPS
Scheme Assets and Liabilities	£m	£m	£m	£m
The assets in the scheme at fair value were:				
Equities	36.0	26.4	39.1	25.0
Property	-	2.7	-	3.0
Government bonds	-	3.4	-	3.4
Corporate bonds	18.7	2.9	22.3	2.9
Multi Asset Credit	-	2.1	-	1.9
Liability Driven Investments	57.0	-	51.0	-
Diversified Growth	62.8	-	85.7	-
Private Markets	24.7	-	31.3	-
Cash	2.4	1.3	1.8	1.1
Scheme assets at fair value	201.6	38.8	231.2	37.3
Scheme liabilities at present value	(216.7)	(28.0)	(265.7)	(33.2)
Net pension asset/(liability) recorded within pension provisions (Note 21)	(15.1)	10.8	(34.5)	4.1
Analysis of the amount charged within Operating Surplus				
Operating cost				
Current service cost	8.2	0.2	14.0	0.4
Past service cost	-	-	-	-
Administrative expenses	0.8	-	1.0	-
Total operating cost:	9.0	0.2	15.0	0.4
Financing cost:				
Interest expense on liabilities	9.3	1.1	6.2	0.7
Interest income on assets	(8.3)	(1.3)	(4.6)	(0.7)
Total financing cost:	1.0	(0.2)	1.6	-
Total charge within Operating Surplus before tax	10.0	-	16.6	0.4
Amounts recognised in Other Comprehensive Income:				
Actuarial losses/(gains) from assets	42.4	(0.8)	45.8	2.1
Actuarial losses/(gains) on liabilities	(58.8)	(5.1)	(115.4)	(8.6)
Effect of asset ceiling as per IAS19 approach	-	6.7	-	4.1
Total loss/(gain) to Other Comprehensive Income before tax	(16.4)	0.8	(69.6)	(2.4)
Analysis of movement in deficit:				
Deficit at beginning of year	34.5	-	101.4	3.4
Contributions by the Institution - normal	(12.1)	(0.3)	(10.2)	(0.3)
Contributions by the Institution - additional	(0.9)	(0.7)	(3.7)	(1.0)
Operating cost	9.1	0.2	15.0	0.4
Financing cost	0.9	-	1.6	-
Loss/(Gain) recognised in Other Comprehensive Income	(16.4)	0.8	(69.6)	(2.5)
Deficit/(Surplus) at end of year	15.1	-	34.5	-

Notes to the Financial Statements

Year ended 31 July 2023

25. Pension Schemes (continued)

	2023 CUPF £m	2023 LGPS £m	2022 CUPF £m	2022 LGPS £m
Changes to the present value of scheme liabilities:				
Present value of scheme liabilities at start of the year	265.7	33.2	368.7	42.1
Current service cost	8.2	0.2	14.0	0.4
Past service cost	-	-	-	-
Interest expense on liabilities	9.3	1.1	6.2	0.7
Contribution by participants	0.2	-	0.2	-
Actuarial losses/(gains) on liabilities	(58.8)	(5.0)	(115.4)	(8.6)
Actual benefit payments	(7.9)	(1.5)	(8.0)	(1.4)
Present value of scheme liabilities at the end of the year	216.7	28.0	265.7	33.2
Changes in the fair value of scheme assets:				
Fair value of scheme assets at the start of the year	231.2	37.2	267.3	38.7
Interest Income on assets	8.3	1.3	4.6	0.7
Actuarial gains/(losses) on assets	(42.4)	0.8	(45.8)	(2.2)
Contributions by the Institution	13.0	1.0	13.9	1.3
Contributions by participants	0.2	-	0.2	-
Net benefits paid out	(7.9)	(1.5)	(8.0)	(1.3)
Expenses	(0.8)	-	(1.0)	-
Fair value of scheme assets at the end of the year	201.6	38.8	231.2	37.2

CUPF and LGPS assets do not include any of the Institution's own financial instruments, or property occupied by the Institution.

In the prior year an asset ceiling was applied resulting in a net closing fair value of assets of £33.2m. The current year opening position presents these assets at a gross position, therefore does not reflect the impact of the asset ceiling. This results in a presentational difference of £4m therefore showing the opening fair value of assets at £37.2m.

	2022 LGPS £'m
Closing net position of assets as presented in the 2022 accounts	33.2
Impact of presenting the assets ceiling	4.0
Closing gross position of assets as at 31 July 2022	37.2

	Year ended 31 July		Year ended 31 Jul	
	2023 CUPF £m	2023 LGPS £m	2022 CUPF £m	2022 LGPS £m
Actual return on scheme assets:				
Interest income on scheme assets	8.3	1.3	4.6	0.7
Asset gain / (loss)	(42.4)	0.8	(45.8)	(2.2)
Actual return on scheme assets	(34.1)	2.1	(41.2)	(1.5)

Notes to the Financial Statements

Year ended 31 July 2023

25. Pension Schemes (continued)

Sensitivity of movement in key assumptions

The approximate impact of changing the key assumption on the present value of the funded defined benefit liabilities as at 31 July 2023 is set out below.

In each case, only the assumption mentioned is altered; all other assumptions remain the same.

CUPF	Funded Defined Benefit Liability (£m)		
	+0.1% p.a.	Base figure	-0.1% p.a.
Discount Rate assumption	213.3	216.7	220.2
Rate of general increase in salaries	220.0	216.7	213.5
Post-retirement Mortality assumption	- 1 year	Base figure	+1 Year
	210.7	216.7	222.7
LGPS	+0.1% p.a.	Base figure	-0.1% p.a.
Discount Rate assumption	27.7	28.0	28.4
Rate of general increase in salaries	28.0	28.0	28.0
Rate of increase to pensions and rate of revaluation of pension accounts	28.3	28.0	27.7
Post-retirement Mortality assumption	- 1 year	Base figure	+1 Year
	28.7	28.0	27.3

Inflation

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

26. Capital Commitments

Consolidated and Institution	2023 £'000	2022 £'000
Commitments contracted at 31 July 2023	19,988	4,968

27. Operating Lease obligations

Consolidated and Institution

Future minimum lease payments due	Land and buildings £'000	Other £'000	Total 2023 £'000	Total 2022 £'000
Not later than one year	2,747	86	2,833	3,000
Later than one year and not later than 5 years	8,369	40	8,409	8,957
Later than five years	27,164	43	27,207	27,616
Total lease payments due	38,280	169	38,449	39,573

Land and building leases are held in respect of office premises and car parking facilities. Other leases comprise vehicle and other equipment leases.

Notes to the Financial Statements

Year ended 31 July 2023

28. Related Party Transactions

All transactions involving organisations in which a member of the Council may have an interest are conducted in accordance with the Institution's financial regulations and normal procurement procedures. The Institution maintains a Register of Interests of members of Council and senior officers.

The list below represents the trading transactions and year-end close balances with organisations of which the relevant Council member or senior officer holds a position of influence in both the related party and the Institution.

Organisation	Council member or senior officer	Income £'000	Expenditure £'000	Debtor £'000	Creditor £'000
Association of Commonwealth Universities	Prof C Riordan	-	9	-	-
British Council	Prof C Riordan	41	-	(2)	-
Cardiff & Vale University Health Board	Ms S Rankin	1,128	7,195	1,576	910
Cardiff Business Club	Ms A Xavier-Phillips	-	2	-	-
Cardiff Council	Ms C Morgan Dr J Wademan	1	535	2	8
Cardiff University Students' Union	Ms G Dunn Ms A Flores Acuna Mr D Owen	-	6,341	2	247
Careers Research and Advisory Centre (CRAC)	Ms J Juillerat	-	-	-	1
Compound Semiconductor Centre Limited	Prof R Allemann Mr D Xiberras	60	822	4	-
Digital Health & Care Wales/NHS Wales	Mr D Selway	(13)	5	48	-
Gower College, Swansea	Judge R Singh	-	28	1	-
Gwent Office of the Police and Crime commissioner	Dr J Wademan	26	-	-	-
IDP Connect	Prof C Riordan	-	81	-	71
Institute of Cancer Research	J Shakeshaft	1	-	4	-
King's College London	Ms J Newman	-	444	141	108
Liverpool University	Prof Dame J Finch	-	-	34	-
Medical Research Council	Prof K Graham	11,196	6	(1)	-
Medical Schools Council	Prof S Riley	-	49	-	-
Microsoft	Mr B Paul	-	75	-	-
Quality Assurance Agency	Ms Claire Morgan	-	60	-	49
Race Council Cymru	Judge R Singh	-	4	-	-
Russell Group	Prof C Riordan	-	87	-	-
The Conversation UK	Ms J Newman	-	35	-	-
Tata Steel UK	Dr R Weaver	50	-	-	-
UCAS	Prof C Riordan	-	242	-	-
Universities UK	Prof U Khaliq Prof C Riordan	-	271	-	-
Welsh Government	Prof R Ashworth Prof K Graham	26,666	55	3,589	-
Welsh Wound Innovation Centre	Prof I Weeks Ms S Rankin	-	-	22	-

Notes to the Financial Statements

Year ended 31 July 2023

28. Related Party Transactions (continued.)

The Institution has taken advantage of Paragraph 33.1A of FRS 102 in that disclosures need not be given for transactions that have taken place between the parent and its wholly owned subsidiaries.

Trustee remuneration and expenses

No trustee received any remuneration or waived payment from the Institution during the year (2022: none).

The amounts in the table below represent payments made to trustees for travel and subsistence costs incurred in attending Council, committee meetings and charity events in their official capacity. Not all trustees have claimed expenses in the year or prior year. Where trustees are also employees of the Institution, expenses claimed in their capacity as an employee are not included.

	2023 £'000	2022 £'000
Expenses paid to 6 trustees in the year (2022: 6)	5	4

29. Post Balance Sheet Events

On the 18th September 2023, Cardiff University transferred its holding of Compound Semiconductor Centre Limited (comprising of 50 B ordinary shares of £1 each, 9,950 B ordinary shares of £1 each and 10,160 preferred B shares of £1 each) to IQE (Europe) Limited for nil consideration, thus relinquishing its share within the joint venture. The total of Cardiff University's share of liabilities in Compound Semiconductor Centre Limited as at 31st July was £3,931k.

Notes to the Financial Statements

Year ended 31 July 2023

30. US Department of Education Financial Responsibility - Supplemental Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, Cardiff 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.

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.

Primary Reserve Ratio

			Year ended 31 July 2023		Year ended 31 July 2022	
Page	Line item - related disclosures	Expendable Net Assets	£'000	£'000	£'000	£'000
51	Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions		631,110		607,998
51	Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions		46,406		45,730
51	Statement of Financial Position - Property, Plant and equipment, net	Property, plant and equipment, net (includes Construction in progress)	952,270		949,055	
51	Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - pre-implementation	Property, plant and equipment - pre-implementation		899,332		639,852
51	Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post-implementation without outstanding debt for original purchase	Property, plant and equipment - post-implementation without outstanding debt for original purchase		39,135		306,717
51	Note of the Financial Statements - Statement of Financial Position - Construction in progress	Construction in progress		19,834		2,432
51	Statement of Financial Position - Post-employment and pension liabilities	Post-employment and pension liabilities		180,332		233,452
51	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes	422,901		424,324	
51	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes pre-implementation		422,901		424,324
51	Statement of Financial Position - Term endowments	Term endowments with donor restrictions		4,389		4,332
51	Statement of Financial Position - Perpetual Funds	Net assets with donor restrictions: restricted in perpetuity		41,857		41,238

Notes to the Financial Statements

Year ended 31 July 2023

30. US Department of Education Financial Responsibility - Supplemental Schedule (continued)

Primary Reserve Ratio (continued)

Page	Line item - related disclosures	Total Expenses and Losses	Year ended 31 July 2023		Year ended 31 July 2022	
			£'000	£'000	£'000	£'000
65	Statement of Activities - Total Operating Expenses (Total from Statement of Activities prior to adjustments)	Total expenses without donor restrictions - taken directly from Statement of Activities		654,207		608,580
65	Statement of Activities - Non-Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss) - (Total from Statement of Activities prior to adjustments)	Non-Operating and Net Investment (loss)		46,683		(53,390)
65	Statement of Activities - (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)	Statement of Activities - (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)		(5,624)		(9,393)
65	Statement of Activities - Pension related changes other than periodic pension	Pension-related (credits)/ changes other than net periodic costs		53,120		(44,638)

Equity Ratio

Page	Line item - related disclosures	Modified Net Assets	Year ended 31 July 2023		Year ended 31 July 2022	
			£'000	£'000	£'000	£'000
51	Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions		631,110		607,998
51	Statement of Financial Position - total Net assets with donor restrictions	Net assets with donor restrictions		46,406		45,730
Page	Line item - related disclosures	Modified Assets	£'000	£'000	£'000	£'000
51	Statement of Financial Position - Total Assets	Total Assets		1,456,340		1,480,261

Notes to the Financial Statements

Year ended 31 July 2023

30. US Department of Education Financial Responsibility - Supplemental Schedule (continued)

Net Income Ratio

			Year ended 31 July 2023		Year ended 31 July 2022	
Pag e	Line item - related disclosures		£'000	£'000	£'000	£'000
50	Statement of Changes in Reserves - total of movement shown for Income & Expenditure Reserve and Revaluation Reserve	Change in Net Assets Without Donor Restrictions		28,180		(27,891)
65	Statement of Activities - (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)	Total Revenue and Gains		635,704		634,079

