

2021/22

Information for the Year
ended 31 July 2022
southwales.ac.uk

University of
South Wales
Prifysgol
De Cymru

Cardiff | Newport | Pontypridd

FINANCIAL STATEMENTS ANNUAL REVIEW





CONTENTS

Foreword	4
Board of Governors	7
Strategic Statement	10
Review of 2021/22	16
University Committees	35
Key Committee Responsibilities	36
Financial Review	40
Public Benefits Statement	48
Corporate Governance	49
Governors Responsibilities	54
Independent Auditors' Report	56
Consolidated and University Statement of Comprehensive Income	60
Consolidated and University Statement of Changes in Reserves	61
Consolidated and University Balance Sheet	62
Consolidated Statement of Cash Flows	63
Statement of Accounting Policies	64
Use of Estimates and Judgement	70
Notes To The Financial Statements	71-93

FOREWORD

Even though it has been a difficult few years, with the global pandemic impacting on our daily lives, we have emerged from it strongly and with renewed strength and ambition. Vibrancy has slowly started returning to our campuses, along with a more flexible and hybrid style of working for both our students and colleagues. We have seen the re-introduction of face-to-face teaching and learning to enable the sharing of ideas, collaboration, and value adding activities whilst also ensuring that we don't lose the digital advances and flexible working practices we have all become accustomed to over the last couple of years.

Our response to the pandemic and the way everyone adapted so resourcefully to ensure that our students continued to receive high quality learning and support was commended in our recent Quality Assurance Agency (QAA) review. We are delighted USW received five commendations, one affirmation and no recommendations from the review this July. This outcome is testament to all the hard work undertaken by everyone at USW, our students, and our collaborative partners since the last review in 2015. Our latest National Student Survey (NSS) 2022 results saw also an increase to 75% in overall satisfaction, up from 73% last year and now only 1% behind the sector.

Despite these efforts there have been many things we have missed over the last few years, most notably our graduations, which are always the highlight of any academic year. So we have been delighted to be able to host ceremonies this year for all our 2020, 2021, and 2022 cohorts at the International Conference Centre (ICC) in Newport. In March, April, and July we saw more than 10,500 graduates walk across the stage in front of their loved ones and we have collectively celebrated with pride their tenacity and resilience to complete their studies during a global pandemic.

We are also immensely proud of the positive contribution USW makes to the prosperity of our region and nation. During the year we commissioned Biggar Economics to look at our economic and social impact on our region, Wales, and the UK during the 2019/20 academic year. Their headlines show that USW makes a total economic contribution of £1.1 billion and supports 10,600 jobs in the UK.

We have always been an institution that has made education accessible and attainable for everyone who wants to progress. From our founding institution, the Newport Mechanic's Institute almost 200 years ago, the focus has always been on addressing societal needs, not just by widening access into higher education, but by using research for real industrial solutions.

This is demonstrated by our recent Research Excellence Framework outcomes (REF 2021) which showed strong growth across several indicators. USW is now fourth in Wales for impact with 81% of USW's research impact being classed as world leading or internationally excellent (3* / 4*). We are a civic, impact-led research university, providing solutions to real-world issues in partnership with others.

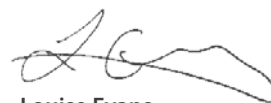
A core element of our USW 2030 strategy is to continue to develop these partnerships – they provide our students with opportunities and insight; they enable us to advance our research and innovation; and most importantly help us to make a real difference in our communities. From delivering the next generation of health professionals to being named Cyber University of the Year, alongside winning international sustainable environmental awards, and working with businesses to deliver creative and impactful interventions, we are making a real difference and changing our world for the better.

As an institution, USW has much more to give. We are committed to working with our partners, our communities, our alumni, our colleagues, and our students to strengthen our impact to make a real difference for our local communities, region, and country, to make a better tomorrow.

This Financial Statements and Annual Review describes the extensive and impressive achievements we have made together over the past year. Achievements would not have been possible without the expertise, commitment and professionalism of our colleagues and partners, so we want to take this opportunity to say thank you.



Dr Ben Calvert
Vice-Chancellor



Louise Evans
Chair of the Board of Governors



USW WORKED WITH COMMONWEALTH GAMES WALES TO SUPPORT AND ENCOURAGE A FOCUS ON YOUTH AND SUSTAINABILITY, ADDRESS KEY CONCERNS ABOUT THE ENVIRONMENT, AND USE THE POWER OF SPORT AND COMMUNITY TO IMPROVE LEVELS OF PHYSICAL ACTIVITY ACROSS THE COUNTRY IN THE RUN UP TO THE 2022 COMMONWEALTH GAMES. USW FASHION STUDENTS BETH JONES AND OLIVIA SOADY ALSO DESIGNED THE TEAM WALES ATHLETES' LEGGING IN PARTNERSHIP WITH ETHICAL FASHION BRAND ONESTA, WITH THE LEGGINGS BEING PRODUCED USING SUSTAINABLE, RECYCLED MATERIALS.



BOARD OF GOVERNORS

The University's trustees for the year ending 31 July 2022, and subsequently until the November 2022 meeting of the Board of Governors where the financial statements were formally approved:

Independent Governors

Louise Evans (Chair) (4/4)
Alison Phillips (4/4)
Michael Stevens (4/4)
Chris Sutton (4/4)
Jemma Terry (until 31 July 2022) (1/4)
John Derrick (3/4)
Debbie Jones (2/4)
Professor Philip Gummett (4/4)
David Francis (4/4)
Steve Wilson (3/4)
Richard Lloyd-Owen (4/4)
Sanjay Balakrishnan (2/4)
Sion O'Connor (4/4)

Vice-Chancellor

Professor Julie Lydon (until 31 August 2021)
Dr Ben Calvert (from 1 September 2021) (4/4)

Co-opted member with experience of education

Professor Michael Gunn (3/4)

Co-opted members of the Executive

Mark Milton (4/4)
Catherine Thomas (until 10 May 2022) (3/3)
Professor Donna Whitehead (from 19 May 2022) (1/1)

Additional co-opted member elected from and by the staff

Angela Lewis (4/4)

Academic Board nominee

Dr Louise Bright (from 27 September 2021 until 31 July 2022) (4/4)

Student Governors

Kay Dennis (until 1 December 2021) (2/2)
Cobi Flowers (until 30 June 2022) (2/4)
David Pye (from 14 March 2022) (2/2)
Kyle Eldridge (from 1 August 2022)

Conflicts of interest

Members of the Board of Governors and its committees submit an annual register of interests document. Prior to the start of each Board and Committee meeting, members are asked to declare any interests, in general or in respect of specific agenda items¹.

Independent Members

Independent members² are defined by the University's Instrument of Government, cannot include staff, students or elected members of local authorities and must make up at least half of all governors. The independent members have the authority to approve the appointment of new independent members.

¹ Attendance information is provided for members serving during the year ended 31 July 2022, expressed as the number of meetings of the Board of Governors attended out of a total number of meetings the member was due to attend.

Photos are available on next page: Board of Governors | University of South Wales

Members of the University Executive

Professor Julie Lydon (Vice Chancellor) (until 31 August 2021)
Dr Ben Calvert (Vice Chancellor) (from 1 September 2021)
Jayne Mitchell (Interim Deputy Vice-Chancellor) (from 1 September 2021 until November 2021)
Professor Donna Whitehead (Deputy Vice-Chancellor) (from 15 November 2021)
Professor Paul Harrison (Pro Vice-Chancellor (Innovation and Engagement) (until 4 September 2022)
Mark Milton (Chief Operating Officer)
Professor Martin Steggall (Pro Vice Chancellor (Research and Student Experience)
Catherine Thomas (Head of Organisational Development) (until 10 May 2021)
Darren Xiberras (Chief Finance Officer) (until 10 December 2021)
Rachel Elias-Lee (Chief Finance Officer) (from 14 February 2022)
Dr Louise Bright (Director of Research and Business Engagement) (from 20 June 2022)

¹Article 18: If any member has any pecuniary, family or other personal interest, direct or indirect, in any contract, proposed contract or other matter and is present at the meeting of the Board of Governors or the committee at which the contract or other matter is the subject of consideration, the member shall at the meeting, and as soon as practical after commencement, disclose the fact and, unless otherwise agreed by resolution of the meeting, withdraw from the meeting before consideration of that item, not take part in the consideration or discussion of the contract or other matter or vote on any question with respect to it. A Governor shall not be treated as having a pecuniary interest in any matter by reason only of her/his being a member of the staff or a student of the Institution.

²Instrument 3 (3): Independent members shall be persons appearing to the appointing authority to have experience of, and to have shown capacity in, industrial, commercial or employment matters or the practice of any profession.

BOARD OF GOVERNORS



Louise Evans (Chair)



Jemma Terry



Alison Phillips



Debbie Jones



Michael Stevens



Professor Philip Gummett



Chris Sutton



David Francis



Professor
Donna Whitehead



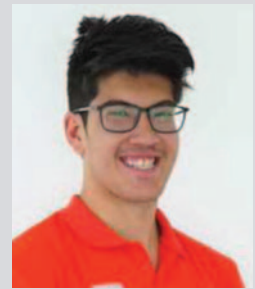
Steve Wilson



Richard Lloyd-Owen



Mark Milton



David Pye



Sanjay Balakrishnan



Catherine Thomas



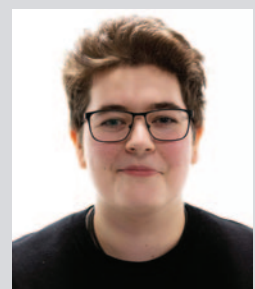
Kyle Eldridge



John Derrick



Angela Lewis



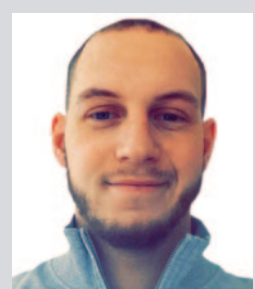
Kay Dennis



Dr Ben Calvert



Sion O'Connor



Cobi Flowers



Professor Michael Gunn



Dr Louise Bright

STRATEGIC STATEMENT

At the University of South Wales, our core purpose is to make a positive impact and be ambitious for our students and colleagues. We are focused on inclusion, enterprise, and growth, and we are a proven trusted partner for long-term mutual benefit and success. We are proud to be anchored in South Wales with a global reach, and an innovative creator of knowledge and solutions for the future. This purpose informs our vision, our strategic goals and enablers, and how we focus and deliver our activities. The University Strategy – USW 2030 - sets out our direction for the next decade; a pathway for the future that is bold and ambitious to ensure our continued success and long-term sustainability.

Our world is changing at an intense pace, and it is our job to equip our students with the skills, knowledge, and experience required to maximise their potential and future opportunities in the world of work.

Working in collaboration with industry, our research and innovation will tackle some of the biggest global challenges, from energy to health to security and providing answers to real-world problems.

Over the next decade, our ambitions are to:

- Be a large, regional University with a distinctive full-time and part-time academic offer that is attractive to both home and global markets
- Provide an excellent, inclusive, engaged student experience
- Ensure our students successfully complete their studies and secure employment in their areas of expertise
- Engage with partners to maximise our impact on their endeavours
- Commit to improving the future well-being of the communities we serve through individual and collective action
- Provide opportunities for students across the region and beyond to participate in and progress to higher education
- Be an engaged, values-based employer
- Be financially sustainable in the context of a dynamic higher education environment

OUR VISION

OUR VISION IS TO CHANGE LIVES AND OUR WORLD FOR THE BETTER. WE WILL BE A LEADING UK UNIVERSITY, MAXIMISING POSITIVE IMPACTS FOR STUDENTS, PARTNERS AND COMMUNITIES.



OUR PORTFOLIO WILL FOCUS ON THE SKILLS NEEDS OF STUDENTS AND EMPLOYERS.

OUR VALUES

In the execution of our strategy and the advancement of education for the public benefit, the University strives to adhere to the following core values in all of our activities.

Professional

We will:

- Act with Integrity to ensure people can trust and rely on us
- Take responsibility individually and collectively for contributing to our strategic goals and enabler
- Pursue excellence in everything we do

Responsive

We will:

- Be flexible and agile, embracing change and promoting equality and inclusion in all we do
- Be approachable, seeking feedback to continually develop
- Be accountable for the delivery of our personal and team objectives

Creative

We will:

- Nurture curiosity and innovation so that ideas can flourish
- Embrace new ideas
- Take risks and challenge current ways of working to make a positive impact

Inspiring

We will:

- Be passionate about celebrating success
- Be dynamic, stimulating, and motivating
- Create opportunities that widen our own and our students' horizons

Collaborative

We will:

- Actively collaborate across our University and externally for mutual benefit
- Be inclusive, valuing, and respecting every individual for their contribution
- Identify and communicate best practice and ideas

OUR GOALS

Maximising graduate success and opportunities

Distinctive academic offer

Our portfolio will focus on the skills needs of students and employers.

There will be a well-evidenced and market-led development process that builds reputation in areas of strength and in growing, and emerging, UK and international markets.

It will be co-designed with industry, regularly refreshed, and professionally recognised.

Our curriculum will instil a professional identity and be connected to regional, national and global challenges.



OUR RESEARCH TEAMS WILL FOCUS ON PROVIDING RELEVANT, IMPACTFUL SOLUTIONS TO PROBLEMS THAT AFFECT SOCIETY AND THE ECONOMY.

Transformational learning, teaching, and student experience

Problem and challenge-based learning will be embedded in all programmes, in order to develop graduate attributes of innovation and enterprise, leadership, project management, digital literacy, commercial awareness, and communication.

Interdisciplinary team-based learning will connect to problems beyond the classroom, in order to drive actions and solutions.

Our curriculum will create a deep sense of belonging, engagement, networking, and pride.

Engagement with alumni will be embedded in student life, notably mentoring and supporting graduate success.

Students will have an inclusive voice in the development of the curriculum.

Workplace and lifelong learning solutions

There will be extended and enhanced professional workplace learning opportunities, including degree apprenticeships.

There will be new, innovative, and flexible CPD opportunities and models of delivery.

We will have an increased focus on blended and online learning opportunities to extend market reach.

Research excellence and innovation impact

Internationally excellent research capabilities

We will focus on accelerated development and investment in our internationally-reputable and high-impact research areas:

- Creative
- Crime, security and justice
- Health and well-being
- Sustainable environment

There will be focused development of innovative pedagogical practice, including the use of emergent technologies.

Research and innovation impact

Our multidisciplinary research teams will focus on providing relevant, impactful solutions to problems that affect society and the economy.

Learning and teaching will be based on insights and evidence from our research and innovation impact in industry and the community.

We will support, foster and showcase the talent and ambition of our research and innovation.

Knowledge and skills exchange for student and strategic partner benefit

Our major strategic partnerships will address global challenges and act as catalysts for wider influence and support.

Our collaborative work will focus on creating greater levels of productivity, innovation, and economic impact.

It will act as a bridge for knowledge exchange between students, employers, and community interests.

We will work in partnership to inspire and support student entrepreneurship.

OUR ENABLERS

Our external focus

Accessible Higher Education

Working with partners to improve educational attainment and promote access to, and participation in, higher education will be a priority.

We will work to support a growth of Higher Education in Further Education opportunities across our region and beyond.

There will be enhanced support for students from under-represented communities and groups to succeed in higher education.

There will be a growth of inbound and outbound international student mobility.

Contribution to economic and societal well-being

We are committed to improving the future well-being of the communities we serve, by taking individual and collective action, across our region, including support for the Welsh Government's well-being goals.

We nurture relationships between industry and communities, acting as a catalyst and bridge, through, for example, practice-based research and innovation focusing on solutions to real world problems.

Building supportive, trusting, and professional relationships with civic leaders, to maximise positive change and outcomes for our region and beyond, will be a priority.

We will maximise the economic and public value of our campuses as an anchor institution for the benefit of our partners and communities.

We are committed to making a positive contribution to the development of the Welsh language.

Connected and responsible organisation

We will deepen our regional, national, and international strategic partnerships for mutual benefit, including development of models to accommodate partnership requirements.

There will be enhanced engagement with our alumni network to sustain an advocacy and support network for life.

We will communicate our purpose and value with clarity, integrity, and enthusiasm.

We will embed environmental and corporate social responsibility principles into our practice.

Our operational transformation

Focused, talented, and ambitious staff

With a deep sense of belonging, focus and pride in our work, there will be a 'one university', values-based culture.

All colleagues will have an ethos of continuous improvement in learning and teaching, with staff empowered to innovate and collaborate to advance our innovative pedagogical practice.

We will be a high-performing and digitally-innovating workforce aligned to our core values, goals, and work priorities.

We will have an inclusive workplace environment that supports diversity and promotes collaboration and well-being.

Fit-for-the-future operations

We will consolidate our estate and enhance our digital infrastructure.

We will use flexible spaces and emergent technologies to enable innovative pedagogical and work practices.

Our services will be efficient and innovative and meet the needs of our students, staff, and partners.

We will deliver timely and consistent business intelligence, with an effective data governance and management framework, to inform and empower decision making.

Financial strength

Our institution will be scalable and sustainable, with operational and commercial models that embrace our efficiency and effectiveness.

We will grow and diversify our income to generate surpluses for re-investment in our core purpose.

**WE ARE COMMITTED
TO IMPROVING THE
FUTURE WELL-BEING
OF THE COMMUNITIES
WE SERVE.**



REVIEW OF 2021/22

THE VICE CHANCELLOR PRESENTS HIS KEY HIGHLIGHTS FROM THE PAST YEAR



01

01 – Cyber University of the Year

USW was named Cyber University of the Year in 2021 for the third year running. Given to those who are committed to cyber innovation, cyber crime reduction, and protecting citizens online, the award recognised USW's National Cyber Security Academy, established in 2016, and its national collaborations.

02 – USW's social and economic impact

A new report found that USW contributes £1.1b to the UK economy every year and supports 10,600 jobs across the UK. The Social and Economic Impact Report 2019/20 was compiled by independent consultancy, Biggar Economics.



02



03

03 – Journalism students mentored by news channel

Business News Wales joined forces with USW to launch Journos of the Future, a project that sees USW students being mentored by members of the news outlet. The initiative is part of the BA (Hons) Journalism degree, which is accredited by the Broadcast Journalism Training Council.



04

04 – Research network launched to help eliminate Violence Against Women, Domestic Abuse and Sexual Violence

The Violence Against Women, Domestic Abuse and Sexual Violence (VAWDASV) research network launched to develop an inclusive research community that can foster collaboration, develop grant applications, undertake high-quality research, and work towards the elimination of VAWDASV.

05 – Graduate incubator hub opens at Newport Campus

USW opened its second Startup Stiwdio in Newport, which offers space for graduates starting their own businesses, and provides a range of support services including business advice, assistance with intellectual property, and access to a bespoke start-up business support programme.



05



06 – Academy launched to drive healthcare transformation

USW launched a Digital Transformation Intensive Learning Academy in partnership with Powys Regional Partnership Board to help leaders in Health and Social Care deliver more effective and efficient services to patients. As part of this, USW introduced a Masters course in Leading Digital Transformation.

06



07

07 – Partnership with Football Association Wales

USW and Football Association Wales (FAW) renewed their partnership for another five years. USW is one of the largest academic providers of football degree courses across the UK, with courses co-designed with the FAW, embedding internationally recognised football coaching licences into the curriculum.



08

08 – USW signs alliance with five further education colleges

USW re-signed its strategic alliance with Bridgend College, Cardiff and Vale College, Coleg Gwent, Coleg y Cymoedd, and The College Merthyr Tydfil. The alliance, which was originally signed when USW was formed in 2013, is a commitment from all partners to work together to grow and create opportunities for learning, employment, and social inclusion.



09 – Alcohol-related brain damage framework

USW addiction research experts, Professor Gareth Roderique-Davies and Professor Bev John, played a leading role in the development of a national action plan to support and treat alcohol-related brain damage (ARBD), working closely with Public Health Wales.

10 – Rise in People and Planet league table

USW rose 39 places in the People and Planet University League 2021, which ranks all UK universities by their environmental and ethical performance. This jump reflects USW's aim to be carbon neutral by 2040 and the work towards embedding sustainability into all aspects of USW life.



11 – Developing Entrepreneurial Women Programme

More than 300 women took part in the Developing Entrepreneurial Women Programme, a partnership between USW and NatWest. The programme helped 29 businesses to start, with 30 women receiving additional business coaching and professional development sessions.

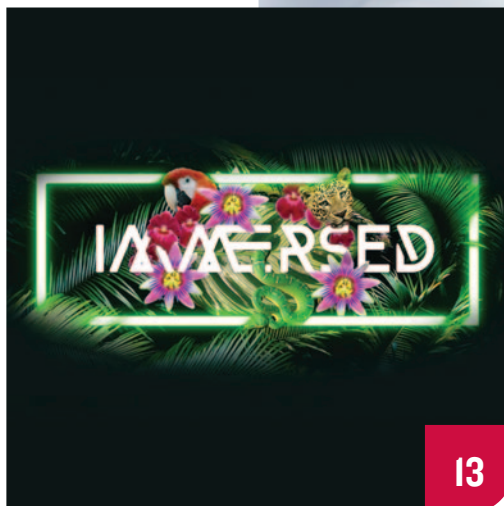
12 – USW wins tender to deliver Fast-Track Data and AI Graduate Programme

USW won a tender to deliver a Data-AI Fast Track Graduate Programme. Led by the Welsh Contact Centre Forum and a consortium of leading financial services and technology businesses, the 10-month programme provides accelerated work-based learning and development.



13 – Immersed! Music Festival

Immersed! Music Festival, run entirely by USW students, joined forces with the BBC's 6 Music Festival when it came to Cardiff in March 2022. The event featured five stages and more than 60 artists showcasing the best of the South Wales vibrant music scene, all in aid of Teenage Cancer Trust.



14 – Alumni recognised after working on Oscar-nominated films

Welsh animated short film *Affairs of the Art*, created and worked on by graduates of USW's Film and TV School Wales, was nominated for an Oscar. Made by Joanna Quinn, a former Animation lecturer, and Les Mills, former Animation course leader at USW, the film was shortlisted in the Best Animated Short Film category.



14



15

15 – USW partners with University of Wales Trinity Saint David to offer Digital skills courses

USW partnered with the University of Wales Trinity Saint David (UWTSD) to run a number of fully-funded online digital skills courses. The collaboration, funded by the Higher Education Funding Council for Wales (HEFCW), offered courses on topics such as getting online, creating online accounts, setting up and using email, and searching the internet.



16

16 – USW doubles its Sanctuary Scholarships for refugee students

USW is expanding its scholarships for refugees and people seeking sanctuary in Wales. From 2023, USW will offer two undergraduate and two postgraduate level scholarships, as well as providing further support for refugees who want to study at Higher Education level but do not speak English as their first language.

17 – Strategic partnership with Newport Live

USW signed a strategic partnership with Newport Live – a charitable trust providing sports, leisure, and cultural activities in Newport – to help support the health and well-being of people in the city and beyond.



17

18 – Hydrogen-from-sewage project funding

USW was one of three partners given £267,954 to fund the HyValue project, which will look at how hydrogen derived from sewage can help cut environmental pollutants. The partners will be looking at ways to further develop a process to convert the methane derived from sewage sludge into hydrogen, while also collecting the carbon dioxide produced.



18

ROYAL WELSH COLLEGE OF MUSIC AND DRAMA (RWCMD)

01 – Working with leading artists

RWCMD pushed new boundaries by working with leading artists. Fellow and Artist in Residence, Errollyn Wallen's groundbreaking *Paradis Files* took opera to new levels of accessibility, creatively incorporating BSL, captioning and audio description into the performance. Writer in Residence Roy Williams' *Freedom (March On Selma)* and the Matsena Brothers' *Shades of Blue* forged protest with performance to make audiences really think.

02 – Breathing new life into Cardiff's Old Library building

Cardiff's Old Library building was looking for its purpose, when RWCMD bid to breathe new life into the old stone through vibrant music and drama. Under a 99 year lease, the College will reimagine the space, working with communities to take it back to its roots as a place for shared education. A June puppetry performance *Now & Then* wittily telling a colourful story of Cardiff was the space's first show and sold out.



Credit: Kirsten McTernan

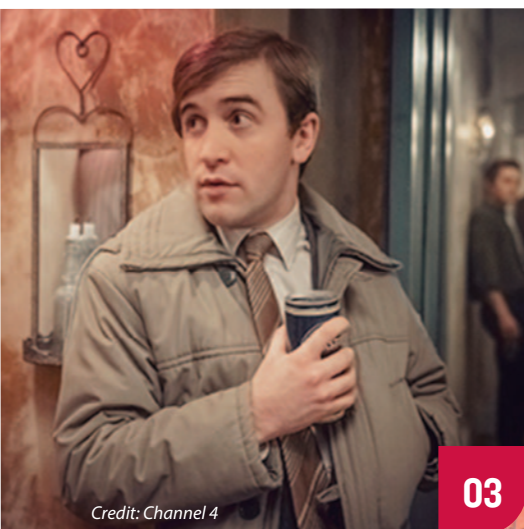


01

02

03 – Graduates win international awards

RWCMD success went from strength to strength this year. Graduate of 2020 Callum Scott Howells was nominated for a Bafta and won Best Actor at RTS Awards for his role as Colin in Russell T Davies' *It's A Sin*. Designer – and Olivier Award nominee – Gabriella Slade won a prestigious Tony Award for her sensational designs for the smash hit musical *Six*. Brass Band in residence Cory Band were again crowned European Brass Band champions for 2022.



Credit: Channel 4

03



Credit: Kiran Ridley

04

04 – Quality review highlights RWCMD as one of the best conservatories in Europe

RWCMD was confirmed as being among Europe's very best conservatoires, following an independent quality review. MusiQuE sets international standards in higher education conservatoire training and is the ultimate test of quality in conservatoire training. The College achieved top marks through comprehensive peer review. It is the first time a UK institution has put itself forward for this level of review, across Music, Drama and under-18 provision.

05 – Graduates secure coveted Linbury Prize places

Graduates of RWCMD secured six of the 12 coveted places for the Linbury Prize for Stage Design – the design world's most prestigious award for emerging talent. Half of all finalists over the last four Linbury Prize years have been from RWCMD.



Credit: Six the Musical

05



06

06 – Interactive music sessions across Wales

Music students reached almost 2000 participants across Wales through interactive community engagement sessions, involving 70 schools and community venues and spanning music from opera to jazz.



07

07 – New programmes recognise industry needs

RWCMD launched two new cohorts into new programmes designed around industry need. BA Musical Theatre students joined from across the world, while Foundation in Scenic Construction students were already exhibiting work on day 1 of the full term, having started term six weeks early, to build sets for the first season of shows. A number were already being offered professional work just six weeks in.

THE COLLEGE, MERTHYR TYDFIL

01 – The College Merthyr Tydfil awarded Silver in the CyberFirst Awards

The college became one of only eight institutions, and one of the first in Wales, to gain Silver in the CyberFirst awards for our commitment to offering top cyber education by GCHQ's National Cyber Security Centre.

02 – Launch of exciting new Golf Academy Studio

A new Golf Academy Studio, complete with Wellputt and Trackman golfing simulators, was officially opened by Dawn Bowden MS. The Studio will provide a performance and coaching facility for golfers who wish to develop themselves as a performance player, alongside their academic studies.



01



03

03 – Welsh and British Sporting Honours

A record number of college learners have received Welsh sporting caps this year, including five learners representing the Wales Under 17 and Wales Under 19 Boys Club Football squads, two representing the Welsh Colleges Football team, one representing Wales Golf, and one representing the Women's Under 18's Welsh Rugby Team. One learner also won Welsh, British, and K1 World title honours in Kick Boxing.



02

04 – Launch of new Creative Pathways programme

The College is working with RWCMD, USW, First Campus and Screen Alliance Wales on a Creative Pathways programme, to offer a suite of immersive learning experiences aimed at raising pupils' aspirations, awareness, and interest in a career in the creative industries.



05 – Celebrating five years of success for the Welsh Valleys Engineering Project

The College celebrated five years of the Welsh Valleys Engineering Project, showcasing the opportunities on offer in the engineering and advanced manufacturing sector. Through the project, The College has offered more than 60 bursaries to learners, leading to a range of employer engagement and internship schemes.



06 – Royal College of Nursing Prince of Wales Nursing Cadet Scheme

The College has worked in partnership with the Royal College of Nursing to launch a new Nursing Cadet Scheme for September 2022. Aimed specifically at learners studying on Health and Care courses, the scheme aims to prepare and support them towards employment in nursing.



07 – Success in Wales and UK Skills competitions

Despite the challenges of the Covid pandemic, more than 70 college learners registered for UK and Wales competitions to showcase their skills and knowledge in their vocational subject areas. Five received gold, silver, and bronze medals in recognition of their skills levels, dedication, and commitment.



PROGRESS IN DELIVERING OUR STRATEGIC PLAN OBJECTIVES

A Strategy Implementation Group (SIG) was established this academic year to oversee the progress and delivery of the next phase of the implementation of the USW 2030 Strategy. The group identified four workstreams to deliver the goals and enablers of the strategy:

- **Portfolio and Student Experience 2030**
- **Research 2030**
- **Innovation and Enterprise 2030**
- **Identity and Engagement 2030**

Each of the workstreams has an Executive sponsor and is split into a range of projects to address key themes and topics. Each project group is led by a member of the University's Senior Management Team, with representation from across the University community on each group. The projects within the Portfolio and Student Experience 2030 workstream are also each co-chaired by a student.

Here are just a few examples of some of the progress that has been made during 2021/22.

Core Goal 1: Maximising Graduate Success and Opportunities

Curriculum 2030

As part of our USW 2030 strategy implementation, a suite of curriculum design principles has been introduced that include the strategic focus on highly immersive, co-created with industry, challenge-based learning principles. They also reflect our responsibility, as global citizens, to educate and practise in ways that enable societal, cultural, and ecological wellbeing. The curriculum design principles have been adopted and material has been developed to assist course teams validating or revalidating programmes to align their course design.

Student Well-being and Health

A comprehensive pan-University transformative project funded by HEFCW has successfully delivered against a variety of activities relating to well-being, health and safeguarding. USW has committed to HEFCW to adopt a 'whole university' approach to well-being using the UUK Stepchange framework. This framework incorporates all aspects of well-being, including mental, physical, social and financial well-being.

The Well-being and Health Strategy Implementation Plan 2020-22 sets out our immediate priorities to make a full contribution to economic and societal well-being, including a commitment to improving the lives of individuals and communities we serve by taking institutional and collaborative action to support the Welsh Government's well-being goals.

The approach to the project was one of collaboration under the governance of the Equality & Diversity Steering Group and representative of a 'whole university' approach had three senior staff from various departments as project leads. A development manager and other key staff were appointed to support the integration of the work within business areas. Seven Task and Finish Groups were established and individual responsibilities for progressing deliverables were outlined as part of the project framework. The work spanned activities on well-being in the curriculum, residents' life programme, policy and process reviews and digital platforms.

The next phase, building on the solid foundations of the project will see a revised Well-being Strategy (2022-25) and associated action plan, the implementation of which will be overseen by a new Well-being Steering Group governance structure and activities being incorporated as priority business delivery.



**USW HAS HAD A
SIGNIFICANT
INCREASE IN
THE AMOUNT OF
WORLD LEADING
AND
INTERNATIONALLY
EXCELLENT
RESEARCH.**

USW Springboard +Plus

USW's HEFCW-funded Graduate Support Project, known as 'USW Springboard +Plus', has continued to provide vital careers and employability support. During 2021/22 the funding enabled USW to support the graduates most in need via group and individualised activity. Almost 1,500 graduates received support at the University of South Wales, the Royal Welsh College of Music and Drama, and at partner further education colleges. This included group career and job hunting support as well as one-to-one career coaching, job hunting and work experience support as well as employer engagement and mentoring. There were also 26 12-week placements (13 paid placements and 13 enterprise placements) for students from disadvantaged backgrounds with Welsh employers.

The USW Careers and Employability Service developed a suite of resources (employability videos) which students and graduates can access independently to support their career planning, presenting themselves well to employers, and develop their employability skills. A graduate LinkedIn community has also been established, focusing on digital connectivity, engagement, and networking.

Core Goal 2: Research and Innovation Excellence through Impact and Exchange

REF 2021 outcomes

USW has had a significant increase in the amount of world leading and internationally excellent research according to the Research Excellence Framework (REF 2021) outcomes, published in May 2022. Since the last REF in 2014, there has been a 49% improvement in world leading research (categorised as 4*) and a 23% improvement in internationally excellent research (categorised as 3*). USW is now fourth in Wales for impact (up from eighth in 2014, based on 4* / 3*) with 81% of USW's research impact being classed as world leading or internationally excellent (4* / 3*). More information can be found in the 'Key University Performance' section of this report, as well as on the Research webpages, with examples from USW's submissions: <https://www.southwales.ac.uk/research/research-excellence-framework/>

Developing researchers' careers with national Concordat

USW became a signatory of Vitae's Concordat to Support the Career Development of Researchers. The agreement, commonly known as the Researcher Development Concordat, aims to improve the employment and support for researchers and researcher careers in higher education in the UK. It sets out three clear principles of environment and culture; employment; and professional and career development. The principles are underpinned by obligations for the four key stakeholder groups; funders, institutions, researchers and managers of researchers, to realise the aims of the Concordat. As a signatory of the Concordat, USW demonstrates its continuing commitment to the professional and career development of researchers in a healthy and supportive environment, in a way that is recognised by major funders, other major research centres and institutions.

Knowledge Exchange and Innovation Fund (KEIF)

USW was allocated funding by HEFCW to support innovation activity. Some of this money is being invested in projects that will have a direct impact on external income generation. As a result, the Knowledge Exchange and Innovation Fund (KEIF) was established. The fund supports feasibility projects that will address external challenges in line with the University's Accelerators leading to further grant and commercial income generation.

Core Enabler 1: Our External Focus

USW's impact on South Wales and the UK

A new report, compiled by independent consultancy Biggar Economics, revealed that USW contributes £1.1 billion to the UK economy every year. Biggar Economics examined USW data for the 2019/20 academic year, including the University's two wholly owned subsidiaries, the Royal Welsh College of Music and Drama, and The College Merthyr Tydfil. Findings from the report include:

- The University supports 10,600 jobs across the UK.
- Every person employed by USW supports a further 3.2 jobs throughout the UK.
- For every £1 that USW receives in income, £5.30 is generated to the wider economy.
- Our knowledge exchange generates £25 million and 370 jobs in the UK.
- USW delivered 126,149 days of CPD.



WORK TOGETHER IN THE COMMON ENDEAVOUR TO GROW AND CREATE OPPORTUNITIES FOR LEARNING, EMPLOYMENT, AND SOCIAL INCLUSION.

The impact of staff and student presence in the Cardiff Capital Region is also highlighted in the report, with many living, and working, in the region:

- Students spending and working contributes £111m GVA and 2,740 jobs in the Cardiff Capital Region.
- 81% of USW employees are based in the Cardiff Capital Region, spending an estimated £27m.

Strategic alliance with Further Education partner colleges

USW re-signed its strategic alliance with five Further Education (FE) partner colleges in the South East Wales region. The strategic alliance includes USW, Bridgend College, Cardiff and Vale College, Coleg Gwent, Coleg y Cymoedd, and The College Merthyr Tydfil. The alliance, which was originally signed more than nine years ago when USW was formed in 2013, is a vision and commitment from all partners to work together in the common endeavour to grow and create opportunities for learning, employment, and social inclusion. The strategic alliance will produce a collaborative, agreed plan of work on key areas including academic, vocational, and regional priorities, skills, progression pathways, curricula development, industry engagement and applied research.

Core Enabler 2: Our Operational Transformation

Modern learning and working environments

Work on the Estates Masterplan has continued to progress during 2021/22. A new **learning and teaching space for Chiropractic students and staff** has been introduced on the Treforest Campus, in the former CAPSE building. The space was refurbished with a new layout, new furniture and IT equipment. This work is the first phase of the overall Chiropractic development, which will also see a new Chiropractic Clinic being built in 2023 – home to the Welsh Institute of Chiropractic. The project will bring all Chiropractic learning, teaching, and treatments onto the same site on campus – replacing the current facilities at the William Price Business Park.

The **Hirwaun Building on Treforest Campus** re-opened to colleagues in April 2022 following major renovations – part of the Revolutionising our Workspace project. Human Resources, the Centre for the Enhancement of Learning and Teaching (CELT), Finance, Future Students, Academic Registry and USW International teams are based in the building, along with the Health Centre. The project aims to explore flexible workspace environments, and as well as looking at staff accommodation, it considers working practices and the technology we use in all faculties and departments. A number of changes have also been made to improve energy efficiency of the building, such as replacing the lighting with LED fittings, introducing a new heating system that allows for zoning, and insulation of existing pipework.

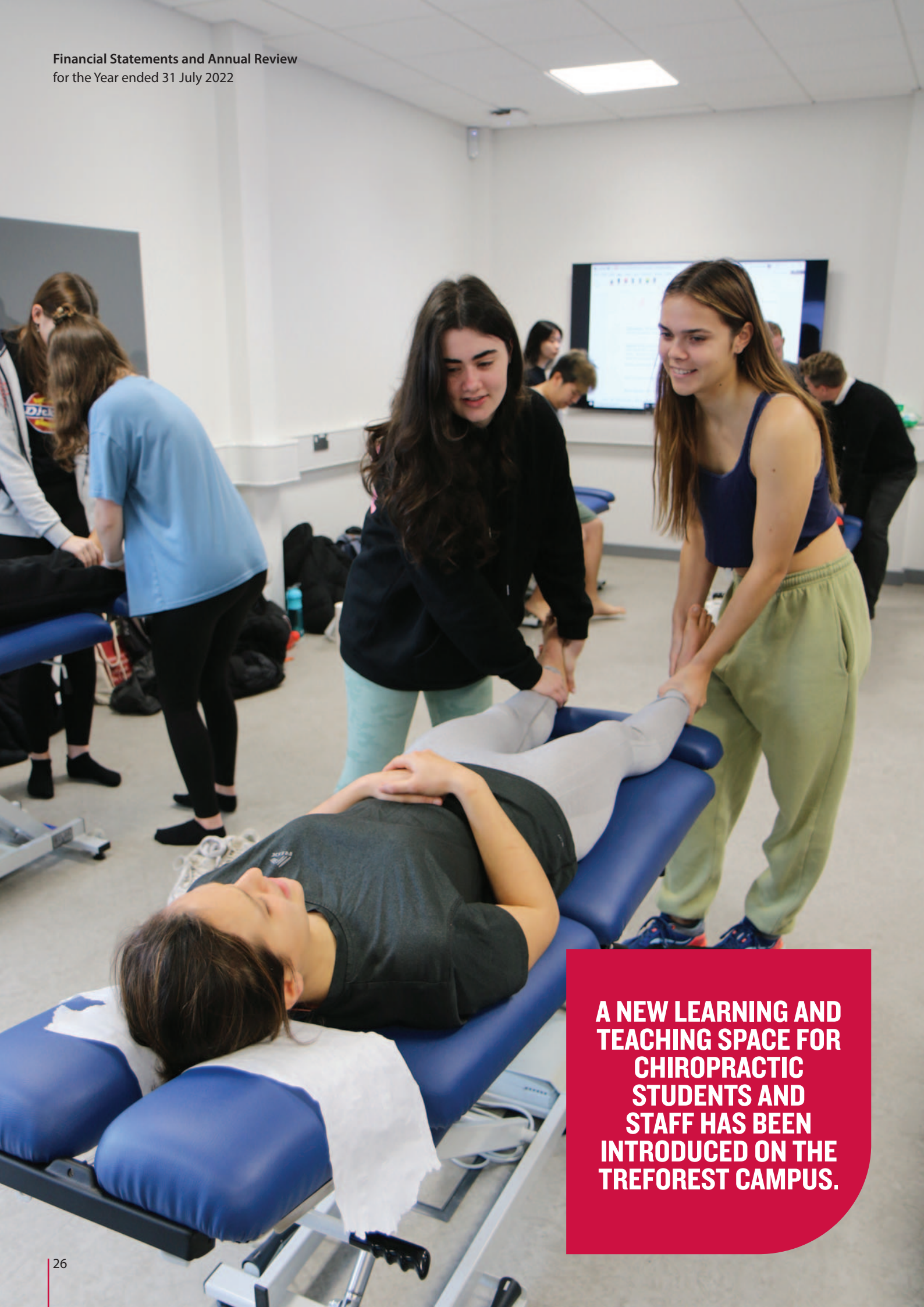
Efficient and effective operations

During 2021/22, a number of Operational Transformation projects have progressed, including the Integrated Scheduling and Resourcing project. A new timetabling and room booking system is being implemented which aims to help drive change in how we schedule and use our estate, provide an excellent student and colleague experience as well as providing access to data to help us review and improve services.

USW also held their inaugural Supplier Awards, to show an appreciation for the difference USW suppliers have made to colleagues, students, and the wider community over the previous twelve months. Led by USW's procurement team, the awards were split into six categories, with nominations going through a two-stage panel shortlisting process.

An inclusive workplace, supporting diversity

The Race Equality Charter (REC) mark is aimed at improving the representation, progression, and success of colleagues and students from racialised and minoritised backgrounds. USW began its journey towards achieving the REC in 2021. In January 2022, four race equality champions were appointed following an expressions of interest process with colleagues - Lyn Jehu, Dr Palash Kamruzzaman, Richie Turner, and Vida Greaux. Dr Roiyah Saltus was also appointed as the Strategic Lead for the work.



**A NEW LEARNING AND
TEACHING SPACE FOR
CHIROPRACTIC
STUDENTS AND
STAFF HAS BEEN
INTRODUCED ON THE
TREForest CAMPUS.**



WE HAVE SEEN AN IMPROVEMENT IN OUR NATIONAL STUDENT SURVEY (NSS) 2022 RESULTS.

The overall aim of the 2021 – 22 action plan, which will be in place until October 2022, is to collate evidence, benchmark progress to date, and foster involvement and engagement across USW. There are four overarching objectives. The first key objective is rooted in engaging with colleagues and students - those from BME backgrounds as well as all others. The second objective is to explore how best to embed robust leadership and governance arrangements to underpin USW's anti-racist agenda. The third objective focuses on collating and sharing with colleagues leading on other equality strands the rich datasets, case studies and examples of good practice and impactful work. Objective four revolves around showcasing all of the milestones and documenting learning from the first year.

As part of the Academic Placement (HEIRF Fund), Dr Thania Acarón led a block of workshops (four respite workshops for LGBTQ+ staff and four body confidence and wellbeing workshops for the LGBTQ+ wider community), plus an online presentation for the academic community and industry partners on gender, sexual, and relationship diversity. The events have also involved Music Therapy students who have shadowed the sessions as part of their placements, and events attended by students from the MA Arts Health and Wellbeing, MA Drama, MA Art Psychotherapy, MA Music Therapy and BA Creative Therapeutic Arts.

KEY UNIVERSITY PERFORMANCE TRENDS

Market Share and Recruitment

USW's position has been challenging in recent years, apart from full-time postgraduate recruitment. Overall, there was a 0.4% growth in the number of students enrolling at USW during the 2021/22 academic year, compared to 2020/21. This was particularly boosted by international recruitment.

Retention of students

Our retention of students at USW remains steady (consistent for 2018/19 and 2019/20), although we are now 0.8% behind our peer group (University Alliance) benchmark. The withdrawal and suspension rates for students continue to be monitored weekly throughout the academic year. Early indication of data for 2020/21 and 2021/22 entrants returning into the following year of study is that a number of factors are impacting on continuation data (Covid-19 regulations, grade inflation of post 16 qualifications and cost of living) and USW has seen decline in this metric. From discussions in the sector, we are aware that this is likely a UK issue. We have set up a Retention Taskforce to focus on the issues. We are unclear as to how this affects our Critical Success Factor for retention, which measures us against the University Alliance, until sector data is published.

Good Honours

There continued to be increases in the proportion of students graduating with a 'good honours degree', i.e. with first class or upper second class. USW's position rose from 75.7% to 75.90% which remained beneath the UK, Welsh and University Alliance averages.

Graduate Outcomes

The Graduate Outcomes Survey captures the employment status of USW UK-based full-time undergraduates 15 months following their graduation. The latest data released for 2019/20 shows that we have seen an increase (to 66% from 64% the year before), although we remain behind benchmark.

National Students' Survey

We have seen an improvement in our National Student Survey (NSS) 2022 results, released in July 2022. Our overall satisfaction has increased from 73% to 75% since last year. This is in line with our benchmark and now only 1% behind the sector (compared to 2% behind the sector last year).

We have improved across Teaching, Assessment and Feedback, Academic Support, Organisation and Management, Learning Resources, and Student Voice. We are significantly above our benchmarks for Assessment and Feedback, provision of good advice, timetabling and for two of the three Student Voice questions. We have however seen a very slight reduction in the 'Learning Opportunities' theme and a larger reduction in the 'Learning Community' theme, although this theme remains above sector. As part of our NSS monitoring the Deputy Vice-Chancellor and Director of Planning and Performance have been holding

regular meetings with course teams with lower than sector average performance as well as meeting with areas with excellent performance to share good practice more widely.

In terms of the monitoring of our performance across our Critical Success Factors, we also hold a strategic conversation, chaired by the Vice-Chancellor, annually with faculties and professional service areas. From January 2023 we are also introducing a process of Subject Area Review which will be led by the Deputy Vice-Chancellor and the Director of Planning and Performance to meet with subject areas to discuss performance. USW has also invested in additional resource in its performance team to further enhance the intelligence provided across the university across its core metrics.

League Tables

There was a decline in league table positions for USW in the last academic year, largely as a result of the fall in NSS results from July 2021. USW was 82nd in the Guardian University Guide 2022, 99th in the Times Good University Guide 2022, and remained at 91st in the Complete University Guide 2023. However, there were strong performances at subject level in each publication, including Complementary Medicine (Chiropractic), Building, and Information Technology and Systems placing in the top ten in the Complete University Guide, published in July 2022.

Research Excellence Framework (REF) 2021

USW has had a significant increase in the amount of world leading and internationally excellent research according to the Research Excellence Framework (REF 2021) outcomes, published in May 2022.

Since the last REF in 2014, there has been a 49% improvement in world leading research (categorised as 4*) and a 23% improvement in internationally excellent research (categorised as 3*).

USW is now fourth in Wales for impact (up from eighth in 2014, based on 4* / 3*) with 81% of USW's research impact being classed as world leading or internationally excellent (4* / 3*). Almost two thirds of the USW researchers submitted to REF 2021 have research that has been categorised as world leading or internationally excellent (4* or 3*). More colleagues were submitted into the REF this time - 195 Full Time Equivalent (FTE) compared to 116.96 FTE in 2014 - meaning that there was a bigger pool of researchers and research being considered for REF 2021.

USW entered 11 subject areas (Units of Assessments or UOAs) into REF 2021 and each one (10 UOAs) previously submitted in 2014 has seen an increase in 4* and 3* research. Whilst some areas performed well in 2014, overall, this time, we have seen a shift from 1* and 2* research to more 3* and 4* research.

Half of the UOAs that the University entered (six) have had 100% of their research impact classed as world leading or internationally excellent (4* / 3*).

Quality Assurance Agency Review

In 2021/22, USW underwent a Quality Assurance Agency (QAA) review to assess the quality of our academic provision in line with HEFCW's Quality Assessment Framework. USW received five commendations, one affirmation and no recommendations.

The five areas of work that the QAA have commended USW on are:

1. The clear focus on strategic aims across the university, developed and implemented in partnership with students, that creates a cohesive approach to the enhancement of learning, teaching, and assessment.
2. The University's considered, well informed, and effectively communicated response to the pandemic, which has enabled the University to reduce the impact on students and staff and to provide a positive foundation for active learning.
3. The University's extensive engagement with external guidance, expertise and networks which has positively informed their management of academic standards and enhancement of the student experience.
4. The comprehensive availability and use of data that is embedded in quality processes, and which enables timely and informed decisions that enhance the student experience.
5. The well-managed partnerships with the five Strategic Alliance further education colleges which meet the needs of local students and regional employers.



OUR STUDENT NAVIGATORS PLAYED AN IMPORTANT ROLE IN HELPING TO KEEP EVERYONE SAFE.

The one affirmation – an area that we highlighted that we are still working on, which the QAA review team agreed with – is to ensure that external examiner reports clearly distinguish between on-campus provision and that delivered at partner colleges.

Revised planning and performance cycle

The university implemented a revised planning and performance cycle for the 2021/22 academic year. The cycle, as one of its elements, contains an annual performance discussion with both faculties and professional service areas. The first year of the process focused on a discussion across the University's critical success factors for each administrative subject area of the faculties, benchmarked where possible against sector information, as well as discussions with professional services areas. Faculties have set targets across a five-year period as part of their plans.

WORKING WITH STUDENTS

Student navigators – staying safe on campus

With the continuation of the Covid pandemic, particularly in the first half of the 2021-22 academic year, our student navigators played an important role in helping to keep everyone safe. They spent a number of weeks at each campus encouraging social distancing, giving out face coverings, and speaking with students about the importance of wearing one. They also handed out top tips about how to stay safe during the pandemic.

Student navigators also played important roles in a number of other projects and events throughout the year. This included signposting students during WelcomeFest at the start of term, managing UniLife information stations, and hosting online 'Talk to a student' webinars. They also helped with a Social Prescribing project, encouraging students to interact socially, hosting walk and talk sessions, as well as a board games night at student accommodation.

USW 2030 Strategy Implementation

A Strategy Implementation Group (SIG) has been established to oversee the progress and delivery of the next phase of the implementation of the USW 2030 Strategy. The group has identified four workstreams to address the goals and enablers of the strategy. Each of the workstreams has an Executive sponsor and is split into a range of projects to address particular themes and topics. Each project group is led by a member of the University's Senior management Team.

The project groups in the Portfolio and Student Experience 2030 workstream are each co-chaired by a student. These groups are all focused on the experience that our students have, the curriculum that is available to them and how they learn. A call went out to all students to invite expressions of interest for the paid roles. Volunteers were also sought to become voluntary members in a number of project groups across the other three workstreams. The students didn't need any prior experience of working in project groups to take part.

Ellis Thomas, a third year History student, co-chaired the Curriculum Design Principles project group with Dr Clare Kell, the Director of the Centre for the Enhancement of Learning and Teaching. He said: "What I have enjoyed most through being a co-chair is working with different staff from across teams to ensure a pan-institutional approach is achieved. It has been great hearing the different suggestions of what should be incorporated within different elements of the curriculum design principles to ensure they are achieving their full potential. Having a student co-chair within the SIG group has really been an important hallmark of the groups. Not only has it allowed for students to see how different groups in the university work together, it demonstrates that USW is committed to partnership with students. It embodies the 2030 strategy by doing so and has offered a more collaborative environment for staff and students alike."

Centre for the Enhancement of Learning and Teaching (CELT)

CELT involves students in lots of their work and activities, which are aimed at enhancing the learning and teaching experience for students at USW. Some examples of projects that took place in the 2021/22 academic year include:

- Students contributed to a seminar series run by the USW Decolonising the Curriculum Community of Expertise.
- A series of wellbeing in the curriculum resources have been produced for students – these included contributions from USW students and officers at the University of South Wales Students' Union.

USW'S STUDENT NAVIGATORS PLAY AN IMPORTANT ROLE IN A NUMBER OF PROJECTS AND ACTIVITIES, SUCH AS HELPING TO SIGNPOST NEW STUDENTS AT THE START OF THE ACADEMIC YEAR, PROVIDING ADVICE AND GUIDANCE TO THEIR PEERS, AND HELPING WITH A SOCIAL PRESCRIBING PROJECT TO ENCOURAGE STUDENTS TO INTERACT WITH EACH OTHER SOCIALLY.





THE CIVIC ENGAGEMENT SCHEME PROVIDES VOLUNTARY OPPORTUNITIES FOR STUDENTS WITH THE AIM OF ENCOURAGING THEM TO CONSIDER CAREERS IN THE CIVIC OR THIRD SECTOR.

- Students David Pye and Ellis Thomas gave a keynote speech at the Learning and Teaching Conference. They co-presented a thought-provoking keynote entitled: 'Engaging through the Student Voice: why collaboration and engagement with students can lead to stress'. Connecting theory to practice and sharing appropriate personal experience examples, this was a very valuable contribution.
- An extensive new suite of assessment short guides and guidelines were created for staff, which included significant contributions from the University of South Wales Students' Union.
- The Students' Union were also involved in a Learning and Teaching Experience Evaluation Project for 2020/21. They worked closely with staff from CELT to write and then promote the student survey, including running a 'thank you' prize lottery and helping to recruit students to take part in focus groups.
- Student representatives have also been invaluable in a range of activities to explore the lived experiences of learning enabled by new classroom digital tools.

CIVIC/COMMUNITY ENGAGEMENT

At the University of South Wales, we are passionate about making a difference in our communities. Through our research outputs and academic activity, we are developing and strengthening valuable links by working with policy makers, community learning groups and national cultural organisations. Here are a few examples of work undertaken in 2021/22.

Civic Activity Fund

The Civic Activity Fund supports colleagues at the University of South Wales and the Royal Welsh College of Music and Drama to undertake community engagement activities or research. Drawing from HEFCW's Innovation and Engagement Fund it makes small grants of up to £1,000 available for activities that fit with the following criteria: cultural democracy and critical thinking; the value of the arts, humanities, and social sciences; activism and politics; creativity, performance, and interpretation; access to education; inclusion and equality; and environmental sustainability. The call for applications was opened in March 2022, and ten projects were successfully awarded grants of £1,000. Some of the projects that were funded included:

- An Arts in Health engagement activity between year two Creative and Therapeutic Arts degree students and patients on a ward in University Hospital Llandough to support patient and staff wellbeing.
- The establishment of an open network for people working using story within applied health, social care, and community settings, to build on work undertaken by Mencap Cymru in collaboration with colleagues at the George Ewart Evans Centre for Storytelling (GEECS) at USW.
- Workshops to bring together local academic activists, research active BME voluntary organisations, university researchers, primary, secondary and FE educationalists, to reflect on anti-racism, researcher activism, and social engaged pedagogy.
- Working with music and art students in schools in Cardiff to develop a short puppetry performance piece with the RWCMD.

Civic Engagement Scheme

The Civic Engagement Scheme is part of the collaborative work between the University of South Wales and University Wales Trinity Saint David. The scheme provides voluntary opportunities for students with the aim of encouraging them to consider careers in the civic or the third sector. More than 100 student placement opportunities have been created in the past year at organisations such as the British Red Cross, Age Concern Cymru, and Tenovus.

New Civic Engagement Officer roles have been created with the Learning Services area to assist with the development and running of this scheme.

Wales Women in STEM: Collaborative Network (WWIST)

This year, the WWIST network launched a podcast series featuring prominent women working in STEM in Wales. Called 'STEM Stories: Conversations about Careers in Science' the podcasts took the format of a dialogue enabling the speakers to discuss their careers to date.

Alongside the podcast series, WWIST have developed an action plan to address the recommendations from the Welsh Government's Baseline Evidence and Research Project for Gender Equality in STEM (2020).

AN EXHIBITION OF THE SPEAK TO ME PROJECT OPENED AT THE ORIEL Y BONT GALLERY AT USW'S TREFOREST CAMPUS IN SEPTEMBER 2021. RESETTLED SYRIAN AND SUDANESE REFUGEES WERE PAIRED WITH VOLUNTEERS FROM THE USW COMMUNITY IN A SERIES OF CREATIVE WRITING WORKSHOPS, ENCOURAGING PARTNERS TO SHARE THEIR STORIES OF CELEBRATION, FOOD AND FRIENDSHIP, ENHANCING THE WORK BEING DONE IN ESOL (ENGLISH FOR SPEAKERS OF OTHER LANGUAGES) CLASSES AT USW TO AID THE ACQUISITION OF LANGUAGE SKILLS.





**WE HAVE
INSTALLED AN
ADDITIONAL EIGHT
ADDITIONAL
ELECTRIC VEHICLE
CHARGING
STATIONS.**

Working with refugees and asylum seekers

USW is proud to have been supporting refugees and asylum seekers for many years, reflecting our status as a University of Sanctuary. Since 2014, we have been working with the Welsh Refugee Council to provide free English language education for recently arrived people seeking sanctuary across the region. Over the past eight years we have developed expertise in delivering English to speakers of other languages (ESOL), whilst enabling our students to gain experience of designing and delivering language classes. Together with the Welsh Refugee Council and Rhondda Cynon Taff County Borough Council, we have been delivering English language courses to Ukrainian refugees in the borough in 2022, led by the Centre for International English at USW. We've also been working with Rhondda Cynon Taff County Borough Council to enable Ukrainian refugees to access other practical forms of support.

COMMITMENT TO SUSTAINABILITY

In 2020/21, USW introduced a USW Carbon Strategy (2020-30), which recognises that decarbonisation is an essential requirement to operate and maintain a sustainable university environment - part of the University's 2030 Strategy. It sets out our ambition to be carbon neutral by 2040, and sets six strategic targets against the areas that require the most focus to achieve net zero:

1. Procurement and supply chain
2. Electricity and gas consumption in buildings
3. Water consumption in buildings
4. Emissions from waste
5. Business travel and low carbon travel
6. Policy and behavioural change

Alongside this a ten-year USW Carbon Roadmap was published, which considers the actions across the university that need to be taken to decarbonise. It sets a number of key milestones for USW to achieve to remain on track to net zero, and documents a roadmap of clear, feasible, and cost-effective actions to net zero.

Throughout 2021/22, a number of steps have been taken to progress sustainability at USW.

Green initiatives

- The Sustainability Committee has effectively provided the strategic direction required by the University in conjunction with USW's Roadmap to Net Zero and set in motion key work strands to deliver these near-term targets.
- The six sustainability focus groups have successfully combined the skills, knowledge, and enthusiasm of staff and students from across the University to share ideas and implement sustainability initiatives.
- Our Sustainability Champions group has increased membership to 68 volunteers, and acts as an effective medium for engagement through formal meetings and informally via sharing of events, ideas, proposals, and initiatives that will help us achieve our longer term targets at USW.
- We have launched our Turn USW Green web app that rewards 'Green Points' for positive environmental actions which promote sustainable living habits and help USW achieve its 2040 Net Zero target.

Waste

- We introduced a circular economy scheme removing all disposable cups from all of USW's catering outlets. In its place, a USW Cup scheme was launched for students and staff – a deposit/return initiative. Customers also have the option to use their own cup, mug, or purchase a reusable one at a cheaper price.
- We have launched our own 'Waste not want not' scheme alongside 'Too good to go' to reduce retail food waste.
- Single stream bins have started to be introduced in Treforest accommodation blocks and catering outlets, entrances/lobbies, and high footfall areas, aligned to the Welsh Government strategy 'Towards Zero Waste'.

Travel

- We have purchased seven new electric vans and an electric utility vehicle for the Estates and Facilities teams.
- Six solar powered EV bike charging pods have been procured to promote the use of electric bikes as a sustainable travel mode.
- We have installed an additional eight additional electric vehicle charging stations, including a 50kw high speed charging unit, two additional 22kW units and one 25KW unit (at our Glyntaff and Treforest campuses)

Biodiversity

- We have developed a new three-year Biodiversity Action Plan 2022-25 with site specific objectives and targets that will focus on improving biodiversity and ecosystem resilience across our campuses.
- We have allocated dedicated areas of the Glyntaff Campus for wilding to increase biodiversity, wildflowers, and species diversity.
- We have continued to plant trees across Glyntaff and Treforest campuses.
- We have made upgrades to the Woodland walk in Treforest and provided Woodland Management Training for six people members of the Biodiversity Focus Group.

Energy

- We have installed 345kW of solar PV on our accommodation blocks in Treforest Campus, our Cardiff Campus, and the USW Sports Park.
- There has been continued investment in numerous LED lighting initiatives, with more than 80% of our estate now covered by efficient LED lighting.
- Five solar powered charging benches have been installed at our Glyntaff and Treforest Campuses.
- We have undertaken design work to start moving some of our buildings away from a reliance on natural gas, exploring technologies such as Air Source Heat Pumps.
- We have invested in our Building Management System to improve controls strategies for our building plant and equipment to save energy.

Carbon Footprint

- Since 2013, USW has achieved a 32% reduction in what are known as Scope 1 and Scope 2 emissions – those that we emit directly through consumption of gas for heating, hot water and ventilation, and indirect emissions such as the electricity or energy we buy.
- In 2020/21, our Scope 1 and 2 carbon footprint reduced by 48% compared to the 2018-19 baseline, however it's important to remember that these values are significantly impacted by the global pandemic and we will gain a better understanding of our impacts over the next year.
- We have reviewed expenditure data from our supply chain for those categories with the highest Scope 3 carbon impact and improved our understanding of this data that has resulted in a reduced carbon footprint.

UNIVERSITY COMMITTEES

Finance and Resources Committee*

Richard Lloyd-Owen (Chair) (4/4)
Louise Evans (4/4)
Professor Michael Gunn (3/4)
Dr Ben Calvert (4/4)
Michael Stevens (4/4)
Chris Sutton (3/4)
Steve Wilson (2/4)
Dr Louise Bright (4/4)
Cobi Flowers (0/4)
David Pye (3/4)

Culture People and Values Committee[†]

Professor Michael Gunn (Chair) (5/5)
Louise Evans (5/5)
Dr Ben Calvert (4/5)
Kay Dennis (1/2)
David Pye (3/3)
Debbie Jones (3/5)
Sanjay Balakrishnan (3/5)
Sion O'Connor (5/5)
John Derrick (0/2)
Chris Sutton (1/2)
Angela Lewis (3/5)

Audit Committee*

Alison Phillips (Chair) (3/3)
Professor Philip Gummett (3/3)
David Francis (2/3)

*There is no cross-representation between the Finance and Resources and Audit Committees.

Remuneration Committee

Professor Michael Gunn (Chair) (1/1)
Debbie Jones (0/1)
Louise Evans (1/1)
Richard Lloyd-Owen (0/1)
John Derrick (0/1)
Chris Sutton (0/1)
Angela Lewis (1/1)
Cobi Flowers (0/1)
David Pye (1/1)

[†] The Culture People and Values Committee was created in June 2021, which brought together the work of the Senior Staff Pay, Nominations and Governance and HR Committees.

Academic Board

Chairperson: Dr Ben Calvert (2/3)

Up to eight senior staff nominees of the Vice-Chancellor:

Dr Jayne Mitchell (1/1)
Professor Donna Whitehead (2/2)
Professor Paul Harrison (2/3)
Professor Martin Steggall (3/3)
Mark Milton (2/3)
Professor Dylan Jones-Evans (2/3)
William Callaway (3/3)
Dr Louise Bright (2/3)
Dr Francis Cowe (2/2)

Deans of Faculty and the Principal of RWCMD or nominee:

Dr Paul Davies (3/3)
Professor Barry Atkins (3/3)
Dr Linda Evans (1/1)
James Gravelle (2/2)
Professor Helena Gaunt (1/3)

Up to four heads of academic related areas nominated by the Vice-Chancellor:

Nathalie Czechowski (3/3)
Emma Adamson (3/3)
Dr Steve Lake (1/1)
Donal O'Connor (2/2)
Dr Clare Kell (3/3)

Eight elected members of academic staff:

Dr Jeroen Nieuwland (3/3)
Dr Lewis Fall (2/3)
Jill Barnes (2/3)
Chris Emsley (3/3)
Hannah Coombs (1/3)
Dr Palash Kamruzzaman (3/3)
Dr Rachel Grainger (3/3)

One member of non-academic staff elected by the non-academic staff:

David Sinclair (1/3)

One member of the professoriate elected by the professoriate:

Professor Ifiok Otung (2/3)

Two students nominated by the Students' Union:

Cobi Flowers (2/3)
David Pye (2/3)

Up to three members co-opted by the Chair:

Angela Lewis (1/3)
Professor Peter Vaughan (1/3)
Vida Greux (3/3)

() Attendance information is provided for members serving during the year ended 31 July 2022, expressed as the number of committee meetings attended out of a total number of meetings the member was due to attend.

KEY COMMITTEES RESPONSIBILITIES

FINANCE AND RESOURCES COMMITTEE – KEY RESPONSIBILITIES

The Finance and Resources Committee is responsible for advising the Board on long-term financial strategies. The Committee recommends the approval of the financial regulations including any financial policies therein; approves the University's insurance and banking arrangements; approves and recommends expenditure proposals, contracts and grant applications; approves the Students' Union budget for each year in advance and monitors its expenditure. The Committee recommends to the Board annual revenue and capital budgets and longer-term forecasts. It receives regular reports on financial performance (revenue and capital) and financial position and monitors these reports against budget. It develops and maintains an appropriate treasury and investment policy; it monitors borrowing levels and requirements, liquidity and the investment of surplus funds in line with that policy and reports to the Board at least annually. It receives regular reports and accounts for the operation of any trading subsidiary.

The Finance and Resources Committee recommends to the Board an annual Estates Programme, including all property maintenance and building projects, and makes recommendations to the Board on the proposed acquisition, sale or lease of property and land. It reviews the ICT Strategy and the Estates Strategy including the monitoring of the financial risks of ICT and Estates activities. It considers any other significant transactions and makes recommendations to the Board. It reviews the financial aspects of research activity and reviews the strategic risks affecting the University for those areas covered by the Committee's terms of reference and any specific risks assigned to it by the Board.

In conjunction with the Audit Committee, it considers the consolidated annual financial statements of the University and its subsidiaries, prepared and duly audited in accordance with Schedule 7 of the Education Reform Act in the presence of the external auditors.

FINANCE AND RESOURCES COMMITTEE – SUMMARY OF BUSINESS 2021/22

During the year ended 31 July 2022 the Finance and Resources Committee considered reports on risk management; the Finance management pack and quarterly accounts; the treasury management report for 2020/21, and a report on the entertaining undertaken in 2020/21 under the Vice Chancellor's and Chair's Entertainment Expenses Scheme. The Committee also considered progress reports on the 2021/22 Estates Programme; the Estates Management Record for 2019/20; regular ITS updates; reports on applications for projects, including any new projects for consideration, successful bids in 2021/22, bids currently being developed and grants at risk. Updates were received on key strategic projects; the University's treasury, banking and insurance arrangements; a report on the annual TRAC (Transparency Report and Accounting Costs) Return for 2020/21, Students' Union Accounts for 2020/21; and the revised Students' Union budget for 2021/22.

The Committee also noted the College Merthyr Tydfil and Royal Welsh College of Music and Drama updated Financial Regulations. Governors considered and approved the initial 2022/23 budget and 5 Year forecast.

AUDIT COMMITTEE – KEY RESPONSIBILITIES

The Audit Committee is responsible for reviewing the process for ensuring the effectiveness of the financial and other internal control systems. It considers and advises the Board on the appointment of internal auditors and reviews their reports, including follow-up reports on implementation and the scope and effectiveness of their work. It considers and advises the Board on the appointment, independence and effectiveness of the external auditors, reviews the financial statements of the University and its subsidiaries, and considers progress reports on areas of significant risk affecting the University. It also receives reports from the funding council's audit service as they affect the University and monitors adherence with regulatory requirements. It monitors the performance and effectiveness of the external and internal auditors and makes recommendations to the Board concerning their reappointment, where appropriate.

In conjunction with the Finance and Resources Committee, it considers the consolidated annual financial statements of the University and its subsidiaries, prepared and duly audited in accordance with Schedule 7 of the Education Reform Act in the presence of the external auditors. It will ask for assurances from external auditors that the accounts of the subsidiaries are drawn up in accordance with Companies Act requirements.

AUDIT COMMITTEE – SUMMARY OF BUSINESS 2021/22

During the year ended 31 July 2022 the Audit Committee considered reports on risk management for the University and its two subsidiary colleges, including the risk management framework. Internal audit reports were received and discussed with the internal auditors and the relevant senior managers within the institutions, and progress against the agreed plan and the implementation of recommendations was reported. The Committee considered the proposed internal audit plan for 2022/23 and recommended its approval to the Board of Governors. The Committee received briefings from the internal auditors on key issues affecting the sector and reviewed the performance of the internal and external auditors during 2020/21. Annual reports were considered regarding compliance with the Bribery Act 2010 and the Criminal Finance Act 2017, along with reports on Prevent and information compliance. The Committee also received reports on single source actions and public interest disclosures. A revised Public Interest Disclosure Policy and Procedure was considered and approved. The Committee considered the external audit plan for 2021/22 and undertook a review of and received a report on the effectiveness of the Committee during 2020/21.

CULTURE PEOPLE AND VALUES COMMITTEE – KEY RESPONSIBILITIES

The Culture People and Values Committee is responsible for overseeing how USW values are incorporated into the culture of the University and the behaviours of its staff, consider how the decisions of the Board and its committees adhere to the Principles of Public Life (Nolan Principles) and the values of USW, and review the culture amongst the staff and student population and assess how the measures in place are embedding USW values into the behaviours of the USW community. It is responsible for approving the University's health and safety policy, and for keeping under review and advising the Board on arrangements for health and safety in the University. It is responsible for developing and advising the Board on long-term employment strategy. Except where the Board specifically determines that matters be reserved for Board approval, it approves on behalf of the Board such policies and procedures in respect of employment which are expressly mentioned in the Articles of Government and/or which could potentially lead to the dismissal of an employee. It is responsible for making recommendations to the Board on the framework for the pay and conditions of staff other than the Vice-Chancellor and other holders of senior posts and makes recommendations to the Board on rules governing staff conduct, staff dismissal and grievance procedures. It also advises the Board on other staffing and employment matters including equality-related matters requiring a decision by the Board and advises the Board on the promotion of equality of opportunity. The Committee advises the Board as appropriate on issues related to the Welsh Language. The Committee makes recommendations to the Board on the arrangements for the appointment of members and officers of the Board of Governors. It is responsible for the consideration of succession planning for Board members and the evaluation of the balance of skills, knowledge, and diversity of the Board. It is also responsible for making recommendations as to membership of Board committees. It is responsible for advising the Board on the remuneration of the Executive, and for approving recommendations from the Vice-Chancellor on the remuneration of Deans of Faculty, Directors and equivalent level three posts reporting to members of the Executive. It reviews the remuneration of the Principal of MTC and the Principal of RWCMD and makes recommendations to the College Boards of Directors. It makes recommendations to the Board on severance payments to the Executive, and the Clerk to the Governors. It considers institutional interest, sustainability and reputation as well as the public interest and the safeguarding of public funds as part of its deliberations and must require comparative information to inform its decisions.

CULTURE PEOPLE AND VALUES COMMITTEE – SUMMARY OF BUSINESS 2021/22

During the year ended 31 July 2022 the Committee considered serious incident reporting, the University's response regarding tackling sexual abuse and harassment in educational settings and its position regarding the definition of anti-Semitism. The Committee considered proposals regarding 'Values Impact Assessments' in relation to USW Board and Committee decisions and reports on how culture and values are embedded at USW. The Committee received updates through the year on the draft People Plan and its themes and the final Plan. Updates were received on HR and employment matters, including staffing statistics and revisions to policies and procedures. The Committee received updates on pay negotiations and recommended the approval of the national pay award and proposals in relation to senior staff pay for 2022/23. Reports were considered on health and safety, risk management, and equality, diversity and inclusion. The Committee considered reports on the Welsh Language Standards and matters relating to the Welsh language, and a presentation on the Research Concordat. The Vice Chancellor's reports provided a wide range of information relating to the remit of the Committee. Reports were received on risk management, and consideration was given to the USW Investment Policy. The Committee considered membership of the boards and its committees for 2022/23, and an update on compliance with the CUC Code of Governance. Updates were received on the Review of Effectiveness. The Committee also received a presentation on differential outcomes for underrepresented student groups.

REMUNERATION COMMITTEE – KEY RESPONSIBILITIES

The Remuneration Committee is responsible for advising the Board on the remuneration of the Vice-Chancellor. It makes recommendations to the Board on severance payments to the Vice-Chancellor. It considers institutional interest, sustainability and reputation as well as the public interest and the safeguarding of public funds as part of its deliberations and must require comparative information to inform its decisions.

REMUNERATION COMMITTEE – SUMMARY OF BUSINESS 2021/22

During the year ended 31 July 2022 the Remuneration Committee considered outcomes of the CUC survey of Vice-Chancellors' remuneration and considered proposals relating to the remuneration of the Vice-Chancellor in 2022/23. The Committee also received the process for the publication of senior salaries and expenses. The Remuneration Committee accepted the updated Pay Policy Statement, which was subsequently approved by the Board of Governors on 6 July 2022. The Statement is published on the University Website <https://hr.southwales.ac.uk/usw-pay-policy-statement/>

ACADEMIC BOARD – KEY RESPONSIBILITIES

The Academic Board is responsible for general issues relating to the research, scholarship, teaching and courses at the University, including criteria for the admission of students; the appointment and removal of internal and external examiners; policies and procedures for assessment and examination of the academic performance of students; the content of the curriculum; academic standards and the validation and review of courses; the procedures for the award of qualifications and honorary academic titles; and the procedures for the expulsion of students for academic reasons. Such responsibilities shall be subject to the requirements of validating and accrediting bodies. It considers the development of the academic activities of the University and the resources needed to support them and for advising the Vice Chancellor and the Board of Governors thereon; and advises on such other matters as the Board of Governors or the Vice-Chancellor may refer to the Academic Board.

ACADEMIC BOARD – SUMMARY OF BUSINESS 2021/22

During the year ended 31 July 2022 the Academic Board considered the Student Union's Annual Quality Report; the National Student Survey outcomes and action plans; Research Excellence Framework updates, and an update on Retention and Progression for 2020/21.

The Board also considered updates on Enrolments for 2021/22; League Table Performance, and compliance reports in relation to Tier 4/Student Route Sponsorship. The Academic Board also received updates on the QAA External Review QER; an assurance report from QAC on the Degree Apprenticeship Quality Improvement Plan (QIP) and Self-Assessment Report (SAR); and updates on academic matters pertaining to the 2030 Strategy. Academic Board received and noted the summary continuous monitoring report from the Quality Assurance Committee; the summary report of the continuous monitoring exercise for Further Education (FE) Collaborative partners; the summary report on External Examiner feedback; the Student Casework Unit Annual Report 2020/21; and a report on the financial position of the University.

Academic Board considered revisions to the Student Charter; the Degree Outcomes Statement; and proposed changes to Student Casework Regulations. Members also noted an update on marketing and student recruitment for the following academic year; a summary report on regulatory changes throughout 21-22; the OIA Annual Letter; an update on academic matters pertaining to the 2030 Strategy; and an update on 2022/23 Membership.

At each meeting, Academic Board received reports from its sub committees and noted the minutes of the Board of Governors, RWCMD Academic Board and Portfolio Oversight Group. During the year, presentations included the USW Internationalisation Strategy; Strategic Approach to Market Growth; Differential Student Outcomes Dashboard; and the Research Excellence Framework.

UNIVERSITY EXECUTIVE – KEY RESPONSIBILITIES

As the University's executive decision-making body, the Executive's key responsibilities are to advise the Vice-Chancellor on matters where the Board has explicitly delegated authority to them, and to assist in decision making on matters related to those delegations where decisions are not already taken within the wider governance structure (e.g., Academic Board); to advise the Vice-Chancellor on the formulation of the annual budget, its underpinning principles and aims and relationship to the Strategic Plan; to review, monitor and if necessary, adjust the in-year budget to ensure that financial targets are met; to oversee the student number planning process, including related annual income estimates; to oversee the annual planning and performance cycle, set and monitor goals for performance and approve department and faculty plans and prioritise investment and resource requirements; to receive reports on the implementation of the University 2030 strategy and progress therein and, where necessary, make decisions on priorities and related investments and resolve conflicts about these; to ensure oversight of the University's Equality Plan at the most senior levels; to provide support for the Vice-Chancellor on long term strategic planning, positioning and direction setting, including responding to the policy environment; to determine significant investment and disinvestment priorities, and to take the overall lead on risk management and compiling/reviewing the risk register. The University Executive also takes the overall lead on health and safety and personal responsibility for driving a health and safety culture throughout the organisation, provides leadership in crisis management, approves reports and recommendations to, and manages relationships with, the Board of Governors, oversees and approves key policies of the University, and takes a leadership role in promoting quality, diversity and inclusion in USW in all of its work and to oversee programmes of work to do so.

UNIVERSITY EXECUTIVE – SUMMARY OF BUSINESS 2021/22

During the year ended 31 July 2022 the University Executive considered updates on recruitment and enrolment, political and policy updates, and financial reports. Reports were received relating to Equality, Diversity and Inclusion, Health and Safety, and the corporate risk register. Updates from the strategic implementation groups were received, along with reports on critical success factors, pay negotiations, the People Plan, internal audit reports and reports relating to the University's estate. The Executive also received reports on league table performance, updates from the Students' Union, and a report on the Welsh Language Strategy.

FINANCIAL REVIEW

PRINCIPAL OBJECTIVES

The principal objectives of the University, in accordance with section 124 of the Education Reform Act 1988 (as amended) are concerned with the provision of higher education, further education and the conduct of research. In addition, the University also undertakes other activities in support of those principal objectives. These include knowledge transfer, consultancy and the provision of accommodation, catering and conference services.

FINANCIAL STRATEGY

Our financial strategy is designed to ensure the long-term viability and sustainability of the University group (Group) by creating an operating environment in which staff are accountable and responsible for the efficient and effective stewardship of our resources.

We continue to maintain and build on our successful financial management in meeting the opportunities and challenges of a constantly evolving higher education landscape. To do this, we will generate cash required to support our strategic programmes and our ability to maintain and enhance our infrastructure. We will control costs, making sound strategic decisions on activities that are either financially sustainable or are in alignment with the University Strategic Plan.

The Group has identified a number of key financial performance indicators that it monitors as part of its financial strategy. Performance over the last three years shows:

Key financial ratios as a % of Income	2021/22 %	2020/21 %	2019/20 %
Operating Surplus	1.3	2.9	(0.3)
Surplus/Deficit	1.3	2.6	(0.6)
EBITDA	10.1	12.2	11.7
Staff Cost	57.8	60.1	59.6

Despite a challenging competitive and economic environment, the Group has continued to perform well demonstrating good financial performance year on year.

The impact of the cost of living and geopolitical challenges has become evident during the year but despite this, the Group has maintained a surplus and generated cash surpluses. A degree of this performance improvement should be considered one-off in nature, the most material items being:

- A change to the treatment of QR funding in the year which resulted in additional income being recognised
- Welsh Government revenue funding of £1.8m
- An appreciation payment to staff to the value of £1m contributed to an increase in staff costs
- Release of provisions amounting to £0.5m

FINANCIAL PROSPECTS

USW has ambitious recruitment plans and over the next 5 years expects to return to pre-pandemic levels of income for tuition fees, albeit there will be a changing mix of fee income with an increasing proportion of international recruitment, resulting from a general upturn in this market and a significantly larger international February intake, than has been seen in prior years. Competitive UK recruitment, with the addition of post-pandemic economic and cost of living pressures present an ongoing challenge and this together with the increased financial exposure in international recruitment markets will need to be managed closely as we move forward.

It is essential that we are able to continue to attract and retain talented students from both the UK and internationally to support our scholarly activities across a diverse range of academic disciplines. In order to do so, we will offer distinctive programmes that students truly want to study, differentiated from our competitors in content and mode of delivery where appropriate. The emphasis on active participation and challenge-based learning for 21st Century

employment that is underpinned by focused, high quality research will direct our decision making in relation to our academic programmes, our strategic partnerships, our staffing and our learning environments.

Full-time home undergraduate fees remain capped at £9,000 with no increase to reflect inflation. This presents increasing challenge for the HE sector in Wales, as we have a potentially flat income stream but are still subject to significant inflationary pressures from staff pay awards, additional pension scheme costs, and unprecedented levels of inflation. In addition, the changing mix of UK/International students has been and will continue to be matched by a movement from undergraduate to postgraduate recruitment and a resulting change from three year to one year income streams. This change in recruitment behaviour will effect future forecasting and will be built into our strategic and financial planning.

USW will continue to be financially sustainable in the context of a dynamic higher education environment through the delivery of its 2030 strategy. Our vision is clear, we want to change lives and our world for the better. Our world is changing at an intense pace and it is our job to equip our students with the skills, knowledge and experience required to maximise their potential and future opportunities in the world of work.

Working in collaboration with industry, our research and innovation will tackle some of the biggest global challenges from energy to health to security and providing answers to real world problems.

Over the next decade, our ambitions are to:

- Be a large, regional University with a distinctive full-time and part-time academic offer that is attractive to both home and global markets
- Provide an excellent, inclusive, engaged student experience
- Ensure our students successfully complete their studies and secure employment in their areas of expertise
- Engage with partners to maximise our impact on their endeavours
- Commit to improving the future well-being of the communities we serve through individual and collective action
- Provide opportunities for students across the region and beyond to participate in and progress to higher education
- Be an engaged, values-based employer
- Be financially sustainable

We have significant financial resources available to us as a University as well as good year on year cash generation ability. We continue, through our rolling strategic and financial planning cycles to develop and appraise our investment plans to deliver the 2030 strategy, including our People Plan, Estates Masterplan, Digital Strategy and Strategic Equality Plan. Further detail on our financial metrics is included in the Financial Strategy section and key risks are addressed in the Principal Risks and Uncertainties section.

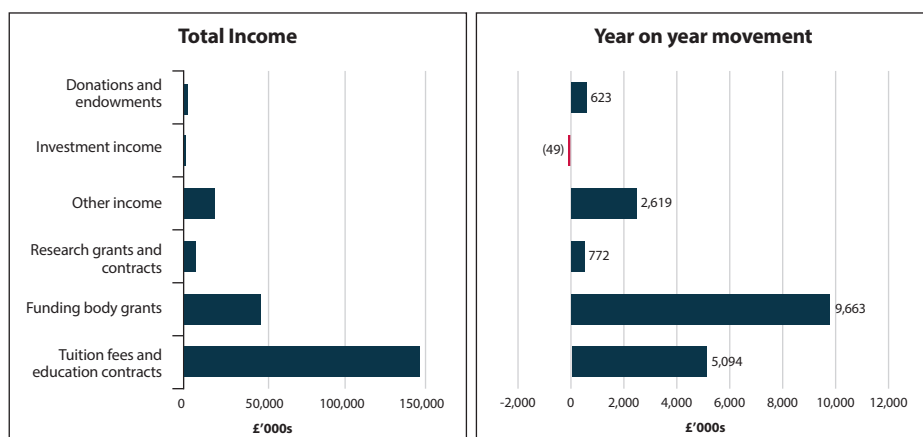
ANNUAL FINANCIAL STATEMENTS

The annual financial statements comprise the results for the University consolidated with the results of its subsidiaries.

Financial Performance 2021/22

- ▲ **Income has increased by 9.4% to £218.9m.**
- ▼ **Total expenditure items has increased by 11.1% to £216.0m.**
- ▼ **Operating Surplus has decreased £2.3m to £2.9m.**
- ▼ **Cash generated from operations decreased by £18.1m to £41.3m.**
- ▲ **Net assets have increased by £146.1m to £221.5m.**

INCOME



- Tuition fees have increased by £5.1m to £144.9m. Full time Home and EU Undergraduate fees have fallen in this academic year but the increase in market share of overseas students in particular Postgraduate Taught has offset this and has led to an increase in fees.
- Recurrent funding body grants have increased by £9.7m. HEFCW has provided the University Group with additional funding to purchase equipment to help achieve our net zero and digital transformation which has been recognised in specific grants in line with expenditure. An increase in funding from the Welsh Assembly Government (DCELLS) of £0.9m was issued to the College, Merthyr Tydfil to support with the recovery of its activities following COVID 19.
- Research grants and contracts have increased slightly by £0.8m. Several large research projects within the year have received extensions to their end dates and some additional grants have been awarded to projects such as RICE, FLEXIS and ASTUTE East.
- Other income has increased by £2.6m. In the previous years, the pandemic had restricted many activities but as we move to achieve normality, areas such as Residences, catering and conferencing have been able to reopen and the increase in student and staff presence on campuses has generated business resulting in an increase of £3.9m. This increase has been offset by a reduction in consultancy income within the Centre for Automotive & Power System Engineering (CAPSE) following the fire that occurred in May 2020. The business has been rebuilding and gaining new contracts from a diverse range of customers.

EXPENDITURE

Staff costs as a percentage of income have risen slightly year on year largely as a result of the challenges to income resulting from the Covid-19 pandemic and the continued challenge of fixed tuition fees. In 2021/22 an increase in staff costs as a result of pay inflation and incremental rises saw a decrease in the staff percentage to income as the University benefited from an increase in income. During this financial year, the University awarded a payment to all staff to thank them for their efforts and as a gesture of our continued appreciation to the value of £1m.

Other operating costs of £70.3m have increased during the year by £14.7m. General spend has increased in particular Overseas agents commission which has increased by £3.9m due to the increase in overseas student numbers; an increase in energy bills of £1.2m; items purchased using HEFCW funding of £5.5m which was deemed of a non-capital nature, this has been offset by the increase in income; £1.4m additional spend that was used to promote the University to our future students; £0.8m increase in bad debt provision as a prudent approach to an increased overseas market; an increase in staff and student travel on placements, field trips and conferences of £1.2m; £0.4m in legal and professional fees for advice of company setup and the purchase of land.

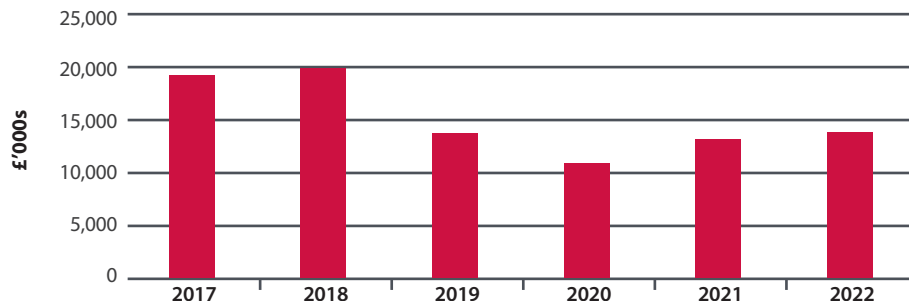
The additional funding received from HEFCW to purchase new equipment has resulted in an increase in depreciation for the year of £0.9m.

CAPITAL INVESTMENT

We have continued to invest year on year in our capital infrastructure and equipment. During this academic year we have spent £13.9m on facilities to ensure the best possible experience for our students and their academic success. The vast majority of this was made possible through the receipt of Welsh Government capital funding to support Higher Education Institutions in Wales through the pandemic and specific funding to purchase equipment to deliver net zero carbon and digital transformation and therefore we will release this funding through deferred income to match future depreciation charges.

The key areas of investment during the year include:

- £1.6m on upgrading the facilities in a number the accommodation buildings on the Treforest Campus.
- £1.4m on audio visual equipment and computer equipment to enable a flexible working environment for employees and students.
- £1.2m on rebuilding the CAPSE building following the fire in May 2020.
- £1.5m has been spent on low carbon and sustainability projects.
- £1.1m on upgrading equipment and facilities in Engineering, Sports Laboratories, Clinics and Studios across campuses.
- £0.3m on electric vehicles and charging stations.
- £0.3m on IT equipment to work towards the University digital transformation strategy.
- £1.1m on upgrading facilities and maintaining structures to the buildings across the campuses.
- £1.0m at MTC on enhancing the IT facilities for staff and students and further enhancements to the buildings and workshops
- £1.2m at the RWCMD on low carbon and sustainability projects and IT equipment to promote agile working



FIXED ASSETS

Impairment tests were undertaken on the buildings within the Group in line with the University's 2030 Strategy. There were no impairments identified to the fixed assets in this financial year.

CASH FLOW AND FINANCING

The Group has generated cash flow from operating activities of £41.3m (2021 £59.4m)

The net funds position (cash and invested balances less bank loans) has increased from £107.0m to £136.8m. This includes long term bank loans of £49.1m (2021 £52.2m). The loans are subject to financial covenants, all of which have been complied with during the year.

The Group holds £185.9m (2021 £159.3m) of cash and short term investment balances. These balances are invested with a range of UK and overseas banks and building societies, UK government securities and corporate bonds.

PENSIONS

The Group participates in four pension schemes, the Teachers Superannuation Scheme (TSS), the Rhondda Cynon Taff County Borough Council Pension Fund (RCTPF), the Universities Superannuation Scheme (USS) and Scottish Widows Personal Pension Fund.

The deficit of the RCTPF has decreased from £180m to £52m. This decrease is mainly due to the discount rate used to calculate the liability which has increased by 1.85%. Volatility in the financial markets over the last year have impacted bonds and therefore the discount rate has increased significantly. As a result of this increase and lower inflation rates, the future USW liability has decreased.

The CPI rate in September 2021 of 3.1% is the latest reference month used by the Actuaries to calculate the increases to pensions applied in April 2022 to July 2022, the end of our financial year. This method has been used for several years, however, the published rates to August 2022 have increased to 9.9%. The University has a constructive obligation to account for this emerging inflation and therefore have applied this CPI %age to the Pension Liability.

It has not been possible to identify the institution's share of the underlying assets and liabilities in relation to the TSS and USS scheme and as such they are accounted for as if they were defined contribution schemes. As part of the USS deficit recovery plan, the agreed deficit contribution rate of 2% resulted in a deficit liability of £489k (2020/21 £183k).

VICE-CHANCELLOR'S EMOLUMENTS

The Board of Governors is charged with setting the remuneration of the Vice-Chancellor, who is Chief Executive of the University of South Wales Group, which includes the College Merthyr Tydfil and the Royal Welsh College of Music & Drama.

Outgoing Vice-Chancellor

The outgoing Vice-Chancellor retired from role in September 2021. At its review in 2020, the Board of Governors on the advice of its Remuneration Committee, kept the salary of the outgoing Vice-Chancellor at £229,000 (£230,475 including other allowances).

In this meeting, the Remuneration Committee judged that the Vice-Chancellor's performance remained good and that although in comparison to others was less well remunerated than the average of every comparator group, they were content with the overall remuneration. The Committee further noted that given her imminent retirement in September 2021, they would undertake no further assessment of overall remuneration. The Chair of the Board of Governors continued to appraise the Vice-Chancellors performance throughout the year against agreed objectives and the achievement of the University's critical success factors and indicated that she was happy with the Vice-Chancellor's performance and was thankful for the Vice-Chancellor's leadership of the University (and Universities Wales) during the Covid-19 pandemic. The Chair noted that the Vice-Chancellor's leadership had been excellent in unprecedented conditions and beneficial to both the University and Welsh higher education more generally given her leadership role with Universities Wales.

At the 2021 Remuneration Committee, it was confirmed that the outgoing Vice Chancellor would receive her normal remuneration up to 30 September 2021 role end date and that no severance would be paid.

Incoming Vice Chancellor

The incoming Vice-Chancellor commenced role in September 2021.

The paper submitted to the Remuneration Committee included the remuneration of the incoming Vice Chancellor and confirmed that the Search Committee, in identifying the initial salary for the incoming VC had taken into account the same benchmarking data and had also sought and gained Board of Governors approval for the remuneration package, which was a commencing salary of £185,000, with a total remuneration package of £230,000, including allowances and pension costs.

At the 2022 Remuneration Committee, members were provided with comparative data which compared the Vice-Chancellor's pay with different groups of comparable institutions across the higher education sector, noting that the same comparators are used in reviewing the remuneration of other senior staff, considered by the Culture, People and Values Committee. The comparator groups considered were those with similar contexts to the University of South Wales. The comparator groups included Welsh universities; post-1992 universities with comparable turnovers; and those with lower turnovers ranges; all post-1992 universities; and members of the University Alliance (of which the University of South Wales is a member)

It was noted that the Vice Chancellors salary is below the benchmark data and in terms of basic salary significantly below the comparators, and that this has historically been the case for some years. The Vice Chancellor has been in post for just under a year and it was considered appropriate to review the salary level at this time. USW has seen a number of recent changes at senior level and therefore the importance of achieving a level of stability to enable further progress in respect of University performance was considered, and whilst there is no doubt as to the commitment of the Vice Chancellor to the USW group, it was deemed important to also consider effective reward and retention in the salary review.

The Vice Chancellors objectives are agreed by the Chair of the Board of Governors and the Vice Chancellor. These are split into longer terms goals and short-term objectives and activities. The former relate to the achievement of Strategy 2030 and wider University context and include; The implementation of Strategy 2030, creating an environment that enables educational innovation and research excellence, delivering environmental and sustainability goals and enhancing and expanding civic engagement; engaging the organisation in continuous improvement including the development and wellbeing of colleagues and the delivery of the Estates masterplan, including provision of digitally enabled learning environments for students. The latter are set to respond to the current and emerging issues affecting the University and the two Colleges, which are part of the wider USW group and are centred around seven themes: Operational and quality priorities; Strategic implementation; Brand and reputation; Infrastructure; People; External engagement; Commercial activities. The University's KPIs are used to measure progress and success towards the achievement of these objectives.

At the 2022 Remuneration Committee the Chair of Board of Governors reported to the Chair of Remuneration Committee and other members of the committee that she had monitored the Vice-Chancellor's performance regularly throughout the year. Members were also reminded that they as committee members and Board members, along with the Chair, monitor the Vice Chancellors performance at every meeting. The Chair of Board of Governors and Chair of the Remuneration Committee concurred that they were happy with the significant progress made against both sets of objectives and that they were more than content with the Vice Chancellors performance to date.

The Remuneration Committee's recommendation to the Board, which was accepted, was to award a 2% salary increase to the Vice Chancellor's current salary to bring the salary closer to the comparative benchmark data and to apply the national pay award of 3% to the base salary at the time of agreement. The Vice Chancellor has elected to pay the net sum on the 2% pay award to the student hardship fund.

It is expected that the comparator salaries will be increased by the same level.

The basic salary will increase to a total of £194,361, which is still below the lowest benchmark of comparative data of base salary. Including allowances and pension takes the salary to £241,838, which is above some of the comparators, but still below others based on the 2021 data.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group has identified a number of higher-level strategic risks that it monitors on a regular basis. These include:

Recruitment and Retention

The Group has a stated ambition to be the University of choice in Wales and beyond for students who value vocationally focused, challenge-based education and applied research. A highly competitive post-pandemic environment, alongside cost of living pressures and a buoyant labour market creates uncertainty and significant risk, particularly for full time undergraduate recruitment and retention.

Whilst the international recruitment market presents welcomed opportunities for student number growth, it also brings additional risk in respect of exposure to the impact of government policy and geo-political and economic situations, which in recent examples in Russia/Ukraine and Sri Lanka has effected recruitment, student support and bad debt. Targeted International recruitment strategies, strengthened financial policy and regular monitoring of international markets will help manage this growing area going forward.

Our Academic Plan seeks to build on what we already have that is distinctive in our academic offer and promote best practice that is clearly found across the length and breadth of our campuses. The University will also continue to robustly implement its 'leaky hosepipe' plan, which seeks to address potential recruitment cycle weak spots, that has shown early promise. Significant investment has and will continue to be made in promoting the USW brand and enhancing the student journey and experience, with a view to improving overall recruitment and retention rates.

Financial Sustainability

The post-pandemic environment continues to create significant uncertainty and economic disruption, which has been felt particularly acutely in the HE Sector. A flat (£9k) tuition fee, withdraw of EU related funding streams, high inflation, and escalating energy costs and supply chain delays, together with changing UK politics and a highly competitive UK recruitment market, also bring financial challenge and threaten our future financial sustainability.

Like many organisations emerging from Covid-19, USW now needs to invest rigorously in its Strategy 2030 to remain competitive and bring about development and improvement in; maximising graduate success and opportunities, research and innovation excellence, extending our external focus and delivering operational transformation. Income and cost pressures could limit our capacity to make these long term commitments and restrict opportunity to seed future development and growth.

The Group mitigates this risk through strategic financial planning, ensuring resource is prioritised in areas that will bring it closer to achieving its critical success factors and strategic goals. This together with regular, data driven management of financial performance and effective financial controls ensure that USW are efficient and agile and can take opportunity to drive contribution and navigate financial risk.

Academic Performance and Reputation

The Group league table position continues to strengthen, with notable strides made in moving 29 places to 53 in the 2023 Guardian League table, accompanied by excellent positions in the UK for a range of our subject areas. This together with an improvement in the NSS overall satisfaction for 2021's survey, closes the gap to sector position. However, there is still a potential impact on both recruiting students, and engaging in high calibre research and the ability to recruit teaching and professional service staff.

Health and Wellbeing

In living our USW values, the health and wellbeing of our students and colleagues is of paramount importance. The ongoing impact of Covid-19 and adjustment to learning and working in a post pandemic environment present an ongoing challenge and will continue to crystalise in the coming months and years. Emerging cost of living pressures add to this picture and cement this as a key priority for USW. In responding to this risk, USW is directed by its Wellbeing Strategy and Safeguarding Policy and will continue to implement its Wellbeing Action Plan 2022/23.

Information security

The loss of data or control of our data caused by digital attacks, negligence, physical loss or human error could jeopardise the smooth operation of the University and/or result in a failure to comply with legislation resulting in financial penalties, additional costs and reputational damage. Furthermore, cyber disruption could limit the ability of USW to pursue its digital strategy and implement digital transformation. In mitigating this risk the University continues to invest in strengthening its cyber defences.

Pension

There is an ongoing risk that pension costs rise and/or become unaffordable generally, which will affect employer contribution rates, balance sheet liabilities and/or exposure to compliance costs of remaining within externally administered schemes including LGPS, USS and TPS. Although USW has to some extent limited this risk into the future with the introduction of the Professional Services Scheme, financial risk and uncertainty is inherent in these defined benefit schemes.

PUBLIC BENEFIT STATEMENT

The University of South Wales became a registered charity (number 1140312) on 9th February 2011, having previously been an exempt charity under the terms of the Charities Act 2003. The registered address of the charity is Treforest, Pontypridd, CF37 1DL. The members of the Board of Governors are the trustees of the charity and as such have due regard to the Charity Commission's guidance on public benefit and its supplementary guidance on the advancement of education for the public benefit. Under section 124 of the Education Reform Act 1988, the University of South Wales Higher Education Corporation has power to:

- a) provide higher education;
- b) provide further education;
- c) carry out research and to publish the results of research.

The University promotes the advancement of education and learning for the public benefit through the provision of advanced courses of instruction, leading to the award of degrees or other appropriate qualifications. We undertake research in pursuit of new knowledge and understanding driven by a spirit of academic enquiry. In keeping with our role as an institution firmly embedded in its local, regional, and national communities, we also have great strengths in problem driven research conducted in partnership with external stakeholders.

We provide, maintain, and improve facilities and services for the benefit of the student body and our local communities, e.g., accommodation, catering, sporting facilities, performance space and public amenities (e.g., chiropractic clinic). We also have due regard to any detrimental harm that may arise from our activities and, particularly, to the impact of our campus developments on our immediate localities. We aim to minimize this impact through extensive community discussion and consultation in addition to working closely with the relevant local authorities.

CORPORATE GOVERNANCE

The University is committed to high standards of corporate governance. Whilst the University, being a higher education corporation formed by statute and with charitable status, does not fall within the corporate governance reporting requirements of the London Stock Exchange, the University wishes to demonstrate that its governance is undertaken in an open and accountable manner and that it complies with best practice within the higher education sector. The University has adopted the Governance Charter for Universities in Wales and is working on the implementation of the Governance Charter for Universities in Wales and reviewing the Commitment to Action.

This statement describes how the relevant principles of corporate governance are applied to the University. The Boards of Directors of the Royal Welsh College of Music & Drama Ltd (RWCMD) and the Merthyr Tydfil College Ltd (MTC) are responsible to the Board of the University which is the sole 'member' of those corporations. The committees of the Board of Governors of the University act as committees for the Boards of Directors of RWCMD and MTC as appropriate, except insofar as those Boards (with the agreement of the University Board) have their own arrangements. The Board of Governors carries the overall responsibility for ensuring there is a sound system of risk management, control, and governance. The governors discharge this responsibility through the following elements:

- Effective review by the governing body and relevant committees, particularly Finance and Resources and Audit;
- Control systems which include policies, objectives and plans, management of key risks and opportunities, monitoring of financial and operational performance, physical safeguarding of assets, segregation of duties, authorisation and approval procedures, and information systems;
- An effective internal and external audit function;
- The identification and management of risk embedded in all business systems.

Regard for the Committee of University Chairs Code of Governance. The University's approach for the effective management of risk is set out below:

- The University focuses on the active management of risk as an integral part of the management process within every part of the organisation;
- As part of the risk management framework, the University clearly identifies risks of various kinds to the achievement of its objectives. These risks may be strategic or operational and may present potential implications for the University's reputation, its financial position or its day-to-day operations or any combination thereof;
- The University actively encourages all managers to consider risk implications of each major decision, contract or project as a normal part of their day to day work;
- The University integrates risk management into the annual planning process which is the means by which the Executive determine and co-ordinate the University's academic and other activities;
- The Vice-Chancellor and the senior management team endeavour to identify and focus on immediate and transient risks with strategic implications, which may change from week to week, as well as on the more substantial and permanent risks which are identified in the University's risk register;
- Managers are expected to link risk identification to action, whether in mitigation of the risk or in response to it;
- The Vice-Chancellor and the senior management team work with Deans and Faculty Executives, Heads of Support Departments and their management teams to encourage and support effective risk management as part of the day-to-day management of the institution, and specifically to help them to identify, evaluate, manage and report risks;

- The Governing Body requires the Audit Committee to undertake a termly assessment of significant risks through a snapshot assessment. The assessment is recorded through the corporate risk register and is part of the ongoing process of risk management. The risk register identifies significant risks and contains details of: - the nature of the risk - its potential impact - the likelihood of the risk crystallising - the 'owner' of the risk - the control processes which manage the risk - any independent assessment of those control processes – internal audit, Quality Assurance Agency, external reviews;
- The University has agreed with its internal auditors that their programme of work and the approach to internal control will be risk based: this includes business, operational and compliance risks as well as financial risk and;
- The Audit Committee of the Board of Governors regularly reviews the adequacy of the process of risk management at the University as it continues to be developed. The year ended 31 July 2022 saw further development of the University's risk management processes following a significant review in year ended 31 July 2021. As well as to improvements in reporting of the risk register the University has developed graphical representations to show the inter-relations and relative importance of risks on the corporate register.

The Board is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks, that it has been in place for the year ended 31 July 2022 and in place up to the date of approval of the Financial Statements and Annual Review, that it is regularly reviewed by the Board and that it accords with the internal control guidance for directors on the UK Corporate Governance Code as amended by the British Universities Finance Directors Group.

SUMMARY OF THE UNIVERSITY'S STRUCTURE OF CORPORATE GOVERNANCE

The University's Board of Governors comprises members appointed in accordance with the Instrument of Government of the University, the majority of whom are lay independent members with relevant experience in business and the professions. The roles of the Chair and Deputy Chair of the Board are separated from the role of the University's Vice-Chancellor (as Chief Executive). Those matters specifically reserved to the Board for decision are set out in the Articles of Government of the University. The Board holds to itself the responsibilities for the ongoing strategic direction of the University, the effective and efficient use of resources and the approval of major developments and receives regular reports from senior management. The Board meets four times a year and for the year ended 31 July 2022 had three standing Committees (Finance and Resources, Audit, and Culture, People and Values). The Culture, People and Values Committee was created in June 2021 as part of the implementation of the Governance Charter and Commitment to Action and the CUC Code, which brought together the work of the Human Resources Committee, Nominations and Governance Committee and Senior Staff Pay Committee. As part of its remit, this Committee makes recommendations to the Board on membership and Senior Staff Pay. The Remuneration Committee makes recommendations on the remuneration of the Vice-Chancellor.

The Finance and Resources Committee develops and advises the Board on long term financial strategies, recommends to the Board annual revenue and capital budgets, reviews and reports to the Board on the annual financial statements and receives regular reports on budgetary performance. In addition the Finance & Resources Committee recommends the approval of the Financial Regulations, keeps under review financial operating procedures, approves regulations for and monitors the investment of surplus funds and borrowing requirements and approves expenditure above the limits of delegations specified in the Financial Regulations.

TRUSTEES DURING THE YEAR ENDING 31 JULY 2022

Louise Evans (Chair)	Steve Wilson
Professor Julie Lydon	Richard Lloyd-Owen
Dr Ben Calvert	Sanjay Balakrishnan
Professor Michael Gunn	Sion O'Connor
Alison Phillips	Mark Milton
Michael Stevens	Catherine Thomas
Chris Sutton	Professor Donna Whitehead
Jemma Terry	Angela Lewis
John Derrick	Dr Louise Bright
Debbie Jones	Kay Dennis
Professor Philip Gummett	Cobi Flowers
David Francis	David Pye

STATEMENT OF INTERNAL CONTROL

The Audit Committee reviews the process for ensuring the effectiveness of the financial and other (non-academic) internal control systems. In doing this the Audit Committee makes recommendations on the appointment of internal audit, reviews their reports, including follow up reports on implementation and the scope and effectiveness of their work. The Audit Committee also makes recommendations on the appointment of external audit and reviews the financial statements of the University, incorporating any subsidiaries, after review by the Finance and Resources Committee and prior to submission to the Board of Governors, reviews the management letter, and receives and considers progress reports on areas of significant risk identified by the Vice-Chancellor's Executive Board. In addition, the Audit Committee receives and considers reports from the Higher Education Funding Council for Wales including the Council's Audit Service, as they affect the University's business and monitors adherence with regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee.

The University uses the Financial Regulations and its anti-bribery and Criminal Finance Act policies to prevent, detect and manage corruption, fraud, bribery and other irregularities. These policies are reviewed and approved annually by the Audit Committee and the Finance & Resources Committee. The Financial Regulations provide the framework for internal control, which aids the prevention of fraudulent activities. The Criminal Finance Policy is achieved using a risk assessment approach and any acts of fraud or irregularities are reported to the committees in line with the Financial Regulations.

REVIEW OF EFFECTIVENESS AND COMMITTEE OF UNIVERSITY CHAIRS CODE OF GOVERNANCE

The Board of Governors undertook a review of effectiveness with an external consultant, Hugh Jones, in 2021/22, with the final report being presented to the Board of Governors on 6 July 2022. The review considered the effectiveness of the Board of Governors and its committees in fulfilling its responsibilities as laid out in the Articles of Government and measuring it against best practice in the sector. Specifically the review considered how the recommendations made in the last review have been implemented and their impact on effective governance; the implementation of outcomes from the Camm Review and the CUC HE Code of Governance; the working relationships and behaviours of the Board and its members, including the conduct of meetings, the active involvement of members, the effectiveness of communication and information, and if the University's governance framework is fit for purpose and could it be enhanced in any way. The review was conducted through desk reviews of USW practice against the requirements of the CUC Code and the Camm review; the observation of meetings of the Board of Governors, the Audit Committee, the Finance Committee and the Culture, People and Values Committee; interviews with board members; interviews with the Chief Executive of HEFCW and the Chief Executive of Universities Wales, as key stakeholders; interviews with members of the governance team, and a survey of Board members.

The final report concluded that governance at the University of South Wales is strong and effective, with a healthy culture of open discussion, challenge and inclusion on the Board. Delegation to committees is clear and consistent, and Board membership comprises

impressive individuals who work together well. It was concluded that governance at the University meets the formal test of its effectiveness: that is, the CUC Higher Education Code of Governance to which it has subscribed. It was determined that the University has made good progress in implementing the outcomes from the Camm Review. There were a number of recommendations made within the report which were accepted by the Board of Governors. Implementation of the recommendations has begun and will be monitored via regular reporting to the Culture, People and Values Committee.

GOVERNANCE CHARTER FOR UNIVERSITIES IN WALES AND COMMITMENT TO ACTION

The Board received an update on the implementation of actions from the Governance Charter for Universities in Wales and the Commitment to Action plan in November 2021. The report confirmed partial compliance and progress towards full compliance with the Commitment to Action.

Camm Review – update on agreed Charter actions

Understanding culture

The Culture, People and Values Committee has been established which takes forward most elements within this set of actions. 3060 feedback has been undertaken for the Chair, and given the recency of the Vice Chancellor's appointment, this was not completed in 2021/22 but is planned for 2022/23. To be completed by July 2023.

Stakeholder engagement

The University's Stakeholder Engagement Group has received the stakeholder engagement guide and is considering how to implement the guidance during 2022/23.

Size and Shape of the Governing Body

A defined role description for the Chair is in place, with less structured descriptions of other roles. Work will continue throughout 2022/23 on the defined role descriptions for the other roles. For completion by July 2023. The University is already compliant in the actions relating to the size of the governing body and tenure of non-executive members.

Strategic Oversight

The Board has explicitly chosen not to publish the institution's key strategies and performance measures. The University is compliant regarding oversight of strategic development and delivery and risk management.

Lay governor independence and conflict management

The University awaits the sector guidance on independence for lay members and will take forward the associated actions once this has been received. A role description for the Secretary/Clerk will be reviewed by the Board of Governors in March 2023. The University is compliant regarding the identification and management of conflicts of interest.

Lay member recruitment

The University uses external search agents for board and committee appointment processes. The skills matrices are reviewed on a yearly basis, the next review is due in the Spring of 2023.

Remuneration governance

The University does not award bonus payments and awaits HEFCW guidance on remuneration reporting requirements. The terms of reference of committees are completed on an annual basis and was last completed in June 2022. Further work is ongoing to review the roles which are subject to senior staff pay committee consideration (via the Culture, People and Values Committee). To be completed by June 2023.

Succession planning

Consideration of succession planning is being developed as part of the Culture, People and Values remit. The Board of Governors will receive an update in this regard in November 2022.

Diversity and Inclusivity

The University is compliant in the actions within this area and awaits the work being undertaken within the sector.

Long-term viability

The University awaits sector guidance on long term viability reporting.

Risk Management

The University is compliant with the actions within this area and the 'principal risks and uncertainties' section of this report also covers the actions in this area.

Whistleblowing

The University is compliant with the actions in this area and has, during 2021/22, developed a revised Public Interest (whistleblowing) Procedure which has been approved and publicised.

Annual report

The University is compliant in this area.

Information

The University awaits sector guidance on this action.

INDUCTION, DEVELOPMENT, AND IMPROVING EFFECTIVENESS

The University Board constantly reviews its effectiveness through the Culture, People & Values Committee and undertook a formal review of effectiveness in 2021/22. Changes in 2020/21 as a result of the Camm Review and other considerations include the creation of the Culture People & Values Committee, which brought together the existing committee responsibilities of employment policy, EDI, Welsh language, health & safety, nominations, governance, senior pay and the additional responsibilities for culture & values. In addition, the Board has commenced a rolling programme of 360 appraisals beginning with the Chair of the Board. The Board has re-instated an annual rolling programme of governor links with different parts of the University and commissioned a rolling programme of inductions sessions (available to all governors) from different parts of the University which commenced in autumn 2021. The University has reviewed its existing programme of induction which includes HEFCW/Advance HE events, internal sessions with management, lay governors, 'buddies' and a general induction session. Further developments will be implemented as a result of the review of effectiveness recommendations.

EQUALITY, DIVERSITY AND INCLUSION

The Board through its Culture, People & Values Committee has had a stated goal of a Board that reflects the diversity of the region it serves. The Board has had a gender balance in recent years and some significant diversity. In 2020/21 the University with the use of adverts and search agents appointed five new governors, the appointments moved the Board forward in terms of a number of aspects of diversity but lost ground on its gender balance. The Board has reflected whilst continuing to strive for all areas of diversity it will with its next lay governor recruitment seek to re-reach the gender balance it achieved over recent years. All lay governor recruitment is informed by a Skills (Experience & Diversity) Matrix which is regularly updated. All lay governors are asked to supply diversity information that mirrors that of staff and students.

GOVERNORS RESPONSIBILITIES

STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

In accordance with the Education Reform Act 1988 (as amended), the Board of Governors of the University of South Wales is responsible for the administration and management of the affairs of the University Group, including ensuring an effective system of internal control and is required to present audited financial statements for each financial year. The Board is responsible for preparing the Financial Statements in accordance with applicable law and regulations. The law applicable to the University requires the Board to prepare financial statements for each financial year.

Under that law the Board of Governors has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under that law the Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the University and the consolidated group and of the incoming resources and application of resources, including the income and expenditure of the University and the consolidated group for that period. In causing the financial statements to be prepared, the Board has to ensure that:

- suitable accounting policies are selected and applied consistently;
- the methods and principles in relation to the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions are observed;
- judgements and estimates are made that are reasonable and prudent;
- applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and the Group and which enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988 (as amended), the Accounts Direction issued by the Higher Education Funding Council for Wales, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions (SORP) and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum between the Higher Education Funding Council for Wales and the Board of the University, the Board, through its designated office holder, is required to prepare financial statements which give a true and fair view of the state of affairs of the University and the Group and of the surplus or deficit and cash flows for that year.

The Board has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for Wales are used only for those purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- 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 prevent and detect fraud;
- secure the economical, efficient and effective management of the University's resources and expenditure.

The key elements of the University's system of internal financial control, which are designed to discharge the responsibilities of the Board in relation to internal financial control, include the following:

- a planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets, the overall budget being approved by the Board of Governors;
- regular reviews of financial results involving variance reporting and updates of forecast out-turns;
- clearly defined and formalised requirements for approval and control of expenditure;
- comprehensive Financial Regulations, detailing policies, financial controls and procedures;
- Culture, People and Values and Remuneration Committees which make recommendations to the Board of Governors on the remuneration of senior management;
- Internal Audit team whose annual programme is approved and monitored by the Audit Committee;
- External Audit reporting to the Board of Governors annually. Any system of internal financial control can, however, only provide reasonable, but not absolute assurance against material misstatement or loss.

INDEPENDENT AUDITORS REPORT

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF UNIVERSITY OF SOUTH WALES

Report on the audit of the financial statements

OPINION

We have audited the financial statements of the University of South Wales ("the University") for the year ended 31 July 2022 which comprise the Consolidated and University Statements of Comprehensive Income, Statements of Change in Reserves, Balance Sheet and Consolidated Statement of Cash Flow and related notes, including the Statement Of Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2022, and of the Group's and of the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 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 have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

GOING CONCERN

The Board of Governors has prepared the financial statements on the going concern basis as it does not intend to liquidate the Group or the University or to cease their operations, and as it has concluded that the Group and the University'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").

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

Our conclusions based on this work:

- we consider that the Board of Governor'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 Board of Governor's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University's ability to continue as a going concern for the going concern period.

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

FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

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

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

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

As required by auditing standards, and taking into account possible pressures to meet loan covenants, we perform procedures to address the risk of management override of controls and the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we did not identify a fraud risk related to revenue recognition due to the non-complex revenue recognition criteria, which limits the opportunity to fraudulently manipulate revenue.

We did not identify any additional fraud risks.

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

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual postings to cash and journals posted following the period end.

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

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

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

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

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

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

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: compliance with higher education regulatory requirements of the HEFCW, recognising the regulated nature of the Group’s activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to

enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

OTHER INFORMATION

The Board of Governors (the members of which are the Trustees of the University for the purposes of charity law) is responsible for the other information, which comprises all of the information in the Financial Review other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. 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 Financial Review (which 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.

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 charity 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.

BOARD OF GOVERNORS' RESPONSIBILITIES

As explained more fully in its statement set out on page 54, the Board of Governors is responsible for: the preparation of the financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

AUDITORS RESPONSIBILITIES

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

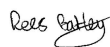
We are required to report on the following matters prescribed in the Higher Education Funding Council for Wales ('HEFCW') Audit Code of Practice issued under the Further and Higher Education Act 1992 and in the Financial Management Code issued under the Higher Education (Wales) Act 2015 and the Accounts Direction to Higher Education Institutions for 2021/22 issued by the HEFCW ("the Accounts Direction").

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income, 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;
- the requirements of HEFCW's Accounts Direction have been met.

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

This report is made solely to the Board of Governors in accordance with Section 4 of the Charters and Statutes of the University and in accordance with the with the 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 the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors for our audit work, for this report, or for the opinions we have formed.



Rees Batley
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

66 Queen Square
Bristol
BS1 4BE

30 November 2022

CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME

Income	Notes	Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Tuition fees and education contracts	1	144,962	131,878	139,867	128,335
Funding body grants	2	42,340	23,296	32,677	15,247
Research grants and contracts	3	9,018	6,670	8,246	6,025
Other income	4	20,419	18,651	17,800	12,622
Investment income	5	521	454	571	503
Donations and endowments	6	1,674	-	1,051	-
Total income		218,934	180,949	200,212	162,732
Expenditure					
Staff costs	7	126,570	99,686	120,307	99,529
Other operating expenses		70,321	64,670	55,579	45,056
Depreciation and amortisation	11,13	14,580	10,712	13,673	10,110
Interest and other finance costs	8	4,585	3,949	4,875	4,312
Total expenditure	9	216,056	179,017	194,434	159,007
Surplus before other gains and losses		2,878	1,932	5,778	3,725
Gain/(Loss) on disposal of fixed assets		2	-	(586)	(616)
Surplus before tax		2,880	1,932	5,192	3,109
Taxation	10	64	-	19	-
Surplus for the year		2,944	1,932	5,211	3,109
Actuarial gain in respect of funded pension scheme	28	143,266	127,629	14,582	13,970
Actuarial gain in respect of unfunded pension scheme		30	-	-	-
(Decrease)/Increase in market value of Endowment Asset Investments	22	(137)	(31)	425	80
Total comprehensive income for the year		146,103	129,530	20,218	17,159
Represented by:					
Endowment comprehensive (expense)/income for the year		(53)	(17)	452	87
Restricted comprehensive income/(expense) for the year		97	-	(336)	-
Unrestricted comprehensive income for the year		145,895	129,547	20,102	17,072
Attributable to the Institution		145,939	129,530	20,218	17,159
Attributable to the non-controlling interest		164	-	-	-
		146,103	129,530	20,218	17,159

CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES

Consolidated	Income and Expenditure Reserve			Non-controlling interest	Total Reserves
	Endowment £'000s	Restricted £'000s	Unrestricted £'000s	£'000s	£'000s
Balance at 1 August 2021	3,659	1,403	70,308	-	75,370
Surplus from the income and expenditure statement	84	97	2,599	164	2,944
Other comprehensive (expense)/income	(137)	-	143,296	-	143,159
Total comprehensive (expense)/income for the year	(53)	97	145,895	164	146,103
Balance at 31 July 2022	3,606	1,500	216,203	164	221,473

University	Income and Expenditure Reserve			Non-controlling interest	Total Reserves
	Endowment £'000s	Restricted £'000s	Unrestricted £'000s	£'000s	£'000s
Balance at 1 August 2020	3,207	1,740	49,753	-	54,700
Surplus/(Deficit) from the income and expenditure statement	27	(337)	5,521	-	5,211
Other comprehensive income	425	-	14,582	-	15,007
Re-allocation of Group Reserves	-	-	452	-	452
Total comprehensive income/(expense) for the year	452	(337)	20,555	-	20,670
Balance at 31 July 2021	3,659	1,403	70,308	-	75,370

University	Income and Expenditure Reserve			Non-controlling interest	Total Reserves
	Endowment £'000s	Restricted £'000s	Unrestricted £'000s	£'000s	£'000s
Balance at 1 August 2021	819	-	65,655	-	66,474
Surplus from the income and expenditure statement	14	-	1,918	-	1,932
Other comprehensive (expense)/income	(31)	-	127,629	-	127,598
Total comprehensive (expense)/income for the year	(17)	-	129,547	-	129,530
Balance at 31 July 2022	802	-	195,202	-	196,004

University	Income and Expenditure Reserve			Non-controlling interest	Total Reserves
	Endowment £'000s	Restricted £'000s	Unrestricted £'000s	£'000s	£'000s
Balance at 1 August 2020	732	-	48,583	-	49,315
Surplus from the income and expenditure statement	7	-	3,102	-	3,109
Other comprehensive income	80	-	13,970	-	14,050
Total comprehensive income for the year	87	-	17,072	-	17,159
Balance at 31 July 2021	819	-	65,655	-	66,474

CONSOLIDATED AND UNIVERSITY BALANCE SHEET

		At 31 July 2022		At 31 July 2021	
	Notes	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Non-current assets					
Intangible assets	11	672	585	819	735
Negative goodwill arising on acquisition	12	(528)	-	(561)	-
Tangible Fixed assets	13	248,406	186,994	248,862	189,745
Heritage assets	14	500	-	500	-
Investments	15	-	2,056	-	2,056
Other assets		135	-	135	-
		249,185	189,635	249,755	192,536
Current assets					
Inventory	16	177	78	163	75
Trade and other receivables	17	20,538	25,516	13,512	16,953
Investments	18	165,022	151,652	141,192	127,111
Cash and cash equivalents	24	20,904	6,956	18,092	8,799
		206,641	184,202	172,959	152,938
Less: Creditors: amounts falling due within one year	19	(77,502)	(64,937)	(58,549)	(48,470)
Net current assets		129,139	119,265	114,410	104,468
Total assets less current liabilities		378,324	308,900	364,165	297,004
Creditors: amounts falling due after more than one year	20	(101,114)	(62,977)	(104,005)	(65,090)
Provisions					
Pension provisions	21	(52,111)	(46,329)	(180,381)	(161,080)
Other provisions	21	(3,626)	(3,590)	(4,409)	(4,360)
Total net assets		221,473	196,004	75,370	66,474
Restricted Reserves					
Income and expenditure reserve - endowment reserve	22	3,606	802	3,659	819
Income and expenditure reserve - restricted reserve	23	1,500	-	1,403	-
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		216,203	195,202	70,308	65,655
		221,309	196,004	75,370	66,474
Non-controlling interest		164	-	-	-
Total Reserves		221,473	196,004	75,370	66,474

The financial statements were approved by the Governing Body on 28 November 2022 and were signed on its behalf on that date by:

Chair of the Board of Governors

The Vice-Chancellor

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year to 31 July 2022 £'000s	Year to 31 July 2021 £'000s
Cash flow from operating activities			
Surplus for the year		2,944	5,211
Adjustment for non-cash items			
Depreciation	13	14,400	13,491
Amortisation of intangibles	11	180	182
Negative goodwill on acquisition of TTC	12	(33)	(33)
(Increase)/Decrease in stock	16	(14)	86
(Increase)/Decrease in debtors	17	(7,027)	4,037
Increase in creditors	19	18,797	15,205
Increase in deferred income		412	7,728
Increase in pension provisions (excluding actuarial movement)		15,026	13,201
Decrease in other provisions	21	(783)	(161)
Adjustment for investing or financing activities			
Investment income	5	(521)	(571)
Interest payable	8	1,728	2,385
Endowment income	22	(48)	(3)
(Decrease)/Increase in market value of endowment investments	22	(137)	425
Loss on disposal of fixed assets		-	726
Capital grant income		(3,665)	(2,528)
Net cash inflow from operating activities		41,259	59,381
Cash flows from investing activities			
Purchase of investments		(23,830)	(37,445)
Capital grants receipts		3,665	2,528
Investment income	5	521	571
Payments made to acquire fixed assets	13	(13,944)	(12,978)
Payments made to acquire intangible assets	11	(33)	(45)
Proceeds from sale of fixed assets		2	140
		(33,619)	(47,229)
Cash flows from financing activities			
Interest payable	8	(1,728)	(2,385)
Endowment cash received		48	3
Repayments of amounts borrowed		(3,148)	(5,548)
		(4,828)	(7,930)
Increase in cash and cash equivalents in the year		2,812	4,222
Cash and cash equivalents at beginning of the year	24	18,092	13,870
Analysis of cash and cash equivalents at end of the year:			
Short term bonds	24	-	1,856
Short term deposits	24	42	116
Cash at Bank and in hand	24	20,862	16,120
Total		20,904	18,092

ACCOUNTING POLICIES

STATEMENT OF ACCOUNTING POLICIES

a) Basis of Preparation

These Financial Statements have been prepared in accordance with the Higher Education Statement of Recommended Practice (SORP 2019): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The Group and the University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

The Students' Union has not been consolidated into the group Financial Statements, as the University is not deemed to exert significant influence over the operating and financial policies of The Students Union to be considered an Associate or Subsidiary.

b) Going Concern

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

The Board of Governors have prepared cash flow forecasts for a period of 20 months from the date of approval of these financial statements.

At the balance sheet date the Group had £49m of outstanding bank debt and investments, cash and cash equivalents totalled £186m.

The Group continue to monitor and manage recruitment, cost and income changes closely, to ensure that it is financially sustainable in the long-term and has effective controls in place to pre-empt and respond to in year changes.

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

c) Basis of Consolidation

The consolidated Financial Statements include the University and all its subsidiaries for the year ended 31 July 2022. Intra-group transactions are eliminated on consolidation.

The consolidated Financial Statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions.

d) Income Recognition

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 customers or the terms of the contract have been satisfied.

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

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

Government grants including; funding council block grant; research grants from government sources; other grants and donations from non government sources are recognised within the Consolidated Statement of Comprehensive Income over the periods to which the University recognises the related costs. Where part of a Government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

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

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

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

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

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

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

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

e) Capital Grants

Capital grants received from government sources except for capital grants for land are deferred and released to the Consolidated Statement of Comprehensive Income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Capital grants received from government sources for land are recorded in income when the University is entitled to the income subject to any performance related conditions being met.

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

f) Accounting for Retirement Benefits

The University participates in three principal defined benefit pension schemes, the Teachers' Superannuation Scheme (TSS), the Rhondda Cynon Taf County Borough Council Pension Fund (RCTPF), and the Universities' Superannuation Scheme (USS).

The USS and TSS are a multi-employer scheme for which it is not possible to identify the assets and liabilities to university members due to the mutual nature of the scheme and therefore the scheme is accounted for as a defined benefit scheme. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

RCTPF – The Group's net obligation in respect of defined benefit pension plans (and other post employment benefits) is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years. That benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) and any unrecognised past service costs. The liability discount rate is the yield at the balance sheet date on credit rated bonds denominated in the currency of the Group, and having taken into account maturity dates approximating to the terms of the Group's obligations.

The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the University, the recognised asset is limited to the total of any unrecognised past service costs; the present value of benefits available in the form of any future refunds from the plan; reductions in future contributions to the plan or on settlement of the plan; and takes into account the adverse effect of any minimum funding requirements.

g) Employee Benefits

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

h) Finance Leases

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

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

i) 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.

j) Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency, the British pound (GBP), at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income.

k) Fixed Assets

Fixed assets are stated at actual cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on 1 August 2014, the date of transition to SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

Expenditure incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University. Expenditure which does not either enhance an asset beyond its original condition or increase its expected economic life is charged to the Income and Expenditure Account.

Freehold 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 as follows:

Freehold Buildings – Up to 50 years
Plant and Machinery – 3 to 10 years
Fixtures and Fittings – 3 to 25 years

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

Equipment, including computers, costing less than £5,000 per individual item is written off in the year of acquisition. Where the completed asset includes a number of components that are necessary for the asset to function as planned, then the aggregated value can be used to determine whether the asset capitalisation threshold is reached. All other equipment is capitalised.

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

Fixed assets are reviewed for indicators of impairment at each balance sheet date, where an indicator of impairment a full impairment review is carried out.

l) Heritage Assets

Heritage assets are tangible assets with an historical, artistic, scientific, technological, geophysical or environmental quality that are held and maintained principally for their contribution to knowledge and culture. Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental and historical associations.

Heritage assets have been capitalised to the balance sheet at initial cost. Donated heritage assets are recorded at estimated valuation at the date of donation unless this is not practicable, in which case the appropriate disclosures are made of the nature and the extent of these donations.

Heritage assets are not depreciated as their long term economic life and high residual value means that any depreciation would not be material.

Heritage assets are reviewed for indicators of impairment at each balance sheet date, where an indicator of impairment a full impairment review is carried out.

m) Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

n) Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between three and ten years, on a straight line basis.

Software costing less than £250,000 is written off in the of aquisition.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Negative Goodwill

Negative Goodwill arises on consolidation and is based on the difference between the fair value of the consideration given for the undertaking acquired and the fair value of its separable net assets at the date of acquisition.

Negative Goodwill is amortised over 20 years representing the remaining estimated economic life to which it relates. It is recognised in the Statement of Comprehensive Income in the periods expected to benefit.

Intangible assets are reviewed for indicators of impairment at each balance sheet date, where an indicator of impairment a full impairment review is carried out.

o) Investments

Non current investments are held on the Balance Sheet at amortised cost less impairment. Investments in jointly controlled entities, associates and subsidiaries are carried at cost less Impairment in the University's accounts.

Non current investments are reviewed for indicators of impairment at each balance sheet date, where an indicator of impairment a full impairment review is carried out.

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

p) Inventory

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

q) Financial instruments

Financial assets consist of trade and other receivables, current asset investments, cash and cash equivalents.

Trade and other receivable are initially recognised at transaction value, they are subsequently measured at amortised cost using the effective interest method. Where there is doubt over the recoverability of a debtor the amount is provided for the difference between the carrying amount and the present value of estimated future cash flows.

Current asset investments consist of corporate bonds and certificates of deposit which have a maturity greater than 3 months from acquisition. These are initially recognised at cost and subsequently measured at fair value with any gains or losses recognised in the income statement.

Financial liabilities includes trade and other payables, bank loans and public benefit concessionary loans.

Trade and other payables and bank loans are recognised at transaction value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest rate method.

Loans received that either do not accrue interest or where interest is charged at less than a market rate are considered public benefit entity concessionary loans. These loans are recognised initially at the amount of cash received and are subsequently adjusted to reflect accrued interest payable.

r) 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.

s) Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

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

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

t) Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The only Corporation Tax charge reflected in the consolidated financial information is the tax deducted at source by HMRC in respect of Research and Development Expenditure Credits (RDEC) recognised in the consolidated statement of comprehensive income and expenditure during the year.

u) Reserves

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

USE OF ESTIMATES AND JUDGEMENTS

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

1. PENSION

The University participates in three defined benefit pension schemes, the Teachers' Superannuation Scheme (TSS), The Rhondda Cynon Taf County Borough Council Pension Fund (RCTPF) and the Universities' Superannuation Scheme (USS). The assumptions made are detailed within Note 28.

The CPI rate in September 2021 of 3.1% is the latest reference month used by the Actuaries to calculate the increases to pensions applied in April 2022 to July 2022, the end of our financial year. This method has been used for several years, however, the published rates to August 2022 have increased to 9.9%. The University has a constructive obligation to account for this emerging inflation and therefore have applied this CPI %age to the Pension Liabilities.

2. ENHANCED PENSION PROVISION

The provision for enhanced pensions has decreased from £7.3m (USW £6.4m) to £6.0m (USW £5.3m). This provision relates to the obligation to enhance previous employees' pensions under early retirement arrangements.

The liability has been calculated by the scheme actuary and accounted for in accordance with FRS102 as prescribed by the SORP: Accounting for further and higher education 2015. This provision has also accounted for the emerging inflation rate published in August 2022 of 9.9%

3. PROVISION FOR DEBTORS

The University makes an estimate for the recoverable value of debtors. An ageing profile of debtors and knowledge of individual debt and current economical conditions are used in forming this value.

NOTES TO THE FINANCIAL STATEMENTS

1. Tuition fees and education contracts

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Full-time home and EU students	102,686	95,308	109,739	101,991
Full-time international students	33,060	29,985	20,982	19,194
Part-time students	9,216	6,585	9,146	7,150
Total	144,962	131,878	139,867	128,335

2. Funding body grants

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Recurrent grant				
Higher Education Funding Council	15,482	11,867	13,215	9,600
DCELLS	13,429	-	12,550	-
Specific grants				
Other	10,300	9,665	4,999	4,743
Capital grant	3,129	1,764	1,913	904
Total	42,340	23,296	32,677	15,247

3. Research grants and contracts

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Research councils	1,130	1,130	950	950
Research charities	137	101	101	90
Government (UK and overseas)	1,634	1,337	1,877	1,690
Industry and commerce	2,429	413	2,386	385
Other	3,688	3,689	2,932	2,910
Total	9,018	6,670	8,246	6,025

NOTES TO THE FINANCIAL STATEMENTS

4. Other income

	Notes	Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Residences, catering and conferences		6,243	5,770	2,351	2,236
Other capital grants		537	470	615	460
Other income		13,606	12,411	14,801	9,926
Release of negative goodwill arising from acquisitions		33	-	33	-
Total		20,419	18,651	17,800	12,622

5. Investment income

		Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Investment income on endowments	22	78	14	74	12
Other investment income		443	440	497	491
Total		521	454	571	503

6. Donations and endowments

		Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
New endowments	22	48	-	3	-
Donations with restrictions	23	924	-	672	-
Unrestricted donations		702	-	376	-
Total		1,674	-	1,051	-

7. Staff costs

		Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Salaries		88,469	68,374	84,892	69,795
Social security costs		9,121	7,262	8,438	7,068
Movement on USS provision		313	313	(36)	(36)
Other pension costs		28,667	23,737	27,013	22,702
Total		126,570	99,686	120,307	99,529

	Outgoing Vice-Chancellor		Incoming Vice-Chancellor	
	Year ended 31 July 2022 £'000s	Year ended 31 July 2021 £'000s	Year ended 31 July 2022 £'000s	Year ended 31 July 2021 £'000s
Emoluments of the Vice-Chancellor:				
Salary	38	229	170	-
Pension costs	-	-	40	-
Benefits	-	3	1	-
	38	232	211	-

NOTES TO THE FINANCIAL STATEMENTS

7. Staff costs (continued)

	Outgoing Vice-Chancellor		Incoming Vice-Chancellor	
	Month ended 30 Sept 2021	Year ended 31 July 2021	Year ended 31 July 2022	Year ended 31 July 2021

Remuneration of the Vice-Chancellor expressed as:

Basic salary as a ratio of the median basic salary of all staff	6.29	6.38	5.08	-
Total remuneration as a ratio of the total remuneration of all staff	6.03	6.43	5.93	-

The outgoing Vice-Chancellor left the USW group on 30 September, 2021 and the incoming Vice-Chancellor commenced their role on 1 September 2021.

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

The Remuneration Committee determines the remuneration according to a number of factors including, but not limited to:

- The Vice-Chancellors leadership, management and academic experience within the higher education sector
- The breadth, scale and complexity of leadership and financial responsibility for the University Group
- The current benchmarking of base salary against the annual salary of other Welsh Universities and Institutions of comparable size and institutions with a similar mission
- The critical success factor performance of the University in respect of both long-term goals and short term objectives, set by the Chair of the Board of Governors.

In undertaking this review, the Remuneration Committee also considers the institutional interest, sustainability and USW group reputation, as well as the public interest and the safeguarding of public funds, as part of its deliberations.

Further details on the remuneration of the Vice-Chancellor can be seen on page 34.

Remuneration of other higher paid staff, excluding employer's pension contributions:

	Number	Number
£100,000 to £104,999	5	4
£105,000 to £109,999	-	2
£110,000 to £114,999	1	-
£115,000 to £119,999	2	2
£120,000 to £124,999	-	-
£125,000 to £129,999	1	1
£130,000 to £134,999	-	1
£135,000 to £139,999	-	1
£140,000 to £144,999	1	-
£145,000 to £149,999	-	-
£150,000 to £154,999	-	1
£155,000 to £159,999	-	-
£160,000 to £164,999	1	-
	11	12

Key management personnel

The University considers that key management personnel are the 11 individuals (2021-8) who serve as members of the University Executive Board, having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel.

	Year ended 31 July 2022 £'000s	Year ended 31 July 2021 £'000s
Key management personnel compensation	1,451	1,233

Average staff numbers by major category:

	Number	Number
Academic Departments	1,190	1,178
Academic Services	283	290
Residences, Catering and Conferences	68	77
Premises	65	70
Administration and Central Services	461	426
	2,067	2,041

NOTES TO THE FINANCIAL STATEMENTS

8. Interest and other finance costs

	Notes	Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Loan interest		1,728	1,392	2,385	2,065
Net charge on pension schemes		2,857	2,557	2,490	2,247
Total		4,585	3,949	4,875	4,312

9. Analysis of total expenditure by activity

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Academic departments	89,762	73,013	81,121	65,756
Academic services	40,163	37,800	32,464	30,457
Research grants and contracts	8,255	6,953	6,509	6,509
Residences, catering and conferences	4,305	3,736	4,816	4,247
Premises	25,012	20,242	23,504	19,118
Administration and central services	29,260	24,542	25,475	19,852
Consulting, training and commercial activities	2,252	-	5,391	-
Other expenses	17,047	12,731	15,154	13,068
Total	216,056	179,017	194,434	159,007

Other operating expenses include:

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
External auditors remuneration in respect of audit services	128	58	118	56
External auditors remuneration in respect of non-audit services	33	22	23	10
Operating lease rentals				
Land and buildings	211	97	637	525
Other	191	21	178	17

10. Taxation

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Research and Development Expenditure Credit (RDEC)	64	-	19	-
Total	64	-	19	-

NOTES TO THE FINANCIAL STATEMENTS

11. Intangible assets

	Consolidated		University	
	Software £'000s	Total £'000s	Software £'000s	Total £'000s
Cost				
At 1 August 2021	1,769	1,769	1,503	1,503
Additions	33	33	-	-
At 31 July 2022	1,802	1,802	1,503	1,503
Accumulated Amortisation				
At 1 August 2021	950	950	768	768
Charge for the year	180	180	150	150
At 31 July 2022	1,130	1,130	918	918
Net book value at 31 July 2022	672	672	585	585
Net book value at 31 July 2021	819	819	735	735

12. Negative goodwill arising from the acquisitions

	Consolidated Total £'000s
Fair value on acquisition	660
Consideration paid	-
Cost	
At 1 August 2021	660
Released to statement of comprehensive income	
At 1 August 2021	(99)
Release for year	(33)
At 31 July 2022	528
Carrying amount	
At 31 July 2022	528
At 31 July 2021	561

On 1 August 2018, Merthyr Tydfil College Ltd acquired Tydfil Training Consortium Limited, a charitable company engaged primarily in the provision of work-based learning. The amortisation period is 20 years.

NOTES TO THE FINANCIAL STATEMENTS

13. Tangible Fixed Assets

Consolidated	Freehold Land and Buildings £'000s	Plant and Machinery £'000s	Fixtures & Fittings £'000s	Assets in the Course of Construction £'000s	Total £'000s
Cost					
At 1 August 2021	307,016	58,690	24,809	10,036	400,551
Additions	3,869	2,638	1,496	5,941	13,944
Transfers	-	6,779	710	(7,489)	-
Disposals	-	(1,463)	(97)	-	(1,560)
At 31 July 2022	310,885	66,644	26,918	8,488	412,935
Consisting of valuation as at:					
31 July 2022	2,684	-	-	-	2,684
Cost	308,201	66,644	26,918	8,488	410,251
	310,885	66,644	26,918	8,488	412,935
Depreciation					
At 1 August 2021	93,398	40,116	18,175	-	151,689
Charge for the year	6,704	6,289	1,407	-	14,400
Disposal	-	(1,463)	(97)	-	(1,560)
At 31 July 2022	100,102	44,942	19,485	-	164,529
Net book value at 31 July 2022	210,783	21,702	7,433	8,488	248,406
Net book value at 31 July 2021	213,618	18,574	6,634	10,036	248,862

University	Freehold Land and Buildings £'000s	Plant and Machinery £'000s	Fixtures & Fittings £'000s	Assets in the Course of Construction £'000s	Total £'000s
Cost					
At 1 August 2021	242,658	36,054	18,935	10,036	307,683
Additions	-	1,036	834	5,941	7,811
Transfers	-	6,779	710	(7,489)	-
Disposals	-	(36)	-	-	(36)
At 31 July 2022	242,658	43,833	20,479	8,488	315,458
Consisting of valuation as at:					
Cost	242,658	43,833	20,479	8,488	315,458
	242,658	43,833	20,479	8,488	315,458
Accumulated Depreciation					
At 1 August 2021	78,830	25,761	13,347	-	117,938
Charge for the year	5,603	3,979	980	-	10,562
Disposals	-	(36)	-	-	(36)
At 31 July 2022	84,433	29,704	14,327	-	128,464
Net book value at 31 July 2022	158,225	14,129	6,152	8,488	186,994
Net book value at 31 July 2021	163,828	10,293	5,588	10,036	189,745

NOTES TO THE FINANCIAL STATEMENTS

13. Tangible Fixed Assets (continued)

Impairments

The University checks for indications of impairment of its assets at the balance sheet date annually. Plans to no longer use certain assets indicated potential impairment at the balance sheet date. A value in use method was used to calculate expected discounted cash inflows and outflows, which were then compared to the carrying values of the assets. The impairment charges reflect the charge needed to bring the net present values of those cashflows and the carrying values of those assets in line at the balance sheet date.

Freehold land and buildings

Land and buildings were revalued at 31 July 1998 and this valuation is reflected in the opening balance figures, except for land which was revalued under FRS102 as at 1 August 2014. All other fixed assets are shown at cost. Apart from the revalued land, under FRS15 the University has chosen to freeze valuations at their opening values, without further revaluation and to treat this as a base point for future depreciation.

As a result of the Education Reform Act 1988, the freehold interest in land and buildings occupied by the University and the title to other assets were formally transferred to the University at the date of incorporation. The land and buildings at 31 July 1998 are included in the Balance Sheet at valuation at the date, with the exception of land revalued as at 1 August 2014. The valuation at 31 July 1998 was undertaken by Messrs Cooke & Arkwright, Chartered Surveyors, the basis of capitalisation was depreciated replacement cost, other than for local domestic premises the University acquired and converted to office space, where open market valuation was used. The valuation of land at 1 August 2014 was undertaken by Messrs Cooke & Arkwright, Chartered Surveyors, on the basis of open market valuation.

"Exchequer funded"

Included in land and buildings are certain Exchequer Funded assets. Under the terms of the Financial Memorandum between the Higher Education Funding Council of Wales and the University, net proceeds from the disposal of Exchequer Funded assets are subject to a lien which may require the net proceeds, or part thereof, to be remitted to the Higher Education Funding Council for Wales.

14. Heritage Assets	Consolidated Total £'000s	University Total £'000s
At 1 August 2021	500	-
Additions	-	-
Disposals	-	-
At 31 July 2022	500	-
Net book value at 31 July 2022	500	-
At 31 July 2021	500	-

NOTES TO THE FINANCIAL STATEMENTS

15. Non-current Investments

	Subsidiary Companies £'000s	Total £'000s
Consolidated		
At 1 August 2021 and 31 July 2022	-	-
University	£'000s	£'000s
At 1 August 2021 and 31 July 2022	2,056	2,056
Other non-current investments consist of:		University £'000s
USW Commercial Services Limited		50
Merthyr Tydfil College Limited		2,004
RWCMD Limited		1
Springdoor Limited (dormant)		1
Total		2,056

16. Inventory

	At 31 July 2022		At 31 July 2021	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Inventory	177	78	163	75
Total	177	78	163	75

17. Trade and Other Receivables

	At 31 July 2022		At 31 July 2021	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Amounts falling due within one year:				
Trade receivables	7,682	6,460	3,800	2,516
Other receivables	1,297	-	308	-
Prepayments and accrued income	11,559	11,145	9,404	9,035
Amounts due from subsidiary companies	-	7,911	-	5,402
Total	20,538	25,516	13,512	16,953

Amounts owed by group undertakings are unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

18. Current Investments

	At 31 July 2022		At 31 July 2021	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Short term investment in shares	1,795	-	2,734	515
Short term bonds	12,086	4,072	16,654	10,186
Short term deposits	151,141	147,580	121,804	116,410
Total	165,022	151,652	141,192	127,111

Deposits are held with banks and building societies 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 time of placement.

19. Creditors: amounts falling due within one year

	At 31 July 2022		At 31 July 2021	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Bank loans – secured	180	-	173	-
Bank loans – unsecured	4,277	3,110	4,129	3,171
Trade payables	23,943	22,895	15,127	14,411
Accruals and deferred income	49,102	38,845	39,120	30,832
Amounts owed to group undertakings	-	87	-	56
Total	77,502	64,937	58,549	48,470

Amounts owed by group undertakings are unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

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

	At 31 July 2022		At 31 July 2021	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Deferred income	56,479	23,911	56,067	24,068
Unsecured loans	39,066	39,066	42,189	41,022
Secured loans	5,569	-	5,749	-
Total	101,114	62,977	104,005	65,090

Analysis of secured and unsecured loans:

Due within one year or on demand	4,457	3,110	4,302	3,171
Due between one and two years	3,108	3,640	5,466	4,119
Due between two and five years	12,436	11,802	13,230	12,627
Due in five years or more	28,367	23,624	29,242	24,276
Due after more than one year	43,911	39,066	47,938	41,022
Total secured and unsecured loans	48,368	42,176	52,240	44,193

Included in loans are the following:

	Lender	31 July 2022 Amount £'000s	31 July 2021 Amount £'000s	Term	Interest Rate %	Borrower
Unsecured Bank loans						
	Lloyds plc	9,977	11,704	7	3	University
	Lloyds plc	12,627	12,901	32	5	University
	Lloyds plc	3,266	3,421	30	5	University
	Lloyds plc	3,215	3,300	33	5	University
	HSBC*	12,200	12,867	-	2.5	University
Total unsecured Bank loans		41,285	44,193			
Bank loans secured on land and buildings	Barclays Bank	5,749	5,922	33	5	Subsidiary
Public benefit entity concessionary loans	HEFCW	1,167	2,125	-	-	Subsidiary
Other	Salix	891	-	-	-	University
Total		49,092	52,240			

*The University loan was refinanced in August 2021 at a floating rate of SONIA plus 1.5%.

NOTES TO THE FINANCIAL STATEMENTS

21. Provisions for liabilities

	Obligation to Fund Deficit on USS Pension £'000s	Pension Enhancements on Termination £'000s	Defined Benefit Obligations (Note 28) £'000s	Total Pensions Provisions £'000s	Total Other Provisions £'000s
Consolidated					
At 1 August 2021	183	7,272	172,926	180,381	4,409
Utilised in year	(7)	(959)	(5,965)	(6,931)	(1,685)
Additions	313	(358)	(121,294)	(121,339)	902
At 31 July 2022	489	5,955	45,667	52,111	3,626

	Obligation to Fund Deficit on USS Pension £'000s	Pension Enhancements on Termination £'000s	Defined Benefit Obligations (Note 28) £'000s	Total Pensions Provisions £'000s	Total Other Provisions £'000s
University					
At 1 August 2021	183	6,379	154,518	161,080	4,360
Utilised in year	(7)	(763)	(5,149)	(5,919)	(1,672)
Additions	313	(358)	(108,787)	(108,832)	902
At 31 July 2022	489	5,258	40,582	46,329	3,590

Provisions

The Provisions are primarily for deficits relating to defined benefit schemes, accounted for under FRS102. The provisions are also for ongoing costs of restructuring, and also relate to an actuarial assessment of the future pension costs that will fall upon the University in respect of those former members of staff who have opted for voluntary early retirement or voluntary redundancy. In calculating the liabilities of the unfunded scheme, the key assumptions used by the actuaries are consistent with Note 28.

USS Deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

NOTES TO THE FINANCIAL STATEMENTS

22. Income and Expenditure Reserve – Endowment Reserve

	Restricted permanent endowments £'000s	Unrestricted permanent endowments £'000s	Year to 31 July 2022 Total £'000s	Year to 31 July 2021 Total £'000s
Consolidated				
Balances at 1 August				
Capital	791	2,174	2,964	2,537
Accumulated income	505	190	695	670
	1,295	2,364	3,659	3,207
New endowments	-	48	48	3
Investment income	24	54	78	74
Expenditure	(8)	(34)	(42)	(50)
(Decrease)/Increase in market value of investments	(48)	(89)	(137)	425
Total endowment comprehensive (expense)/income for the year	(32)	(21)	(53)	452
At 31 July	1,263	2,343	3,606	3,659
Represented by:				
Capital	743	2,133	2,875	2,964
Accumulated income	521	210	731	695
	1,263	2,343	3,606	3,659
Analysis by type of purpose:				
Lectureships	802	-	802	819
Scholarships and bursaries	462	2,343	2,804	2,841
	1,263	2,343	3,606	3,659
Analysis by asset				
Current asset investments			2,940	3,077
Cash and cash equivalents			666	583
			3,606	3,659

The majority of donations received during the year by the Group and the University were from bequests.

NOTES TO THE FINANCIAL STATEMENTS

22. Income and Expenditure Reserve – Endowment Reserve (continued)

	Restricted permanent endowments £'000s	Unrestricted permanent endowments £'000s	Year to 31 July 2022 Total £'000s	Year to 31 July 2021 Total £'000s
University				
Balances at 1 August				
Capital	388	-	388	308
Accumulated income	431	-	431	424
	819	-	819	732
Investment income	14	-	14	12
Expenditure	-	-	-	(5)
(Decrease)/Increase in market value of investments	(31)	-	(31)	80
Total endowment comprehensive (expense)/income for the year	(17)	-	(17)	87
At 31 July	802	-	802	819
Represented by:				
Capital	357	-	357	388
Accumulated income	445	-	445	431
	802	-	802	819
Analysis by type of purpose:				
Lectureships	802	-	802	819
	802	-	802	819
Analysis by asset				
Current asset investments			357	388
Cash and cash equivalents			445	431
			802	819

23. Income and Expenditure Reserve – Restricted Reserve

	Donations £'000s	Year to 31 July 2022 Total £'000s	Year to 31 July 2021 Total £'000s
Reserves with restrictions are as follows:			
Balances at 1 August	1,403	1,403	1,740
New donations	672	672	672
Expenditure	(575)	(575)	(1,008)
Total restricted comprehensive income/(expense) for the year	97	97	(336)
At 31 July	1,500	1,500	1,403

NOTES TO THE FINANCIAL STATEMENTS

24. Cash and Cash Equivalents	Consolidated			University		
	At 1 August 2021 £'000s	Cash Flows £'000s	At 31 July 2022 £'000s	At 1 August 2021 £'000s	Cash Flows £'000s	At 31 July 2022 £'000s
Short term bonds	1,856	(1,856)	-	1,856	(1,856)	-
Short term deposits	116	(74)	42	66	(44)	22
Cash at Bank and in hand	16,120	4,742	20,862	6,877	57	6,934
Total	18,092	2,812	20,904	8,799	(1,843)	6,956

25. Consolidated reconciliation of net debt

	Year to 31 July 2022 Total £'000s
Net debt 1 August 2021	34,148
Movement in cash and cash equivalents	(2,812)
Other non-cash changes	(3,148)
Net debt 31 July 2022	28,188
Change in net debt	(5,960)

Analysis of net debt:

	Year to 31 July 2022 Total £'000s	Year to 31 July 2021 Total £'000s
Cash and cash equivalents	20,904	18,092
Borrowings: amounts falling due within one year		
Secured loans	(180)	(173)
Unsecured loans	(4,277)	(4,129)
	(4,457)	(4,302)
Borrowings: amounts falling due after more than one year		
Secured loans	(5,569)	(5,749)
Unsecured loans	(39,066)	(42,189)
	(44,635)	(47,938)
Net debt	(28,188)	(34,148)

NOTES TO THE FINANCIAL STATEMENTS

26. Capital and Other Commitments

	At 31 July 2022		At 31 July 2021	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Provision has not been made for the following capital commitments at 31 July 2022:				
Commitments contracted for	1,459	1,459	611	611
Total	1,459	1,459	611	611

27. Lease Obligations

	At 31 July 2022			At 31 July 2021	
	Land and Buildings £'000s	Plant and Machinery £'000s	Other Leases £'000s	Total £'000s	Total £'000s
Total rentals payable under operating leases:					
Consolidated					
Payable during the year	211	170	21	402	763
Future minimum lease payments due:					
Not later than 1 year	211	175	19	405	402
Later than 1 year and not later than 5 years	117	745	-	862	958
Later than 5 years	-	3,150	-	3,150	3,276
Total lease payments due	328	4,070	19	4,417	4,636

	At 31 July 2022			At 31 July 2021	
	Land and Buildings £'000s	Plant and Machinery £'000s	Other Leases £'000s	Total £'000s	Total £'000s
Total rentals payable under operating leases:					
University					
Payable during the year	97	-	21	118	542
Future minimum lease payments due:					
Not later than 1 year	97	-	19	116	120
Later than 1 year and not later than 5 years	-	-	-	-	-
Later than 5 years	-	-	-	-	-
Total lease payments due	97	-	19	116	120

NOTES TO THE FINANCIAL STATEMENTS

28. Pension Schemes

The Group participates in three principal defined benefit pension schemes. Details of the schemes are as follows:-

- Teachers' Superannuation Scheme (TSS)
- Universities' Superannuation Scheme (USS)
- Rhondda Cynon Taff County Borough Council Pension Fund (RCTPF)

All three schemes are contracted out of the State Second Pension (S2P) the assets of which are held in separate trustee administered funds. However, as explained below, due to the nature of each scheme the TSS and USS are accounted for as defined contribution schemes and the RCTPF as a defined benefit scheme.

The Group also participates in two defined contribution pension schemes as follows:

- Scottish Widows
- NEST

(a) The Teachers' Superannuation Scheme (TSS)

The TSS is a contributory "sector-wide" scheme for academic staff administered by the Teacher's Pension Agency on behalf of the Department for Education and Skills. The scheme, which does not have a fund but instead operates on a "pay-as-you-go" basis, is subject to actuarial valuation every five years for the purpose of determining the "sector-wide" contribution rates. The latest actuarial valuation of the scheme was as at 31 March 2016. The cost of pension increases is currently excluded from the valuation and neither employees nor employers contribute to this added value to the employee, which is met by the Exchequer.

The contribution rate during the year was 23.7% and total contributions included within the Statement of Comprehensive Income was £9.9m for the Group (2020/21 £9.8m), and £8.1m for the University (2020/21 £8.0m).

It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus for the year in the Consolidated Statement of Comprehensive Income and Expenditure is equal to the contributions payable to the scheme for the year.

(b) The Universities' Superannuation Scheme (USS)

The University participates in the USS, a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual Universities and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other Universities' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102(28) "Employee Benefits", accounts for the scheme as if it were a defined contribution scheme.

As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The appointment of directors to the board of the trustee is determined by the Company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of three and a maximum of five are independent directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest triennial actuarial valuation of the scheme was at 31 March 2020. This was the sixth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2020 are also included in this note.

The latest available full actuarial valuation of the scheme was at 31 March 2020 ("the valuation date"), which was carried out using the projected unit method. Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

NOTES TO THE FINANCIAL STATEMENTS

28. Pension Schemes (continued)

(b) The Universities' Superannuation Scheme (USS) (continued)

The 2020 valuation was the sixth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion. The assets therefore were sufficient to cover 83% of the benefits which had accrued to members after allowing for expected future increases in earnings. Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2022	2021
Discount rate	3.5%	2.90%
Pension increases (CPI)	2.75%	2.90%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) tables as follows:

Male members' mortality 101% of S2PMA ["light"] YoB tables – No age rating

Female members' mortality 95% of S3PFA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2019 projections of a long term improvement rate of 1.8% pa for males and 1.6% pa for females were adopted. The current life expectancies on retirement at age 65 are:

	2022	2021
Males currently aged 65 (years)	23.9	24.6
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.6
Females currently aged 45 (years)	27.3	27.9

	2022	2021
Scheme assets	66.6bn	63.7bn
Total scheme liabilities	80.6bn	67.3bn
FRS 102 total scheme deficit	14.1bn	3.6bn
FRS 102 total funding level	83%	95%

A contingent liability exists in relation to the pension valuation recovery plan, since the University is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the University's expenditure is similarly not recognised.

NOTES TO THE FINANCIAL STATEMENTS

28. Pension Schemes (continued)

(c) Rhondda Cynon Taff County Borough Council Pension Fund

Funding Valuation

This scheme provides benefits for non-academic staff based on final pensionable salary. The scheme is valued every three years as required under Regulation 77(1) of the Local Government Pension Scheme Regulations 1997 (SI 1997 No. 1612). The latest valuation was undertaken by independent consulting actuaries as at 31 March 2019.

Under the definitions set out in FRS 102, the Local Government Pension Scheme is a multi employer defined benefit pension scheme. In the case of the LGSS, the actuary of the scheme has identified the Institution's share of its assets and liabilities as at 31 July 2022. The University employs a building block approach in determining the rate of return on Fund Assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund as at 31 July 2022.

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bond yields, which are key to the FRS 102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS 102 discount code, have increased significantly since 31 July 2022.

FRS102

In accordance with the requirements of Financial Reporting Standard 102, the independent consulting actuaries updated the results of the March 2019 actuarial valuation in order to ascertain the valuation of the "sub-funds" in the scheme at 31 July 2022.

The major assumptions used by the actuary in this respect were:

	2022 %	2021 %	2020 %
Rate of increase in salaries	3.75	3.90	3.20
Rate of increase in pensions in payment	2.75	2.90	2.20
Discount rate	3.50	1.65	1.45
CPI Inflation assumption	2.75	2.90	2.20
RPI Inflation assumption	3.05	3.30	3.00

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

	2022	2021
Retiring today		
Males	21.4	21.3
Females	23.8	23.7
Retiring in 20 years		
Males	21.9	21.8
Females	24.9	24.9

The University assets in the scheme and the expected rate of return were:

	Value at 31 July 2022	Value at 31 July 2021	Value at 31 July 2020
	£'000s	£'000s	£'000s
Equities	201,209	238,479	185,246
Gilts	35,971	40,561	27,869
Bonds	39,449	40,766	39,071
Property	25,445	21,254	19,126
Cash	1,739	648	1,913
Other	1,281	-	-
	305,094	341,708	273,225

NOTES TO THE FINANCIAL STATEMENTS

28. Pension Schemes (continued)

The Consolidated assets in the scheme and the expected rate of return were:

	Value at 31 July 2022	Value at 31 July 2021	Value at 31 July 2020
	£'000s	£'000s	£'000s
Equities	222,927	263,830	204,120
Gilts	39,853	44,873	30,708
Bonds	43,707	45,099	43,052
Property	28,191	23,514	21,074
Cash	1,927	719	2,107
Other	1,420	-	-
	338,025	378,035	301,061

The following amounts at 31 July 2022 were measured in accordance with the requirements of FRS 102.

Analysis of the amount shown in the University balance sheet

	31 Jul 2022 £'000s	31 Jul 2021 £'000s	31 Jul 2020 £'000s	31 Jul 2019 £'000s	31 Jul 2018 £'000s
Estimated share of assets	305,094	341,710	273,224	257,013	237,591
Present value of scheme liabilities	(345,676)	(496,228)	(430,196)	(386,602)	(336,477)
Deficit in the scheme – net pension liabilities	(40,582)	(154,518)	(156,972)	(129,589)	(98,886)

Analysis of the amount shown in the Consolidated balance sheet

	31 Jul 2022 £'000s	31 Jul 2021 £'000s	31 Jul 2020 £'000s	31 Jul 2019 £'000s	31 Jul 2018 £'000s
Estimated share of assets	338,025	378,034	301,062	281,973	260,305
Present value of scheme liabilities	(383,692)	(550,960)	(475,241)	(426,659)	(370,633)
Deficit in the scheme – net pension liabilities	(45,667)	(172,926)	(174,179)	(144,686)	(110,328)

Analysis of the amount charged to staff costs within the operating surplus

	31 July 2022		31 July 2021	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Current service cost	18,657	15,853	16,586	14,221
Past service cost	290	290	210	210
	18,947	16,143	16,796	14,431

NOTES TO THE FINANCIAL STATEMENTS

28. Pension Schemes (continued)

Analysis of the amount that is charged to interest payable

	31 July 2022		31 July 2021	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Interest income on pension scheme assets	(6,235)	(5,632)	(4,374)	(3,961)
Interest on pension scheme liabilities	9,089	8,184	6,857	6,203
Net charge	2,854	2,552	2,483	2,242

Analysis of the amount recognised in Statement of Comprehensive Income

	31 July 2022		31 July 2021	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Actual return less expected return on pension scheme assets	(46,202)	(41,732)	71,174	64,456
Experience gain/(loss) arising on scheme liabilities	189,468	169,361	(56,592)	(50,486)
Actuarial gain	143,266	127,629	14,582	13,970

The movement in the University's and Consolidated deficit during the year is made up as follows:

	31 July 2022		31 July 2021	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
Deficit on scheme at 1 August	(172,926)	(154,518)	(174,179)	(156,972)
Movement in year:				
- current service cost (includes administrative expenses)	(18,828)	(16,000)	(16,765)	(14,376)
- past service cost	(290)	(290)	(210)	(210)
- contributions	5,965	5,149	6,129	5,312
- other finance charge	(2,854)	(2,552)	(2,483)	(2,242)
- actuarial gain	143,266	127,629	14,582	13,970
Deficit on scheme at 31 July	(45,667)	(40,582)	(172,926)	(154,518)

Analysis of the movement in the present value of the scheme liabilities

	31 July 2022		31 July 2021	
	Consolidated £'000s	University £'000s	Consolidated £'000s	University £'000s
At beginning of the year	550,960	496,229	475,241	430,196
Current Service cost	18,657	15,853	16,586	14,221
Past service cost	290	290	210	210
Interest cost	9,089	8,184	6,857	6,203
Contributions by scheme participants	2,401	2,042	2,486	2,122
Actuarial gains and losses	(189,468)	(169,361)	56,592	50,486
Benefits paid	(8,237)	(7,561)	(7,012)	(7,210)
At end of the year	383,692	345,676	550,960	496,228

NOTES TO THE FINANCIAL STATEMENTS

28. Pension Schemes (continued)

Analysis of the movement in the market value of the scheme assets

	31 July 2022 Consolidated £'000s	University £'000s	31 July 2021 Consolidated £'000s	University £'000s
At beginning of the year	378,034	341,710	301,062	273,224
Expected rate of return on scheme assets	6,235	5,632	4,374	3,961
Actuarial gains and losses	(46,202)	(41,732)	71,174	64,456
Contributions by scheme participants	2,402	2,042	2,487	2,123
Contributions by the Employer	5,965	5,149	6,129	5,312
Benefits paid	(8,237)	(7,560)	(7,012)	(7,210)
Administrative expenses	(171)	(147)	(180)	(156)
At end of the year	338,026	305,094	378,034	341,710

The University's experience gains and losses for the years ended 31 July were as follows:

	31 Jul 2022	31 Jul 2021	31 Jul 2020	31 Jul 2019	31 Jul 2018
Difference between the expected and actual return on scheme assets					
Amount £'000s	(41,732)	64,456	8,079	10,753	25,588
Percentage of scheme assets	(13.7)%	18.9%	3.0%	4.2%	10.8%
Experienced gains and losses on scheme liabilities					
Amount £'000s	169,361	(50,486)	(26,785)	(31,795)	805
Percentage of present value of scheme liabilities	49.0%	(10.2)%	(6.2)%	(9.4)%	0.2%
Total amount recognised in the statement of comprehensive income					
Amount £'000s	127,629	13,970	(18,706)	(21,042)	26,393
Percentage of present value of scheme liabilities	36.9%	2.8%	(4.3)%	(5.4)%	7.8%

NOTES TO THE FINANCIAL STATEMENTS

28. Pension Schemes (continued)

The Consolidated experience gains and losses for the years ended 31 July were as follows:

	31 Jul 2022	31 Jul 2021	31 Jul 2020	31 Jul 2019	31 Jul 2018
Difference between the expected and actual return on scheme assets					
Amount £'000s	(46,202)	71,174	9,801	11,832	27,218
Percentage of scheme assets	(13.7)%	15.6%	3.3%	4.2%	10.5%
Experience gains and losses on scheme liabilities					
Amount £'000s	189,468	(56,592)	(29,379)	(35,301)	1,414
Percentage of present value of scheme liabilities	49.4%	(9.0)%	(6.2)%	(9.5)%	0.4%
Total amount recognised in the statement of comprehensive income					
Amount £'000s	143,266	14,582	(19,578)	(23,469)	28,632
Percentage of present value of scheme liabilities	37.3%	2.3%	(4.1)%	(5.5)%	7.7%

The estimate for contributions for the defined benefit scheme for the year ending 31 July 2023 is £5,841,100

The actual return on scheme assets in the year was a loss of £39,967,000 (2021 - A gain of £75,548,000).

Sensitivity to market risks

The table below show the sensitivity of accounting disclosure items to market and demographic risks. Sensitivities are applied at the accounting date. The impacts are shown for items on the balance sheet at the accounting date, and for projected items in the net periodic pension cost recognised in profit and loss for the next accounting year.

Sensitivity analysis of LGPS

	Consolidated				University			
	Base	+0.1% p.a. discount rate	+0.1% p.a. rate of increase in pensions	Mortality rates increased by 1 year	Base	+0.1% p.a. discount rate	+0.1% p.a. rate of increase in pensions	Mortality rates increased by 1 year
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Fair value of net assets	338.025	338.025	338.025	338.025	305.093	305.093	305.093	305.094
Present value of funded liabilities	383.692	375.584	391.014	393.902	345.676	338.416	352.229	354.892
Pension liability recognised on the balance sheet	(45.667)	(37.559)	(52.989)	(55.877)	(40.583)	(33.323)	(47.136)	(49.798)

In response to the ongoing reform of RPI the actuary have changed their approach to setting the CPI assumption: an increase in the Inflation Risk Premium and a reduction in the long-term difference between RPI and CPI. The combined impact of this change is a circa £7.2m increase to the defined benefit obligation at 31 July 2022.

NOTES TO THE FINANCIAL STATEMENTS

29. Related Party Transactions

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations), it is likely that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted in accordance with the University's financial regulations and normal procurement procedures. Other than those disclosed elsewhere in the financial statements, no transactions were identified which should be disclosed under FRS102.

Organisation	Individual Board Member	31 July 2022		31 July 2021	
		Expenditure £'000s	Creditor £'000s	Expenditure £'000s	Creditor £'000s
IRG Advisors	Jemma Terry	38	-	66	-
University of South Wales' Students' Union	Various	1,268	-	1,233	-

The total expenses paid to or on behalf of three independent Governors was £1,358 (2020/21 - £nil). This represents travel and subsistence expenses incurred in attending Board of Governor, and Committee meetings.

30. Interests in Group Undertakings

The University of South Wales has the following wholly owned subsidiary companies, all of which are registered in England and Wales:

Royal Welsh College of Music & Drama Limited
 Merthyr Tydfil College Limited
 Tydfil Training Consortium Limited
 USW Commercial Services Limited
 USW Services Limited
 Professional and Support Services Limited
 CAPSE Limited
 Allied Aspects Limited*
 Glamorgan Environmental Research Limited*
 Springdoor Limited*
 Glamorgan Accommodation III Limited*
 All Wales Business School Limited*
 E College Wales Limited*
 Enterprise College Wales Limited*
 Glamorgan Online Limited*
 Cardiff Metropolitan Limited*
 Cardiff/Glamorgan Metropolitan Limited*
 USW Enterprises Limited*
 MC452 Limited*

The University of South Wales holds a majority interest of 51% in USW Pathway College Limited, which is a subsidiary of the University.

*Denotes dormant company during the year to 31 July 2022.

For further information, contact:

University of South Wales
Pontypridd | Wales | CF37 1DL
Call: 03455 76 01 01
Visit: www.southwales.ac.uk