



The University of Northampton Higher Education Corporation

Annual Report and Consolidated Financial Statements for the year ended 31 July 2020



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The University of Northampton

History

The University of Northampton's roots lie firmly in the early 20th century, when new educational initiatives in science, technology and art education were developed to help support the needs of the region's industries. The merger of the former Northampton Colleges of Art, Technology and Education into Nene College in 1975 realised a long-term wish to regain a fully-fledged higher education institution in Northampton. In August 2005 University College Northampton was awarded formal university status and full research degree awarding powers, becoming the University of Northampton.

In September 2018, the University welcomed the first cohort of students at the brand-new Waterside Campus, having combined the learning, teaching and research facilities from the former two campuses to a new location in Northampton town centre, as part of the Northampton Waterside Enterprise Zone. As the County's only dedicated provider of higher education, the institution continues to build on its already well-established legacy by offering a complete educational, consultancy and research provision – from foundation and undergraduate level through to postgraduate and doctoral qualifications.

Key Figures (students and staff)

	Full-time 2019/20	Full- time 2018/19	Part- time 2019/20	Part- time 2018/19	Distance Learning 2019/20	Distance Learning 2018/19	Total 2019/20	Total 2018/19
Undergraduate	8,223	8,547	834	973	140	137	9,197	9,657
Postgraduate (taught)	1,482	845	1,214	1,247			2,696	2,092
Postgraduate (research)	96	94	161	141			257	235
Total	9,801	9,486	2,209	2,361	140	137	12,150	11,984

	Academic staff FTE's 2019/20		Professional Services FTE's 2019/20		Total 2019/20		Total 2018/19	
Entity	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
UN	434.6	1052.6	403.4	215.8	838.0	1,268.4	894.0	1,298.6
Subsidiary	0	0	111.2	60.8	111.2	60.8	120.2	84.6
Total	434.6	1052.6	514.6	276.6	949.2	1,329.2	1,014.2	1,383.2

Transforming Lives + Inspiring Change

Transforming lives and inspiring change is the mission of the University of Northampton. It is also our strategic plan for success. In 2017, we realigned our existing strategy around the three factors that we identified with as being most critical for our success:

- We are *super supportive*;
- We are *future focused*;
- We create *social impact*.

Social Impact and Changemaker Challenges

“Universities are fundamentally part of their communities, in fact you may wish to call them social enterprises. The more communities and the wider public get to understand that universities are not just ‘like a big school’– and that we have a whole bunch of value that we offer – then the social value piece is perfectly demonstrated.” - Professor Nick Petford DSc, Vice Chancellor.

The University has been building its expertise, capability and capacity in Social Impact, also known as social value creation, since 2015.

By combining learning, teaching and research informed and inspired by Changemaker, Social Impact provides a superior and unique outlet for our mission. Moreover, social value creation gives us strategic justification and focus for our goals.

Changemaker is a term coined by the social entrepreneurship organisation Ashoka. It means one who desires change in the world and by gathering knowledge and resources, makes that change happen. The University is one of over 40 colleges and universities globally recognised by Ashoka U as Changemaker Campuses and is the only Campus in England. We chose to seek recognition by Ashoka as a Changemaker

Campus because it aligns with our social impact agenda and puts us on a worldwide stage amongst a group of like-minded institutions.

Our Social Impact agenda includes four interrelated Changemaker Challenges that extend our core competences in teaching and learning, research and social enterprise for the betterment of Northampton, Northamptonshire and the wider world:

- Challenge 1: To make Northamptonshire the best county in the UK for children to flourish and learn;
- Challenge 2: To make Northamptonshire the leading county in the UK for Health and Wellbeing;
- Challenge 3: To build the cultural and heritage traditions of Northamptonshire into world class tourist attractions;
- Challenge 4: To make Northamptonshire the best county in the UK to start, build and run a business.

The Challenges are multi-disciplinary, long-term, real world projects. The Challenges commit us to determined and effective internal and external partnership working and delivering high-impact positive change. The Challenges are an integral part of our strategy and of our plan to drive social value in our community and develop and grow new income streams that add economic value to the University. The Challenges encourage our staff, students and partners to become 'Changemakers', those who spot a social or environmental problem and have the skills and grit to do something about it.

Values and Key Behaviours

The University's values are:

- Delivering: a student experience of the highest quality;
- Entrepreneurial: the commitment to innovation, value for money and financial sustainability;

- Valuing: opportunity, diversity, a global perspective, inclusion and equality for all;
- Enabling: a culture of empowerment, responsibility, tolerance and excellence;
- Leading: enhancing the economic, social, cultural and creative life of those we work with across the world;
- Openness: transparency, adaptability, resilience, celebration of success;
- Performance: through continuous staff development and investment.

We ensure that our staff are aligned to the University's strategy by asking them to relate their objectives for the academic year to the development and improvement of nine Key Behaviours. The Key Behaviours support the achievement of the Critical Success Factors.

The Key Behaviours are:

- Delivering an Excellent Student or Customer Experience;
- Building Relationships;
- Enabling Digital Transformation;
- Achieving Social Impact;
- Focusing on Research;
- Thriving in a Changing Environment;
- Delivering High Quality Performance;
- Developing Yourself and Others;
- Focusing on Income and Advancement;
- Promoting Equality, Diversity and Inclusion.

Operational Plan and Key Performance Indicators

We measure our performance through an Operational Plan. The Operational Plan sets out the key performance indicators (KPIs) and the targets we expect to reach each year until 2021/22. The Operational Plan and the KPIs were refreshed during 2017 in response to the realignment of the Strategic Plan.

Targets in the University's Operational Plan are aligned to the three critical success factors. Progress against targets is reported to the Board of Governors.

Performance in 2019/20

Progress against targets is reported termly to the Board of Governors. The Board of Governors particularly monitor 12 Key Performance Indicators (KPI) as below:

2019/20 Governors KPIs

	Actual			Target
	17/18	18/19	19/20	19/20
NSS - Overall satisfaction	82.2%	80.9%	79.4%	84%
Continuation entry year to year 2	90.4%	89.2%	87.2%	90.0%
Good honours gap in APP (BME and White FT Home first degree)	NA - New		16.8%	15%
Substantive teaching staff with HESA- recognised professional qualification	62%	60.8%	65.2%	75%
NSS - Student voice	67%	72.3%	72.7%	73%
% of Student Changemaker awards	6.2%	7.4%	9.3%	10.0%
Ensure bond covenant measures in relation to operating income, debt service ratios and surpluses are monitored and achieved	Achieved	Breached in 18/19	Achieved given waiver agreed with HMT	Achieved given waiver agreed with HMT
NSS - The IT resources facilities provided have supported my learning well (or equivalent)	75.6%	65.1%	69.9%	83%
Number of newly enrolled FT UG Home/EU students enrolled as of 1 Dec.	2831	2890	2670	2850
Meet research income goals	NA - New		£1.1m	£1.4m
Meet enterprise income goals	NA - New		£3.9m	£3.8m
Meet research output goals	197	182	196	200

2019/20 has been an unusual year with the suspension of face-to-face learning and teaching in March 2020 due to the Covid-19 pandemic, which was during the survey periods for the National Student Survey (NSS), Postgraduate Taught Experience Survey (PTES) and Postgraduate Research Experience Survey (PRES). Our postgraduates have proved to be incredibly satisfied this year. We came top for overall satisfaction in the PRES and were above the sector median for the PTES. However, like the majority of the HE sector suffering from the impact of the pandemic, we saw a decline in our overall satisfaction score in the undergraduate-focussed NSS.

When considered in the round, our NSS results are stronger than in 2018/19, particularly on the important sections of student voice, assessment and academic support. However, whilst there has been improvement on “whether IT resources and facilities have supported learning”, the level of satisfaction is unfortunately not yet where we want to be - the digital leader in UK Higher Education.

We implemented emergency academic regulations, and policies designed not to detriment students studying during this period of pandemic, to help address the declines that we have been seeing in recent years in student continuation, and the widening of the gap in the proportion of good honours degrees awarded to students of different background.

The national pandemic lockdown impacted on our ability to deliver on Changemaker awards and we naturally shifted our focus to provide quality support for our students during a challenging time. However, student changemaking activities continued and further information can be found below. We introduced a range of new virtual events including Graduate Launchpad and Employability Boost, which allowed some students to complete their awards through lockdown.

Many University buildings, including the Nursing and Midwifery Council Competency Test Centre, were closed during the COVID-19 pandemic, impacting our enterprise income. Our income from residences was similarly affected as a result of the decision

to allow students to exit their contract without payment during the summer term. This reduction of income, when combined with lower student continuation rates from 2018/19 and a slight shortfall against student recruitment targets for 2018/19, has led to a loss of income of about £5m (see note 1 of the accounts). Given that the impact was entirely due to the impact of COVID-19, HM Treasury agreed to waive the Universities debt service ratio covenants. However, in common with many institutions, the shortfall in income this year and potentially going forward, has led to an increased going concern risk, which the University is monitoring closely. Further details on the review of the Universities going concern status can be found in the Financial Review below and at Note 1 of the accounts.

Review of the Year – Overview

The University had a successful start to its year during which time the purpose-built Institute for Creative Leather Technologies building on Waterside Campus was opened by Her Majesty's Lord Lieutenant of Northamptonshire, David Laing and the University's new Deputy Vice Chancellor, Professor Shân Wareing won a Wonkhe Award in the Leadership, Governance and Management category for a piece she wrote in 2019 entitled *"Beyond the brown bear: stewardship, collaboration and cost control."*

International student enrolments in January 2020 exceeded targets. The decision of the UK Government to reintroduce post-study visas and the positive reaction to the University's relocation to the purpose-built multi award winning Waterside Campus in 2018/19 were seen as significant factors in applicant choice. However, the subsequent pandemic had a negative financial impact on many areas of the University's business from February 2020, particularly in respect of remittance of student accommodation fees, loss of other commercial income and the need to implement infection control measures and ensure social distancing.

In terms of operational impact, the University has a well-developed approach to incident management, honed through scenario exercises and various estates-related challenges and whilst the pandemic has presented many unforeseen challenges, the University Management Team has executed a clear strategy to enable the University and its subsidiaries to carry on providing services whilst protecting students, customers and staff.

The University's efforts in respect of responding to the pandemic were outlined in *"Supporting our Community: The University of Northampton's Response to Covid-19"* published in 2020. In these challenging situations, the University seeks to remain flexible and prepared, striving to keep everyone connected, informed, and sustained with positivity. The University will continue supporting students, staff, and the local community to survive and recover during and after the pandemic.

The University has recently been subject to a ransomware attack. To date there is no evidence of any data breach and all critical systems have been restored.

Review of the Year – Super Supportive

Introduction

A super supportive student experience is core to what we do. We aim not just to meet expectations but exceed them. It is, at its heart, fundamentally about providing a personalised, emotional connection that transcends quality to transform individuals for the betterment of themselves and society. A Super Supportive staff experience is also vital to secure our ambitions in research, enterprise, consultancy, intellectual property, professional practice and continuous innovation in teaching and learning. We aim to promote inclusivity for all staff and the opportunity to develop and make valuable, socially impactful contributions that transform lives and inspire change.

Our ambition: To deliver outstanding student success and value for money through personalised, holistic support.

Why? Every student has their own personal goals and individual needs. Super Supportive means being inclusive, on your side, encouraging and caring, diverse and international. By offering the best possible support we create an environment where students grow into confident, self-propelled learners – Changemakers of the future.

How? An integrated network of expert staff, state-of-the art Active Blended Learning and Future Focused teaching resources that enhances individual study, teamwork, employability, social life and the well-being needs of students and staff.

What? Academic challenge combined with personal support, authentic, relevant courses to prepare learners for a future world not yet invented, students as partners in co-

creation, embedding skills development in all courses to achieve outstanding graduate employment, digital capabilities and Social Impact.

Underpinning values and behaviours

Key University Values: Openness, Valuing, Enabling, Delivery.

Key Behaviours: Developing an excellent student or customer experience, Developing yourself and others.

Example Super Supportive Activities

Qualified Mental Health First Aiders recognised nationally

In 2019/20, the University's Security Team was awarded an Association of University Chief Security Officers (AUCSO) Certificate of Excellence, as part of the Security Initiative of the Year Award 2020. The 40 members of the team, which is on campus 24/7, have become qualified Mental Health First Aiders (MHFA - an international awareness and skills programme), meaning that anyone from the University community can access mental health support, on a first aid basis, whenever they need it, and are also given help to access ongoing support. First Aiders learn how to spot the signs and symptoms of a range of mental health issues and are then taught how to provide help on a first aid basis and guide the person towards the support services. Many more staff have also become Mental Health First Aiders as part of the wider implementation of this initiative.

Staff Development

The Staff Development team engages in development of four primary areas: Management and Leadership, Induction of new staff, statutory training compliance, and Technology and Digital Skills. The Graduate School and the wider Research, Impact and

Innovation team also provide staff with opportunities to develop and enhance research skills.

Management and Leadership

There are four programmes to support effective management and leadership practice including Management Fundamentals and Leadership Development. In 2019/20 there was an additional opportunity for several members of staff to take part in an external leadership development programme, which saw the University partner with several charities to further Changemaker challenges whilst delivering practical leadership skills. 172 members of staff engaged with these interventions (there are approximately 250 management roles in the University).

Induction and Statutory training compliance

Induction is intended to give all relevant staff knowledge of the University, its values, culture, key behaviors, and the skills and knowledge sets necessary to responsibly conduct working life. The average induction involves 27.5 hours of training activity split over several interventions. 302 members of staff successfully completed induction in 2019/20.

Included in the induction are e-learning packages that relate to legal standards with which the University must comply - General Data Protection Regulations, Anti-Bribery and Corruption, the Prevent Duty, and Equality, Diversity, and Inclusion, and Consumer Rights training. All appropriate members of staff are required to engage initially with this training and refresh knowledge on relevant legislation on a 36-monthly basis. At close of 2020 we were at 83.6% compliance against the target of all staff completing the learning for these five e-learning packages combined.

Research Skills

The University provides to staff who are early career researchers access to 78 workshops intended for PhD students. Development is also offered for research degree supervisors and research degree examiners.

Trade Union Facility Time Data

Section 13 of the Trade Union Act 2016 has introduced a new requirement on public sector employers to publish data on facility time. The University's data for 1 April 2019 – 31 March 2020 is as follows:

Employees in your organisation	
How many employees are in your organisation?	1,501 to 5,000
Trade union representatives and full-time equivalents	
How many employees were trade union representatives for the period?	13
What is the FTE number of trade union representatives for the period?	10.90
Percentage of working hours spent on facility time	
How many trade union representatives spent the following percentages of their working hours on facility time from 1 April 2019 to 31 March 2020?	
0% working hours	0
1 to 50% working hours	13
51 to 99% working hours	0
100% working hours	0
Total pay bill and facility time costs	
What is the total pay bill during the period?	£45,166,232
What is the total cost of facility time during the period?	£39,908
Percentage of pay spent on facility time	0.09%

Paid trade union activities	
How many hours in total did union representatives spend on paid facility time during the period?	1842
How many hours in total did union representatives spend on paid trade union activities during the period?	1565
Percentage of total paid facility time hours spent on paid trade union activities	84.96%

Academic Partnerships

The National Health Service and Healthcare

The University's Academic Partnerships Office (APO) and the Faculty of Health and Society continue to work closely together to build strong partnerships with NHS hospitals and healthcare providers to create niche high-quality courses, the scope of which continues to grow. The Oxford University Hospital partnership started in 2017 with just one Postgraduate Certificate '*Leading and Compassionate Excellence in Midwifery*'. The portfolio of programmes now includes seven postgraduate awards and standalone modules with the planned addition of a Master's degree in Oncology for 2021. Locally, the University works with St Andrew's Healthcare who provide specialist mental healthcare, and with Northampton General Hospital (NGH) in delivering an MA Quality Improvement and Patient Safety.

The NGH relationship is planned to expand in 2021 with a new Master's degrees in health care leadership and *Gynaecology* programmes. There is now interest in new programme development from Kettering General Hospital and Milton Keynes University Hospital, and the approval process is already underway for a Master's degree in *Perioperative Care* to run at Cambridge University Hospital from September 2021. These are strong and growing relationships with hospital partners who benefit from University expertise in approving and validating their own specialist programmes.

Chiswick College Ltd

The University is successful in recruiting students from London onto campus in Northampton and has also met with success recruiting in London to study at partner colleges. Recruitment to these London colleges has been historically influenced by the strategic direction that those colleges wish to take. In the main, as private colleges they seek to maximise profit and target the gaining of Taught Degree Awarding Powers (TDAP). The University has been supportive of such ambitions but more recently opted to take a different approach with a new entrant to the market, Chiswick College. The University has worked progressively with Chiswick College since 2018 to establish a high-quality higher education provider that sees the university as its sole strategic partner. It seeks to offer students from London flexible modes of full-time study in order to gain a University of Northampton degree.

Typically, the demands of travelling to Northampton would not be an option for these students, who come from a wide demographic mix. Care is taken to ensure that admission standards replicate those for on-campus study. The University's APO and academic staff liaise closely with the college to ensure that students have the best possible opportunities to succeed. Chiswick College is keen to expand its footprint and if the launch proves successful, further branches in London and Bradford, operating under the same model, are envisaged.

The Arab Academy of Science, Technology and Maritime Transport (AASTMT)

The 2018 partnership launch with AASTMT marked the creation of the University's first dual degree scheme. Students of AASTMT have an option to study a dual degree in a range of engineering and computing subjects. The dual degree has been designed to include two University-specific modules that are delivered by University tutors in Egypt. This is a highly valued aspect of the partnership from the students' perspective, bringing University pedagogical techniques and Changemaker values directly on campus in Egypt.

AASTMT has a strategic objective to partner with high quality UK universities and it has also developed trans-national educational relationships with Coventry University, the University of Hull and the London School of Economics, with the University of Northampton their chosen partner for technology-based programmes.

The first cohort of students who entered at Level 4 are now progressing to Level 6 which includes the AASTMT University shared project module and there are plans for a significant intake cohort for 2020/21.

AASTMT and the University offer high quality technology-based UK degrees to Egyptian students who would not otherwise have the financial capability to study in the UK. Whilst it is essential that this partnership grows in the coming years to ensure its sustainability, it provides an almost unmatched opportunity for less advantaged students to study high technology UK degree programmes in north Africa.

Geography + Scheme

The Geography+ scheme has been developed by Dr Faith Tucker (Senior Lecturer in Human Geography) to increase the number of Geography students gaining graduate-level jobs. Working closely with Declan Mee (Careers and Employability Advisor from the Changemaker Hub), a series of workshops, online activities, and tutorials provide career planning support.

Geography+ is embedded in the curriculum at Level 4 through to Level 6 , with assignments developed to enhance and assess ten top skills identified by employers, face-to-face workshops, online activities and tutorials which sit outside the curriculum. There is an explicit focus on career planning and students are encouraged to set individual goals. At Level 6 Geography+ is delivered through a compulsory module. This includes role-play opportunities in the form of mock job applications, interviews and assessment centres. Alumni give guest lectures and attend a networking event, sharing their insights on the job market and Geography careers.

This personalised support has delivered outstanding student success and high-quality student outcomes, with the proportion of students in high skilled employment rising from 30% for those graduating in 2015-16 (Destination of Leavers from Higher Education (DHLE) data) to 77% for those graduating in 2017-18 (Graduate Outcomes survey).

Review of the Year – Future Focused

Introduction

The world is undergoing a technical revolution. Universities as originators and consumers of technology are not immune. The Waterside Campus gave us an unrivalled opportunity to embrace the digital age by creating a learning space and pedagogy fit for the new era and will be used as our internal source of disruptive innovation.

Our ambition: To be the digital leader in UK Higher Education.

Why? Universities must be at the forefront of technological advancement, either by creating and utilising technology through research, or continually adopting it to improve learning and teaching in line with student expectations.

How? By being forward thinking and visionary, innovative and ambitious, leading the way in the digital transformation in universities and offering Super Supportive skills training and development. For example, our ground-breaking Active Blended Learning model – which fuses face to face teaching and support with digital resources – is proven by evidence to be transformational.

What? A smart campus, purpose built with an intelligent technology infrastructure capable of supporting new ways of teaching, learning and working. Our Waterside Campus provides enhanced support for mobility, allowing staff and students to work in the same way from any location without compromising the ability to interact with each

other whilst ensuring the security of information. Waterside will provide an open, scalable and flexible platform for future research, enterprise and innovative use of technology.

Underpinning values and behaviours

Key University Values: Leading, Delivering, Performance

Behaviours: Enabling digital transformation

Example Future Focussed Activity

The University of Northampton – a Digital Campus

Strategically, the University wants to be recognised as a digital leader in UK Higher Education, providing an excellent experience for students and staff. Our quick response to the cessation of face-to-face teaching and learning showed that we are ahead of much of the sector. We have minimised disruptions for learning and teaching with our established Active Blended Learning approach, increasing student engagement and academic achievement since lockdown. This has resulted in positive feedback from our students in terms of flexibility and accessibility of teaching.

Our use of online learning and teaching platforms and IT communication systems during the pandemic allowed us to further develop innovative teaching techniques, closely communicate with our students and continue many operational aspects of the University with ease.

The lessons we have learned from this testing time will lead to the expansion of our use of online technology tools, both for formal and informal communications with students and between staff. Staff feedback on remote working has been very positive too.

Review of the Year – Social Impact

Introduction

Our ambition: To empower our students, staff and graduates to create positive Social Impact locally and globally.

Why? Universities have a vital role to play as trainers of tomorrow's workforce, as thought-leaders through their research, as champions and major employers for their town or region, and as a source of volunteers, eager to do good work within their communities.

How? Visionary leadership, a can-do attitude, applied purposeful research, a Super Supportive Changemaker student experience, strategic application of University resources and leveraging global and national resources.

What? Research and enterprise to improve the social, economic, cultural and environmental wellbeing of all of those living, working, and/or learning in Northamptonshire and deliver our mission: *Transforming Lives + Inspiring Change*.

Underpinning values and behaviours

Key University Values: Delivering, Leading, Entrepreneurial, Valuing

Key Behaviour: Delivering Social Impact

Example Social Impact Activities

Volunteering

Our students and staff were busy volunteering during their pandemic offering them

services and skills within the community. Andy Jay, final-year Occupational Therapy student established an automated Telehealth hotline for the *Reach for Health* Centre, that directs calls to occupational therapy students. Andy came up with the idea to help him and his fellow students continue their placement and ensure the centre could keep providing services. Students assisted callers to identify the difficulties they were experiencing and work with them to find the right solutions to improve their wellbeing.

Natasha Murphy and Izzy Rainbow, Second-year International Relations students, supported refugees and asylum seekers affected by the pandemic as a part of *Student Action for Refugees*, a national student charity welcoming refugees to the UK. Natasha and Izzy realised the pandemic could create stress and isolate youth refugees. By hosting Zoom English conversation groups for refugees, they are providing not only educational opportunities, but emotional support as well. Natasha and Izzy successfully won a grant from the *Northamptonshire Community Foundation* in April 2020 to provide 20 £15 Sainsbury vouchers for youth refugees for eight weeks. A repeat award to increase the support to 25 individuals was granted in June 2020.

Our staff have been joining several national and local volunteering activities including the NHS Volunteer Army to pick up food and medicines for people who are shielding and to take hospital patients who are discharged back home. Within the University, 54 staff members are volunteering for the Student and Academic Support Check-in and Chat Service. Additionally, the Changemaker Hub launched #CMHubAction which connected University staff and students with community groups needing support in Northamptonshire.

Research

The research that we undertake, and the work that we do to generate new knowledge, is designed to have a social impact, helping improve people's lives and the environment. Delivering social impact through research is a key part of our strategic plan

Transforming Lives + Inspiring Change and is integrated with the Changemaker Challenges.

We are committed to delivering outstanding research that makes a difference to society. Our Research Institutes and Centres work closely with external partner organisations, locally, nationally and internationally. We produce internationally renowned and relevant research and disseminate knowledge on an international scale.

United Nations Office on Drugs and Crime (UNODC) E4J Firearms

In 2018/19 experts on firearms from across the world including Nick Cartwright, Dr Simon Sneddon and Dr Helen Poole attended United Nations Office on Drugs and Crime (UNODC) events as 'expert panel members' to review materials created for the Education 4 Justice initiative (E4J) on firearms reduction, specifically the tertiary education part of the project. In September 2019, Simon and Nick went to Zagreb, at the invitation of the UNODC, and presented to teaching staff, military and police personnel and, government officials how the E4J materials could be used within teaching and in October a new degree was launched with a module which used the E4J materials. Simon and Nick are now both preparing to be interviewed for a UNODC podcast series about the deployment of the E4J materials. The University is one of the first institutions in the world to have deployed the E4J materials already.

Creating Resources for Dementia: Locally and Globally

According to the World Health Organisation, 50 million people worldwide are living with dementia with diagnoses projected to rise to 152 million in 2050. In the UK around 850,000 people are estimated to be living with Dementia. By 2025, 12,500 more diagnoses are expected in Northamptonshire alone. Dementia, and other non-communicable diseases such as stroke, Alzheimer's disease or obesity, were included in the UN's sustainable development goals for the first time in 2016, indicating growing global awareness about the challenges these diseases present.

The team at the *Northamptonshire Dementia Research and Innovation Centre* have been at the forefront of dementia research, working towards solutions at local and global levels. Led by Professor Jacqueline Parkes, the Centre has been innovating methods of education, social care and place-making related to people diagnosed with dementia and their careers. Their research is actively creating tangible change, from regional initiatives to the international development of dementia centres.

At the invitation of the East Midlands Ambulance Service (EMAS), researchers from the university consulted on the design of dementia friendly ambulances. As a result, all 104 EMAS ambulances across Northamptonshire and Leicestershire are dementia friendly.

As well as working closely with a range of local partners on community-focused projects, our researchers have spent years collaborating with international partners. In Denmark, they have worked with the Aalborg Dementia School to develop a model of lifelong learning to support the ongoing cognitive functioning of people diagnosed with dementia.

The lifelong learning model provides people with dementia the opportunity to participate in mental and physical training sessions, and learn creative disciplines, like woodwork, art and music. The classes are based on repetition, which has been shown to support memory, and help improve cognitive function, wellbeing, social activities, daily living and decision making. As one Danish student with dementia said, it is about 'being fed with things you have forgotten'. The work in Denmark has been a resounding success, with the number of centres in the area increasing from 1 to 12. New trials for schools in Norway and the United Kingdom are also underway.

Related Companies

A key part of the University's social impact reach comes from the activities of its related companies. As well as four wholly owned companies, the University had holdings and investments as follows during 2019/20:

- Societal Travel CIC (50% shareholding until 31 March 2020, when 100% of the shares were acquired);
- Uno Buses Ltd (50.1% owned by the University of Northampton Enterprises Ltd, itself a wholly owned subsidiary);
- Connected Together CIC (51%);
- Goodwill Solutions CIC (20%);
- Unity Leisure Trust Ltd (member of a company limited by guarantee);
- Silverstone UTC (member of a company limited by guarantee).

Being supportive partners in companies is a key way for the University to deliver public benefit, social impact and social value.

Societal Travel CIC

Originally set up in conjunction with Northamptonshire County Council, the company has undertaken community travel projects aimed at improving the efficiency of public and private transport. Following internal reorganisation, NCC transferred its shareholding to the University and thus Societal Travel CIC became a full subsidiary.

Uno Buses Ltd

Jointly owned with the University of Hertfordshire, Uno Buses provides subsidised bus services to the University's students and commercial bus services to the general public.

Connected Together Community Interest Company

The University owns a 51% stake in Connected Together CIC. The Company holds contracts to run Healthwatch Northamptonshire and Healthwatch Rutland. Through these contracts, and its other consulting activities, the Company acts as a consumer champion for NHS users, preparing reviews on different aspects of the NHS and responding to consumer concerns. The Company is self-sustaining and requires no financial contribution from the University. Two of the University's staff act as voluntary non-executive directors and the University provides company secretarial services.

Healthwatch Northamptonshire's Annual Report 2019-20 was published in June 2020. It reported that over 2019-20, the Company engaged with over 10,000 people, and published 11 reports about improvements people would like to see to health and social care provision.

Goodwill Solutions CIC

The University owns a 20% stake in Goodwill Solutions CIC (Community Interest Company) and provides two non-executive directors and secretarial services to its Board. The Company won the Queen's Award for Enterprise 2020, the UK's highest accolade for business success. The Company was recognised specifically for excellence in promoting opportunity, which is awarded to companies with social mobility programmes that help people from disadvantaged backgrounds into successful working lives.

The Company's most recent social impact report, published in April 2020, calculated that the indicative total impact of the Company's activities in 2019-2020 was over £2 million. For example, the National Lottery funded BBO WRAP programme which they run helps unemployed and economically inactive people gain training, education, volunteering opportunities, and employment. It operates a six-month vocational training course with work-experience programmes for disadvantaged people, through its in-house four-week warehouse work-experience programme.

Unity Leisure Trust Ltd

Unity Leisure is a charitable company limited by guarantee with charitable status and is a not for profit organisation. The University is a member.

Unity Leisure runs Northampton Leisure Trust which provides sport and development, leisure, play and cultural cinema opportunities for the communities of Northampton and its surrounding areas. This includes leisure centres in Northampton under the Trilogy brand, including Cripps and Mounts Baths.

Silverstone UTC

The University is a member of this company which runs the Silverstone University Technical College (SUTC). The SUTC is a state-funded school which provides education to students aged 14 to 18. The aim is to provide a technical education in a mature and business-like environment. The SUTC has specialisms in high performance engineering and events management. It is located at the Silverstone Circuit, home of the British Grand Prix.

Risks, Challenges and Uncertainties

The identification of risks is a responsibility of the University Management Team (UMT). UMT is informed in this by the preparation of risk registers by Faculties and Professional Services. UMT evaluates risks, and decides which, due to their severity, should be added to the University's Risk Register. Risks are categorized under the following headings:

- Political;
- Strategic;
- Market;
- Reputational;
- Financial;
- Operational / Regulatory.

Each risk has an owner, who is responsible for identifying controls and actions to manage or mitigate the risk. The University takes a risk-based approach to risk management. Risks are given a score based on probability multiplied by impact. Impact is defined in terms of financial impact. Probability is defined as likelihood of the risk becoming a reality. Risks are given a current score, reflecting existing controls, and a target score reflecting existing controls and additional actions to mitigate the risk.

Drawing on the risk registers of the University's academic and professional units ensures that all types of risk are considered, including business, operational, compliance and financial risks. UMT reviews the institutional risk register three times per year. Following UMT review, the risk register is referred to the Audit Committee for their detailed consideration. The Audit Committee receives the risk register at each meeting. Fundamental risks are referred to the Board of Governors three times per academic year. Fundamental risks are identified by their scoring as those which would have the greatest impact on the University's ability to meet its strategic objectives.

The Board also requests as necessary reports from senior management on their areas of responsibility. These include the steps they are taking to manage risks. Each report presented to the Board includes an assessment of the risk involved. Annually, the Board approves the Risk Management Policy and a statement of the University's risk appetite. The Board holds a Risk Workshop which is attended by Board members and members of the executive. This considers in depth a particular aspect of risk facing the University. This year's workshop covered the risks around developing the academic portfolio.

Many of our risks were affected by the COVID-19 Pandemic

The impacts of COVID-19 have been felt across the globe. COVID-19 has very quickly been elevated from an emerging risk to our international student recruitment to impacting all the principal risks facing the University. COVID-19 has been a force majeure event that has had a significant impact on the University's operations, it has resulted in:

- The temporary cessation of face-to-face teaching and learning and the temporary closure of the Competency Test Centre building leading directly to loss of income for the University (with phased resumption in line with government guidelines)
- New social distancing requirements;
- Last minute changes to governmental policy around entry qualifications affecting the University's domestic market;
- Changes to international travel impacting on international student recruitment.

Despite this undergraduate student recruitment targets for September 2020 have been achieved. The Board of Governors has approved a series of mitigations which were introduced by the University as required to ensure the 2020/21 financial budget is met. This includes a staff recruitment freeze, non-pay restrictions and the removal of performance payments for senior staff.

Given the increased risks, the Board of Governors has assessed the viability and going concern status of the University, taking account of the current revenue and cost base, the principal risks and uncertainties, recruitment forecasts and the operating plan. Based on this assessment and the latest cashflow forecasts, the Governors confirm that they have a reasonable expectation that the University will be able to continue in operation and meet its liabilities as they fall through to 31 July 2022. However, the material uncertainties outlined in the financial review and note 1 should be taken into account.

How we have approached the COVID-19 Pandemic

As a University that is committed to transforming lives + inspiring change we place social impact at the core of our decision-making processes, and this was the case when responding to COVID-19. A Critical Incident Team, chaired by the Director of Estates and Campus Services, was responsible for delivering the most effective management response. Three action teams exploring student matters, staff and operational

approaches and, Finance and IT were formed. As a result, decisions to support our students, staff and the local community were made quickly. In addition to the work to support COVID-19 testing and hosting a COVID-19 assessment centre, the University also provided 154 bedrooms in student accommodation and the Sunley Hotel for use by the NHS and other emergency service key workers. Additionally, one of the University's halls of residence accommodated 26 rough sleepers within the partnership of Northampton's Single Homelessness Forum and provided temporary accommodation to people fleeing domestic violence.

In addition, our Business Support Team, Inspire2Enterprise, alumni and partners developed and delivered several initiatives for supporting the local community and businesses. Our Business Support Team and Inspire2Enterprise maintained a series of webinars for providing timely advice for local businesses, social enterprises, and entrepreneurs in an effective way. The Faculty of Business and Law with expertise in HR, management, logistics, marketing, and entrepreneurship also supported local business in its recovery. The Alumni Community Scheme also continuously expanded its activities with Northampton graduates. Lastly, NLive kept their daily local news bulletins as a legacy element of COVID-19.

The University has closely followed government guidelines, moving to reopen the campus to staff and students when permitted.

Other non-COVID risks

There are 27 risks on the risk register, organised in to six categories: political, reputational, financial, market, strategic and operational/regulatory. Many of these risks were not directly affected by the COVID pandemic. Change to The University continues to respond to Governmental policy changes and remains committed to controlling other risks. Over the course of the year the University has invested in the relationships it has with our strategic partners and has endeavoured to improve the Student Experience wherever possible to mitigate against reputational, financial and

market risks. Legal and statutory obligations continue to be met and there has been a significant training programme to help staff understand these obligations. One area of risk that has increased over the course of the year is the prevalence of cyber-attacks both on our own systems and those provided by partner organisations. Like many other higher education providers and charities around the world who use Blackbaud's Raisers Edge software, our alumni and graduates were subject to a data breach arising from the company's software, which was reported to the University in July 2020. To mitigate the risks associated with information security further system enhancements were implemented in the early part of 2020/21 and there will be continued staff training in this area. To mitigate the risks associated with information security further system enhancements were completed in the early part of 2020/21, however these proved insufficient to prevent a serious cyber incident in March 2021, where the university detected a cyber-attack, which resulted in an interruption of services to our IT and telephone systems and servers. Following the cyber incident, the University immediately appointed legal and cyber consultants to investigate and resolve this issue. There has been further enhancement of system security and continued staff training in this area.

Financial Review

Income and expenditure

In 2019/20 total income increased £0.6m (0.5%) to £126m, despite the impact on commercial income arising from the Covid-19 pandemic. As a result of the decline in commercial activity, a limited number of administrative staff (but no academic staff) were put on furlough under the government job retention scheme for up to 6 months (£518k).

Tuition fee income grew by £2.4m (2.3%) to £102m (2018/19: £99.6m). Tuition fees now represent 80.9% of total income (2018/19: 79.4%). Fees from Home/EU students were £69m (2018/19: £69m), accounting for 54.8% of the total income of the University and 67.7% of total tuition fees (2018/19: 55% and 69.3% respectively). Fees from International students totalled £20.8m (2018/19 £17.9m).

Operating income, impacted by the Covid-19 pandemic, fell by £2.7m to £14.1m. Funding body grants increased by £1.2m to £8.2m and research income was maintained at £1.1m.

As in previous years, the largest category of expenditure (48%) relates to staff cost, which increased by £0.1m to £67.9m, reflecting the impact of minimal pay rises in the year and the headcount reductions in 2019/20.

Other operating expenditure has decreased £6.2m (14%) to £44.6m as a result of strong budgetary control, reduced expense activity from the Covid-19 pandemic, lower one-off Waterside estate costs and the continued realisation of operating efficiencies.

Depreciation increased by £5.2m to £16.9m, resulting from the increased investment in the new Waterside campus and the one-off impairment charge on the St Georges Avenue campus noted below.

Cash flow

The net cash inflow from operating activities totalled £9.2m (2018/19: £4.7m). The cash position remains adequate with a Balance Sheet total of cash and short-term deposits of £19m. Payments to acquire tangible fixed assets totalled £0.3m (2018/19: £11.9m), a continued reduction following the completion of recent significant capital projects and capital repayments on one of the PWLB loans amounted to £20m, using receipts from Park Campus. These movements combined to deliver a net decrease in cash and short-term deposits of £11.1m (2018/19: £8.8m) and a consolidated Balance Sheet total of cash and short-term deposits of £19.0m (2018/19: £30.1m). Apart from the adverse cashflow impact of COVID-19, the reduction in cash balances was in line with financial planning.

The University pursues a low-risk approach to managing investments and liquidity. In balancing risk against return, the University is more concerned to avoid risk than to maximise return. The Treasury Management Policy determines the limits in terms of the credit ratings of institutions used for investments and on the sums placed with any one provider.

Balance sheet

Consolidated net assets decreased by £28.7m to £5.6m, significantly impacted by provision changes on the LGPS pension scheme arising from reduced discount rates. Total pension provisions for all university schemes, calculated under the accounting rules of FRS102 increased by £17.6m to £70.2m. The latest actuarial valuation (March 2019) of the University's share of the LGPS scheme indicated a 94% funding level with a historic deficit of £6m.

There was an accelerated depreciation charge £5.4m in respect of writing down the book value of the old St George's Avenue campus prior to its planned disposal during 2020/21 and losses arising from the impact in year of the Covid-19 pandemic.

Fixed assets decreased by £16.6m (4.9%) to £336.6m. This was driven by the low levels of new investment and depreciation charges following the recent significant investment in the Waterside campus IT infrastructure and the write down of St George's Avenue campus referred to above.

The actuarial loss from pension schemes of £13.6m, the accelerated depreciation charge of £5.4m and the additional operating costs relating to the Covid-19 pandemic of £5m have all directly contributed to the consolidated operating loss of £15.1m.

Long term loans decreased by £33m (12%) as a result of capital repayments on existing loans during the year and capital payments due in the following year. All the University long-term debt continues to be subject to fixed rate agreements.

Financial Covenants

The development of the Waterside Campus was financed by a public bond issue of £231.5m at a rate of 3.30 % and County & Borough Council PWLB loans of £68m at rates between 1.38% and 2.92%, totalling £299.5m of borrowing. As part of this financing, a government guarantee on the borrowing under the UK Guarantees Scheme was obtained.

Under the financial covenants with HM Treasury as the bond guarantor, calculation of historical and prospective Debt Service Cover Ratios (DSCR's) are required. A prospective ratio falling below 1.15x sanctions restricting the University's future operations. During the financial year the University fell below this level. However, HM Treasury provided waivers to the University. The University was on target to comply with its covenants before the pandemic but fell below the required ratio of 1:1.15 in November 2020. HM Treasury granted the University a waiver on 11th December 2020 waiving the November 2020 breach for the DSCR and for the 'Event of Default' as specified in the collateral deed between the University and HM Treasury relating to a forecast net liabilities position as at 31 July 2021 until 30 September 2021. A waiver has

not been granted for the remainder of the remainder of the going concern review period through to 31 July 2022. The absence of this waiver represents a material uncertainty that may cast significant doubt upon the University and Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Future financial outlook

The outlook for the whole University sector remains challenging. The ongoing impact of COVID-19 continues to cause uncertainty. However, recruitment for the 2020/21 academic year has exceeded budgeted levels and the University is currently on target to deliver positive cash from operating activities. Additionally, cash levels are expected to be boosted in year through the final receipt for Park Campus and the sale of St George's Avenue Campus.

We continue to enforce very tight financial controls, as evidenced by the £6.2m reduction in consolidated operating expenditure during the year (see P&L below). Going forward, the budget and financial strategic planning are based upon prudent assumptions, with stress testing and multiple scenario analysis applied. We operate under the discipline of financial covenants and work to ensure that financial plans are sustainable and realistic. The University balance sheet is expected to turn negative in the going concern period to 31 July 2022 due to the impact of the LPGA pension deficit. A waiver of this covenant breach from the bond guarantor is in place until 30 September 2021. This is expected to be extended, but cannot be guaranteed, producing a material uncertainty. Additionally, several trigger events are forecast to be breached in the going concern period to 31 July 2022 (in May 2021, November 2021 and May 2022) partially as a result of the reprofiling of Student Loan Company receipts. If triggered this would require the University to cease discretionary spend until a waiver is received. The trigger of the discretionary spend lock up event does not constitute an event of default and the University would take all reasonable actions to ensure that they comply with the requirements of the covenant.

Overall, the University is confident of achieving sufficient positive cash generation to maintain its going concern status, with the caveat of material uncertainty as a result of the expected covenant breach beyond the current waiver.

Public Benefit Statement

The University of Northampton is a Higher Education Corporation under the Education Reform Act 1988, section 124 and an exempt charity under the Charities Act 2011. This means that rather than being regulated by the Charity Commission, the University is regulated by the Office for Students. The University's charitable purpose is the advancement of education.

The Board of Governors, as the trustees of the University, confirm that in exercising their powers and duties, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

The main beneficiary of our charitable aims is our large and diverse student body. We have a transformative purpose: to make a positive difference. We do this by providing students with a first-class education that equips them to play a productive part in the world.

The section on the University above contains further information on our student body and in the section on Super Supportive above what we do to support them and ensure successful outcomes for them.

Our positive impact is also felt through the wider social value that the University creates in the broad communities it serves. That value may be seen across Northamptonshire where the University is a key driver of social and economic development.

In generating social value, we make a critical contribution towards the government's industrial strategy with its twin objectives of increasing productivity and sharing

prosperity. We believe that the social value that the University of Northampton and other higher education institutions create, should be recognised nationally. It is vital that assessments of the contribution made by higher education take full account of social as well as individual benefits.

Our public benefit and social impact

We are a key driver of local and regional economic growth

In our most recent Economic Impact Report, the University of Northampton and its students generated nearly £244 million of output in Northampton town with an additional £45 million in the rest of Northamptonshire and a further £132 million in the rest of the East Midlands.

We are an engine of social enterprise and innovation in the region

Through our Changemaker Challenges we are focused on celebrating the culture and heritage of the county, making Northamptonshire the best county for young people to flourish and learn, becoming the leading county for health and well-being and the best place to start, build and run a business. These Challenges underpin our work on a variety of projects.

We are a unifying force for social mobility

Undergraduate students at the University of Northampton are more likely than students at other universities to come from Low Participation Neighbourhoods (14.1% compared to 12% for all higher education providers) and our student body is ethnically much more diverse than the surrounding town (39% BME compared to 15% for the town of Northampton).

We provide the public-sector workers of the future

A core focus of the University is the training of people to work in specific public services roles. The University trains around 2,000 teachers, police officers, nurses and other health specialists each year. Many of our courses prepare people for specific roles such as mental health nurses; paramedics; midwives; occupational therapists. The University's Nursing and Midwifery Council (NMC) Competency Test Centre was created to ensure nurses who qualified outside the UK and EU practice on a level similar to that of their UK-qualified peers. Since it opened in 2014, over 6,000 nursing and midwifery professionals have undertaken the test with Northampton.

We work in transformative partnerships with other organisations

In 2019/20, around 3,800 University of Northampton students enrolled at our academic partners both home and abroad.

We run life-changing research and knowledge exchange projects

The University's research explorer is publicly available and contains details of over 3,000 research outputs, as well as researcher profiles, projects, activities and research student theses.

We work in transformative partnerships with other organisations

In 2019/20, around 4,500 University of Northampton students enrolled at our academic partners.

We support business development

The University supports new and growing businesses across Northamptonshire. Our Business Support team delivered 3,150 direct interventions with businesses and

individuals across the year 2018/19, with 1,146 of those receiving either a grant or more than 3 hours' direct support from our advisers.

We use our purchasing power to help make a positive difference to peoples' lives and the communities in which we live.

Our Waterside Campus project employed 755 local people through the project supply chain and created over 200 new jobs. Forty local suppliers engaged with the project. This knowledge was shared with the sector in our publication *How to do 'good stuff' when buying things – A Handbook for Higher Education Institutions* which provides procurement managers in higher education with a guide on how to include social impact in their procurement processes.

Statement of Corporate Governance

This section sets out the University of Northampton's corporate governance arrangements and the responsibilities of its governing body over the reporting period from 1 August 2019 to 31 July 2020 and the period up to 18 May 2021 when these accounts were signed.

Legal Form and Constitution

The University of Northampton is a Higher Education Corporation established under and governed by the Education Reform Act 1988, as amended by the Further and Higher Education Act 1992 and the Higher Education and Research Act 2017. The University is an exempt charity whose principal regulator is the Office for Students.

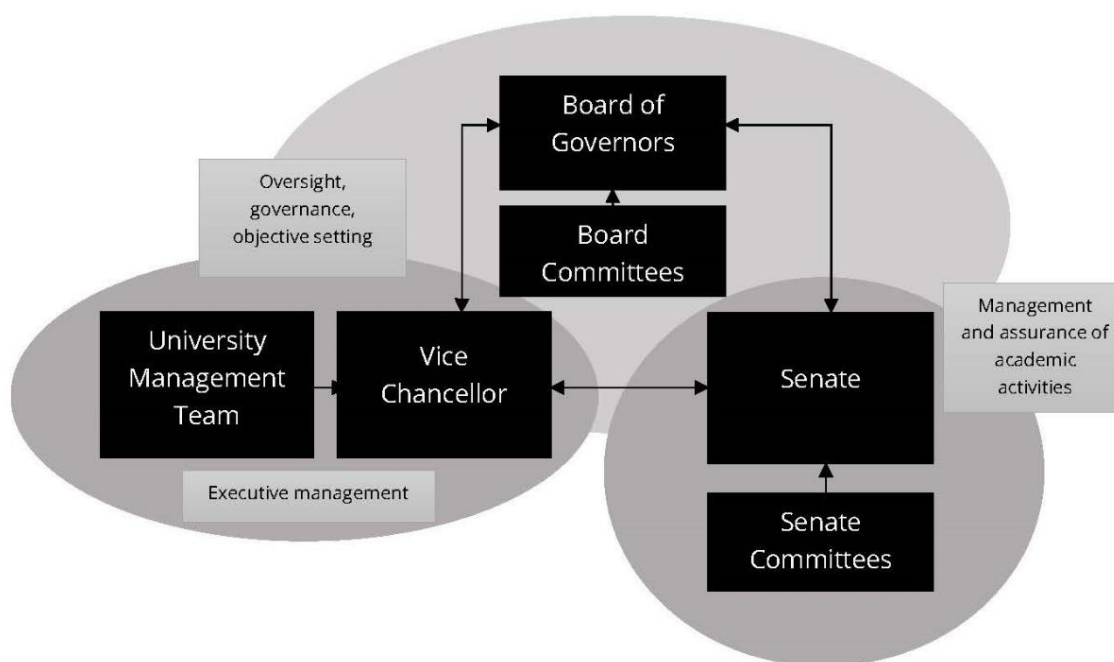
As a Higher Education Corporation, the University of Northampton's constitution is contained in an Instrument of Government, and Articles of Government approved by the Privy Council in May 2013.

Responsibilities

The *Articles of Government* establish a Board of Governors, a Senate, and the role of the Vice Chancellor.

Oversight and Decision-Making Structure

There is reciprocal relationship and reporting between the Board, the Vice Chancellor and Senate. Each is assisted in its duties by committees. For example, the University Management Team is chaired by the Vice Chancellor and has a dual role in the executive management of the University and strategic oversight.



In addition to the responsibilities set out in the Articles of Government, decision-making is determined by:

- The terms of reference of each committee, and Statement of the Board's Primary Responsibilities;
- The job descriptions of individual members of staff;

- The University's Bye-Laws and Scheme of Delegation which are set and reviewed by the Board of Governors.

Board of Governors

The Board carries out an annual self-review of its own effectiveness. The latest review was concluded in July 2020, and the resulting action plan was discussed in September 2020. The Board agreed a number of areas of focus which would improve its operation and effectiveness. These included improved articulation and monitoring of strategy and its implementation, ensuring that Board papers effectively present issues, and succession planning is part of the Board's considerations. The Board continues to work on these issues through its agenda planning and through brief reviews at the end of each meeting to evaluate its effectiveness. There is a full independent review of Board effectiveness every three years. The next review is due in autumn 2021.

The composition of the Board is fixed by the University's Instrument of Government (Section 3).

Over the reporting period, membership of the Board was:

<i>Name</i>	<i>Category and Role on the Board of Governors</i>	<i>Committee Membership</i>	<i>Notes</i>
Dayo Adedapo	Independent	Audit	From 07/09/2020
Damilola Akhigbe	Independent		From 19 Dec 2019
Lucie Armstrong-Kurn	Co-opted from the Professional Services Staff	Innovation Committee (closed 17/03/21)	
Sue Dutton	Independent (Deputy Chair)	<ul style="list-style-type: none"> • Academic Assurance * • Nominations * • Remuneration * 	
Martin Gatt	Independent		Appointed 01/08/19 to

			19/08/19. Was unable to take up position due to other commitments
Jeff Halliwell	Independent (Changemaker Lead)	Remuneration	
Matthew Hanmer	Independent	Audit	
Richard Horsley	Independent	<ul style="list-style-type: none"> • Audit * • Remuneration (observer) 	
Frank Jordan	Co-opted from the Professional Services Staff	Nominations	Appointed in June 2020 on a three-month rolling basis. Appointment ended 25 Sep 2020.
Shivani Kaushike	Independent	Audit	From 19 Dec 2019
Sami Khan	Student Member	<ul style="list-style-type: none"> • Nominations • Remuneration 	From 1 July 2020
Gemma Lovegrove	Student Member	<ul style="list-style-type: none"> • Nominations • Remuneration 	To 30 June 2020
Rayna Miller	Independent	Nominations	From 19 Dec 2019
Mark Mulcahey	Independent (Chair)	<ul style="list-style-type: none"> • Innovation* Committee (closed 17/03/21) • Remuneration • Nominations 	
Professor Nick Petford	Ex-officio as Vice Chancellor	Nominations	

Martin Pettifor	Independent (Senior Independent Member)	Remuneration	
Nick Pitts-Tucker	Independent	<ul style="list-style-type: none"> • Audit • Innovation Committee (closed 17/03/21) • Nominations 	
Nicholas Robertson	Independent	<ul style="list-style-type: none"> • Audit • Innovation 	To 31 July 2020
Ivna Reic	Academic staff, nominated by Senate	Academic Assurance	
Jon Scott	Co-opted for expertise in higher education, independent of the University	Academic Assurance	
John Skelton	Independent	Innovation Committee (closed 17/03/21)	
Cameron Vanloo	Student Member	Academic Assurance	To 7 February 2020
Paul Wood	Independent	Innovation Committee (closed 17/03/21)	
Yeqi Zhou	Student Member	Academic Assurance	From 1 July 2020

(* Chair of the Committee)

All independent governors (meaning Governors with no student or employment relationship to the University) are automatically members of the Independent Members Appointment Committee.

Board of Governors' Committees

The Board has the following Committees:

Audit Committee

The Committee looks in detail at risk management and at reports from the internal and external audit services. It advises the Board on the Annual Report and Consolidated Financial Statements. The Committee receives and seeks a range of other assurances relating to internal controls. The Committee met three times in 2019-20. It has six members who are independent governors, and a further three external members recruited for their particular expertise.

Nominations Committee

The Committee has oversight of succession planning on behalf of the Board. This includes recruitment of new governors and planning the succession of membership of the Board's committees. The Committee ran a successful recruitment exercise in late 2019. The Committee has also begun further work on governor development. The Committee met three times in 2019-20. It has five governor members and three external members.

Remuneration Committee

The Committee decides the remuneration, including the discretionary performance related pay and inflationary increase, of the senior post holders, the Vice Chancellor, the Chief Operating Officer, the Deputy Vice Chancellor, and the Clerk to the Board of Governors. In doing this, it assesses the annual objectives of the senior post holders, and a range of comparator information. No increases in salary were made during the reporting period. The senior post holders received the same inflationary increase as all other staff. Due to the University's financial position, no performance related pay was awarded in respect of performance in 2018-19 or 2019-20. The Committee met three

times in 2019-20. It had six governor members, including one student governor, and three external members.

Academic Assurance Committee

The remit of the Committee is to scrutinise in detail reports designed to provide assurance about academic governance, quality and standards and the quality of the student learning environment. The Committee provides the Board with its view of these matters. The Committee met three times in 2019-20. It has four governor members.

Innovation Committee

The Innovation Committee provides a forum for the Executive to take soundings from Board members about innovation and growth plans and to advise and make recommendations to the Board of Governors on such plans. The Committee met four times. It has six governor members.

Independent Members Appointment Committee

The Committee is formed of the independent members of the Board and has responsibility for appointing and reappointing Board members. It met twice in the reporting period, once to approve new appointments and once to approve reappointments.

Governor Expenses

Governors do not receive remuneration for their role as governors. They can claim expenses in line with the University's policy on expenses. From 1 August 2019 to 31 July 2020, Governors claimed £1,823 in expenses. A further £854 was spent by the University on travel arrangements to facilitate governor attendance at meetings and events including development events.

Register of Interests

A register of the interests of governors is published on the University's website.

Transparency

The University ensures the transparency of its corporate governance through a publication scheme which complies with the guidance of the Information Commissioner. This includes public availability of the agendas and minutes of Board meetings, terms of reference, policies and procedures and annual accounts. The University's website is the main source of public information about the University.

Adequacy and Effectiveness

The Board of Governors confirms that over the reporting period, and up to the signature of these accounts, it has operated in compliance with the Public Interest Governance Principles and the Higher Education Code of Governance. These represent best practice in the governance of higher education institutions and therefore the adequacy and effectiveness of the University's corporate governance arrangements.

Use of Public Funding

The University's internal control environment is described in more detail in a later section of this document. The Board's view is that the internal control environment, combined with the corporate governance arrangements described above, ensure regularity and propriety in the use of the public funding.

Statement of the Board's Primary Responsibilities

1. To approve the mission and strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions.
3. To appoint the Vice Chancellor as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
4. To delegate authority to the Vice Chancellor, as chief executive, for the academic, corporate, financial, estate and human resource management of the University. And to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice Chancellor.
5. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, audit systems and risk assessment, and procedures for procurement and for handling internal grievances and for managing conflicts of interest.
6. To establish processes to monitor and evaluate the performance and effectiveness of the Board of Governors itself and University governance.
7. To conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
8. To safeguard the good name and values of the University.
9. To appoint a Clerk to the Board of Governors and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.
10. To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial

statements, and to have overall responsibility for the University's assets, property and estate.

11. To be the University's legal authority and, as such, to ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name.
12. To receive assurance that adequate provision has been made for the general welfare of students.
13. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
14. To ensure that the University's constitution is followed at all times and that appropriate advice is available to enable this to happen.

How the Board discharged its responsibilities

During 2019-20 the Board moved to a system of alternating face-to-face with remote meetings. This meant that the Board was in a good position to conduct all meetings remotely following the COVID-19 lockdown. Meetings have continued as planned and with little disruption to business.

The Board has carried out work in the following areas over the reporting period:

Strategy

- Vice Chancellor's overview of the current strategy, position of the University and sector, and revision to the vision and value statements in the light of these;
- The University's position in the local community, through a perceptions audit and presentation on town and country development;
- New innovation and enterprise activity, reported to the Board through the Innovation Committee;

- In response to international Black Lives Matter protests, the Board requested a report on how the University ensures race equality. This will be received during 2020-21.

Finance

- Receipt of the management accounts at each meeting, with detailed quarterly presentation on the financial position, enabling the Board to monitor the financial position and the covenants with the bond guarantor;
- Adjustments to the 2019-20 budget;
- Approval of the University's Annual Report and Consolidated Financial Statements, and detailed updates from the external audit team on the reason for the late signature of the accounts. The Board sought assurance about compliance with the requirements of the Office for Students, and how this position could be avoided in future;
- Assessment of going concern and liquidity risk, prior to approval of the annual accounts;
- Receipt and approval of detailed financial forecasts required by the Office for Students and HM Treasury in its position as guarantor of the University's bond;
- Approval of TRAC and TRAC for Teaching submissions;
- In response to the impact of the COVID-19 pandemic, the Board spent time in its meetings in May, June and July on scenario analysis. It assessed the likely impact of different student recruitment scenarios on the budget for 2020-21. In July the Board considered possible mitigating actions should these be necessary.

Students and Academic Governance

- Receipt of the minutes of Senate after each meeting, along with a detailed verbal report from the Deputy Vice Chancellor on the main business that Senate has addressed;

- The Board's Academic Assurance Committee assesses in more detail the University's arrangements for academic quality and standards, and for student outcomes. The Board received an annual report from the Academic Assurance Committee, alongside the Annual Report on Academic Quality and Standards;
- Oversight of the Access and Participation Plan, and monitoring of the University's performance in this area;
- Update on preparation for the Research Excellence Framework;
- Updates on student recruitment statistics;
- Detailed report on student continuation, withdrawals and progression and the work that the University is doing to ensure student success;
- Presentations from Deans of Faculty;
- Workshop on portfolio and curriculum development and change.

Staff

- Receipt of the Remuneration Committee's annual report to the Board, which covered the matters required by the Senior Staff Remuneration Code;
- Analysis of the results of the latest staff survey;
- Receipt of the Human Resources Annual report, which reports on key staff data and the work of the HR department, including staff development.

Performance Monitoring

- Review and adjustments to some targets in the operational plan;
- Review of achievement of the operational plan targets for 2018-19;
- Interim review of progress on 2019-20 targets.

Audit, Risk and Compliance

- The Audit Committee's annual report to the Board, on how the committee had carried out its duties over the past year, and receipt of the minutes of each Audit Committee meeting;

- Report from the external audit team;
- Report from the internal audit team;
- Updates on the most significant risks to the University, following each meeting of the Audit Committee;
- Re-approval of the Risk Management Policy;
- Updates on the Office for Students' assessment of the University's compliance with the Prevent strategy;
- Updates on Reportable Events on which the Office for Students had requested information.

Oversight of Subsidiary and Related Companies

- Receipt of annual reports and accounts from the subsidiary companies, and an overview annual report on subsidiary and investment companies;
- Review of the boards of wholly-owned subsidiary companies and approval of the level of scrutiny needed by the University's Board.

Board Business

- At its September away day, following the Vice Chancellor's presentation of the current position, the Board set its priorities for the year ahead;
- Appointment of a new Chair and Deputy Chair from amongst the Board members;
- Consideration of recruitment and succession planning, in response to the work of the Nominations Committee;
- Re-appointment of the Reverend Richard Coles for a further term of office as Chancellor of the University;
- Appointment of new independent and student governors;
- Approval of the publication of a register of interests of the Board's members;
- Forward planning of the Board's agendas and organisation for the current and coming academic year;
- Updates to the Terms of Reference of the Remuneration and Nominations Committees;

- Annual reviews of the Board's views of its own effectiveness and the effectiveness of the Chair were carried out and the results reviewed.

COVID-19 Pandemic

- The Board received details of the University's response to the COVID-19 pandemic at its meeting on 18 March, which was just prior to the national lockdown;
- The Board convened an additional meeting on 15 April, which focused solely on the University's response to the pandemic;
- At all meetings between March and July, the Board received an operational update on the University's response to the pandemic. This included:
 - Support for students and the maintenance of the academic quality and standards;
 - Support for staff, including communications and wellbeing;
 - The health and safety of staff and students on site;
 - The University's engagement with and support for the local community;
 - External communications, both to the public and to applicants;
- The Board gave detailed consideration to financial scenario planning and mitigation (See 'Finance' section above);
- An additional meeting was held on 26 August, following Clearing;
- The Board's meeting dates and agendas for September and October were realigned to ensure that there were meetings at the right time to respond to the current scenario.

Recruitment to the Board of Governors

The Board has established a recruitment process for new independent governors. To ensure best practice in recruitment, it closely follows the process for the recruitment of the University's staff.

A role description and person specification for independent governors are in place.

Vacancies are advertised widely online and via social media, including a range of specialist diversity websites. The person specification is designed to be broad and inclusive, whilst also identifying applicants with the competences and capabilities to contribute at a senior strategic level. Advertising states that, “we value diversity and the range and depth that it brings to our University. We are keen to diversify the membership of the Board. Applications from women, those with BME backgrounds, with declared disabilities, and LGBT+ candidates will be warmly received.”

General information about how to join the Board is always on the Board’s section of the University website so that interest in future vacancies may be captured.

Applicants are asked to submit a CV and cover letter and are shortlisted against the person specification. Applicants are interviewed by a panel which includes an external member of the Nominations Committee.

Following interview, successful independent governor candidates are recommended by the interview panel and are formally appointed by the independent members of the Board.

In addition to independent members, the Board has the following members:

- The Vice Chancellor, who is appointed automatically to the Board by virtue of their role; Two student governors, who are appointed by the Board following their election as sabbatical officers of the University of Northampton Students' Union by the student body;
- One governor from the academic (teaching) staff, who is appointed by the Senate following a nomination and election process;
- One governor from the professional services staff, who is appointed by the Board following a nomination process and election by that group of staff. During June

2020, an additional appointment to the Board was made from the professional services staff. This was a consequence of remote working due to the COVID-19 pandemic.

Induction and Development

The Board has in place an induction process and plan for new governors. This includes meetings and briefings with key staff from both the Board and the University management. A half day briefing session covers financial reporting at the University, and the types of data which are presented to the Board to help new governors understand the information they are given. Meetings are supplemented with written information. In July 2020, three bespoke e-learning modules for new governors were introduced. These are designed as a user-friendly way to introduce the large amount of information that governors should be familiar with.

Unless they can show they have completed similar training in another role, governors are expected to complete mandatory online training within the first six months of appointment. This includes training on:

- Anti-Bribery;
- GDPR;
- Protecting Students' Consumer Rights;
- Working with the Prevent Duty;
- Diversity in the Workplace.

A probationary period is in place for the first year of a new Governor's appointment. This includes review meetings with the Chair, giving a chance for two-way feedback.

A range of ongoing development opportunities are recommended to governors. These include:

- Subscription to information services such as the Times Higher Education;
- Advance HE's sector-wide Governor Development Programme;
- Alerts about relevant sector-level events;
- Access to the University's staff development resources.

In addition, the Chair of the Board has received dedicated one-to-one coaching for the role.

Between 1 August 2019 and 31 July 2020, £8,366 (£3,347 18/19) was spent on development and coaching activities for governors.

Skills and Experience

A full audit of the Board's skills is carried out every two years. Over 2019-20, the 24 governors that served reported skills and experience in the following areas (data as at 15/07/2020).

<i>Expertise</i>	<i>Governors with strong or very strong skills or experience</i>
Finance	44%
Equality and Diversity	63%
Higher education	25%
User/customer experience	63%
Community and region	13%
Strategy development	63%
Audit and risk management	38%
IT	25%
Business development and entrepreneurial skills	56%

Marketing, public relations and communications	31%
Human resources	25%
Legal	19%
Project management	56%
Estates and property management	6%

Statement of Internal Control

This section sets out the University of Northampton's internal control arrangements from 1 August 2019 to 31 July 2020 and the period up to when these accounts were signed.

The Board of Governors is responsible for ensuring that a sound system of internal control is maintained, and risk assessment and internal control are embedded in the University's ongoing operations through the control framework described in a previous section and through the regular and ongoing scrutiny of the UMT and Board of Governors.

The Board has reviewed the effectiveness of these arrangements and judges that internal control arrangements have continued to be sound over the reporting period and up to the date of the signature of these accounts. This judgement is informed by:

- The views of the internal auditor;
- The views of the external auditor;
- The work of executive and senior managers who have responsibility for the development and maintenance of the internal control framework.

The Board of Governors confirms that the most significant risks to which the University is exposed have been reviewed, and that actions are in place to manage those risks.

Internal Control Framework

The University has a robust internal control framework in place. This is designed to:

- Identify and respond to the risks facing the University;
- Ensure regularity and propriety in the use of public funding;
- Prevent and detect fraud, corruption, bribery and other irregularities;
- Ensure compliance with statutory and regulatory responsibilities.

The University's internal control framework includes but is not limited to the following controls:

- Culture derived from explicit University values and key behaviours;
- Strategic Plan supported by a comprehensive Operational Plan with targets;
- Clear definitions of the matters reserved for decision by committees and individuals, including a Scheme of Delegation;
- Budget planning and management process, supplemented by detailed management accounts presented regularly to the Board and the University Management Team;
- Financial Regulations which set out financial controls and procedures approved by the Board, including clearly defined and formalised requirements for the approval and control of expenditure;
- Academic and student regulations, policies and procedures approved by the Senate. In response to the impact of the COVID-19 pandemic, emergency regulations were passed, for example to adjust teaching, learning and assessment to allow for alternative assessments and timeframes;
- Human Resources policies and procedures, for example the Code of Conduct for Staff, and Code of Conduct for Governors, Senior Post Holders and External Committee members. There is a transparent policy on staff recruitment to ensure that staff with the appropriate competencies are recruited;
- Job descriptions are in place for all staff. Accountabilities, reporting lines and segregation of duties are clear and supervised by managers. All staff receive training on appointment in key matters for example health and safety. Performance review takes place annually;

- The University had in place a policy, procedures, guidelines and training on working from home and smart working and therefore no changes to these controls were necessary in response to the COVID-19 lockdown;
- Policies and procedures to govern information technology, physical and asset security, health and safety, and data security;
- In response to the COVID-19 pandemic, staff worked closely with bodies such as Public Health England and the local authorities to ensure that the latest government regulation and guidance on health and safety was followed;
- Corporate Governance Framework to govern the relationship between the University and its subsidiary companies;
- Programme of regular meetings of the Board and of Board and University committees which continued to operate effectively during the lockdown period of the pandemic;
- The Board has established an Audit Committee which receives regular reports on aspects of the University's control framework;
- Contracted internal audit service, RSM, examine aspects of the University's control framework and provide recommendations for improvement. The Audit Committee receives regular reports and monitors the implementation of recommendations for improvement;
- Annually, the Audit Committee receives the internal audit partner's independent opinion on the adequacy and effectiveness of the University's system of internal control;
- Specific measures for the prevention and detection of fraud, corruption, bribery and other irregularities. In addition to the financial and staff policies, regulations and procedures already described, these include policies and procedures on Anti-Bribery, Fraud and Corruption and on Declarations of Interest. Fraud, bribery and corruption is a standing item for the Audit Committee's agenda so that any incidents can be brought to the attention of the Committee. The Audit Committee receives an annual report on fraud, bribery and corruption. Whilst there are regular attempts by third parties at fraud against the University or its staff, there have been no actual incidences over the reporting period;

- A risk management framework (as outlined above) is part of the control framework;
- Effectiveness of Internal Controls.

In March 2021 the University was subject to a ransomware attack. To date there is no evidence of any data breach and all critical systems have been restored.

Responsibilities of the Board of Governors in relation to the financial statements for the year ended 31 July 2020

In accordance with the Education Reform Act 1988, as updated by the Further and Higher Education Act 1992 and the Higher Education and Research Act 2017, the Board of Governors of The University of Northampton Higher Education Corporation is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the Further and Higher Education Act 1992, the Statement of Recommended Practice on Accounting in Further and Higher Education and other relevant standards. In addition, through the Terms and Conditions of Funding for Higher Education Institutions, and the Accounts Direction of the Office for Students, the Board of Governors, through its Accountable Officer, is required to prepare financial statements for each financial year.

In causing the financial statements to be prepared, the Board has ensured that:

- Suitable accounting policies have been selected and applied consistently
- Judgements and estimates have been made that are reasonable and prudent
- Applicable 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 satisfied that the University has adequate resources to continue in operation for the foreseeable future; for this reason, the going concern basis continues to be adopted in the preparation of the financial statements. However, a material uncertainty has been identified that may cast significant doubt upon the University and Group's ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge liabilities in the normal course

of business. Detailed analysis of the basis for this conclusion can be found at Note 1 of the accounts below.

The Board of Governors have taken reasonable steps to:

- Ensure that funds from the Office for Students, UK Research and Innovation, the National College for Teaching and Leadership (NCTL), and the Chief Executive of Skills Funding, have been used only for the purposes for which they have been given and in accordance with the relevant terms and conditions of funding
- Ensure that funds been applied only for the purposes for which they have been given
- Ensure that there are appropriate safeguards and management controls in place to safeguard public funds and funds from other sources
- Safeguard the assets of the University and to prevent and detect fraud
- Secure the economical, efficient and effective management of the University's resources and expenditure.

Independent Auditor's Report to the Board of Governors of the University of Northampton Higher Education Corporation

Opinion

We have audited the financial statements of the University of Northampton Higher Education Corporation ('the parent institution') and its subsidiaries (the 'group') for the year ended 31 July 2020 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure Account, Consolidated and University Statement of Changes in Reserve for Year ending 31 July 2020, Consolidated and University Balance Sheet as at Year ended 31 July 2020, Consolidated Cash Flow Statement for the Year ending 31 July 2020 and the related notes 1 to 31, and the Statement of Principal Accounting Policies for the year ending 31 July 2020. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent institution's state of affairs as at 31 July 2020, and of the Group's and parent institution'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 United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, relevant legislation and Office for Students requirements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further

described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent institution in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 of the financial statements, which indicates that the group and parent institution is forecasting a net liability position during the going concern period which would represent a major event of default. The University and Group has received a waiver until September 2021, but a waiver has not been granted for the remainder of the going concern review period through to 31 July 2022. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the group and parent institution's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 64, other than the financial statements and our auditor's report thereon. The Board of Governors is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material

inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Office for Students

In our opinion, based on the work undertaken in the course of the audit, in all material respects:

- funds from whatever source administered by the University of Northampton Higher Education Corporation have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the applicable Terms and conditions attached to them; and
- the requirements of the Office for Students accounts direction for the relevant year's financial statements have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Office for Students require us to report to you where:

- the University's grant and fee income, as disclosed in note 6 to the financial statements, has been materially misstated;
- the University's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Board of Governors

As explained more fully in the Statement of the Board of Governors' Responsibilities set out on pages 63 and 64, the Board of Governors is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Board of Governors of the University of Northampton Higher Education Corporation, as a body, in accordance with the Instrument and Article of Government of the University. 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 of Northampton Higher Education Corporation and the Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.



Ernst & Young LLP

Edinburgh

Date: 19 May 2021

Notes:

1. The maintenance and integrity of the University of Northampton Higher Education Corporation web site is the responsibility of the Board of Governors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Principal Accounting Policies for the year ended 31 July 2020

1. General Information

The University of Northampton is registered in England. The address of the registered office is Vice Chancellor's Office, University of Northampton, University Drive, Northampton, NN1 5PH.

2. Basis of Preparation

These financial statements have been prepared on a going concern basis (see note 1 to the financial statement) in accordance with the Statement of Recommended Practice (SORP: Accounting for Further and Higher Education 2019) and in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK And Republic of Ireland", and applicable tax. The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. All amounts are disclosed in £000's unless otherwise stated.

3. Basis of Consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2020. Accounting policies have been consistently applied across the group. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions. Associated companies and joint ventures are accounted for using the equity method.

4. Recognition of Income

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

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

Non-recurrent government grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

Investment income and appreciation of endowments is recorded in income on a receivable basis as either restricted or unrestricted income according to the terms of restriction applied to the individual endowment fund. The University has 2 main types of donations and endowments identified within reserves:

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;

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

5. Accounting for retirement benefits

The University contributes to the Universities Superannuation Scheme (USS), the Local Government Superannuation Scheme (LGPS) and the Teachers' Pension Scheme (TPS). All schemes are defined benefit schemes which are contracted out of the Second State Pension (S2P).

The assets of the USS and TPS are held in separate trustee-administered funds. Because of the nature of the schemes, the schemes' assets are not hypothecated to individual universities and scheme-wide contribution rates are 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 these schemes on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the University therefore accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the income and expenditure

account represents the contributions payable to the schemes in respect of the accounting year.

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

The LGPS is a defined benefit scheme, the assets of which are held separately from those of the University in independently administered funds. Calculations for the obligation are calculated by a qualified actuary.

Pension scheme assets are measured using market value and are valued at bid price. Pension scheme liabilities are measured using the projected unit credit method and are discounted at the current rate of return on a high-quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other income. Actuarial gains and losses are recognised in other comprehensive income.

Pension scheme surplus, to the extent that they are considered recoverable, or deficits, are recognised in full and presented on the face of the balance sheet.

6. Intangible assets

Intangible assets are defined as an identifiable non-monetary asset without physical substance. An intangible asset is identifiable when it is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented, exchanged, either individually or together with a related contract, asset or liability.

Under FRS 102 we do not consider the Software costs associated with the implementation of a new student records system as an intangible asset, the system has no re-sale value and cannot be separated from the University and sold separately. On this basis software costs have not been capitalised in the financial statements.

7. Tangible fixed assets

Fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings are recognised at cost based on initial purchase or construction price and are capitalised to the extent that they increase the expected future benefits to the University. 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 of 50 years for buildings pre-Waterside, all buildings on the Waterside Campus are depreciated on a straight-line basis over their expected useful lives of 80 years. Leasehold land is depreciated over the life of the lease.

Leasehold land relates to the land the St. Johns Halls of residences is built on in the centre of Northampton. The land has been treated as a finance lease with an upfront payment incurred with an annual peppercorn subsequently. The period the lease has been capitalised over is 50 years.

Assets under construction are accounted for at cost, based on the value of the architects' certificates and other direct costs incurred to the balance sheet date. They are not depreciated until they are brought fully into use.

Equipment, including computer hardware and software, costing less than £5,000 is included as an expense in the Income and Expenditure account in the year of

acquisition. All other equipment is capitalised at cost and depreciated over its expected useful life, as follows:

Plant and machinery	5 – 10 years
Furniture, fixtures and fittings	5 – 8 years
Short Life Computer equipment	3 years
Motor vehicles	4 years
Other equipment	4 – 5 years

Borrowing costs are recognised as expenditure in the period in which they are incurred.

8. Investment Property

Investment properties are measured initially at cost. After initial recognition, investment properties are measured and carried at fair value.

The property (iCon Building) is for external use. Fair value is based on valuation performed by an appointed independent registered valuer, taking into account factors such as the property growth and market in the surrounding area. The fair value of the investment properties reflects the market conditions at the balance sheet date. Changes in fair values are recorded in the income statement.

9. Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period the maintenance is undertaken.

10. 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.

11. 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.

12. Investments

Listed Investments held as are shown at fair value with the movements recognised in the Surplus or Deficit. Investments in jointly controlled entities, associates and subsidiary undertakings are carried at cost less impairment in the University's accounts.

Current asset investments are held at fair value with the movements recognised in the Surplus or Deficit. These are comprised of bank and money market investments.

13. Cash and Cash equivalents

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

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

14. Taxation Status

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471, and 478-488 CTA 2010 (formerly s505 of ICTA 1988) 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 tangible fixed assets is included in their cost.

All subsidiary companies are liable to Corporation Tax and Value Added Tax in the same way as any other commercial organisation.

15. Provisions and contingent liabilities

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

The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any 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.

16. Stock

Stock is stated at the lower of their cost and estimated selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

17. Joint venture entities and associates

The consolidated Statement of Comprehensive Income and Expenditure includes the University's share of the income, expenditure and tax of associated undertakings and joint ventures, while the consolidated Statement of Financial Position includes investment in associated undertakings and joint ventures using the equity method. Associated undertakings are those in which the University has a significant, but not dominant, influence over their commercial and financial policy decisions. Joint ventures represent investments in which the University has joint control. In the University's financial statements, the investment in joint ventures and associated undertakings are included in the balance sheet at cost less impairment.

18. Employment benefits

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

19. 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 transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit. 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.

20. Interest Bearing Bond and Long-Term Borrowings

Bonds and long-term borrowings are recognised initially at fair value less attributed transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method in compliance with FRS 102.

21. Financial Instruments

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period the financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets original effective interest rate. The impairment loss is recognised in the statement of comprehensive income. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed and recognised in the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has practical ability to unilaterally sell the asset to an unrelated 3rd party without imposing restrictions.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

22. Reserves

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

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

23. Significant judgements and key sources of estimation uncertainty

Key sources of estimation uncertainty relating to balances included in the financial statements relate to:

- The University has made assumptions in the determination of the fair value of an investment property, specifically in respect of the status of the property market

in the location where the property is situated, and in respect of the range of reasonable fair value estimates of the asset. As with any valuation in a liquid market, judgement is required, and this represents a key source of estimation uncertainty. The valuation as at the reporting date, performed by an independent valuer, is stated in note 13. Following a review of the impact of the Covid-19 pandemic on the commercial operations of the investment property, it was concluded that it did not have a material impact on the property's valuation;

- The University has made assumptions in the determination of the fair value of the St Georges Avenue campus, specifically in respect of the status of the property market in the location where the property is situated, and in respect of the range of reasonable fair value estimates of the asset. Savills plc provided a valuation of the St Georges Avenue Campus and this valuation was used at year end. Further information has been included within note 12;
- The University uses assumptions in the determination of the pension assets and liabilities which represent a source of significant material uncertainty. Further information, including sensitivity analysis associated with key assumptions, is included in note 25. Pension valuations were affected by the impact of COVID-19 on stock markets and gilts;
- Northamptonshire County Council had no representative on the Board of Directors of Societal Travel CIC up until it sold its shares in the CIC to the University during the year. Accordingly, as it had financial control and fully directed the activities of the company during the whole year, the University has made a judgement to include Societal Travel CIC as a 100% subsidiary for the full financial year ended 31 July 2020;
- Freehold Buildings on the Waterside campus are depreciated on a straight-line basis over their expected useful lives of 80 years;
- Financial impacts arising from the effects of the COVID-19 pandemic on rental income, commercial activity and costs of amelioration measures have been estimated using financial records and reasonable commercial judgement.

24. Prior Period Adjustments

In accordance with FRS 102 The University will record a prior period adjustment where there have been omissions from, and misstatements in, the University's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) Was available when financial statements for those periods were authorised for issue and;
- b) Could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

During the Financial year ended 2018/19 the University incorrectly classified the ICLT lease as an operating lease rather than a finance lease and this has resulted in a prior year adjustment in the 2019/20 financial statements.

Consolidated and University Statement of Comprehensive Income and Expenditure Account

		Consolidated		University	
	Note	2020 £000	Restated 2019 £000	2020 £000	Restated 2019 £000
Income					
Funding Body grants	2	8,245	7,000	8,245	6,940
Tuition fees and education contracts	3	102,040	99,633	102,040	99,631
Research grants and contracts	4	1,079	1,139	1,111	1,139
Other Operating income	5	14,113	16,815	12,915	15,562
Investment income	7	263	400	261	393
Donations and endowments	8	272	440	271	440
Total income		126,012	125,427	124,843	124,105
Expenditure					
Staff costs	9	67,958	67,833	61,991	61,972
Interest and other finance costs	10	11,579	11,454	11,605	11,471
Other operating expenses	11	44,630	50,799	49,258	55,220
Depreciation & Impairment	11	16,993	11,822	16,990	12,406
Total expenditure		141,160	141,908	139,844	141,069
(Deficit) before other gains losses and share of operating (deficit) of joint ventures and associates		(15,148)	(16,481)	(15,001)	(16,964)
Net profit from sale of fixed assets		2	13,403	2	13,403
Gain on investment		12	88	37	13
Share of operating profit in joint venture	14	15	57	-	-
Share of operating profit in associate	14	22	16	-	-
Non-controlling interest		23	(8)	-	-
(Deficit) before tax		(15,074)	(2,925)	(14,962)	(3,548)
Deed of Covenant		-	-	64	859
Taxation		-	(4)	-	-

(Deficit) for the year		(15,074)	(2,929)	(14,898)	(2,689)
Actuarial (loss) in respect of pension scheme	25	(13,614)	(12,922)	(13,499)	(12,599)
Total comprehensive expense for the year		(28,688)	(15,851)	(28,397)	(15,288)
Represented by:					
Unrestricted comprehensive expense for the year		(28,688)	(5,259)	(28,397)	(4,696)
Revaluation reserve comprehensive expense for the year		-	(10,592)	-	(10,592)
Attributable to the University		<u>(28,688)</u>	<u>(15,851)</u>	<u>(28,397)</u>	<u>(15,288)</u>
Attributable to the non-controlling interest		-	-	-	-
		(28,688)	(15,851)	(28,397)	(15,288)
(Deficit) for the year attributable to:					
University		(15,097)	(2,921)	(14,898)	(2,689)
Non-controlling interest		23	(8)	-	-
		(15,074)	(2,929)	(14,898)	(2,689)

Further information on the restatement of the 2018/19 comparatives has been included in note 31.

Consolidated and University Statement of Changes in Reserve for Year ended 31 July 2020

	Income and expenditure account		Revaluation reserve	Total excluding Non-controlling interest	Non-controlling interest	Total Reserves
	Endowment	Unrestricted				
	£000	£000	£000	£000	£000	£000
Consolidated						
Balance at 1 August 2018	1,104	38,421	10,592	50,117	77	50,194
Surplus/(Deficit) from the income and expenditure	-	(2,921)	-	(2,921)	(8)	(2,929)
Movement in endowment funds	(23)	23	-	-	-	-
Pension reserve movement	-	(12,922)	-	(12,922)	-	(12,922)
Transfers between revaluation and income and expenditure reserve	-	10,592	(10,592)	-	-	-
Balance as at 1 August 2019 (Restated)	1,081	33,193	-	34,274	69	34,343
Surplus/(Deficit) from the income and expenditure	-	(15,097)	-	(15,097)	23	(15,074)
Movement in endowment funds	(5)	5	-	-	-	-
Pension reserve movement	-	(13,614)	-	(13,614)	-	(13,614)
Transfers between revaluation and income and expenditure reserve	-	-	-	-	-	-
Balance as at 31 July 2020	1,076	4,487	-	5,563	92	5,655
University						
Balance at 1 August 2018	1,104	37,010	10,592	48,706	-	48,706
Surplus/(Deficit) from the income and expenditure	-	(2,689)	-	(2,689)	-	(2,689)
Movement in endowment funds	(23)	23	-	-	-	-
Pension reserve movement	-	(12,599)	-	(12,599)	-	(12,599)
Transfers between revaluation and income and expenditure reserve	-	10,592	(10,592)	-	-	-
Balance as at 1 August 2019 (Restated)	1,081	32,337	-	33,418	-	33,418
Surplus/(Deficit) from the income and expenditure	-	(14,898)	-	(14,898)	-	(14,898)
Movement in endowment funds	(5)	5	-	-	-	-
Pension reserve movement	-	(13,499)	-	(13,499)	-	(13,499)
Transfers between revaluation and income and expenditure reserve	-	-	-	-	-	-
Balance as at 31 July 2020	1,076	3,945	-	5,021	-	5,021

Consolidated and University Balance Sheet as at Year ended 31 July 2020

		Consolidated		University	
	Note	2020 £000	Restated 2019 £000	2020 £000	Restated 2019 £000
Non-current assets					
Fixed assets	12	336,657	353,317	337,470	354,126
Investment Property	13	1,825	1,850	-	-
Investments	14	1,076	1,081	1,127	1,132
Investments in joint venture	14	98	83	-	-
Investment in associate	14	254	232	200	200
		<u>339,910</u>	<u>356,563</u>	<u>338,797</u>	<u>355,458</u>
Current Assets					
Stock	15	93	487	93	487
Trade and other receivables	16	24,809	35,355	24,374	35,105
Investments	17	131	123	131	123
Cash and cash equivalents	22	19,031	30,129	18,456	29,456
		<u>44,064</u>	<u>66,094</u>	<u>43,054</u>	<u>65,171</u>
Less: Creditors amounts falling due within one year	18	<u>(34,386)</u>	<u>(28,981)</u>	<u>(34,720)</u>	<u>(29,408)</u>
Net current assets		<u>9,678</u>	<u>37,113</u>	<u>8,334</u>	<u>35,763</u>
Total assets less current liabilities		349,588	393,676	347,131	391,221
Less: Creditors amounts falling due after more than one year	19	(273,676)	(306,707)	(272,192)	(305,223)
Pension provisions	20	(70,257)	(52,626)	(69,918)	(52,580)
Total Net Assets		5,655	34,343	5,021	33,418
Restricted Reserves					
Endowment reserve	27	1,076	1,081	1,076	1,081
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		4,487	33,193	3,945	32,337
Revaluation reserve	21	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>5,563</u>	<u>34,274</u>	<u>5,021</u>	<u>33,418</u>
Non-controlling interest		92	69	-	-
Total Reserves		5,655	34,343	5,021	33,418

The financial statements on pages 70 to 114 were approved by the Board of Governors and signed on its behalf by:



Vice Chancellor – Prof. Nick Petford
Dated: 19 May 2021 – Signed



Chair of the Board of Governors – Mr Mark Mulcahey
Dated: 19 May 2021 – Approved by the Board

Consolidated Cash Flow Statement for the Year ended 31 July 2020

	Note	2020 £000	Restated 2019 £000
Cash flow from operating activities			
Deficit for the year		(15,074)	(2,929)
Adjustment for non-cash items			
Depreciation		16,993	11,822
Profit on sale of Fixed Assets		(2)	(13,403)
Decrease in stock		394	460
(Increase) / Decrease in debtors		(1,953)	1,457
(Decrease) in creditors		(2,469)	(7,319)
Increase in provisions		2,884	4,520
Share of operating (surplus) in joint venture		(15)	(57)
Share of operating (surplus) in associate		(22)	(16)
		15,810	(2,536)
Adjustment for investing or financing activities			
Investment income		(263)	(400)
Gain on investment		(12)	(88)
Interest payable		11,579	11,454
Endowment income		24	(55)
Non-controlling interest		(23)	8
Capital grant income		(2,822)	(683)
		8,483	10,236
Net cash inflow from operating activities		9,219	4,771
Cash flow from investing activities			
Capital grants receipts		444	606
Investment income		263	400
Endowment funds inflow/(outflow)		19	(78)
Movement in cash deposit investments		(8)	132
Receipts from sale of Park Campus		12,500	9,345
Payments made to acquire fixed assets		(266)	(11,935)
		12,952	(1,530)
Cash flows from financing activities			
Interest paid		(10,476)	(10,515)
Repayments of amounts borrowed		(22,793)	(1,532)
		(33,269)	(12,047)
(Decrease) in cash and cash equivalents in the year		(11,098)	(8,806)
Cash and cash equivalents at beginning of the year	22	30,129	38,935
Cash and cash equivalents at end of the year	22	19,031	30,129

Notes to the Financial Statements

1. Basis of preparation, including Going concern assessment

The financial statements are prepared on a going concern basis. The University considers the most appropriate going concern period to be until at least 31 July 2022, which is at least 15 months from the approval of these financial statements.

In adopting the going concern basis for preparing the financial statements, the Board of Governors have considered the University's principal risks and uncertainties in the context of the current operating environment. This includes possible future impacts of the global Covid-19 pandemic on the University and reviews of liquidity and covenant forecasts.

The University's business planning cycle has taken account of potential impacts of Covid-19 to create a base case going concern model, reflecting the current business disruption, the resulting impact on commercial income, accommodation fees and student recruitment and our ability to operate effectively during a period of remote teaching and working.

Financial performance and 31 July 2020 yearend position

In the financial year to 31 July 2020, the University made a deficit before tax of £(15.1) million (2019: £(2.9) million) caused by the impact of Covid-19 and accelerated depreciation of the Avenue site. At the balance sheet date of 31 July 2020 the University held gross cash of £19 million (2019: gross cash of £30 million), while net current assets were £9.6 million (2019: £37.1 million) and net assets were £5.7 million (2019: £34.4 million). Subsequent to the year end, at 28 February 2021 the University held £37.7 million of gross cash.

Financing arrangements through going concern assessment period

The University had in place the following external financing arrangements at 31 July 2020, totalling a balance of £277 million, comprising the bond, PWLB loans and finance leases. Following the balance sheet date, the University secured a one-year extension to £8.5 million of borrowings which were originally due to be repaid in March 2021. Between 1 August 2020 and the approval of these financial statements, £544,000 had been repaid and a further £13.25 million of borrowings will be repayable during the going concern period.

Covenants

The following loan agreements are subject to covenant terms: the bond and PWLB loans. These loan agreements have been guaranteed by Her Majesty's Treasury (HMT) who require the University of Northampton to comply with a number of covenants.

The University has forecast its position against all existing covenants through its going concern assessment period to at least 31 July 2022 and based on its forecast scenarios are forecasting a net liabilities position in the balance sheet within each scenario. A waiver has been granted by HMT for the period through to 30 September 2021 when the position will be evaluated. Given its expected liquidity, the University believes there is no reason that this would not be granted; however, as at the approval date of these financial statements a waiver has not been granted for the remainder of the going concern period through to 31 July 2022.

Based on the forecast scenarios the University is forecast to trigger a discretionary spend lock up event in May 2021, November 2021 and May 2022. If triggered, these require the University to cease capital discretionary spend until a waiver is received from HMT. The University has received legal advice that the trigger of the discretionary spend lock up event does not constitute an event of default and the University would take all reasonable actions to ensure that they comply with the requirements of the covenant.

Forecasting through going concern period, including plausible worst-case scenario and reverse stress testing

The University has continually reassessed its latest forecast in light of the changing conditions, such as changing government restrictions due to the pandemic. The latest base case, prepared in March 2021, takes into account actual

performance to the end of 28 February 2021. The University has also run a severe but plausible downside scenario. The key variables that are subject to most judgement are home and overseas tuition fees due to continued impact on student numbers, reductions in residences income and reduced commercial income. The scenarios model the period to 31 July 2022, being the going concern period for the financial statements. The base case and plausible downside scenarios have been considered by the Board.

The base case scenario uses the 28 February 2021 actual results as its starting point. For 2020/21 it includes the impact of the current lockdown on residences' income, and the reduction in commercial income and research. The base case assumes a return to some normality in 2021/22 but with a flat student base including prudent attrition rates. The base case shows a low point of cash at April 2022. The plausible downside scenario assumed further decreases in tuition fees and that residences income would be further reduced.

The University has considered a scenario to reverse stress test the model under which it expends all available liquidity before the end of the going concern assessment period. This allowed management to assess their current financial resources and the likelihood that such a 'business-breaking' scenario would occur. The University has applied reverse stress testing to establish at which point the University comes close to having no cash. In this extreme scenario key assumptions include no recruitment of Home/EU students, no rent receipts and the CTC centre being closed for the year. Management is satisfied that it remains sufficiently remote that such assumptions would occur to consider this scenario plausible in assessing the University's position as a going concern.

Office for Students liquidity target

The Office for Students requires that universities monitor their access to a minimum liquidity of 30 days operating expenditure on a 3-month rolling basis. Where this is considered reasonably likely to occur this is a reportable event but does not have a direct impact on management's ability to continue as a going concern. For the University, this equates to a minimum cash balance of at least £10m. Based on the University forecasts there is a low risk of breaching this requirement under the base case and plausible downside scenarios.

Conclusion – Material uncertainty in relation to going concern

The University and Group is forecasting a net liability position during the going concern period which would represent a major event of default. The University and Group has received a waiver until September 2021, but a waiver has not been granted for the remainder of the going concern review period through to 31 July 2022. The absence of this waiver represents a material uncertainty that may cast significant doubt upon the University and Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The University has carefully considered the financial forecasting outlined above, available financing, the assessment of the scenarios set out above and forecast covenant compliance. The University and group consider that the liquidity headroom and financial covenants are manageable due to available mitigating actions. Accordingly, but recognising the uncertainty around the developing and volatile situation surrounding the impact of Covid-19, the Board of Governors has concluded that there is reasonable expectation that the University and Group has adequate resources to continue in operational existence for the going concern period. Therefore, the Board of Governors continue to adopt the going concern basis of accounting in preparing the financial statements.

2. Funding Body Grants

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Recurrent grant				
OfS / Research England	4,815	5,575	4,815	5,515
National College for Teaching and Leadership	97	122	97	122
Specific grants				
Higher Education Innovation Fund	511	620	511	620
Capital grant	2,822	683	2,822	683
	8,245	7,000	8,245	6,940

3. Tuition Fees and Education Contracts

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Full-time HE fees – UK and EU students	69,076	69,046	69,076	69,046
Full-time HE fees – overseas and other students	20,820	17,986	20,820	17,986
Part-time HE fees	3,567	2,848	3,567	2,848
Short course fees	3,913	4,811	3,913	4,809
Contracts with the University in lieu of academic fees	4,664	4,942	4,664	4,942
	102,040	99,633	102,040	99,631

4. Research Grants and Contracts

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
OST Research Councils	124	115	124	115
UK Based Charities	107	272	107	272
UK Central Government and Local Authorities	303	335	303	335
UK Industry and Commerce	132	133	164	133
EU Government	247	181	247	181
EU Other	42	58	42	58
Others	124	45	124	45
	1,079	1,139	1,111	1,139

5. Other operating Income

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Residences, catering and conferences	9,324	13,081	8,984	12,579
JRS Furlough receipts	518	-	341	-
Other income	4,271	3,734	3,590	2,983
	14,113	16,815	12,915	15,562

6. Source of Grant and Fee Income

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Grant income from the OfS	5,318	5,689	5,318	5,629
Grant income from other bodies	5,246	3,410	5,050	3,252
Fee income for taught awards (exclusive of VAT)	92,905	89,116	92,697	88,959
Fee income for research awards (exclusive of VAT)	558	764	766	921
Fee income from non-qualifying courses (exclusive of VAT)	8,577	9,753	8,577	9,751
Total grant and fee income	112,604	108,732	112,408	108,512

7. Investment Income

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Investment Income	263	400	261	393
	263	400	261	393

8. Donations and endowments

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Donation & endowment income	272	440	271	440
	272	440	271	440

9. Staff Costs

The Board of Governors has formally adopted the 'Higher education senior staff remuneration code' published by the CUC and has had due regard to this in all relevant remuneration decisions.

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Staff Costs:				
Wages and salaries	50,434	51,360	45,139	46,208
Social Security costs	4,929	5,038	4,562	4,679
Other pension costs (note 25)	12,595	11,435	12,290	11,085
Total	67,958	67,833	61,991	61,972

During the year ended 31 July 2020, total redundancy / severance costs were £317,558 (£256,270 in 2019). This was paid to 27 individuals (38 individuals in 2019).

	Consolidated		Consolidated	
	2020	2019	2020	2019
	Number	Number	FTE	FTE
The average monthly number of persons employed during the year were:				
Academic	1,457	1,616	531	560
Support	784	863	654	706
Total	2,241	2,479	1,185	1,266

	University		University	
	2020	2019	2020	2019
	Number	Number	FTE	FTE
The average monthly number of persons employed during the year were:				
Academic	1487	1,616	534	560
Support	619	676	515	542
Total	2,106	2,292	1,049	1,102

Emoluments of the Vice-Chancellor	2020	2019
	£000	£000
Salary and healthcare	201	200
Value of residential emolument	10	10
	211	210
Pension contributions	46	33
Total emoluments	257	243

Vice Chancellor's Remuneration

The emoluments of the Vice Chancellor are shown on the same basis as for higher paid staff. The University's pension contributions to the Teachers' Pension Scheme are paid at the same rates as for other academic staff at 16.48% until September 2019 when the employer's rate rose to 23.68% of pensionable pay. The Vice Chancellor received no dividends from the University during the reporting period.

Performance Related Pay

The Vice Chancellor, in common with other senior staff, can receive discretionary non-consolidated performance related pay of up to 15% of salary. Of the 15%, 10% is based on the achievement of corporate objectives chosen by the Board from the KPIs. 5% is based on the achievement of personal objectives. These are approved and overseen by the Remuneration Committee. There is no salary sacrifice arrangements in respect of the Vice Chancellor's salary or compensation payments for loss of office during the reporting period. No PRP was paid in 2019/20.

Taxable Benefit

The Vice Chancellor is paid a residential allowance equivalent to the value of the emolument that would be paid to cover the costs of living in Northampton, and over the reporting period, was paid monthly in equal instalments. Accordingly, the Vice Chancellor is required to pay for accommodation costs whilst staying in Northampton.

In common with all senior staff, the Vice Chancellor also receives healthcare insurance £1,967 (£1,555 2018/19).

Non-Taxable Benefits

The Vice Chancellor receives non-taxable benefits as follows:

	2019-20	2018-19
Membership of the Athenaeum Club which allows the Vice Chancellor to stay in London whilst on business there	£362.50 (Quarter 1 and 2) £380.00 (Quarter 3 and 4)	£346.25 (Quarter 1 and 2) £362.50 (Quarter 3 and 4)
Fellowship of the Royal Society of Arts	£182	£178
Subscription to the Geological Society	£214	£210
Subscription to Mineralogy	n/a	£35.94
Membership to European Geosciences Union	n/a	£55.98 (in order to submit a paper)
Membership to American Geophysical Union	n/a	£41.60 (in order to submit a paper)
Priority Pass – worldwide airport lounge access	£69	
Subscription to EGU	£17.66 (in order to submit a paper)	
Stanford – magazine subscription	£58.99	
Total	£2026.65	£1939.02

In addition, where this is most effective in cost/benefit terms, the Vice Chancellor has the use of the University car and a shared driver whilst on University business. All members of the University Management Team are able to use this service.

In February 2019 the Remuneration Committee considered remuneration arrangements for all senior post holders, including the Vice Chancellor. In accordance with individual contracts of employment each senior post holder receives the nationally agreed pay award on an annual basis, with a full benchmark review on a three-year cycle. Pay was last benchmarked in 2015. In reviewing the VC's salary, a sector benchmark exercise was completed using data from the most recent UCEA Senior Staff Remuneration Survey which includes information relating to the salary of Vice Chancellors

across the sector, and data from the 2017/18 CUC Survey of Vice Chancellors' Remuneration. The outcome of the benchmark exercise was that the salary of the Vice Chancellor was considered appropriate and no changes were made.

Pay Multiple

The Vice-Chancellors basic salary is 5.94 times the median pay of staff (£33,797) and the Vice-Chancellors total remuneration is 6.60 times the median total remuneration of staff (£38,882). In both instances the median pay is calculated based on the amounts paid by the University to all of its contacted staff, excluding temporary agency staff.

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

	2020 Numbers	2019 Numbers
£200,000 - £204,999	1	-
£165,000 - £169,999	1	-
£160,000 - £164,999	-	1
£150,000 - £154,999	-	-
£145,000 - £149,999	-	-
£125,000 - £129,999	-	-
£110,000 - £114,999	2	1
£105,000 - £109,999	1	3

In line with disclosure requirements set out in the Office for Students' Accounts Direction for the 2019/20 financial year, the above table shows the basic salaries of higher paid staff, including the Vice Chancellor, on a full-time equivalent basis. Basic salary includes market supplements, but excludes bonus payments, allowances, clinical excellence awards and other such payments. Market supplements were excluded from the prior year figures, in line with disclosure requirements set out in the Office for Students' Accounts Direction for that financial year.

Key management personnel	2020 £000	2019 £000
Key management personnel compensation	1,792	1,521

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel.

No member of the Board of Governors received an emolument during the year in their capacity as a Governor. Governors were reimbursed a total of £1,823 (2018/19: £4,987) for expenses in connection with their duties as a Governor.

10. Interest and Other Finance Costs

	Consolidated		University	
	2020 £000	Restated 2019 £000	2020 £000	Restated 2019 £000
Bond interest	8,757	8,703	8,757	8,703
Loan interest	1,690	1,761	1,721	1,768
Pension finance costs	1,132	990	1,127	1,000
	11,579	11,454	11,605	11,471

11. Analysis of 2019/20 Expenditure by Activity

Consolidated

	2020				Restated 2019
	Staff costs	Other operating expenses	Depreciation & impairment	Interest and other finance	Total
	£000	£000	£000	£000	£000
Academic departments	35,594	14,694	6,084		56,372
Academic services	9,895	7,384	3,057		20,336
Administration and central services	12,766	12,430	4,382		29,578
Premises	3,978	6,335	1,901		12,214
Residences, catering and conferences	572	2,704	1,120		4,396
Research	2,115	644	267		3,026
Other	14	439	182	10,446	11,081
FRS 102 pension costs	3,024			1,133	4,157
	67,958	44,630	16,993	11,579	141,160

University

	2020				Restated 2019
	Staff costs	Other operating expenses	Depreciation & impairment	Interest and other finance	Total
	£000	£000	£000	£000	£000
Academic departments	35,594	14,950	5,635		56,179
Academic services	9,861	7,707	2,905		20,473
Administration and central services	10,688	12,694	4,942		28,324
Premises	887	10,260	2,133		13,280
Residences, catering and conferences		2,768	1,044		3,812
Research	2,111	595	224		2,930
Other		284	107	10,478	10,869
FRS 102 pension costs	2,850			1,127	3,977
	61,991	49,258	16,990	11,605	139,844

12. Tangible Assets - Consolidated

	Assets Under Construction	Land and Buildings		Equipment	Total
	£000	Leasehold	Freehold	£000	£000
		£000	£000		
Cost					
At 01 August 2019 (restated)	89	7,286	362,952	41,414	411,741
Additions at cost	110	-	-	223	333
Adjustments / Disposals	-	-	(22,248)	(516)	(22,764)
Transfers	(89)	-	-	89	-
At 31 July 2020	110	7,286	340,704	41,210	389,310
Accumulated Depreciation					
At 01 August 2019 (restated)	-	289	42,900	15,235	58,424
Charge for year	-	306	11,521	5,166	16,993
Adjustments / Disposals	-	2	(22,077)	(689)	(22,764)
At 31 July 2020	-	597	32,344	19,712	52,653

Net book value					
At 31 July 2020	110	6,689	308,360	21,498	336,657
At 31 July 2019 (restated)	89	6,997	320,052	26,179	353,317
Financed by capital grant	-	-	3,002	-	3,002
Other	110	6,689	305,358	21,498	333,655
Net book value at 31 July 2020	110	6,689	308,360	21,498	336,657

**Consolidated
£000**

The depreciation charge for the year has been funded by:

Deferred capital grants released	2,822
Income and expenditure reserve	14,171
	16,993

Tangible Assets – The University

		Land and Buildings			
		Assets Under Construction	Leasehold	Freehold	Equipment
		£000	£000	£000	£000
Cost					
At 1 August 2019 (restated)					
Cost	89	7,286	362,482	40,771	410,628
Additions at cost	110	-	-	223	333
Adjustments / Disposals	-	-	(20,931)	26	(20,905)
Transfers	(89)			89	
At 31 July 2020	110	7,286	341,551	41,109	390,056
Accumulated Depreciation					
At 1 August 2019 (restated)		-	289	41,481	14,732
Charge for year	-	306	11,538	5,146	16,990
Adjustments / Disposals	-	2	(20,659)	(248)	(20,905)
At 31 July 2020	-	597	32,360	19,630	52,587
Net book value					
At 31 July 2020	110	6,689	309,191	21,479	337,470
At 31 July 2019 (restated)	89	6,997	321,001	26,039	354,126
Financed by capital grant			3,002		3,002
Other	110	6,689	306,189	21,479	334,468
Net book value at 31 July 2020	110	6,689	309,191	21,479	337,470

**University
£000**

The depreciation charge for the year has been funded by:

Deferred capital grants released	2,822
Income and expenditure reserve	14,168
Revaluation reserve released	-
	16,990

The University carried out a detailed analysis of its fixed asset register to reconcile it against the disclosures within the tangible assets note. It was established that the brought forward disclosures within financial statements still recorded nil NBV assets which had been decommissioned or disposed of by the University, therefore, an exercise was completed to bring all disclosures within the financial statements in line with the fixed asset register. As all the adjustments related to

assets with a nil net book value, there is no impact on the overall net book value position for the note or the Balance Sheet for 2018/19 or 2019/20.

Prior to the year end the Avenue Campus, which was surplus to requirements, was written down to its estimate recoverable amount of £8m (comprising its estimated value of £10m less costs to sell of £2m) through an accelerated depreciation charge of £5.4m. Subsequent to the yearend an offer was accepted for £10m. After accounting for sale costs, no material profit or loss is expected to arise.

13. Investment Property

An external valuation of the subsidiary's Land and Buildings as at 31 July 2020 was carried out by Gerald Eve LLP, Chartered Surveyors. The valuation has been prepared in accordance with Royal Institution of Chartered Surveyors Valuation Standards, valuing on the basis of an investment property and taking into account factors such as the property growth and market in the surrounding area. The resulting valuation was £1,825,000 (2018/19, £1,850,000).

	Group £000
Balance as at 1 August 2019	1,850
Decrease in value	(25)
Balance as at 31 July 2020	1,825

14. Investments

	Group 2020 £000	Group 2019 £000	University 2020 £000	University 2019 £000
Joint Ventures	98	83	-	-
Associates	254	232	200	200
Other Investments	1,076	1,081	1,127	1,132
	1,428	1,396	1,327	1,332

The University believe the carrying value of the investments is supported by their underlying net assets. The brought forward investment figure relates to permanent endowment assets held in an investment fund for long term investment.

Following purchase of the remaining shareholding from its JV partner, Societal Travel CIC is now a 100% owned subsidiary of the University.

The Group has the following investments in joint ventures:

Uno Buses (Northampton) Limited

The group holds a 50% share of Uno Buses (Northampton) Limited. This is a joint venture company owned equally by The University of Northampton Enterprises Ltd and University Bus Limited. The company provides bus services for Northamptonshire.

	Uno Buses (Northampton) Limited 2020 £	Uno Buses (Northampton) Limited 2019 £
At 01 August – share of net assets	82,862	26,117
Share of profit retained by joint venture	14,810	56,745
At 31 July – share of net assets	97,672	82,862

The Group has the following investments in associates:

Goodwill Solutions (Holdings) CIC

Registered office: 1056 Deer Park Road, Moulton Park, Northampton, NN3 6RX

The University holds 20% of the share capital of Goodwill Solutions (Holding) CIC, this is treated as an associate. The holding company is part of a group which includes a logistics and warehousing social enterprise that provides services to both commercial retailers and manufacturers. It also aims to help the local community by running Back to Work programmes, training ex-offenders, the homeless and disadvantaged youths for employment in the logistics sector.

	Share of net tangible assets
	£
At 01 August 2019	231,921
Share of profit raised by associate	22,471
At 31 July 2020	254,392
At 01 August 2018	215,578
Share of profit raised by associate	16,343
At 31st July 2019	231,921

The University holds the following Investment in Subsidiaries:

Connected Together CIC

Registered office: Moulton Park Business Centre, Redhouse Road, Moulton Park, Northampton, NN3 6AQ

Connected Together Community Interest Company (CIC) operates the statutory Healthwatch contracts for Northamptonshire County Council and Rutland County Council and undertakes consulting contracts providing independent reviews of organisations in the healthcare and social care sectors. These contracts provide an independent consumer champion voice for everyone who uses local health and social care services in the two counties to ensure everyone gets the best they can from their local health provision. The CIC provides information on local health and social care services and signposts people to where they can get the right help and support. Commissioned by the two County Councils, Connected Together CIC is run as a social enterprise with the support of the University of Northampton and Voluntary Impact Northampton (VIN). The University owns 51% of the share capital and VIN the remainder. The company is registered in England and Wales and operates in the UK.

The University of Northampton Enterprises Limited

Registered office: Vice Chancellor's Office, University of Northampton, University Drive, Northampton, NN1 5PH.

The company is registered in England and Wales and operating in the UK and is a 100% subsidiary of the University, whose principal activities are the provision of facilities maintenance services, provision of a recruitment agency, the provision of hotel and conferencing services, delivery of support services and provision of the community radio station service to Northampton.

iCon East Midlands and iCon Operations Limited

Registered office: Vice Chancellor's Office, University of Northampton, University Drive, Northampton, NN1 5PH.

iCon East Midlands, a company limited by guarantee, is an organisation set up to manage the project and day to day running of the iCon building in Daventry, a centre for business units utilising green technologies. The day to day trading operates through iCon Operations Limited. Both companies are registered in England and Wales and are 100% subsidiaries of The University.

Societal CIC

Registered office: Vice Chancellor's Office, University of Northampton, University Drive, Northampton, NN1 5PH.

Societal CIC was set up to tackle transportation challenges by analysing travel data and applying transformative innovative solutions. Expanding on work carried out by the University of Northampton Institute of Logistics, Infrastructure, Supply and Transport (LIST) it holds research contracts that are undertaken by ILIST.

Waterside Campus Development Company PLC

Registered office: Vice Chancellor's Office, University of Northampton, University Drive, Northampton, NN1 5PH.

This company was set up in 2014 to hold the University's £231.5m Public Bond, issued to partially finance the Waterside Campus and continues to act in that capacity servicing the bondholders.

The company is registered in England and Wales and operating in the UK and is a 100% subsidiary of The University. The company was setup to issue a bond on behalf of The University and its main activity is to service the bond repayments.

15. Stock

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
IT equipment	93	487	93	487
	93	487	93	487

Stock at the yearend related to laptops that were purchased and as part of the students' benefits package and will be distributed to students at the start of the new academic year.

16. Trade and other Receivables

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Trade Debtors	18,619	29,230	18,321	29,116
Amounts owed by subsidiary undertakings	-	-	-	-
Prepayments and accrued income	4,423	5,688	4,295	5,552
Other	1,767	437	1,758	437
	24,809	35,355	24,374	35,105

During the year £668k of Trade Debtors were written off (2019: £765k). The provision for doubtful debts as at the 31 July 2020 was £ (4,327)k (2019: £ (3,770) k).

Included within Trade Debtors is £12.5m relating to the staged payments of the sale of Park Campus. Trade Debtors were significantly higher in the previous year as they included another £12.5m staged payment owing from Persimmon Homes which was paid in December 2019.

Included within accrued income is £175k in relation to a loan granted to Uno Buses. The initial loan was for £275k and was granted in July 2017 with an interest rate of 1% above base rate. The element of this that is due in greater than one year is £150k (2018/19: £175k).

Other debtors relate to supplier invoices, received but not paid prior to the balance sheet date, where the goods or services are to be received in 2020/21. As the University has received a supplier invoice, which is recognised as a liability

within creditors, and they are entitled to the future benefits related to the invoices these have been recognised separately as other debtors, separate from prepayments which have been paid prior to the balance sheet date.

17. Current Investments

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Short term deposits	131	123	131	123
	131	123	131	123

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

18. Creditors: Amounts falling due within one year

	Consolidated		University	
	2020	Restated 2019	2020	Restated 2019
	£000	£000	£000	£000
PWLB loan	10,110	1,580	10,110	1,580
CISCO	967	1,107	967	1,107
ICLT (Building)	110	106	110	106
ICLT (Land)	10	10	10	10
Trade Creditors	5,485	6,535	5,332	6,343
Amounts due to subsidiary undertakings	-	-	2,140	2,435
Social security and other taxation	2,489	1,962	2,392	1,816
Accruals and deferred income	15,963	17,681	14,407	16,011
Scholarships relating to deferred income	(748)	-	(748)	-
	34,386	28,981	34,720	29,408

19. Creditors: Amounts falling due after more than one year

	Consolidated		University	
	2020	Restated 2019	2020	Restated 2019
	£000	£000	£000	£000
Bond	230,626	230,574	-	-
ICLT (Building)	4,111	3,901	4,111	3,901
ICLT (Land)	209	219	209	219
PWLB loan	33,354	63,464	33,354	63,464
CISCO	1,241	2,208	1,241	2,208
Deferred income	4,135	6,341	2,651	4,857
Amounts due to subsidiary undertakings	-	-	230,626	230,574
	273,676	306,707	272,192	305,223

The balances relating to CISCO relate to a finance lease taken out in 2017/18, details of which have been set out in note 23.

On the 26 November 2014 a secured fixed rate public bond was issued for the sum of £231.5m over a 40-year term with a coupon rate of 3.302%, this is a fixed rate for the term. The Bond is secured against the assets on the University. The bond was issued via a 100% owned subsidiary of The University, Waterside Campus Development Company plc. Capital repayments commence in 2024/25. The bond transaction costs of £1.06m will be amortised over the life of the bond and

charged to interest costs. The market value of the bond at 31 July 2020 was £325.8 (2019: £300.8), and it is listed on the Irish Stock Exchange. The borrowings are secured against the assets of the University.

On the 10th March 2016, The University drew down £60m Public Works Loan Board (PWLB) in three tranches, via the County and Borough Councils. £31.5m was loaned over 40 years at a rate of 2.92%, capital and interest repayments payable from commencement of the loan. £28.5m was loaned over 5 years at a rate of 1.38%, interest is payable from commencement of the loan. The capital is due in full by the end of the loan period. A further £8m was drawn down over 7 years in December 2017 at a rate of 1.22% to finance the construction of an energy centre for the new Waterside Campus.

The bond and County & Borough Council PWLB loans have been guaranteed by Her Majesty's Treasury under an agreement with certain financial covenants, including calculation of historical and prospective Debt Service Cover Ratios (DSCR's). Under these covenants, the University is required to generate cash surpluses in excess of 1.5x of the annual cost of servicing the debt. Normally falling below 1.25x would trigger sanctions that would restrict the University's future operations, however in light of the impacts of the COVID-19 pandemic, the HM Treasury have agreed to temporarily waive the trigger to 1.0x for the May 2020 census date which the University achieved during the year.

On 24 January 2020 the University repaid £20m capital against the PWLB loan to Northampton Borough Council.

Risk Management

The treasury function is controlled centrally via the group which is responsible for managing the credit, liquidity, interest and foreign currency risk associated with the group's activities. These financial risks are managed within parameters specified by the Treasury Management Policy. The Treasury Management Policy of the group governs all treasury management activities and sets out relevant policy objectives and control measures; it is reviewed by the Board of Governors.

The group's principal financial instruments are bonds, cash, short term deposits and money market investments which are managed by the group and an external investment portfolio manager on behalf of the University. The core objective of these financial instruments is to meet financing needs of the group's operations. Additionally, the group has other financial assets and liabilities arising directly from its operations i.e. trade debtors and creditors.

Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the company. The group's Treasury Management Policy and Bad Debt Policy lay out the framework for credit risk management. Credit risk is monitored on an ongoing basis.

The group's credit risk arises from bank balances, investments, student debtors and government and commercial organisations as customers. Management of credit risk is covered by the Treasury Management Policy. As at 31 July 2020, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

Student, government and commercial debtors are reviewed on an on-going basis and bad debt provisions are made if recovery of the debtors becomes uncertain. A debtor deemed irrecoverable is written off in accordance with the financial regulations. The concentration of risk is limited in commercial creditors due to the student base being large and diverse and because the treasury management policy limits the maximum level of investments for each counterparty to mitigate risk concentration. Similarly, the group's investment decisions are based on strict minimum credit worthiness criteria to ensure the safety of cash and investments. Credit worthiness of the group's banks and money market funds is regularly monitored. Generally, the group does not require collateral against financial assets.

Liquidity Risk

Liquidity risk refers to the risk that the group will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities.

Cash flow forecasting is performed by the group at a consolidated level. The rolling forecasts are monitored to ensure the liquidity requirements are sufficient to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach covenants on the borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance, and compliance with internal balance sheet ratio targets.

Interest Rate Risk

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of balance sheet items or changes in interest income or expenses.

The group's financing as outlined above consists of a 40 year £231.5m bond, a 40 year £31.5m PWLB loan, a 5 year £28.5m PWLB loan and a further 5-year PWLB loan of £8m. All these loans are fixed rate and therefore not subject to interest rate risk.

The group's interest and investment income is exposed to changes in interest rates. The group is prepared to accept re-investment risk to exploit opportunities where yield can be maximised without compromising capital base of the investment. There are no outstanding derivative instruments as at 31 July 2020.

Maturity profile of Bond (consolidated) and inter-group balance (University):

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Due within one year	(26)	-	1,258	-
Between one and two years				
Between two and five years	(26)	-	(26)	-
In five years or more	2,208	-	2,208	-
	228,444	230,574	228,444	231,853
	230,600	230,574	231,884	231,853

Maturity profile of PWLB loan / CISCO and ICLT leases:

	Consolidated		University	
	2020	Restated 2019	2020	Restated 2019
	£000	£000	£000	£000
Due within one year	11,187	2,793	11,187	2,793
Between one and two years	2,582	31,187	2,582	31,187
Between two and five years	5,422	6,738	5,422	6,738
In five years or more	30,702	31,648	30,702	31,648
	49,893	72,366	49,893	72,366

20. Provisions

Consolidated

	Obligation to fund deficit on USS Pension	Pension enhancements on early retirement	Defined Benefit Obligations (note 25)	Total pension provisions
	£000	£000	£000	£000
As at 1 August 2019	1,112	808	50,706	52,626
Change in provision	(490)	(138)	18,259	17,631
As at 31 July 2020	622	670	68,965	70,257

University

	Obligation to fund deficit on USS Pension	Pension enhancements on termination	Defined Benefit Obligations (note 25)	Total pension provisions
	£000	£000	£000	£000
As at 1 August 2019	1,112	808	50,660	52,580
Change in provision	(490)	(138)	17,966	17,338
As at 31 July 2020	622	670	68,626	69,918

USS deficit

The obligation to fund the past deficit on the University's 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.

Pension enhancements on early retirement

The University has provided for future pension costs associated with the granting of additional years of service to certain members of staff taking early retirement.

21. Revaluation Reserve

Consolidated and The University

	Inherited assets £000	Inherited loans £000	Total £000
Revaluations			
Original values at time of revaluation	34,040	(3,675)	30,365
Contribution to depreciation / repayment of principal To 31 st July 2019	(34,040)	3,675	(30,365)
Released in year	-	-	-
Net revaluation amount			
At 31 July 2020	-	-	-

22. Cash and Cash Equivalents

	At 1 st August 2019	Cash flows	At 31 st July 2020
	£'000	£'000	£'000
Consolidated	30,129	(11,098)	19,031
University	29,456	(11,000)	18,456

23. Lease Obligations

Operating Leases

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Minimum lease payments under non-cancellable operating lease commitments in respect of equipment on leases expiring:				
Within one year	670	69	623	-
Between two and five years	2,009	46	1,982	-
Over 5 Years	-	-	-	-
Total lease payments due	2,679	115	2,605	-

A CISCO lease for a 60-month period for the provision of IT software at the Waterside Campus was started in 2019/20.

Finance Leases

	Consolidated		University	
	2020	Restated 2019	2020	Restated 2019
	£000	£000	£000	£000
Minimum lease payments under non-cancellable finance lease commitments in respect of IT equipment for periods expiring:				
Within one year	1,302	1,441	1,302	1,441
Between two and five years	2,578	3,545	2,578	3,545
Over 5 Years	6,266	6,601	6,266	6,601
Total lease payments due	10,146	11,587	10,146	11,587

The finance lease disclosure refers to two separate CISCO finance leases; one for a 60-month period for the provision of IT equipment for the Waterside Campus and the second finance lease for a period of 36 months for the provision of IT switches for the Waterside Campus. In 2018/19 the university entered into a new finance lease for the ICLT facility. This lease was not included in the 2018/19 statements and these have now been restated.

24. Capital Commitments

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Commitments contracted at 31 July	395	406	395	406
	395	406	395	406

25. Pension Schemes

The University's employees belong to three principal pension schemes, the Teachers' Pension Scheme (TPS), the Local Government Pension Scheme (LGPS) administered by Northamptonshire County Council, and the Universities Superannuation Scheme (USS). All are defined benefit schemes. The total pension cost for the year was £12,595k (Note 9) (2019: £11,435).

Teachers' Pension Scheme (TPS)

The TPS is an unfunded, defined benefit scheme with contributions on a pay as you go basis credited to the Exchequer. A notional asset value is ascribed to the scheme for the purposes of determining contribution rates. The pension cost is assessed every five years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuations	31 March 2016
Actuarial method	Projected Unit Credit Method
Real discount rate	2.4%
Pensions increases	2.4%
Rate of earnings growth above CPI	2.4%
Notional value of assets at date of last valuation	£196 billion
Shortfall at 31.03.16	£ 22 billion

During the year the employer's contribution rate was 16.48% until September 2019 when the employer's rate rose to 23.68% of pensionable pay. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions. The employees' contribution rate to the scheme was in a range of 7.4% to 11.7% depending on salary level.

The value of employer's pension payments made in year to the Teachers' Pension Scheme was £5,466k (2019: £3,943k).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has accounted for its contributions to the scheme as if it were a defined contribution scheme.

Universities Superannuation Scheme (USS)

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

In 2020, the percentage of payroll paid for those in the scheme was 24.2% (2019: 24.2%). The total cost charged to the Statement of Comprehensive Income and Expenditure account is £315k (2019: £279k). Deficit recovery contributions due within one year for the institution are £622k (2019: £1,112k). The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete. Since the University cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

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

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

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2019 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	2018 Valuation Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. Post retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2018 Valuation	2017 Valuation
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2019
Discount rate	2.59%	2.44%
Price Inflation (CPI)	4.20%	2.11%

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate administered funds. The total contribution made for the year ended 31 July 2020 was £4,692k of which employer's contributions totalled £3,627k and employees' contributions totalled £1,065k. As per the Actuarial report, the estimated Employer's contributions for the year ended 31 July 2021 will be approximately £3,953k. As at the 31 July 2020 amounts due were £nil (2019: £nil).

The contribution rate for 2019/20 was 17.4% along with a monetary amount of £706k. For 2020/21 the contribution rate is 22.1% along with a monetary amount of £319k.

The following information is based upon a full actuarial valuation of the fund as at 31 March 2019, updated to 31 July 2020 by a qualified, independent Actuary.

	31 July 2020 £000	31 July 2019 £000	31 July 2018 £000
CPI Inflation	2.1%	2.4%	2.4%
Rate of increase in salaries	2.6%	2.7%	2.7%
Rate of increase in pensions	2.1%	2.4%	2.4%
Discount rate for liabilities	1.4%	2.1%	2.8%

The assumed life expectations on retirement are:

	2020	2019
Current Pensioners		
Males	21.5	22.1
Females	23.7	23.3
Future Pensioners (aged 45 in 2019)		
Males	22.3	22.3
Females	25.1	24.7

The University's share of assets in the scheme and the expected rates of return were:

	2020		2019		2018	
	Long term rate of return expected at 31 July 2020	Value at 31 July 2020 £000	Long term rate of return expected at 31 July 2019	Value at 31 July 2019 £000	Long term rate of return expected at 31 July 2018	Value at 31 July 2018 £000
Equities	1.4%	66,338	2.4%	70,181	2.8%	65,995
Bonds	1.4%	16,378	2.4%	15,382	2.8%	13,377
Property	1.4%	11,561	2.4%	8,653	2.8%	7,135
Cash	1.4%	2,927	2.4%	1,923	2.8%	2,676
Total market value of assets		97,204		96,139		89,183

	2020 £000	2019 £000	2018 £000
University's estimated asset share	97,204	96,139	89,183
Present value of scheme liabilities	(165,830)	(146,799)	(123,605)
Deficit in the scheme - University	(68,626)	(50,660)	(34,422)

	2020 £000	2019 £000
Consolidated		
Estimated asset share	103,898	102,789
Present value of scheme liabilities	(172,863)	(153,495)
Deficit in the scheme - Consolidated	(68,965)	(50,706)
Analysis of net return on pension scheme	2020	2019

University	£000	£000
Expected return on pension scheme assets	2,045	2,524
Interest on pension scheme liabilities	(3,149)	(3,524)
Net return	(1,104)	(1,000)
Analysis of net return on pension scheme – Consolidated	2020 £000	2019 £000
Expected return on pension scheme assets	1,474	2,701
Interest on pension scheme liabilities	(2,466)	(3,691)
Net return	(992)	(990)
Amounts recognised in the statement of comprehensive income – University	2020 £000	2019 £000
Actual return less expected return on pension scheme assets	(3,067)	2,373
Change in financial and demographic assumptions underlying the scheme liabilities	(10,432)	(14,972)
Actuarial loss recognised in Statement of Comprehensive Income and Expenditure Account	(13,499)	(12,599)
Amounts recognised in the statement of comprehensive income – Consolidated	2020 £000	2019 £000
Actual return less expected return on pension scheme assets	(3,093)	2,538
Change in financial and demographic assumptions underlying the scheme liabilities	(10,521)	(15,460)
Actuarial loss	(13,614)	(12,922)
Movement in deficit during year – University	2020 £000	2019 £000
Deficit in scheme at beginning of year	(50,660)	(34,422)
Movement in year:		
Current service charge	(7,003)	(6,064)
Contributions	3,640	3,425
Net interest / return on assets	(1,104)	(1,000)
Actuarial gain or loss	(13,499)	(12,599)
Deficit in scheme at end of year	(68,626)	(50,660)

Movement in deficit during year – Consolidated

	2020 £000	2019 £000
Deficit in scheme at beginning of year	(50,706)	(33,983)
Movement in year:		
Current service charge	(7,229)	(6,335)
Contributions	3,691	3,524
Net interest / return on assets	(1,107)	(990)
Actuarial gain or loss	(13,614)	(12,922)
Deficit in scheme at end of year	(68,965)	(50,706)

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

	2020 £000	2019 £000
At the beginning of the year	(146,799)	(123,605)
Current service charge	(7,003)	(6,064)
Interest cost	(3,149)	(3,524)
Contributions by scheme participants	(1,065)	(1,054)
Actuarial (gains) and losses	(10,432)	(14,972)
Benefits paid	2,618	2,420
At the end of the year	(165,830)	(146,799)

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

	2020 £000	2019 £000
At the beginning of the year	(153,495)	(129,474)
Current service charge	(7,229)	(6,335)
Interest cost	(3,291)	(3,691)
Contributions by scheme participants	(1,097)	(1,093)
Actuarial (gains) and losses	(10,521)	(15,460)
Benefits paid	2,770	2,558
At the end of the year	(172,863)	(153,495)

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

	2020 £000	2019 £000
At the beginning of the year	96,139	89,183
Expected rate of return on scheme assets	2,045	2,524
Actuarial gains and losses	(3,067)	2,373
Contribution by the employer	3,640	3,425
Contributions by scheme participants	1,065	1,054
Benefits paid	(2,618)	(2,420)
At the end of the year	97,204	96,139

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

	2020 £000	2019 £000
At the beginning of the year	102,789	95,491
Expected rate of return on scheme assets	2,184	2,701
Actuarial gains and losses	(3,093)	2,538
Contribution by the employer	3,691	3,524
Contributions by scheme participants	1,097	1,093
Benefits paid	(2,770)	(2,558)
At the end of the year	103,898	102,789

History of experience gains or losses – Consolidated

	2020 £000	2019 £000	2018 £000	2017 £000
Difference between the expected and actual return on assets:				
Amount	3,093	(2,538)	(5,985)	(1,782)
% of scheme assets	2.98%	2.48%	4.6%	1.4%
Experience gains and (losses) on scheme liabilities:				
Amount	10,521	15,460	(5,384)	(7,617)
% of scheme liabilities	6.1%	10.1%	5.6%	8.9%
Total amounts recognised in statement of Comprehensive Income and Expenditure Account:				
Amount	(13,614)	(12,922)	11,369	9,399

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income and Expenditure Account is £(31,091)k (2019: £(17,477)k).

Sensitivity analysis

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

Change in assumptions at 31 July 2019:

	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	12%	20,039
0.5% increase in the Salary Increase Rate	1%	1,970
0.5% increase in the Pension Increase Rate	11%	17,673

26. Related Party Transactions

The University has taken advantage of the exemption permitted by FRS 102 not to disclose transactions with other group companies which have been eliminated on consolidation, and government departments and their sponsored bodies.

Due to the nature of the University operations and the compositions of the Board of Governors, being drawn from local public and private organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of Board of Governors may have an interest, are conducted and in accordance with the University's Financial Regulations and usual procurement procedures.

Related Party	Party Associated	Relationship to Party	Transactions in year	Amounts due / receivable with University at 31 July 2020
Professor Nick Petford	Starcrest Education The Belt & Road Limited	Director	£30,000 was invoiced by University of Northampton to Starcrest for Directors fees	£2,500 is receivable from Starcrest for Directors fees.
Mr Terry Neville	Uno Buses (Northampton) Ltd	Director	£59,082 was invoiced by University of Northampton for rent and maintenance costs. £1,750,000 was invoiced from Uno Buses (Northampton) Ltd to The University of Northampton Enterprises Ltd for provision of bus services.	£175,000 is receivable by the University from an intercompany loan to Uno Buses.

27. Endowment Assets / Funds - Consolidated & University

	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	Total £000
Balances at 1 August 2019				
Capital	725	1,013	68	1,081
New endowments	-	-	206	206
Investment income	-	(24)	-	(24)
Expenditure	-	(21)	(166)	(187)
At 31 July 2020	725	968	108	1,076
Represented by:				
Investments	725	867	-	867
Cash	-	101	108	209
	725	968	108	1,076

The major permanent endowment assets are held in an investment portfolio and are managed by a third-party fund manager, in line with the University treasury policy, to earn suitable returns for future disbursements. The remainder of assets are held in a cash deposit account.

28. Contingent Liabilities

No contingent liabilities in year.

29. Access and Participation

	2020 £000	2019 £000
Access investment	2,026	NA
Financial support	3,428	NA
Support for disabled students	997	NA
Research and evaluation	70	NA
	6,521	-

These figures include £2,848k of staff costs already included in the overall staff costs for the University. The University's Access & Participation Plan for 2019/20 can be found at:

https://apis.officeforstudents.org.uk/accessplansdownloads/1920/TheUniversityofNorthampton_APP_2019-20_V1_10007138.pdf

There are no comparative figures for the prior year as access and participation plans were not in place prior to 1 August 2019 and so no figures exist as comparatives.

30. Consolidated reconciliation of net debt

	2020 £000	2019 £000
Net debt 1 August 2019	272,811	
Movement in cash and cash equivalents	(11,098)	
Acquisition of subsidiaries	-	
Disposal of subsidiaries	-	
New finance leases	-	
Other non-cash changes	(225)	
Changes in market value and exchange rates	-	
Net debt 31 July 2020	261,488	
Change in net debt	(11,323)	
<i>Analysis of net debt:</i>		
Cash and cash equivalents	19,031	30,129
Borrowings: amounts falling due within one year		
Unsecured loans	10,110	1,580
Obligations under finance leases	1,077	1,213
	11,187	2,793
Borrowings: amounts falling due after more than one year		
Obligations under finance lease	5,352	6,109
Secured loans	230,626	230,574
Unsecured loans	33,354	63,464
	269,332	300,147
Net debt	261,488	272,811

31. Prior Period Adjustment

The incorrect classification of the ICLT lease as an operating lease rather than a finance lease, which was entered into in 2018/19 has resulted in a prior year loss of £14k as shown in the Statement of Comprehensive Income and Expenditure. This has resulted in an adjustment to the prior year accounts. The ICLT lease should have been included as both a fixed asset and a creditor in the Balance Sheet in accordance with FRS 102. Depreciation and interest charges on the lease should have been charged to the Statement of Comprehensive Income and Expenditure offset by the rent payments. The impact of this on the effected primary statements has been set out below and the Statement of Comprehensive

Income and Expenditure Account, the Consolidated Statement of Changes in Reserves, the Consolidated Cash Flow Statement and the Balance Sheet have been restated to reflect this.

Correction to Accounting Treatment.

Statement of Comprehensive Income and Expenditure Account for the Year ending 31 July 2020 (Extract)

	2019	Consolidated Effect of restatement	2019 (restated)	2019	University Effect of restatement	2019 (restated)
	£000		£000	£000		£000
Expenditure						
Staff costs	67,833	-	67,833	61,972	-	61,972
Interest and other Finance costs	11,413	41	11,454	11,430	41	11,471
Other operating expenses	50,864	(65)	50,799	55,285	(65)	55,220
Depreciation & Impairment	11,784	38	11,822	12,368	38	12,406
Total expenditure	141,894	14	141,908	141,055	14	141,069
(Deficit) before other gains losses and share of operating (deficit) of joint ventures and associates	(16,467)	(14)	(16,481)	(16,950)	(14)	(16,964)
Net profit from sale of fixed assets	13,403		13,403	13,403	-	13,403
Gain on investment	88	-	88	13		13
Share of operating profit in joint venture	57	-	57	-	-	-
Share of operating profit in associate	16	-	16	-	-	-
Non-controlling interest	(8)	-	(8)	-	-	-
(Deficit) before tax	(2,911)	(14)	(2,925)	(3,534)	(14)	(3,548)
Deed of Covenant	-	-	-	859	-	859
Taxation	(4)	-	(4)	-	-	-
Surplus for the year	(2,915)	(14)	(2,929)	(2,675)	(14)	(2,689)
Actuarial gain/(loss) in respect of pension schemes	(12,922)	-	(12,922)	(12,599)	-	(12,599)
Total comprehensive expense for the year	(15,837)	(14)	(15,851)	(15,274)	(14)	(15,288)

Consolidated and University Statement of Changes in Reserve for Year ended 31 July 2020 (Extract)

	Income and expenditure account		Revaluation reserve	Total excluding Non-controlling interest	Non-controlling interest	Total Reserves
	Endowment £'000	Unrestricted £'000	£'000	£'000	£'000	£'000
Consolidated						
Balance at 1 August 2019	1,081	33,307	-	34,288	69	34,357
Adjustments	-	(14)	-	(14)	-	(14)
Adjusted Balance as at 1 August 2019	1,081	33,293	-	34,274	69	34,343
University						
Balance at 1 August 2019	1,081	32,351	-	33,432	-	33,432
Adjustments	-	(14)	-	(14)	-	(14)
Adjusted Balance as at 1 August 2019	1,081	32,337	-	33,418	-	33,418

Consolidated and University Balance Sheet as at Year ended 31 July 2020 (Extract)

	2019	Consolidated Effect of restatement	2019 (restated)	2019	University Effect of restatement	2019 (restated)
	£000		£000	£000		£000
Non-current assets						
Fixed assets	349,324	3,993	353,317	350,133	3,993	354,126
Investment property	1,850	-	1,850	-	-	-
Investments	1,081	-	1,081	1,132	-	1,132
Investments in joint venture	83	-	83	-	-	-
Investment in associate	232	-	232	200	-	200
	352,570	3,993	356,563	351,465	3,993	355,458
Current assets						
Stock	487	-	487	487	-	487
Trade and other receivables	35,355	-	35,355	35,105	-	35,105
Investments	123	-	123	123	-	123
Cash and cash equivalents	30,129	-	30,129	29,456	-	29,456
	66,094	-	66,094	65,171	-	65,171
Less: Creditors amounts falling due within one year	(28,875)	(106)	(28,981)	(29,302)	(106)	(29,408)
Net current assets	37,219	(106)	37,113	35,869	(106)	35,763
Total assets less current liabilities	389,789	3,887	393,676	387,334	3,887	391,221
Less: Creditors amounts falling due after more than one year	(302,806)	(3,901)	(306,707)	(301,322)	(3,901)	(305,223)
Pension provisions	(52,626)	-	(52,626)	(52,580)	-	(52,580)
Total Net Assets	34,357	(14)	34,343	33,432	(14)	33,418

Consolidated Cash Flow Statement for the Year ending 31 July 2020

	2019	Effect of restatement	2019(Restated)
	£000	£000	£000
Cash flow from operating activities			
Deficit for the year	(2,915)	(14)	(2,929)
Adjustment for non-cash items			
Depreciation	11,784	38	11,822
Profit on sale of fixed assets	(13,403)	-	(13,403)
Decrease in stock	460	-	460
Decrease in debtors	1,457	-	1,457
(Decrease) in creditors	(7,319)	-	(7,319)
Increase in provisions	4,520	-	4,520
Share of operating (surplus) in joint venture	(57)	-	(57)
Share of operating (surplus) in associate	(16)	-	(16)
	(2,574)	38	(2,536)
Adjustment for investing or financing activities			
Investment income	(400)	-	(400)
Gain on investment	(88)	-	(88)
Interest payable	11,413	41	11,454
Endowment income	(55)	-	(55)
Non-controlling interest	8	-	8
Capital grant income	(683)	-	(683)
	10,195	41	10,236
Net cash inflow from operating activities	4,706	65	4,771
Cash flow from investing activities			
Capital grants receipts	606	-	606
Investment income	400	-	400
Endowment funds inflow/(outflow)	(78)	-	(78)
Movement in cash deposit investments	132	-	132
Receipts from sale of fixed assets	9,345	-	9,345
Payments made to acquire fixed assets	(11,935)	-	(11,935)
	(1,530)	-	(1,530)
Cash flows from financing activities			
Interest paid	(10,474)	(41)	(10,515)
Repayments of amounts borrowed	(1,508)	(24)	(1,532)
New loans	-	-	-
	(11,982)	(65)	(12,047)
(Decrease) in cash and cash equivalents in the year	(8,806)	0	(8,806)
Cash and cash equivalents at beginning of the year	38,935	-	38,935
Cash and cash equivalents at end of the year	30,129	-	30,129