

The University of Northampton Higher Education Corporation



Annual Report and Consolidated
Financial Statements for the
year ended 31 July 2021

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Strategic Report for the Year Ended 31 July 2021

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.

2020-21 Overview

This report covers the period from 1 August 2020 to 31 July 2021. Over the period, the University continued to respond to the COVID-19 pandemic which began in March 2020. This response included ongoing social distancing restrictions and measures to reduce virus transmission in University buildings and teaching rooms. During this time, the University continued to use its virtual learning environment to teach students remotely and maintained on-campus delivery for those programmes prescribed by the UK Government.

This year also included a significant cyber-attack in March 2021. Although the University did not lose any data as a result of this incident, the impact was widespread with students and staff affected for some days, including lack of access to key University systems. Several measures have been introduced to mitigate the impact of future incidents of this nature including the introduction of multi-factor authentication for staff. More detail is given in the statement of internal controls, which can be found on page 37.

Feedback from the students during the year continued the trend of previous years. Postgraduate research students continued to be very satisfied with the results of the Postgraduate Research Experience Survey ranking the University first for overall satisfaction, and in the top 10 across all areas of focus in the survey. We were disappointed that the 2021 National Student Survey results showed a drop in University undergraduate students' overall satisfaction but recognise this was a trend seen nationally. The University's Postgraduate Taught Experience Survey results were above the sector average for many questions, notably in skills development, assessment and feedback, and COVID-19 related questions (a new category for 2021), with other areas around the sector average and some below.

During the year, the University continued to support the local pandemic response by providing an Asymptomatic Testing Centre (using Lateral Flow Devices - LFD) for students, staff and members of the public and polymerase chain reaction (PCR) testing sites for local residents at Waterside Campus and the University's Park and Ride site. In addition, a University car park was also used by the alliance of GP practices in Northampton to meet symptomatic patients and consider the most appropriate next course of action. This served to reduce pressure on the Accident and Emergency department at Northampton General Hospital. Since June 2021, the University has been providing home testing kits to staff and students as part of the Government's LFD Collect scheme.

In February 2021, the University was re-accredited with a Social Enterprise Gold Mark. In their report, the assessment team commented:

"Creating social impact is deeply embedded in the strategic and operational goals of the University (of Northampton). Your adoption of the Ashoka Changemakers model demonstrates your commitment to social change and your incorporation of the UN Sustainable Development Goals. Changemaker has a significant impact in all areas of your work from your core functions of providing education to students to your role as an employer and your economic impact within your community. You have recorded some social and wider policy outcomes from the activities of your Changemakers and it is clear that specific activities such as the development of your new campus and the way you have responded to the COVID crisis have also presented you with opportunities to demonstrate how to achieve these things whilst maximising your

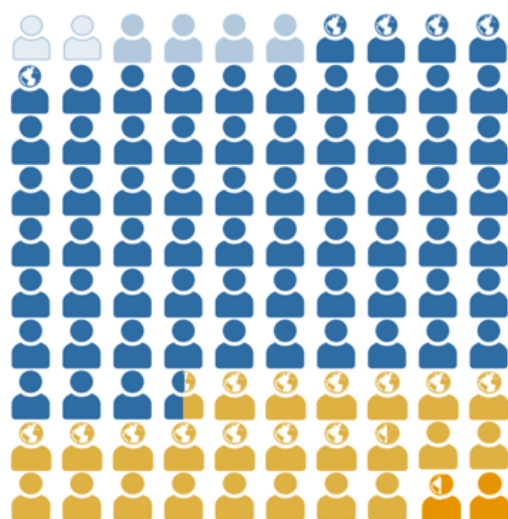
social impact. Having Changemakers in place enables you to be flexible and responsive to opportunities and to have the systems in place to capture evidence of the impact you have created”.

Alongside this success, the University continued to demonstrate effective and robust financial management generating a positive cash flow. Underpinning this success was meeting the University’s student enrolment targets both on-campus and with our academic partners. Two significant academic partner approval events took place during 2021, with the Liverpool Media Academy and with a further partner to create UON London. Both new partnerships will begin in September 2021 and are likely to generate additional income and contribute to an increase in the University’s turnover in 2021/22.

The University is currently forecasting that the value of its liabilities may exceed the value of its assets in the future. Were this to happen it would be a default event. However, the University would still be solvent and able to service borrowing. The Infrastructure and Projects Authority of Her Majesty’s Treasury (HMT) has waived this event for a 12-month period up to December 2022.

Key Data

The Student Body 20/21: on Campus



There were around 12,600 on-campus students in 20/21. One icon here = 1% of students.

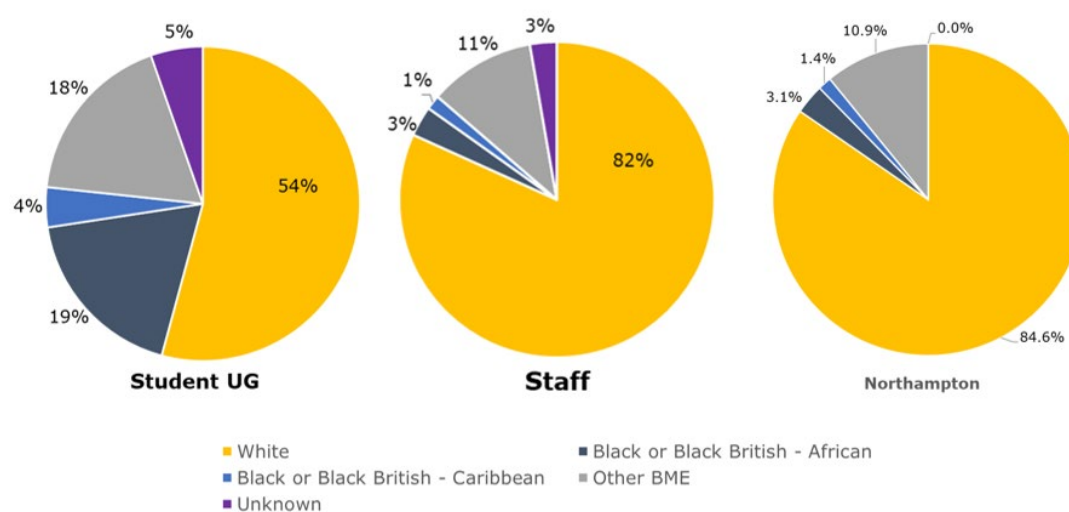
-  Overseas student
Higher fees, but greater regulatory burden and support requirements.
-  Stand-alone module
Typically professional development courses for Health.
-  Foundation degrees, HNDs &c.
Typically two year programmes
-  Bachelors
Mainly traditional three year courses, but includes one year Top Ups.
-  Taught postgraduate
Typically one year programmes; includes MBAs, which have higher fees.
-  Research postgraduate
PhD and Doctor of Business Administration

In addition to the students taught on campus there were over 5,000 students taught off campus by distance learning or at partners in the UK and overseas. Additionally, the

Competency Test Centre handles a further 7,700 candidates who are assessed (but not taught) on behalf of the Nursing & Midwifery Council.

The University is a widening participation university and 47% of our full-time undergraduates come from deprived neighbourhoods (based on the indices of multiple deprivation). Our student intake is much more ethnically diverse than our staff body and the surrounding town.

Comparison of ethnicity 2020/21 – intake, staff, town



The University Group has 2,404 staff split across the following areas:

- Faculty of Arts, Sciences and Technology 267
- Faculty of Business and Law 211
- Faculty of Health, Education and Society 418
- Professional Services 1,297
- Subsidiary Companies 211

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. Final year of the current strategic plan/operational plan, which runs to 2022.

Critical Success Factors

The three factors that we identify with as being most critical for our success are

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

Three further sections of this report focus on the critical success factors. For each critical success factor, we have strategic aims and performance indicators which allow us to monitor the achievement of those aims.

Social Impact and Changemaker Challenges

Social impact provides a superior and unique outlet for our mission and gives us strategic justification and focus for our goals. The University continues to build its expertise, capability and capacity in social value creation.

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 Changemaker 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.

As part of our social value creation, we have four interrelated Changemaker Challenges. These 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; and
- 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. These Challenges:

- commit us to determined and effective internal and external partnership working and delivering high-impact positive change;
- 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; and
- 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; and
- 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; and
- Promoting equality, diversity and inclusion.

Super Supportive

Super supportive means:

- Welcoming;
- On your side and inclusive; and
- Encouraging and caring.

Strategic Aims

- Achieve outstanding levels of student satisfaction;
- Achieve outstanding levels of graduate employability and post study;
- Achieve success for all;
- Achieve excellence in course design and content; and
- Staff committee to professional growth, engagement with their professions and achieving social impact.

Performance

	Actual				Target	
	17/18	18/19	19/20	20/21	20/21	21/22
National Student Survey Overall student satisfaction rating	82%	81%	79%	68%	85%	86%
Continuation entry year to year 2	90%	89%	87%	88%	91%	91%
Good honours gap in Access and Participation plan (BME and White FT Home first degree)	New	16.8%	22%	17.2%	15%	12%
Substantive teaching staff with HESA-recognised professional qualification	62%	61%	65%	64%	80%	80%
National Student Survey student voice responses*	67%	72%	73%	62%	75%	78%
% of final year students who gain Student Changemaker/Employability awards	6.2%	7.4%	9.3%	14.3%	12.5%	15.0%

Key

Target met or exceeded
Within 10% of target
Target not met

*This measures the percentage of graduating students who agree or mostly agree with the following statements:

- 23. I have had the right opportunities to provide feedback on my course.
- 24. Staff value students' views and opinions about the course.
- 25. It is clear how students' feedback on the course has been acted on.
- 26. The students' union effectively represents students' academic interests.

Risks and opportunities

Risks

There is a risk that a **poor student and/or staff experience** has a negative impact on our reputation and our ability to recruit and retain students and staff. We were disappointed that the 2021 National Student Survey (NSS) results showed a drop in students' overall satisfaction. Scores fell relative to the sector in the questions around teaching, and academic support. More positively, scores for assessment were in line with the sector average.

Staff worked very hard over 2020-21 and it is disappointing the NSS results do not reflect that work and what was achieved. We note there were areas with excellent outcomes (for example 100% satisfaction in BA International Development). We will work to make sure we understand and replicate as far as possible the actions and cultures that underpinned our best results. We will consider the systemic causes of the overall poorer than expected performance in the NSS, and we will look at Faculty level at how we can make improvements to the student experience in programmes with particularly poor results.

There is a risk that external judgements of **academic quality and standards** are adverse. The University must continue to ensure that robust processes are in place to monitor, review and enhance academic standards, the quality of learning, teaching and assessment and the academic support given to students. The Office for Students developed a new framework for the Teaching Excellence and Student Outcomes Framework (TEF) during 2021.

The impact of global **pandemic** since early 2020 has created additional risks for the University. In terms of our super-supportive success factor, the risks are to the experience of students and staff, and to their health and wellbeing. Over 2020-21, we have continued to manage and respond to those risks.

Student educational placements were placed at risk due to the pandemic when it became more difficult for employers to offer placement, potentially jeopardising completion of qualifications. Mitigations were put in place and by the end of the year, the practical barriers to placements were lessening, although a backlog remained.

Opportunities

The University has embraced **active-blended learning**, and the use of **technology to support and enhance learning**. This meant that when the pandemic hit, the University was well placed to take teaching, learning and staff work wholly online. The University has an opportunity to build on this experience and expertise by providing support for our students, understanding their preferences for engagement, and diversifying our educational provision. There are exciting new opportunities for technology-based learning, which the University continues to explore.

Reviewing and developing our course portfolio will ensure we are responsive to student needs, make the best use of our available resources, including the estate, and that we continue to be financially efficient.

Our robust and swift incident management in response to the pandemic demonstrated the strength of **business continuity planning and institutional resilience**. In August 2020, the University published a summary of our response to the pandemic, titled [Supporting our Community: The University of Northampton's Response to Covid-19](#).

The pandemic resulted in changed thinking about working arrangements. While the pandemic was extremely challenging, the creativity displayed in adapting to a different way of working should be celebrated. The University has reviewed ways of working so that it can give as many staff as possible the opportunity to work more flexibly. **Smarter Working** is now being embedded across the University.

Case study - Library and Learning Services

During 2020/21, the Library and Learning Services team undertook a range of activities to support the University's response to the pandemic. The Learning Development Team, which provides skills development, and Academic Librarians switched to online tutorials, revising to

face-to-face session when this was possible. This change led to increased attendances and engagements. Although the team implemented an 'electronic first' approach to learning resources, a click and collect service was set up during the period in which access to physical learning resources was not possible. This has continued beyond the pandemic lockdown and a freepost book return service has also been retained. Some learning resources were also hand delivered to isolating students on campus and in private accommodation locally. Long-loan laptops were made available for those students not receiving one as part of their student benefit package.

Case study - Opportunity Action Plan

In February 2021 the University developed an Opportunity Action Plan. The Plan worked with Social Mobility Pledge which launched by the former Secretary of State for Education the Right Honourable Justine Greening in 2018. The Plan shares the University's work to level up through

- the social impact plan developed for the construction of its Waterside Campus;
- its ongoing investment in Goodwill Solutions Community Interest Company;
- the development of social impact measurement; and
- the work it has undertaken to embed Changemaker in the curriculum.

The plan will also set out how the University plans to go further and play its role in Britain's national recovery through advocacy to inform higher education and government policy on social impact.

Trade Union Facility Time Data

Section 13 of the Trade Union Act 2016 introduced a requirement for public sector employers to publish data on facility time. This report covers the period 1 April 2020 to 31 March 2021.

Number of employees who were relevant union officials during the period	12
Full-time equivalent employee number	10.40

Number of trade union representatives who spent the following percentages of their working hours on facility time

Percentage of time	Number of employees
0%	0
1-50%	12
51%-99%	0
100%	0

Total cost of facility time	£49,368
Total pay bill	£45,166,605
Percentage of the total pay bill spent on facility time	0.109%
Time spent on paid trade union activities as a percentage of total paid facility time hours:	61.9%

Future Focused

- Bold;
- Forward thinking and visionary; and
- Innovative and ambitious.

Strategic Aims

- Comply with bond covenants;
- Achieve excellence in IT delivery;
- Capable and engaged staff and students prepared to engage positively in a volatile, uncertain, complex and ambiguous environment;

- Drive through efficiencies; and
- Achieve student recruitment targets and profile.

Performance

	Actual				Target	
	17/18	18/19	19/20	20/21	20/21	21/22
Ensure bond covenant measures in relation to operating income, debt service ratios and surpluses are monitored and achieved	Achieved	Breached	Achieved	Waiver in place for 2020/21	Achieved	Achieved
NSS Question 18: The IT resources facilities provided have supported my learning well	76%	65%	70%	62%	85%	86%
Number of newly enrolled FT UG Home/EU students enrolled as of 1 Dec.	2831	2890	2670	2663	2850	2850

Risks and opportunities

Risks

The development of the Waterside Campus was largely funded through a bond issue. Total borrowing on the bond is £231.5m. The bond is backed by a government guarantee given under the UK Guarantees Scheme, which supports private investment in UK infrastructure projects. In its role as guarantor, HM Treasury exercises oversight through covenants. The risk of this is that **bond covenants** are not met, putting the future sustainability of the University in jeopardy. Whilst there is a risk that, due to the current deficit on the LGPS pension scheme, liabilities will exceed assets, this default event is currently waived by the guarantor until 31 December 2022. There is a risk that this waiver will not be extended, but this is considered minimal due to the ongoing liquidity of the University. Discussed further in the going concern assessment (note 1).

There is a risk of levels of income falling, impacting on the University's **financial sustainability**. Students are the biggest source of the University's income and therefore greater competition; unpredictable student demand and institutional reputation can affect student recruitment and have a negative impact on the University's income. The pandemic has increased the risk to student recruitment and retention due to the prolonged uncertainty it has created. There is a risk that **poor financial or budget management** results in a cashflow that is lower than forecast. There is also a risk that another **key source of income**, for example the Competency Testing Centre, is negatively affected leaving the University exposed. The pandemic caused a loss of income from the University's residential accommodation. We continue to monitor competition in the local student housing market, and potential changes in student accommodation choices as a result of the pandemic.

The University operates in a tough **competitive environment**. Over the past few years, the sector has experienced pressure on student numbers and the environment has become increasingly demand-led. This has led to greater competition amongst institutions for students, for example an expansion of the numbers of institutions offering places through clearing. The University continues to monitor the development of new universities in Milton Keynes and Peterborough, both of which may mean additional competition. The pandemic has had an additional impact, for example recruitment of overseas students has been affected by travel limitations and quarantine requirements.

The University delivers **education in partnership** with local, national and global higher education partners. Whilst this widens access to higher education and supports our Changemaker Challenges, it also creates risks including damage to the University's reputation through the actions of a partner, and the additional cost of teaching students should a partner fail. There is a risk that if our **stakeholder management** is not effective, this has a negative impact on our ability to work with other organisations.

The University aspires to be a digital leader. There is a risk that the **student IT experience** does not meet the expectations of the University or its students, or that the University falls behind its competitors in this key area. Striving to be a digital leader creates vulnerability to innovative new technologies or uses of technology by other providers.

The risk of **cyber security breach** crystallised during 2021. More information is given about this in the Statement of Corporate Governance and Internal Control on page 29. The crystallisation of the risk on this occasion does not remove it, and cyber security remains a risk for the University.

Opportunities

To ensure compliance with bond covenants and ongoing financial sustainability the University has established **strong financial controls** including Board-level scrutiny and challenge. In response to the pandemic, the University was swiftly able to put cost saving measures in place, which improved the balance sheet and ensured ongoing compliance with bond covenants. A waiver was granted by the guarantor during the year due to the rephasing of the Student Loan Company payment profile causing a trigger event under the bond covenants. There is currently a waiver in place against a future Default Event caused by the deficit on the LGPS pension fund. More information is provided within the Going Concern note on page 64. There are opportunities for **income growth and diversification**, for example through educational partnerships. New developments continue to be explored.

In its **Waterside Campus**, the University has a £330m facility built with openness, accessibility and sustainability in mind. There are opportunities to grow the use of the campus for example for events, building relationships with the community and generating new income.

There are opportunities from **working in partnership**. The University continues to work to consolidate and strengthen relationships with key professional and industry partners to diversify provision and increase income streams. As well as educational partnerships, there is opportunity to increase placements, internships, visits, and professional assignments. This increase both the attractiveness of our provision and the employability of our graduates. As the only university in the county, the University is in a good position to work with others locally and regionally and continues to explore these opportunities. The University's reach and therefore opportunities are also national and global.

The University has invested in IT facilities to support its digital leadership aspiration. The **campus environment and facilities**, including IT facilities, create a learning space and style which is fit for the future and has wide appeal.

In response to the cyber-attack, the University has continued to invest in **IT security** measures, training, and staff, and to learn from the experience to improve the strength of its approach.

Case study - Carbon Management Plan

In February 2021, the University reaffirmed its commitment to combating climate change by pledging to becoming net zero carbon by 2030 through its Carbon Management Plan. To deliver this target, the University will eliminate or offset 5,000 tonnes of Scope 1 and Scope 2 carbon emissions by the end of the decade. This will be achieved through a focus on electricity and natural gas use at the University campus. It will also explore

- the ongoing use of the University's biomass boiler;
- taking advantage of green business tariffs;
- investigating renewable energy generation via photovoltaic solar energy panels and turbines; and
- utilising data collected from energy management software to further reduce energy use of buildings.

The University will also work with partners in Northampton to see how they can support and learn from each other.

In transport, all University fleet vehicles will be electric or hybrid, while a staff bike hire scheme is also being scoped. The Carbon Management Plan has been recognised externally through an award in the Levelling Up Universities Awards announced in July 2021.

Case study - Virtual Nursing Placements

As part of their degrees, nursing students must complete a set number of hours on clinical placement in settings such as hospitals, inpatient units and community settings, alongside registered nurses. The impact of the COVID-19 pandemic on this important element of nursing education has been resolved at the University with a pop-up 'hospital' at Waterside Campus. This Nursing subject team created bespoke inpatient and community settings in the academic buildings. Students undertook an eight-hour nursing shift each Saturday. They worked their way around several simulated scenarios that resembled as closely to real-life as possible actual nursing experiences. Other nursing students or life-cast models played the role of patients.

Students were supervised and assessed by qualified nurses from University's teaching staff. In the acute hospital adult setting they met Michael, who had a fractured neck and femur and Emily, who had diabetes and a lower leg wound. At the learning disability (LD) inpatient unit they met Natalie who had an LD and was cared for alongside other patients. The mental health (MH) inpatient unit assessed students' MH knowledge and skills with Sarah who had suicidal thoughts and was depressed. In the children's and young people's ward, students worked with child life-cast models including Roscoe, who had abdominal pain and also met his parents. In the community setting they met Stan, Baby Zac and Peter, all with different medical problems that needed assessing. The feedback received from students was overwhelmingly positive.

Social Impact

- Positive;
- Social responsibility; and
- Purposeful research.

Strategic Aims

- Forward thinking managers and leaders communicating strategic vision and leading change; and
- Deliver impactful consultancy and research at both national and international level, that leverages the commercialisation of intellectual capital.

Performance

In April 2021, the University was named one of the world's top 30 Higher Education Institutions for tackling inequality. The [2021 Times Higher Education Impact Rankings](#) assesses institutions against the United Nations Sustainable Development Goals. The University was placed 27th of 699 institutions in the world, and 11th in the UK, for its performance in working towards Sustainable Development Goal 10 on Reduced Inequalities. The Times Higher ranking measures universities' research on social inequalities, their policies on discrimination and their commitment to recruiting staff and students from under-represented groups.

Northampton's overall score in the rankings saw it finish joint 21st in the list of UK institutions, and placed in the top 200 globally.

The University holds the **Social Enterprise Gold Mark**, an independent guarantee that we put the interests of people and planet above shareholder gain. We have been assessed against robust criteria and have demonstrated excellence across key business areas, as well as a commitment to using profits and income to create benefits for society and the environment. The Gold Mark shows we are committed to continuous improvement across our business, and that we have the ability, capacity, ambition, and commitment to innovate to deliver a positive impact on people and planet.

The University's existing performance indicators are found below. These are being revised to ensure that for the future the true value of the University's social impact work is reflected and captured.

Social Impact Work

	Actual				Target	
	17/18	18/19	19/20	20/21	20/21	21/22
Meet research income goals	£6.6m	£4.4m	£1.1m	£1m	£1.6m	£1.8m
Meet enterprise income goals	New	New	£3.9m	£6.4m	£4.2m	£4.6m
Meet research output goals	197	182	196	244	210	220
UK top 20 ranked University for Social Impact in 2022 Times Higher Education Impact Rankings	N/A	N/A	N/A	23 rd in the UK	New	Top 20

Risks and opportunities

Risks

There is a lack of **recognition at national level of the social impact of universities**, for example in addressing social challenges, responsible procurement, or widening access to higher education. A focus on narrow measures of success, such as graduate earnings, creates a risk for a university like Northampton which trains a high number of key workers.

Creating social impact often means **working in partnership with other organisations**. There is a risk to the University's reputation if partners and activities are not carefully selected and managed.

There is a risk of **mission drift** if social impact activity is not aligned and managed in support of the University's strategy.

There is a risk that **targets for research and enterprise income** are more challenging due to the pandemic.

Opportunities

The **University's contribution to the government's levelling up agenda**. The University is proud to be part of the Purpose Coalition of businesses, NHS trusts, local authorities and universities committed to driving levelling up. As part of this, the University has signed the Social Mobility Pledge which commits it to enhancing opportunities and aligns strongly with existing social impact work and the Changemaker Challenges.

The University is taking an active part in **regional growth and development**. In February 2021, the UK government published an ambitious new policy for the [Oxford-Cambridge Arc](#). The Arc is a strategically important location between Oxford, Milton Keynes and Cambridge. It has one of the fastest growing economies in England. The government and local partners have recognised the opportunity to build a better economic, social and environmental future for the area. The University is part of the Arc Universities Group which will work with business and government to foster research, skills and innovation.

Our research vision is innovative research with wide ranging and significant impact on the lives of local, national, and international communities. There is great opportunity to **use our research to make a positive difference and create social value**. We have specialisms in areas like education, healthcare and the environment which have impact both within and beyond academia.

During the year, the University has worked to put in place more **structure to support the growth of social enterprise and commercial activities**. For example, a new strategic business unit as part subsidiary company the University of Northampton Enterprises Limited will act as a commercial hub, overseeing the commercialisation of the University's knowledge and expertise. We have established an incubator for start-up and early-stage ventures. This is managed by our new Social Entrepreneur in Residence. The University also owns and manages the [Innovation Centre](#) where businesses can rent office space, seek support and network. We are also committed to knowledge exchange between academia and business, having a dedicated Key Sector Knowledge Transfer Manager.

In [Impact 12](#), the University has joined forces with 11 other universities to create an impact investment fund to support university ventures. The ten-year, multi-million-pound fund will support social ventures motivated by beneficial social or environmental impact, rather than solely by profit. The fund will create opportunities for example for start-ups, spin-outs and community enterprises.

Case study - Changemaker Incubator

During 2021, the University launched its Changemaker Incubator. Using a tried and tested scheme with the National Fire Chiefs' Council, the Incubator provides a stand-alone and sustainable 'hot-house' structure to fund start-up piloting and market evaluation, and external social enterprise/foundation impact programmes. It provides an opportunity for students to undertake real-world social impact work-related learning. Funding is received from public sector organisation as part of the Public Services (Social Value) Act. The University's existing expertise in social impact measurement is used to identify the value of such investments.

Case study – Food Bank Donation

In 2021, the University supported local food banks with a bumper donation of food cupboard essentials. Foodbanks across Northamptonshire had been supporting people throughout the COVID-19 pandemic by providing food parcels. As a result of the reduction in the use of on-campus catering facilities due to restrictions introduced by the UK Government, the University was able to donate over 6,000 individually packaged items to the Northampton Hope Centre, who distributed the food across the County's food banks, where it was needed most.

Charitable Status and Public Benefit Statement

As a Higher Education Corporation, the University is an exempt charity. This means that it has charitable status but is not registered with the Charity Commission.

The University is regulated by the Office for Students, the principal regulator of those higher education institutions in England that are exempt charities.

The Board of Governors are the charitable trustees of the University. The Board of Governors 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 University's charitable aim is the advancement of education. The main beneficiary of our charitable aim 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.

This report contains details about our student body and what we do to support 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.

Financial Review

Income and expenditure

In 2020/21 total income increased £4.7m (3.6%) to £130.7m, 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 £0.3m (2019/20: £0.5m).

Tuition fee income grew by £7.4m (6.8%) to £109.4m (2019/20: £102.0m). Tuition fees now represent 83.7% of total income (2019/20: 80.9%). Fees from Home/EU students were £75.2m (2019/20: £69.1m), accounting for 57.6% of the total income of the University and 68.7% of total tuition fees (2019/20: 54.8% and 67.7% respectively). Fees from International students totalled £21.8m (2019/20: £20.8m).

Operating income, impacted by the Covid-19 pandemic, fell by £0.8m to £13.3m. Funding body grants fell by £1.8m to £6.4m and research income fell slightly by £0.1m.

As in previous years, the largest category of expenditure (52.4%) relates to staff cost, which increased by £2.7m to £70.7m, reflecting the impact of minimal pay rises in the year and lifting of the recruitment freeze halfway through 2020/21.

Other operating expenditure has decreased £3.0m (7.2%) to £41.6m as a result of strong budgetary control, reduced expense activity from the Covid-19 pandemic, minimal expenditure during the period of downtime following the cyber-attack and the continued realisation of operating efficiencies. Depreciation decreased by £5.6m to £11.4m, due to the sale of St Georges Campus during 2020/21.

Cash flow

The net cash inflow from operating activities totalled £23.0m (2019/20: £9.2m). The cash position remains adequate with a Balance Sheet total of cash and short-term deposits of £48.9m. Receipts from the sale of both Avenue and Park Campus totalled £19.5m. The final capital repayment of £8.5m on the PWLB loan was extended following negotiations between the University and Northampton Borough Council to fall due in March 2022 resulting in less capital payments in year. These movements combined to deliver a net increase in cash and

short-term deposits of £29.9m (2019/20: net decrease in cash of £11.0m) and a consolidated Balance Sheet total of cash and short-term deposits of £48.9m (2019/20: £19m). COVID-19 has had minimal impact on the University's cashflow position, the increase 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 increased by £0.1m to £5.8m (2019/20: £5.7m) once again the net assets are 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 £6.0m to £76.2m. 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.

Fixed assets decreased by £13.1m (4%) to £323.6m. This was driven by the low levels of new investment following completion of the Waterside Campus and the recent sale of St. Georges Avenue. The Newton Building did not form part of this sale, this building has been retained and will generate rental income.

The University's financial performance has improved significantly during 2020/21, a reduced actuarial loss from pension schemes of £0.9m (2019/20: £13.6m) was recorded, the sale of St Georges Avenue realised a net profit of £5m, the strong recruitment and retention of Home students during 2020/21 coupled with the savings on expenditure due to the non-pay and recruitment freeze and the cyber-attack have all directly contributed to the consolidated operating profit of £1.0m (2019/20: operating loss of £15.1m).

Long term loans decreased by £1.6m, there were no capital repayments in year, the next capital payment of £8.5m will be in March 2022. 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, due to the Student Loan Company paying funds in advance to the sector to help cashflows during the pandemic. This caused the University to fall below the required PDSCR ratio of 1:1.15 in November 2020. HM Treasury granted the University a waiver on 11 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. HM Treasury have granted a further waiver to the University and Group up to 31 December 2022, when the position will be evaluated. The waiver does not cover the remainder of the going concern review period through to July 2023 and the absence of a waiver represents a material uncertainty, more detail is provided within the Going concern assessment (note 1).

Future financial outlook

The outlook for the whole University sector remains challenging. The ongoing impact of COVID-19 continues to cause uncertainty. Recruitment for the 2021/22 academic year has exceeded budgeted levels for overseas students however home student recruitment is lower than anticipated. The University is currently on target to deliver positive cash from operating activities. Additionally, cash levels were 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 £3.0m reduction in consolidated operating expenditure during the year (please refer to the Consolidated and University Statement of Comprehensive Income on page 59). 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. There is a risk that the University's liabilities could exceed its assets in the going concern period to 31 July 2023 due to the impact of the LGPS pension deficit. A waiver of this covenant is in place until 31 December 2022.

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.

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Statement of Corporate Governance and Internal Controls

Reporting Period

This statement of corporate governance and internal controls covers the period from 1 August 2020 up to the date of signature of these accounts.

Purpose

This section of the report describes the University's arrangements for corporate governance and internal control. The overall purpose of these arrangements is to ensure:

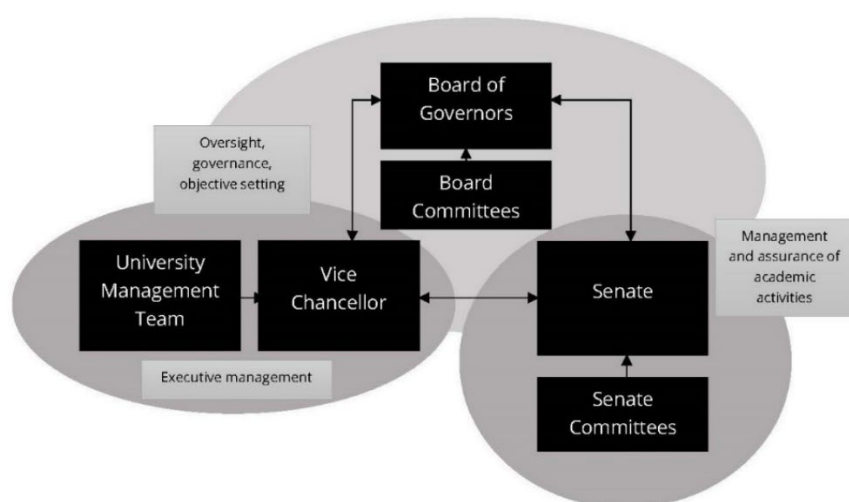
- Regularity and propriety in the use of public funding;
- That risks are identified, and appropriate responses made;
- The prevention and detection of fraud, corruption, bribery and other irregularities; and
- Compliance with statutory and regulatory responsibilities.

Corporate Governance Arrangements

Description

The University operates under an Instrument and Articles of Government. The Articles of Government establish a Board of Governors, a Senate, and the role of the Vice Chancellor, and set out their responsibilities.

Summary of Responsibilities



Board of Governors

The Board is responsible for:

- determining the educational character and mission of the University and oversight of its activities;
- effective and efficient use of resources, the solvency of the University and the Corporation and the safeguarding of their assets;
- approving annual estimates of income and expenditure and the annual financial statements;
- the appointment, appraisal, suspension, dismissal and determination of the pay and terms and conditions of service of the Vice Chancellor and the other senior post holders it determines, and
- setting the framework of pay and terms and conditions of service of other staff.

Additionally, the Board has established a Statement of its Primary Responsibilities.

Vice Chancellor

The Vice Chancellor is responsible for:

- the organisation, direction and management of the University and leadership of the staff;
- making proposals to the Board about the educational character and mission of the University, and implementing the decisions of the Board;
- the appointment, assignment, grading, appraisal, suspension, dismissal and determination within the framework set by the Board of the pay and terms and conditions of service of staff other than those determined by the Boarded Governors;
- the determination, after consultation with the Senate, of the University's academic activities, and the determination of its other activities;
- the management of budget and resources, within estimates approved by the Board; and
- the maintenance of student discipline and decisions on suspension or expulsion of students on disciplinary and academic grounds.

Additionally, the Vice Chancellor has a job description which is overseen and regularly reviewed by the Board's Remuneration Committee.

The Senate

The Senate is responsible for:

- issues relating to the research, scholarship, teaching and courses at the University. This includes student admissions, the appointment and removal of internal and external examiners, the assessment and examination of the academic performance of students, the content of the curriculum, academic standards, validation and review of courses, the procedures for the award of qualifications, procedures for the expulsion of students for academic reasons;
- considering the development of the academic activities of the University and the resources needed to support them;
- advising the Vice Chancellor and the Board of Governors on those issues, and
- advising other matters, the Board or Vice Chancellor may refer to the Senate.

Additionally, the Senate has terms of reference.

The Board of Governors

Key Data

(Data as at 11/08/2021)

Total number of members: 18

Independent members: 12

Number of formal meetings 20/21: 9

Number of standing committees: 4

Average age of Board members: 47

% of female Board members: 39%

Board members' length of service: 0-3 years: 61%, 4-6 years: 17%, 7-9 years: 22%

Average attendance at Board meetings: 84%

Board members

Name	Category	Board Role and Committee Membership	Date of Appointment
Mark Mulcahey	Independent	Chair of the Board Remuneration Nominations	01/08/2013
Martin Pettifor	Independent	Senior Independent Member Remuneration	01/08/2013
Nick Pitts-Tucker	Independent	Audit	01/08/2013
Richard Horsley	Independent	Audit*	01/08/2014
Sue Dutton	Independent	Deputy Chair Remuneration* Nominations* Academic Assurance*	01/08/2015
John Skelton	Independent		01/08/2015
Nick Petford	Ex-officio	Nominations	31/08/2015
Matthew Hanmer	Independent	Audit	01/08/2019
Paul Wood	Independent		01/08/2019
Lucie Armstrong-Kurn	Co-opted		01/08/2019
Ivna Reic	Senate nominee	Academic Assurance	20/11/2019
Damilola Akhigbe	Independent	Audit	19/12/2019
Shivani Kaushike	Independent	Audit**	19/12/2019
Rayna Miller	Independent	Nominations	19/12/2019
Jon Scott	Co-opted	Academic Assurance	17/02/2020
Dayo Adedapo	Independent	Audit	07/09/2020
Beth Garrett	Student member		14/07/2021
Nikhil Paul	Student member		14/07/2021

*Chair of the Committee

**Chair of the Committee from 01/08/21

The following also served on the Board during the reporting period:

Name	Category	Dates of service
Frank Jordan	Co-opted from the professional staff	17/06/2020 - 25/09/2020 (to cover the temporary absence of the existing governor from the professional services staff)
Sami Khan	Student member	01/07/2020 - 30/06/2021
Yeqi Zhou	Student member	01/07/2020 - 30/06/2021
Jeff Halliwell	Independent	01/12/2016 - 19/07/2021

Skills Audit and Development

(Data as at August 2021)

Skill level	Equality and diversity	Higher education	User/ customer experience	Community and region	Strategy development	Finance	Audit and risk management	IT	Business development /entrepreneurial skills	Marketing, public relations and communications	Human Resources	Legal	Project Management	Estates	Chairing a meeting
Very strong	31%	36%	36%	0%	36%	38%	33%	20%	25%	36%	15%	0%	29%	0%	43%
Strong	62%	36%	57%	40%	29%	38%	33%	30%	42%	36%	31%	18%	50%	13%	29%
Good	8%	27%	7%	60%	36%	25%	33%	50%	33%	27%	54%	82%	21%	88%	29%
Total	92%	73%	93%	40%	64%	75%	67%	50%	67%	73%	46%	18%	79%	13%	71%
very strong and strong															
	% of Board members														

Skills audit results

Over the reporting period, the Board has adopted:

- One-to-one peer support process for new Board members;
- Formal process for annual one-to-one meetings with the Chair of the Board, leading to the creation of a development plan;
- Formal performance evaluation prior to re-appointment as a governor, and
- Process for rotation around the Board's committees and of committee chairs.

The new processes compliment and supplement existing arrangements for induction and development. The Nominations Committee has a formal role in overseeing the deployment and development of Board members.

Transparency of corporate governance arrangements

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](#), [Instrument and Articles](#), [Bye-Laws](#), [Scheme of Delegation](#), [terms of reference](#), [policies, procedures and regulations](#), and [financial statements](#). The University's website is the main source of public information about the University.

Over the reporting period, the Board has reviewed and extensively re-written the governing documents (Instrument and Articles, Bye-Laws and Scheme of Delegation). One of the aims of this exercise was accessibility and clarity. The Board adopted the revised governing documents on 24 September 2021.

Adequacy and effectiveness of corporate governance arrangements

The Board confirms that over the reporting period and up to the date of 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 give assurance of the adequacy and effectiveness of the University's corporate governance arrangements.

In September 2020, the Board reviewed its compliance with the HE Code of Governance, which had recently been revised. The Board judged that it was compliant with all but one of the provisions of the Code. During 2020 the Board has approved and begun using a procedure to evaluate formally the performance of Board members, which further ensures its compliance with the Code.

Risk Management

Description of risk management arrangements

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 categorised as:

- Political;
- Strategic;
- Market;
- Reputational;
- Financial; and
- 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 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 development of the academic portfolio.

Adequacy and effectiveness of risk management arrangements

The Board reviews the approach to risk. For example, in June 2021, the Board discussed proposals for ensuring that the approach to risk management was sufficiently strategic. As a result, adjustments will be made to risk reporting over 2021-22.

Annually, the Board receives a Risk Management Annual Report and approves the Risk Management Policy and a statement of the University's risk appetite.

Annually, the Audit Committee reviews the University's Assurance Framework. This relates assurances to the goals in the University's operational plan and shows the level of assurance in place. Through these mechanisms, the Board ensures that risk management arrangements continue to be adequate and effective.

Internal Controls

Purpose

The University has a robust internal control framework in place. Through the internal control framework, the University ensures:

- That it identifies and responds to the risks it faces;
- Regularity and propriety in the use of public funding;
- The prevention and detection of fraud, corruption, bribery and other irregularities; and
- Compliance with its statutory and regulatory responsibilities.

Description of internal control framework

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

- Compliance with the [Public Interest Governance Principles](#) and the [Higher Education Code of Governance](#) as set out above;
- 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;
- Extensive academic quality and standards arrangements including dedicated staff and oversight by the Senate;
- 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;
- 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;
- The Board has established an Audit Committee which receives regular reports on aspects of the University's control framework;
- 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;
- A risk management framework is part of the control framework and is described in more detail in the previous section of this report;
- Internal audit service and
- External audit service.

Internal audit service

The contracted service is provided by RSM Risk Assurance Services LLP. The internal audit service examines aspects of the University's control framework and provides recommendations for improvement of the control environment and the delivery of services. The Audit Committee

receives regular internal audit 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, based on the findings and testing undertaken by the internal audit service over the year.

External audit service

BDO LLP were appointed as external auditors on 12 August 2021 for the University and its subsidiary companies. The work of the external audit service is designed to provide an independent opinion on whether the financial statements give a true and fair view of the University's position for the year. The work is carried out in compliance with applicable laws, the financial reporting framework, auditing standards and the requirements of the Office for Students.

Adequacy and effectiveness of internal controls

The Board, through its Audit Committee ensures the adequacy and effectiveness of internal controls by:

- Receiving reports from responsible managers, internal and external audit;
- Oversight of risk and control processes;
- Oversight of clear action plans and accountability for actions, and
- Offering robust challenge to the University Executive on risks and internal control matters.

Internal Control Failures

The Board has been made aware of three failures of internal control.

Blackbaud Data Breach

Whilst the data breach took place in the 2019-20 reporting period, the Board was made aware of it after the previous annual report had been prepared. For this reason, it has been included in the present report.

On 16 July 2020, Blackbaud, a US-based cloud computing provider and provider of education administration and fundraising software, notified its service users that it had suffered a ransomware attack on personal data stored on Blackbaud servers. On investigation, it was discovered the attack had taken place in February 2020. Numerous higher education providers, charities and non-profit organisations across the UK, US and Canada were affected.

On receipt of the notification from Blackbaud, the University informed the Information Commissioners' Office (ICO). Some 97,000 University records had been stolen. The University set up a dedicated webpage providing information for those affected. All those affected were also contacted directly to explain the implications of the data breach.

At the time of the notification, the University had been in the process of transferring data to a new system for this function. This was progressed as a priority in order to ensure the secure storage of the data in future.

Account Hacking

The accounts of two members of Finance staff were hacked. This allowed access to shared mailboxes containing payment data. Payment details were changed. As a result, £9,000 was sent to incorrect accounts. The fraud was detected the next working day and reported to the Information Commissioner's Office (ICO), the bank and the police.

The fraud involved the access and download of the bank details of 23 students. All were offered £200 in compensation. £2,238 of the lost funds were recovered by the bank.

As a result of the attack

- All Finance staff had their accounts reset and it was ensured that passwords were at least 12-character random strings;
- The devices of the two members of staff who had been hacked were reimaged to wipe any malware. The mailboxes accessed were reviewed for evidence of any further activity;

- The Finance team reviewed access to all shared mailboxes, arranged alternative secure transmission of bank details and increased controls around the checking of bank details;
- IT placed a strong alert on Finance and Payroll staff accounts to highlight any suspicious activity, and introduced an alert to clearly show when an email originates from outside the organisation, and
- The Executive agreed to the activation of multi-factor authentication.

The ICO confirmed that it was content with the steps taken to mitigate the issue and would take no further action.

Cyber-Attack

A cyber-attack began on 16 March 2021 and was detected on 17 March. As a result of the attack, the University's IT systems were compromised. Systems access for both staff and students was immediately affected. A Critical Incident Group was quickly formed. A specialist cyber security company, CyberClan, was contracted to support investigation of the attack and the reinstatement of systems, which was overseen by the Critical Incident Group.

Staff from CyberClan worked closely with the University. It was quickly confirmed that the attack was ransomware. The University had strong back-up systems in place and with the support of CyberClan, decided to restore systems, rather than to negotiate with the attackers.

There was a thorough investigation for evidence of data theft. Multiple devices across the environment were examined and the route of the attack identified. Potential indicators of compromise were analysed. There was no evidence to support data exfiltration. The necessary reports were made to the Information Commissioner's Office.

The priority was to get critical systems back online as soon as possible. The strategy was to create a clean environment in which critical systems were rebuilt and brought back online. Critical systems were back online within two weeks of the attack. However, the attack affected student and staff ability to complete work. For example:

- Access to finance systems was temporarily lost, causing delay in the completion of the 2019-20 financial statements, and the budget for 2020-21;
- Access to the student records system was disrupted, including information about applications, assessment results and completion of courses, and
- Student assessment periods were extended by the period that the systems were down.

Based on recommendations from our external consultants, a range of measures were taken to improve IT security. These include:

- Enhanced security of the server infrastructure, which had been the point of compromise;
- Increased email security;
- Mandatory use of multi-factor authentication to access systems;
- Cleaning and additional protection of endpoint devices;
- Security Incident Event Management product was deployed. This reduces time to detect malicious threats, streamlines investigations across the IT infrastructure into abnormalities and threats;
- Further segmentation of the network was performed, and
- Deployment of a managed backup solution. This has onsite and offsite backups.

The attack was costly in both financial and reputational terms. From student comments submitted as part of the National Student Survey, there is some evidence that the attack may have contributed to students' views of overall satisfaction.

The Board received a full report on the cyber-attack at its meeting on 19 May 2021.

Summary

The Board of Governors acknowledges its responsibility for ensuring that a sound system of internal control is maintained. It has reviewed the effectiveness of internal control arrangements.

The Board 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 audit service;
- The views of the external audit service, and
- The work and reports of the executive and senior managers who have responsibility for the development and maintenance of the internal control framework.

The Board 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.

Financial responsibilities of the University's Board of Governors

In accordance with the university's Instrument and Articles of Government, the Board of Governors is responsible for the oversight of the administration and management (by the University Leadership Board) of the affairs of the university and is required to approve audited financial statements for each financial year. The Board of Governors is responsible for keeping proper accounting records that disclose the financial position of the university and enable it to ensure that the 'financial statements' are prepared in accordance with the university's Instrument and Articles of Government, the Statement of Recommended Practice on Accounting in Higher Education Institutions, and other relevant accounting standards. As a Higher Education Corporation, the board, through its designated Accountable Officer, produces financial statements for each financial year, which give a true and fair view of the state of affairs of the university and of the surplus or deficit and cash flows for that year. These statements are also submitted to the OfS as part of the Annual Financial Return.

In overseeing the preparation of financial statements, the Board of Governors has ensured, either directly, or via delegated authority to one of its sub-committees, that:

- Suitable accounting policies are selected and applied consistently.
- Judgements and estimates are made that are reasonable and prudent.
- Applicable accounting standards have been followed and any material departures disclosed and explained in the financial statements.

- Financial statements are prepared on a going concern basis unless it is inappropriate to presume that the University and group will continue in operation.

The Board of Governors has also taken reasonable steps to:

- Ensure that funds from the OfS are used only for the purposes for which they have been given and in accordance with the terms and conditions of funding for higher education institutions.
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.
- Safeguard the assets of the university and prevent and detect fraud.
- Secure the economical, efficient and effective management of the university's resources and expenditure.

Independent Auditors

On 20 August 2021, Ernst & Young LLP resigned as the company's auditors. BDO LLP were appointed to fill the resulting vacancy. BDO LLP have expressed their willingness to continue in office as auditors and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Statement of disclosure of information to auditors

At the date of making this report each of the Company's Governors, as set out on page 3, confirms the following:

- so far as each director is aware, there is no relevant information needed by the Company's auditors in connection with preparing their report of which the Company's auditors are unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

By order of the Board.



Mr Mark Maulchay

Chair of the Board of Governors

Date: 23 February 2022

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

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2021 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the Group's and the University's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of the University of Northampton Higher Education Corporation ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2021, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by the board of the University of Northampton to audit the financial statements for the year ending 31 July 2021

and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is one year, covering the year ending 31 July 2021.

We are independent of the Group and University 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. The non-audit services prohibited by that standard were not provided to the Group or the University.

Material uncertainty related to going concern

We draw attention to note 1.2 to the notes to the financial statements, which indicates that there is a material uncertainty related to going concern.

The University and group are forecasting a net liability position during the going concern period which would represent a major event of default on its borrowing covenants. It has received a covenant waiver until December 2022 but not for the remainder of the going concern period through to 31 July 2023.

As disclosed in note 1.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the University and group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the board members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the boards' assessment of the Group and the University's ability to continue to adopt the going concern basis of accounting included:

- Assessment of the internal forecasting process to confirm the projections are prepared by appropriate personnel that are aware of the detailed figures in the forecast but also to have a high-level understanding of the University's market, strategy and profile in the sector, and the ongoing impact that COVID-19 might have on these projections.
- Consideration of the forecasts and going concern assessment prepared by management and challenge of the key assumptions based on our knowledge of the group.

- We considered management's financial covenant compliance calculations through to July 2023 and concluded on the consistency of such calculations with the ratios stated in the relevant lender agreements.
- As referred to in note 1.2, management have modelled a reasonably possible downside scenario to incorporate the ongoing impact of the COVID-19 pandemic. We have considered the appropriateness of the downside scenario in respect of the impact of COVID-19 and challenged management to confirm that they have suitably addressed the inputs, which are most susceptible to change, including those in respect of revenue.
- We confirmed the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the forecasts and stress test scenario.

Due to its nature this is a key audit matter.

Our responsibilities and the responsibilities of the Board of Governors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	We audit the following within the group: 100% of Group deficit before tax 100% of Group revenue 100% of Group total net assets
Key audit matters	Going concern Cyberattack
Materiality	<i>Group financial statements as a whole</i> £1,403,000 based on 1.00% of revenue. A specific materiality of £1 was determined for our testing of Head of Provider remuneration.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Board that may have represented a risk of material misstatement.

Audit work on all significant components was performed by BDO UK both for the purposes of reporting on the individual financial statements and for group/consolidation purposes.

We identified two components (the University of Northampton and Waterside Campus Development Company Limited) which, in our view required an audit of their complete financial information for group purposes due to their size and were therefore considered to be significant components.

Icon Operations Limited, Icon East Midlands and The University of Northampton Enterprises Limited were not considered to be significant components of the Group. Audit work was performed by BDO UK both for the purposes of reporting on the individual financial statements and for group/consolidation purposes.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
<i>Cyberattack</i>	<p>During the current financial year, the University was subject to a cyberattack that disrupted the financial systems of the University and resulted in a period where the financial systems were unavailable and a loss of data occurred. The University was able to restore an earlier back up of the key systems but lost some supporting documentation primarily in relation to expenditure.</p> <p>The cyberattack had the potential to affect all aspects of the financial statements and, as a result of this level of uncertainty over the underlying data within the financial statements, we have undertaken a significant amount of audit work to assess and address the risk.</p> <p>From this risk assessment we concluded that the significant risks related to the completeness of liabilities, expenditure and capital additions, and to an</p>	<p>We undertook procedures to determine the specific nature of the risk which included:</p> <ul style="list-style-type: none"> • Understand the University's process for reinstating the financial system • Assessing user access rights given the heightened risk of fraud resulting from the event • Confirming that the reinstated closing trial balance for the month end prior to the cyberattack reconciled to the previously published month end management accounts. • Confirming that control account reconciliations were performed at the month end following the finance system reinstatement • Assessing the nature and composition of each balance within the financial statements to determine whether the cyberattack could lead to a material misstatement within each balance. <p>Our risk assessment procedures included the involvement of specialists from our Technology Risk Assurance team and significant input from senior members of the audit team.</p>

	<p>increased risk of fraud from the misuse of administrator user access rights.</p> <p>This had a significant impact on the use of resources and the direction of the audit team's efforts, it is considered to be a key audit matter.</p>	<p>We focussed our work on the completeness of liabilities, expenditure and capital additions, and:</p> <ul style="list-style-type: none"> • Confirmed a selection of balances from the payable ledger at 31 July 2021 to supplier statement reconciliations • Reviewed post year end invoice and bank payments for liabilities that relates to the year end 31 July 2021 • Tested a selection of expenditure transaction from throughout the year to confirm that this was appropriate spend of the University and accurately recorded <p>We also focussed on new users created and transactions processed by individuals with administrator user access by:</p> <ul style="list-style-type: none"> • For new users set up on the finance system by administrator users within finance we obtained contracts of employment to confirm they are valid employees and used data analytics tools to identify unusual transactions posted by these individuals.
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		<ul style="list-style-type: none"> • For administrator users we reviewed changes to employee records and supplier records made during the year and tested a selection of changes to supporting documentation where the user appeared unusual given their job specification. <p>Key observation: We noted no exceptions through performing these procedures.</p>
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In addition, we draw your attention to the key audit matter relating to going concern set out above.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	University financial statements
Materiality	£1,403,000	£1,300,000
Basis for determining materiality	1.00% of revenue	1.00% of revenue
Performance materiality	£842,000	£780,000
Basis for determining performance materiality	60% of materiality	60% of materiality

A specific materiality of £1 was determined for our testing of Head of Provider remuneration.

Rationale for the materiality benchmark applied

The benchmark used for the current year materiality is revenue. Revenue is of particular interest to the users of the financial statements as the success of both research and student enrolment is linked to this figure.

Component materiality

A full scope statutory audit was carried out for each subsidiary. We set materiality for each component dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £5,000 to £1,300,000. In the audit of each component, we further applied performance materiality levels of 60% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £26,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The governors are responsible for the other information. Other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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 this other information we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters required by the Office for Students ("OfS") and Research England

In our opinion, in all material respects:

- Funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

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

Responsibilities of the governors

As explained more fully in the Board of Governors responsibilities statement set out on page 30, the governors are 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 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 governors are responsible for assessing the Group and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intends to liquidate the Group or the University 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations are related to their registration with the Office for Students ("OfS") and their ongoing conditions of registration, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the OfS Accounts Direction and tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

We also evaluated the increased risk of fraud relating to the Cyberattack and determined that the principal risk related to misuse of administrator user rights as detailed in the key audit matter reported above.

The audit procedures to address the risks identified included:

- Discussions with Audit Committee and management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, including direct representation from the Accountable Officer.
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to: reviewing the appropriateness of assumptions used in the determination of the fair value of investment property; reviewing the Useful Economic

Lives of tangible assets to assess whether they were reasonable and in line with other Higher Education Institutions; and we have sought third party actuary confirmation of the appropriateness of the pension assumptions;

- In addressing the risk of fraud, including the management override of controls and improper use of administrator user access rights, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested unusual transactions resulting from administrator user access rights.
- Reviewing minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, OfS and Research England to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility.
- Reviewing items included in the fraud register as well as the results of internal audit's investigations into these matters.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding with the OfS and Research England.

Use of our report

This report is made solely to the University governors, as a body, in accordance with Section 75 of the Higher Education Research Act 2017. Our audit work has been undertaken so that we might state to the University's governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the governors as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Kyla Bellingall
A11A16013DD84AC...

Kyla Bellingall (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Birmingham

Date: 25 February 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated and University Statement of Comprehensive Income

		Consolidated		University	
	Note	2021 £000	2020 £000	2021 £000	2020 £000
Income					
Funding body grants	2	6,473	8,245	6,473	8,245
Tuition fees and education contracts	3	109,437	102,040	109,437	102,040
Research grants and contracts	4	980	1,079	1,030	1,111
Other operating income	5	13,312	14,113	12,592	12,915
Investment income	7	198	263	198	261
Donations and endowments	8	308	272	308	271
Total income		130,708	126,012	130,038	124,843
Expenditure					
Staff costs	9	70,690	67,958	64,520	61,991
Interest and other finance costs	10	11,162	11,579	11,177	11,605
Other operating expenses	11	41,601	44,630	47,175	49,258
Depreciation & impairment	11	11,433	16,993	11,441	16,990
Total expenditure		134,886	141,160	134,313	139,844
(Deficit) before other gains losses and share of operating (deficit) of joint ventures and associates		(4,178)	(15,148)	(4,275)	(15,001)
Net profit from sale of fixed assets		5,025	2	5,025	2
Gain on investment		72	12	22	37
Share of operating (loss) /profit in joint venture	14	(23)	15	-	-
Share of operating profit in associate	14	91	22	-	-
Non-controlling interest		(16)	23	-	-
Surplus/(Deficit) before tax		971	(15,074)	772	(14,962)
Deed of Covenant		-	-	-	64
Taxation		-	-	-	-
Surplus/(Deficit) for the year		971	(15,074)	772	(14,898)
Actuarial (loss) in respect of pension scheme	25	(865)	(13,614)	(1,574)	(13,499)
Total comprehensive expense for the year		106	(28,688)	(802)	(28,397)

Consolidated and University Statement of Comprehensive Income (Continued)

Unrestricted comprehensive expense for the year	106	(28,688)	(802)	(28,397)
Revaluation reserve comprehensive expense for the year	-	-	-	-
Attributable to the University	106	(28,688)	(802)	(28,397)
Attributable to the non-controlling interest	-	-	-	-
	106	(28,688)	(802)	(28,397)
Surplus/(Deficit) for the year attributable to:				
University	987	(15,097)	772	(14,898)
Non-controlling interest	(16)	23	-	-
	971	(15,074)	772	(14,898)

Consolidated and University Statement of Changes in Reserve for Year ending 31 July 2021

	Income and expenditure account		Total excluding Non-controlling interest	Non-controlling interest	Total Reserves
	Endowment £000	Unrestricted £000	£000	£000	£000
Consolidated					
Balance at 1 August 2019 (restated)	1,081	34,678	35,759	69	35,828
Surplus/(Deficit) Consolidated and University Statement of Comprehensive Income	-	(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 1 August 2020 (restated)	1,076	5,972	7,048	92	7,140
Surplus/(deficit) Consolidated and University Statement of Comprehensive Income	-	987	987	(16)	971
Movement in endowment funds	156	(156)	-	-	-
Pension reserve movement	-	(865)	(865)	-	(865)
Transfers between revaluation and income and expenditure reserve	-	-	-	-	-
Balance as at 31 July 2021	1,232	5,938	7,170	76	7,246
University					
Balance at 1 August 2019	1,081	32,337	33,418	-	33,418
Surplus/(deficit) Consolidated and University Statement of Comprehensive Income	-	(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 1 August 2020	1,076	3,945	5,021	-	5,021
Surplus/(deficit) Consolidated and University Statement of Comprehensive Income	-	772	772	-	772
Movement in endowment funds	156	(156)	-	-	-
Pension reserve movement	-	(1,574)	(1,574)	-	(1,574)
Transfers between revaluation and income and expenditure reserve	-	-	-	-	-
Balance as at 31 July 2021	1,232	2,987	4,219	-	4,219

Consolidated and University Balance Sheet as at Year ended 31 July 2021

		Consolidated		University	
	Note	2021 £000	Restated 2020 £000	2021 £000	2020 £000
Non-current assets					
Tangible fixed assets	12	323,558	336,657	324,363	337,470
Investment property	13	1,875	1,825	-	-
Investments	14	1,232	1,076	1,284	1,127
Investments in joint venture	14	75	98	-	-
Investment in associate	14	346	254	200	200
		327,086	339,910	325,847	338,797
Current Assets					
Stock	15	1,036	93	1,036	93
Trade and other receivables	16	14,334	24,809	14,100	24,374
Current investments	17	108	131	108	131
Cash and cash equivalents	22	48,977	19,031	48,367	18,456
		64,455	44,064	63,611	43,054
Less: Creditors amounts falling due within one year	18	(38,151)	(34,386)	(38,878)	(34,720)
Net current assets		26,304	9,678	24,733	8,334
Total assets less current liabilities		353,390	349,588	350,580	347,131
Less: Creditors amounts falling due after more than one year (restated)	20	(269,867)	(272,191)	(269,868)	(272,192)
Pension provisions	21	(76,277)	(70,257)	(76,493)	(69,918)
Total Net Assets		7,246	7,140	4,219	5,021
Restricted Reserves					
Endowment reserve	27	1,232	1,076	1,232	1,076
Unrestricted Reserves					
Income and expenditure reserve – unrestricted (restated)		5,938	5,972	2,987	3,945
		7,170	7,048	4,219	5,021
Non-controlling interest		76	92	-	-
Total Reserves		7,246	7,140	4,219	5,021

The financial statements on pages 59 to 63 were approved by the Board of Governors and signed on its behalf by:



Vice Chancellor – Prof. Nick Petford
Dated: 23 February 2022



Chair of the Board of Governors – Mr Mark Mulcahey
Dated: 23 February 2022 - Approved by Board

Consolidated Cash Flow Statement for the Year ended 31 July 2021

	Note	2021 £000	2020 £000
Cash flow from operating activities			
Surplus/ (deficit) for the year		971	(15,074)
Adjustment for non-cash items			
Depreciation		11,433	16,993
Profit on sale of Fixed Assets		(5,219)	(2)
(Increase) / decrease in stock		(944)	394
Increase in debtors		(1,456)	(1,953)
Increase / (decrease) in creditors		3,902	(2,469)
Increase in provisions		4,154	2,884
Share of operating (surplus) / deficit in joint venture		23	(15)
Share of operating (surplus) in associate		(91)	(22)
		11,802	15,810
Adjustment for investing or financing activities			
Investment income		(198)	(263)
Gain on investment		(72)	(12)
Interest payable		11,162	11,579
Endowment income		(156)	24
Non-controlling interest		16	(23)
Capital grant income		(451)	(2,822)
		10,301	8,483
Net cash inflow from operating activities		23,074	9,219
Cash flow from investing activities			
Capital grants receipts		672	444
Investment income		198	263
Endowment funds inflow/(outflow)		-	19
Movement in cash deposit investments		(23)	(8)
Receipts from sale of Avenue and Park Campus		19,507	12,500
Payments made to acquire fixed assets		(781)	(266)
		19,573	12,952
Cash flows from financing activities			
Interest paid		(10,014)	(10,476)
Repayments of amounts borrowed		(2,687)	(22,793)
		(12,701)	(33,269)
(Decrease) in cash and cash equivalents in the year		29,946	(11,098)
Cash and cash equivalents at beginning of the year	22	19,031	30,129
Cash and cash equivalents at end of the year	22	48,977	19,031

Notes to the Financial Statements

1. Statement of Principal Accounting Policies for the year ended 31 July 2021

1.1. 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.

1.2. Basis of Preparation

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

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.

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 31 July 2023, which is more than 12 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 reviews of liquidity and covenant forecasts.

Financial performance and 31 July 2021 year end position

In the financial year to 31 July 2021, the University made a profit before tax of £971k (2020: £ (15.1) million). At the balance sheet date of 31 July 2021, the University held gross cash of £49 million

(2020: gross cash of £19 million), while net current assets were £26.3 million (2020: £9.7 million) and net assets were £5.8 million (2020: £5.7 million).

Financing arrangements through going concern assessment period

The University had in place external financing arrangements at 31 July 2021, totalling a balance of £278 million, comprising the bond, PWLB loans and finance leases.

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 31 July 2023 and based on its forecast scenarios are forecasting a net liabilities position in the balance sheet within each scenario. This would constitute a default event. A waiver has been granted by HMT for the period through to 31 December 2022 when the position will be evaluated. Given its expected liquidity, the University believes there is no reason that this would not be extended if required; 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 2023.

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. The latest base case, prepared in November 2021, takes into account actual performance to the end of 31 October 2021. The University has also run a plausible downside scenario. The key variables that are subject to most judgement are home and overseas tuition fees due to competition for student numbers. The scenarios model the period to 31 July 2023, 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 31 October 2021 actual results as its starting point. For 2021/22 it includes the latest enrolment data. The base case assumes an increase in home enrolments of 200

FTE in 2022/23 but with flat overseas recruitment including prudent attrition rates. The base case shows a low point of cash at April 2022. The plausible downside scenario assumed a fall in enrolment of 100 home students and 100 overseas students in 2022/23.

The University has considered a worst-case scenario to stress test the model. This allowed management to assess their current financial resources and the likelihood that such a 'business-breaking' scenario would occur. In this extreme scenario key assumptions include no recruitment of new home students and no rent receipts. 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 no 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 December 2022, but a waiver has not been granted for the remainder of the going concern review period through to 31 July 2023. 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, 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.

1.3. Basis of Consolidation

The consolidated financial statements include the University, its subsidiaries together with the share of the results of joint ventures and associates for the financial year to 31 July 2021. 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.

1.4. Recognition of Income

Tuition Fees

Fee income, including short courses, partnerships and CTC is stated gross and credited to the Consolidated and University Statement of Comprehensive Income 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.

Grant 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 Consolidated and University Balance Sheet and released to income as the conditions are met.

Non-recurrent government grants received in respect of the acquisition or construction of tangible fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the Consolidated and University Statement of Comprehensive Income 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.

Grants received on assets held at valuation are recognised when the performance related conditions have been met.

Other Income

Residences and rental income is credited to the Consolidated and University Statement of Comprehensive Income over the period in which the property is rented.

Commercial project and grant income is recognised when the University is entitled to the income according to the conditions of the commercial contract or when performance related conditions have been met.

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

Investment Income

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 endowments identified within reserves:

Donations and Endowments

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

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.

1.5. 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 Consolidated and University Statement of Comprehensive Income 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 and University'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 Consolidated and University Balance Sheet.

1.6. Intangible asset

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 Group and University and sold separately. On this basis software costs have not been capitalised in the financial statements.

1.7. 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 Statement of Recommended Practice for Further and Higher Education 2015 (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.

All other freehold / leasehold building components are capitalised at cost and depreciated over its expected useful life, as follows:

Building mechanic or electric Infrastructure	30 - 50 years
Sporting facilities	10 - 25 years
Reconfiguration and general refurbishments	10 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 Consolidated and University Statement of Comprehensive Income 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.

1.8. 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. The fair value of the investment properties reflects the market conditions at the balance sheet date. Changes in fair values are recorded in the Consolidated and University Statement of Comprehensive Income.

1.9. Maintenance of premises

The cost of routine corrective maintenance is charged to the Consolidated and University Statement of Comprehensive Income in the period the maintenance is undertaken.

1.10. Finance Leases

Leases in which the University and Group 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.

1.11. 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.

1.12. Investments

Listed Investments held are shown at fair value with the movements recognised in the Consolidated and University Statement of Comprehensive Income. 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 Consolidated and University Statement of Comprehensive Income. These are comprised of bank and money market investments.

1.13. 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.

1.14. 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.

1.15. 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 Group and 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 Group and 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.

1.16. 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.

1.17. Joint venture entities and associates

The Consolidated and University Statement of Comprehensive Income includes the Group and University's share of the income, expenditure and tax of associated undertakings and joint ventures, while the Consolidated and University Statement of Balance Sheet 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.

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

1.19. 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 Consolidated and University Statement of Comprehensive Income. 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.

1.20. 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.

1.21. 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.

1.22. 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.

1.23. Significant judgements and key sources of estimation uncertainty

Management are required to exercise judgement in the process of applying the company accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing material misstatement to the carrying amounts of assets and liabilities within the next financial year are addressed below: Key sources of estimation uncertainty relating to balances included in the financial statements relate to:

- The company have made assumptions in the determination of the fair value of an investment property in respect of the state 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.
- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes to these assumptions, which are disclosed in note 12, will impact the carrying amount of the pension liability.
- Management have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.
- 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.
- Debtors are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Where the expectation is different from the original estimate, such differences will impact the carrying value of debtors and the charge in the statement of comprehensive income.

1.24. Operating Segments

Information about income, expenditure, and assets attributable to material operating segments are presented based on the nature and function of services undertaken by the group rather than geographical location. As permitted by IFRS 8 this is appropriate based on the similarity of the

services provided, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment across all the geographical locations in which the group operates. No specific segments are reported internally for management purposes, but relevant information is disclosed in the financial statements as part of the analysis of income in notes 2 to 8 and expenditure in note 11. Assets and liabilities are not reported by operating segment.

1.25. Prior Period Adjustments

In accordance with FRS 102 The University of Northampton will record a prior period adjustment where there have been omissions from, and misstatements in, the Group or 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.

In the financial year to 31 July 2011, the Group applied the accruals model in error in accounting for the government grants received to construct an investment property held at valuation in a subsidiary. The University's financial statements are unaffected. See note 31 for further details.

2. Funding Body Grants

	Consolidated		University	
	2021	Restated 2020	2021	2020
	£000	£000	£000	£000
Recurrent grant				
OfS	4,167	3,830	4,167	3,830
Research England	832	985	832	985
National College for Teaching and Leadership	243	97	243	97
Specific grants				
Higher Education Innovation Fund	780	511	780	511
Capital grant	451	2,822	451	2,822
	6,473	8,245	6,473	8,245

Capital grant comprises amounts received from the above bodies for the purposes of capital development and expenditure. Funds are held within creditors and released to income over the useful life of the asset. Of the amounts disclosed £45k (2020: £1,935) relates to buildings and £406k (2020: £887k) relates to equipment.

3. Tuition Fees and Education Contracts

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Full-time HE fees – UK and EU students	75,233	69,076	75,233	69,076
Full-time HE fees – overseas and other students	21,775	20,820	21,775	20,820
Part-time HE fees	3,094	3,567	3,094	3,567
Short course fees	6,282	3,913	6,282	3,913
Contracts with the University in lieu of academic fees	3,053	4,664	3,053	4,664
	109,437	102,040	109,437	102,040

4. Research Grants and Contracts

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
OST Research Councils	19	124	19	124
UK Based Charities	91	107	91	107
UK Central Government and Local Authorities	348	303	348	303
UK Industry and Commerce	71	132	121	164
EU Government	220	247	220	247
EU Other	140	42	140	42
Others	91	124	91	124
	980	1,079	1,030	1,111

5. Other operating Income

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Residences, catering and conferences	8,565	9,324	8,365	8,984
CJRS Furlough receipts	258	518	84	341
Other income	4,489	4,271	4,143	3,590
	13,312	14,113	12,592	12,915

6. Source of Grant and Fee Income

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Grant income from the OfS	4,560	4,779	4,560	4,779
Grant income from other bodies	2,893	4,545	2,943	4,577
Fee income for taught awards (exclusive of VAT)	99,587	92,905	99,587	92,697
Fee income for research awards (exclusive of VAT)	515	558	515	766
Fee income from non-qualifying courses (exclusive of VAT)	9,335	8,577	9,335	8,577
Total grant and fee income	116,890	111,364	116,940	111,396

7. Investment Income

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Investment Income	198	263	198	261
	198	263	198	261

8. Donations and endowments

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Donation & endowment income	308	272	308	271
	308	272	308	271

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	
	2021	2020	2021	2020
	£000	£000	£000	£000
Staff Costs:				
Wages and salaries	51,223	50,434	45,734	45,139
Social Security costs	4,985	4,929	4,600	4,562
Other pension costs (note 25)	14,482	12,595	14,186	12,290
Total	70,690	67,958	64,520	61,991

During the year ended 31 July 2021, total redundancy / severance costs were £314,135 (2019/20: £317,558, paid to 27 individuals). This was paid to 53 individuals.

	Consolidated		Consolidated	
	2021	2020	2021	2020
	Number	Number	FTE	FTE
The average monthly number of persons employed during the year were				
Academic	1,544	1,457	523	531
Support	860	784	723	654
Total	2,404	2,241	1,246	1,185

	University		University	
	2021	2020	2021	2020
	Number	Number	FTE	FTE
The average monthly number of persons employed during the year were				
Academic	1,544	1,487	523	534
Support	649	619	536	515
Total	2,193	2,106	1,059	1,049

Emoluments of the Vice-Chancellor	2021	2020
	£000	£000
Salary and healthcare	205	201
Value of residential emolument	10	10
	215	211
Pension contributions	48	46
Total emoluments	263	257

All of the Vice Chancellors remuneration is paid through the University.

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 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. PRP of £0 was paid in 2020/21 (2019/20: £0).

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 of £2,476 (2019/20: £1,967)

Non-Taxable Benefits

The Vice Chancellor receives non-taxable benefits as follows:

	2020-21	2019-20
Membership of the Athenaeum Club which allows the Vice Chancellor to stay in London whilst on business there	£380.00 (Quarter 1 and 2) £417.50 (Quarter 3 and 4)	£362.50 (Quarter 1 and 2) £380.00 (Quarter 3 and 4)
Fellowship of the Royal Society of Arts	£182.00	£182.00
Subscription to the Geological Society	£218.00	£214.00
Priority Pass – worldwide airport lounge access	n/a	£69
Subscription to EGU	£18.61 (in order to submit a paper)	£17.66 (in order to submit a paper)
Stanford – magazine subscription	£51.45	£58.99
Total	£2,065.06	£2,026.65

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 2020 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 2019. 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 increased only by an inflationary rise of 1.8%.

Pay Multiple

The Vice-Chancellors basic salary is 5.72 times the median pay of staff (£35,845) (2019/20: 5.94, £33,797) and the Vice-Chancellors total remuneration is 6.26 times the median total remuneration of staff (£41,959) (2019/20: 6.60, £38,882). In both instances the median pay is calculated based on the amounts paid by the University to its contacted staff on an FTE basis, excluding temporary agency staff.

Remuneration of (Consolidated and University) higher paid staff, excluding employers' contributions:

	2021 Numbers	2020 Numbers
£200,000 - £204,999	1	1
£165,000 - £169,999	1	1
£160,000 - £164,999	-	-
£150,000 - £154,999	-	-
£145,000 - £149,999	1	-
£141,000 - £144,999	1	-
£125,000 - £129,999	-	-
£110,000 - £114,999	2	2
£100,000 - £104,999	1	1

In line with disclosure requirements set out in the Office for Students' Accounts Direction for the 2020/21 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	2021	2020
	£000	£000
Key management personnel compensation	2,341	2,109

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. 2019/20 disclosure has been restated to include employer's national insurance and employer's pension contributions.

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 £205 (2019/20: £1,823) for expenses in connection with their duties as a Governor.

10. Interest and Other Finance Costs

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Bond interest	8,748	8,757	8,748	8,757
Loan interest	1,413	1,690	1,434	1,721
Pension finance costs	1,001	1,132	995	1,127
	11,162	11,579	11,177	11,605

11. Analysis of 2020/21 Expenditure by Activity

Consolidated	Staff costs	Other operating expenses	2021 Depreciation & impairment	Interest and other finance	Total	2020 Total
	£000	£000	£000	£000	£000	£000
Academic departments	35,135	11,744	3,228		50,107	56,372
Academic services	10,937	8,203	2,254		21,394	20,336
Administration and central services	13,237	13,151	3,614		30,002	29,578
Premises	4,098	6,530	1,795		12,423	12,214
Residences, catering and conferences	1,438	1,324	364		3,126	4,396
Research	1,657	193	53		1,903	3,026
Other	11	456	125	10,161	10,753	11,081
FRS 102 pension costs	4,177			1,001	5,178	4,157
	70,690	41,601	11,433	11,162	134,886	141,160

Included in "Other operating expenses" above are audit fees of £169k (2019/20: £226k).

University

	Staff costs	Other operating expenses	2021 Depreciation & impairment	Interest and other finance	Total	2020 Total
	£000	£000	£000	£000	£000	£000
Academic departments	35,135	11,986	2,907		50,028	56,179
Academic services	10,898	8,800	2,134		21,832	20,473
Administration and central services	11,785	13,427	3,256		28,468	28,324
Premises	869	10,258	2,488		13,615	13,280
Residences, catering and conferences	146	2,230	541		2,917	3,812
Research	1,657	129	31		1,817	2,930
Other		345	84	10,182	10,611	10,869
FRS 102 pension costs	4,030			995	5,025	3,977
	64,520	47,175	11,441	11,177	134,313	139,844

Included in "Other operating expenses" above are audit fees of £128k (2019/20: £207k).

12. Tangible Assets

Consolidated

	Assets Under Construction	Land and Buildings Leasehold	Land and Buildings Freehold	Equipment	Total
	£000	£000	£000	£000	£000
Cost					
At 01 August 2020	110	7,286	340,704	41,210	389,310
Additions at cost	83	-	-	671	754
Disposals	-	-	(13,438)	(2,413)	(15,851)
Transfers	(110)	-	-	110	-
At 31 July 2021	83	7,286	327,266	39,578	374,213
Accumulated Depreciation					
At 01 August 2020	-	597	32,344	19,712	52,653
Charge for year	-	310	6,120	5,003	11,433
Disposals	-	-	(11,018)	(2,413)	(13,431)
At 31 July 2021	-	907	27,446	22,302	50,655
Net book value					
At 31 July 2021	83	6,379	299,820	17,276	323,558
At 31 July 2020	110	6,689	308,360	21,498	336,657
Financed by capital grant	-	-	1,980	1,244	3,224
Financed by lease agreement	-	3,668	-	-	3,668
Other	83	2,711	297,840	16,032	316,666
Net book value at 31 July 2021	83	6,379	299,820	17,276	323,558

£000

The depreciation charge for the year has been funded by:

Deferred capital grants released	451
Income and expenditure reserve	10,982
	11,433

University

	Land and Buildings				
	Assets Under Constructio n	Leasehold	Freehold	Equipment	Total
	£000	£000	£000	£000	£000
Cost					
At 1 August 2020	110	7,286	341,552	41,109	390,057
Additions at cost	83	-	-	671	754
Disposals	-	-	(13,438)	(2,413)	(15,851)
Transfers	(110)	-	-	110	-
At 31 July 2021	83	7,286	328,114	39,477	374,960
Accumulated Depreciation					
At 1 August 2020	-	597	32,360	19,630	52,587
Charge for year	-	310	6,136	4,995	11,441
Disposals	-	-	(11,018)	(2,413)	(13,431)
At 31 July 2021	-	907	27,478	22,212	50,597
Net book value					
At 31 July 2021	83	6,379	300,636	17,265	324,363
At 31 July 2020	110	6,689	309,192	21,479	337,470
Financed by capital grant	-	-	1,980	1,244	3,224
Financed by lease agreement	-	3,668	-	-	3,668
Other	83	2,711	298,656	16,021	317,471
Net book value at 31 July 2021	83	6,379	300,636	17,265	324,363

	£000
The depreciation charge for the year has been funded by:	
Deferred capital grants released	451
Income and expenditure reserve	10,990
	11,441

13. Investment Property

An external valuation of the subsidiary's investment property as at 25 August 2021 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 £1,875,000 (2019/20, £1,825,000).

	Consolidated £000
Balance as at 1 August 2020	1,825
Increase in value	50
Balance as at 31 July 2021	1,875

14. Investments

	Consolidated 2021		University 2021	
	£000	£000	£000	£000
Joint Ventures	75	98	-	-
Associates	346	254	200	200
Other Investments	1,232	1,076	1,284	1,127
	1,653	1,428	1,484	1,327

The University and Group believes 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 2021 £	Uno Buses (Northampton) Limited 2020 £
At 01 August – share of net assets	97,672	82,862
Share of (loss) / profit for the year	(22,667)	14,810
At 31 July – share of net assets	75,005	97,672

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 for the year	22,471
At 31 July 2020	254,392
At 01 August 2020	254,392
Share of profit for the year	91,348
At 31 July 2021	345,740

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	
	2021	2020	2021	2020
	£000	£000	£000	£000
IT equipment	1,036	93	1,036	93
	1,036	93	1,036	93

Stock at the yearend related to laptops that were purchased 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	
	2021	2020	2021	2020
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	8,272	18,619	8,176	18,321
Amounts owed by group undertakings	-	-	-	-
Prepayments and accrued income	5,723	4,423	5,585	4,295
Other debtors	339	1,767	339	1,758
	14,334	24,809	14,100	24,374

During the year £895k of Trade Debtors were written off (2019/20: £668k). The provision for doubtful debts as at the 31 July 2021 was £4,538k (2019/20: £4,327k).

Trade Debtors were significantly higher in the previous year as they included a £12.5m staged payment owing from Persimmon Homes which was paid in December 2020.

Included within accrued income is £150k 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 £125k (2019/20: £150k).

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 2021/22. 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	
	2021	2020	2021	2020
	£000	£000	£000	£000
Short term deposits	108	131	108	131
	108	131	108	131

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	
	2021 £000	2020 £000	2021 £000	2020 £000
PWLB loan	10,140	10,110	10,140	10,110
CISCO	827	967	827	967
ICLT (Building)	114	110	114	110
ICLT (Land)	10	10	10	10
Trade Creditors	5,368	5,485	5,255	5,332
Amounts due to group undertakings	-	-	2,784	2,140
Social security and other taxation	2,739	2,489	2,598	2,392
Accruals and deferred income	20,032	15,963	18,229	14,407
Scholarships relating to deferred income	(1,079)	(748)	(1,079)	(748)
	38,151	34,386	38,878	34,720

19. Deferred Income

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

	Consolidated		University	
	2021 £000	2020 £000	2021 £000	2020 £000
Tuition fee income	12,620	8,276	12,620	8,276
Research grants received on account	366	543	366	543
Capital grant income	333	352	333	352
Other grant income	260	704	211	704
Other income	148	155	148	155
	13,727	10,030	13,678	10,030

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

	Consolidated		University	
	2021 £000	Restated 2020 £000	2021 £000	2020 £000
Bond	230,652	230,626	-	-
PWLB loan	31,714	33,354	31,714	33,354
CISCO	414	1,241	414	1,241
ICLT (Building)	3,997	4,111	3,997	4,111
ICLT (Land)	200	209	200	209
Amounts due to subsidiary undertakings	-	-	230,652	230,626
Deferred income	2,890	2,650	2,891	2,651
	269,867	272,191	269,868	272,192

The balances relating to CISCO relate to a finance lease taken out in 2017/18, details of which have been set out in note 22.

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 of 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 2021 was £302.4m (2020: £325.8m), and it is listed on the Irish Stock Exchange.

On the 10 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 agreed to temporarily waive the trigger to 1.0x for the May 2020 census date which the University achieved during the year. This waiver has been extended until November 2022.

On 24 January 2020 the University repaid £20m capital against the PWLB loan to Northampton Borough Council and the final £8.5m is due to be repaid in March 2022.

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 2021, 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 2021.

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

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Due within one year	(26)	(26)	1,248	1,258
Between one and two years	(26)	(26)	(26)	(26)
Between two and five years	6,895	2,208	6,895	2,208
In five years or more	223,783	228,444	223,783	228,444
	230,626	230,600	231,900	231,884

Maturity profile of PWLB loan / CISCO and ICLT leases:

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Due within one year	11,081	11,187	11,081	11,187
Between one and two years	2,204	2,582	2,204	2,582
Between two and five years	3,769	5,422	3,769	5,422
In five years or more	30,152	30,702	30,152	30,702
	47,206	49,893	47,206	49,893

21. Provisions

Consolidated

	Obligation to fund deficit on USS Pension	Pension enhancements on early retirement	Defined Benefit Obligations (note 24)	Total pension provisions
	£000	£000	£000	£000
As at 1 August 2020	622	670	68,965	70,257
Change in provision	(88)	(24)	6,132	6,020
As at 31 July 2021P	534	646	75,097	76,277

University

	Obligation to fund deficit on USS Pension	Pension enhancements on termination	Defined Benefit Obligations (note 24)	Total pension provisions
	£000	£000	£000	£000
As at 1 August 2020	622	670	68,626	69,918
Change in provision	(88)	(24)	6,687	6,575
As at 31 July 2021	534	646	75,313	76,493

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.

22. Cash and Cash Equivalents

	At 01 August 2020	Cash flows	At 31 July 2021
	£'000	£'000	£'000
Consolidated	19,031	29,946	48,977
University	18,456	29,911	48,367

23. Lease Obligations

Operating Leases

	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
Minimum lease payments under non-cancellable operating lease commitments in respect of equipment on leases expiring:				
Within one year	652	670	619	623
Later than one year and not later than five years	1,385	2,009	1,385	1,982
Over five years	-	-	-	-
Total lease payments due	2,037	2,679	2,004	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	
	2021 £000	2020 £000	2021 £000	2020 £000
Minimum lease payments under non-cancellable finance lease commitments in respect of IT equipment for periods expiring:				
Within one year	1,162	1,302	1,162	1,302
Later than one year and not later than five years	1,751	2,578	1,751	2,578
Over five Years	6,016	6,266	6,016	6,266
Total lease payments due	8,929	10,146	8,929	10,146

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.

24. Capital Commitments

	Consolidated		University	
	2021 £000	2020 £000	2021 £000	2020 £000
Commitments contracted at 31 July	204	395	204	395
	204	395	204	395

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 £14,482k (Note 9) (2019/20: £12,595k).

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 23.68% (16.48% to September 19, 23.68% from October 19 onwards) 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% (2019/20: 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 £5,578k (2019/20: £5,466k).

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

In 2021, the percentage of payroll paid for those in the scheme was 24.2% (2019/20: 24.2%). The total cost charged to the Statement of Comprehensive Income and Expenditure account is £281k (2019/20: £315k). Deficit recovery contributions due within one year for the University are £534k (2019/20: £622k). 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.
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	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:

	2021	2020
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 2021 was £5,365k (2019/20: £4,692k) of which employer's contributions totalled £4,220k (2019/20: £3,627k) and employees' contributions totalled £1,145k (2019/20: £1,065k). As per the Actuarial report, the estimated Employer's contributions for the year ended 31 July 2022 will be approximately £4,382k (2019/20: £3,953k). As at the 31 July 2021 amounts due were £nil (2019/20: £0).

The contribution rate for 2020/21 was 22.1% along with a monetary amount of £319k. For 2021/22 the contribution rate is 22.1% along with a monetary amount of £602k.

The following information is based upon a full actuarial valuation of the fund as at 31 March 2019, updated to 31 July 2021 by a qualified, independent Actuary.

	31 July 2021 £000	31 July 2020 £000
CPI Inflation	2.8%	2.1%
Rate of increase in salaries	3.3%	2.6%
Rate of increase in pensions	2.8%	2.1%
Discount rate for liabilities	1.6%	1.4%

The assumed life expectations on retirement are:

	2021	2020
Current Pensioners		
Males	21.7	21.5
Females	24.1	23.7
Future Pensioners (aged 45 in 2019)		
Males	22.8	22.3
Females	25.8	25.1

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

	Share of total fund assets 31 July 2021	Value at 31 July 2021 £000	Share of total fund assets at 31 July 2020	Value at 31 July 2020 £000
Equities	67%	81,211	68%	66,338
Bonds	20%	24,242	17%	16,378
Property	12%	14,545	12%	11,561
Cash	1%	1,212	3%	2,927
Total market value of assets		121,210		97,204

	Consolidated		University	
	2021 £000	2020 £000	2021 £000	2020 £000
Estimated asset share	129,055	103,898	121,210	97,204
Present value of scheme liabilities	(204,152)	(172,863)	(196,523)	(165,830)
Deficit in the scheme	(75,097)	(68,965)	(75,313)	(68,626)

	Consolidated		University	
	2021 £000	2020 £000	2021 £000	2020 £000
Expected return on pension scheme assets	1,475	1,474	1,384	2,045
Interest on pension scheme liabilities	(2,467)	(2,466)	(2,370)	(3,149)
Net return	(992)	(992)	(986)	(1,104)

	Consolidated		University	
	2021 £000	2020 £000	2021 £000	2020 £000
Actual return less expected return on pension scheme assets	21,180	(3,093)	19,893	(3,067)
Change in financial and demographic assumptions underlying the scheme liabilities	(22,045)	(10,521)	(21,467)	(10,432)
Actuarial loss recognised in Statement of Comprehensive Income	(865)	(13,614)	(1,574)	(13,499)

	Consolidated		University	
	2021 £000	2020 £000	2021 £000	2020 £000
Deficit in scheme at beginning of year	(68,965)	(50,706)	(68,626)	(50,660)
Movement in year:				
Current service charge	(8,507)	(7,229)	(8,294)	(7,003)
Contributions	4,232	3,691	4,167	3,640
Net interest / return on assets	(992)	(1,107)	(986)	(1,104)
Actuarial loss	(865)	(13,614)	(1,574)	(13,499)
Deficit in scheme at end of year	(75,097)	(68,965)	(75,313)	(68,626)

Analysis of the movement in the present value of the scheme liabilities	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
At the beginning of the year	(172,728)	(153,495)	(165,830)	(146,799)
Current service charge	(8,507)	(7,229)	(8,294)	(7,003)
Interest cost	(2,467)	(3,291)	(2,370)	(3,149)
Contributions by scheme participants	(1,147)	(1,097)	(1,120)	(1,065)
Actuarial loss	(22,045)	(10,521)	(21,467)	(10,432)
Benefits paid	2,742	2,770	2,558	2,618
At the end of the year	(204,152)	(172,863)	(196,523)	(165,830)

Analysis of the movement in the market value of the scheme assets	Consolidated		University	
	2021	2020	2021	2020
	£000	£000	£000	£000
At the beginning of the year	103,763	102,789	97,204	96,139
Expected rate of return on scheme assets	1,475	2,184	1,384	2,045
Actuarial gain and (loss)	21,180	(3,093)	19,893	(3,067)
Contribution by the employer	4,232	3,691	4,167	3,640
Contributions by scheme participants	1,147	1,097	1,120	1,065
Benefits paid	(2,742)	(2,770)	(2,558)	(2,618)
At the end of the year	129,055	103,898	121,210	97,204

History of experience gains or losses	Consolidated	
	2021	2020
	£000	£000
Difference between the expected and actual return on assets:		
Amount	(21,180)	3,228
% of scheme assets	16.41%	3.11%
Experience gains and (losses) on scheme liabilities:		
Amount	22,045	10,386
% of scheme liabilities	10.80%	6.01%
Total amounts recognised in statement of Comprehensive Income		
Amount	(865)	(13,614)

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income is £(31,956)k (2019/20: £(31,091)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 2021:

	Approximate Defined Benefit Obligation	% increase to	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%		4,650
0.1% increase in the Salary Increase Rate	0%		440
0.1% increase in the Pension Increase Rate	2%		4,143

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 2021
Professor Nick Petford	Starcrest Education The Belt & Road Limited	Director	£30,000 was invoiced by University of Northampton to Starcrest for Directors fees	-
Terry Neville	Uno Buses (Northampton) Ltd	Director	£89,294 was invoiced by University of Northampton for rent and maintenance costs. £1,326,000 was invoiced from Uno Buses (Northampton) Ltd to The University of Northampton Enterprises Ltd for provision of bus services.	£150,000 is receivable by the University from an intercompany loan to Uno Buses.
Beth Garrett & Nikhil Paul	Northampton Students Union	Board Members	£865,859 (2019/20: £1,531,801) was invoiced from the Northampton Students union to cover the main grant and some smaller projects. £130,830 (2019/20: £360,174) was invoiced by the University of Northampton to cover rent and agency staff.	£2,624 was owed by the Northampton Students Union to cover agency staff (2019/20: £0). £0 was owed by the University (2019/20: £437,859)

27. Endowment Assets / Funds - Consolidated & University

	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	Total £000
Balances at 1 August 2020				
Capital	725	968	108	1,076
New endowments	-	-	189	189
Investment income	-	105	-	105
Expenditure	-	(21)	(117)	(138)
At 31 July 2021	725	1,052	180	1,232
Represented by:				
Investments	725	966	-	966
Cash	-	86	180	266
	725	1,052	180	1,232

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

In 2012 the completed the construction of the investment property, for which funding was received from the European Regional Development Fund (ERDF) totalling £7,708,083. Under the terms of the agreement with ERDF, if the property should fail as an investment property within an agreed clawback period (10 years), then the company may be liable to pay a proportion of the funding back to ERDF.

29. Access and Participation

	2021 £000	2020 £000
Access investment	1,958	2,026
Financial support	2,338	3,428
Support for disabled students	1,034	997
Research and evaluation	101	70
	5,431	6,521

These figures include £3,485k (£2,848 in 2019/20) of staff costs already included in the overall staff costs for the University. The University's Access & Participation Plan for 2020/21 can be found at:

<https://www.northampton.ac.uk/wp-content/uploads/2019/09/access-and-participation-plan-2020-2025.pdf>

30. Consolidated reconciliation of net debt

	At 1 August 2020	Cash Flows	Changes in market value	Other non cash changes	At 31 July 2021
Cash and cash equivalents (note 22)	19,031	29,946	-	-	48,977
Borrowings due within one year (note 18)					
Secured loans	-	-	-	-	-
Unsecured loans	(10,110)	1,610	-	(1,640)	(10,140)
Obligations under finance leases	(1,077)	1,077	-	(941)	(941)
	(11,187)	2,687	-	(2,581)	(11,081)
Borrowings after more than one year (note 20)					
Secured loans	(230,626)	-	-	(26)	(230,652)
Unsecured loans	(33,354)	-	-	1,640	(31,714)
Obligations under finance leases	(5,352)	-	-	941	(4,411)
	(269,332)	-	-	2,555	(266,777)
Movement in net debt	(261,488)	32,633	-	(26)	(228,881)

31. Prior period adjustment

Due to the asset being held at valuation, the government grant received to construct the investment property has not been released over the Useful Economic Life of the property to the Statement of Comprehensive Income.

Consequently, £1,485k has been included in Creditors due after one year on the Balance Sheet in the prior year. An adjustment to the prior period has been made.

Management consider it is more appropriate to record the government grant in the financial statements under the performance model. The performance conditions of the grant were met in 2011, thus the government grant should have been released in full. The impact of this has been set out below.

Balance Sheet

	Consolidated £000	University £000
Deferred income due after one year	4,136	2,651
Correction to reflect release of government grant	(1,485)	-
At 31 July 2020 restated	2,651	2,651
Unrestricted fund as previously disclosed at 1 August 2019	33,193	32,337
Correction to reflect release of government grant	1,485	-
At 1 August 2019 restated	34,678	32,337