



The University of Northampton

Annual Report and
Consolidated Financial
Statements for the
year ended
31 July 2022



Contents

Strategic Report for the Year Ended 31 July 2022	4
2021 – 22 Overview	4
Key Data	7
Transforming Lives and Inspiring Change	8
Critical Success Factors	8
Values and behaviours	8
Super Supportive.....	9
Strategic Aims	9
Performance	10
Risks and Opportunities	11
Case Study – Northampton Energy Elite Athlete Scholarship.....	13
Case Study – Sports Injury and Rehabilitation Clinic	14
Trade Union Facility Time Data	15
Future Focused	16
Strategic Aims	16
Performance	17
Risks and Opportunities	17
Social Impact.....	22
Strategic Aims	22
Changemaker Commitments	22
Performance	23
Risk and Opportunities.....	23
Case Study – University ranked in the top-25 worldwide for tackling inequality	24
Case Study – Warm Welcome Scholarships.....	25
Case Study – Warm Welcome Scholarships (continued)	26
Charitable Status and Public Benefit Statement.....	27
Financial Review.....	28
Income and expenditure	28
Cash flow	29
Balance sheet	30
Financial Covenants	30
Future financial outlook.....	31
Statement of Corporate Governance and Internal Controls	32

Corporate governance arrangements.....	32
Responsibilities of the Board of Governors	33
Board members.....	34
Transparency.....	41
Adequacy and effectiveness	41
Statement of Board responsibilities	44
Internal control weaknesses or failures.....	46
Statement of disclosure of information to auditors	48
Independent Auditor's Report to the Board of Governors of the University of Northampton Higher Education Corporation.....	49
Consolidated and University Statement of Comprehensive Income.....	63
Consolidated and University Statement of Changes in Reserve for Year ending 31 July 2022	65
Consolidated and University Balance Sheet as at Year ended 31 July 2022.....	66
Consolidated Cash Flow Statement for the Year ended 31 July 2022	68
Notes to the Financial Statements.....	70
1.0 Statement of Principal Accounting Policies for the year ended 31 July 2022	70
2.0 Funding Body Grants	87
3.0 Tuition Fees and Education Contracts.....	87
4.0 Research Grants and Contracts	88
5.0 Other Operating Income	88
6.0 Source of Grant and Fee Income.....	88
7.0 Investment Income.....	89
8.0 Donations and Endowments	89
9.0 Staff Costs.....	89
10.0 Interest and Other Finance Costs.....	95
11.0 Analysis of 2021/22 Expenditure by Activity.....	96
12.0 Tangible Assets	97
13.0 Investment Property	98
14.0 Investments.....	99
15.0 Stock	103
16.0 Trade and Other Receivables	103
17.0 Current Investments.....	104
18.0 Creditors: Amounts falling due within one year	105
19.0 Deferred Income	105
20.0 Creditors: Amount falling due after more than one year	105
21.0 Provisions	110

22.0	Cash and Cash Equivalents	111
23.0	Lease Obligations.....	112
24.0	Capital Commitments.....	113
25.0	Pension Schemes.....	113
26.0	Related Party Transactions.....	120
27.0	Endowment Assets / Funds – Consolidation & University	123
28.0	Contingent Liabilities.....	123
29.0	Post Balance Sheet Events.....	123
30.0	Access and Participation.....	124
31.0	Consolidated Reconciliation of Net Debt	125
32.0	Prior Period Adjustment.....	125

Strategic Report for the Year Ended 31 July 2022

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 University 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.

2021 – 22 Overview

This report covers the period from 01 August 2021 to 31 July 2022. Over this period, the University continued to respond to the COVID-19 pandemic which began in March 2020. This response included measures prescribed by the UK Government which concluded in February 2022 with the introduction of the UK Government 'Living with COVID-19' response. As part of the University's learning and teaching model, we have continued to use its virtual learning environment as part of the delivery to students, but on-campus delivery resumed in September 2021 with additional measures put in place for those subjects which involved contact between individuals such as physiotherapy. This period also included the ongoing recovery from the cyber-attack which took place in March 2021. Despite a significant number of challenges, all systems have been reinstated and the use of multi-factor authentication has been adopted across the IT infrastructure to enhance security.

Strategic Report for the Year Ended 31 July 2022 (continued)

2021 – 22 Overview (Continued)

Student recruitment during 2021/22 was positive and targets were met or exceeded, particularly in relation to international students. A third cohort of students joined the University in June 2022 and plans are in place to continue to provide this additional recruitment point into future years.

Recruitment for 2022/23 programmes for home and international students exceeded target which is positive financially.

In May 2022, the University's initial teacher training programmes was inspected by Ofsted who visited 12 local schools, spoke to 37 trainees, and carried out focused reviews of Reading, English, Mathematics, Science and the foundation subjects. The University achieved 'Good' ratings across each inspection area, which is an achievement we are proud of. The following two quotes were outlined in the inspection report. A mentor commented: "(W)e feel confident in the new generation of teachers being trained in the University" and a trainee commented: "(T)his course has cemented in my mind that teaching is exactly what I am meant to be doing." This result is particularly pleasing given that 2022/23 marks the 50th anniversary of the opening of the Northampton College of Education, a teacher training institution and one of the University's antecedent institutions.

During 2021/22, the University appointed its new Vice Chancellor, Professor Anne-Marie Kilday, who joined on 01 August 2022. The University engaged the services of Gatenby Sanderson, a search consultancy, who undertook an international search for the next head of the institution. Professor Kilday joined the University from Oxford Brookes University where she was Pro-Vice-Chancellor (Student Experience and University Community) and replaced Professor Nick Petford who retired from his role as Vice Chancellor on 31 July 2022 after 12 years in post. Additionally, a further two senior colleagues also retired within 2022. Terry Neville, the University's Chief Operating Officer retired on 31 July 2022 after 11 years in post; Rebecca Bradshaw was appointed to the post of Chief Operating Officer during 2022/2023. Mark Hall, Executive Director of Finance retired on the 28 October 2022, after 18 years in post, an interim Chief Finance Officer was appointed between October 2022 and March 2023. Janet Baines was subsequently appointed as the Interim Director of

Strategic Report for the Year Ended 31 July 2022 (continued)

2021 – 22 Overview (Continued)

Finance in March 2023 with a permanent appointment as the Director of Finance and Planning on 01 August 2023.

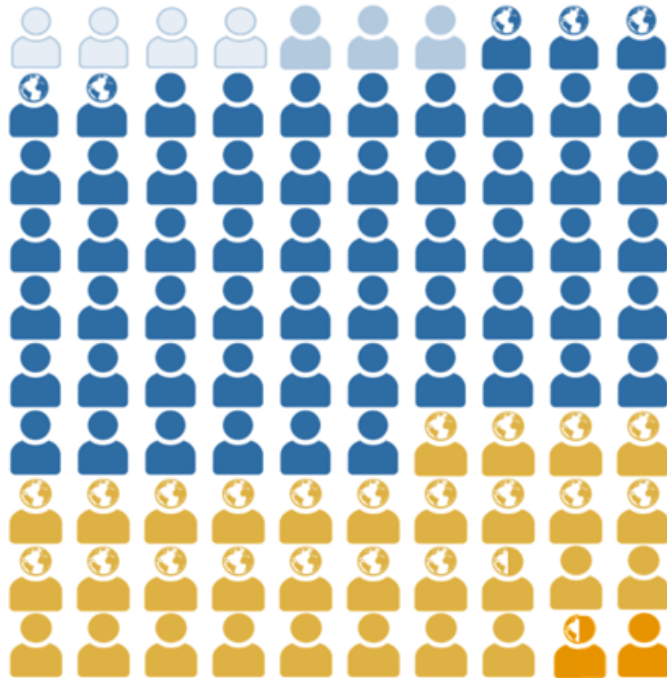
In the Research Excellence Framework (REF), the University improved in terms of the overall performance at 3* (quality that is internationally excellent in originality, significance and rigour but which falls short of the highest standards of excellence) and 4* (quality that is world-leading in originality, significance and rigour) submissions. We have seen a relative decline in our submission for unclassified, 1* (quality that is recognised nationally in originality, significance and rigour) and 2* (quality that is recognised internationally in originality, significance and rigour) submissions. Our grade point average (GPA) and quality indicators (QI) have therefore risen which is a good result for the University. The total number of staff submitted (measured by full time equivalent) has increased by 59.9% from 94.25 to 150.70. The University saw significant improvement in outputs and impact in terms of 3* and 4* quality but we saw an overall drop in performance for the research environment. No Units of Assessment (UoAs) were awarded a 4* grade, the proportion of 3* dropped and the proportion of 1* grew. In this category, therefore, our GPA and QI has dropped from the previous REF held in 2014. The overall quality picture for the University is largely replicated at individual UoA level although there is some deviation at subject level.

Feedback from students during the year continued a previous trend. Postgraduate research students continued to be very satisfied as demonstrated in the Postgraduate Research Experience Survey, administered by Advance HE. Highlights included a top three position out of the 91 participating institutions for progression (focusing on the induction that new researchers receive, and how well they understand what is required on the programme) and fourth for research culture. Those students surveyed also praised the support they received from the University throughout the COVID-19 pandemic. Although the University saw an increase in satisfaction in the National Student Survey (NSS), we continue to be disappointed with the overall figure. This has remained a priority for 2022/23 and the University has set a target based on the Grade Point Average of all questions in the NSS which is in line with scores at other 'post-1992' universities.

Strategic Report for the Year Ended 31 July 2022 (continued)

Key Data

The Student Body 2021/22 on Campus

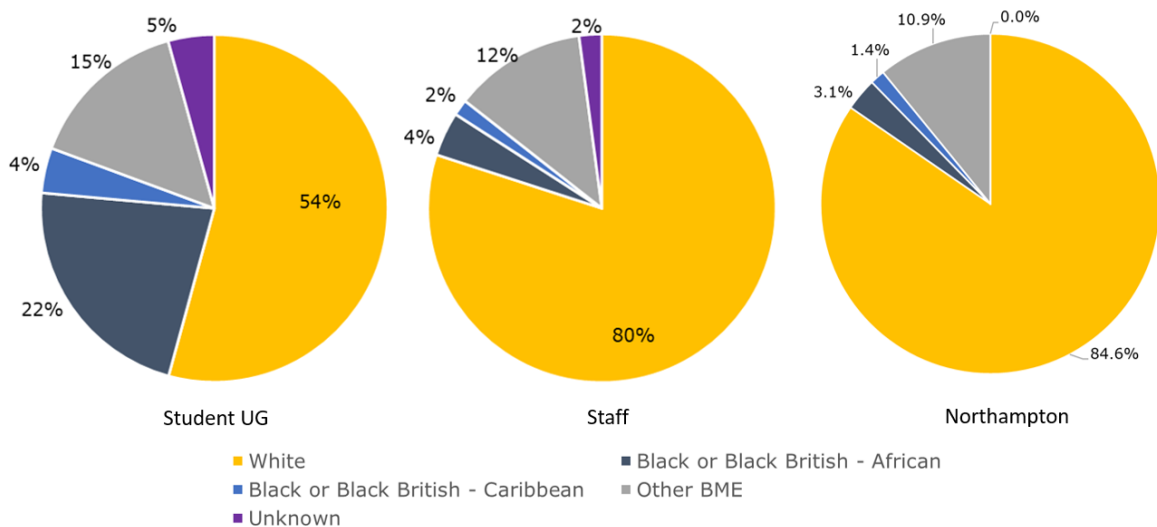


There were around 14,400 on-campus students in 21/22. One icon here = 1% of students.

-  **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

A further 6,100 students study off campus in the UK and internationally, the majority through academic partnership arrangements.

Comparison of Ethnicity 2021/22 – Intake, Staff, Town



Strategic Report for the Year Ended 31 July 2022 (continued)

Transforming Lives and Inspiring Change

Transforming lives and inspiring change is the mission of the University of Northampton. It is also our strategic plan for success.

Critical Success Factors

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

- We are super supportive (page 9)
- We are future focused (page 16)
- We create social impact (page 22)

For each critical success factor, we have strategic aims and performance indicators which allow us to monitor the achievement of those aims.

Values and behaviours

The University's values are:

- Delivering: a student experience of the highest quality.
- Entrepreneurial: the commitment to innovation, value for money and financial sustainability.
- Valuing: opportunity, diversity, a global perspective, inclusion and equality for all.
- Enabling: a culture of empowerment, responsibility, tolerance and excellence.
- Leading: enhancing the economic, social, cultural and creative life of those we work with across the world.
- Openness: transparency, adaptability, resilience, celebration of success.
- Performance: through continuous staff development and investment.

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

Strategic Report for the Year Ended 31 July 2022 (continued)

Values and behaviours (continued)

The Key Behaviours are:

- Delivering an excellent student or customer experience.
- Building relationships.
- Enabling digital transformation.
- Achieving social impact.
- Focusing on research.
- Thriving in a changing environment.
- Delivering high quality performance.
- Developing yourself and others.
- Focusing on income and advancement.
- Promoting equality, diversity and inclusion.

Super Supportive

Super supportive means:

- Welcoming.
- On your side and inclusive.
- 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.
- Staff committed to professional growth, engagement with their professions and achieving social impact.

Strategic Report for the Year Ended 31 July 2022 (continued)

Performance

	Actual	Actual	Actual	Actual	Actual	Target
	17/18	18/19	19/20	20/21	21/22	21/22
National Student Survey Overall student satisfaction rating	82%	81%	79%	68%	72.7%	86%
Continuation entry year to year two of study	90%	89%	87%	88%	91%	91%
Good honours gap in Access and Participation plan (Gap between Global Ethnic Majority and White full-time Home fee status first degree awardees)	New	16.8%	22%	17.2%	21%	13%
Substantive teaching staff with HESA-recognised professional qualification	62%	61%	65%	64%	65.1%	80%
National Student Survey student voice responses *	67%	72%	73%	62%	64.1%	78%
% of final year students who gain Student Changemaker/ Employability awards	6.2%	7.4%	9.3%	14.3%	17.9%	15%

Key

Target met or exceeded

Within 10% of target

Target not met

* Student voice measures the percentage of NSS respondents 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.

Strategic Report for the Year Ended 31 July 2022 (continued)

Performance (continued)

In addition to the students taught on campus there were over 6,000 students taught off campus by distance learning or at partners in the UK and overseas. Additionally, the Competency Test Centre handled a further 9,900 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.

The University Group has 2,376 staff split across the following areas:

- Faculty of Arts, Sciences and Technology 296 (2020/21:267)
- Faculty of Business and Law 226 (2020/21: 211)
- Faculty of Health, Education and Society 444 (2020/21: 418)
- Professional Services 1,229 (2020/21:1297)
- Subsidiary Companies 181 (2020/21: 211)

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. The student experience risk did not materialise over the period however staff recruitment and retention in a post pandemic, high inflation environment was an issue. A number of mitigations were in place including analysing and responding to survey results such as the National Student Survey and internal staff surveys through the student experience forum, appropriate student support, including counselling and mental health, academic support, funding for the Students' Union, financial advice and guidance, bursaries, and the hardship fund, and staff support including the Employee Assistance service.

Strategic Report for the Year Ended 31 July 2022 (continued)

Risks (continued)

There is a risk that external judgements of **academic quality and standards** are adverse. This risk did not materialise over the period; however, 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.

Academic partnerships can present higher financial, academic and governance risks. Some of these risks crystallised in 2022, as outlined in a later section of this report which includes the mitigations put in place.

Income from partners can be volatile. Partners can operate in markets where economic and political issues affect the stability of our offering. For UK partners, a challenge to their VAT position from HMRC could result in sudden exit from the market. Therefore, partners can come and go, or shrink at shorter notice than is usual for our core provision.

Partnerships generally bring higher academic risks. UK partners seek accreditation from the University because they do not already have it themselves, either because they are newer and therefore less experienced, and trying to break into new markets, or because it is a smaller part of their provision (for example a further education college delivering some higher education). International partners seek UK accreditation for reputational and recruitment benefits and are often accustomed to different national guidelines, expectations and standards.

If a partner ceases to operate, the University has an obligation to teach and assess any existing students until they can complete their awards. "Teach out" obligations are a risk particularly in relation to larger partners.

Strategic misalignment can occur if a partnership does not fully fit with the mission and vision of the university. Some partners have a commercial imperative which can lead to reputational damage.

Strategic Report for the Year Ended 31 July 2022 (continued)

Risks (continued)

For example, partners may accept students who have a higher risk of non-completion, which can have an impact on the University's metrics and reputation. In worst case scenarios, this can include enabling fraudulent claims for student loans by people who do not intend to study for an award.

Internal competition can occur between core provision and partner provision, for example if a partner offers a University of Northampton programme which is more attractive because of location, or price, it could undermine core provision which makes a greater net contribution to institutional finances.

Opportunities

The University has embraced **active-blended learning**, and the use of **technology to support and enhance learning**. 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.

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.

Case Study – Northampton Energy Elite Athlete Scholarship

Established in 2021/22, the University offers 15 places on our Northampton Energy Elite Athlete Scholarship Programme; this scheme offers the student athlete a support network enabling them to balance the demands of performance sport with academic study.

As a TASS (Talented Athlete Scholarship Scheme) dual career accredited site, successful Student Athletes will be provided with the following:

- Performance testing up to three times across the year – this will include detailed movement screening aimed around injury prevention.

Strategic Report for the Year Ended 31 July 2022 (continued)

Case Study – Northampton Energy Elite Athlete Scholarship (continued)

- Strength and conditioning (S&C) – up to three weekly slots will be made available for individualised S&C provision. Individual programmes can be created where required by university staff or existing programmes from National Governing Bodies can be overseen and supervised.
- Weekly rehabilitation clinics.
- Nutrition workshops – Athletes will gain an insight into the importance of good nutrition and practical advice to ensure that they stay healthy and are able to train and compete to the level they require.
- Media training – Athletes will receive a range of tailored training to develop their skillset in relation to the image they portray across various media platforms to ensure they remain on brand with the university, develop their athletic profile and relay important messages and updates to a wider audience.
- Flexible learning options to balance study and sport.
- University of Northampton training kit.

The scholarship is aimed at student athletes competing at a county standard or above and include a paralympic and Commonwealth Games gold medallist and world record holder. In team sports, they should have competed to an academy standard. Students can be enrolled on an undergraduate or postgraduate programme.

Case Study – Sports Injury and Rehabilitation Clinic

In 2022, the University launched a new injury and rehabilitation clinic to support those recovering from sports injuries. The Sports Injury and Rehabilitation Clinic (SIRC) provides people with effective and affordable healthcare from students on the University's Sport Rehabilitation and Conditioning degree, who are overseen by a fully qualified clinic supervisor to ensure that safe and professional standards and practice is maintained. This model of practice has been used at the University's podiatry clinic for over 30 years.

Strategic Report for the Year Ended 31 July 2022 (continued)

Case Study – Sports Injury and Rehabilitation Clinic (continued)

The students are trained in delivering treatment including injury assessments, manual therapy, joint mobilisations, stretching, exercise rehabilitation, taping, electrotherapies, and sports massage. The clinic provides services to help a range of sporting and every day musculoskeletal conditions, injuries, and complaints. Services include an initial consultation, follow-up assessment and treatment, sports massage, exercise rehabilitation and recovery sessions.

Trade Union Facility Time Data

Under the provisions of the Trade Union (Faculty Time Publication Requirements) Regulations 2019, where an institution has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the regulations. The required information is set out below.

Number of Employees: 1,501 to 5,000

Trade Union Representatives and Full-Time Equivalents

Trade union representatives: 14

FTE trade union representatives: 11.40

Percentage of Working Hours Spent on Facility Time

0% of working hours: 0 representatives

1 to 50% of working hours: 14 representatives

51 to 99% of working hours: 0 representatives

100% of working hours: 0 representatives

Total Pay Bill and Facility Time Costs

Total pay bill: £77,608k

Total cost of facility time: £53,511.23

Percentage of pay spent on facility time: 0.07%

Strategic Report for the Year Ended 31 July 2022 (continued)

Trade Union Facility Time Data (continued)

Paid Trade Union Activities

Hours spent on paid facility time: 2,254

Hours spent on paid trade union activities: 1,351

Percentage of total paid facility time hours spent on paid TU activities: 59.94%

Future Focused

Future focused means:

- Bold.
- Forward thinking and visionary.
- 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.
- Achieve student recruitment targets and profile.

Strategic Report for the Year Ended 31 July 2022 (continued)

Performance

	Actual	Actual	Actual	Actual	Actual
	17/18	18/19	19/20	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	Waiver in place
NSS Question 18: The IT resources facilities provided have supported my learning well	76%	65%	70%	62%	71%
Number of newly enrolled full-time UG Home/EU students enrolled as of 1 Dec	2,831	2,890	2,670	2,663	2,438

Key

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

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 of the bond, HM Treasury exercises oversight through covenants. The UK Investment Bank (UKIB) now manages this relationship on behalf of HM Treasury. There is a risk that **bond covenants** are not met, putting the future sustainability of the University in jeopardy. To mitigate, the University's Board and Executive monitor its financial position against the bond covenants carefully and reports regularly to UKIB, including a bi-annual forecast.

Strategic Report for the Year Ended 31 July 2022 (continued)

Risks (continued)

There is a risk to the University's **financial sustainability** of rising costs and falling income. 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 real terms value of student fees has declined. There is a risk that **poor financial or budget management** results in a cashflow that is lower than forecast. The University maintains a robust financial control system including policies, procedures, regulations, role descriptions and training and student recruitment remained strong over the period, so this risk did not materialise.

There is also a risk that a **key source of income**, for example the Competency Testing Centre, is negatively affected, leaving the University exposed. Careful financial monitoring ensures that the University's level of exposure to single points of financial failure is understood and monitored. A mix of income streams reduces vulnerability. Again, this risk did not materialise over the period.

The University operates in **competitive environment** for students. Regionally, the University continues to monitor the development of new universities in Milton Keynes and Peterborough. The University has a dedicated marketing team which focuses on student recruitment and ensures that our offer to students is competitive in our markets, and this risk did not materialise during this period.

The University delivers **education in partnership** with local, national and global higher education partners. Whilst this creates an additional income stream and protects UON against fluctuations in other income streams, and widens access to higher education, it also creates risks including damage to the University's reputation through the potential actions of a partner, and the costs of teaching students should a partnership end. 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.

In March 2022 the University identified through its internal controls irregular activity associated with students from a partner institution. An independent investigation was conducted which identified

Strategic Report for the Year Ended 31 July 2022 (continued)

Risks (continued)

suspected widespread academic misconduct of students enrolled through the partner institution, and as a result the University terminated its partnership with the third-party institution under the terms of the Memorandum of Cooperation. It is essential the University upholds its high academic and reputational standards and so the University referred this partner's student population for the academic year 2021/22 to Academic Misconduct panels, which have the authority to result in the withdrawal of students proven to have committed academic misconduct. A provision has been made in the financial statements (see note 21) to re-pay tuition fees to the Department for Education for students enrolled at the partner institution during 2021/22.

As part of its due diligence the University has appointed a third-party law firm to carry out an independent review of its partnership activity to satisfy itself that robust internal controls and governance are in place. The University has continued to carry out regular due diligence reviews and risk to benefits analysis on partners and has rationalised its portfolio of education in partnership with others significantly as a result.

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. In 2022, the University appointed a new Chief Information Officer (CIO) with responsibility for this area. The new CIO began to put plans in place to ensure that the University's IT offer is robust and competitive. Whilst these plans are too late to impact on our results in the NSS for 2022 we expect that the position in the 2023 NSS to have dramatically improved.

The risk of **cyber security breach** crystallised during 2021 and remains high. The University has invested in infrastructure IT security measures, training, and staff to improve the strength of its approach.

Strategic Report for the Year Ended 31 July 2022 (continued)

Opportunities

To ensure compliance with bond covenants and ongoing financial sustainability the University has established **strong financial controls** including Board-level scrutiny and challenge. 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 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 increases 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 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.

Student recruitment for entry in 2022, both from home and overseas students, has been in line with our expectations. This demonstrates that the University continues to appeal to applicants.

Strategic Report for the Year Ended 31 July 2022 (continued)

Case Study – Divestment from the fossil fuel industry

In July 2022, the University became the 95th UK university to announce its divestment from the fossil fuel industry. As part of the Fossil Free declaration, the University has updated its Responsible Investment Portfolio to exclude fossil fuel companies.

The Policy states that investment managers must consider ‘protection of the global environment, its climate and its biodiversity including, but not limited to, the reduction and future elimination of fossil fuel exploration and production’. Signing the declaration is the University’s latest commitment to moving towards cleaner energies and achieving a net zero carbon campus by 2030.

Case Study – University supports young, female football talent

In July 2022, it was announced that the University would be part of the Northamptonshire Emerging Talent Centre (ETC), a new initiative to support and develop young, female football talent.

Established by the Football Association (FA), the ETC will see the number of young female players engaged in FA programmes across the country rise from 1,722 to over 4,200 by the end of the 2023-24 season. The national network of Girls’ ETCs will be aimed at girls aged 8 to 16. The new centres will operate for at least 30 weeks per season and will commence from September 2022.

The centres will be underpinned by five key areas:

- Better accessibility.
- More inclusivity.
- Reducing the impact of early selection.
- More focused investment.
- Providing more appropriate challenges.

Licences were allocated on a regional basis allowing for greater geographical coverage, whilst providing greater accessibility for a larger pool of players. The Northampton Town FC Community Trust will work alongside the University to deliver the emerging talent centre over a three-year period to 2025.

Strategic Report for the Year Ended 31 July 2022 (continued)

Social Impact

Social impact means:

- Positive.
- Social responsibility.
- Purposeful research.
- Provides an outlet for our mission and gives us strategic justification and focus.

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 41 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.

Strategic Aims

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

Changemaker Commitments

We have four Changemaker Commitments.

We create a positive social impact in society by committing to work to ensure that:

1. Every young person can flourish and learn.
2. Positive health and wellbeing is fostered and promoted for all.
3. Cultures, heritage, and environment are respected, protected, and enhanced for future generations.
4. There is a positive environment in which entrepreneurial opportunities are supported to grow.

Strategic Report for the Year Ended 31 July 2022 (continued)

Performance

	Actual	Actual	Actual	Actual	Actual	Target
	17/18	18/19	19/20	20/21	21/22	21/22
Meet research income goals	£6.6m	£4.4m	£1.1m	£1.0m	£0.9m	£1.8m
Meet enterprise income goals	New	New	£3.9m	£6.4m	£7.3m	£4.6m
Meet research output goals	197	182	196	244	141	220
UK top 20 ranked University for Social Impact in 2022 Times Higher Education Impact Rankings	N/A	N/A	N/A	23 rd	21 st	Top 20

The original targets for research income were substantially reviewed to ensure that they were realistic. Performance was then negatively affected by the global Covid-19 pandemic, largely due to availability of staff and some suspension of funding, and by the UK's exit from the EU, which curtailed access to certain European funding. Since this result, work has been undertaken to support bidding for research funding.

Risk 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. By aligning to the United Nations Sustainable Development Goals and maintaining its status as a Changemaker Campus and Social Enterprise Gold Mark, the University continues to make the case for its impact which is evidenced through our Top 100 position in the Times Higher Education World Impact Rankings in 2022 for three rankings, including SDG10 Reduced Inequalities – 24th, SDG15 Life on Land – 49th and SDG12 Responsible Consumption and Production – 65th.

Strategic Report for the Year Ended 31 July 2022 (continued)

Risks (Continued)

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 that meeting **targets for research and enterprise income** become more challenging due to national policy changes and financial constraints. Whilst the University exceeded its enterprise income target, it has not met the target for research income which became unrealistic in the challenging post-COVID environment.

Opportunities

The University has established and embedded **structures to support social enterprise and commercial activities**, and therefore created opportunities for the University and for others. For example, the University has a dedicated structure which supports the county's voluntary, charity and social enterprise sector to deliver their services and projects, and a service to support students, graduates and staff to develop ideas through to prototype and testing.

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.

Case Study – University ranked in the top-25 worldwide for tackling inequality

In April 2022, the University was named one of the world's top 25 Higher Education providers for tackling inequality according to the 2022 Times Higher Education Impact Rankings. The rankings are the only global performance tables that assess universities against the United Nations' Sustainable Development Goals. The SDGs are a collection of 17 interlinked global goals designed to be a blueprint to achieve a better and more sustainable future for all. The SDGs were set in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030.

Strategic Report for the Year Ended 31 July 2022 (continued)

Case Study – University ranked in the top-25 worldwide for tackling inequality (continued)

The University was placed joint 24th out of 796 HEIs in the world – up three places from last year – and joint 11th in the UK, for its performance in working towards goal 10, Reduced Inequalities. This goal measures universities' research on social inequalities, their policies on discrimination and their commitment to recruiting staff and students from under-represented groups.

The University was also ranked 49th in the world for its work relating to SDG 15 – Life On Land. This ranking confirms that the ecological needs of its Waterside campus and associated sites are at the forefront of the institution's land management practices; while its sustainable methods of management aim to increase and sustain biodiversity and create suitable habitats for an array of flora, fauna and wildlife. For SDG 12 – Responsible Consumption and Production – the University was placed 65th globally. The University's ranking confirms its commitment to promoting and delivering more responsible consumption and production patterns through its operations and supply chains, through sustainable management practices and efficient use of natural resources.

The University was placed in the top 100 in the world for SDG 5 – Gender Equality – where it was ranked 94th. This goal measures universities' research on the study of gender equality, their policies on gender equality, and their commitment to recruiting and promoting women. Northampton's overall score in the rankings saw it finish joint 21st in the list of UK institutions and maintain its place in the top 200 globally.

Case Study – Warm Welcome Scholarships

On 01 September 2021, the UK Government announced 'Operation Warm Welcome' to support those who had been relocated to the UK via Operation Pitting (the British military operation to evacuate British nationals and eligible individuals from Afghanistan) to access the vital health, education, and support into employment they need to fully integrate into society.

Strategic Report for the Year Ended 31 July 2022 (continued)

Case Study – Warm Welcome Scholarships (continued)

As part of this support package, a Department for Education-funded Warm Welcome Scholarship Scheme has been established to support those affected to access undergraduate and postgraduate university scholarships in the UK. This scheme is being delivered by the British Council who sought higher education providers to waive tuition fees with the scholarship being used to support the living costs of the student.

The University of Northampton is supporting four scholars as part of the 'In-Year' scheme whereby existing students were able to apply for funding to support their ongoing studies given the challenges in their home country.

The University is awaiting the decision of the British Council in respect of the 'full-year' scheme whereby new students have been able to apply for funding to support their studies. This is part of the University's support for asylum seekers and refugees which includes volunteering by members of the staff and student body, through the Student Action for Refugee (STAR) group in the Students' Union and the hosting of a series of Refugee Week events.

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 2021/22 total income increased £16.3m (12.4%) to £147m (2020/21: £130.7m). This increase can be largely attributed to a huge increase in overseas students, a pattern that has continued for the next academic year. Increased post-COVID demand and the closure of the Australian and New Zealand markets to overseas students have contributed to this bumper recruitment.

Tuition fee income grew by £16.1m (14.7%) to £125.5m (2020/21: £109.4m). Tuition fees now represent 85.4% of total income (2020/21: 83.7%). Full-time fees from Home/EU students were £78.5m (2020/21: £73m), accounting for 53.4% of the total income of the University and 62.5% of total tuition fees (2020/21: 55.9% and 66.7% respectively). Fees from International students totalled £29.5m (2020/21: £19.7m).

Operating income, increased by £1.1m to £14.4m (2020/21: £13.3m) due to the return of both students and staff to campus following the removal of covid restrictions. Funding body grants fell by £0.4m to £6.1m (2020/21: £6.5m) and research income decreased slightly by £0.11m to £0.87m (2020/21: £0.98m).

As in previous years, the largest category of expenditure (47.1%) relates to staff cost, which increased by £6.9m to £77.6m (2020/21: £70.7m), reflecting the impact of minimal pay rises in the year.

Other operating expenditure has increased £22.9m to £64.5m (2020/21: £41.6m) as a result of increased franchise fees relating to partnerships and overseas agents' fees and scholarships owing to the bumper intake of overseas students during 2021/22.

In addition, the loss on revaluation of £3.6m is recognised to reflect the anticipated loss on the sale of the Newton Building. The Newton building was re-classified from a freehold property / building to

Financial Review (continued)

Income and expenditure (continued)

an investment property when it was rented to a third party during 2021/22 prior to being sold in 2023.

Despite the substantial increase in tuition fee income, expenditures levels also increased. This increase was largely due to the additional franchise fees, overseas agents commission, scholarships and bursaries associated with the increase in overseas students.

All of these factors have directly contributed to the consolidated deficit before taxation of £21.3m (2020/21: Surplus before taxation of £1.0m).

Cash flow

There has been a change of accounting treatment for cash and cash equivalents at the year end, the prior period was also adjusted to reflect this change. Corporate bonds and certificates of deposit held in the University's Kingswood investment portfolio have been treated as current investments at the year end, these balances were previously recognised as cash and cash equivalents. The net cash inflow from operating activities totalled £31.4m (2020/21: £23.1m). The final capital repayment of £8.5m on the PWLB loan was paid in March 2022 following negotiations in the prior year between the University and Northampton Borough Council to defer this payment until 2022. These movements combined to deliver a net increase in cash and short-term deposits of £8.5m (2020/21: £0.9m) and a consolidated Balance Sheet total of cash of £14.7m (2020/21: £6.2m) and short-term deposits of £44.3m (2020/21: £42.9m). 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.

Financial Review (continued)

Balance sheet

Consolidated net assets increased by £52.9m to £60.1m (2020/21: £7.2m), the net assets are significantly impacted by the positive change in the LGPS pension valuation. Total pension provisions for all university schemes, calculated under the accounting rules of FRS102 decreased by £66.2m to £10.1m. This has greatly reduced any risk that the balance sheet will become negative in the next twelve months through technical insolvency.

The latest actuarial valuation (March 2022) of the University's share of the LGPS scheme indicated that the overall funding level has improved to 113% (from 93%).

Fixed assets decreased by £16.1m (5%) to £307.5m. This was driven by the low levels of new investment following completion of the Waterside Campus and the accounting adjustment to reclassify the Newton building from freehold fixed assets to an investment property. The Newton Building was sold in February 2023 which generated additional income during 2022/23.

Long term loans decreased by £11.1m to £36.1m, this included a capital repayment of £8.5m on the PWLB loan 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) is required.

Financial Review (continued)

Financial Covenants (continued)

A prospective ratio falling below 1.15x sanctions restricting the University's future operations. HM Treasury granted the University a waiver during 2020/21 up to 31 December 2022 waiving any potential 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. During the financial year the University did not breach either of the Debt service cover Ratios and the balance sheet remained positive during this period. The positive LGPS pension valuation at the 31 July 2022 has greatly reduced the University's risk of technical insolvency and the University did not request an extension to this waiver that ran out on 31 December 2022. Owing to delays in signing the University financial statements HM Treasury issued a waiver against this event of default during the year, the current waiver expires on 31 October 2023.

Future financial outlook

Recruitment for the 2021/22 academic year exceeded budgeted levels for overseas students however home student recruitment was slightly lower than anticipated. The buoyant overseas market continued for the next academic year and a project was launched in 2022/23 to attract additional home students. The University delivered positive cash from operating activities. Additionally, the sale of the Newton building completed in February 2023 which has further boosted cash levels.

Going forward, the budget and financial strategic planning are based upon prudent assumptions, with stress testing and multiple scenario analysis applied. We operate under the discipline of financial covenants and work to ensure that financial plans are sustainable and realistic. The risk that the University's liabilities could exceed its assets in the going concern period to 31 October 2024 has been greatly reduced due to the impact of the positive LGPS pension valuation. Overall, the University is confident of achieving sufficient positive cash generation to maintain its going concern status, it did not request an extension to the current waiver when it expired on 31 December 2022.

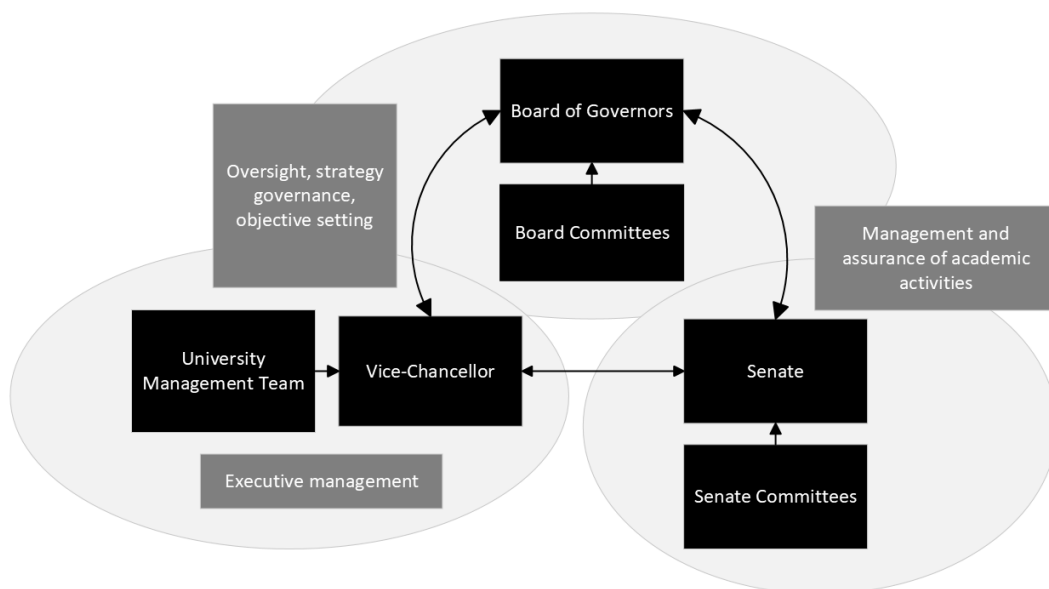
Statement of Corporate Governance and Internal Controls

This statement of Corporate Governance and Internal Controls covers the period from 1 August 2021 to 31 July 2022 and relevant business up to the date of signature of these accounts. The University of Northampton is a Higher Education Corporation established under the Education Reform Act 1988, section 124 as amended by the Further and Higher Education Act 1992 and the Higher Education and Research Act 2017. The University is an exempt charity under the Charities Act 2011. This means that rather than being regulated by the Charity Commission, the University’s principal regulator is the Office for Students.

As a Higher Education Corporation, the University of Northampton’s constitution is contained in an Instrument of Government, and Articles of Government approved by the Privy Council in May 2013 and last reviewed by the Board in 2021.

Corporate governance arrangements

The Articles of Government establish a Board of Governors, a Senate, and the role of the Vice-Chancellor, and set out their responsibilities. Byelaws and Scheme of Delegation support the operation of the Instrument and Articles. The University’s organisation and management structure:



Statement of Corporate Governance and Internal Controls (continued)

Responsibilities of the Board of Governors

Under the Articles, 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.

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

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

The above can be found at the following [Search Results \(northampton.ac.uk\)](#).

Statement of Corporate Governance and Internal Controls (continued)

Board members

Recruitment and appointment

Provisions for the recruitment and appointment of new governors are made in the Instrument of Government and the Board's related policies and procedures.

The Board has the following categories of membership:

	Definition	Method of recruitment and appointment
Independent members	Criteria for independence are set out in the Byelaws.	Public advertisement. Application and interview. Board resolution to appoint.
Academic staff member	Employed by the University in an academic post and nominated to join by the Senate.	Nomination and election process amongst those eligible to stand. Board resolution to appoint.
Student members	Those on a course of study at the University who have been nominated by the student body because they have been elected as a sabbatical officer of the University of Northampton Students Union.	Election as a sabbatical officer. Board resolution to appoint to the Board.
Professional services staff	Employed by the University in a professional services post.	Nomination and election process amongst those eligible to stand. Board resolution to appoint.
Vice-Chancellor	Employed by the University as the Vice-Chancellor.	Public advertisement. Application and interview process for the VC post. Board resolution to appoint to the Board.

Statement of Corporate Governance and Internal Controls (continued)

Induction and training

The Board has established an Induction Process for new governors. The process includes written information and meetings with Board members and key members of staff. The Board provides peer support for new governors and has a probation policy and procedure in place for new independent governors.

All governors must undertake training in key University policies for example whistleblowing, equality and diversity and the Prevent duty.

Development events and opportunities are regularly disseminated to governors, who are expected to devote some time to developing and maintaining their knowledge of the University.

Members of the Board of Governors

The following are/have been members of the Board of Governors during the reporting period and up to the date of the signature of these accounts:

Name	Category	Board Role and Committee Membership	Date of Appointment	Date of Departure
Dayo Adedapo	Independent	Audit to 30/09/2022 Audit and Risk from 30/09/2022	07/09/2020	
Fajar Ajmal	Student member	People, Culture, Quality and Standards from 01/08/2023	01/07/2023	
Damilola Akhigbe	Independent	Audit to 30/09/2022 Infrastructure and Resources from 01/10/2022	19/12/2019	04/09/2023
Lucie Armstrong-Kurn	Professional Services Staff		01/08/2019	31/07/2022

Statement of Corporate Governance and Internal Controls (continued)

Members of the Board of Governors (Continued)

Name	Category	Board Role and Committee Membership	Date of Appointment	Date of Departure
Zoe Boyer	Student member	People, Culture, Quality and Standards from 01/10/2022	23/02/2022	30/06/2023
Dinusha Boteju	Academic Staff	People, Culture, Quality and Standards from 01/08/2023	01/08/2023	
Andrew Burman	Independent	People, Culture, Quality and Standards from 01/08/2023	03/04/2023	
Geoffrey Donnelly	Independent	Chair of the Board from 03/04/2023 Remuneration from 03/04/2023 Nominations and Governance from 03/04/2023	03/04/2023	
Sue Dutton	Independent	Deputy Chair of the Board from 01/09/2019 – 31/07/22 and Interim Chair from 01/08/22 – 02/04/2023 Remuneration – Chair to 30/09/2022 Nominations – Chair to 30/09/2022 Academic Assurance – Chair to 30/09/2022	01/08/2015	

Statement of Corporate Governance and Internal Controls (continued)

Members of the Board of Governors (Continued)

Name	Category	Board Role and Committee Membership	Date of Appointment	Date of Departure
Beth Garret	Student member	Academic Assurance to 30/09/2022 People, Culture, Quality and Standards from 01/10/2022 Infrastructure and Resources from 01/10/2022	14/07/2021	30/06/2023
Roland Gray	Independent	Audit and Risk from 01/08/2023	01/08/2023	
Matthew Hanmer	Independent	Audit to 30/09/2022 Infrastructure and Resources – Chair from 01/10/2022	01/08/2019	
Richard Horsley	Independent	Audit to 30/09/2022 Audit and Risk from 01/10/2022	01/08/2014	31/07/2023
Harriet Jones	Independent	Audit and Risk from 01/10/2022	01/08/2022	
Shivani Kaushike	Independent	Audit – Chair to 30/09/2022 Audit and Risk - Chair from 01/10/2022	19/12/2019	
Anne-Marie Kilday	Vice-Chancellor	Nominations and Governance from 01/10/2022	01/08/2022	
Rayna Miller	Independent	Nominations to 31/12/2021	19/12/2019	31/12/2021

Statement of Corporate Governance and Internal Controls (continued)

Members of the Board of Governors (Continued)

Name	Category	Board Role and Committee Membership	Date of Appointment	Date of Departure
Bhavya Mohan	Student Member	Infrastructure and Resources from 01/08/2023	01/07/2023	
Mark Mulcahey	Independent	Chair of the Board to 31/07/2022 Remuneration to 31/07/2022 Nominations to 31/07/2022	01/08/2013	31/07/2022
Deborah Parker	Independent	Nominations and Governance from 01/10/2022 Remuneration from 01/10/2022	01/08/2022	
Nikhil Paul	Student member		14/07/2021	09/12/2021
Nick Petford	Ex-officio - Former Vice-Chancellor	Nominations to 31/07/2022	01/09/2010	31/07/2022
Martin Pettifor	Independent	Senior Independent Member to 30/09/2021 Remuneration to 31/07/2022	01/08/2013	31/07/2022
Nick Pitts-Tucker	Independent	Audit to 31/07/2022	01/08/2013	31/07/2022
Vikramaaditya	Independent	Infrastructure and Resources from 01/10/2022	01/08/2022	

Statement of Corporate Governance and Internal Controls (continued)

Members of the Board of Governors (Continued)

Name	Category	Board Role and Committee Membership	Date of Appointment	Date of Departure
Ivna Reic	Academic Staff	Academic Assurance to 30/09/2022 People, Culture, Quality and Standards from 01/10/2022	20/11/2019	31/07/2023
Jon Scott	Co-opted	Academic Assurance to 30/09/2022 People, Culture, Quality and Standards – Chair from 01/10/2022	17/02/2020	
John Skelton	Independent		01/08/2015	31/07/2022
Michelle Teo	Independent	Nominations and Governance to 31/07/2023 Remuneration to 31/07/2023 Infrastructure and Resources from 01/08/2023	01/08/2022	
Suzy Wallace	Professional Services Staff	People, Culture, Quality and Standards from 01/10/2022	01/08/2022	

Statement of Corporate Governance and Internal Controls (continued)

Members of the Board of Governors (Continued)

Name	Category	Board Role and Committee Membership	Date of Appointment	Date of Departure
Paul Wood	Independent	Senior Independent Member from 01/10/2021 Nominations and Governance – Chair from 01/10/2022 Remuneration – Chair from 01/10/2022	01/08/2019	

External committee members

The Board's committees are supported by the following external members.

Name	Committee	Date of appointment
Ann Battom	Audit to 30/09/2022 Audit and Risk from 01/10/2022	22/01/2019
David Laing	Nominations to 30/09/2022 Nominations and Governance from 01/10/2022	03/01/2014 (as Pro Chancellor of the University)
Michael Nadin	Remuneration	01/07/2019
John Renz	Remuneration	01/09/2020

Statement of Corporate Governance and Internal Controls (continued)

Transparency

The University ensures the transparency of its corporate governance through a [publication scheme](#) which complies with the guidance of the Information Commissioner. This includes public availability of the [agendas and minutes of Board meetings](#), [governing documents](#) (Instrument and Articles, Bye-Laws, Scheme of Delegation), committee [terms of reference](#), [policies, procedures and regulations](#), [financial statements](#) and [academic quality and standards](#). The University's website is the main source of public information about the University.

Adequacy and effectiveness

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](#), the [Higher Education Code of Governance](#), and the [Higher Education Senior Staff Remuneration Code](#). 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.

Risk management arrangements

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

- Overseeing the system of risk management and internal control.
- Receiving reports from responsible managers and the internal and external audit teams.
- As necessary, overseeing actions and accountability for actions.
- Offering robust challenge to the University Executive on risks and internal control matters.
- Reviewing the approach to risk. Annually, the Board:
 - receives a Risk Management Annual Report.
 - approves the Risk Management Policy.
 - approves a statement of the University's risk appetite.

Statement of Corporate Governance and Internal Controls (continued)

Risk management arrangements (continued)

- reviews the University's Assurance Framework through the Audit and Risk Committee. 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.

- Reviewing the effectiveness of the University's control framework. Over the reporting period the Board and/or the Audit and Risk Committee have:
 - reviewed internal audit reports and ensured that the recommendations made are carried out.
 - reviewed policies, procedures and regulations, and the operation of these.

Internal and External Audit

The internal audit service gives the Board of Governors and Vice Chancellor assurance about the adequacy of the University's arrangements for risk management, governance, internal control and economy, efficiency and effectiveness. The service provides regular reports to the Audit and Risk Committee about aspects of the internal control environment. These include recommendations for action to improve the design and/or operation of controls. The implementation of recommendations is overseen by the Audit and Risk Committee. This process improves the University's internal control environment and therefore its delivery of value for money.

The external audit service gives the Board of Governors and the Vice Chancellor a professional opinion on the quality of the financial statements. This gives assurance that the University's financial position is fairly reflected in those statements. Whilst the external audit report does not give an opinion on the internal control environment, it considers the controls relevant to the preparation of the annual financial statements and makes recommendations to management.

Statement of Corporate Governance and Internal Controls (continued)

Oversight of compliance

The University ensures oversight of statutory and regulatory compliance through a robust framework of internal controls. These include but are not limited to:

- 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.
- Budget planning and management process, supplemented by detailed management accounts presented regularly to the Board and the University Management Team.
- Academic and student regulations, policies and procedures approved by the Senate.
- Extensive academic quality and standards arrangements including dedicated staff and oversight by the Senate.
- Policies and procedures to govern statutory and regulatory compliance, information technology, physical and asset security, health and safety, and data security.
- Explicit University values and key behaviours to underpin the culture, supported by Codes of Conduct.

Use of public funding

The University's internal control framework ensures regularity and propriety in the use of public funding. The University's Board of Governors and Senior Leadership Team are responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public funds and assets for which it is responsible. This system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives. The internal control system can therefore only provide reasonable, not absolute, assurance of effectiveness.

Risk management and internal control arrangements

A risk register is prepared by each University academic faculty and professional service department. This ensures that it is embedded in ongoing operations. Faculty and department risk registers are received by the University Management Team (UMT). UMT evaluates risks, and decides which, due

Statement of Corporate Governance and Internal Controls (continued)

Risk management and internal control arrangements (continued)

to their severity, should be added to the University's Risk Register. Each risk has an owner, who is responsible for identifying controls and actions to manage or mitigate the risk.

Risks are scored. 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 University takes a risk-based approach to risk management. Risks are scored by probability multiplied by impact. Impact is defined in terms of financial impact. Probability is defined as likelihood of the risk becoming a reality.

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.

Following review by the University Management Team, the risk register is referred to the Audit Committee for consideration. Over the reporting period, the Audit and Risk Committee has worked with the University executive to identify the top six fundamental risks to the University. The fundamental risks are referred to the Board of Governors.

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. In 2022, the workshop reviewed the University's risk appetite statement.

Statement of Board responsibilities

The Board of Governors confirms that it has identified and reviewed the major risks to the University and that systems and procedures are in place to manage those risks.

Statement of Corporate Governance and Internal Controls (continued)

Statement of Board responsibilities (continued)

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.

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 (SORP: Accounting for Further and Higher Education 2019), and FRS 102 "The Financial Reporting Standard applicable in the UK And Republic of Ireland", OFS accounts direction 2019. 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.
- State whether applicable UK accounting standards have been followed, subject to 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.

Statement of Corporate Governance and Internal Controls (continued)

Statement of Board responsibilities (continued)

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.

Financial statements are published on the University's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the University's website is the responsibility of the members of the Board. The members of the Board's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Internal control weaknesses or failures

During the financial year, and up to the signature of these accounts, the Board has been made aware of the following control weaknesses or failures:

1. The potential that there was widespread academic misconduct by students enrolled at a partner institution. The University has:
 - Conducted its own investigation and conducted an investigation through an external consultant.
 - Ended the partnership.
 - Made reports to the relevant agencies and the Office for Students.
 - Continued to work with the relevant agencies on their investigation.
 - Included a provision in the financial statements (see Note 21) to re-pay tuition fees to the Department for Education (DfE) for students enrolled at the partner institution during 2021/22.
 - Conducted a review of other partnership arrangements.

Statement of Corporate Governance and Internal Controls (continued)

Internal control weaknesses or failures (continued)

2. Breaches of the policies which apply to members of the Board of Governors.

To address this, the University:

- Has improved and made more regular the communication to governors about the training they must undertake.
- Will ensure that face-to-face training on the relevant policies is included as part of the induction of new governors. This will be alongside the existing written and online training.
- Will run a training session for all governors on the Whistleblowing Policy and Procedure.

3. Control weakness in the area of employees acting as directors of external companies.

To address this, the University will put in place an oversight framework for University employees holding external Non-Executive Directorships.

Statement of disclosure of information to auditors

At the date of making this report each of the University's Governors, as set out above, confirms the following:

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

By order of the Board.

DocuSigned by:

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Geoffrey Donnelly
Chair of the Board of Governors

Date: 26 October 2023

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 2022 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the Group'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 2022 which comprise the Consolidated and University 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.

Independence

We are independent of the Group and the 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.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Governors' assessment of the Group and the University's ability to continue to adopt the going concern basis of accounting is set out in the key audit matters section of our report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the University's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Overview

Coverage	<p>We audit the following within the group:</p> <p>100% of Group deficit before tax (2021: 100% of Group surplus before tax)</p> <p>100% of Group revenue (2021: 100%)</p> <p>100% of Group total net assets (2021: 100%)</p>		
Key audit matters		2022	2021
	Going Concern	Yes	Yes
	Cyberattack	No	Yes
	Partnership Income	Yes	No
	<p>Cyberattack – is no longer considered to be a key audit matter because the cyberattack occurred in the prior year and so no work was required to audit this area in the current period.</p>		
Materiality	<p><i>Group financial statements as a whole</i></p> <p>£1,550,000 (2021: £1,403,000) based on 1.00% (2021: 1.00%) of revenue</p> <p>A specific materiality of £1 was determined for our testing of Head of Provider remuneration.</p>		

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

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 Governors' 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 Limited 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.

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

Key Audit Matter		How the scope of our audit addressed the key audit matter
<p>Going Concern</p> <p>The Group's accounting policy on going concern is shown in note 1.2 to the financial statements</p>	<p>We have assessed there to be a risk around the Group's ability to continue as a going concern because at audit planning there was a potential need for an extended waiver in respect of the loan covenants which had been breached at the previous year end and were forecast to still be breached. The waiver in place was due to expire in December 2022.</p> <p>We have therefore identified going concern as a significant risk and a key audit matter.</p>	<p>We have obtained an understanding of the measurement and review of the Group's financial performance including forecasting and budgeting processes and the Group's risk assessment process.</p> <p>Our detailed procedures included the following:</p> <ul style="list-style-type: none"> - 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 of the current economic environment. - Consideration of the forecast prepared by management and challenge of the key assumptions based on our knowledge of the business. - Obtaining and assessing the availability of financing facilities, the nature of facilities and repayment terms through to October 2024. - We considered management's financial covenant compliance calculations through to October 2024 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 has modelled a plausible downside scenario to incorporate the ongoing impact of the current economic environment. We have considered the appropriateness of the downside scenario in respect of the impact of the current economic environment and challenged management to confirm that they have suitably addressed the inputs, which are most susceptible to change, including those in respect of revenue.

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

Key Audit Matter (Continued)		How the scope of our audit addressed the key audit matter
		<p>- 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.</p> <p><i>Key observations</i> Our key observations are set out in the Conclusions relating to going concern section of our report.</p>
<p>Partnership income (note 3)</p> <p>Note 1.4 – sets out the accounting policy for the recognition and measurement of partnership income</p> <p>Note 3 – sets out the analysis of tuition fees and education contract income including partnership income of £14,018,000 included within ‘Full-time HE fees – UK and EU students’</p> <p>Note 21.0 – sets out the analysis of provisions including a provision of £6,061,000</p>	<p>During the financial year, the University became aware of irregular activity associated with students from one of its partner institutions.</p> <p>The University commenced an independent investigation in June 2022 which included referring the partner's student population for the academic year 2021/22 to Academic Misconduct panels and as a result the University terminated the partnership arrangement with this institution.</p> <p>The University has recognised a provision of £6,061,000 to re-pay the tuition fees to the Department for Education for students enrolled at this partner institution during 2021/22.</p>	<p>We focused our work on assessing the extent, findings, and conclusions of the University's investigation into the identified partner institution, and:</p> <ul style="list-style-type: none"> • Obtained a copy of the University's investigation report to those charged with governance; • Confirmed the scope of the University's investigation, and the independence and experience of the investigation team, was appropriate to assess academic misconduct; • Reviewed a sample of completed disciplinary reports on students suspected of academic misconduct to confirm that misconduct had taken place; • Reviewed management's assessment of the identified partner institution presented to those charged with governance; <ul style="list-style-type: none"> ○ Corroborating a sample of findings to the underlying investigation work; ○ Confirming the quantification calculations prepared by management; ○ Confirming findings to third party reports such as internal audit and legal advice; • Reviewed legal correspondence relating to the termination of the contract.

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

Key Audit Matter (continued)		How the scope of our audit addressed the key audit matter
	<p>From our understanding and risk assessment we concluded that there was a significant risk related to the existence of students at partner institutions and their compliance with University procedures as well as the University complying with their own internal processes and controls to conclude whether a service had been provided and therefore that the University had the right to recognise the income.</p> <p>This has 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 also undertook specific procedures to determine whether other partnership arrangements could have a similar risk, and:</p> <ul style="list-style-type: none"> • Tested a sample of students from other partner institutions to attendance and attainment records to confirm their engagement in the education course; • Tested a sample of students from partner institutions to identification to confirm their existence; • Reviewed contracts in place with partner institutions to determine whether the students enrolled were the responsibility of the University or the partner institution and confirmed that the revenue was classified correctly within the notes to the financial statements; • Enquired of management the current status of partnership arrangements with the University and the reasons for terminating a number of contracts post year end; • Reviewed legal and other correspondence with terminated partners to determine whether academic misconduct or other contract irregularities were a factor. • As part of our work we considered management's provision to repay tuition fees to the Department for Education for students enrolled at the partner institution during 2021/22, and: Obtained management's assessment of the population of students impacted and the quantification of funding expected to be clawed back; • Confirmed the value of funding to be repaid to a legal agreement; • Reviewed ongoing correspondence between the University and the Office for Students and Department of Education.

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

Key Audit Matter (continued)		How the scope of our audit addressed the key audit matter
		<p>Our execution procedures included the involvement of experts from our Forensics team and significant input from senior members of the audit team.</p> <p><i>Key observation</i></p> <p>We concur with management's assessment of the provision and we have no further exceptions to note on the residual population of partner institutions.</p>

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:

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

Our application of materiality (continued)

	Group financial statements	Group financial statements	University financial statements	University financial statements
	2022	2021	2022	2021
Materiality	£1,550,000	£1,403,000	£1,500,000	£1,300,000
Basis for determining materiality	1.00% of revenue	1.00% of revenue	1.00% of revenue	1.00% of revenue
Performance materiality	£930,000	£842,000	£900,000	£780,000
Basis for determining performance materiality	60% of materiality	60% of 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 of the Group dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £5,000 to £1,500,000. 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 £30,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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

Other information

The Governors are responsible for the other information. The 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.

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"), UK Research and Innovation (including Research England), the Education and Skills Funding Agency ("ESFA") and the Department for Education

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.

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

Opinion on other matters required by the Office for Students ("OfS"), UK Research and Innovation (including Research England), the Education and Skills Funding Agency ("ESFA") and the Department for Education (Continued)

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 note 6 to the accounts, has been materially misstated.
- The University's expenditure on access and participation activities for the financial year, as has been disclosed in note 30 to the accounts, has been materially misstated.

Responsibilities of the Governors

As explained more fully in the Statement of Board Responsibilities, 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.

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

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:

Non-compliance with laws and regulations:

Based on:

- Our understanding of the Group and the sector in which it operates;
- Discussion with management, those charged with governance and Audit Committee;
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations; and
- Direct representation from the Accountable Officer.

We considered the significant laws and regulations to be Financial Reporting Standard 102, the Statement of Recommended Practice: Accounting for Further Education and Higher Education (FEHE SORP 2019), the OfS' Accounts Direction (OfS 2019.41) and UK tax legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

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

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud.

Our risk assessment procedures included:

- Enquiry with management and those charged with governance, Audit Committee and internal audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Review of all "Form 2 – Other Reportable events" submitted to the Office for Students by the University;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override including the posting of inappropriate journals to manipulate financial results and management bias in accounting estimates. In addition, we considered revenue recognition an area to be susceptible to fraud, particularly in relation to the recognition of tuition fee revenue in line with course dates and revenue recognised in relation to partnership arrangements where the University sub-contracted some of their courses to other entities.

Our procedures in respect of the above included:

- Involvement of internal forensic experts in the audit to review management's investigation into the potential that there was widespread academic misconduct by students enrolled at a particular partner institution and then assessing whether this may be systemic in other partnership arrangements that the University has, as detailed in the partnership income key audit matter above;

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

Fraud (continued)

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation and ensuring the University processes and controls had been followed;
- Meetings held with University legal advisors to make enquiries regarding the partnership arrangements;
- Reviewing large procurement contracts signed in the financial year for any evidence of breach of University controls which may indicate management override; and
- Assessing significant estimates and judgements made by management for bias, including bad debt provision, fixed asset depreciation, investment property valuation, intercompany recoverability and assumptions applied in defined benefit pension calculations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

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

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, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education.

Use of our report

This report is made solely to the 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
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Kyla Bellingall (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Birmingham, UK

Date: 26 October 2023

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

Consolidated and University Statement of Comprehensive Income

		Consolidated	Consolidated	University	University
		2022	2021	2022	2021
	Note	£000	£000	£000	£000
Income					
Funding body grants	2	6,058	6,473	6,058	6,473
Tuition fees and education contracts	3	125,543	109,437	125,543	109,437
Research grants and contracts	4	870	980	870	1,030
Other operating income	5	14,385	13,312	13,871	12,592
Investment income	7	7	198	2	198
Donations and endowments	8	99	308	99	308
Total Income		146,962	130,708	146,443	130,038
Expenditure					
Staff costs	9	77,608	70,690	71,593	64,520
Interest and other finance costs	10	11,324	11,162	11,348	11,177
Other operating expenses	11	64,489	41,601	70,182	47,175
Depreciation & impairment	11	11,338	11,433	11,347	11,441
Total expenditure		164,759	134,886	164,470	134,313
(Deficit) before other gains / (losses) and share of operating (deficit) of joint ventures and associates		(17,797)	(4,178)	(18,027)	(4,275)
Gain on disposal of fixed assets		-	5,025	-	5,025
(Loss) on revaluation of fixed assets	12	(3,563)	-	(3,563)	-
Gain / (Loss) on investment		13	72	(62)	22
Share of operating (loss) in joint venture	14	(73)	(23)	-	-
Share of operating profit in associate	14	112	91	-	-
Non-controlling interest		2	(16)	-	-
(Deficit)/Surplus before taxation		(21,306)	971	(21,652)	772

Consolidated and University Statement of Comprehensive Income (continued)

		Consolidated	Consolidated	University	University
		2022	2021	2022	2021
	Note	£000	£000	£000	£000
Taxation		(2)	-	-	-
(Deficit) / Surplus for the year		(21,308)	971	(21,652)	772
Actuarial Gains / (Losses) in respect of pension scheme	25	74,233	(865)	73,550	(1,574)
Total Comprehensive income / (expenses) for the year		52,925	106	51,898	(802)
Unrestricted comprehensive income / (expenses) for the year		52,925	106	51,898	(802)
Attributable to the University		52,923	106	51,898	(802)
Attributable to the non-controlling interest		2	-	-	-
		52,925	106	51,898	(802)
(Deficit) / Surplus for the year attributable to:					
University		(21,310)	987	(21,652)	772
Non-controlling interest		2	(16)	-	-
		(21,308)	971	(21,652)	772

The notes on pages 70 to 127 form part of these financial statements.

Consolidated and University Statement of Changes in Reserve for Year ending 31 July 2022

	Income & expenditure account	Income & expenditure account	Total excluding non-controlling interest	Non-controlling interest	Total Reserves
	Endowment	Unrestricted			
Consolidated	£000	£000	£000	£000	£000
Balance at 1 August 2020	1,076	5,972	7,048	92	7,140
Surplus/(Deficit) Consolidated Statement of Comprehensive Income	-	987	987	(16)	971
Movement in endowment funds	156	(156)	-	-	-
Pension reserve movement	-	(865)	(865)	-	(865)
Balance as at 1 August 2021	1,232	5,938	7,170	76	7,246
(Deficit)/Surplus Consolidated Statement of Comprehensive Income	-	(21,310)	(21,310)	2	(21,308)
Movement in endowment funds	(135)	135	-	-	-
Pension reserve movement	-	74,233	74,233	-	74,233
Balance as at 31 July 2022	1,097	58,996	60,093	78	60,171
University					
Balance at 1 August 2020	1,076	3,945	5,021	-	5,021
Surplus University Statement of Comprehensive Income	-	772	772	-	772
Movement in endowment funds	156	(156)	-	-	-
Pension reserve movement	-	(1,574)	(1,574)	-	(1,574)
Balance as at 01 August 2021	1,232	2,987	4,219	-	4,219
(Deficit) University Statement of Comprehensive Income	-	(21,652)	(21,652)	-	(21,652)
Movement in endowment funds	(135)	135	-	-	-
Pension reserve movement	-	73,550	73,550	-	73,550
Balance as at 31 July 2022	1,097	55,020	56,117	-	56,117

The notes on pages 70 to 127 form part of these financial statements.


Consolidated and University Balance Sheet as at Year ended 31 July 2022

		Consolidated	Consolidated	University	University
		2022	2021	2022	2021
	Note	£000	£000	£000	£000
Non-current assets					
Tangible fixed assets	12	307,453	323,558	308,223	324,363
Investment property	13	3,900	1,875	1,950	-
Investments	14	1,376	1,653	1,167	1,484
		312,729	327,086	311,340	325,847
Current Assets					
Stock	15	1,157	1,036	1,157	1,036
Trade and other receivables	16	24,084	14,334	23,909	14,100
Current investments	17	44,343	42,864	44,343	42,864
Cash and cash equivalents	22	14,720	6,221	13,636	5,611
		84,304	64,455	83,045	63,611
Less: Creditors amounts falling due within one year	18	(53,184)	(38,151)	(53,884)	(38,878)
Net current assets		31,120	26,304	29,161	24,733
Total assets less current liabilities		343,849	353,390	340,501	350,580
Less: Creditors amounts falling due after more than one year	20	(267,536)	(269,867)	(267,536)	(269,868)
Pension provisions		(10,081)	(76,277)	(10,787)	(76,493)
Other provisions		(6,061)	-	(6,061)	-
Total Provisions	21	(16,142)	(76,277)	(16,848)	(76,493)
Total Net Assets		60,171	7,246	56,117	4,219
Restricted Reserves					
Endowment reserve	27	1,097	1,232	1,097	1,232
Unrestricted Reserves					
Income and expenditure reserve		58,996	5,938	55,020	2,987
		60,093	7,170	56,117	4,219

Consolidated and University Balance Sheet as at Year ended 31 July 2022 (Continued)

		Consolidated	Consolidated	University	University
		2022	2021	2022	2021
			Restated		Restated
	Note	£000	£000	£000	£000
Non-controlling interest		78	76	-	-
Total Reserves		60,171	7,246	56,117	4,219

The financial statements on pages 63 to 69 were approved for issue by the Board of Governors on 25 October 2023 and signed on its behalf by:

DocuSigned by:

 26BEAFB639AE4E8...
 Vice Chancellor

DocuSigned by:

 84936ABB20554CD...
 Chair of the Board of Governors

Dated: 26 October 2023

The notes on pages 70 to 127 form part of these financial statements.

Consolidated Cash Flow Statement for the Year ended 31 July 2022

		2022	2021
		£000	£000
Cash flow from operating activities			
(Deficit) / Surplus for the year		(21,308)	971
Adjustment for non-cash items			
Depreciation	12	11,338	11,433
Profit on disposal of Fixed Assets		-	(5,219)
Loss on revaluation of Fixed Assets	12	3,563	-
Increase in stock	15	(121)	(944)
Increase in debtors	16	(9,750)	(1,456)
Increase in creditors	18	23,871	3,902
Increase in provisions	21	6,061	-
Movement in pension provisions		6,782	4,154
Share of operating deficit in joint venture	14	73	23
Share of operating profit in associate	14	(112)	(91)
		41,705	11,802
Adjustment for investing or financing activities			
Investment income	7	(7)	(198)
Gain on investment		(13)	(72)
Interest payable	10	11,324	11,162
Endowment income	14	136	(156)
Non-controlling interest		(2)	16
Capital grant income	2	(474)	(451)
		10,964	10,301
Net cash inflow from operating activities		31,361	23,074
Cash flow from investing activities			
Capital grants receipts		359	672
Investment income		(63)	175
Endowment funds inflow	14	180	-
New cash deposit investments in year		(57,000)	(57,000)
Cash deposit investments withdrawn in year		55,492	27,912
Receipts from sale of Avenue and Park Campus		-	19,507
Payments made to acquire fixed assets	12	(746)	(781)
		(1,778)	(9,515)

Consolidated Cash Flow Statement for the Year ended 31 July 2022 (continued)

Cash flows from financing activities			
Interest paid		(10,029)	(10,014)
Repayments of amounts borrowed		(11,055)	(2,687)
		(21,084)	(12,701)
Increase in cash and cash equivalents in the year	22	8,499	858
Cash and cash equivalents at beginning of the year	22	6,221	5,363
Cash and cash equivalents at end of the year	22	14,720	6,221

The notes on pages 70 to 127 form part of these financial statements.

Notes to the Financial Statements

1.0 Statement of Principal Accounting Policies for the year ended 31 July 2022

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 law. 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 University has taken advantage of the exemption permitted by FRS 102 to only disclose a consolidated cashflow statement. 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. The functional and presentational currency used in these statements is GBP 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 October 2024, which is 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.

Notes to the Financial Statements (continued)

Financing arrangements through going concern assessment period

The University had in place external financing arrangements at 31 July 2022, totalling a balance of £266.8 million (£2.2m short term and £264.6m long term) comprising the bond (£230.7m), PWLB loans (£31.7m) and finance leases (£4.4m). (2021: £277.9 million (£11.1m short term and £266.8m long term) comprising the bond (£230.7m), PWLB loans (£41.9m) and finance leases (£5.3m)).

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 compliance against all existing covenants through its going concern assessment period to 31 October 2024 and based on its forecast scenarios are forecasting a net asset position in the balance sheet within each scenario, this removes the risk of the University being unable to meet its liabilities. A waiver was granted by HMT in relation to a forecast net liability position, if this materialised it would have been regarded as a major event of default, the waiver was granted for the period through to 31 December 2022. Given its expected liquidity and the receipt of the LGPS valuations for 31 July 2023, confirming that pension position is now an asset, the University did not need to request an additional waiver from HMT as it is confident that there will be no event of defaults for the remainder of the going concern period through to 31 October 2024.

The Collateral Deed with HMT also includes financial covenants measured twice a year in May and November. These financial covenants include the calculation of historical and prospective Debt Service Cover Ratios (DSCR's). A prospective ratio falling below 1.15x trigger sanctions restricting the University's future operations.

HM Treasury has provided a waiver against the event of default resulting from the late submission of the financial statements. The current waiver expires on 31 October 2023.

Notes to the Financial Statements (continued)

Covenants (continued)

Based on the forecast scenarios the University is not expected to breach any of the debt services ratios for the remainder of the going concern period.

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 June 2023 for the May census point, shows an annual forecast through to 2055/56 with no predicted breaches of any covenants. This annual forecast has been converted to a month-by-month cashflow covering the going concern period to 31 October 24. 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 October 2024, 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 July 2022 actual results as its starting point. For 2022/23 it includes the latest enrolment data. The base case assumes an increase in home enrolments of 100 FTE in 2023/24 but with flat overseas recruitment including prudent attrition rates. The University transfers cash to an investment portfolio, making sure that c£10m cash remains in bank accounts. This Investment portfolio will not drop lower than £52m (subject to the valuation movements in the investment portfolio which are unknown at the current time and have not been forecast) during going concern period. The plausible downside scenario assumed home student numbers would remain flat and a 10% drop in overseas students in 2023/24, this would leave the University with minimum investments of £49m. 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 or overseas students, and accommodation would drop to 20% capacity. This scenario would lead to the University having no cash reserves or Investment portfolio by the end of the going concern period. 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.

Notes to the Financial Statements (continued)

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 – in relation to going concern

The University and Group is forecasting a Positive net asset position during the going concern period. The University and Group received a waiver until December 2022, due to the reversal of the LGPS pension valuation and the positive impact this has had on the University's balance sheet the University did not request an extension to this waiver. The University has no cause for concern with regard its financial sustainability and upon the University and Group's ability to continue as a going concern and, therefore, it will be able 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. 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. No material uncertainties have been identified related to events or conditions that cast significant doubt upon the entity's ability to continue as going concern, 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 2022. 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

Notes to the Financial Statements (continued)

1.3 Basis of Consolidation (continued)

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 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. Partnership income, where the University is the principal provider, are included within "Full time HE fees" and "Part time HE fees". Educational contracts are included in "Contracts with the University in lieu of academic fees" and are recognised when the Institution is entitled to the income, which is the period in which students are studying, or where relevant, when performance conditions have been met.

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

Notes to the Financial Statements (continued)

Grant Income (continued)

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.

Notes to the Financial Statements (continued)

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

Notes to the Financial Statements (continued)

1.5 Accounting for retirement benefits (continued)

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.

Notes to the Financial Statements (continued)

1.7 Tangible fixed assets (continued)

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

Notes to the Financial Statements (continued)

1.7 Tangible fixed assets (continued)

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.

There are two investment properties at the balance sheet date, the iCon Building and the Newton Building. The 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 Newton Building was leased to a third party with an option to purchase of £1.95m. External property consultant Savills considered this valuation to be fair and commensurate with the value of the property, nature and condition of the building and current market conditions.

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

Notes to the Financial Statements (continued)

1.10 Finance Leases (continued)

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.

Notes to the Financial Statements (continued)

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.

Notes to the Financial Statements (continued)

1.15. Provisions and contingent liabilities (continued)

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

Notes to the Financial Statements (continued)

1.19. Foreign currency (continued)

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

Notes to the Financial Statements (continued)

1.21. Financial Instruments (continued)

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.

Notes to the Financial Statements (continued)

1.23. Significant judgements and key sources of estimation uncertainty (continued)

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 the investment properties 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 25, 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.
- 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.
- Management reviewed the likelihood of a creditor being created in relation to the ongoing legal case and have decided, with input from the DfE and the SLC, to include a provision for repayment of tuition fees estimated on the value of fees received in the financial year.

Notes to the Financial Statements (continued)

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. 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 2022, it was decided that the Universities investment portfolio should not be treated as cash and should instead be treated as a current asset investment. The Groups financial statements were effected in the same way. See note 32 for further details.

Notes to the Financial Statements (continued)

2.0 Funding Body Grants

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
Recurrent grant				
Office for Students	3,763	4,167	3,763	4,167
Research England	958	832	958	832
National College for Teaching and Leadership	5	243	5	243
Specific grants				
Higher Education Innovation Fund	858	780	858	780
Capital grant	474	451	474	451
	6,058	6,473	6,058	6,473

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 £54k (2021: £45k) relates to buildings and £420k (2021: £406k) relates to equipment.

3.0 Tuition Fees and Education Contracts

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
Full-time HE fees – UK and EU students	78,503	73,024	78,503	73,024
Full-time HE fees – overseas and other students	29,484	19,680	29,484	19,680
Part-time HE fees	4,025	3,071	4,025	3,071
Short course fees	7,076	6,282	7,076	6,282
Contracts with the University in lieu of academic fees	6,455	7,380	6,455	7,380
	125,543	109,437	125,543	109,437

Notes to the Financial Statements (continued)

4.0 Research Grants and Contracts

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
OST Research Councils	18	19	18	19
UK Based Charities	154	91	154	91
UK Central Government and Local Authorities	274	348	274	348
UK Industry and Commerce	144	71	144	121
EU Government	116	220	116	220
EU Other	27	140	27	140
Others	137	91	137	91
	870	980	870	1,030

5.0 Other Operating Income

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
Residences, catering and conferences	10,370	8,565	9,904	8,365
CJRS Furlough receipts	-	258	-	84
Other income	4,015	4,489	3,967	4,143
	14,385	13,312	13,871	12,592

6.0 Source of Grant and Fee Income

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
Grant income from the OfS	4,143	4,560	4,143	4,560
Grant income from other bodies	2,785	2,893	2,785	2,943
Fee income for taught awards (exclusive of VAT)	117,864	99,587	117,864	99,587
Fee income for research awards (exclusive of VAT)	385	515	385	515
Fee income from non-qualifying courses (exclusive of VAT)	7,294	9,335	7,294	9,335
Total grant and fee income	132,471	116,890	132,471	116,940

Notes to the Financial Statements (continued)

7.0 Investment Income

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
Investment Income	7	198	2	198
	7	198	2	198

8.0 Donations and Endowments

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
Donation & Endowment Income	99	308	99	308
	99	308	99	308

9.0 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	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
Staff costs				
Wages and salaries	54,068	51,223	48,729	45,734
Social Security costs	5,437	4,985	5,039	4,600
Other pension costs (note 25)	18,103	14,482	17,825	14,186
Total	77,608	70,690	71,593	64,520

During the year ended 31 July 2022, total redundancy / severance costs were £210k (2020/21: £314k, paid to 53 individuals). This was paid to 11 individuals.

	Consolidated	Consolidated	Consolidated	Consolidated
	2022	2021	2022	2021
	Number	Number	FTE	FTE
The average monthly number of persons employed during the year were:				
Academic	1,530	1,544	545	523
Support	846	860	725	723
Total	2,376	2,404	1,270	1,246

Notes to the Financial Statements (continued)

9.0 Staff Costs (Continued)

	University	University	University	University
	2022	2021	2022	2021
	Number	Number	FTE	FTE
The average monthly number of persons employed during the year were:				
Academic	1,530	1,544	545	523
Support	666	649	559	536
Total	2,196	2,193	1,104	1,059

	2022	2021
	£000	£000
Emoluments of the Vice Chancellor		
Salary	205	203
Healthcare	3	2
Performance related pay	9	-
Non-taxable benefits	2	2
Value of residential emolument	10	10
	229	217
Pension contributions	49	48
Total emoluments	278	265

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 £8,553 was awarded in 2021/22 (2020/21: £nil).

Notes to the Financial Statements (continued)

9.0 Staff Costs (Continued)

Taxable Benefit

The Vice Chancellor is paid a residential allowance of £9,617 (2020/21: £9,617) the 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 £2,481 (2020/21: £2,476).

Non-Taxable Benefits

The Vice Chancellor receives non-taxable benefits as follows:

	2021-22	2020-21
Membership of the Athenaeum Club which allows the Vice Chancellor to stay in London whilst on business there	£417.50 (Quarter 1 and 2) £442.50 (Quarter 3 and 4)	£380.00 (Quarter 1 and 2) £417.50 (Quarter 3 and 4)
Fellowship of the Royal Society of Arts	£182.00	£182.00
Subscription to the Geological Society	-	£218.00
Subscription to EGU	£17.29	£18.61 (in order to submit a paper)
Stanford – magazine subscription	£53.74	£51.45
Membership to Southbank Centre	£84.00	-
Total	£2,057.03	£2,065.06

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.

Notes to the Financial Statements (continued)

9.0 Staff Costs (Continued)

Justification for the Vice Chancellor's Remuneration Package

Up to 31 July 2022, the previous Vice-Chancellor led the University on:

- Continued strong management of the financial position.
- Recovery from the effects of the global pandemic which have produced uncertainty and challenges for the financial position and for student and staff recruitment and retention.
- Recovery from the cyber-attack which the University experienced in 2021.
- Very strong performance in student recruitment.

The previous Vice-Chancellor brought great value to the University through his skill in leading and inspiring the University community. During 2021-22 he continued to provide strong leadership in the final year of a strategy around which the University has coalesced, and which has moved the University forward considerably.

In autumn 2021, the Board carried out a recruitment exercise for a new Vice-Chancellor. The remuneration offer to candidates was assessed by the Remuneration Committee, taking into account affordability and the budgetary position, strategy and market position, the University's charitable status and value for money, the public interest and the use of public funds, the HE Senior Staff Remuneration Code and comparative information including sector averages.

The new Vice-Chancellor joined the University on 01 August 2022 and has already begun to demonstrate value. Over 2022-23, the new Vice-Chancellor consulted upon and agreed a new University strategy which will be embedded in 2023/24. The new Vice-Chancellor has concluded the re-organisation of the senior team including recruitment to some key senior roles.

The new Vice-Chancellor will work on student recruitment and satisfaction, the financial outcome and long-term institutional sustainability, robust planning and communications and maintain a strong focus on equality, diversity and inclusion. Increased financial pressure is expected due to the challenges of the external environment.

Notes to the Financial Statements (continued)

9.0 Staff Costs (Continued)

The Board remains entirely satisfied with the performance of both Vice-Chancellors who have been in post during the reporting period and up to the date of signature of these accounts. The following remarks apply to both.

As set out elsewhere in this report, the University is a complex institution. For example:

- 14,400 students on campus, and a further 6,100 taught via academic partnership and distance learning arrangements.
- £147m turnover.
- Strong competition for students.
- High level of long-term borrowing to support the development of the Waterside Campus and therefore bond covenants to maintain.

The Vice-Chancellor's performance is assessed formally by the Remuneration Committee which monitors the achievement of personal objectives, and a selection of corporate objectives. Subject to affordability, a performance-related payment is made based on the achievement of these objectives. The Vice-Chancellor's performance is also scrutinised by the Chair of the Board and the Board of Governors as a whole. For example, the Board monitors the achievement of the University's strategy and corporate objectives.

The Vice-Chancellor receives the same inflationary salary increase as all other staff. The Vice-Chancellor's salary is benchmarked against the sector every three years. There are no salary negotiations in addition to the benchmarking exercise.

The last benchmarking exercise took place in March 2022. No change was made to the Vice-Chancellor's salary as a result of the exercise. It was noted that the Vice-Chancellor's salary was below the median for all the comparator groups used. However, total compensation, including potential performance related pay, was comparable to the median.

Notes to the Financial Statements (continued)

9.0 Staff Costs (Continued)

Pay Multiple

The Vice-Chancellors basic salary is 5.17 times the median pay of staff (£39,739) (2020/21: 5.72, £35,845) and the Vice-Chancellors total remuneration is 5.88 times the median total remuneration of staff (£47,316) (2020/21: 6.26, £41,959). In both instances the median pay is calculated based on the amounts paid by the University to its contracted staff on an FTE basis, excluding temporary agency staff.

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

	2022 Numbers	2021 Numbers
£205,000 - £209,999	1	-
£200,000 - £204,999	-	1
£165,000 - £169,999	1	1
£145,000 - £149,999	1	1
£141,000 - £144,999	-	1
£110,000 - £114,999	3	2
£100,000 - £104,999	1	1

In line with disclosure requirements set out in the Office for Students' Accounts Direction for the 2021/22 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.

Notes to the Financial Statements (continued)

9.0 Staff Costs (Continued)

Key Management Personnel

	2022	2021
	£000	£000
Key Management Personnel		
Key management personnel compensation	2,667	2,341

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. This is all staff sitting on the University Leadership Team Staff (ULT) including all Deans and Directors. Staff costs include compensation paid to key management personnel.

In February 2020 the Remuneration Committee considered remuneration arrangements for all senior post holders. 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.

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 £867 (2020/21: £205) for expenses in connection with their duties as a Governor.

10.0 Interest and Other Finance Costs

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
Bond interest	8,780	8,748	8,802	8,748
Loan interest	1,289	1,413	1,289	1,434
Pension finance costs	1,255	1,001	1,257	995
	11,324	11,162	11,348	11,177

Notes to the Financial Statements (continued)

11.0 Analysis of 2021/22 Expenditure by Activity

Consolidated			2022			2021
	Staff costs	Other operating expenses	Depreciation & impairment	Interest and other finance	Total	Total
	£000	£000	£000	£000	£000	£000
Academic departments	37,352	25,863	5,311	-	68,526	50,107
Academic services	11,167	8,845	1,676	-	21,688	21,394
Administration and central services	13,964	20,206	2,862	-	37,032	30,002
Premises	3,916	7,452	952	-	12,320	12,423
Residences, catering and conferences	1,896	1,850	314	-	4,060	3,126
Research	2,378	189	215	-	2,782	1,903
Other	12	84	8	10,069	10,173	10,753
FRS 102 pension costs	6,923	-	-	1,255	8,178	5,178
Total	77,608	64,489	11,338	11,324	164,759	134,886

Included in "Other operating expenses" are external audit fees of £353k (2020/21: £169k), internal audit fees of £58k (2020/21: £56k) and operating lease payments of £667k (2020/21 £635k).

University			2022			2021
	Staff costs	Other operating expenses	Depreciation & impairment	Interest and other finance	Total	Total
	£000	£000	£000	£000	£000	£000
Academic departments	37,352	26,394	5,366	-	69,112	50,028
Academic services	11,128	9,200	1,705	-	22,033	21,832
Administration and central services	12,437	20,321	2,748	-	35,506	28,468
Premises	1,003	11,005	1,007	-	13,015	13,615
Residences, catering and conferences	567	3,075	306	-	3,948	2,917
Research	2,378	187	215	-	2,780	1,817
Other	-	-	-	10,091	10,091	10,611
FRS 102 pension costs	6,728	-	-	1,257	7,985	5,025
Total	71,593	70,182	11,347	11,348	164,470	134,313

Included in "Other operating expenses" are external audit fees of £308k (2020/21: £128k), internal audit fees of £58k (2020/21: £56k) and operating lease payments of £623k (2020/21: £561k).

Notes to the Financial Statements (continued)

12.0 Tangible Assets

Consolidated		Land & Buildings Leasehold	Land & Buildings Freehold	Equipment	Total
	Assets Under Construction				
	£000	£000	£000	£000	£000
Cost					
At 01 August 2021	83	7,286	327,266	39,578	374,213
Additions at cost	-	-	-	746	746
Disposals	-	-	-	(611)	(611)
Transfer to Investment Asset	-	-	(9,968)	(712)	(10,680)
Transfers	(83)	-	-	83	-
At 31 July 2022	-	7,286	317,298	39,084	363,668
Accumulated Depreciation					
At 01 August 2021	-	(907)	(27,446)	(22,302)	(50,655)
Charge for year	-	(306)	(6,034)	(4,998)	(11,338)
Disposals	-	-	-	611	611
Transfer to Investment Asset	-	-	8,018	712	8,730
Loss on revaluation	-	-	(3,144)	(419)	(3,563)
At 31 July 2022	-	(1,213)	(28,606)	(26,396)	(56,215)
Net book value					
At 31 July 2022	-	6,073	288,692	12,688	307,453
At 31 July 2021	83	6,379	299,820	17,276	323,558
Financed by capital grant	-	-	2,339	770	3,109
Financed by lease agreement	-	3,997	-	-	3,997
Other	-	2,076	286,353	11,918	300,347
Net book value at 31 July 2022	-	6,073	288,692	12,688	307,453
The Depreciation charge for the year has been funded by:					
Deferred capital grants released	-	-	(54)	(420)	(474)
Income and expenditure reserve	-	(306)	(5,980)	(4,578)	(10,864)

Notes to the Financial Statements (continued)

12.0 Tangible Assets (continued)

University		Land & Buildings Leasehold	Land & Buildings Freehold	Equipment	Total
	Assets Under Construction				
	£000	£000	£000	£000	£000
Cost					
At 01 August 2021	83	7,286	328,114	39,477	374,960
Additions at cost	-	-	-	720	720
Disposals	-	-	-	(611)	(611)
Transfer to Investment Asset	-	-	(9,968)	(712)	(10,680)
Transfers	(83)	-	-	83	-
At 31 July 2022	-	7,286	318,146	38,957	364,389
Accumulated Depreciation					
At 01 August 2021	-	(907)	(27,478)	(22,212)	(50,597)
Charge for year	-	(306)	(6,050)	(4,991)	(11,347)
Disposals	-	-	-	611	611
Transfer to Investment Asset	-	-	8,018	712	8,730
Loss on revaluation	-	-	(3,144)	(419)	(3,563)
At 31 July 2022	-	(1,213)	(28,654)	(26,299)	(56,166)
Net book value					
At 31 July 2022	-	6,073	289,492	12,658	308,223
At 31 July 2021	83	6,379	300,636	17,265	324,363
Financed by capital grant	-	-	2,339	770	3,109
Financed by lease agreement	-	3,997	-	-	3,997
Other	-	2,076	287,153	11,888	301,117
Net book value at 31 July 2022	-	6,073	289,492	12,658	308,223
The Depreciation charge for the year has been funded by:					
Deferred capital grants released	-	-	(54)	(420)	(474)
Income and expenditure reserve	-	(306)	(5,996)	(4,571)	(10,873)

13.0 Investment Property

The Group held two investment properties at the year end.

An external investment valuation of the group's first investment property as at 31 July 2022 was carried out by Gerald Eve LLP, Chartered Surveyors. The valuation has been prepared in accordance

Notes to the Financial Statements (continued)

13.0 Investment Property (Continued)

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 £1,950,000 (2020/21: £1,875,000). The group post year end has agreed to the sale of this property and expects the sale to complete early in 2024.

A second property recognised in the University's financial statements was reclassified from a freehold property within tangible assets (note 12) to an investment property during the year. The University has leased the Newton building at the former Avenue Campus. The lease included an agreed purchase option price of £1,950k, which has been deemed to be the fair value of the property. A loss on the revaluation of the asset on transfer to investment properties of £3,563,000 has been recognised - see note 12. The sale of the building completed post year end, see note 29.

	Consolidated	University
	£000	£000
Balance as at 01 August 2021	1,875	-
Transfer from tangible fixed assets	1,950	1,950
Fair value movement	75	-
Balance as at 31 July 2022	3,900	1,950

14.0 Investments

Consolidated

	Joint Ventures	Associates	Permanent Endowments	Other	Total
	£000	£000	£000	£000	£000
01 August 2021	75	346	1,232	-	1,653
Change in valuation in year	(73)	112	(316)	-	(277)
31 July 2022	2	458	916	-	1,376

University

	Joint Ventures	Associates	Permanent Endowments	Other	Total
	£000	£000	£000	£000	£000
01 August 2021	-	200	1,232	52	1,484
Change in valuation in year	-	-	(316)	(1)	(317)
31 July 2022	-	200	916	51	1,167

Notes to the Financial Statements (continued)

14.0 Investments (continued)

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. This Entity was dissolved in February 2023.

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	Uno Buses (Northampton) Limited
	2022	2021
	£	£
At 01 August – share of net assets	75,005	97,672
Share of loss for the year	(72,903)	(22,667)
At 31 July – share of net assets	2,102	75,005

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.

Notes to the Financial Statements (continued)

14.0 Investments (continued)

Goodwill Solutions (Holdings) CIC

	Share of net assets
	£
At 01 August 2020	254,392
Share of profit for the year	91,348
At 31 July 2021	345,740
At 01 August 2021	345,740
Share of profit for the year	112,608
At 31 July 2022	458,348

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.

Notes to the Financial Statements (continued)

14.0 Investments (continued)

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.

It is the intention of the University to begin the wind-up process for both companies once the sale of the building has completed.

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. This Entity was dissolved in February 2023.

Notes to the Financial Statements (continued)

14.0 Investments (continued)

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 set up to issue a bond on behalf of The University and its main activity is to service the bond repayments.

15.0 Stock

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
IT Equipment	1,157	1,036	1,157	1,036
	1,157	1,036	1,157	1,036

Stock at the year-end 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.

16.0 Trade and Other Receivables

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
Amounts falling due within one year:	£000	£000	£000	£000
Trade debtors	17,197	8,272	17,108	8,176
Amounts owed by group undertakings	-	-	-	-
Prepayments and accrued income	6,887	5,723	6,801	5,585
Other debtors	-	339	-	339
	24,084	14,334	23,909	14,100

Notes to the Financial Statements (continued)

16.0 Trade and Other Receivable (continued)

During the year £644k of Trade Debtors were written off (2020/21: £895k). The provision for doubtful debts as at the 31 July 2022 was £5,284k (2020/21: £4,538k).

Included within accrued income is £125k 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 £100k (2020/21: £125k).

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 2022/23. 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.

17.0 Current Investments

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
Short term deposits	44,343	42,864	44,343	42,864

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 acquisition date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

Notes to the Financial Statements (continued)

18.0 Creditors: Amounts falling due within one year

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
PWLB loan	1,671	10,140	1,671	10,140
CISCO Lease	414	827	414	827
ICLT (Building) Lease	118	114	118	114
ICLT (Land)	10	10	10	10
Trade Creditors	13,908	5,368	13,742	5,255
Amounts due to group undertakings	-	-	2,703	2,784
Social security and other taxation	3,324	2,739	3,165	2,598
Accruals and deferred income	36,964	20,032	35,286	18,229
Scholarships relating to deferred income	(3,225)	(1,079)	(3,225)	(1,079)
	53,184	38,151	53,884	38,878

19.0 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	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
Tuition fee income	26,773	12,620	26,773	12,620
Research grants received on account	167	366	167	366
Capital grant income	373	333	373	333
Other grant income	333	260	333	211
Other income	243	148	198	148
	27,889	13,727	27,844	13,678

20.0 Creditors: Amount falling due after more than one year

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
Bond	230,678	230,652	-	-
PWLB loan	30,043	31,714	30,043	31,714
CISCO Lease	-	414	-	414
ICLT (Building) Lease	3,879	3,997	3,879	3,997
ICLT (Land)	200	200	200	200
Amounts due to subsidiary undertakings	-	-	230,678	230,652
Deferred income	2,736	2,890	2,736	2,891
	267,536	269,867	267,536	269,868

Notes to the Financial Statements (continued)

20.0 Creditors: Amount falling due after more than one year (continued)

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 2022 was £235.5m (2021: £302.4m), 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. Falling below 1.25x would trigger sanctions that would restrict the University's future operations.

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

Notes to the Financial Statements (continued)

Financial Instruments

Information regarding the groups exposure to and management of credit risk, liquid risk, market risk, cash flow interest rate and forging exchange risk is included in the Strategic report.

Financial assets measured at fair value through profit and loss are disclosed below.

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
Financial assets				
Fixed asset listed investments (note 14)	916	1,232	916	1,232
Current assets listed investments (note 17)	44,343	42,864	44,343	42,864

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Consolidated	Consolidated
	2022	2021
	£000	£000
Interest (expense) / income		
Total interest (expense) / income for financial assets at amortised cost	(62)	22

Notes to the Financial Statements (continued)

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 2022, 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.

Notes to the Financial Statements (continued)

Credit Risk (continued)

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 and a further 5-year PWLB loan of £8m. All these loans are fixed rate and therefore not subject to interest rate risk.

Notes to the Financial Statements (continued)

Interest Rate Risk (continued)

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 2022.

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

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
Due within one year	(26)	(26)	1,248	1,248
Between one and two years	(26)	(26)	(26)	(26)
Between two and five years	11,740	6,895	11,740	6,895
In five years or more	218,964	223,783	218,964	223,783
	230,652	230,626	231,926	231,900

Maturity profile of PWLB loan / CISCO and ICLT leases:

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
Due within one year	2,203	11,081	2,203	11,081
Between one and two years	1,825	2,204	1,825	2,204
Between two and five years	2,647	3,769	2,647	3,769
In five years or more	29,450	30,152	29,450	30,152
	36,125	47,206	36,125	47,206

21.0 Provisions

Consolidated	Obligation to fund deficit on USS Pension	Pension enhancements on early retirement	Defined Benefit Obligations (note 25)	Total pension provisions	Other provisions	Total provisions
	£000	£000	£000	£'000	£'000	£000
As at 1 August 2021	534	646	75,097	76,277	-	76,277
Change in provision	537	(48)	(66,685)	(66,196)	6,061	(60,135)
As at 31 July 2022	1,071	598	8,412	10,081	6,061	16,142

Notes to the Financial Statements (continued)

21.0 Provisions (continued)

University	Obligation to fund deficit on USS Pension	Pension enhancements on early retirement	Defined Benefit Obligations (note 25)	Total pension provisions	Other provisions	Total provisions
	£000	£000	£000	£000	£'000	£000
As at 1 August 2021	534	646	75,313	76,493	-	76,493
Change in provision	537	(48)	(66,195)	(65,706)	6,061	(59,645)
As at 31 July 2022	1,071	598	9,118	10,787	6,061	16,848

Pension Provisions**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.

Other Provisions

A provision for tuition fees is recognised as a consequence of suspected widespread academic misconduct of students enrolled at a partner institution. The provision of £6.061m recognised is based on students enrolled at the partner institution during 2021/22 and is expected to be utilised over the next two academic years.

22.0 Cash and Cash Equivalents

	At 01 August 2021	Cash Flows	At 31 July 2022
	£000	£000	£000
Consolidated	6,221	8,499	14,720
University	5,611	8,025	13,636

Notes to the Financial Statements (continued)

23.0 Lease Obligations

Operating Leases

Minimum lease payments under non-cancellable operating lease commitments in respect of equipment on leases expiring:

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
Within one year	632	652	623	619
Later than one year and not later than five years	775	1,385	775	1,385
Over five years		-		-
Total lease payments due	1,407	2,037	1,398	2,004

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

Minimum lease payments under non-cancellable finance lease commitments:

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
Within one year	748	1,162	748	1,162
Later than one year and not later than five years	1,337	1,751	1,337	1,751
Over five years	5,681	6,016	5,681	6,016
Total lease payments due	7,766	8,929	7,766	8,929

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.

Notes to the Financial Statements (continued)

24.0 Capital Commitments

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
Commitments contracted at 31 July	982	204	982	204
	982	204	982	204

25.0 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 £18,103k (Note 9) (2020/21: £14,482k).

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% 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% (2020/21: 7.4% to 11.7%) depending on salary level.

Notes to the Financial Statements (continued)

Teachers' Pension Scheme (TPS) (continued)

The value of employer's pension payments made in year to the Teachers' Pension Scheme was £6,005k (2020/21: £5,578k).

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 2022, the total cost charged to the Consolidated and University Statement of Comprehensive Income is £254k (2020/21: £281k). Deficit recovery contributions due within one year for the University are £62k (2020/21: £534k). The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2020 (the valuation date), which was carried out using the projected unit method. 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.

Notes to the Financial Statements (continued)

Universities Superannuation Scheme (USS) (continued)

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

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles.

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post retirement: 1.00% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on updated analysis of the Scheme's experience carried out as part of the 2020 actuarial valuation.

The mortality assumptions used in these figures are as follows:

Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

Notes to the Financial Statements (continued)

Universities Superannuation Scheme (USS) (continued)

The current life expectancies on retirement at age 65 are:

	2022	2021
Males currently aged 65 (years)	23.9	24.7
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.7
Females currently aged 45 (years)	27.3	27.9

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

	2022	2021
Discount rate	3.06%	2.59%
Price Inflation	4.50%	4.20%

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 2022 was £6,153k (2020/21: £5,365k) of which employer's contributions totalled £4,892k (2020/21: £4,220k) and employees' contributions totalled £1,261k (2020/21: £1,145k). As per the Actuarial report, the estimated Employer's contributions for the year ended 31 July 2023 will be approximately £5,539k (2020/21: £4,382k). As at the 31 July 2022 amounts due were £nil (2020/21: £nil).

The contribution rate for 2021/22 was 22.1% along with a monetary amount of £602k. For 2022/23 the contribution rate is 22.1% along with a monetary amount of £884k.

The following information is based upon a full actuarial valuation of the fund as at 31 March 2019, updated to 31 July 2022 by a qualified, independent Actuary.

Notes to the Financial Statements (continued)

Local Government Pension Scheme (LGPS) (continued)

	31 July 2022	31 July 2021
	%	%
CPI Inflation	2.7	2.8
Rate of increase in salaries	3.2	3.3
Rate of increase in pensions	2.7	2.8
Discount rate for liabilities	3.5	1.6

The assumed life expectations on retirement are:

	2022	2021
Current Pensioners		
Males	21.7	21.7
Females	24.0	24.1
Future Pensioners (aged 45 in 2019)		
Males	22.7	22.8
Females	25.8	25.8

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

	Share of total fund assets 31 July 2022	Value at 31 July 2022	Value at 31 July 2022	Share of total fund assets at 31 July 2021	Value at 31 July 2021	Value at 31 July 2021
	Combined	Consolidated	University	Combined	Consolidated	University
	%	£000	£000	%	£000	£000
Equities	69%	88,722	83,552	67%	86,468	81,211
Bonds	16%	20,573	19,374	20%	25,811	24,242
Property	14%	18,002	16,953	12%	15,486	14,545
Cash	1%	1,286	1,211	1%	1,290	1,212
Total market value of assets		128,583	121,090		129,055	121,210

Notes to the Financial Statements (continued)

Local Government Pension Scheme (LGPS) (continued)

	Consolidated	Consolidated	University	University
	2022	2021	2022	2021
	£000	£000	£000	£000
Estimated asset share	128,583	129,055	121,090	121,210
Asset Valuation restricted	(1,339)	-	-	-
Present value of scheme liabilities	(135,656)	(204,152)	(130,208)	(196,523)
Deficit in the scheme	(8,412)	(75,097)	(9,118)	(75,313)
Analysis of net loss on pension scheme				
Expected return on pension scheme assets	2,089	1,475	1,965	1,384
Interest on pension scheme liabilities	(3,339)	(2,467)	(3,217)	(2,370)
Net loss	(1,250)	(992)	(1,252)	(986)
Amounts recognised in the statement of comprehensive income				
Actual return less expected return on pension scheme assets	(5,772)	21,180	(5,437)	19,893
Pension surplus not recognised in year	(1,339)	-	-	-
Change in financial and demographic assumptions underlying the scheme liabilities	81,344	(22,045)	78,987	(21,467)
Actuarial gain/(loss) recognised in Statement of Comprehensive Income	74,233	(865)	73,550	(1,574)
Movement in deficit during year				
Deficit in scheme at beginning of year	(75,097)	(68,965)	(75,313)	(68,626)
Movement in year:				
Current service charge	(11,190)	(8,507)	(10,995)	(8,294)
Contributions	4,892	4,232	4,892	4,167
Net interest / return on assets	(1,250)	(992)	(1,252)	(986)
Actuarial gain/(loss)	75,572	(865)	73,550	(1,574)
Pension surplus not recognised in year	(1,339)	-	-	-
Deficit in scheme at end of year	(8,412)	(75,097)	(9,118)	(75,313)
Analysis of the movement in the present value of the scheme liabilities				
At the beginning of the year	(204,152)	(172,728)	(196,523)	(165,830)
Current service charge	(11,110)	(8,462)	(10,915)	(8,274)
Past service charge	(80)	(45)	(80)	(20)
Interest cost	(3,339)	(2,467)	(3,217)	(2,370)
Contributions by scheme participants	(1,261)	(1,147)	(1,236)	(1,120)
Actuarial gain/(loss)	81,344	(22,045)	78,987	(21,467)
Benefits paid	2,942	2,742	2,776	2,558
At the end of the year	(135,656)	(204,152)	(130,208)	(196,523)
Analysis of the movement in the market value of the scheme assets				
At the beginning of the year	129,055	103,763	121,210	97,204
Expected rate of return on scheme assets	2,089	1,475	1,965	1,384
Actuarial (loss)/gain	(5,772)	21,180	(5,437)	19,893
Contribution by the employer	4,892	4,232	4,892	4,167
Contributions by scheme participants	1,261	1,147	1,236	1,120
Benefits paid	(2,942)	(2,742)	(2,776)	(2,558)
At the end of the year	128,583	129,055	121,090	121,210

Notes to the Financial Statements (continued)

Local Government Pension Scheme (LGPS) (continued)

	Consolidated	Consolidated
	2022	2021
	£000	£000
History of experience gains or losses		
Difference between the expected and actual return on assets:		
Amount	5,772	(21,180)
Experience (losses) and gains on scheme liabilities:		
Amount	(81,344)	22,045
Pension surplus not recognised in year		
Amount	1,339	-
Total amounts recognised in Statement of Comprehensive Income		
Amount	(74,233)	865

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income is £42,277k (2020/21: £(31,956k)).

Sensitivity analysis

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

	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (University only)
Changes in assumptions at 31 July 2022	%	£000
0.1% decrease in Real Discount Rate	2	3,001
1 year increase in member life expectancy	4	5,208
0.1% increase in the Salary Increase Rate	0	278
0.1% increase in the Pension Increase Rate	2	2,738

Notes to the Financial Statements (continued)

Local Government Pension Scheme (LGPS) (continued)

2023 Pension Increase Order

The 2023 PI Order is used to set the level of pension increases, deferred revaluation and CARE revaluation with effect from 1 April 2023. This is expected to be significantly higher than the CPI assumption as at 31 July 2022.

The PI Order is typically set with reference to the change in CPI inflation over the 12 months to the previous September (announced in October), so the 2023 PI Order is expected to be set with reference to the September 2022 CPI. The change in CPI over the 12 months to September 2022 was 10.1%.

The actual 2023 PI Order is not automatically set with reference to the September CPI. This is only known with certainty in March, once this has been approved by Parliament. It is possible that the actual PI Order will be lower than the change in CPI over the 12 months to September 2022.

It is due to this uncertainty that the standard assumptions and approach as at 31 July 2022 make no allowance for a 2023 PI Order of the order of 10.1%. It is common practice for pensions disclosures to recognise experience as and when this materialises, and so recognition of the 2023 PI Order would ordinarily be made when this is known with certainty, i.e., when preparing pensions disclosures as at 31 July 2023.

The effect on the group of recognising the 2023 PI order in the balance sheet as at 31 July 2022 would increase the value of the obligations by £7,477k (£7,198k for the University).

26.0 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

Notes to the Financial Statements (continued)

26.0 Related Party Transactions (continued)

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.

2022

Party Associated	Related Party	Relationship to Party	Opening balance	Transactions in year	Closing balance
Starcrest Education	Professor Nick Petford	Director	None	Income - £20,000	None
Uno Buses (Northampton) Ltd	Terry Neville	Director	£14,959 debtor	Income - £52,995 Expenses - £1,338,789	£6,546 debtor
Malcolm Arnold Academy	Ivna Reic	Vice-chair of Academic Scrutiny	None	Expenses - £1,399	None
Advance HE	Professor Nick Petford	Director	None	Expenses - £4,335	None
Northampton College	Becky Bradshaw	Governor	£8,944 creditor	Income - £1,500 Expenses - £460	None
Kingsthorpe College	Deborah Mattock	Governor	£2,600 creditor	Expenses - £1,058	None
Northampton Town FC Community Trust	Deborah Mattock	Trustee	£96 debtor	Income - £4,720 Expenses - £18,990	£5,760 debtor
Quality Assurance Agency	Professor Hastings McKenzie	Reviewer	None	Expenses - £25,732	£16,280 creditor
Chiswick College London	Professor Hastings McKenzie	Director	None	Expenses - £6,367,013	None
Northampton Students Union	Beth Garrett, Nikhil Paul, Zoe Boyer & Wray Irwin	Board Members	£2,624 debtor	Income - £115,456 Expenses - £1,344,141	£21,996 creditor

Notes to the Financial Statements (continued)

26.0 Related Party Transactions (continued)

2021

Party Associated	Related Party	Relationship to Party	Opening balance	Transactions in year	Closing balance
Starcrest Education	Professor Nick Petford	Director	None	Income - £30,000	None
Uno Buses (Northampton) Ltd	Terry Neville	Director	£9,940 debtor	Income - £85,148 Expenses - £1,326,000	£14,959 debtor
Advance HE	Professor Nick Petford	Director	None	Expenses - £31,094	None
Northampton College	Becky Bradshaw	Governor	£6,832 creditor	Income - £1,000 Expenses - £14,212	£8,944 creditor
Kingsthorpe College	Deborah Mattock	Governor	None	Expenses - £14,360	£2,600 creditor
Northampton Town FC Community Trust	Deborah Mattock	Trustee	None	Income - £747 Expenses - £4,000	£96 debtor
Quality Assurance Agency	Professor Hastings McKenzie	Reviewer	None	Expenses - £40,676	None
Chiswick College London	Professor Hastings McKenzie	Director	None	Expenses - £2,278,140	None
Northampton Students Union	Beth Garrett, Nikhil Paul, Zoe Boyer & Wray Irwin	Board Members	£437,859 creditor	Income - £109,089 Expenses - £858,252	£2,624 debtor

Notes to the Financial Statements (continued)

27.0 Endowment Assets / Funds – Consolidation & University

	Restricted Permanent	Unrestricted Permanent	Total Permanent	Restricted Expendable	Total
	£000	£000	£000	£000	£000
Balances at 01 August 2021					
Capital	725	327	1,052	180	1,232
New endowments	-	-	-	56	56
Investment income	-	(43)	(43)	-	(43)
Expenditure	-	(23)	(23)	(125)	(148)
At 31 July 2022	725	261	986	111	1,097
Represented by:					
Investments	725	192	917	-	917
Cash	-	69	69	111	180
	725	261	986	111	1,097

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.

28.0 Contingent Liabilities

There are no contingent liabilities for the year end 31 July 2022.

29.0 Post Balance Sheet Events

Subsequent to the year end the Newton building was sold for £1,950k (see note 13) and funds were received during February 2023.

Notes to the Financial Statements (continued)

30.0 Access and Participation

	2022	2021
	£000	£000
Access investment	2,421	1,958
Financial support	2,980	2,338
Support for disabled students	1,070	1,034
Research and evaluation	102	101
	6,573	5,431

These figures include £3,063k (£3,485k in 2020/21) of staff costs already included in the overall staff costs for the University. The University's Access & Participation Plan for 2021/22 can be found at:

<https://www.northampton.ac.uk/about-us/governance-and-management/management/equality-and-diversity/access-and-participation-plans/>

Notes to the Financial Statements (continued)

31.0 Consolidated Reconciliation of Net Debt

	At 01 August 2021	Cash Flows	Changes in market value	Other non- cash changes	At 31 July 2022
Cash and cash equivalents (note 22)	6,221	8,499	-	-	14,720
Borrowings due within one year (note 18)					
Secured loans	-	-	-	-	-
Unsecured loans	(10,140)	10,140	-	(1,671)	(1,671)
Obligations under finance leases	(941)	941	-	(532)	(532)
	(11,081)	11,081	-	(2,203)	(2,203)
Borrowings after more than one year (note 20)					
Secured loans	(230,652)	-	-	(26)	(230,678)
Unsecured loans	(31,714)	-	-	1,671	(30,043)
Obligations under finance leases	(4,411)	-	-	532	(3,879)
	(266,777)	-	-	2,177	(264,600)
Movement in net debt	(271,637)	19,580	-	(26)	(252,083)

32.0 Prior Period Adjustment

Due to an error in prior years, short term cash investments have been reclassified from “cash and cash equivalents” to “Investments”. £42,756k had been the amount invested at 31 July 2021 so this balance has been transferred between the two and an adjustment to the prior period has been made. The investment value at 01 August 2020 was £13,668k and the opening cash balances on the cashflow statement have been updated by this amount. This adjustment had no impact on the

Notes to the Financial Statements (continued)

32.0 Prior Period Adjustment (continued)

reported net assets or surplus at 31 July 2021. There was also an error on the cashflow statement where the movement in cash deposits was not reported correctly and deposits and drawdowns were not disclosed separately.

Balance sheet

Current Assets	Note	Consolidated	Consolidated	University	University
		20/21	20/21	20/21	20/21
		Original	Restated	Original	Restated
Current investments	17	108	42,864	108	42,864
Cash and cash equivalents	22	48,977	6,221	48,367	5,611

Consolidated cashflow

Cash flows from investing activities	20/21 Original	20/21 Restated
Movement in cash deposit investments	(29,088)	-
New cash deposit investments in year	-	(57,000)
Cash deposit investments withdrawn in year	-	27,912
Increase in cash and cash equivalents in the year	29,946	858
Cash and cash equivalents at beginning of the year	19,031	5,363
Cash and cash equivalents at end of the year	48,977	6,221

An inconsistency in the reporting of educational contract income has been discovered in the prior year where £4,327k of educational contract income was incorrectly included within “Full-time HE fees – UK and EU students”, “Full-time HE fees – overseas” and “Part-time HE fees” rather than “Contracts with the University in lieu of academic fees”. A prior period adjustment has been made to restate the classification of income within note 3, Tuition Fees and Educational Contracts. There is no impact on the reported results of the Statement of Comprehensive Income or the Balance Sheet.

Notes to the Financial Statements (continued)

32.0 Prior Period Adjustment (continued)

Tuition Fees and Education Contracts

	Consolidated	Consolidated	University	University
	Original 2021	Restated 2021	Original 2021	Restated 2021
	£000	£000	£000	£000
Full-time HE fees – UK and EU students	75,233	73,024	75,233	73,024
Full-time HE fees – overseas and other students	21,775	19,680	21,775	19,680
Part-time HE fees	3,094	3,071	3,094	3,071
Short course fees	6,282	6,282	6,282	6,282
Contracts with the University in lieu of academic fees	3,053	7,380	3,053	7,380
	109,437	109,437	109,437	109,437