



# **The University of Northampton Higher Education Corporation**

**Annual Report and Consolidated Financial  
Statements  
for the year ending 31 July 2017**

## Contents

Introduction from the Vice Chancellor .....	3
University Strategy .....	4
Critical Success Factors .....	4
Changemaker Challenges .....	4
Vision and Values .....	4
Operational Plan .....	4
Performance in 2016-17.....	5
Student Experience.....	6
Intellectual Capital .....	13
Strategic Alliances.....	15
Financial Sustainability.....	17
Social Impact and Social Enterprise .....	19
Charitable Status and Purpose .....	19
Public Benefit.....	19
Changemaker Challenges .....	20
Social Impact.....	24
Focus on Research.....	26
Corporate Governance .....	27
Resources and Investment .....	30
Market Position and Outlook.....	33
Competitive Environment.....	33
Our Outlook .....	34
Board of Governors.....	35
Members of the Board and Trustees.....	35
Skills and Experience .....	35
Governors' Expenses.....	36
The Work of the Board of Governors .....	36
How the Board Discharged its Responsibilities .....	37
Board Standing Committees.....	39
Risk Management .....	40
Statement of Corporate Governance and Internal Control.....	41
Responsibilities of the Board of Governors in relation to the Financial Statements.....	43
Independent Auditor's Report .....	44
Statement of Principle Accounting Policies .....	47
Consolidated Statement of Comprehensive Income and Expenditure Account .....	51
Consolidated and University Statement of Changes in Reserves.....	53
Consolidated and University Balance Sheet .....	54
Consolidated Cash Flow Statement.....	55
Notes to the Financial Statements.....	56

## Introduction from the Vice Chancellor, Professor Nick Petford

Only two years into our five-year institutional strategy, Transforming Lives + Inspiring Change, we are well on our way to cementing our reputation as an internationally facing university committed to delivering outstanding life changing opportunities in education.

We finished the 2016/2017 academic year on a very high note with the news that we are one of a select group of universities awarded Gold in the Government's Teaching Excellence Framework (TEF).

This is the highest possible rating and places us among the elite of the UK's Higher Education institutions. We were one of only 43 universities in the UK to be given the Gold rating and this is testament to our hard work in ensuring our teaching and consequently the outcomes for our students are at the highest quality.

Our staff and the students who have studied with us – both in the UK and overseas – can take pride in this outstanding achievement. We may be one of the youngest universities in the UK – but are officially one of the best.

With only a year to go until we relocate to the new Waterside Campus, we are very excited by the rapid transformation of the once derelict brownfield site since building work began in October 2015. We have already celebrated the installation of the final piece of the structure of the Senate building and have recently opened the new Energy Centre which will provide hot water and low carbon heating to the campus buildings.

Recently the Student's Union announced that a 10-year lease had been agreed on the former Black Bottom Club in the town centre which will be home to the Students' Union, complementing the Grade II listed engine shed at Waterside which is currently being restored with a grant from the Heritage Lottery Fund.

It is particularly pleasing to be recognised as a sector leader in social enterprise, through the award of the Social Enterprise Gold Mark by Social Enterprise Mark CIC which we received in June 2017. This is something we have been building on strategically since 2010 and this international award recognises the University's excellence in a number of areas including governance, business ethics and good business practice, social impact and financial transparency.

We were also named Higher Education Institution of the Year 2016 by UnLtd – the leading provider of support to social entrepreneurs in the UK – for our wide-ranging and successful work in the areas of social enterprise, social impact and social innovation.

Waterside is a unique example of how a Higher Education Institution can work with partners and use innovative ways to deliver large-scale measurable social impact and value through construction. Over 150 contractors and sub-contractors are engaged in the direct delivery of social impact as part of the build, and over 500 local people are employed on site through the project supply chain. We also have 40 local suppliers now engaged with the project.

Our promise now is to build on this recognition of teaching excellence and continue to deliver our mission to transform lives and inspire change.

## University Strategy

The University of Northampton has one strategy, Transforming Lives and Inspiring Change. The strategy outlines our four Critical Success Factors and Changemaker Challenges.

### Critical Success Factors

<b>Student Experience</b> To create a unique Learning and Teaching model	<b>Intellectual Capital</b> Be more adaptable, flexible and resilient.
<b>Strategic Alliances</b> Collaborate to compete	<b>Financial Sustainability</b> Invest wisely – diversity and grow revenue

### Changemaker Challenges

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

Changemaker: A term coined by the social entrepreneurship organisation, Ashoka, meaning one who desires change in the world and, by gathering knowledge and resources, makes that change happen. The University is one of over 40 colleges and universities globally recognised by Ashoka as Changemaker Campuses, and is the only Ashoka campus in England

### Vision and Values

The strategy is underpinned by our vision and values.

#### Vision

By 2020 we are positioned at the heart of Northamptonshire, intellectually, culturally and economically. Our student experience is outstanding, motivated by a desire to set exceptional standards for ourselves and others, enhanced by cutting-edge digital technologies and a unique learning and teaching 'Blue Ocean' model that sets us apart from the rest. In line with our mission and values to provide the best possible life chances for those who study and work with us we are recognised locally and internationally for our leadership of and commitment to social value creation. Our impact and support for public and private sector enterprise and skills development, purposeful research and professional practice is acknowledged as world leading.

#### Values

**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

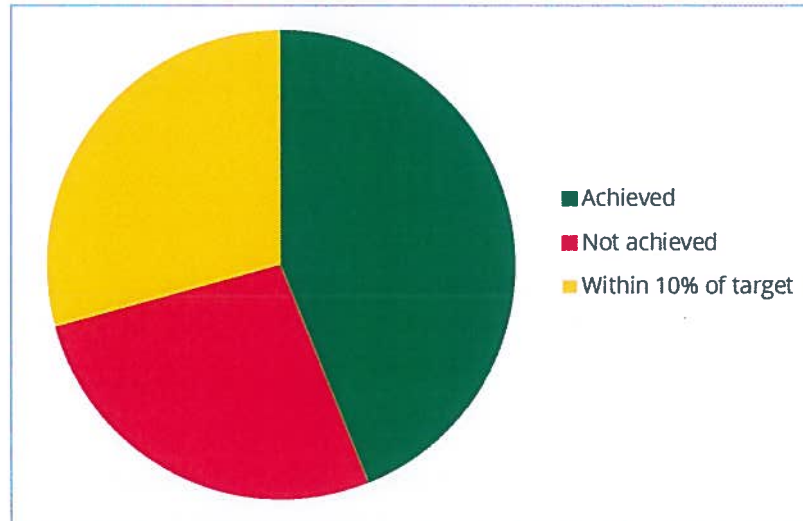
### Operational Plan

The University measures its performance through an Operational Plan. This underpins the overall strategy, and runs from 2015-2020. Targets in the University's Operational Plan are aligned to the four critical success factors. Progress against targets is reported regularly to the Board of Governors.

## Performance in 2016-17

Our Strategic Plan is underpinned by an Operational Plan. Of the 57 metrics in the operational plan, we are meeting or exceeding target on 18, within 10% of achieving 12, and continue to work towards 11.

### Overall Performance against Targets in the Operational Plan

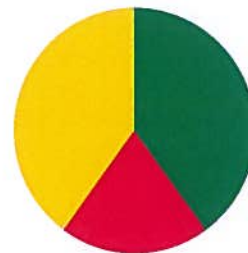


### Performance against Targets by Critical Success Factor

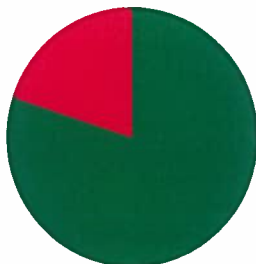
#### Student Experience



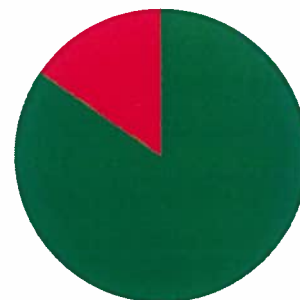
#### Intellectual Capital



#### Financial Sustainability



#### Strategic Alliances



## Student Experience

Our overall aim is to create a unique Learning and Teaching model.

Student experience is core to what we do. We aim not just to meet expectations but to exceed them. Outperforming national quality benchmarks is vital, but the student experience is more than that. It is, at heart, about providing a personalised emotional connection that transcends quality to transform individuals for the betterment of themselves and society.

Underpinning University values: Delivering, Valuing, Learning



This year we joined the elite of the UK's Higher Education institutions being one of only 43 universities to be given the Gold Award in the Government's Teaching Excellence Framework (TEF) – the highest rating possible.

The TEF has been introduced as the only official table which recognises high-quality teaching that better meets the needs of employers, business, industry and the professions, in addition to guiding students on the best places to study.

It was decided by the TEF panel that the University of Northampton would be awarded a Gold Award for our consistently outstanding teaching, learning and outcomes for our students.

The Government looked at official data and details of what we provide to our students, and found the following to be "outstanding":

- Levels of employment or further study for our graduates;
- Assessment and feedback;
- A personalised student experience;
- Academic support;
- Our approach to involving students in research, scholarship and professional practice – particularly research in the community and sector-leading work focused on social enterprise.

This Gold Award is testament to our hard work in ensuring our teaching and consequently the outcomes for our students are at the highest quality.

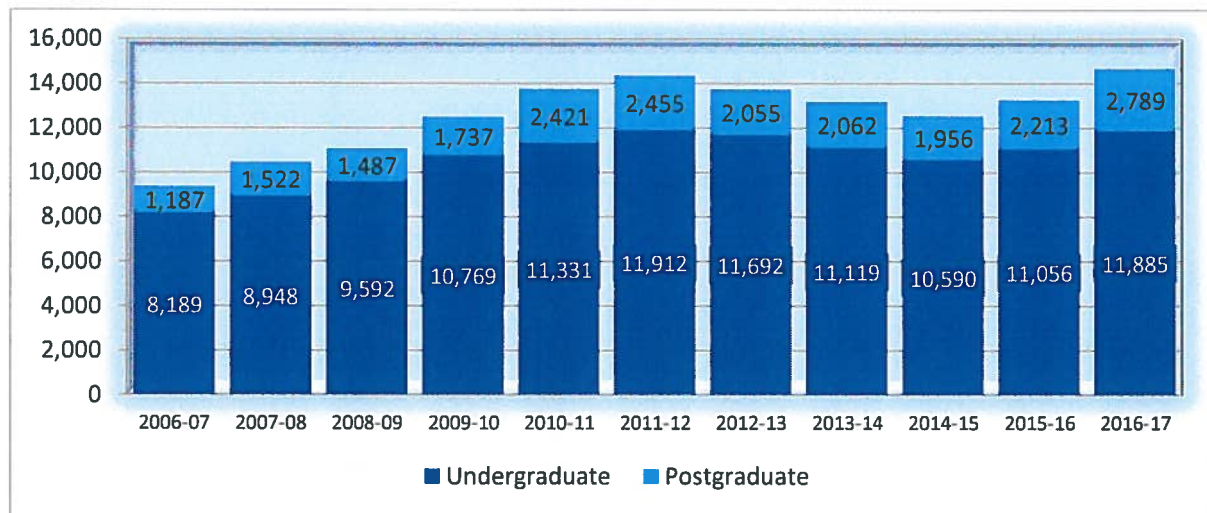
Our staff and the students who have studied with us – both in the UK and overseas – can take pride in this outstanding achievement.

We may be one of the youngest universities in the UK – but we are officially one of the best.

	Undergraduate	Postgraduate	Total
Full-Time (Home)	9,374	286	9,660
Full-Time (Overseas)	840	487	1,327
Part-Time (Home)	1,062	1,137	2,199
Part-Time (Overseas)	609	879	1,488
<b>Total</b>	<b>11,885</b>	<b>2,789</b>	<b>14,674</b>



## Enrolment Trend



## Distribution of Higher Education Students

At 1<sup>st</sup> January 2017

### Participation in Subject Areas

This is indicated broadly by the recruitment to the four Faculties

Faculty	Full-time	Part-time	Total
Arts, Science & Technology	2,029	369	2,398
Business & Law	2,324	461	2,785
Education & Humanities	1,182	556	1,738
Health & Society	2,888	558	3,446
Joint Honours	839	40	879
Research	85	120	205
Partner Colleges	1,637	1,560	3,197
Un-associated Students	3	23	26
<b>Total</b>	<b>10,987</b>	<b>3,687</b>	<b>14,674</b>

### Gender

Full-time students	Total	Male	%	Female	%
Postgraduate	773	360	47	413	53
Undergraduate	10,214	3,843	38	6,369	62
<b>TOTAL</b>	<b>10,987</b>	<b>4,203</b>	<b>38</b>	<b>6,782</b>	<b>62</b>

Part-time students	Total	Male	%	Female	%
Postgraduate	2,016	903	45	1,112	55
Undergraduate	1,671	830	50	841	50
<b>TOTAL</b>	<b>3,687</b>	<b>1,733</b>	<b>47</b>	<b>1,953</b>	<b>53</b>

### Age

Age as at the beginning of the year of study:

Full-time	Total	Under 21	%	21 & Over	%
Postgraduate	773	6	1	767	99

Undergraduate	10,214	5,417	53	4,797	47
<b>Total</b>	<b>10,987</b>	<b>5,423</b>	<b>49</b>	<b>5,564</b>	<b>51</b>

<b>Part-time</b>	<b>Total</b>	<b>Under 21</b>	<b>%</b>	<b>21 &amp; Over</b>	<b>%</b>
Postgraduate	2,016	2	0	2,014	100
Undergraduate	1,671	293	18	1,377	82
<b>Total</b>	<b>3,687</b>	<b>295</b>	<b>8</b>	<b>3,391</b>	<b>92</b>

### Ethnicity

<b>Full-time</b>	<b>Total</b>	<b>BME</b>	<b>%</b>	<b>White</b>	<b>%</b>
Postgraduate	683	504	74	179	26
Undergraduate	9,515	4,211	44	5,304	56
<b>Total</b>	<b>10,198</b>	<b>4,715</b>	<b>46</b>	<b>5,483</b>	<b>54</b>

<b>Part-time</b>	<b>Total</b>	<b>BME</b>	<b>%</b>	<b>White</b>	<b>%</b>
Postgraduate	1,631	633	39	998	61
Undergraduate	1,313	569	43	744	57
<b>Total</b>	<b>2,944</b>	<b>1,202</b>	<b>41</b>	<b>1,742</b>	<b>59</b>

Note: Numbers do not tally with previous totals as there were a number of unknown ethnicities (not detailed).

### Disability

10.1% of full-time students and 5.6% of part-time students state that they have some form of disability.

## Postgraduate Research Students

In total there were 325 postgraduate research students in 2016/17 compared to 288 in 2015/16.

### New enrolments:

2016/17	2015/16	2014/15
80	80	42

### Awards in 2016/17:

PhD – 21

MPhil – 1

Doctor of Professional Practice - 2

## Performance Measures

The chart below reports on performance against our institutional key performance indicators in 2016/17.

### Key:

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

### Goal: Achieve outstanding levels of student satisfaction

Measured through	Number of output measures and performance against targets
National Student Survey outcomes	• • •
Survey of Post Graduate Taught students	• • •
Survey of Post Graduate Research students	• •
Student complaints upheld by the Office of the Independent Adjudicator for Higher Education	•



The University continues to work hard to improve student satisfaction. There is a high-level Student Experience action plan overseen by the Student Experience Committee of Senate, which considers a range of data including that from the National Student Survey. There is also action planning against institutional targets and thresholds at module, subject or faculty level as necessary to achieve targets. *Enhancing Student Success* is a long-term cross-University project with eight complementary work streams designed to make an overall impact on the student experience and on student success. Actions are being taken to improve mentoring schemes, transition into HE and social belonging for new students, and graduate employability.

To address the targets for satisfaction amongst post graduate taught students, faculties are required to work with the Executive Dean (Student Experience) to produce improvement and enhancement plans for both undergraduate and postgraduate courses which have not met thresholds or targets in respect of student experience metrics. These plans are monitored by faculties through their executive groups.

### National Student Survey (NSS)

Several NSS measures are inconsistent with the findings of the Teaching Excellence Framework. Our work to improve the student experience and student satisfaction seeks to address this and targets improvement across a range of measures. In the 2017 National Student Survey (NSS), the University ranked 79<sup>th</sup> of 118 English higher education institutions. Eleven institutions were excluded due to low response rates.

- **82.9%** of students graduating from the University in 2017 were satisfied with the quality of their course overall. This is 1.2% lower than the national average for England, which is 84.1%. The Top Quartile figure is 90.4%
- The University's highest scoring responses were on questions about:
  - Learning opportunities (the course provided opportunities to explore ideas or concepts in depth, to bring together information and ideas from different topics, to apply what was learnt) (83.5%)
  - The teaching on the course (83.4%)
  - Learning resources (library, IT and specialised equipment) (82.5%)
- The University scores 1% point higher than the English average for three questions
  - Feedback on my work has been timely
  - I have received helpful comments on my work
  - I have had the opportunities to work with other students as part of my course
- On NSS measures, the University scores more than 1% point below the English average for the following areas:
  - Teaching on the course
  - Academic support (advice and guidance)
  - Organisation and management (of the course, including timetabling)
  - Learning resources
  - Student voice (opportunities to feed back, actions taken as a result)
  - Overall satisfaction with the quality of the course.

### Goal: Achieve high levels of student engagement with Changemaker+ Challenges and Social Impact

% of full-time Undergraduate students engaging with Changemaker badged activities	.
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### Goal: Achieve outstanding levels of graduate employability

Graduate employability outcomes for undergraduates and postgraduates as measured through the Destinations of Leavers from Higher Education Survey	•
Undergraduate First and Upper Second class degrees awarded	•
Undergraduate programmes with placements or work-based learning as part of the award	•

As part of the University's curriculum review, we will be encouraging course teams to embed placements and work-based learning elements in awards.

#### Academic achievement

2,462 full and part-time final year students achieved an undergraduate degree after the summer exams in 2016/17. Of these, 1,786 achieved a first or upper second class degree. There is an improving picture of academic achievement over the past three years:

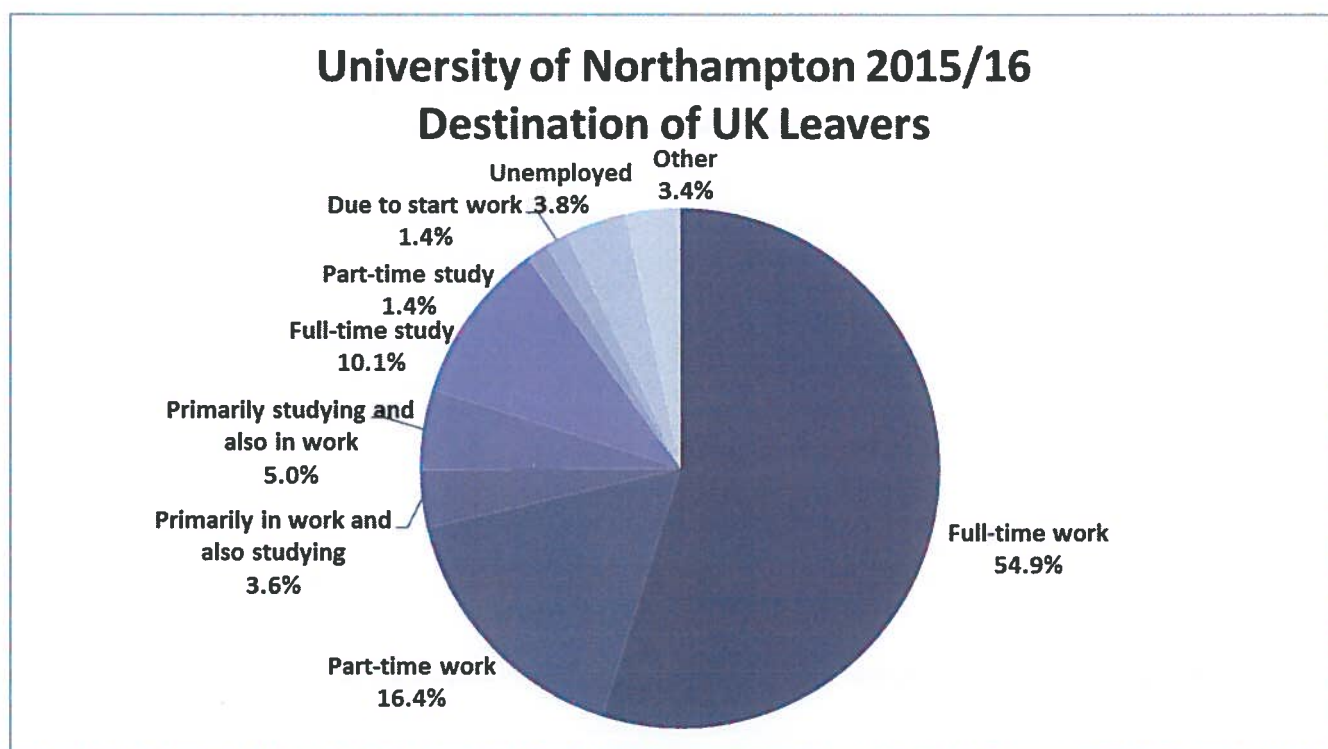
2016/17	2015/16	2014/15
72%	68%	65%

#### Destination of Leavers from Higher Education

The survey collected data about students who successfully completed their courses between September 2015 and July 2016. It asked for information about their employment and study status six months after completion. The survey covered all UK, EU and non-EU domiciled award holders who had completed undergraduate, postgraduate, foundation degrees, certificates and diplomas in HE, and higher national diplomas and certificates. This analysis covers UK domiciled award holders only.

The results showed that 91.4%\* of UK leavers who supplied data were in work or study (or both). Of all UK leavers who are available for work, this figure is 94.6%\*\*.

There were 3,200 eligible UK leavers in 2015/16 of whom 2,215\* (69.2%) UK leavers supplied the following information:



\* This breakdown excludes those leavers who gave an 'explicit refusal to take part' in the survey, but includes those alumni who are 'not available for employment' or 'other'.

\*\* This breakdown excludes those who are 'not available for employment' or 'other' as used in the HESA Employment Performance Indicators.

#### Goal: Redesign of courses to use of active blended learning

% of core programmes redesigned	•
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#### Goal: Achieve excellence in teaching, research and practice

% of teaching staff with Higher Education Academy recognition or teaching qualifications	•
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**Goal: Achieve excellence in IT (infrastructure) delivery**

% of positive responses to National Student Survey question, 'I have been able to access IT resources when needed'	•
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This result is being considered by the IT Steering Group whose membership includes key members of IT Services as well as faculty representatives and the Students' Union. The University has made a major investment in IT and therefore expects to see an improvement in IT provision.

**Goal: Achieve outstanding engagement with international study**

% of programmes with (optional) overseas experiences	•
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The University Management Team will be encouraging course teams to embed optional overseas experiences in awards.

**Goal: Maintain core undergraduate student numbers**

% of undergraduate with programmes with 25 or more entrants	•
% of student withdrawals at Level 4 of study	•
% of student progression between Levels 4 & 5	•
% of students completing their course	•

As part of the portfolio review, those programmes with lower than expected student entry will be reviewed to ensure that they continue to provide an effective student experience.

**Risks**

The key risk in this area is **the University's position in the higher education league tables**. If the key factors influencing league table position are not monitored, and any necessary correcting action taken, this could result in an inappropriate placing. The potential impact would be on the perception of the University amongst prospective students and peers. This risk is managed through careful monitoring of data from, for example, the National Student Survey, an internal student survey and Destination of Leavers from Higher Education survey. Faculty Committees monitor and implement actions as appropriate in response to all survey outcomes by creating and updating Faculty Rolling Action Plans. Student Forums provide a timely response to issues raised by the student body.

Further risks are:

- Delivering the new **Learning and Teaching model** in time for occupation of the new Waterside campus. A timescale of programmes to be delivered under new learning and teaching model has been developed and is carefully monitored. The University Management Team is driving the cascade of the model through the academic faculties. Support for staff in using the model is provided by the Institute of Learning and Teaching
- There is ongoing **review of the course portfolio**. This addresses the risk that the portfolio is not attractive to applicants and results in poor student recruitment. To mitigate this, there is on-going annual portfolio review at module and course levels, and active development, deletion and suspension of courses as necessary. The continuous review of the University's offer of courses involves all stakeholders. Development of the portfolio of courses is overseen by Faculty executive leadership
- Ensuring that the University pays sufficient attention to the **metrics which will impact on the University's Teaching Excellence Framework rating**. A lower rating would affect the reputation of the University and therefore possibly student recruitment. Whilst the current TEF Gold award is valid for up to three years, it will be important to continue to ensure that the University performs well in the next TEF exercise. Deans of Faculty will monitor retention and progression metrics. The

Executive Dean (Student Experience) has oversight of institutional level metrics, including the National Student Survey and participation statistics

- Planning to ensure **good outcomes in external assessments** to ensure that the University's reputation is maintained and enhanced. The University has effective procedures in place to monitor and review academic quality. These include validation and review of courses, external examining, annual review and monitoring by the Academic Quality and Standards Committee and Faculty level Committees
- As **prospective students are unable to visit the Waterside campus prior to enrolment**, there is a difficulty in helping them to understand how the campus will look and operate. To address this, the University has refurbished some existing spaces to demonstrate how the new spaces will look
- There is a risk to **the University's reputation as a leader in social impact and enterprise** if targets in the areas of student placements, teaching, learning and research are not achieved. Targets are monitored by the Executive Dean of Research, Impact and Enterprise. There is action planning at Faculty and Service level, and the maintenance of effective relationships with contractors to ensure that placements are achieved

## Opportunities

- Ensuring that maximum benefit is received from the Waterside campus. The campus will open in September 2018, creating a unique and innovative learning and teaching experience, and a high-quality study and leisure environment for students. This will ensure that the University is competitive in the market for new students
- Building on the TEF Gold award, both in marketing the University to applicants and in enhancing its reputation nationally and internationally
- Continuing to grow the University's reputation and leadership in social impact, working through the Changemaker Challenges and the University's membership of AshokaU. Each Changemaker Challenge links to an enhanced student experience through the key role students have in helping design and implement the Challenges. The social value students create through Changemaker in the curriculum adds to their employability skills, and links them to our network of alumni and international partners in AshokaU

## Intellectual Capital

Our intellectual capital is the sum total of the creative output of the University by its staff and students. It spans research, enterprise, consultancy, intellectual property, professional practice and innovation in teaching and learning. Intellectual capital is an inclusive activity, providing all staff, as well as students, the opportunity to develop and make valuable contributions. Achieving this success factor will ensure that we are adaptable, flexible and resilient.

Underpinning values: Enabling, Performance, Openness

## Performance Measures

Key:	
•	Target met or exceeded
•	Within 10% of achieving target
•	Target not met

### Goal: Deliver impactful research at national and international level, that leverages the commercialisation of intellectual capital

Meeting goals, targets and outputs in our Research and Enterprise Plan	• •
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The value of research and enterprise income during 2016/7 was **£5.4m**, a 40% increase on last year. Levels of bidding for research and enterprise funding have continued to rise.

The target set for 2016/17 was challenging. However, performance did improve by £3million compared to 2015/16. Over 2017/18, the University will revise its strategic and operational plan to ensure that targets for income from research and enterprise activities remain challenging but realistic.

The increase compared to 2015/16 is partly accounted for by the income generated by the Competence Testing Centre (CTC), a practical assessment centre for nurses and midwives who gained their qualification overseas.

The University now has four Research Institutes; three of which generated a surplus over 2016/17 (Institute for Social Innovation and Impact; Institute for Public Safety, Crime and Justice; Institute for Logistics, Infrastructure, Supply and Transport).

<b>Goal: A digitally transformed university that enhances the student and staff experience</b>	•
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We have invested significantly in IT, and are working in a strategic partnership with an IT provider. This work will deliver the active infrastructure required to support new ways of working, teaching and learning at Waterside.

### Goal: Create a positive culture of performance and innovation nurtured by staff and management, inspired by institutional values

% of staff achieving SMART objectives in support of the Strategic Plan	•
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### Goal: Responsible managers and inspirational leaders at all levels committed to work to implement the strategy and generate positive change

Staff adoption of technology to support new ways of working Staff engagement with professional and personal development	• • • • •
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There will be continued investment in staff development activity in leadership and management to ensure support for line managers and leaders, and therefore bring about improvement where targets have not been met.

## Risks

- As **research funding** becomes increasingly scarce and harder to win, there is a risk to income from this source. In response, the University is undergoing a planned change. It is increasingly accepted that research will not be supported unless external funding is gained.. The introduction of operational plans for all research teams has been effective and has enabled the University to support more effectively those involved in research, and to manage performance. Faculties and research institutes have targets for external income
- Ensuring that **ICT transformation** is effective and meets expectations. An IT Plan for 2015-2020 is established, and appropriate governance arrangements have been put in place to ensure monitoring and reporting against the plan and that issues are addressed as they arise
- If the **recruitment, retention and progression of staff** is not adequately planned and budgeted, poor levels of satisfaction could result, as well as poor delivery leading to student dissatisfaction. There is constant review of recruitment processes and training on recruitment for managers. The University maintains a focus on health and wellbeing and undertakes staff surveys to monitor satisfaction. Workload planning is effective. There are ongoing relationships with recognised trade unions.
- Ensuring **succession planning for senior staff**. Ineffective planning could result in poor handover to new post holders, and have an impact on the wider University. Succession plans at University Management Team level have been developed, as has a Leadership Management Programme. Through the Nominations Committee, the Board of Governors is monitoring and planning succession at Board and Senior Post Holder level
- There is a risk that current or former staff or students use **social media** to settle a dispute with the University thereby damaging the reputation of the University. There is a Social Media Policy and a Code of Conduct in place for current staff and students. Exit interviews with departing staff prevent disputes from continuing beyond the period of employment

## Opportunities

- The **University's staff support change and development**. The most recent staff survey, published internally in summer 2017, showed that 82% of staff are committed to the changes needed for the future success of the University, and 87% support the University strategy as set out in Transforming Lives and Inspiring Change
- Growing and developing large **entrepreneurial initiatives** such as the Competency Test Centre in order to continue to grow and diversify income
- Growing the **research culture and research income** of the University to ensure that the benefits of both the University's research strengths and its research and enterprise income are fully realised
- Investment in IT and working strategically on the development of IT will have a positive impact on the student and staff experience.



## Strategic Alliances

We will develop longer term alliances with key strategic partners who include but are not restricted to higher education. This will create significant and strategic value. Education with others, which means forming alliances with high quality partners, will drive student number growth, transform lives and inspire change on a global scale. It will facilitate excellent student experiences and enhance employability while affording national and international opportunities for innovative research, enterprise and social impact.

Underpinning values: Delivering, Leading, Entrepreneurial

### Performance Measures

Key:	
•	Target met or exceeded
•	Within 10% of achieving target
•	Target not met

### Goal: Develop cross disciplinary product/market innovations and partners

Growth in number and quality of strategic collaborations that help fulfil our mission	•
Academic partnerships embracing curriculum from more than one subject	•
Growth of student numbers engaged in University accredited learning who are not on campus	•
% of UG and PG degree courses embracing curriculum (modules) from more than one subject/School	•
% of UG degrees and Masters courses offering professional and/or employer body recognition	• •

As part of portfolio review, recognition of courses by a professional and/or employer body is being encouraged, and this work is ongoing.

### Goal: Diversify University income

The total of overseas (including EU) student recruitment gross income	•
Income from home and overseas academic partnerships and distance or online learning	• •

In terms of the total income from overseas and EU students, there was an increase of 165 in 2015/16. However, further work will be necessary to meet the overall target.

### Goal: Financial contribution to financial sustainability

Financial contribution from home and overseas partnerships	•
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### Goal: Responsive, customer focused partner provider

Engagement of staff with Customer Relationship Management system and/or staff development around the management of partnerships	•
Time to final approval of new partnerships	•
Turnaround of student applications from international and EU students	•

## Risks

- Existing strategic partners seek and gain **Taught Degree Awarding Powers** and therefore withdraw from validation arrangements with the University. This would affect the University's income. The Academic Planning and Partnership Office maintains effective relationships with strategic partners and recognises those with the potential and appetite to seek Taught Degree Awarding Powers
- **Maintaining effective relationships with strategic partners.** A poorly managed relationship could result in disaffection and damage to the University's reputation. The Dean of Academic Partnership takes a lead, working with Deans of Faculty. There are designated partnership managers and appropriate governance structures in place to support strategic partnerships
- The **number of partnership students** enrolled may fall short of the target, affecting projected income. There is ongoing work to create growth within existing partners and develop new partnership work
- **Reputational damage** could arise through the failure of a partnership or an unsatisfactory student experience at a partner institution. The University works closely with partners to monitor their activities and mitigate risks. There are regular visits to partners, and monitoring of the student experience in partner institutions

## Opportunities

- Through the growth of our strategic alliances, there is an opportunity to increase our global reach and social impact, as well as to diversify our income base
- Growing academic partnerships in the UK and especially internationally, supported by the Academic Partnerships Office under the Dean of Academic Partnerships who was appointed in October 2016
- Establishing systems to record accurately the resources and income relating to partnership activity in order to monitor effectively the contribution it makes to the University overall

## Financial Sustainability

No organisation can fulfil its mission without the resources to succeed. Maintaining income whilst managing efficiency and effectiveness is core to our ability to remain competitive. The need to generate cash surpluses and invest in staff and students requires a focus on revenue growth from a diversity of sources in addition to UK undergraduate fee income.

There is a reciprocal relationship between financial sustainability and our other critical success factors. Revenue depends ultimately on our ability to provide an excellent student experience, forge alliances and unlock our intellectual capital.

Underpinning Values: Entrepreneurial, Leading, Change

## Performance Measures

Key:	
•	Target met or exceeded
•	Within 10% of achieving target
•	Target not met

### Goal: Comply with bond covenants

Ensure that projected cash surpluses and forecast capital expenditure are in line with the financial model agreed with Her Majesty's Treasury	•
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### Goal: Achieve student recruitment targets -Enrolment on 1<sup>st</sup> December

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### Goal: Delivery of Advancement Income and targets underpinning the Changemaker+ Challenges

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The targets for advancement income are being reviewed and the appointment of a Major Gifts Officer will assist in the achievement of this target moving forward.

### Goal: Achieve superior status in Procurement Maturity Assessment – Number of students in placements through procurement contracts

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### Goal: Centralise procurement and drive through efficiencies whilst encouraging social impact – Non-pay spend: non pay vs income ratio, % social impact in contracts

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### Goal: Non-pay spend managed within a negotiated contract or approved /consolidated 'preferred supplier status'

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### Goal: Ensure procurement decision makers on supplier selection, contract evaluation and awards are MCIPS qualified.

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Two members of the Procurement Team have this decision-making role. Both are suitably qualified, one to MCIPS level, and the other to CIPS level.

### Goal: Additional Value for Money delivery by procurement through effective stakeholder engagement and supplier negotiation

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### Goal: Drive through process efficiencies and service improvement via the ABW software system

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## Annual Sustainability Assurance Report

As in previous years the University chose to participate, in December 2016, in the Annual Sustainability Assurance Report (ASSUR) review process. This was introduced to demonstrate progress in implementing the Wakeham recommendations and in fulfilling the requirements of the Higher Education Code of Governance. The review includes an assessment of KPI performance and a financial sustainability review based on a calculated Margin for Sustainable Income (MSI). The review confirmed that, based on the assessments, the institution and its core publicly-supported activities should be sustainable and an MSI was calculated which on a five year average was 8.9%.

## Intellectual Property Income

Engaging academic staff with commercial business opportunities and developing Intellectual Property (IP) income remains a challenge. There were some encouraging new Knowledge Transfer Partnership (KTP) bids during the year, potentially leading to IP income, one of which has been successful during 2016/7.

## Risks

- **Student recruitment for 2017/18** is a key risk to the University's financial sustainability. A loss of student numbers results in a loss of income to the University. This is monitored monthly at Board level and mitigated through regular student recruitment events, both those organised by the University and those at which the University is represented, such as HE fairs. There are also Faculty plans, effective use of social media, targeted recruitment campaigns, and liaison with schools and colleges. Research has been carried out to understand the reasons why applicants decline the offer of a place at the University, and these reasons are addressed through media campaigns, and through the new Waterside campus
- There is a risk if the University **breaches the covenants** associated with the HM Treasury loan guarantee. This requires careful monitoring of the current and projected financial position of the University and of the Waterside Project. There is financial monitoring and oversight at Board level
- A failure to **monitor and manage budgets** at Faculty and Service level affects overall financial targets. There is regular monitoring of finances against the budget through the University Management Team and the Board of Governors and regular contact with Deans and Directors to monitor performance
- There is a risk that an inappropriate **investment decision** has financial implications for the University. The Director of Finance monitors investment and maintains a close working relationship with University's bankers and HM Treasury. The Treasury Committee provides additional oversight. There are clear Financial Regulations and a Scheme of Delegation setting out the responsibilities for decision making
- If there were external changes to the University's **pension liability**, this would have a significant financial implication and disrupt the normal operation of the University. There is regular monitoring of discussions relating to pensions, taking into account the views of Government, pension providers and the experience of other higher education institutions. The Treasury Committee monitors this issue at Board level

## Opportunities

- Grow and diversify income through strategic alliances in order to mitigate the reliance on undergraduate recruitment
- The appeal of the new Waterside campus will boost student recruitment and ensure funding is available to service the University borrowings and provide money for growth and improvement
- The increased efficiency of the infrastructure of the new campus will help provide a lower cost base moving forward, improving financial sustainability

## **Social Impact and Social Enterprise**

### **Our statement of public benefit**

#### **Charitable Status and Purpose**

The University of Northampton is a Higher Education Corporation under the Education Reform Act 1988, section 124.

The University is an exempt charity under the Charities Act 2011. The University's charitable purpose is the advancement of education.

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

The main beneficiary of our charitable aims is our large and diverse student body. The section on 'Student Experience' contains further information on our student population.

As part of the Access Agreement submitted to the Office of Fair Access in Spring 2017, the University reaffirmed its commitment to addressing differential student outcomes for the following groups, which are underrepresented in UK higher education:

- Students from backgrounds of socio-economic disadvantage as determined by the Index of Multiple Deprivation (IMD) quintile 1 and 2, representing the most disadvantaged areas
- Students from low participation neighbourhoods (based on POLAR3 method) with a focus on quintile 1 and 2
- Black and Minority Ethnic (BME) students
- Students with Disclosed Disabilities
- Mature students
- Part time students

The measures taken to support these groups in 2016/17 are set out in the University's Access Agreement.

We also have a wider impact on society through our social impact work and the Changemaker Challenges.

#### **Public Benefit**

As a University, we continue to focus on social innovation and social impact, embedding our focus in our strategy, our teaching and learning, our research, and our social engagement.

The effectiveness of our work in these core areas have been recognised by the renewal of our Ashoka U Changemaker Campus designation, the award of the Social Enterprise Mark for the University, and the gaining of the TEF Gold standard, all of which took place during the reporting period. Our work on the Changemaker Challenges, as set out below, illustrates our public benefit.

We define social impact as the cumulative positive effects of the University on the social and economic fabric, health and wellbeing of communities we serve.

Our membership of AshokaU as our primary mission group means we are part of an international network of likeminded organisations committed to values which resonate with our own.

Social impact plays to our strengths in community-based research, which was recognised in the 2014 Research Excellence Framework as world-leading in its originality, significance and rigour. Social impact and research impact are increasingly the same, and our strategic focus on social impact has enabled us increasingly to identify the impact of our research.

Social impact is a uniting force that brings together all four Critical Success Factors, and projects them externally as a major force for good. It links the University to the external world and provides a sense of overarching purpose for students and staff.

#### **Social Enterprise Gold Mark**

In 2016/17, the University successfully achieved the renewal of its Social Enterprise Gold Mark. This accreditation is awarded to social enterprises which show best practice in governance, business ethics and financial transparency.

The assessor recognised the University's long-term commitments to social change:

'As an organisation that proudly places itself at the heart of Northampton and the surrounding region, you are keenly involved with the local community. The development of your Waterside Campus, which will see you move to the centre of the city, is a physical manifestation of your commitment to social innovation and achieving a lasting impact. This reveals itself in diverse ways that reach further than purely local interests, helping to influence objectives of both national and international significance..... By providing people with a higher education that makes them feel part of the social change you are cultivating - as well them contributing to it - you are promoting yourself to young people (and mature students), many of whom may have experienced some of the social challenges you are striving to address and who want to be part of the solution.'

Source: University of Northampton Social Enterprise Gold Mark Assessment Report, June 2017. Assessor: Richard Cobbett

### **Changemaker Challenges**

Our social impact agenda has four interrelated Changemaker+ Challenges. These extend our expertise in teaching and learning, research and social enterprise for the betterment of Northampton, Northamptonshire and the wider world.

The Challenges are multi-disciplinary, long-term, real-world projects with targets that take us to 2020. The Challenges commit us to determined and effective internal and external partnership working and to delivering high-impact positive change. Examples of our work include:

#### **Challenge 1: Make Northamptonshire the best county in the UK for children and young people to flourish and learn**

##### **Early Childhood Development and Care**

In November 2013, Eunice Lumsden, Subject Lead in Early Years was instrumental in staging the Northampton Summit on Early Years which provided a platform that enabled others to move the debate on Early Years provision forward globally.

The summit connected politicians, practitioners and the public, creating a network of people campaigning to ensure that the importance of Early Years provision was lobbied at the highest possible level.

It is activities like these that are influential towards making change and in 2015 the United Nations recognised the importance of including Early Childhood Development and Care in the next global agenda.

There still remains a long way to go in making this goal achievable, but getting early childhood development and care included is an amazing collective achievement and a large step forward to making it a reality.

##### **Changemaker Student Award**

The Changemaker Student Award was established to support and celebrate the empowerment of school students in making innovative and positive change in their school community and beyond. The programme has three progressive levels and is open to all students up to Year Nine. Each award has been designed to provide a flexible and interactive pathway for groups of students to plan, develop, initiate and support positive change in their school community, enabling them to become advocates of change.



## **Challenge 2: Make Northamptonshire the leading county in the UK for health and wellbeing**

### **Singing 4 Breathing**

Singing 4 Breathing is a local singing group, set up by James Wyatt when he was an Occupational Therapy student at the University, to help people diagnosed with Chronic Obstructive Pulmonary Disease (COPD). COPD has a significant impact on peoples' quality of life physically, emotionally, socially and psychologically.

Singing is one way to combat the physical and psychological effects that COPD can have. Not only is it a simple and an accessible way to practice breathing exercises, singing itself promotes well-being to improve overall quality of life.

The group have won a Champions Award from Persimmon Homes, funding from the University of Northampton, Northampton Soup, and empowerment funds from local councillors. James won Changemaker Student of the Year 2015 for starting the group and has had recognition from Her Majesty the Queen. Nationally they are supported by the British Lung Foundation, College of Occupational Therapists and Royal Brompton Hospital.

### **First for Wellbeing CIC**

First for Wellbeing CIC has had its first full year of operation in 2016/17. As a Community Interest Company (CIC), First for Wellbeing is a social enterprise created to serve the needs of the local community. The aim of the company is to work together with public, private and voluntary sectors to improve and streamline existing health and wellbeing services, and create new and innovative ways to help people live the best life they possibly can. The University is one of three founding partners, along with Northamptonshire County Council and Northamptonshire Healthcare NHS Foundation Trust.

Through First for Wellbeing, University staff have helped in the development and deployment of a unique on-line self-diagnosis tool that has proved very effective at engaging people in their own wellbeing.

The company had a turnover in excess of £19 million in the financial year 2016/7 and, through more effective integration of services, has saved public funding. Results for the year show encouraging outcomes for smoking cessation and weight loss initiatives. The Dean of Health and Society is on the board of the company to ensure research carried out by the University informs strategy and operations, and to also identify opportunities for student and staff engagement with the business.

### **Developing a Northamptonshire Centre for People Living with Dementia and their Carers**

This project, which has won support, and a grant, from the University, aims to develop a unique and innovative community based hub in Northamptonshire providing post-diagnostic support for people with dementia and their carers. Addressing a gap in current provision, the Northamptonshire model will adopt an approach that integrates a number of services. It will provide psychosocial support in a community-based context following a diagnosis. A flexible programme of holistic support and activities will be delivered by a team of staff and volunteers. The centre builds on existing evidence that demonstrates that participation in similar programmes reduces the burden on carers.

### **Challenge 3: Build the cultural and heritage traditions of Northamptonshire into world class attractions**

Staff of the University are members of a number of Boards in relation to Culture and Heritage including Heritage Gateway Board, Surprise Northamptonshire Board and Delapre Abbey Board. Through involvement in these projects and others, the following are examples of achievements within the period covered by this report.

#### **Student Union Building Heritage Lottery Grant**

The project to restore a listed former engine shed on the new Waterside Campus is expected to be completed in June 2018. This is a £4 million project which has included refurbishing the existing window frames, beams and trusses and restoring the lantern roof. The railway examination and servicing pits have been excavated, photographed and filled in and the design includes the railway lines. The project has involved students and the building will be used as a base for the Student Union clubs and societies, student engagement team, coffee bar and office spaces. The scheme has been developed in association with the Heritage Lottery fund.

#### **Northamptonshire Surprise Project**

The University has been a key player in an initiative set up by the Lord Lieutenant to promote the visitor economy of the county. This included the launch of a website in March 2017 aimed at promoting the attractions of the county to people living here, across the UK and internationally. It is recognised that engaging people in the heritage and culture of their county increases their health and wellbeing and that attracting external visitors supports economic growth. The measurement of this impact is currently being addressed. Students have been involved in the project both with design ideas and working at events and with the professional web team. This work is continuing.

#### **Nenescape**

This collaborative project brings together partners from along the River Nene between Northampton and Peterborough to celebrate, protect and conserve the natural and built heritage of the landscape. The project's vision is 'To understand and promote the identity of the Nene Valley and explore how past industries and peoples have shaped the landscape. To bring communities together, developing their skills to respond to current and future pressures through the interpretation of heritage and habitats'.

The project has recently won £2.4 million from the Heritage Lottery Fund. This brings the full value of the project, including commitments of staff time and volunteer hours, to £4.6 million, a testimony to the commitment of the lead participants of the 16 individual projects that make up Nenescape. The University's has two roles, the accountancy and disbursement of the funding, and the commitment of staff time to individual projects. The project will also create volunteering opportunities for staff and students.

### **Challenge 4: Make Northamptonshire the best county in the UK to start, build and run a business**

#### **Northampton Enterprise Social Enterprise**

The Northampton Enterprise Social Enterprise (NESE) team delivers business support services on behalf of the University of Northampton and its partners through Inspire2Enterprise (I2E), a national social enterprise service; and the Northamptonshire Growth Hub (NGH), a gateway to all business support services in the county.

The Northamptonshire Growth Hub (NGH) and Inspire2Enterprise (I2E) deliver social impact through assistance provided to clients and the delivering their own social outcomes. I2E and NGH have supported a total of 2,040 clients in 2016-2017.

As a result of the work that I2E has been doing with HMP Rye Hill, an independent Community Interest Company (CIC) selling innovative bee hives was set up at the prison at the end of 2016. It is planned for the business to be self-funding by the end of 2017 and to be financially independent of the prison administration.

The NESE team has grown from four to 12 staff, the majority of whom are funded by external income generated by the team. The team provides a simple, single point of contact for businesses seeking to work with the University and a route to the county's businesses for academic staff seeking to work with industry partners.

### **Pro Bono Advice Clinic**

The Pro Bono Advice Clinic is a joint initiative between the University of Northampton's law division, Shoosmiths LLP, Centre and East Northamptonshire Citizens Advice and LawWorks.

The clinic is aimed at people who live or work in Northampton and the surrounding areas who cannot otherwise access or afford legal advice. It provides professional knowledge and expertise for the benefit of the community and is offered at no cost to the client.

Through the clinic, students and staff from the Law course at the University provide their expertise to the local community, enhancing student learning and giving students practical experience.

### **Enterprise Club**

Enterprise underpins everything we do at the University. We encourage and support our students and staff to develop entrepreneurial skills and enterprising attitudes.

We have put support mechanisms in place for all students, staff and the wider community who are interested in setting up their own social enterprise or a business. The University's Enterprise Club offers a complete support service to budding entrepreneurs. The Enterprise Club supported staff and students to set up 43 new businesses and social enterprises in 2016/7. The Enterprise Club has worked closely with the NESE Growth Hub team to ensure that staff and students are able to access the widest possible range of (free) business support resources.

## Social Impact

### Travel and Transport - Societal Travel CIC

In 2017, Societal Travel CIC was set up as a joint venture between the University and Northamptonshire County Council. This new social enterprise has the aim of transforming travel and transportation in the county. The business enables integrated, intelligent commissioning of transport to take place, potentially saving the public sector millions of pounds. In addition, it is identifying and introducing new technology to enable more effective use to be made of vehicles. It has the social objects of improving the environment by reducing congestion, and reducing social exclusion by providing transport to enable people to access education, training, health care, work and leisure more effectively.

### Sustainability

We constantly seek ways to improve our environmental performance by managing our resources effectively. For example:

- There was a 20% reduction in water consumption per m2 in 2016-2017 compared to the 2005-2006 baseline
- 53.8 % of our students and 14% of staff travelled by foot, bicycle, bus or by train to campus
- Renewable energy was generated through solar panels on two of our buildings. Our St John's Halls of Residence has a combined heat and power plant that generates heat and low-carbon electricity for the building. A total of 20,183 kWh of solar energy was generated in 2016-2017
- Our Waterside Campus Energy Centre was completed in August 2017. This is a 995KW biomass boiler using renewable local biomass woodchip fuel. It will save over 1000 tonnes of CO<sub>2</sub> per year, significantly reducing the University's carbon footprint. It will produce 4,975,000kWh of renewable energy and feed into an efficient district heating scheme
- The University reused, recycled or composted 71.5% of its total waste, an increase of 1.5% from 2015/16. The total waste generated by the University estate was 690 tonnes, a decrease of 7% from 2015/16
- 46.9 tonnes of food waste was collected from Halls of Residences and Restaurants and was used to generate electricity. The waste collected includes vegetable and fruit peels, tea bags, meat bones, and food waste. It is sent to an anaerobic digester which traps the gases, primarily methane from bacteria fermentation, and burns this in a generator for electricity. Methane is over 20 times more global warming than Carbon Dioxide. Trapping this gas and using it for fuel helps combat global warming
- In 2016/17 the University participated in the NUS Student Switch Off campaign, an inter-halls energy competition. Through peer-to-peer support and incentives students are encouraged to save energy and improve recycling. The campaign also creates pro-environmental behaviours in students which are often continued into off campus housing. Key achievements were the saving 49,651 kWh electricity, which was a 6% improvement on baseline. 315 students signed up, representing an annual increase of 47%. 20 students were trained as Student Switch Off Ambassadors. 27 tonnes of CO<sub>2</sub> were saved, contributing to the University's Carbon Management Plan. Additionally, there was a financial saving of £2,800
- Our 2016/17 carbon dioxide emissions were calculated at 7,517 tonnes representing a 0.3% decrease from last year. From 1<sup>st</sup> October 2016, the University procured gas and electricity through Crown Commercial Services public sector framework. This has led to an overall 21% reduction in gas costs with actual savings of over £125,000 for the year. Gas usage increased by 0.1% however, due to an increase in heating days due to colder weather
- Total electric usage increased by 10% and the cost of electricity increased by 7%. The electricity cost increase for the year was £200,000. Over half of the costs were from electricity usage due to the building development at the Waterside Campus
- In April 2017 the University achieved reaccreditation with Investors In the Environment for its Environmental Management System. The top Green Level was awarded once again, with a 95% overall score against the audit criteria

### **Social Impact through Procurement**

The University's Social Impact Team has been working with the two principal contractors working on the Waterside campus to ensure that positive social impact is being delivered. The Social Impact Team has also started working with its strategic partner for IT to map out the Key Performance Indicators which will deliver social impact through the IT contract.

The positive social impact delivered by the University and its two contractors is as follows:

- 591 local people employed on site through the project supply chain
- 40 local suppliers are engaged with the project from multiple sectors
- Statistics from one contractor show that 216 jobs have been created, and an additional 21 student placements and work experience places delivered
- Multiple community engagements held including the Considerate Constructors Hoardings Competition, which was completed in partnership with a local school. The competition involved local school children to create an image showing what living in Northampton means to them. The entries were then judged and the best artists were invited down to paint the final designs onto the hoardings at Waterside which will be seen by thousands of people, visitors and residents. 112 pupils from a local school were involved

## Focus on Research

We produce internationally renowned and relevant research, and disseminate knowledge to wide-ranging stakeholders.

### **Institute for Public Safety, Crime and Justice**

The Institute has led a project involving five UK police forces, and four UK HEIs, to identify, disseminate and embed best practice in policing methods.

### **Institute for Social Innovation and Impact**

The Institute for Social Innovation and Impact (ISII) has been commissioned by the Ministry of Defence (MOD) to carry out a longitudinal study evaluating the social impact of the Cadet Forces in the UK. The research is enabling the Government to make evidence-based policy decisions in relation to the future direction of UK Cadet Forces, specifically in relation to the impact of the new Cadet Expansion Programme in Academy Schools.

ISII has provided the MOD with evidence of the impact that is delivered annually by the £160m national Cadet Force funding. The evidence indicates that the Cadet Forces create at least £400m in social value for UK society and act as key contributors to the 'shared society' in relation to employability, community cohesion and education.

### **Institute of Logistics, Infrastructure, Supply and Transport**

The Institute of Logistics, Infrastructure, Supply and Transport (LIST) worked in partnership with Northamptonshire County Council on an initiative funded by the Department for Transport to help transform the provision of public and community transport across Northamptonshire.

Outputs of the research include a new social enterprise to deliver holistic transport commissioning across business, education and health sectors that not only minimise cost, but greatly enhance service, health and wellbeing, and innovative city solutions.

This unique research work has gained an international profile and is further strengthening academic research and policy creation in the areas of connected and all-inclusive transportation, while delivering against clear and measured social impact goals.

### **Secret Soldiers: The Intelligence Corps in the First World War**

The Faculty of Education and Humanities in collaboration with the Military Intelligence Museum is delivering this project. It is funded by the Arts and Humanities Research Council through two of their First World War Engagement Centres. The project is exploring the recruitment, training, employment, and personnel of the Intelligence Corps, leading to a fascinating case study of how Britain harnessed many eccentric individuals with uncommon skill-sets to support its war effort.

### **Exploring the potential for using personalised cancer risk information to promote behaviour change**

The Faculty of Health and Society is carrying out research funded by Cancer Research UK in collaboration with, amongst others, the University of Cambridge, the University of Manchester and Public Health England. The project aims to explore the views of the general public and key stakeholders on incorporating information on personalised cancer risk into practice.

### **Faculty of Business and Law**

The Faculty received funding from the Leverhulme Trust and the British Academy to explore attitudes towards HIV amongst wealthy men in Tanzania.

### **Faculty of Arts, Science and Technology**

The Faculty's research into biogeography and evolution of fly pollination in a large tropical plant group, carried out in collaboration with colleagues from the UK, Germany, India, and Africa, was showcased at the largest ever gathering of plant scientists: The International Botanical Congress in Shenzhen.



### **Sport and Exercise Science**

The Sport and Exercise Science group received funding from the Wellcome Trust enabling three undergraduate students to examine the influence of different exercise regimes on fall risk in ageing. The three projects examined the effects of eccentric exercise on age-related musculoskeletal functional decline, how external loading influences balance and gait, and how arm and leg cycling effects cognitive performance. These bursaries have enabled the students to work alongside experienced researchers to improve their understanding of age-related functional decline and mechanisms associated with falls. This enhanced their understanding of contemporary issues and improved their postgraduate study and employment prospects.

### **Corporate Governance**

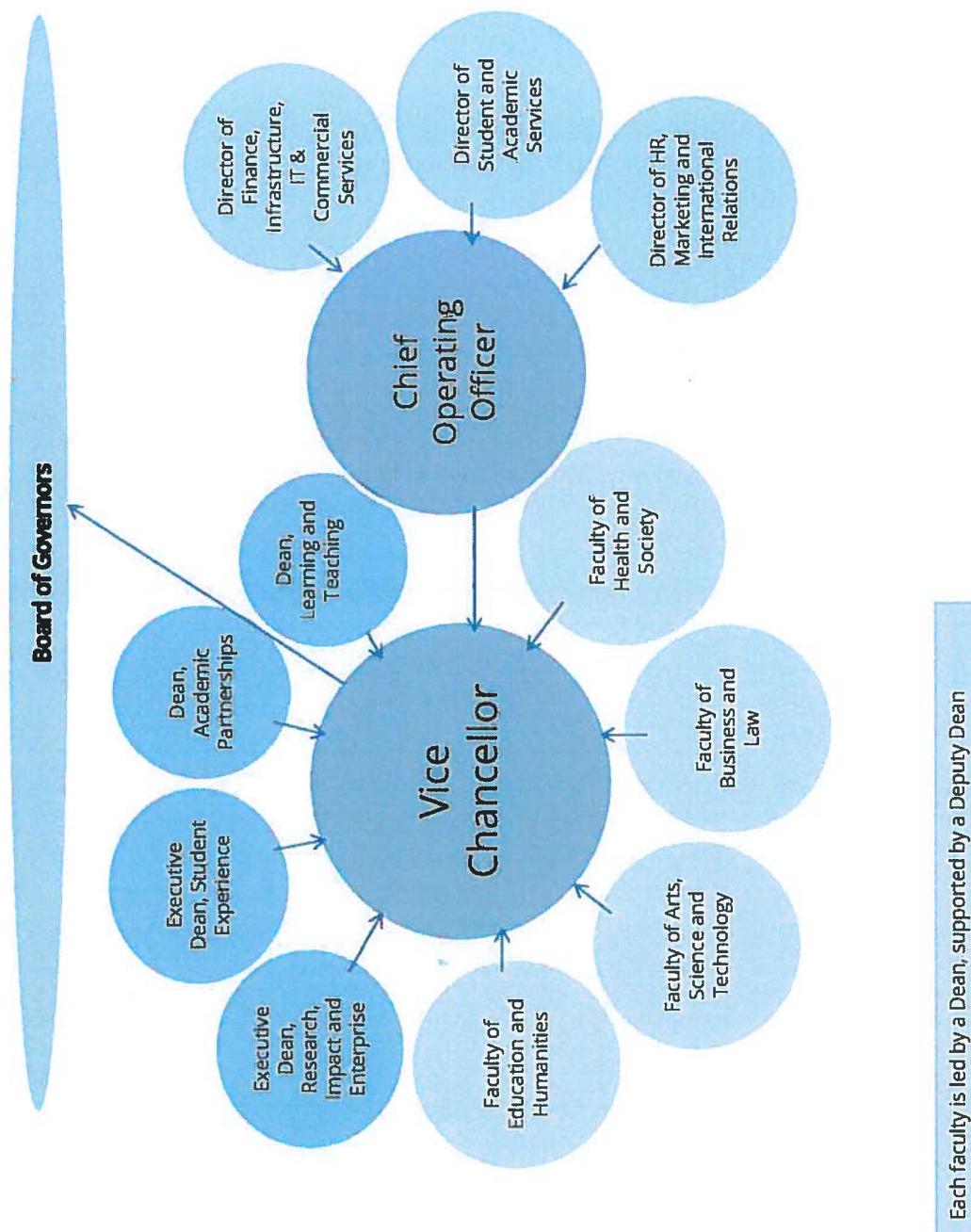
The Board of Governors is responsible for overseeing the University and for ensuring that it is well-run and continues to meet its objectives. The Board monitors progress, considers strategy and oversees the long-term health and sustainability of the University.

The Vice Chancellor is appointed by the Board of Governors as the University's Chief Executive. The Vice Chancellor organises, directs and manages the University and leads its staff. He is assisted and advised in this work by the University Management Team, comprising the Deans of Faculties, the Executive Deans, and the Directors of professional services.

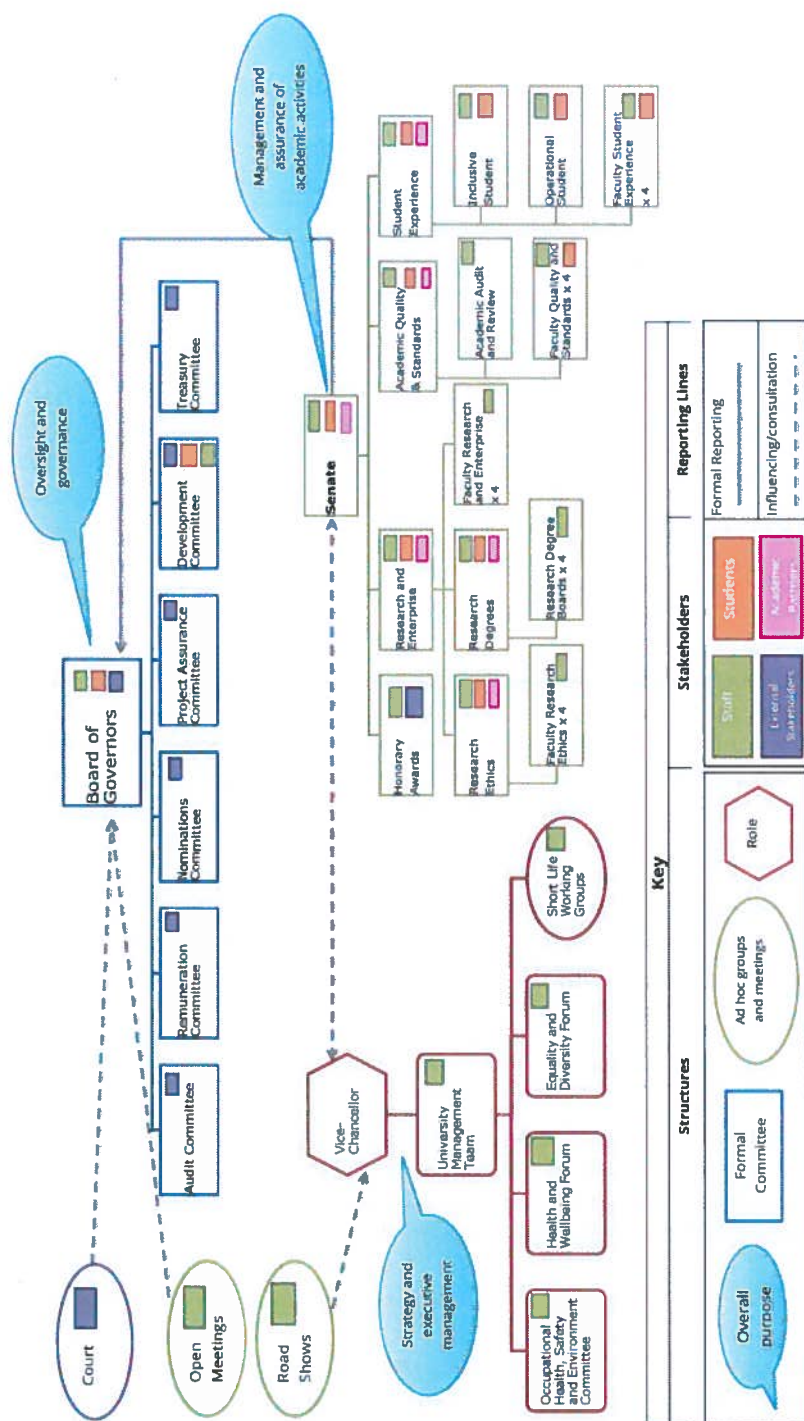
The Board of Governors determines the academic character and mission of the University on the recommendation of the Vice Chancellor who determines the University's academic activities. He is assisted in this by the Senate, a committee with academic representation from across the University. The Senate has wide-ranging powers in regards to the University's academic business, for example granting degrees of the University, and agreeing academic policies.

The University has a Scheme of Delegation to ensure that decisions are taken at the appropriate level in the organisation.

## Governance and Management Structure



## Oversight and Decision Making Structure



## Resources and Investment

### Financial Review

The financial results are summarised below so that the University's performance can be compared against the previous year's results.

	2016/17 £000	2015/16 £000
Total Net Income	131,867	129,543
Total Expenditure	(124,493)	(119,852)
<b>Surplus before other gains and losses</b>	<b>7,374</b>	<b>9,691</b>
Share of Operating Profit/(Loss) in Joint Ventures & Associates	50	22
Taxation	-	-
Gain on investment	204	155
<b>Surplus for the year</b>	<b>7,628</b>	<b>9,868</b>
Actuarial gain/(loss) in respect of pension schemes	9,399	(8,276)
<b>Total comprehensive income for the year</b>	<b>17,027</b>	<b>1,592</b>

### Year End Position

The University again generated a strong operating surplus during the year as a result of prudent budgeting, continued tight financial control in all areas and increasing efficiencies in administration by centralising some administrative functions. Increased commercial income also arose from winning a further contract to run the National Medical Council Competency Testing Centre. There was also some additional one off investments made in year in preparing the University for readiness for the move to Waterside move and to International Partnership arrangements during 2016/17 following the growth over the last couple of years. This has led to a slightly lower surplus than the prior year but within the requirements of the Waterside forecasted financial model. Surpluses generated each year go towards helping to fund the construction of the new University campus at Waterside. It also provides further reassurance in the financial position in light of the uncertain outlook as regards increases in the permitted levels of fees income and general outlook for Higher Education funding.

### Our Operating Environment

A number of factors have contributed to a weakening in student demand for courses, and the University has recruited fewer students in 2016/17 than in the previous year. Whilst the shortfall in student numbers was manageable within the existent budget, the outlook for student recruitment in 2017/18 will again be challenging, as outlined in the 'Competitive Environment' section below.

The staff pay settlement for 2016/17 was in line with what had been predicted in the budget.

The University continued to invest heavily during the year on its project to move to the new Waterside campus in September 2018. Further to the £230m public bond issue in November 2014, the University raised further £60m Public Works Loan Board (PWLb) financing during the year, also guaranteed by HM Treasury. The financing for the project is now complete except for a further £8m facility from the PWLB which is due to be drawn down in December 2017. This project is now in the final build phase and due to complete on time in 2018. Further details may be found under 'Capital Projects' below.

## HM Treasury Bond Covenants

As part of the guarantee provided in respect of the public bond issue in November 2014, the University agreed to a number of financial covenants with HM Treasury in respect of capital expenditure and cashflow. These are monitored and reported on every month, and were readjusted during the year. No breaches occurred during the year.

## Resource Allocation

The University uses a Balanced Scorecard method to translate strategy via each Critical Success Factor into a coherent and interrelated set of performance measures in the Operational Plan. The Operational Plan captures a broad range of metrics that reflect the University's diverse activities and outputs and provides forward (lead) indicators in addition to more traditional financial and quality input data. The Operational Plan provides high level measures that are reviewed annually by the Board and Senate, and modified where appropriate.

## Capital Projects 2016/17

The development of Waterside Campus has continued at pace during the 2016/17 academic year, and progress is in line with the delivery programme.

During the year the works package on the site's infrastructure has been completed. Both a road bridge and a pedestrian bridge over the river have been completed and are capable of taking traffic. All works along Bedford Road are complete. This will form the main entrance route into the new campus. On site, all in-ground services have been laid and the various roads and car parks formed up.

Construction works for both Academic and Residential buildings is advancing well, giving a high degree of confidence that programme dates will be comfortably achieved. By July 2017 the University had taken possession of the Energy Centre. The handover of the Senate Building is expected in the first half of 2017/18. The Residential accommodation and Creative Hub will follow in the first quarter of 2018.

Associated work streams are now well established to ready the University for the task of relocating to the new campus and manage the changes it will inevitably bring.

Preparations to relocate the professional support departments to the Newton Building at Avenue Campus are nearing completion. Space allocations have been agreed with a small number of advance parties already moved in. The main contingent will move in summer 2018 as part of the decant from existing sites.

Investment in the residential estate continued with ongoing planned refurbishment and replacement programmes. Seventy kitchens were refurbished in William Carey Hall at Park Campus, along with general circulation areas and studio flats. Security improvements to St Johns Hall were implemented following a number of incidents of theft and incursions into the building by unwanted individuals. A major fit out was also undertaken of the 3rd and 4th floors of the University Innovation Centre Green Street to accommodate a suite of Acting and Drama spaces and the relocation of the National Medical Council Competency Testing Centre. All were successfully completed in the spring of 2017 within the allocated budget.

The 2016/17 capital allocation for existing estate improvements was aimed at maintaining the student experience and sustaining the quality of the estate in the run up to 2018, when the current academic sites will be vacated. Expenditure was predominantly focused on Teaching and Learning resources that could migrate to Waterside rather than fixed improvements to the fabric of the buildings.

Routine facilities management which is delivered by the in-house team 1st Degree Facilities continues to deliver well against a set of service level agreements. Regular monitoring of the operational performance of 1st Degree Facilities shows that they are achieving and maintaining high percentages of task completion.

The challenge in the year ahead will be to maintain satisfactory levels of service delivery to support the University's operational requirements at the same time as redirecting resources towards the Waterside Campus in readiness for start of the academic year in 2018.



## Market Position and Outlook

### Competitive Environment

We operate in a tough competitive environment. This means that we constantly review our activities and operations to ensure that we remain attractive and relevant to potential students. A number of factors drive our competitive environment:

#### Students: Recruitment and the Student Interest

- Changing demographics and the focus on apprenticeships means that the demand for University places has become unpredictable
- Student recruitment is market driven and customer centric, universities are increasingly challenged to ensure that they provide value for money and consider their responsibilities to students when making decisions. There is an increased media focus on the value of HE, particularly on senior staff remuneration
- The nature of work is changing, for example the use of Artificial Intelligence and robotics are facilitating the automation of a growing number of tasks. The nature of learning needs to change with it. Universities are challenged to ensure that they offer courses which produce graduates fit to thrive in the changing work environment
- Higher education needs to ensure that it provides equality of opportunity and of access to higher education and its learning opportunities, responding creatively to the diversity of our society

the Office for Students ... will prioritise the student interest and the regulatory framework will reflect this perspective. *Sir Michael Barber, incoming chair of the Office for Students, 23 June 2017*

#### Finance

- The nature of university cost structures leads to high fixed costs
- The cap on student fees has led to real term reductions in purchasing power
- The government has recently announced a wide review of student finance. Pending this, tuition fees will be frozen until 2019 rather than increased with inflation

#### Competition

- Removal of the student number cap has increased competition between universities
- Competition from other countries and overseas higher education providers is increasing
- There is a risk if new higher education providers are established locally, potentially affecting student recruitment

#### The Political Environment

- The United Kingdom's exit from the European Union could lead to challenges to the operation of the University, including student and staff recruitment
- The Higher Education and Research Act was enacted in 2017. This creates a new regulator and funding council for universities, the Office for Students. The OfS will have a wide brief, overseeing academic quality and standards, approving new entrants to the sector, and establishing a regulatory framework with which all registered providers must comply
- The Act also established United Kingdom Research and Innovation (UKRI), replacing existing arrangements with a single strategic research body

## Our Outlook

### Strategy to 2020

Over autumn 2017 we will revise and refresh the University's strategic plan to ensure that we are in the best position to respond to the challenges ahead. In particular, we will ensure that our critical success factors embody the University's strengths and values. We are **future-focussed**, **super-supportive** and we generate **social impact**. These are the success factors around which we will coalesce and on which we will build a strong future.

### Student Experience and Outcomes

As educators, we motivate and engage students' imaginations. We nurture critical thinking, creativity and capacity for knowledge creation. We continue to explore connections between subject areas instead of focusing exclusively on the silo of a single discipline. Our graduates will be flexible problem solvers, capable of adapting and thriving in the labour market.

We will continue to review our curriculum to maintain its distinctiveness, ensure that it is fit for purpose, and that we remain competitive.

### Strategic Alliances

We will continue to work in collaboration in the UK and overseas with key strategic partners, creating alliances that add value.

### Digital Transformation

A key component of our strategy is a digitally transformed university, going beyond traditional styles and methods of learning to engage current and future generations of technologically advanced and networked students. Our investment in IT and work in a strategic partnership with an IT provider will ensure this.

### Social Impact

We aim to be a unique force for good in society. The Changemaker Challenges encapsulate the courage in leadership needed to achieve that end. We will continue to work towards the Changemaker Challenges, and in other areas which have social impact, in order to create value for our students and staff, our local community and society at large.

### Waterside

The Waterside Campus is the stimulus and focus for us to embrace positively this new world. In Waterside we create an environment where outward looking individuals are empowered to exceed expectations.

### Financial Robustness

As part of the Waterside Campus development, we have prepared a detailed long term financial model to forecast in detail the anticipated income and expenditure. This forecast, which has been externally audited, demonstrates that without any planned increase in student numbers we can repay our borrowings and operate the University successfully up until the final repayment of the public bond issue in 2054. In the shorter term, we also participate in the annual HEFCE Annual Sustainability Assurance Report (ASSUR) review process which confirms that the University operates with a sustainable financial margin.

## Board of Governors

### Members of the Board and Trustees

The University's trustees are those who are appointed to the Board of Governors as members of the Higher Education Corporation. There are 17 current members of the Board:

David Baker  
 Sue Dutton  
 Rafael Garcia-Krailing  
 Sara Goodwin  
 Jeff Halliwell  
 Richard Horsley  
 Sylvia Hughes (Deputy Chair)  
 Frank Jordan  
 Lee Machado  
 Mark Mulcahey  
 Nick Petford (Vice Chancellor)  
 Martin Pettifor  
 Nicholas Pitts-Tucker  
 Nicholas Robertson  
 Andrew Scarborough (Chair)  
 John Skelton  
 Danjie Zhong

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

Liam Bligh – until 16/07/2017

### Skills and Experience

The Board members are drawn from a variety of backgrounds and with a wide range of expertise. The most recent skills audit of the Board's members was carried out in Spring 2017.

Skill/Experience	Number of Governors and Level			
	Very strong	Strong	Good	Basic
Senior leadership or management	6	3	1	1
Strategic planning	5	4	2	0
Governance	6	4	1	0
Risk management and internal control	1	1	9	0
Audit	1	2	4	4
Fundraising and income generation	0	3	3	5
IT	1	1	5	4
Business development/entrepreneurial thinking	2	4	4	1
Estates and property management	0	3	2	6
Higher education	2	3	4	2
Project management	6	2	3	0
Legal	0	1	7	3
Finance	3	3	4	1
Human resources	3	2	6	0
Staff recruitment and remuneration	3	4	3	1
User/customer experience	4	3	2	2
Equality and diversity	2	4	5	0
Marketing	2	4	2	3
Public relations	1	3	4	3
Communications	1	5	4	1
Local government and politics	2	0	2	7
Community	2	2	4	3

The skills of the board are supplemented by the specialist expertise of external members of the board's committees. The number of external members are as follows:

Audit Committee	3
Nominations Committee	2
Remuneration Committee	2

## Governors' Expenses

Over the reporting period, governors and external members of the Board's committees claimed £1,817 in expenses. This sum covered mileage, public transport and parking fees to enable travel to meetings and other activity on behalf of the University. No other payments are made to trustees. There were no related party transactions involving trustees.

## The Work of the Board of Governors

The responsibilities of the Board, as set out in its Statement of Primary Responsibilities are:

1. To approve the mission and strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions.
3. To appoint the Vice Chancellor as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
4. To delegate authority to the Vice Chancellor, as chief executive, for the academic, corporate, financial, estate and human resource management of the University. And to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice Chancellor.
5. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, audit systems and risk assessment, and procedures for procurement and for handling internal grievances and for managing conflicts of interest.
6. To establish processes to monitor and evaluate the performance and effectiveness of the Board of Governors itself and University governance.
7. To conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
8. To safeguard the good name and values of the University.
9. To appoint a Clerk to the Board of Governors and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.
10. To be the employing authority for all staff in the University and to be responsible for establishing a human resources framework.
11. To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
12. To be the University's legal authority and, as such, to ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name.
13. To receive assurance that adequate provision has been made for the general welfare of students.
14. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.

15. To ensure that the University's constitution is followed at all times and that appropriate advice is available to enable this to happen

## How the Board Discharged its Responsibilities

During 2016/17, the Board met 11 times. In addition, there was an away day, and a workshop exploring the management and mitigation of risk.

The Board made decisions and monitored as set below.

### Students and Academic Quality

The Board reviewed and monitored:

- The results of the National Student Survey and the University's action planning in response
- The *Enhancing Student Success* project and the contribution this was making to improving the student experience and student outcomes
- The ongoing development of the University's four academic faculties, through a presentation from each Dean
- The delivery of student welfare and support services
- The Teaching Excellence Framework, from the preparation of the submission, through to receipt of the result
- The proceedings of Senate through the regular receipt of its minutes
- The half yearly and yearly financial statements of the Students' Union

The Board approved:

- Its response to the Annual Provider Review required by HEFCE, and the creation of an Academic Assurance Working Group to provide additional assurance
- A change to the constitution of the Students' Union
- The Access Agreement for submission to the Office of Fair Access

### Projects and Developments

Progress on the Waterside campus was a standing item at each meeting. The Board gave additional consideration to travel and transport to the Waterside campus and to the development and delivery of IT services in the University.

The Board approved:

- The appointment of a strategic technology partner for IT
- A proposal for sports development at the Waterside campus
- The development of a site in the town centre to create a venue for the Students' Union, and other financial commitments above £750,000, in accordance with the Financial Regulations.

### Performance Measures and Horizon Scanning

The Board monitored:

- Performance against the measures set out in the Operational Plan
- The University's league table position and the factors that influenced this
- Longitudinal Educational Outcomes data
- The Teaching Excellence Framework submission and result
- Local, regional, national and sector news and intelligence, including the Higher Education and Research Act

### **Finance and Financial Sustainability**

Management accounts were discussed at each Board meeting. The Board also monitored the development of a budget strategy for 2017/18, and longer term financial forecasting. Student applications and recruitment for 2017/18 were also a standing item on the Board's agenda. The Board also reviewed the University's Going Concern status and liquidity risk, and its compliance with TRAC (Transparent Approach to Costing) requirements.

The Board approved:

- The Annual Report and Consolidated Financial Statements for submission to HEFCE
- The appointment of a new external audit service provider
- Tuition fees for 2017/18
- The write-off of a debt of £129,457 in accordance with the Financial Regulations

### **Staff**

The Board monitored developments and statistics in relation to the University's staff. This included staffing statistics, the results of the Staff Survey and feedback received during open meetings between governors and staff members. The Board noted progress on the equality and diversity action plan for staff, and plans for gender pay gap reporting.

### **Social Impact**

The Board monitored progress on the Changemaker Challenges, and noted the renewal of the University's status as a Changemaker Campus by AshokaU.

### **Related Companies**

In its capacity as the University of Northampton Higher Education Corporation and therefore the holder of the University's interest in its subsidiary and related company, the Board reviewed the status of related companies, the University's support for them and the return on any investments it had made in them.

The Board approved:

- A governance framework for the University's related companies
- The University's involvement as a founding partner in Societal Travel CIC
- New Articles of Association for the University of Northampton Enterprises Ltd following routine review
- Write off of an investment in Land Based Learning Ltd

### **University Officers**

The Board approved the appointment of Reverend Richard Coles as Chancellor of the University. The Board also approved the re-appointment of David Laing as Pro-Chancellor for a second term of office.

### **Governance and Compliance**

The Board monitored those items from the University's risk register which were judged to be most serious, and the University's compliance with the Prevent duty. The Board reviewed its own effectiveness, including the results of a skills audit of its members.

The Board approved a number of routine updates to policies, procedures and regulations, as well as new policies on Modern Slavery and Anti-Money Laundering.

The Board approved the re-appointment of external committee members, and updates to the terms of reference of its committees following routine review.



## Board Standing Committees

### Audit Committee

In 2016/17, the Audit Committee has continued to look in detail at risk management and at the results of internal and external audits. Its reporting cycle has been adjusted to ensure that it is able to give sufficient time to consideration of the Annual Report and Accounts and related reports prior to recommending these to the Board. The Committee also has oversight of health and safety and occupational health arrangements, and receives reports on these.

### Development Committee

The Development Committee was created in January 2017, replacing the Advancement Committee. The Committee has a wide brief to monitor growth other than from student recruitment, ensuring that this is aligned to the strategic plan and contributes to the sustainability of the University. In particular it considers advancement, research and enterprise, including social enterprise.

### Nominations Committee

The role of the Nominations Committee is to advise the Board on matters relating to its composition and membership and that of its committees. In 2016/17, the Committee ran a successful exercise to recruit a new member of the Board. It has kept succession planning for the Board and senior management under review, and ensured that a plan is in place for addressing these. It reviewed the external membership of the Committees, making recommendations for re-appointment as necessary. It also approved a skills audit and reviewed the results of this, and has reviewed the arguments for and against the remuneration of Board members.

### Project Assurance Committee

The Committee scrutinises the Waterside development in detail. Over the reporting period it has met and reported to the Board monthly. It divides its agenda into two sections, the first dealing with the physical aspects of the development by considering timing, cost and quality, and the second dealing with the work streams relating to staff and students. The relevant consultants and University staff are in attendance to give their reports. In the light of the Grenfell Tower fire, the Committee received a detailed review of fire strategy and safety at its July meeting, with fire consultants, architects and contractors in attendance. As part of its work, the Committee also considers the future use of existing University sites, and the development of sites which are not located on the Waterside campus.

### Remuneration Committee

To fill a vacancy, the Committee recruited a new external member in 2016/17, bringing further expertise to ensure that appropriate comparisons can be made. The Committee decides the remuneration, including the discretionary bonus payment, of three designated senior post holders, the Vice Chancellor, the Chief Operating Officer and the Clerk to the Board of Governors. In doing this, it assesses the annual objectives of the three and whether they have been achieved. The Committee also receives and monitors the Vice Chancellor's decisions about the remuneration of staff who are outside the national pay negotiations to ensure that this is equitable in line with the University's remuneration policy.

### Treasury Committee

The Committee advises on the Board on the University's short and long term investment portfolio. In 2016/17, the Committee examined the performance of the University's investment portfolio to ensure that best value was being achieved. It also monitored the performance of endowment and advancement funds and reviewed the University's pension scheme liabilities, and the current situation for pensions in the sector.

## Risk Management

During 2016-17, in conjunction with the University, the Board of Governors continued to work on its approach to risk management and its analysis of risk appetite. The process is in line with the Risk Management Policy which is reviewed annually. Risk management is overseen by the Chief Operating Officer with support from the Executive Officer. Risk managers at academic and professional service unit levels are required to consider the key risks which would impact upon their areas. This covers areas such as, but not exclusive to, governance, management, quality, reputation and finance. In addition to peer review of risk registers between risk managers, academic and professional service unit risk registers are monitored by the University's Risk Management Group which meets four times a year.

The key risks at unit level are subsumed within an institutional risk register which brings together the key risks at unit level and includes key strategic and business as usual risks. The institutional risk register is monitored by the Audit Committee at each of its three meetings. The Board of Governors receives the risks which are considered fundamental to the University three times a year. These risks are accompanied by a commentary which provides further assurances to the Board about the contingencies in place should the risk crystallise. The Board has found this to be a highly effective way to understand those areas of particular concern to the University.

During 2016-17, the internal auditors commented that "the Board can take **substantial assurance** that the controls upon which the organisation relies to manage the identified risk is suitably designed, consistently applied and operating effectively" for a third year in a row.

In addition, a detailed risk register has been prepared for the Waterside Project which will continue to be monitored by the Project Assurance Committee. Key risks from this risk register appear on the institutional risk register and, if appropriate, are communicated to the Board of Governors.

## Statement of Corporate Governance and Internal Control for the year ending 31 July 2017

The University acknowledges and endorses the principles of corporate governance, which it reaffirms in its Bye-laws.

The Board of Governors has accepted the Higher Education Code of Governance published by the Committee of University Chairs. A review of the Code has taken place, and a work programme for the Board has been developed. The Board is confident that all of the primary elements of the Code are met.

The Board of Governors has a responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives whilst safeguarding the public and other funds and assets for which it is responsible.

The Board of Governors makes the following statement regarding internal control:

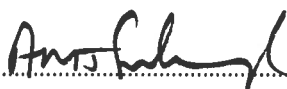
- The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness
- The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ending 31 July 2017 and up to the date of approval of the financial statements, and accords with HEFCE guidance
- As a Board, we have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:
  - Meeting as a Board a minimum of ten times a year to consider the plans and strategic direction of the institution
  - Receiving periodic reports from the Chair of the Audit Committee concerning internal control. We also require regular reports from senior management on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects
  - The designation of the Audit Committee to oversee the risk management process and review the University's risk register
  - The designation of the Project Assurance Committee, which meets monthly, to give special attention to monitoring and risk management of the Waterside Project
  - The receipt by the Audit Committee of regular reports from the partner of the contracted internal audit service, which include the partner's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement
  - An annual cycle of Audit Committee meetings involving the Board of Governors and Executive is undertaken to identify and keep up to date the register of risks facing the organisation
  - Risk is a standard heading in reports presented to the Board and University Committees and in proposals for bids and developments (for example new courses and bids for research funding)
  - A system for the identification and monitoring of key performance and risk indicators is operational
  - A robust risk prioritisation methodology based on risk ranking is in place
  - An organisation-wide risk register is maintained and a Risk Management Group comprising senior managers meets regularly to review the risk register
  - Executive Deans, Deans and Directors of Professional Service report on risk and internal control activities through their Faculty or Service Risk Registers

Our review of the effectiveness of the system of internal control is informed by the contracted internal audit service which operates to standards defined in HEFCE's Audit Code of Practice. The University was reviewed for effectiveness by the HEFCE Audit Service in January 2014 and received the highest categorisation, in that they "are able to place reliance on the University's accountability information". The internal auditors, RSM, submit regular reports which include the audit partner's independent opinion on the adequacy and effectiveness of the University's system of internal control, with recommendations for improvement.

Our review of the effectiveness of the system of internal control is also informed by the work of the executive and senior managers in the University who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

## Statement of Corporate Governance and Internal Control for the year ending 31 July 2017 (continued)

The Board of Governors is of the opinion that the actions it has taken and the arrangements that it has put in place have made the University fully compliant with the requirements and expectations placed on it regarding corporate governance during the financial year 2016/17.

..........

Andrew Scarborough (Chair)

.....23/11/17.....Date

## Responsibilities of the Board of Governors in relation to the Financial Statements for the year ending 31 July 2017

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

The Board of Governors is responsible for keeping adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the 1992 Further and Higher Education Act, the Statement of Recommended Practice on Accounting in Further and Higher Education and other relevant standards. In addition, within the terms and conditions of the Memorandum on Assurance and Accountability, agreed between the Higher Education Funding Council for England (HEFCE) and the Board of Governors of The University of Northampton, the Board of Governors, through its Accountable Officer, is required to prepare financial statements for each financial year. Under those terms and conditions, the Board of Governors must not approve the financial statements unless they are satisfied that they 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.

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

- Suitable accounting policies have been selected and applied consistently.
- Judgements and estimates have been made that are reasonable and prudent.
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Financial statements are prepared on the going concern basis, unless it is inappropriate to presume that the University will continue in operation.

The Board is satisfied that the University has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Governors have taken reasonable steps to:

- Ensure that funds from the Higher Education Funding Council for England, the National College for Teaching and Leadership (NCTL) and the Chief Executive of Skills Funding have been used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability with the Funding Council and the agreement with the National College for Teaching and Leadership (NCTL) and the Education Funding Agency and any other conditions which the Funding Council may from time to time prescribe.
- Ensure that funds from the National College for Teaching and Leadership (NCTL) have been applied only for the purposes for which they have been given.
- Ensure that there are appropriate safeguards and management controls in place to safeguard public funds and funds from other sources.
- Safeguard the assets of the University and to prevent and detect fraud.
- Secure the economical, efficient and effective management of the University's resources and expenditure.

## Independent Auditor's Report To The Board Of Governors Of University Of Northampton Higher Education Corporation

### Opinion

We have audited the financial statements of the University of Northampton Higher Education Corporation ('the University') for the year ended 31 July 2017 which comprise the Statement of Principal Accounting Policies, the Consolidated and University Statement of Comprehensive Income and Expenditure, the Consolidated and University Statement of Changes in Reserves, Consolidated and University Balance sheets, the Consolidated Cash Flow Statement, and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK".

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 2017 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and the Group's cash flows for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting standard applicable in the UK"; and
- ▶ have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the 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.

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

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ▶ the Board of Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ▶ the Board of Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the University's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The other information comprises the information included in the Annual Report and Consolidated Financial Statements set out on pages 47 to 78, other than the financial statements and our auditor's report thereon. The Board of Governors is responsible for the other information.

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



## **Independent Auditor's Report To The Board Of Governors Of University Of Northampton Higher Education Corporation (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Higher Education Funding Council for England Audit Code of practice**

In our opinion, in all material respects:

- ▶ funds from whatever source administered by the HEI for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- ▶ funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions applied to them; and
- ▶ the requirements of the Higher Education Funding Council for England's Accounts Direction to higher education institutions for the relevant year's financial statements have been met.

### **Responsibilities of the Board of Governors**

As explained more fully in the Responsibilities of the Board of Governors set out on page 43, the University Court is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the University Court determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Governors is responsible for assessing the 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 Board of Governors either intend to liquidate 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.

This report is made solely to the Board of Governors of the University of Northampton Higher Education Corporation, as a body, in accordance with the University's Article of Government and section 124B of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University of Northampton Higher Education Corporation and the Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

## **Independent Auditor's Report To The Board Of Governors Of University Of Northampton Higher Education Corporation (continued)**

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

Ernst and Young LLP

ERNST AND YOUNG LLP

Statutory Auditor

Birmingham

Date: 27 November 2017

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

### Notes:

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

## Statement of Principal Accounting Policies for the year ending 31 July 2017

### 1. General Information

The University of Northampton is registered in England. The address of the registered office is Finance Department, The University of Northampton, Park Campus, Boughton Green Road, Northampton, NN2 7AL.

### 2. Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP: Accounting for Further and Higher Education 2015) and in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK And Republic of Ireland", and applicable tax.

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

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

### 3. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2017. Accounting policies have been consistently applied across the group. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

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

Associated companies and joint ventures are accounted for using the equity method.

### 4. Recognition of income

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

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

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

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

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

Investment income and appreciation of endowments is recorded in income on a receivable basis as either restricted or unrestricted income according to the terms of restriction applied to the individual endowment fund.

## Statement of Principal Accounting Policies for the year ending 31 July 2017 (continued)

### 4. Recognition of income (continued)

The University has 2 main types of donations and endowments identified within reserves:

1. 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.
2. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital

### 5. Accounting for retirement benefits

The Institution 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 institutions and scheme-wide contribution rates are set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of these schemes on a consistent and reasonable basis and therefore accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting year.

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

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

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

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

### 6. Tangible fixed assets

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

Land & 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 over 50 years. Leasehold land is depreciated over the life of the lease.

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

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

## Statement of Principal Accounting Policies for the year ending 31 July 2017 (continued)

### 6. Tangible fixed assets (continued)

Equipment, including computer hardware and software, costing less than £5,000 is included as an expense in the Income and Expenditure account in the year of acquisition. All other equipment is capitalised at cost and depreciated over its expected useful life, as follows:

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

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

As at 26th November 2014, the University had committed to a major scheme to build a new campus on a development site near Northampton town centre named as 'Waterside' by securing a £231.5m secured listed Bond. The Bond is secured against the assets of The University. As a result of the decision to exit the main Park Campus, a review was undertaken on the fixed assets of the University, in particular the existing buildings. These were assessed as having a reduced useful economic life to end of 2017/18. Accordingly, depreciation has been accelerated and a corresponding release of Deferred Capital Grants and revaluation reserve that are related to the assets being written down has taken place.

### 7. Investment Property

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

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

### 8. Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account as incurred. A long-term maintenance programme is in place.

### 9. 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.

### 10. Investments

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

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

### 11. 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.

## **Statement of Principal Accounting Policies for the year ending 31 July 2017 (continued)**

### **12. Taxation status**

The Institution 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 Institution 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 Institution 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.

### **13. Provisions and contingent liabilities**

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

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

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

### **14. 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.

### **15. Joint venture entities and associates**

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

### **16. Employment benefits**

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

### **17. Foreign currency**

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



## Statement of Principal Accounting Policies for the year ending 31 July 2017 (continued)

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.

### 18. Interest bearing bond

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, less any impairment losses in compliance with FRS 102.

### 19. Financial Instruments

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

At the end of each reporting period the financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present

value of the estimated cash flows discounted at the assets original effective interest rate. The impairment loss is recognised in the statement of comprehensive income. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed and recognised in the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has practical ability to unilaterally sell the asset to an unrelated 3<sup>rd</sup> 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.

### 20. 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.

### 21. Judgements and key sources of estimation

There are no critical judgements made in preparing the financial statements. Key sources of estimation uncertainty relating to balances included in the financial statements relate to:

- The University have made assumptions in the determination of the fair value of an investment property, specifically in respect of the status of the property market in the location where the property is situated, and in respect of the range of reasonable fair value estimates of the asset. As with any valuation in a liquid market, judgement is required and this represents a key source of estimation uncertainty. The valuation as at the reporting date is stated in note 11.
- The University uses assumptions in the determination of the pension assets and liabilities which represent a source of material uncertainty. Further information is included in note 22.

## Consolidated Statement of Comprehensive Income and Expenditure Account for the Year ending 31 July 2017

	Note	Consolidated		University	
		2017	2016 (restated)	2017	2016 (restated)
		£000	£000	£000	£000
<b>Income</b>					
Funding Body grants	1	10,045	13,217	10,030	13,217
Tuition fees and education contracts	2	100,129	95,797	100,129	95,797
Research grants and contracts	3	1,464	906	1,464	906
Other Operating income	4	17,901	16,589	16,871	15,111
Endowment and investment income	5	2,037	2,785	2,030	2,783
Donations and endowments	6	291	249	291	249
<b>Total income</b>		<b>131,867</b>	<b>129,543</b>	<b>130,815</b>	<b>128,063</b>
<b>Expenditure</b>					
Staff costs	7	63,467	59,731	56,587	53,461
Other operating expenses	8	39,210	39,071	45,397	43,940
Depreciation & Impairment	11	10,119	10,416	10,114	10,420
Interest and other finance costs	9	11,697	10,634	11,676	10,620
<b>Total expenditure</b>		<b>124,493</b>	<b>119,852</b>	<b>123,774</b>	<b>118,441</b>
<b>Surplus before other gains losses and share of operating surplus/(deficit) of joint ventures and associates</b>		<b>7,374</b>	<b>9,691</b>	<b>7,041</b>	<b>9,622</b>
Gain on investment		204	155	219	155
Share of operating profit/(loss) in joint venture	12	43	(25)	-	-
Share of operating profit in associate	12	8	35	-	-
Non-controlling interest		(1)	12	-	-
<b>Surplus before tax</b>		<b>7,628</b>	<b>9,868</b>	<b>7,260</b>	<b>9,777</b>
Deed of Covenant		-	-	141	80
Taxation		-	-	-	-
<b>Surplus for the year</b>		<b>7,628</b>	<b>9,868</b>	<b>7,401</b>	<b>9,857</b>
Actuarial gain/(loss) in respect of pension schemes	22	9,399	(8,276)	8,371	(7,985)
<b>Total comprehensive income for the year</b>		<b>17,027</b>	<b>1,592</b>	<b>15,772</b>	<b>1,872</b>
<b>Represented by:</b>					
Unrestricted comprehensive income for the year		18,336	2,901	17,096	3,181
Revaluation reserve comprehensive income for the year		(1,309)	(1,309)	(1,309)	(1,309)
Attributable to the University		<b>17,027</b>	<b>1,592</b>	<b>15,787</b>	<b>1,872</b>
Attributable to the non-controlling interest		-	-	-	-
		<b>17,027</b>	<b>1,592</b>	<b>15,787</b>	<b>1,872</b>
<b>Surplus for the year attributable to:</b>					
University		<b>7,629</b>	<b>9,826</b>	<b>7,401</b>	<b>9,857</b>
Non-controlling interest		(1)	42	-	-
		<b>7,628</b>	<b>9,868</b>	<b>7,401</b>	<b>9,857</b>

## Consolidated and University Statement of Changes in Reserves For the Year Ending 31 July 2017

### Consolidated

#### Balance at 1 August 2015

Surplus/(Deficit) from the income and expenditure

Pension movement

Transfers between revaluation and income and expenditure reserve

#### Balance as at 1 August 2016 (restated)

Surplus/(Deficit) from the income and expenditure

Movement in endowment funds

Pension reserve movement

Transfers between revaluation and income and expenditure reserve

#### Balance as at 31 July 2017

### University

#### Balance at 1 August 2015

Surplus/(Deficit) from the income and expenditure

Pension movement

Transfers between revaluation and income and expenditure reserve

#### Balance as at 1 August 2016 (restated)

Surplus/(Deficit) from the income and expenditure

Movement in endowment funds

Pension reserve movement

Transfers between revaluation and income and expenditure reserve

#### Balance as at 31 July 2017

	Income and expenditure account		Revaluation reserve	Total excluding Non-controlling interest	Non-controlling interest	Total Reserves
	Endowment	Unrestricted				
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2015</b>						
Surplus/(Deficit) from the income and expenditure	953	10,948	14,519	26,420	66	26,486
Pension movement	(27)	9,853	-	9,826	42	9,868
Transfers between revaluation and income and expenditure reserve	-	(8,174)	-	(8,174)	-	(8,174)
<b>Balance as at 1 August 2016 (restated)</b>						
Surplus/(Deficit) from the income and expenditure	-	1,309	(1,309)	-	-	-
Movement in endowment funds	926	13,936	13,210	28,072	108	28,180
Pension reserve movement	-	7,628	-	7,628	-	7,628
Transfers between revaluation and income and expenditure reserve	43	(43)	-	-	-	-
<b>Balance as at 31 July 2017</b>						
Surplus/(Deficit) from the income and expenditure	-	1,309	(1,309)	-	-	-
Movement in endowment funds	969	32,192	11,901	45,062	108	45,170
Pension reserve movement	-	-	-	-	-	-
Transfers between revaluation and income and expenditure reserve	-	9,362	-	9,362	-	9,362
<b>Balance as at 31 July 2017</b>						
Surplus/(Deficit) from the income and expenditure	953	11,450	14,519	26,922	-	26,922
Pension movement	(27)	11,774	-	11,747	-	11,747
Transfers between revaluation and income and expenditure reserve	-	(10,051)	-	(10,051)	-	(10,051)
<b>Balance as at 1 August 2016 (restated)</b>						
Surplus/(Deficit) from the income and expenditure	-	1,309	(1,309)	-	-	-
Movement in endowment funds	926	14,482	13,210	28,618	-	28,618
Pension reserve movement	-	-	-	-	-	-
Transfers between revaluation and income and expenditure reserve	-	7,401	-	7,401	-	7,401
<b>Balance as at 31 July 2017</b>						
Surplus/(Deficit) from the income and expenditure	43	(43)	-	-	-	-
Movement in endowment funds	-	8,404	-	8,404	-	8,404
Pension reserve movement	-	-	-	-	-	-
Transfers between revaluation and income and expenditure reserve	-	1,309	(1,309)	-	-	-
<b>Balance as at 31 July 2017</b>						
Surplus/(Deficit) from the income and expenditure	969	31,553	11,901	44,423	-	44,423

## Consolidated and University Balance sheets as at 31 July

	Note	Consolidated		University	
		2017	2016	2017	2016
		£000	£000	£000	(restated) £000
<b>Non-current assets</b>					
Fixed assets	11	283,126	166,372	284,257	166,960
Investment Property	11	1,750	1,765	-	-
Investments	12	1,170	201	1,320	351
Investments in joint venture	12	51	10	-	-
Investment in associate	12	95	86	-	-
		<u>286,192</u>	<u>168,434</u>	<u>285,577</u>	<u>167,311</u>
<b>Current Assets</b>					
Stock		2	3	-	-
Trade and other receivables	13	20,833	7,173	23,215	7,302
Investments	14	68,001	135,955	68,001	135,955
Cash and cash equivalents		58,756	106,810	54,752	105,477
		<u>147,592</u>	<u>249,941</u>	<u>145,968</u>	<u>248,734</u>
Less: Creditors amounts falling due within one year	15	<u>(50,806)</u>	<u>(40,028)</u>	<u>(50,729)</u>	<u>(39,544)</u>
Net current assets		<u>96,786</u>	<u>209,913</u>	<u>95,239</u>	<u>209,190</u>
Total assets less current liabilities		382,978	378,347	380,816	376,501
Less: Creditors amounts falling due after more than one year	16	(294,893)	(300,529)	(293,406)	(299,029)
Pension provisions	17	(42,915)	(49,638)	(42,987)	(48,854)
<b>Total Net Assets</b>		<b>45,170</b>	<b>28,180</b>	<b>44,423</b>	<b>28,618</b>
<b>Restricted Reserves</b>					
Endowment reserve	24	969	926	969	926
<b>Unrestricted Reserves</b>					
Income and expenditure reserve - unrestricted		32,192	13,936	31,553	14,482
Revaluation reserve	18	<u>11,901</u>	<u>13,210</u>	<u>11,901</u>	<u>13,210</u>
		44,093	27,146	43,454	27,692
Non-controlling interest		108	108	-	-
<b>Total Reserves</b>		<b>45,170</b>	<b>28,180</b>	<b>44,423</b>	<b>28,618</b>

The financial statements on pages 47 to 78 were approved by the Board of Governors and signed on its behalf by:

Vice Chancellor

- Prof. Nick Petford



Chairman of Board of Governors

- Mr Andrew Scarborough



Dated: 23/11/17

## Consolidated Cash Flow Statement for the Year ending 31 July 2017

	Note	2017 £000	2016 (restated) £000
<b>Cash flow from operating activities</b>			
Surplus for the year		7,628	9,868
<b>Adjustment for non-cash items</b>			
Depreciation		10,119	10,416
Decrease/(Increase) in stock		1	-
Decrease/(Increase) in debtors		(13,660)	1,256
Increase in creditors		11,525	6,732
Increase/(decrease) in provisions		1,503	(6,481)
Share of operating deficit/(surplus) in joint venture		(43)	25
Share of operating (surplus) in associate		(8)	(47)
<b>Adjustment for investing or financing activities</b>			
Investment income		(2,037)	(2,785)
Gain on investment		(204)	(155)
Interest payable		11,697	10,634
Endowment income		(12)	(12)
Capital grant income		(5,207)	(4,753)
<b>Net cash inflow from operating activities</b>		<b>21,302</b>	<b>24,698</b>
<b>Cash flow from investing activities</b>			
Capital grants receipts		729	1,086
Investment income		2,268	2,797
Endowment funds inflow/(outflow)		31	(39)
Movement in cash deposit investments		66,985	30,032
Payments made to acquire fixed assets		(123,864)	(43,878)
		<b>(53,851)</b>	<b>(10,002)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(10,336)	(8,978)
Repayments of amounts borrowed		(450)	(55)
New loans		-	60,000
		<b>(10,786)</b>	<b>50,967</b>
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>		<b>(43,335)</b>	<b>65,663</b>
Cash and cash equivalents at beginning of the year	19	102,091	36,428
Cash and cash equivalents at end of the year	19	58,756	102,091

## Notes to the Financial Statements

### 1. Funding Body Grants

	<b>Consolidated</b>		<b>University</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Recurrent grant</b>				
Higher Education Funding Council	3,952	6,942	3,952	6,942
National College for Teaching and Leadership	379	749	379	749
<b>Specific grants</b>				
Higher Education Innovation Fund	507	773	507	773
Capital grant	5,207	4,753	5,192	4,753
	<b>10,045</b>	<b>13,217</b>	<b>10,030</b>	<b>13,217</b>

### 2. Tuition Fees and Education Contracts

	<b>Consolidated</b>		<b>University</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Full-time HE fees – UK and EU students	65,081	65,624	65,081	65,624
Full-time HE fees – overseas and other students	16,779	16,194	16,779	16,194
Part-time HE fees	2,113	2,174	2,113	2,174
FE franchise	651	225	651	225
Short course fees	3,737	345	3,737	345
Contracts with the University in lieu of academic fees	11,768	11,235	11,768	11,235
	<b>100,129</b>	<b>95,797</b>	<b>100,129</b>	<b>95,797</b>

### 3. Research Grants and Contracts

	<b>Consolidated</b>		<b>University</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
OST Research Councils	63	40	63	40
UK Based Charities	192	181	192	181
UK Central Government and Local Authorities	395	192	395	192
UK Industry and Commerce	69	92	69	92
EU Government	208	52	208	52
EU Other	296	71	296	71
Others	241	278	241	278
	<b>1,464</b>	<b>906</b>	<b>1,464</b>	<b>906</b>

### 4. Other operating Income

	<b>Consolidated</b>		<b>University</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Residences, catering and conferences	13,082	12,844	13,082	11,751
Other income	4,819	3,745	3,789	3,360
	<b>17,901</b>	<b>16,589</b>	<b>16,871</b>	<b>15,111</b>

### 5. Donations and endowments

	<b>Consolidated</b>		<b>University</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Donation & Endowment income	291	249	291	249
	<b>291</b>	<b>249</b>	<b>291</b>	<b>249</b>



## Notes to the Financial Statements (continued)

### 6. Endowment & Investment Income

	Consolidated		University	
	2017 £000	2016 £000	2017 £000	2016 £000
Investment Income	2,037	2,785	2,030	2,628
	<u>2,037</u>	<u>2,785</u>	<u>2,030</u>	<u>2,628</u>

### 7. Staff Costs

	Consolidated		University	
	2017 £000	2016 (restated) £000	2017 £000	2016 (restated) £000
Staff Costs:				
Wages and salaries	49,325	47,888	43,296	42,315
Social Security costs	4,904	4,071	4,469	3,710
Other pension costs (note 21)	9,238	7,772	8,822	7,436
Total	<u>63,467</u>	<u>59,731</u>	<u>56,587</u>	<u>53,461</u>

During the year ending 31 July 2017, total redundancy / severance costs were £406,014 (2016: £272,594).

	Consolidated		Consolidated	
	2017 Number	2016 Number	2017 FTE	2016 FTE
The average monthly number of persons employed during the year were:				
Academic	1,388	1,284	530	515
Support	1,128	880	735	714
Total	<u>2,516</u>	<u>2,164</u>	<u>1,265</u>	<u>1,229</u>

	University		University	
	2017 Number	2016 Number	2017 FTE	2016 FTE
The average monthly number of persons employed during the year were:				
Academic	1,388	1,284	530	515
Support	668	657	528	517
Total	<u>2,056</u>	<u>1,941</u>	<u>1,058</u>	<u>1,032</u>

### Emoluments of the Vice-Chancellor

	2017 £000	2016 £000
Salary and healthcare	192	189
Bonus relating to prior year	20	21
Value of residential emolument	9	9
	<u>221</u>	<u>219</u>
Pension contributions	33	32
Total emoluments	<u>254</u>	<u>251</u>

The emoluments of the Vice Chancellor are shown on the same basis as for higher paid staff. The University's pension contributions to the Teachers' Pension Scheme are paid at the same rates as for other academic staff at 16.5%.

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

	2017 £000	2016 £000
£190,000 - £199,000	1	-
£180,000 - £189,999	-	1
£170,000 - £179,999	-	1
£150,000 - £159,999	1	1
£140,000 - £149,999	1	1
£100,000 - £109,999	5	6

## Notes to the Financial Statements (continued)

### 7. Staff Costs (continued)

Key management personnel	2017 £000	2016 £000
Key management personnel compensation	1,887	1,535
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel.		

No member of the Board of Governors received an emolument during the year in their capacity as a Governor. Governors were reimbursed a total of £1,817 (2016: £2,980) for expenses in connection with their duties as a Governor.

### 8. Other Operating expenses

	Consolidated		University	
	2017 £000	2016 £000	2017 £000	2016 £000
External Auditors' remuneration - University	38	55	47	55
External Auditors' remuneration - Other group	8	14	-	-
Agency staff	38	219	1,381	1,328
Bank charges	198	166	183	158
Books and periodicals	1,765	1,501	1,765	1,500
Consultancy	3,014	2,375	2,986	2,375
Consumable and laboratory expenditure	864	607	791	556
Infrastructure and IT project expenditure	4,089	4,056	4,201	4,056
Franchise fees	484	573	416	511
Grant to The University of Northampton Students' Union	1,513	1,481	1,513	1,481
Heat, light, water and power	2,016	1,951	1,951	1,920
Insurance	285	264	278	264
Internal audit	59	59	59	59
IT costs	2,936	2,487	2,759	2,469
Legal and professional fees	475	431	445	431
Marketing	2,981	2,807	2,976	2,804
Partner schools funding	184	201	184	201
Printing, postage and stationery	1,135	805	963	597
Rates	246	231	180	218
Rents	469	348	496	340
Repairs and general maintenance	2,113	1,601	7,036	6,312
Catering consumables	1,079	804	913	675
Staff recruitment	72	21	72	21
Staff development	800	447	815	635
Student bursaries and scholarships	4,328	5,473	4,327	5,473
Student visits, field courses and placements	466	460	466	460
Subscriptions	803	628	798	618
Telephones and communications	248	335	233	322
Transport	1,419	1,234	1,388	1,202
Travel and subsistence	1,834	1,667	1,819	1,694
Other expenses	3,251	5,770	3,956	5,205
	<b>39,210</b>	<b>39,071</b>	<b>45,397</b>	<b>43,940</b>

## Notes to the Financial Statements (continued)

### 9. Interest and Other Finance Costs

	Consolidated		University	
	2017 £000	2016 £000	2017 £000	2016 £000
Bond interest	8,785	8,783	8,785	8,783
Loan interest	1,739	472	1,739	472
Pension finance costs (note 22)	1,173	1,379	1,152	1,365
	11,697	10,634	11,676	10,620

### 10. Analysis of 2016/17 Expenditure by Activity

#### Consolidated

	2017				2016 (restated)	
	Staff costs	Other operating expenses	Depreciation & Impairment	Interest and other finance	Total	Total
	£000	£000	£000	£000	£000	£000
Academic departments	32,862	10,954	2,827	-	46,643	46,874
Academic services	8,237	7,770	2,005	-	18,012	14,976
Administration and central services	13,450	12,240	3,159	-	28,849	21,473
Premises	3,638	4,622	1,193	-	9,453	14,100
Residences, catering and conferences	1,356	1,852	478	-	3,686	3,559
Research	2,336	1,061	274	-	3,671	1,920
Other	311	711	183	10,524	11,729	15,025
FRS 102 pension costs	1,277	-	-	1,173	2,450	1,955
	63,467	39,210	10,119	11,697	124,493	119,882

#### University

	2017				2016 (restated)	
	Staff costs	Other operating expenses	Depreciation & Impairment	Interest and other finance	Total	Total
	£000	£000	£000	£000	£000	£000
Academic departments	33,161	11,285	2,514	-	46,960	46,645
Academic services	8,201	8,078	1,800	-	18,079	14,699
Administration and central services	11,058	12,551	2,796	-	26,405	19,393
Premises	533	8,862	1,974	-	11,369	18,217
Residences, catering and conferences	94	3,102	691	-	3,887	1,778
Research	2,336	1,280	285	-	3,901	1,902
Other	78	239	54	10,524	10,895	13,956
FRS 102 pension costs	1,126	-	-	1,152	2,278	1,851
	56,587	45,397	10,114	11,676	123,774	118,441

## Notes to the Financial Statements (continued)

### 11. Tangible Assets - Consolidated

	Assets Under Construction £000	Land and Buildings Leasehold £000	Freehold £000	Equip- ment £000	Total £000
<b>Cost</b>					
At 1 August 2016					
Cost	78,959	1,372	140,545	14,438	235,314
Additions at cost	126,667	-	-	209	126,876
Disposals	-	-	-	(1,980)	(1,980)
At 31 July 2017	205,626	1,372	140,545	12,667	360,210
<b>Accumulated Depreciation</b>					
At 1 August 2016	-	109	56,907	11,926	68,942
Charge for year	-	27	9,074	1,018	10,119
Disposals	-	-	-	(1,977)	(1,977)
At 31 July 2017	-	136	65,981	10,967	77,084
<b>Net book value</b>					
At 31 July 2017	205,626	1,236	74,564	1,700	283,126
At 31 July 2016	78,959	1,263	83,638	2,512	166,372
Inherited	-	-	10,345	-	10,345
Financed by capital grant	-	-	8,915	54	8,969
Other	205,626	1,236	55,304	1,646	263,812
Net book value at 31 July 2017	205,626	1,236	74,564	1,700	283,126

The depreciation charge for the year has been funded by:

	Consolidated £000
Deferred capital grants released	5,192
Income and expenditure reserve	3,618
Revaluation reserve released	1,309
	10,119

## Notes to the Financial Statements (continued)

### 11. Tangible Assets (continued)

#### Tangible Assets – The University

	Assets Under Construction £000	Land and Buildings Leasehold £000	Freehold £000	Equip- ment £000	Total £000
<b>Cost</b>					
At 1 August 2016					
Cost	78,959	1,372	139,227	13,847	233,405
Additions at cost	127,202	-	-	209	127,411
Disposals	-	-	-	(1,977)	(1,977)
At 31 July 2017	206,161	1,372	139,227	12,079	358,839
<b>Accumulated Depreciation</b>					
At 1 August 2016	-	109	54,866	11,470	66,445
Charge for year	-	27	9,081	1,006	10,114
Disposals	-	-	-	(1,977)	(1,977)
At 31 July 2017	-	136	63,947	10,499	74,582
<b>Net book value</b>					
At 31 July 2017	206,161	1,236	75,280	1,580	284,257
At 31 July 2016	78,959	1,263	84,361	2,377	166,960
Inherited	-	-	10,345	-	10,345
Financed by capital grant	-	-	8,915	54	8,969
Other	206,161	1,236	56,020	1,526	264,943
Net book value at 31 July 2017	206,161	1,236	75,280	1,580	284,257

The depreciation charge for the year has been funded by:

	University £000
Deferred capital grants released	5,192
Income and expenditure reserve	3,613
Revaluation reserve released	1,309
	10,114

## Notes to the Financial Statements (continued)

### 11. Tangible Assets (continued)

#### Investment Property

	Group £000
Balance at 1 August 2016	1,765
Depreciation in value	(15)
Balance as at 31 July 2017	1,750

An external valuation of the subsidiary's Land and Buildings as at 31 July 2017 was carried out by Gerald Eve LLP, Chartered Surveyors. The valuation has been prepared in accordance with Royal Institution of Chartered Surveyors Valuation Standards, valuing on the basis of an investment property and taking into account factors such as the property growth and market in the surrounding area. The resulting valuation was £1,750,000.

### 12. Investments

	Group £000	The University £000
<b>Cost</b>		
At 1 August 2016	201	351
Additions	969	969
As at 31 July 2017	1,170	1,320
<b>Impairment</b>		
At 1 August 2016 & 31 July 2017	-	-
<b>Net book value</b>		
At 31 July 2017	1,170	1,320
At 31 July 2016	201	351

The University believe the carrying value of the investments is supported by their underlying net assets.  
The addition in year related to permanent endowment assets held in an investment fund for long term investment.

The Group has the following investments in joint ventures.

All Joint Ventures are accounted for using the equity method, such that 50% of the company's net assets and liabilities are incorporated into the consolidated balance sheet of the Company and 50% of its net income is reported in The University's consolidated income and expenditure account.

Year Ended 31 July 2017	Uno Buses (Northampton) Limited	Land Based Learning Limited
<b>Profit and Loss Account</b>	£	£
Operating Profit	45,552	41,730
<b>Balance Sheet</b>		
Current Assets	893,934	55,938
Creditors: amounts due within one year	(848,348)	(480)
<b>Net assets</b>	45,552	56,418

## Notes to the Financial Statements (continued)

### 12. Investments (continued)

#### Uno Buses (Northampton) Limited

The company 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.

#### Land Based Learning Limited

The company holds a 50% share of Land Based Learning Limited. This is a joint venture company owned equally by The University of Northampton and Landex Commercial and Educational Services. The company develops and markets online learning materials for Education.

#### Goodwill Solutions (Holdings) CIC

The University holds 20% of the share capital of Goodwill Solutions (Holding) CIC, this is treated as an associate. The company is part of a group which includes logistics and warehousing social enterprise providing 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. They also supply low cost, high quality furniture to local people and charities.

#### The University holds the following Investment in Subsidiaries:

##### Healthwatch Northamptonshire CIC

Healthwatch Northamptonshire Community Interest Company (CIC) is an independent consumer champion for everyone who uses local health and social care services in the county. It speaks on behalf of patients to ensure everyone gets the best they can from their local health provision. Healthwatch Northamptonshire provides information on local health and social care services and signposts people to where they can get the right help and support. Commissioned by Northamptonshire County Council, Healthwatch Northamptonshire is run as a social enterprise with the support of the University of Northampton and Northampton Volunteering Centre. The University owns 51% of the share capital. The company is registered in England and Wales and operating in the UK.

##### The University of Northampton Enterprises Limited

Registered office: Finance Department, The University of Northampton, Boughton Green Road, Northampton, Northants, NN2 7AL. 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 and conferencing facility hire.

##### iCon East Midlands and Icon Operations Limited

Registered office: The University of Northampton Park Campus, Boughton Green Road, Northampton, Northamptonshire, NN2 7AL

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 in Icon Operations Limited. Both companies are registered in England and Wales and are 100% subsidiaries of The University.

##### Northampton Enterprise Social Enterprise Community Interest Company

Registered office: Pytchley Building The University of Northampton, Boughton Green Road, Northampton, England, NN2 7AL

The company was an organisation that specialises in delivering enterprise support. The company was a support service for the social enterprise sector providing information, specialist advice, training, consulting, coaching and mentoring to new and existing social enterprises and social entrepreneurs throughout the UK and Ireland. The company was registered in England and Wales and operating in the UK and was a 100% subsidiary of The University. This company ceased trading in October 2016 and was struck off at companies house on 8<sup>th</sup> August 2017.

##### Waterside Campus Development Company plc

Registered office: Pytchley Building The University of Northampton, Boughton Green Road, Northampton, England, NN2 7AL



## Notes to the Financial Statements (continued)

### 12. Investments (continued)

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

### 13. Trade and other receivables

	<b>Consolidated</b>		<b>University</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade Debtors	7,309	3,014	7,176	2,827
Amounts owed by subsidiary undertakings	-	-	9,599	1,117
Social security and other taxation	2,270	-	-	-
Prepayments and accrued income	11,254	4,159	6,440	3,358
	<b>20,833</b>	<b>7,173</b>	<b>23,215</b>	<b>7,302</b>

During the year £499k of Trade Debtors were written off (2016: £214k). The provision for doubtful debts as at the 31 July 2017 was £(3,019)k (2016: £(2,660)k).

### 14. Current Investments

	<b>Consolidated</b>		<b>University</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Short term deposits	68,001	135,955	68,001	135,955
	<b>68,001</b>	<b>135,955</b>	<b>68,001</b>	<b>135,955</b>

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

### 15. Creditors: Amounts falling due within one year

	<b>Consolidated</b>		<b>University</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>2016 (restated) £000</b>
Bank Overdraft	-	4,719	-	4,719
PWLB loan	436	423	436	423
Salix Loan	28	55	28	55
Trade Creditors	2,267	967	2,147	720
Amounts due to subsidiary undertakings	-	-	6,796	1,847
Social security and other taxation	1,763	2,046	1,590	1,913
Accruals and deferred income	46,312	31,818	39,732	29,867
	<b>50,806</b>	<b>40,028</b>	<b>50,729</b>	<b>39,544</b>

### Deferred Income

	<b>Consolidated</b>		<b>University</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Grant income	5,211	4,463	5,211	4,463
	<b>5,211</b>	<b>4,463</b>	<b>5,211</b>	<b>4,463</b>

## Notes to the Financial Statements (continued)

### 15. Creditors: Amounts falling due within one year (continued)

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

### 16. Creditors: Amounts falling due after more than one year

	Consolidated		University	
	2017	2016	2017	2016 (restated)
	£000	£000	£000	£000
Bond	230,510	230,483	-	-
PWLB loan	59,141	59,577	59,141	59,577
Deferred income	5,242	10,469	3,758	8,969
Amounts due to subsidiary undertakings	-	-	230,507	230,483
	294,893	300,529	293,406	299,029

The prior year Creditors of amounts due within one year and greater than one year have been reclassified due to an error in calculating the amount due within one year and greater than one year.

	University		
	2016	adjustment	2016 (restated)
	£000	£000	£000
Amounts due to subsidiary undertakings falling due within one year	573	1,274	1,847
Amounts due to subsidiary undertakings falling due after more than one year	231,757	(1,274)	230,483

On the 26<sup>th</sup> November 2014 a secured fixed rate public bond was issued for the sum of £231.5m over a 40 year term with a coupon rate of 3.302%, this is a fixed rate for the term. The Bond is secured against the assets on the University. The bond was issued via a 100% owned subsidiary of The University, Waterside Campus Development Company plc. Capital repayments commence in 2024/25. The bond transaction costs of £1.070m will be amortised over the life of the bond and charged to interest costs. The market value of the bond at 31 July 2017 was £277.5m (2016: £295.2m), and it is listed on the Irish Stock Exchange. The borrowings are secured against the assets of the University.

On the 10<sup>th</sup> March 2016, The University drew down £60m Public Works Loan Board (PWLB), via the County and Borough Councils. It was drawn in 3 tranches. £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 at the end of the loan period.

The bond and County & Borough Council PWLB loans have been guaranteed by Her Majesty's Treasury.

### 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 instrument is the bond. Cash, short term deposits and investments are managed by the group. 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.

## Notes to the Financial Statements (continued)

### 16. Creditors: Amounts falling due after more than one year (continued)

#### 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 2017, 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 due to the student base being large and diverse. The treasury management policy states maximum level of investments for each counterparty to mitigate risk concentration. Similarly, the group's investment decisions are based on strict minimum credit worthiness criteria to ensure the safety of cash and investments. Credit worthiness of the group's banks and money market funds is regularly monitored. Generally, the group does not require collateral against financial assets.

#### Liquidity risk

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

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

Surplus cash held by the operating entities, over and above the balance required for working capital management are transferred to the group. The group treasury invests surplus cash in interest-bearing accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

#### 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 relates to a 40 year £231.5m bond, this is on a fixed rate of 3.302% and not subject to interest rate risk. A 40 year £31.5m PWLB loan, this is on a fixed rate of 2.92% and not subject to interest rate risk. A 5 year £28.5m PWLB loan, this is on a fixed rate of 2.92% and not subject to interest rate risk.

The group's interest and investment income is exposed to changes in interest rates. The group is prepared to accept re-investment risk to exploit opportunities where yield can be maximised without compromising capital base of the investment. There are no outstanding derivative instruments as at 31 July 2017.

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

	Consolidated		University	
	2017 £000	2016 £000	2017 £000	2016 £000
Due within one year	-	-	-	-
Between One and two years	-	-	-	-
Between two and five years	-	-	-	-
In five years or more	230,510	230,483	230,510	230,483
	230,510	230,483	230,510	230,483

## Notes to the Financial Statements (continued)

### 16. Creditors: Amounts falling due after more than one year (continued)

Maturity profile of PWLB loan:

	Consolidated		University	
	2017	2016	2017	2016
	£000	£000	£000	£000
Due within one year	436	423	436	423
Between One and two years	449	436	449	436
Between two and five years	29,927	29,886	29,927	29,886
In five years or more	28,765	29,255	28,765	29,255
	59,577	60,000	59,577	60,000

### 17. Provisions

#### Consolidated

	Obligation to fund deficit on USS Pension	Pension enhancements on early retirement	Defined Benefit Obligations (note 21)	Total pension provisions
	£000	£000	£000	£000
As at 1 August 2016	149	1,248	48,241	49,638
Change in provision	239	(13)	(6,949)	(6,723)
As at 31 July 2017	388	1,235	41,292	42,915

#### University

	Obligation to fund deficit on USS Pension	Pension enhancements on termination	Defined Benefit Obligations (note 21)	Total pension provisions
	£000	£000	£000	£000
As at 1 August 2016	149	1,248	47,457	48,854
Change in provision	239	(13)	(6,093)	(5,867)
As at 31 July 2017	388	1,235	41,364	42,987

#### 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.

## Notes to the Financial Statements (continued)

### 18. Revaluation Reserve

#### Consolidated and The University

	Inherited assets £000	Inherited loans £000	Total £000
Revaluations			
At 1 August 2016 and 31 July 2017	34,040	(3,675)	30,365
Contribution to depreciation / repayment of principal			
At 1 August 2016	20,819	(3,664)	17,155
Released in year	1,309	-	1,309
At 31 July 2017	22,128	(3,664)	18,464
Net revaluation amount			
At 31 July 2017	11,912	(11)	11,901
At 31 July 2016	13,221	(11)	13,210

### 19. Cash and cash equivalents

	At 1 <sup>st</sup> August 2016 £'000	Cash flows £'000	At 31 <sup>st</sup> July 2017 £'000
<b>Consolidated</b>			
Cash and cash equivalents	106,810	(48,054)	58,756
Bank overdraft	(4,719)	4,719	-
	102,091	(43,335)	58,756

### 20. Lease Obligations

	<b>Consolidated</b>		<b>University</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Minimum lease payments under non-cancellable operating lease commitments in respect of equipment for the 2016/17 and 2015/16 financial year on leases expiring:				
Within one year	435	5	435	5
Between two and five years	3,543	104	3,543	104
Over 5 Years	-	-	-	-
Total lease payments due	3,978	109	3,978	109

### 21. Capital Commitments

	<b>Consolidated</b>		<b>University</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Commitments contracted at 31 July	50,981	119,578	50,981	119,578
	50,981	119,578	50,981	119,578

## Notes to the Financial Statements (continued)

### 22. Pension Schemes

The University's employees belong to three principal pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS) administered by Northamptonshire County Council, and Universities superannuation scheme (USS). All are defined benefit schemes. The total pension cost for the year was £9,238k (Note 7) (2016: £7,772k).

#### Teachers' Pension Scheme (TPS)

The TPS is an unfunded, defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. 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 2012
Actuarial method	Projected Unit Method
Real rate of return in excess of Prices	3.0%
Real rate of return in excess of Earnings	2.0%
Rate of real earnings growth	1.5%
Notional value of assets at date of last valuation	£176 billion
Proportion of members' accrued benefits covered by the actuarial value of the assets	98%

During the year the employer's contribution rate was 16.5%. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions. The employees' contribution rate to the scheme was 6.4%.

The value of employers pension payments made in year to the Teachers' Pension Scheme was £3,676k (2016: £3,521k).

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 (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Ltd. The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the Universities employees. In 2017, the percentage was 16% (2016: 16%). The University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102, account for the scheme as if it were a defined contribution scheme.

The total cost charged to the income and expenditure account is £269k (2016: £271k). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2017.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets



## Notes to the Financial Statements (continued)

### 22. Pension Schemes (continued)

therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Liability numbers have been produced for the using the following assumptions:

	2017	2016
Discount rate	2.57%	3.6%
Price inflation (CPI)	2.41%	2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	S1NA ["light"] YoB tables – No age rating
Female members' mortality	S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8

Existing benefits	2017	2016
Scheme assets	£60.0bn	£49.8bn
Liabilities	£77.5bn	£58.3bn
Deficit	£17.5bn	£8.5bn
Funding level	77%	85%

### 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 2017 was £3,083k of which employer's contributions totalled £2,094k and employees' contributions totalled £989k. As per the Actuarial report, the estimated Employer's contributions for the year ended 31 July 2018 will be approximately £3,089k. As at the 31 July 2017 amounts due were £nil (2016: £nil).

The contribution rate for 2016/17 was 12% along with a monetary amount of £1,570k. For 2017/18 the contribution rate is 17.4% along with a monetary amount of £673k.

The following information is based upon a full actuarial valuation of the fund as at 31 March 2016, updated to 31 July 2017 by a qualified, independent Actuary.



## Notes to the Financial Statements (continued)

### 22. Pension Schemes (continued)

	31 July 2017 £000	31 July 2016 £000	31 July 2015 £000
Inflation	2.5%	1.9%	2.6%
Rate of increase in salaries	2.8%	3.9%	4.5%
Rate of increase in pensions	2.5%	1.9%	2.6%
Discount rate for liabilities	2.7%	2.4%	3.6%

The assumed life expectations on retirement at age 65 are:

	2017	2016
Retiring today		
Males	22.1	22.3
Females	24.2	24.3
Retiring in 20 years		
Males	23.9	24.0
Females	26.1	26.6

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

	2017		2016		2015	
	Long term rate of return expected at 31 July 2017	Value at 31 July 2017 £000	Long term rate of return expected at 31 July 2016	Value at 31 July 2016 £000	Long term rate of return expected at 31 July 2014	Value at 31 July 2014 £000
Equities	2.7%	57,462	2.4%	49,833	3.6%	43,226
Bonds	2.7%	12,769	2.4%	12,458	3.6%	10,806
Property	2.7%	6,385	2.4%	5,537	3.6%	4,803
Cash	2.7%	3,192	2.4%	1,385	3.6%	1,201
Total market value of assets		79,808		69,213		60,036

	2017 £000	2016 £000	2015 £000
University's estimated asset share	79,808	69,213	60,036
Present value of scheme liabilities	(121,172)	(116,670)	(97,657)
Deficit in the scheme - University	(41,364)	(47,457)	(37,621)

	2017 £000	2016 £000
<b>Consolidated</b>		
Estimated asset share	85,563	74,075
Present value of scheme liabilities	(126,855)	(122,316)
Deficit in the scheme - Consolidated	(41,292)	(48,241)

## Notes to the Financial Statements (continued)

### 22. Pension Schemes (continued)

<b>Analysis of net return on pension scheme University</b>	<b>2017 £000</b>	<b>2016 £000</b>
Expected return on pension scheme assets	1,683	2,203
Interest on pension scheme liabilities	(2,835)	(3,566)
Net return	(1,152)	(1,363)

<b>Analysis of net return on pension scheme - Consolidated</b>	<b>2017 £000</b>	<b>2016 £000</b>
Expected return on pension scheme assets	1,801	2,357
Interest on pension scheme liabilities	(2,974)	(3,736)
Net return	(1,173)	(1,379)

<b>Amounts recognised in the statement of comprehensive income - University</b>	<b>2017 £000</b>	<b>2016 (restated) £000</b>
Actual return less expected return on pension scheme assets	6,960	4,654
Change in financial and demographic assumptions underlying the scheme liabilities	1,411	(12,639)
Actuarial loss recognised in Statement of Comprehensive Income and Expenditure Account	8,371	(7,985)

<b>Amounts recognised in the statement of comprehensive income - Consolidated</b>	<b>2017 £000</b>	<b>2016 (restated) £000</b>
Actual return less expected return on pension scheme assets	7,617	4,980
Change in financial and demographic assumptions underlying the scheme liabilities	1,782	(13,256)
Actuarial gain/(loss)	9,399	(8,276)

### Movement in deficit during year - University

	<b>2017 £000</b>	<b>2016 £000</b>
Deficit in scheme at beginning of year	(47,457)	(37,621)
Movement in year:		
Current service charge	(4,394)	(3,708)
Contributions	3,268	3,220
Net interest / return on assets	(1,152)	(1,363)
Actuarial gain or loss	8,371	(7,985)
Deficit in scheme at end of year	(41,364)	(47,457)

## Notes to the Financial Statements (continued)

### 22. Pension Schemes (continued)

#### Movement in deficit during year - Consolidated

	2017 £000	2016 £000
Deficit in scheme at beginning of year	(48,241)	(38,010)
Movement in year:		
Current service charge	(4,716)	(3,991)
Contributions	3,439	3,415
Net interest / return on assets	(1,173)	(1,379)
Actuarial gain or loss	9,399	(8,276)
Deficit in scheme at end of year	(41,292)	(48,241)

#### Analysis of the movement in the present value of the scheme liabilities - University

	2017 £000	2016 £000
At the beginning of the year	(116,670)	(97,657)
Current service charge	(4,394)	(3,708)
Interest cost	(2,835)	(3,566)
Contributions by scheme participants	(935)	(934)
Actuarial (gains) and losses	1,411	(12,639)
Benefits paid	2,251	1,834
At the end of the year	(121,172)	(116,670)

#### Analysis of the movement in the present value of the scheme liabilities - Consolidated

	2017 £000	2016 £000
At the beginning of the year	(122,316)	(102,237)
Current service charge	(4,716)	(3,991)
Interest cost	(2,974)	(3,736)
Contributions by scheme participants	(989)	(988)
Actuarial (gains) and losses	1,782	(13,256)
Benefits paid	2,358	1,892
At the end of the year	(126,855)	(122,316)

#### Analysis of the movement in the market value of the scheme assets - University

	2017 £000	2016 £000
At the beginning of the year	69,213	60,036
Expected rate of return on scheme assets	1,683	2,203
Actuarial gains and losses	6,960	4,654
Contribution by the employer	3,268	3,220
Contributions by scheme participants	935	934
Benefits paid	(2,251)	(1,834)
At the end of the year	79,808	69,213

## Notes to the Financial Statements (continued)

### 22. Pension Schemes (continued)

#### Analysis of the movement in the market value of the scheme assets - Consolidated

	2017 £000	2016 £000
At the beginning of the year	74,075	64,227
Expected rate of return on scheme assets	1,801	2,357
Actuarial gains and losses	7,617	4,980
Contribution by the employer	3,439	3,415
Contributions by scheme participants	989	988
Benefits paid	(2,358)	(1,892)
At the end of the year	85,563	74,075

#### History of experience gains or losses

	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000
Difference between the expected and actual return on assets:					
Amount	(5)	50	3	289	5,343
% of scheme assets	0%	0%	0%	0.1%	10.6%
Experience gains and (losses) on scheme liabilities:					
Amount	629	1,053	583	2,039	(2)
% of scheme liabilities	0.1%	0.9%	0.6%	2.4%	0%
Total amounts recognised in statement of Comprehensive Income and Expenditure Account:					
Amount	8,371	(8,276)	(4,498)	(9,106)	3,644

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income and Expenditure Account is £(15,924)k (2016: £(24,295)k).

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

## Notes to the Financial Statements (continued)

### 23. Related Party Transactions (continued)

Related Party	Party Associated	Relationship to Party	Transactions in year	Amounts due / receivable with University at 31 July 2017
Professor Nick Petford	Northamptonshire Enterprise Partnership (NEP)	Board Member	£110,397 invoiced from The University to NEP. Grant project funding transfer. £28,474 ERDF project grant payments paid from The University to NEP. Grant project funding transfer.	nil
Mr Terry Neville	Uno Buses (Northampton) Ltd	Director	£1,190,000 invoiced from Uno Buses (Northampton) Ltd to The University Northampton Enterprises Ltd. Provision of bus services.	nil
Mr Mark Hall	Northampton College	Director	£496,353 from The University to Northampton College. Contract payments relating to student numbers.	nil

Funding of £1,513k was made to The University of Northampton Students Union during the year; there were no amounts due or receivable as at the 31 July 2017.

### 24. Endowment assets/funds - Consolidated & University

	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	Total £000
Balances at 1 August 2016				
Capital	926	926	-	926
Reclassification	(47)	(47)	47	-
New endowments	54	54	72	126
Investment income	12	12	-	12
Expenditure	(21)	(21)	(74)	(95)
At 31 July 2017	924	924	45	969
Represented by:				
Investments	789	789	-	789
Cash	135	135	45	180
	924	924	45	969

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.

### 25. Contingent Liabilities

There are no material contingent liabilities.

## Notes to the Financial Statements (continued)

### 26. Correction to accounting treatment

An error in the calculation of the prior year actuarial loss, as shown in the statement of comprehensive income and expenditure, has resulted in an adjustment to the prior year accounts. The current service cost was correctly included in staff costs, however the employer contributions were not reversed from this line in accordance with FRS 102, with them being taken into account in the actuarial loss for the year. The impact of this on the effected primary statements has been set out below in the Statement of Comprehensive Income and Expenditure Account, and the Consolidated Cash Flow Statement. There was no effect to the Balance Sheet or Statement of Changes in Reserves.

## Notes to the Financial Statements (continued)

### 26. Correction to accounting treatment (continued)

#### Statement of Comprehensive Income and Expenditure Account For the Year ending 31 July 2016

	<b>Consolidated</b>			<b>University</b>		
	<b>2016</b>	<b>Effect of</b>	<b>2016</b>	<b>2016</b>	<b>Effect of</b>	<b>2016</b>
	<b>£000</b>	<b>restatement</b>	<b>(restated)</b>	<b>£000</b>	<b>restatement</b>	<b>(restated)</b>
			<b>£000</b>			<b>£000</b>
<b>Income</b>						
Funding Body grants	13,217	-	13,217	13,217	-	13,217
Tuition fees and education contracts	95,797	-	95,797	95,797	-	95,797
Research grants and contracts	906	-	906	906	-	906
Other Operating income	16,589	-	16,589	15,111	-	15,111
Endowment and investment income	2,785	-	2,785	2,783	-	2,783
Donations and endowments	249	-	249	249	-	249
<b>Total income</b>	<b>129,543</b>	<b>-</b>	<b>129,543</b>	<b>128,063</b>	<b>-</b>	<b>128,063</b>
<b>Expenditure</b>						
Staff costs	63,146	(3,415)	59,731	56,681	(3,220)	53,461
Other operating expenses	39,071	-	39,071	43,940	-	43,940
Depreciation & Impairment	10,416	-	10,416	10,420	-	10,420
Interest and other finance costs	10,634	-	10,634	10,620	-	10,620
<b>Total expenditure</b>	<b>123,267</b>	<b>(3,415)</b>	<b>119,852</b>	<b>121,661</b>	<b>(3,220)</b>	<b>118,441</b>
<b>Surplus before other gains losses and share of operating surplus/(deficit) of joint ventures and associates</b>	<b>6,276</b>	<b>3,415</b>	<b>9,691</b>	<b>6,402</b>	<b>3,220</b>	<b>9,622</b>
Gain on investment	155	-	155	155	-	155
Share of operating profit/(loss) in joint venture	(25)	-	(25)	-	-	-
Share of operating profit in associate	35	-	35	-	-	-
Non-controlling interest	12	-	12	-	-	-
<b>Surplus before tax</b>	<b>6,453</b>	<b>3,415</b>	<b>9,868</b>	<b>6,557</b>	<b>3,220</b>	<b>9,777</b>
Deed of Covenant	-	-	-	80	-	80
Taxation	-	-	-	-	-	-
<b>Surplus for the year</b>	<b>6,453</b>	<b>3,415</b>	<b>9,868</b>	<b>6,637</b>	<b>3,220</b>	<b>9,857</b>
Actuarial gain/(loss) in respect of pension schemes	(4,861)	(3,415)	(8,276)	(4,765)	(3,220)	(7,985)
<b>Total comprehensive income for the year</b>	<b>1,592</b>	<b>-</b>	<b>1,592</b>	<b>1,872</b>	<b>-</b>	<b>1,872</b>



## Notes to the Financial Statements (continued)

### 26. Correction to accounting treatment (continued)

#### Consolidated Cash Flow Statement for the Year ending 31 July 2016

	2016 £000	Effect of restatement	2016 (restated) £000
<b>Cash flow from operating activities</b>			
Surplus for the year	6,453	3,415	9,868
<b>Adjustment for non-cash items</b>			
Depreciation	10,416	-	10,416
Decrease/(Increase) in stock	-	-	-
Decrease/(Increase) in debtors	1,256	-	1,256
Increase in creditors	6,732	-	6,732
Increase/(decrease) in provisions	(3,066)	(3,415)	(6,481)
Share of operating deficit/(surplus) in joint venture	25	-	25
Share of operating (surplus) in associate	(47)	-	(47)
<b>Adjustment for investing or financing activities</b>			
Investment income	(2,785)	-	(2,785)
Gain on investment	(155)	-	(155)
Interest payable	10,634	-	10,634
Endowment income	(12)	-	(12)
Capital grant income	(4,753)	-	(4,753)
<b>Net cash inflow from operating activities</b>	<b>24,698</b>	-	<b>24,698</b>
<b>Cash flow from investing activities</b>			
Capital grants receipts	1,086	-	1,086
Investment income	2,797	-	2,797
Endowment funds inflow/(outflow)	(39)	-	(39)
Movement in cash deposit investments	30,032	-	30,032
Payments made to acquire fixed assets	(43,878)	-	(43,878)
	<b>(10,002)</b>	-	<b>(10,002)</b>
<b>Cash flows from financing activities</b>			
Interest paid	(8,978)	-	(8,978)
Repayments of amounts borrowed	(55)	-	(55)
New loans	60,000	-	60,000
	<b>50,967</b>	-	<b>50,967</b>
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>	<b>65,663</b>	-	<b>65,663</b>
Cash and cash equivalents at beginning of the year	<b>36,428</b>	-	<b>36,428</b>
Cash and cash equivalents at end of the year	<b>102,091</b>	-	<b>102,091</b>