

Annual Report and Consolidated Financial Statements

for the year ending 31 July 2016



Introduction from the Vice Chancellor, Professor Nick Petford

As we head into the second year of our five-year strategic plan, Transforming Lives + Inspiring Change, we can look back on what we have achieved so far as we cement our reputation as an internationally facing university, that is committed to delivering outstanding life changing opportunities in education.



Our ultimate aim is to be positioned in the heart of Northamptonshire, intellectually, culturally and economically by 2020, delivering a student experience of the highest quality in line with our strategic vision and values. The contribution we make to the local community was demonstrated in our first Social Impact report released this year, which showed that we delivered over £800,000 worth of extra-curricular student volunteering to the local community and helped more students benefit from a university education, whatever their personal circumstances.

The construction of our brand-new £330m Waterside Campus is well underway and due to open in September 2018. Located in the town centre, on the banks of the River Nene, the new campus will create a lively leisure, social and retail area for our students to live and learn.

The Waterside Campus is a unique example of how a Higher Education Institution, working with partners, is using innovative ways to deliver large-scale, measurable social impact and value through construction. Creating a positive social impact is embedded across all elements of the Waterside Campus development; within the tendering process, as well as in the supply chain contracts, with robust and measured Key Performance Indicators. As of summer 2016, over 150 contractors and sub-contractors are working towards direct delivery of social impact through their work on the project.

We became a university a decade ago when we were awarded university status by the government. Since then, we have celebrated some remarkable achievements. In the UK-wide 2014 Research Excellence Framework where our research submissions were classed as 'world-leading'

in six key areas; Allied Health Professions, Art and Design, English Language and Literature, History, Geography and Education. We are determined to build on this and engage with more high-quality and high-impact research locally, nationally and internationally.

For five consecutive years, we have maintained our position as one of the country's top performing universities in the Destination of Leavers from Higher Education survey, with 95 per cent of our students in work or further study six months after completing their course. These statistics underscore our commitment to the employability prospects of our graduates.

We are in a strong position; successful but not complacent, striving to exceed the expectations of our students, stakeholders and community more widely. It is this ethos that will continue to be the foundation of the University of Northampton as we move forward.

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General Information

Principal address

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Boughton Green Road
Northampton
NN2 7AL

Auditor

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Bankers

Lloyds Bank
Public and Community
125 Colmore Row
Birmingham
B3 2HJ

University Strategic Report

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

Critical Success Factors:

- Student Experience
- Intellectual Capital
- Strategic Alliances
- Financial Sustainability

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

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.

In 2015-16, figures available at the time of publication show that the University performed particularly strongly against our financial sustainability targets and those relating to our strategic alliances.

The latter aligns with the University's improved financial performance relating to academic partnerships.

The University performed less well against metrics relating to student satisfaction and intellectual capital. This does not cause concern as the University is continuing to recruit high quality students and staff in an increasingly competitive environment. However, senior managers responsible for individual metrics in these areas will be required to demonstrate improvement during this and future years as we move toward the 2020 goals in the Operational Plan.

Critical Success Factors

Student Experience

Our 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.

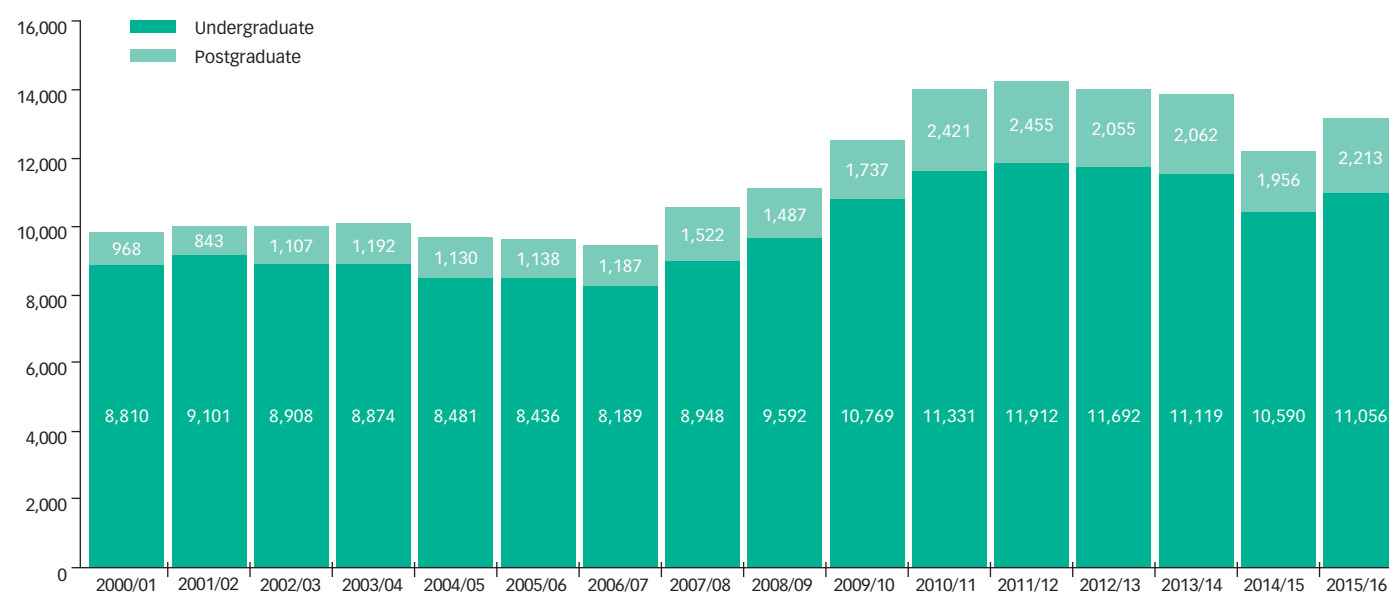
Underpinning University values: Delivering, Valuing, Learning

Who are our students?

Student Enrolment

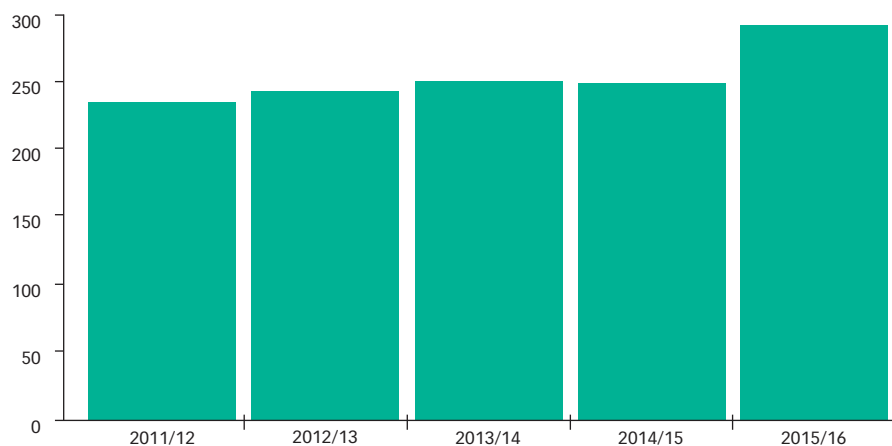
Total enrolled Higher Education students 2015/16 (as at 1 December)

	Undergraduate	Postgraduate	Total
Full-time (Home)	8,903	254	9,157
Full-time (Overseas)	808	411	1,219
Part-time (Home)	828	1,107	1,935
Part-time (Overseas)	517	441	958
Total	11,056	2,213	13,269



Postgraduate Research Students

Postgraduate Research Student Numbers



11
funded research
degree bursaries

Postgraduate Research Student Enrolments

52.5% increase

2014-15	2015-16
42	80

Award of Postgraduate Research Qualifications in 2015/16

PhD	19
D Prof Prac	5
M Prof	2

Disability

Students declaring a disability in 2015/16

Full Time	10.2%
Part Time	5.4%

Subject of Study (at 1 December 2015)

	Full-time	Part-time	Total
School			
The Arts	1,398.5	67	1,465.5
Education	1,226	564.5	1,790.5
Health	1,981	302.5	2,283.5
Business	2,302	447	2,749
Science and Technology	847.5	284	1,131.5
Social Sciences	1,477	169	1,646
Partner Colleges	1040	905	1945
Research Students	97	107	204
Un-associated Students	7	47	54
Total	10,376	2,893	13,269

Gender

Full-time	Total	Male	%	Female	%
Postgraduate	665	320	48	345	52
Undergraduate	9,711	3,626	37	6,085	63
Total	10,376	3,946	38	6,430	62

Part-time	Total	Male	%	Female	%
Postgraduate	1,548	568	37	980	63
Undergraduate	1,345	724.5	54	620.5	46
Total	2,893	1,292.5	45	1,600.5	55

Distribution by Age*

Full-time	Total	Under 21	%	21 & over	%
Postgraduate	665	10	2	655	98
Undergraduate	9,711	5,257.5	54	4,453.5	46
Total	10,376	5,267.5	51	5,108.5	49

Part-time	Total	Under 21	%	21 & over	%
Postgraduate	1,548	0	0	1,548	100
Undergraduate	1,345	267.5	20	1,077.5	80
Total	2,893	267.5	9	2,625.5	91

* Age = as at the beginning of year of study

Note: Numbers do not always tally as there were a small number of missing dates of birth (not detailed).

Distribution by Ethnicity

Full-time	Total	BME	%	White	%
Postgraduate	556	371	67	185	33
Undergraduate	9,058	3,651.5	40	5,406.5	60
Total	9,614	4,022.5	42	5,591.5	58

Part-time	Total	BME	%	White	%
Postgraduate	1,392	442	32	950	68
Undergraduate	1,060.5	501	47	559.5	53
Total	2,452.5	943	38	1509.5	62

Performance Measures

The chart below reports on performance against our institutional key performance indicators in 2015/16.

In Student Experience we have met or made good progress towards meeting the majority of our goals. There is further work to be done in the area of placements, work-based learning and overseas study, and plans are being developed to work towards these targets.

- 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	●

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

% of full-time Undergraduate students engaging with Changemaker badged activities



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



The Destination of Leavers from Higher Education Survey gathers information about the employment and study status of our graduates six months after their departure.

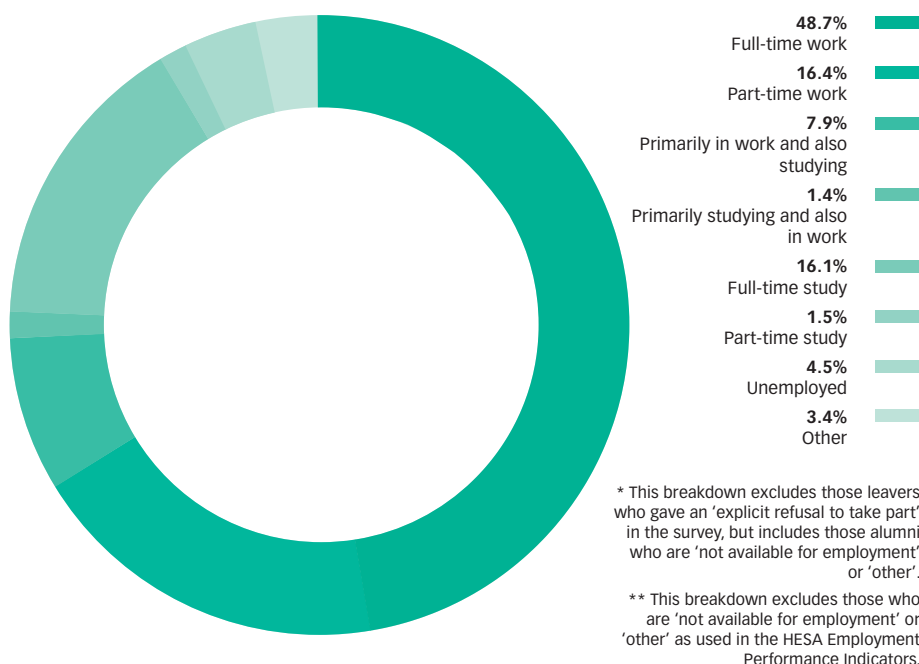
The results showed that 92.1%* of leavers who supplied data were in work or study (or both). Of all leavers who are available for work, this figure was 95.3%

Nearly half of leavers in employment (49%) worked for their employers before and/or during their programme of study.

Most leavers thought that Higher Education prepared them very well or well for work and further study. 41% stated that university prepared them very well or well for being freelance, self-employed or setting up their own business.

Overall, progression is above the expectations set by HEFCE. Improving progression rates remains a high priority for the University for example The First Year Experience Project was established in 2015-16 as a four year project to support new students through their first year of study.

University of Northampton 2013/14 Destination of Leavers



Goal: Redesign of courses to use of blended learning

Measured through

Number of output measures and performance against targets

% of core programmes redesigned



Goal: Achieve excellence in teaching, research and practice

% of teaching staff with Higher Education Academy recognition or teaching qualifications



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'



Goal: Achieve outstanding engagement with international study

% of programmes with (optional) overseas experiences



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





Further Measures of Academic Performance

Higher Education Review

In October 2015, a team from the Quality Assurance Agency for Higher Education (QAA) visited the University to carry out a Higher Education Review.

Part of the role of the Quality Assurance Agency is to review how providers of higher education maintain their academic standards and quality. The aim of a Higher Education Review is to inform students and the wider public whether a provider meets the expectations of the higher education sector in four key areas.

The QAA's overall judgement was that the University meets national expectations in:

- The setting and maintenance of the academic standards of awards
- The quality of student learning opportunities
- The quality of the information about learning opportunities
- The enhancement of student learning opportunities.

In addition, the QAA identified several areas of good practice:

- Programme design workshops which engage comprehensively with a wide range of stakeholders to support innovation in curriculum design
- Develop and support of academic staff which is wide ranging and well-integrated
- The extensive range of extra and co-curricular initiatives which enhance students' employability and social entrepreneurship skills.

Academic Quality and Standards

Annually, the University's Senate and Board of Governors receives a detailed report on academic quality and standards over the year. Our approach to annual review makes best use of statistical data to ensure that student performance continues to be a focus.

Risks and Opportunities

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, 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 and analysis of data and comprehensive plans for each course, subject area and faculty which include corrective action where shortfalls are identified.

There is a developing risk in the **Teaching Excellence Framework (TEF)** which will link funding to quality measures in the National Student Survey. Performance in the National Student Survey remains a key area of concern, and an action plan for 2016/17 is being developed.

Further risks are:

- Delivering the new **Learning and Teaching model** in time for occupation of the Waterside campus. Progress is monitored carefully at both executive and Board level
- **ICT** transformation, and the impact of this on the student experience. Data from the National Student Survey has been analysed to identify and rectify particular problems
- Ensuring sufficient **student recruitment** to guarantee financial sustainability. Good results were achieved in the recruitment cycle in summer 2016. Marketing activity has been particularly effective, and will continue, especially in the approach to the opening of the Waterside campus
- Maintaining good levels of student **retention and progression**. Work continues to ensure that effective student support and referral mechanisms are in place
- Ensuring that the University's **academic quality assurance** framework is effective and fit for purpose, and therefore achieving

good external assessments of academic quality, for example from external examiners. The recent result in the Quality Assurance Agency's Higher Education Review has given great assurance in this area. A review of academic governance was carried out during 2015/16 to ensure that these structures were effective and reflected the new faculty structure which was adopted in summer 2016

- Poor student or staff experience caused by delays to delivery of Waterside campus
- There are a number of risks around the **delivery of the Waterside project**. For example, to the design and coordination of building contracts, coordination and interface between the different strands of work on the site, and ensuring productive relationships with the contractors. In each case there is a risk of change or delay to the construction, and therefore disruption to the overall timescale for occupation of the site, and a corresponding impact on the cost. The Waterside risks are actively managed by the Waterside Project team, the University's senior management and the Board's Project Assurance Committee

The Waterside Campus presents a huge amount of opportunity for the University to enhance the student experience. The increasingly competitive higher education market is making student recruitment more difficult. From 2018, we will offer students a bespoke learning environment at a purpose-built, state of the art university. This is an attractive prospect for applicants, but also an opportunity to develop a cutting edge learning experience. At Waterside, we are building the space around the way today and tomorrow's students prefer to learn. We are doing this specifically by moving away from large lectures and increasing the use of digital technology to support effective learning.

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 we are adaptable, flexible and resilient.

Underpinning values: Enabling, Performance, Openness

Performance Measures

Good performance has been made on our key performance indicators for Intellectual Capital. A system has been put in place for the recording of staff objectives so that this can be better monitored and reported in 2016/17.

Research and Enterprise Income

The value of research and enterprise (R&E) income during 2014/15 was £3.3m, standing at a similar level to last year. However bidding levels have risen dramatically, with over £24m of submitted bids between August 2014 and July 2015, securing £2.6m of funding so far, with over £9.4m of outstanding bids pending a funding decision. The Institutes are beginning to realise their income generating potential, with over half of the bids this year being won through The Institute of Public Safety, Crime and Justice, The Institute of Health and Wellbeing and the Institute of Social Innovation and Impact.

There have been further changes to Research Strategy management during the course of this financial year but with the implementation of the new Research Strategy and an associated training programme to be launched in the autumn, we should see further increases in the level of bidding in the forthcoming year.

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

Measured through

Number of output measures and performance against targets

Meeting goals, targets and outputs in our Research and Enterprise Plan



Goal: A digitally transformed university that enhances the student and staff experience



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

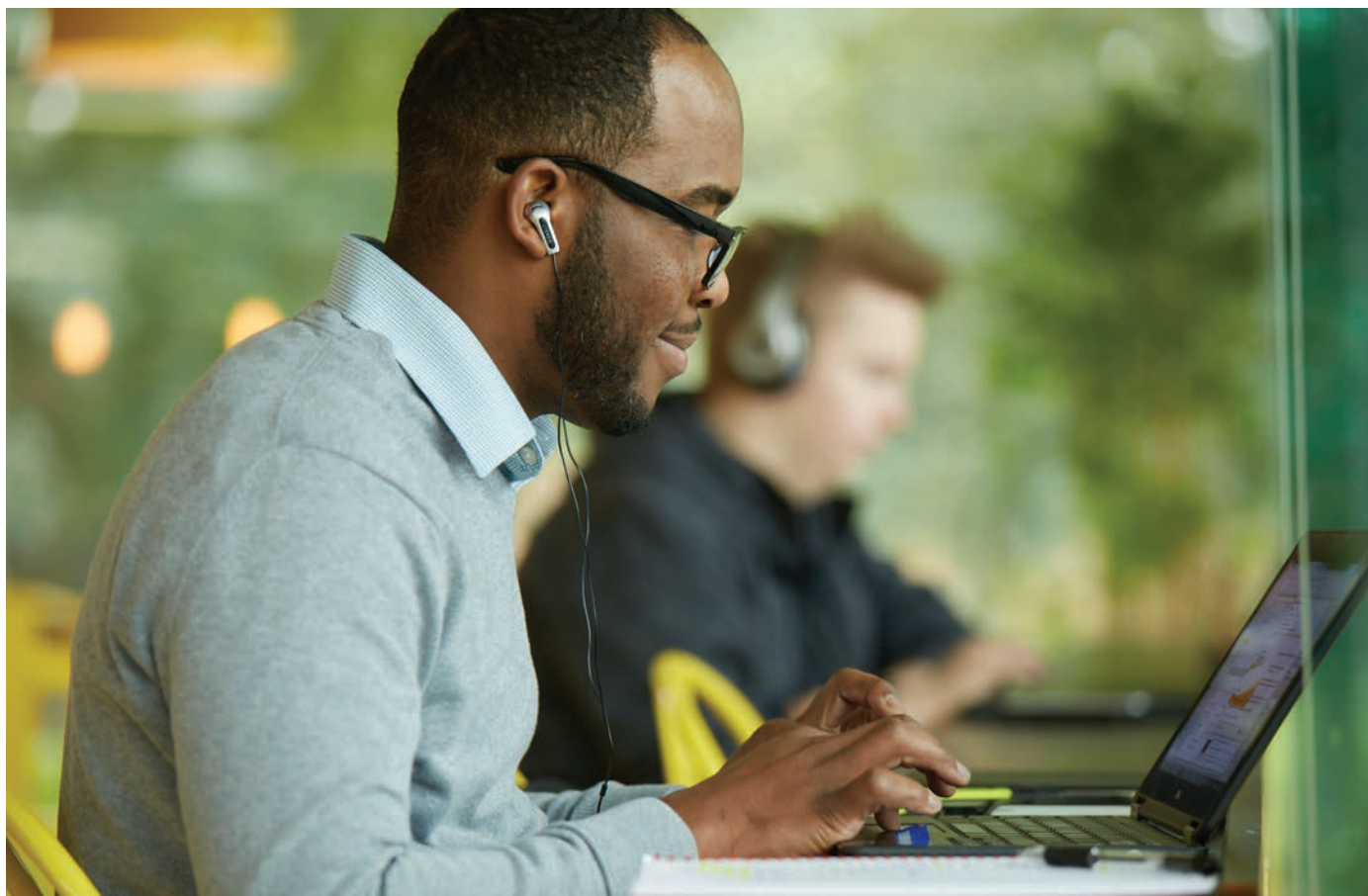


Goal: Responsible managers and inspirational leaders at all levels committed to work to implement the strategy and generate positive change

Staff adoption of technology to support new ways of working, Staff engagement with professional and personal development



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



Risks and Opportunities

ICT transformation is being monitored closely. We have ambitious plans to transform the ICT environment, ensuring that we offer students and staff an excellent experience. There is a risk that if ICT at the University does not keep pace with our competitors, there will be an impact on student and staff experience metrics. To mitigate the risk, an external report has been completed, clear actions identified, and progress is being made. We have a real opportunity at Waterside to provide an excellent user experience, and will therefore be maintaining a focus over the next 2-3 years on putting the most effective infrastructure and systems in place. We have increased our spend on IT, and instituted a number of technical changes such as systems integration and data recovery.

There are a number of risks relating to **staff**:

- **Staff satisfaction and engagement levels** can be affected by the type of change that the University is being engaged in. It must be ensured that the recruitment, retention and progression of staff is adequately planned. We have effective staff induction and development programmes in place, including leadership development. This is supported by our professional qualified and experienced HR and Organisational Development practitioners. We are ensuring that there is effective and continuous communication with staff, both at local level and institutionally. There is a well-developed system of appraisal which ensures that staff objectives support our strategic priorities. Over 2015/16, a series of roadshows were run. These gave staff the opportunity to hear about the

University's development plans, ask questions and raise concerns. Members of the Board of Governors also hold regular open meetings with staff

- We recognise the importance of effective staff development to ensure a **digitally transformed workforce**
- We also recognise the risk that staff or former staff who are disengaged use **social media** to air disputes. Our systems and monitoring of staff engagement and satisfaction as described above aim to mitigate this risk
- **Succession planning and handover for senior staff.** We have made changes to our senior leadership resulting from our reorganisation into four faculties. The University Management Team have taken a strong role in ensuring that handover was conducted smoothly, and that succession plans are in place. This mitigates any potential impact on the wider University

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

A report on our performance against our key performance indicators for Strategic Alliances is opposite. Good progress has been made on the majority of these in 2015/16.

Goal: Develop cross disciplinary product/market innovations and partners

Measured through	Number of output measures and performance against targets
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	●
Income from overseas student recruitment	●

Goal: Diversify University income

Income from home and overseas academic partnerships and distance or online learning	● ●
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Goal: Financial contribution to contribute 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	●

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

Risks and Opportunities

Our aspiration is to grow our strategic alliances, and there is an opportunity through this to increase both our global reach and social impact, and our income base. However, work with strategic partners involves **strategic, reputational and financial risk**.

There is a related **resource risk** in ensuring that the time spent by our staff on creating, managing and monitoring alliances is appropriate.

A new Dean of Academic Partnerships has been appointed to lead and take responsibility for this area. It must be

ensured that any educational alliances we enter are aligned to our overall strategy. We recognise that strong governance of the establishment of new alliances and of the management and monitoring of existing alliances is the best means of mitigating the risks involved. We have detailed processes in place, as set out in our 'Managing Education with Others Handbook'. For example, business cases for new alliances are taken through several stages of approval before consideration by the University Management Team.

Senate is responsible for the quality and standards of all academic awards, and therefore monitors these through its Academic Quality and Standards Committee.



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 to fund Waterside 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.

Performance Measures

A report on our performance against our key performance measures for Financial Sustainability is below. Good progress has been made in many key areas.

Over 2015/16 we have strengthened the team responsible for advancement income, and begun to plan the delivery of the Changemaker+ Challenges, and it is expected that the benefits of this will be seen over the next reporting period.

Intellectual Property Income

Following an audit of Intellectual Property (IP) processes last summer, a new post has been created with responsibility for generating income through commercial partnerships, Knowledge Transfer partnerships and IP management. The new Knowledge Exchange Officer has already generated several potential Knowledge Transfer Partnership applications which should lead to secured projects over the next 12 months. A new IP toolkit has been created and is currently in the process of being made available on the University's intranet. The next step, during the financial year 2015/16 will be to work with the Faculties and Research Institutes to identify and prioritise IP with the potential for commercial development.

Goal: Comply with bond covenants

Measured through

Number of output measures and performance against targets

Ensure that projected cash surpluses and forecast capital expenditure are in line with the financial model agreed with Her Majesty's Treasury



Goal: Achieve student recruitment targets

Enrolment on 1st December



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



Goal: Achieve superior status in Procurement Maturity Assessment



Goal: Centralise procurement and drive through efficiencies whilst encouraging social impact



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



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






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



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



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



Risks and Opportunities

- There is a risk that our targets for **fundraising** are not met. This would have an impact on the overall budget for the Waterside project which contains an allocation for fundraising. This risk is mitigated through a dedicated team leading fundraising work, engagement with a variety of stakeholders, and the setting and monitoring of targets
- Not meeting **student recruitment targets** would have an impact on **fee income**. We continue to invest in marketing and outreach, and in providing an excellent student experience to enhance our reputation and continue to attract students
- Not meeting **student retention and progression targets** impacts on our income as well as our student experience. Retention and progression rates are regularly monitored at faculty level
- To ensure our financial sustainability, we need to continue to achieve our **research income targets**. Part of the re-organisation we have carried out during 2015/16 was of our research institutes. To provide greater opportunity and encouragement for cross-institutional working and income generation, four of the five institutes now report to the Executive Dean of Research, Impact and Enterprise
- Reaching **targets for income** from sources other than student fees. This includes targets for social impact and enterprise
- Ensuring sound **financial management** is fundamental to ensuring financial sustainability. Part of the re-organisation has been to centralise the administration of finance. This has created consistency across the University through a highly skilled, flexible and agile team giving financial support across a range of finance tasks. There is regular monitoring of finances against budget through the University Management Team and regular contact with budget holders to monitor performance.

Social Impact

Our Statement of Public Benefit

Charitable Status

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 beneficiaries of our charitable aims are our large and diverse student body.

42% of our full-time undergraduate entrants are from disadvantaged groups, compared to a national mean of 33% (Source HESA 2013-2014)

We help our students to get paid work to support their studies. Since launching in September 2014, our placement, part-time work and career service Unitemps has arranged 1161 work placements

We also have a wider social impact through our social impact work and the Changemaker+ Challenges. Our Social Impact Report contains full details.

Public Benefit

We set out to become the number one university in the UK for Social Enterprise by 2015. We achieved this ambition. Our plan for 2015-2020 expands and progresses on our previous goal.

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 like-minded 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 is a unifying 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.



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.

Current Position for the Challenges

In this, our first year of work on the Changemaker+ Challenges, we have focussed on defining the scope of the Challenges, the success factors, and the contribution each Challenge will have to the social impact of the University.

A lead member of staff has been appointed for each Challenge. Each lead is working on a plan of activities to contribute to each Challenge. Plans are being developed with input from across our different academic disciplines and with wide internal and external communication and input.

For the first year of the Challenges, five priority projects were agreed to provide a foundation for further Changemaker+ Challenge work.

Project	Comments
County International Unit	Joint initiative with Northamptonshire County Council to bid for £100,000 external funding. The Unit will identify and gain funds to support research and knowledge transfer projects for county initiatives, including the Challenges. The Unit is in negotiation with the County Council
Challenge leaders to hold events to engage staff in the challenges	A successful learning at work week was held in June 2016. One event was held for each Challenge, with guest speakers, ideas generation and engagement opportunities
Changemaker+ Challenge prospectus	An online and hardcopy brochure to communicate to stakeholders and others the challenges and the University's response. This is currently being collated.
Changemaker+ Challenge Fund	A competitive fund was opened. Bidders were asked to propose a project that: <ul style="list-style-type: none"> • Moves a Challenge forwards • Is based on research • Is multi-disciplinary • Brings at least £150,000 in new external income to support a Challenge • A winning bid has been supported with £30k.
Changemaker+ Challenge internships and ambassadors	This focuses on supporting the engagement of students with the Challenges. Twelve Changemaker+ Challenge ambassadors were appointed. They work through the Students' Union, particularly on organising a student summit in July which had the Challenges as its theme. Four graduate internships, one for each Challenge are planned

Priorities for the second year are being agreed and work plan is being developed.

Examples of our Changemaker Work

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

The Changemaker Student Award Programme is a National Award sponsored by The University of Northampton in Primary and Secondary schools. It provides an interactive pathway for groups of students to plan, develop, initiate and support positive change within their school community. The Changemaker Student Awards offer a simple framework to support positive change as an integral part of the school and community life. It can enhance the curriculum and wider life skills as students make choices, seek solutions and make a positive contribution to the school community.

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

In April 2016 we partnered with Northamptonshire County Council and Northamptonshire Healthcare NHS Foundation Trust to launch a new social enterprise, First for Wellbeing CIC, an integrated health and wellbeing service. This venture runs Health and Wellbeing services outsourced from the partners, such as smoking cessation, weight management, and alcohol advice as well as running the county's Country Parks and Library services. The University has an 11% shareholding in this venture and contributes its research and management expertise to measure the outcomes and help ensure the outsourced services remain leading edge in their design.

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

The University participates at a high level in the town's Heritage Gateway project which aims to celebrate the town's rich history, focussing on the former Northampton Castle site, as well as emphasising other important heritage features in the surrounding area, including St Peters Church, the only remaining building in the area that existed at the same time as the castle.

The five-year project includes activity to purchase and demolish a nearby vacant office block to create a new public space for local residents, businesses and visitors to the town. It is also working on the creation of a heritage trail, new exhibition panels in the railway station, promotion of its proper name 'Northampton Castle Station' and improved landscaping and lighting around the area.

The University is also working alongside the Borough Council to invest in the regeneration of the Grade II listed Vulcan Works, a key part of Northampton's Cultural Quarter. The University plans to relocate its Institute of Creative Leather Technologies and Leather Conservation Centre to the building as part of the redevelopment of the site as a creative hub.

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

We support the social enterprise and commercial sectors by working with a range of partners to deliver impact.

For example, we run:

- Inspire2Enterprise (I2E), a national easy-to-access information, advice and guidance service for social ventures
- Geneyus, a business consultancy service for SMEs. Geneyus is also the operator of the Northamptonshire Growth Hub (NGH) service. This is a brokerage service which helps to provide any Northamptonshire-based business with easy access to the most appropriate business support available to meet their needs
- Up to 2015, 3,172 unique clients were supported through these services

Our Innovation Centre in the centre of Northampton provides entrepreneurs and social ventures with the space to do so. All tenants of the Innovation Centre get a package of benefits that only a Higher Education Institution can offer, for example Knowledge Transfer Partnerships and assistance with graduate recruitment.

We are a founding member of E3M, a network of leaders from the largest and most successful UK social enterprises that trade in public services markets. We have disseminated research through the network to influence policy-makers; promote knowledge transfer in the third sector; support and enhance the capabilities of social businesses; and develop innovative products, services and projects.

We encourage and support our students and staff to develop entrepreneurial skills and enterprising attitudes.

Enterprise underpins everything we do at the University. 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 36 new businesses and social enterprises in 2014-2015.

Further Social Impact

Connecting with the Local Community

Our staff and students are actively involved with their communities through volunteering and work placements. We deliver over £800,000 worth of extra-curricular student volunteering to the local community (Source: University Centre for Employability and Engagement internal student survey 2014).

We encourage students to become leaders and create change through initiatives like the 'Planet Too' project. This project enables students to create student-led sustainable businesses that provide income and boost employability. Since its launch in September 2013, 1,423 students have engaged.

Research

We produce internationally renowned and relevant research and disseminate knowledge to wide-ranging stakeholders. To give one example, our Institute for Social Innovation and Impact evaluates and measures the social impact of social innovations in the UK and around the world. During 2014-2015, it created 30 research outputs, which were disseminated to stakeholders including: academic networks; the European Commission; HM Treasury; the British Council; the Big Lottery Fund; Big Issue

Invest; the Canal and River Trust; European Regional Development Fund (ERDF); Local Enterprise Partnerships (LEPs).

Sustainability

We strive to reduce our impact on the natural environment in the way we operate, using fewer resources and less energy.

For example:

- In the 10 years since we became a University we have reduced water consumption by 18 per cent, despite an increase in student and staff numbers of 17.35 per cent
- We re-use, recycle or compost 70 per cent of our total waste
- We generate renewable electricity through solar panels on two of our buildings. Our St John's Hall of Residence has a combined heat and power plant that generates heat and low-carbon electricity for the building

In 2015/16 we 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. Additional benefits are creating pro-environmental behaviours in students which are often continued into off campus housing. Key achievements were saving 40,593 kWh electricity which was 4 per cent compared to baseline. 214 students signed up and 5 were trained as Student Switch Off Ambassadors. 21 tonnes of CO₂ were saved contributing to the University's Carbon Management Plan.

The total waste for the University estate was 740 tonnes, a 12 per cent decrease from last year. The total recycling and re-use rate including recovery at the materials recovery facility was 67 per cent.





Our 2015/16 emissions of carbon dioxide were calculated at 7,539 tonnes representing a 2% increase from the baseline. Changes in DEFRA reporting methods meant that the 2005 baseline was recalculated. However, electricity was reduced by 5% and gas reduced by 1% in comparison to last year. 6% of our emissions came from Uno buses. This is likely reduce the number of students travelling by car, as it provides free travel for students and staff between our two campuses, as well as a paid service for members of the public linking the two campuses with the town centre.

During our second year in the public Cycle CoNNect scheme, 30% of the total hires were from University locations, an increase of 8% from last year.

In January 2016 the University was awarded a Great Green Star Award through Investors In the Environment for environmental improvement and exceeding the requirements of the top level Green Award. Since the 2005 baseline, we have achieved a 514% increase in recycling food and glass waste, 15% decrease in gas usage, 4% decrease in electricity, 17% decrease in water and 100% decrease in waste sent to landfill. This was achieved despite an 8% increase of the total building area of the University campuses.

Global Innovation

We take part in global initiatives that deliver exceptional and large scale social impact. We support people throughout the world to become socially innovative.

This includes:

- Offering students the opportunity to embrace new cultures and gain practical experience of entrepreneurship by working with international organisations. For example, Balloon Ventures is a social enterprise which teams up young people from the UK with ambitious Kenyan youth groups to design sustainable new businesses
- Delivering social impact globally. We have a network of research partnerships across the globe, generating research income, staff exchanges, teaching and research studentships. For example, the University has been working in Africa to help develop sustainable wastes management systems and has been invited to work with the Thai government and universities to help them develop policies, procedures and practical measures to embed social impact

Procurement

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

- We 'buy to do good'. Working with our suppliers, the University has introduced a Social Levy. Our supplier partners wishing to evolve their engagement with the University from tactical to strategic are actively encouraged to sign up to our Social Levy initiative.
- Delivering social impact through Waterside Campus construction and operation. We are engaged in the largest construction undertaken by The University, building a new campus at a total cost of approximately £330m. We are committed to using this initiative to work with a wide range of new and existing partners to develop and implement schemes that deliver the maximum possible social impact. The project has nine Key Performance Indicators that our main subcontractors are asked to help us deliver. These include the number of local people engaged in paid work, the number of workers upskilled as a result of the project, and the number of student placements generated by the project.

Supporting Structures

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 Dean of Academic Partnerships, 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

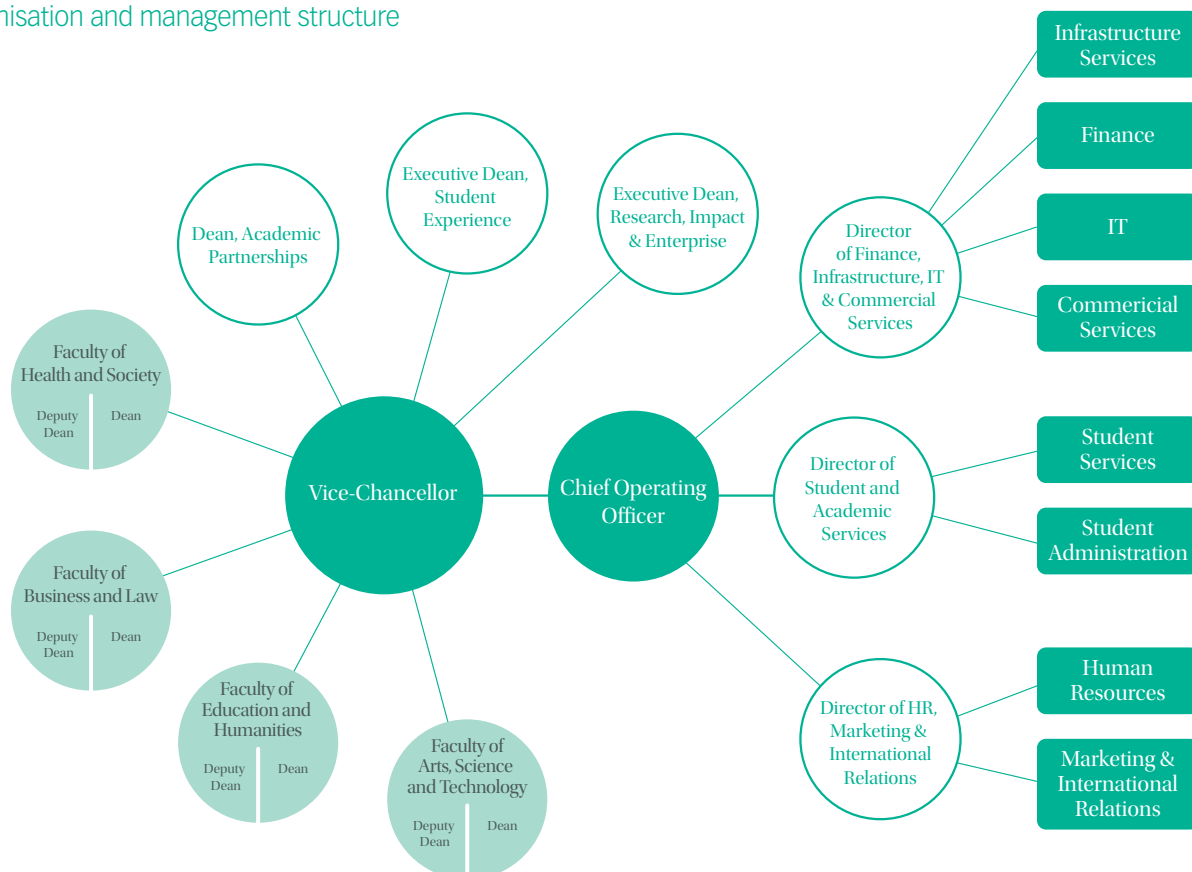
academic business, for example granting degrees of the University, and agreeing academic policies.

The University has a Scheme of Delegation to ensure that decisions are taken at the appropriate level within the organisation which sets out its decision-making structure.

Management Structure

During 2015-16 the University re-organised into four academic faculties to better support its strategic plan. Each faculty aligns broadly to one of the Changemaker+ Challenges. The new structure began on 1st August 2016.

Organisation and management 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.

	2015/16	2014/15
	£000	£000
Total Net Income	129,543	126,006
Total Expenditure	(123,267)	(123,965)
Surplus before other gains and losses	6,276	2,041
Share of Operating Profit/(Loss) in Joint Ventures & Associates	22	33
Taxation	-	8
Gain on investment	155	-
Surplus for the year	6,453	2,082
Actuarial loss in respect of pension schemes	(4,861)	(4,676)
Total comprehensive income for the year	1,592	(2,594)

Year End Position

The University generated a strong operating surplus during the year as a result of continued tight financial control and increasing efficiencies in administration. This year's surplus is helping to fund the construction of the new University campus located at the Waterside development site in the town centre. 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

The continuing improving prospects for UK economic growth, and the abolition of the cap on UK full-time undergraduate student numbers, meant that the operating environment for the University and the Higher Education sector in 2015/16 was good.

Demand for all modes of education, full and part-time, undergraduate and postgraduate, from both UK and overseas students, continued to be strong.

The staff pay settlement for 2015/16 was modest. Given the historically low yields on gilts, the actuarial pension costs continue to rise at rates well above inflation.

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, guaranteed by HM Treasury. The financing for the project is now complete except for a further £8m potential facility from the PWLB which is available if needed during 2016/17 to fund the building

of an energy centre. This project is now in the build phase with the appointment of the main contractors complete. 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. During the year the University exceeded trigger ratios in respect of forecast capital expenditure. However, despite this increase, the University was able to demonstrate higher than anticipated surplus levels ensuring that the project was still affordable and the trigger levels were reset in agreement with HM Treasury, in conjunction with additional lender controls granted over variations that could give rise to further cost increases.

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 to guide the Business Plan for operations. The Balanced Scorecard 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 Balanced Scorecard provides high level measures that are reviewed annually by the Board and Senate, and modified where appropriate.

Capital Projects 2015/16

The new Waterside Campus has been the predominant focus of the University's estate capital development for the year 2015/16. This £330 million project continues to run broadly in line with programme and is on course for completion in the summer of 2018. All major works packages have now been successfully procured and are progressing on site.

The first phase of the **infrastructure development** is nearing completion with all the primary roads, car parks and in-ground services in place. The steelwork structure for a new road bridge is complete. Work to surface

and finish the bridge is in progress, together with the necessary highway alterations to provide a main entrance to the site across the River Nene.

Sub-structures for the **academic buildings** are now fully formed and the superstructure frameworks are progressing at pace providing some tangible geographical references as the site develops.

The main contractors for **Student Residences** and **Energy Centre** construction are now established on site and are mobilising their works as plots and services are handed over to them from the Infrastructure contractor.

In conjunction with the construction work on site there are various activities and work streams aligned to prepare the University for the task of relocating to its new campus and the changes it will inevitably bring.

As in previous years, the 2015/16 capital allocation for existing estate improvements is aimed at maintaining student experience and sustaining quality of the estate in the run up to 2018 when the current academic sites will be vacated. A small number of "Waterside Ready" teaching rooms have been established to allow both students and staff to experience what

is intended for the new campus learning environments. This includes modes of teaching and learning, differing room layouts and furniture styles and latest technologies and functionality in Audio Visual equipment.

The University has also taken advantage of funding for Science, Technology, Engineering and Mathematics (STEM) and has completed projects aimed at enhancing the facilities for two well established courses. For the School of Health, an extension and partial refurbishment of their Podiatry clinic and for the School of Science and Technology equipment and infrastructure upgrades for Computer Science. Together these two projects represent £1.2 million of investment.

Investment for the University's residential estate continues with ongoing planned refurbishment and replacement programmes. In the year covered by this report expenditure in this area was £600,000, directed towards buildings that are to be retained post-August 2018. Future plans for student residences include the full refurbishment of kitchens and continuation of internal and external decoration programmes.



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 external factors drive our competitive environment:

Student recruitment is more market driven and customer centric

- The level of fees will remain capped, leading to real term reductions in purchasing power
- Changing demographics and the focus on apprenticeships means the demand for University places has become increasingly unpredictable
- Removal of the student number cap has increased competition between universities

- The nature of university cost structures leads to high fixed costs
- Competition from other countries and overseas HE providers is increasing
- The nature of work is changing and the nature of learning needs to change with it
- The competitive system increasingly creates winners and losers amongst institutions



Our Outlook

Student experience and outcomes

As educators, we motivate and engage students' imaginations. We nurture critical thinking, creativity and capacity for knowledge creation.

We will continue to explore connections between subject areas instead of focusing exclusively on the silo of a single discipline.

This is because the jobs of tomorrow will demand skilled individuals who are flexible problem solvers, whether school leavers or working adults.

Research and leadership in professional practice

We will build on:

- success in the Research Excellence Framework 2014
- the outcomes of external and internal assessments
- to invest in developing Intellectual Capital.

To do this, we will work in collaboration in the UK and overseas with key strategic partners through alliances that add value.

Digital transformation

Network effects, complements and unbundling are disruptive forces that provide both risk and opportunity for traditional higher education. We will continue to invest to ensure that we keep pace in a fast-changing environment.

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.

Waterside

The Waterside project will act as the stimulus to embrace positively this new world.

In Waterside we create an environment where outward looking individuals are empowered to exceed expectations.

Financial robustness and sustainability

The University enjoyed a financial year of 3% income growth and tight cost control leading overall to a 1% reduction in expenditure. The proportion of non-pay expenditure to income remains efficient compared to the rest of the University sector. This resulted in an operating surplus in the Statement of Comprehensive Income of £6.3m for the year, after interest charges of £8.7m. This was offset by a £4.9m actuarial loss in the pension scheme due to a further decrease in bond yields during the year, in line with other defined benefit scheme providers. Net Comprehensive income was £1.4m.

The operating surplus arose alongside the University continuing to prioritise spending to improve the student experience on the existing campuses, with improvements such as better Wi-Fi access, new catering facilities at Park Campus and a refit of kitchens in one of the older student residences. The good financial performance also serves to assist in funding the development of Waterside.

The market for recruitment of home and overseas students continues to be competitive but applications from prospective students to the University remain strong. After a number of years

of the fee cap at £9,000, the government has announced the relaxation of the maximum permitted fee levels for undergraduates, linked to performance in the Teaching Excellence Framework (TEF). This is an opportunity for the University to demonstrate the value of its focus on good teaching for the students and means that fees for new students will rise to £9,250 from 2017/18 and thereafter by inflation in future years, subject to continued good performance in the TEF reviews. Overall the investment in student experience and teaching should ensure the maintenance of financial sustainability for the foreseeable future.

Board of Governors

Profile of the Board

There are 16 current members of the Board, drawn from a variety of areas and with a wide range of expertise.

Professional Background of Governors

Number of governors with this professional background:



Skills and Experience of Governors

Number of governors indicating skills or experience in this area in the last skills audit:



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. Current members of the Board are:

David Baker

Liam Bligh

Sue Dutton

Sara Goodwin

Richard Horsley

Sylvia Hughes

Frank Jordan

Lee Machado

Mark Mulcahey

Nick Petford

Martin Pettifor

Nick Pitts-Tucker

Nicholas Robertson

Andrew Scarborough

John Skelton

Danjie Zhong

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

David Watson – until 18/05/2016

Victor Agboola – until 30/06/2016

Ron Mendel – until 18/07/2016

Margaret Gardner – until 18/07/2016

Governors' Expenses

Over the reporting period, governors and external members of the Board's committees claimed £2,980 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 Board operated under a Statement of Primary Responsibilities during 2015/16:

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 2015/16, the Board met 12 times. There was also an away day, and a risk workshop.

In 2015/16, the Board approved:

- The University's Risk Register and Key Performance Indicators
- The Operational Plan
- Financial matters including the budget for 2016/17, investment of short-term cash reserves and the capital budget
- Submissions to HEFCE including the financial forecast, Audit Committee Annual Report, Consolidated Financial Statements, Going Concern Review, Annual Sustainability Assurance Report
- Tuition Fees and the University's approach to the Access Agreement with the Office of Fair Access for Students
- Results of a review of academic governance
- Scheme of Delegation, and updates to some University-wide policies

In relation to the Waterside development, in 2015/16, the Board agreed:

- The submission of designs for student residences for planning approval. The appointment of contractors for this work, and amendments to the design to ensure affordability
- Procurement of the Energy Centre and borrowing to fund this
- The signature of the construction contract for the academic building
- The appointment of catering consultants

As part of its monitoring and oversight, the Board receives regular reports on a number of subjects, giving an opportunity to interrogate plans and interact with those leading them. In 2015/16 this included reports on Human Resources, Research, Impact and Enterprise, academic standards and quality, student complaints, appeals and misconduct and the results of the National Student Survey.

The Board receives monthly management accounts, updates on student numbers and applications, updates from the Vice Chancellor and Chief Operating Officer, and minutes of the meetings of Senate.

In addition, the Board has also monitored developments in 2015/16 on:

- Brand development and marketing plans
- Information Technology
- The University's re-organisation
- The response to the publication of the 'Prevent' duty.

Board members held four open meetings with staff in Spring 2016. All staff of the University were invited to attend. The sessions provided an opportunity for Board members to hear directly the queries and concerns of members of staff, and aimed to make the governance of the organisation feel less remote to staff.

Board Standing Committees

Advancement Committee

Through the Advancement Committee, the Board has deeper scrutiny of the University's plans in this increasingly important area. This included examination of existing philanthropic funds and plans for growing the University's income and supporting its social impact agenda. For 2015/16, the Development Committee has been created with a similar but broader remit.

Audit Committee

In 2015/16, the Audit Committee has looked in detail at risk management and the risk register. It has received in-depth reports on areas of key risk, for example IT. The University's internal and external auditors attend the Audit Committee and present the findings of their reports. In addition, the Committee has oversight of health and safety arrangements in the University, receiving an annual report and regular updates.

Nominations Committee

The Committee has considered the current Board membership, and agreed the process for the appointment of a new independent Board member following a departure. The Committee also approved plans for the recruitment of external members of two of the Board's committees, and this was successfully completed by Summer 2016.

Project Assurance Committee

The Committee scrutinises the Waterside project in detail. It meets and reports to the Board monthly. Over 2015/16, it has monitored the project budget and spend, the key risks and the critical path. The relevant project consultants are in attendance at the meeting to report on their work. The Committee also monitors the academic transformation aspects of the project, and plans to focus further on this in the new academic year. In 2015/16, the Committee has resolved to recommend a number of important Waterside decisions to the Board for approval, as listed above.

Remuneration Committee

The Committee recruited a new external member in 2015/16, bringing further expertise from industry to ensure that appropriate comparisons can be made. The Committee decides the remuneration 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.

Search Committee

Due to the end of the term of office of the current Chancellor, a Search Committee was established in 2015/16 to seek a replacement, and this work is ongoing.

Treasury Committee

The Committee advises on the Board on the University's short and long term investment portfolio. In 2015/16, the Committee examined the performance of the University's investment portfolio to ensure that best value was being achieved.

Risk Management

During 2015-16, in conjunction with the University, the Board of Governors continued to work on its approach to risk management and its analysis of risk appetite. Risk assessment is embedded in the University and risk registers are held at institutional and academic and professional service unit levels. This year, the University introduced a peer-to-peer support mechanism for managers of risk across the University whereby risk managers in academic or professional services units meet to discuss individual aspects of risk register so as to share effective practice and calibrate the scoring of individual risks across the University. This enhances the risk management environment at the

University. As a result of this and other changes, in March 2016, 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 second year in a row.

In addition to peer review, academic and professional service unit risk registers are monitored by the University’s Risk Management Group. The institutional risk register which includes key strategic and business as usual risks is monitored by the Audit Committee. The Board of Governors receives risks which

are considered fundamental to the University. These 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.

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 2016

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 2016 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.

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 2015/16.



Andrew Scarborough (Chair)

23 | 11 | 2016 Date

Responsibilities of the Board of Governors in relation to the Financial Statements

for the year ending 31 July 2016

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 auditors' report to the Board of Governors of the University of Northampton (the "institution")

Report on the financial statements

Our opinion

In our opinion the University of Northampton's group financial statements and parent institution's financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2016 and of the group's income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, and the requirements of the 2015/16 HEFCE Accounts Direction.

What we have audited

The financial statements, included within the Annual Report and Consolidated Financial Statements for the year ended 31 July 2016 (the "Annual Report"), comprise:

- the consolidated and parent institution Balance Sheets as at 31 July 2016;
- the consolidated Statement of Comprehensive Income and Income and Expenditure Account for the year then ended;
- the consolidated Statement of changes in Reserves for the year then ended;
- the consolidated Cash Flow Statement for the year then ended;
- the Accounting Policies; and
- the notes to the financial statements.

The financial reporting framework that has been applied in their preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Governing Body has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed in the HEFCE Audit Code of Practices issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- income has been applied in accordance with the institution's articles of government; and
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability, and any other terms and conditions attached to them.

Other matters on which we are required to report by exception

Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion the statement of internal control included as part of the Statement of Corporate Governance is inconsistent with our knowledge of the parent institution and group. We have no exceptions to report from this responsibility.

Responsibilities for the financial statements and the audit

Respective responsibilities of the Governing Body and auditors

As explained more fully in the Responsibilities of the Board of Governors in relation to the Financial Statements the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Governing Body as a body in accordance with the institution'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, and for no other



purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group and parent institution’s circumstances and have

been consistently applied and adequately disclosed;

- the reasonableness of significant accounting estimates made by the Governing Body; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Governing Body judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

David Teager (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Castle Donington

20 | 1 | 2017 Date

(A) The maintenance and integrity of the University of Northampton’s website is the responsibility of the Governing body; 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 website.

(B) Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Statement of Principal Accounting Policies

for the year ended 31 July 2016

1. General Information

The University of Northampton is incorporated 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 Financial Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared on a going concern basis.

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.

3. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2016. 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 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 in the year in which it arises and as either restricted or unrestricted income according to the terms of restriction applied to the individual endowment fund.

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

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 provision 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.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected actuarial 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 the statement of total recognised gains and losses.

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.

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

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

Plant and machinery	5 – 10 years
Furniture, fixtures and fittings	5 – 8 years
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.

7. Investment Property

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

The property (Icon Building) is for external use.

Market 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 market values are recorded in the income statement as impairment market value adjustment.

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 fixed assets or endowment assets are shown at market value. Investments in subsidiary

undertakings are shown at the lower of cost or net realisable value.

Current asset investments are included at the lower of cost and net realisable value. 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.

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.

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.

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 University accounts for its share of joint ventures using the equity method.

The University accounts for its share of transactions from joint controlled operations and jointly controlled assets in the Consolidated Statement of Income and Expenditure.

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.

18. Transition to 2015 SORP

The University is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to the 2015 SORP has effected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in note 24.

19. 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.

Consolidated Statement of Comprehensive Income and Expenditure Account for the year ended 31 July 2016

	Note	2016 £000	2015 £000
Income			
Funding Body grants	1	13,217	16,866
Tuition fees and education contracts	2	95,797	88,865
Research grants and contracts	3	906	1,793
Other Operating income	4	17,813	17,527
Endowment and investment income		2,785	1,775
Donations and endowments		249	168
Total income		130,767	126,994
Less share of income from joint venture		(1,224)	(988)
Net income		129,543	126,006

Expenditure

Staff costs	6	63,146	57,258
Other operating expenses	7	39,071	41,935
Depreciation & Impairment	10	10,416	9,147
Interest and other finance costs	8	10,634	15,625
Total expenditure		123,267	123,965

Surplus before other gains losses and share of operating surplus/(deficit) of joint ventures and associates

		6,276	2,041
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Gain on investment		155	-
Share of operating (loss)/profit in joint venture	11	(25)	15
Share of operating profit in associate	11	35	26
Non-controlling interest		12	(8)
Surplus before tax		6,453	2,074
Taxation		-	8
Surplus for the year		6,453	2,082
Actuarial loss in respect of pension schemes	21	(4,861)	(4,676)
Total comprehensive income/(expense) for the year		1,592	(2,594)

Represented by:

Endowment comprehensive income for the year		-	-
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive income for the year		2,901	(1,285)
Revaluation reserve comprehensive income for the year		(1,309)	(1,309)
Attributable to the University		1,592	(2,594)
Attributable to the non-controlling interest		-	-
		1,592	(2,594)

Surplus for the year attributable to:

University		6,411	2,090
Non-controlling interest		42	(8)
		6,453	2,082

Consolidated and University Statement of Changes in Reserves for the year ended 31 July 2016

	Income and expenditure account		Revaluation reserve	Total excluding Non-controlling interest	Non-controlling interest	Total Reserves
	Endowment	Unrestricted				
Consolidated	£000	£000	£000	£000	£000	£000
Balance at 1 August 2014	980	12,195	15,828	29,003	-	29,003
Surplus/(Deficit) from the income and expenditure	(27)	2,043	-	2,016	66	2,082
Pension movement	-	(4,599)	-	(4,599)	-	(4,599)
Transfers between revaluation and income and expenditure reserve	-	1,309	(1,309)	-	-	-
Balance as at 1 August 2015	953	10,948	14,519	26,420	66	26,486
Surplus/(Deficit) from the income and expenditure	(27)	6,438	-	6,411	42	6,453
Pension reserve movement	-	(4,759)	-	(4,759)	-	(4,759)
Transfers between revaluation and income and expenditure reserve	-	1,309	(1,309)	-	-	-
Balance as at 31 July 2016	926	13,936	13,210	28,072	108	28,180
University						
Balance at 1 August 2014	980	12,526	15,828	29,334	-	29,334
Surplus/(Deficit) from the income and expenditure	(27)	3,068	-	3,041	-	3,041
Pension movement	-	(5,453)	-	(5,453)	-	(5,453)
Transfers between revaluation and income and expenditure reserve	-	1,309	(1,309)	-	-	-
Balance as at 1 August 2015	953	11,450	14,519	26,922	-	26,922
Surplus/(Deficit) from the income and expenditure	(27)	11,579	-	11,552	-	11,552
Pension reserve movement	-	(9,856)	-	(9,856)	-	(9,856)
Transfers between revaluation and income and expenditure reserve	-	1,309	(1,309)	-	-	-
Balance as at 31 July 2016	926	14,482	13,210	28,618	-	28,618

Consolidated and University Balance sheets as at 31 July 2016

	Note	Consolidated		The University	
		2016	2015	2016	2014
		£000	£000	£000	£000
Non-current assets					
Fixed assets	10	166,372	125,778	166,960	126,402
Investment Property	10	1,765	1,610	-	-
Investments	11	201	201	351	351
Investments in joint venture	11	10	44	-	-
Investment in associate	11	86	51	-	-
		168,434	127,684	167,311	126,753
Current assets					
Stock		3	3	-	-
Trade and other receivables	12	7,173	8,427	7,302	7,923
Investments	13	135,955	165,987	135,955	165,987
Cash and cash equivalents		106,810	39,137	105,477	38,412
		249,941	213,554	248,734	212,322
Less: Creditors amounts falling due within one year	14	(40,028)	(30,902)	(38,270)	(36,561)
Net current assets		209,913	182,652	210,464	175,761
Total assets less current liabilities		378,347	310,336	377,775	302,514
Less: Creditors amounts falling due after more than one year	15	(300,529)	(244,300)	(300,303)	(236,431)
Pension provisions	16	(49,638)	(39,550)	(48,854)	(39,161)
Total Net Assets		28,180	26,486	28,618	26,922



		Consolidated		The University	
	Note	2016	2015	2016	2014
		£000	£000	£000	£000
Restricted Reserves					
Endowment reserve	23	926	953	926	953
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		13,936	10,948	14,482	11,450
Revaluation reserve	17	13,210	14,519	13,210	14,519
		27,146	25,467	27,692	25,969
Non-controlling interest		108	66	-	-
Total Reserves		28,180	26,486	28,618	26,922

The financial statements on pages 36 to 67 were approved by the Board of Governors and signed on its behalf by:

Vice Chancellor  Prof. Nick Petford 23 | 11 | 2016 Date

Chairman of Board of Governors  Mr Andrew Scarborough 23 | 11 | 2016 Date

Consolidated Cash Flow Statement for the Year ending 31 July 2016

	Note	2016 £000	2015 £000
Cash flow from operating activities			
Surplus for the year		6,453	2,082
Adjustment for non-cash items			
Depreciation		10,416	9,147
Decrease/(Increase) in stock		-	1
Decrease/(Increase) in debtors		1,256	(1,306)
Increase in creditors		6,732	3,104
Increase/(decrease) in other provisions		(143)	(27)
Pension costs less contributions payable		(2,923)	476
Share of operating deficit/(surplus) in joint venture		25	(15)
Share of operating (surplus) in associate		(47)	(18)
Adjustment for investing or financing activities			
Investment income		(2,785)	(1,775)
Gain on investment		(155)	-
Interest payable		10,634	15,625
Endowment income		(12)	(27)
Capital grant income		(4,753)	(7,843)
Net cash inflow from operating activities		24,698	19,424
Cash flow from investing activities			
Capital grants receipts		1,086	1,121
Investment income		2,797	1,799
Endowment funds outflow		(39)	(51)
Movement in cash deposit investments		30,032	(165,288)
Payments made to acquire fixed assets		(43,878)	(25,346)
		(10,002)	(187,765)
Cash flows from financing activities			
Interest paid		(8,978)	(15,084)
Repayments of amounts borrowed		(55)	(47,784)
New loans		60,000	230,806
		50,967	167,938
Increase/(Decrease) in cash and cash equivalents in the year		65,663	(403)
Cash and cash equivalents at beginning of the year	18	36,428	36,831
Cash and cash equivalents at end of the year	18	102,091	36,428

Notes to the Financial Statements

1. Funding body grants

	2016	2015
	£000	£000
Recurrent grant		
Higher Education Funding Council	6,942	6,968
National College for Teaching and Leadership	749	863
Specific grants		
Higher Education Innovation Fund	773	1,192
Capital grant	4,753	7,843
	13,217	16,866

2. Tuition fees and education contracts

	£000	£000
Full-time HE fees – UK and EU students	65,624	61,506
Full-time HE fees – overseas and other students	16,194	13,542
Part-time HE fees	2,174	2,918
FE franchise	225	250
Short course fees	345	1,322
Contracts with the University in lieu of academic fees	11,235	9,327
	95,797	88,865

3. Research grants and contracts

	£000	£000
OST Research Councils	40	73
UK Based Charities	181	209
UK Central Government and Local Authorities	192	490
UK Industry and Commerce	92	48
EU Government	52	24
EU Other	71	249
Others	278	700
	906	1,793

4. Other operating Income

	£000	£000
Residences, catering and conferences	12,844	11,563
Other income	4,969	5,964
	17,813	17,527

5. Donations and endowments

	2016	2015
	£000	£000
Donation & Endowment income	249	168
	249	168

6. Staff costs

The average monthly number of persons employed by the University during the year expressed as full-time equivalents was:

	1,229	1,203
	£000	£000
Staff costs:		
Wages and salaries	47,888	46,655
Social Security costs	4,071	3,713
Other pension costs (note 21)	11,187	6,890
Total	63,146	57,258

During the year ending 31 July 2016, total redundancy / severance costs were £272,594 (2015: £415,329).

Emoluments of the Vice Chancellor		
Salary and healthcare	189	188
Bonus relating to prior year	21	20
Value of residential emolument	<u>9</u>	<u>9</u>
	219	217
Pension contributions	32	28
Total emoluments	251	245

The emoluments of the Vice Chancellor are shown on the same basis as for higher paid staff. The University's pension contributions to the Universities' Superannuation Scheme are paid at the same rates as for other academic staff at 16%.

Remuneration of higher paid staff, excluding employer's pension contributions:	£000	£000
£180,000 - £189,999	1	1
£170,000 - £179,999	1	-
£150,000 - £159,999	1	1
£140,000 - £149,999	1	1
£100,000 - £109,999	6	5

Key management personnel:	£000	£000
Key management personnel compensation	1,535	1,490

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 £2,980 (2015: £2,105) for expenses in connection with their duties as a Governor.

7. Other operating expenses

	2016	2015
	£000	£000
External Auditors' remuneration - University	55	44
External Auditors' remuneration – Other group	14	11
Agency staff	219	628
Bank charges	166	118
Books and periodicals	1,501	1,331
Consultancy	2,375	3,396
Consumable and laboratory expenditure	607	684
Equipment rental	-	13
Infrastructure and IT project expenditure	4,056	3,239
Franchise fees	573	990
Grant to The University of Northampton Students' Union	1,481	1,366
Heat, light, water and power	1,951	2,215
Insurance	264	393
Internal audit	59	53
IT costs	2,487	2,785
Legal and professional fees	431	526
Marketing	2,807	3,012
Partner schools funding	201	208
Printing, postage and stationery	805	871
Rates	231	256
Rents	348	470
Repairs and general maintenance	1,601	1,637
Catering consumables	804	892
Staff recruitment	21	81
Staff development	447	806
Student bursaries and scholarships	5,473	8,150
Student visits, field courses and placements	460	578
Subscriptions	628	645
Telephones and communications	335	259
Transport	1,234	1,132
Travel and subsistence	1,667	1,682
Other expenses	5,770	3,464
	39,071	41,935

8. Interest and other finance costs

	2016	2015
	£000	£000
Bond interest	8,783	6,034
Loan interest	472	773
Loan Breakage costs	-	8,588
Pension finance costs (note 21)	1,379	230
	10,634	15,625

9. Analysis of 2015/16 expenditure by activity

	Staff costs	Other operating expenses	Depreciation & impairment	Interest and other finance
	£000	£000	£000	£000
Academic departments	32,464	11,150	2,972	-
Academic services	6,950	6,337	1,689	-
Administration and central services	12,353	6,964	1,857	-
Premises	3,621	8,273	2,206	-
Residences, catering and conferences	1,236	1,834	489	-
Research	1,297	492	131	-
Other	848	4,021	1,072	9,085
FRS 102 pension costs	3,991	-	-	1,379
	62,760	39,071	10,416	10,464



10. Tangible assets - consolidated

	Land and buildings				
	Assets under construction	Leasehold	Freehold	Equipment	Total
	£000	£000	£000	£000	£000
Valuation / cost					
At 1 August 2015					
Cost	36,794	1,372	132,221	13,917	184,304
Additions at cost	50,489	-	-	521	51,010
Transfers	(8,324)	-	8,324	-	-
At 31 July 2016					
Cost	78,959	1,372	140,545	14,438	235,314
Accumulated depreciation					
At 1 August 2015					
Charge for year	-	82	47,838	10,606	58,526
	-	27	9,069	1,320	10,416
At 31 July 2016	-	109	56,907	11,926	68,942
Net book value					
At 31 July 2016					
	78,959	1,263	83,638	2,512	166,372
At 31 July 2015					
	36,794	1,290	84,383	3,311	125,778
Inherited					
	-	-	12,523	-	12,523
Financed by capital grant					
	-	-	12,946	61	13,007
Other					
	78,959	1,263	58,169	2,451	140,842
Net book value at 31 July 2016	78,959	1,263	83,638	2,512	166,372
					Consolidated
					£000
The depreciation charge for the year has been funded by:					
Deferred capital grants released					9,107
Revaluation reserve released					1,309
					10,416

Tangible assets – the University

	Land and buildings				Total £000
	Assets under construction	Leasehold	Freehold	Equipment	
	£000	£000	£000	£000	
Valuation / cost					
At 1 August 2015					
Cost	36,794	1,372	130,882	13,378	182,426
Additions at cost	50,489	-	21	469	50,979
	(8,324)		8,324		-
At 31 July 2016					
Cost	78,959	1,372	139,227	13,847	233,405
Accumulated depreciation					
At 1 August 2015					
	-	82	45,789	10,153	56,024
Charge for year	-	27	9,077	1,317	10,421
At 31 July 2016	-	109	54,866	11,470	66,445
Net book value					
At 31 July 2016	78,959	1,263	84,361	2,377	166,960
At 31 July 2015	36,794	1,290	85,093	3,225	126,402
Inherited					
	-	-	12,523	-	12,523
Financed by capital grant	-	-	12,946	61	13,007
Other	78,959	1,263	58,892	2,316	141,430
Net book value at 31 July 2016	78,959	1,263	84,361	2,377	166,960

Exchequer interests (representing the contributions made by HEFCE towards the constructions and refurbishment of University buildings) amounted to £10,746,062 as at 31 July 2016 (2015: £16,155,679). Exchequer interests are amortised over 10 and 15 years and are repayable only in the event of insolvency or a significant reduction in the level of HEFCE-funded activity.

		The University
		£000
The depreciation charge for the year has been funded by:		
Deferred capital grants released		9,112
Revaluation reserve released		1,309
		10,421

Investment property

	Group
	£000
Balance at 1 August 2015	1,610
Appreciation/diminution in value	155
Balance as at 31 July 2016	1,765

An external valuation of the company's Land and Buildings as at 31 March 2014 was carried out by Savills plc, 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. The resulting valuation was £1,765,000.

11. Investments

	Group	Consolidated The University
	£000	£000
Cost		
At 1 August 2015 & 31 July 2016	201	351
Impairment		
At 1 August 2015 & 31 July 2016	-	-
Net book value		
At 31 July 2016	201	351
At 31 July 2015	201	351

The University believe the carrying value of the investments is supported by their underlying net assets.

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 2016	Uno Buses (Northampton) Ltd	Land Based Learning Ltd
Profit and loss account	£000	£000
Turnover	1,194	30
Operating Profit/(Loss)	6	(35)
Balance sheet		
Current Assets	450	20
Creditors: amounts due within one year	(452)	(13)
Share of net assets	(2)	7

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.

The University holds the additional fixed asset investments:

Name of company	Ordinary share capital	% of issued share capital	Date of incorporation	Place of incorporation
Goodwill Solutions Community Interest Company	£200,000	20%	1 February 2008	England and Wales

Goodwill Solutions Community Interest Company

The Company is a 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: 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 is an organisation that specialises in delivering enterprise support. The company is 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 is registered in England and Wales and operating in the UK and is a 100% subsidiary of The University.

Waterside Campus Development Company plc

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

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.

12. Trade and other receivables

	Consolidated		The University	
	2016	2015	2016	2015
	£000	£000	£000	£000
Trade Debtors	3,014	4,558	2,827	4,377
Amounts owed by subsidiary undertakings	-	-	1,117	183
Prepayments and accrued income	4,159	3,869	3,358	3,363
	7,173	8,427	7,302	7,923

13. Current investments

	Consolidated		The University	
	2016	2015	2016	2015
	£000	£000	£000	£000
Short term deposits	135,955	165,987	135,955	165,987
	135,955	165,987	135,955	165,987

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.

14. Creditors: Amounts falling due within one year

	Consolidated		The University	
	2016	2015	2016	2015
	£000	£000	£000	£000
Bank Overdraft	4,719	2,709	4,719	2,383
PWLB loan	423	-	423	-
Salix Loan	55	110	55	110
Trade Creditors	967	2,141	720	1,980
Amounts due to subsidiary undertakings	-	-	573	8,527
Social security and other taxation	2,046	2,383	1,913	2,143
Accruals and deferred income	31,818	23,559	29,867	21,418
	40,028	30,902	38,270	36,561

Deferred Income	Consolidated		The University	
	2016	2015	2016	2015
	£000	£000	£000	£000
Research grants received on account	-	-	-	-
Grant income	4,463	4,753	4,463	4,753
	4,463	4,753	4,463	4,753

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

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

	Consolidated		The University	
	2016	2015	2016	2015
	£000	£000	£000	£000
Bond	230,483	230,456	-	-
PWLB loan	59,577	-	59,577	-
Salix loan	-	-	-	-
Deferred income	10,469	13,844	8,969	12,345
Amounts due to subsidiary undertakings	-	-	231,757	224,086
	300,529	244,300	300,303	236,431

On the 26th 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 2016 was £295.2m (2015: £246.7m) and it is listed on the Irish Stock Exchange.

On the 10th March 2016, The University drew down £60m via the Public Works Loan Board (PWLB). 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 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.

Credit risk

Credit risk refers to the risk that a 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 2016, 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 2016.

Maturity profile of Bond:

	Consolidated		The University	
	2016	2015	2016	2015
	£000	£000	£000	£000
Due within one year		110		110
Between One and two years	-	-	-	-
Between two and five years	-	-	-	-
In five years or more	230,483	230,456	230,483	230,823
	230,483	230,566	230,483	230,933

Maturity profile of PWLB loan:

	Consolidated		The University	
	2016	2015	2016	2015
	£000	£000	£000	£000
Due within one year	423	-	423	-
Between One and two years	436	967	436	967
Between two and five years	29,886	29,706	29,886	29,706
In five years or more	29,255	29,327	29,255	29,327
	60,000	60,000	60,000	60,000

16. Provisions

Consolidated

	Obligation to fund deficit on USS Pension £000	Pension enhancements on early retirement £000	Defined Benefit Obligations note 21 £000	Total pension provisions £000
As at 1 August 2015	292	1,248	38,010	39,550
Change in provision	(143)	-	10,231	10,088
As at 31 July 2016	149	1,248	48,241	49,638

University

	Obligation to fund deficit on USS Pension £000	Pension enhancements on termination £000	Defined Benefit Obligations note 21 £000	Total pension provisions £000
As at 1 August 2015	292	1,248	37,621	39,161
Change in provision	(143)	-	9,836	9,693
As at 31 July 2016	149	1,248	47,457	48,854

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.



17. Revaluation reserve

	Consolidated and The University		
	Inherited assets	Inherited loans	Total
Revaluations	£000	£000	£000
At 1 August 2015 and 31 July 2016	34,040	(3,675)	30,365
Contribution to depreciation / repayment of principal			
At 1 August 2015	19,510	(3,664)	15,846
Released in year	1,309	-	1,309
At 31 July 2016	20,819	(3,664)	17,155
Net revaluation amount			
At 31 July 2016	13,221	(11)	13,210
At 31 July 2015	14,530	(11)	14,519

18. Cash and cash equivalents

	At 1st August 2015	Cash flows	At 31st July 2016
Consolidated	£000	£000	£000
Cash and cash equivalents	39,137	67,673	106,810
Bank overdraft	(2,709)	(2,010)	(4,719)
	36,428	65,663	102,091

19. Lease obligations

	Consolidated		The University	
	2016	2015	2016	2015
Operating lease commitments in respect of equipment for the 2015/16 and 2014/15 financial year, on leases expiring:	£000	£000	£000	£000
Within one year	5	-	5	-
Between two and five years	104	-	104	-
Over five years	-	40	-	40
	109	40	109	40

20. Capital commitments

	Consolidated		The University	
	2016	2015	2016	2015
	£000	£000	£000	£000
Commitments contracted at 31 July	119,578	26,891	119,578	26,891
	119,578	26,891	119,578	26,891

21. 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 £11,187k (Note 6) (2015: £6,890k).

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
Gross rate of return	6.5%
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 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	98%

During the year the employer's contribution rate was 14%. 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 pension payments made in year to the Teachers' Pension Scheme was £3,521k (2015: £2,996k).

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 2016, the percentage was 16% (2015: 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 £271k (2015: £220k). 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 2016.

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 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 using the following assumptions:

	2016	2015
Discount rate	3.3%	3.3%
Pensionable salary growth	3.5%	3.5%
Price inflation (CPI)	2.2%	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 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2016	2015
Males currently aged 65 (years)	24.2	24.2
Females currently aged 65 (years)	26.3	26.3
Males currently aged 45 (years)	26.2	26.2
Females currently aged 45 (years)	28.6	28.6

Existing benefits

Scheme assets	£49.0bn	£41.6bn
Liabilities	£67.6bn	£55.5bn
Deficit	£18.6bn	£13.9bn
Funding level	75%	27.6%

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 2016 was £2,571k of which employer's contributions totalled £1,622k

and employees' contributions totalled £938k. As per the Actuarial report, the estimated Employer's contributions for the year ended 31 July 2017 will be approximately £3,381k. As at the 31 July 2016 amounts due were £nil (2015: £nil).

The contribution rate for 2015/16 was 12% along with a monetary amount of £1,570k. For 2016/17 the contribution rate is 12% along with a monetary amount of £1,570k.

The following information is based upon a full actuarial valuation of the fund as at 31 March 2013, updated to 31 July 2016 by a qualified, independent Actuary.

	31 July 2016	31 July 2015	31 July 2014
	£000	£000	£000
Inflation	1.9%	2.6%	2.7%
Rate of increase in salaries	3.9%	4.5%	4.5%
Rate of increase in pensions	1.9%	2.6%	2.7%
Discount rate for liabilities	2.4%	3.6%	4.0%

The assumed life expectations on retirement at age 65 are:

Retiring today	2016	2015
Males	22.3	22.3
Females	24.3	24.3

Retiring in 20 years

Males	24.0	24.0
Females	26.6	26.6

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

	2016	2015	2014			
	Long term rate of return expected at 31 July 2016	Value at 31 July 2016	Long term rate of return expected at 31 July 2015	Value at 31 July 2015	Long term rate of return expected at 31 July 2014	Value at 31 July 2014
		£000		£000		£000
Equities	2.4%	49,833	3.6%	43,226	6.7%	39,077
Bonds	2.4%	12,458	3.6%	10,806	3.3%	9,505
Property	2.4%	5,537	3.6%	4,803	4.7%	3,696
Cash	2.4%	1,385	3.6%	1,201	3.6%	528
Total market value of assets		69,213		60,036		52,806

	2016	2015	2014
	£000	£000	£000
University's estimated asset share	69,213	60,036	52,806
Present value of scheme liabilities	(116,670)	(97,657)	(85,336)
Deficit in the scheme - University	(47,457)	(37,621)	(32,530)

	2016	2015
	£000	£000
Consolidated		
Estimated asset share	74,075	64,227
Present value of scheme liabilities	(122,316)	(102,237)
Deficit in the scheme - Consolidated	(48,241)	(38,010)

	2016	2015
	£000	£000
Analysis of net return on pension scheme University		
Expected return on pension scheme assets	2,203	3,153
Interest on pension scheme liabilities	(3,566)	(3,456)
Net return	(1,363)	(303)

	2016	2015
	£000	£000
Analysis of net return on pension scheme - Consolidated		
Expected return on pension scheme assets	2,357	3,371
Interest on pension scheme liabilities	(3,736)	(3,614)
Net return	(1,379)	(243)

	2016	2015
	£000	£000
Amounts recognised in the statement of comprehensive income - University		
Actual return less expected return on pension scheme assets	7,874	2,082
Change in financial and demographic assumptions underlying the scheme liabilities	(12,639)	(6,580)
Actuarial loss recognised in Statement of Comprehensive Income and Expenditure Account	(4,765)	(4,498)

	2016	2015
	£000	£000
Amounts recognised in the statement of comprehensive income - Consolidated		
Actual return less expected return on pension scheme assets	8,395	2,226
Change in financial and demographic assumptions underlying the scheme liabilities	(13,256)	(6,902)
Actuarial loss	(4,861)	(4,676)

	2016	2015
	£000	£000
Movement in deficit during year - University		
Deficit in scheme at beginning of year	(37,621)	(32,530)
Movement in year:		
Current service charge	(3,708)	(3,309)
Contributions	3,220	3,019
Net interest / return on assets	(1,363)	(303)
Actuarial gain or loss	(7,985)	(4,498)
Deficit in scheme at end of year	(47,457)	(37,621)

	2016	2015
	£000	£000
Movement in deficit during year - Consolidated		
Deficit in scheme at beginning of year	(38,010)	(32,728)
Movement in year:		
Current service charge	(3,991)	(3,593)
Contributions	3,415	3,230
Net interest / return on assets	(1,379)	(243)
Actuarial gain or loss	(8,276)	(4,676)
Deficit in scheme at end of year	(48,241)	(38,010)

	2016	2015
	£000	£000
Analysis of the movement in the present value of the scheme liabilities - University		
At the beginning of the year	(97,657)	(85,336)
Current service charge	(3,708)	(3,309)
Interest cost	(3,566)	(3,456)
Contributions by scheme participants	(934)	(942)
Actuarial (gains) and losses	(12,639)	(6,580)
Benefits paid	1,834	1,966
At the end of the year	(116,670)	(97,657)

	2016	2015
	£000	£000
Analysis of the movement in the present value of the scheme liabilities - Consolidated		
At the beginning of the year	(102,237)	(89,144)
Current service charge	(3,991)	(3,593)
Interest cost	(3,736)	(3,614)
Contributions by scheme participants	(988)	(999)
Actuarial (gains) and losses	(13,256)	(6,902)
Benefits paid	1,892	2,015
At the end of the year	(122,316)	(102,237)

	2016	2015
Analysis of the movement in the market value of the scheme assets - University	£000	£000
At the beginning of the year	60,036	52,806
Expected rate of return on scheme assets	2,203	3,153
Actuarial gains and losses	4,654	2,082
Contribution by the employer	3,220	3,019
Contributions by scheme participants	934	942
Benefits paid	(1,834)	(1,966)
At the end of the year	69,213	60,036

	2016	2015
Analysis of the movement in the market value of the scheme assets - Consolidated	£000	£000
At the beginning of the year	64,227	56,416
Expected rate of return on scheme assets	2,357	3,371
Actuarial gains and losses	4,980	2,226
Contribution by the employer	3,415	3,230
Contributions by scheme participants	988	999
Benefits paid	(1,892)	(2,015)
At the end of the year	74,075	64,227

	2016	2015	2014	2013	2012
History of experience gains or losses	£000	£000	£000	£000	£000
Difference between the expected and actual return on assets:					
Amount	50	3	289	5,343	(1,267)
% of scheme assets	0%	0%	0.1%	10.6%	3.0%
Experience gains and (losses) on scheme liabilities:					
Amount	1,053	583	2,039	(2)	(566)
% of scheme assets	0.9%	0.6%	2.4%	0%	0.8%
Total amounts recognised in statement of Comprehensive Income and Expenditure Account:					
Amount	(4,861)	(4,498)	(9,106)	3,644	(8,076)

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income and Expenditure Account is £(27,710)k (2015: £(22,849)k).

22. 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 at arm's length and in accordance with the Institution's Financial Regulations and usual procurement procedures.

Related Party	Party associated	Relationship to Party	Transactions in Year	Amounts due / receivable with University at 31 July 2016
Professor Nick Petford	Northamptonshire Enterprise Partnership (NEP)	Board Member	£2,745 invoiced from The University to NEP	nil
Mr Terry Neville	Uno Buses (Northampton) Limited	Director	£1,040,000 invoiced from Uno Buses (Northampton) Ltd to The University of Northampton Enterprises Ltd	nil
Mr Mark Hall	Northampton College	Director	£200,000 paid from The University of Northampton to Northampton College	nil

23. Endowment assets/funds - Consolidated & University

	Restricted permanent £000	Total permanent £000	Restricted expendable £000	Total £000
Balances at 1 August 2015				
Capital	929	929	24	953
Reclassification	(4)	(4)	4	-
New endowments				
Investment income	12	12	-	12
Expenditure	(11)	(11)	(28)	(39)
	926	926	-	926
At 31 July 2016	926	926	-	926
Represented by:				
Investments	803	803	-	803
Cash	123	123	-	123
	926	926	-	926

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.

24. Transition to FRS 102 and the 2015 SORP

This is the first year the University has presented its financial statements under FRS 102 and the SORP 2015. The last financial statements prepared under the previous UK GAAP and SORP 2007 were for the year ended 31 July 2015. The date for transition was 1 August 2014. An explanation of how the transition to FRS 102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables:

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

	Note	As previously stated	Effect of transition	FRS 102 (as restated)
		£000	£000	£000
Income				
Funding Body grants		16,866	-	16,866
Tuition fees and education contracts		88,865	-	88,865
Research grants and contracts	i	1,783	10	1,793
Other Operating income		17,527	-	17,527
Endowment and investment income		1,775	-	1,775
Donations and endowments		168	-	168
Total income		126,984	10	126,994
Less share of income from joint venture		(988)	-	(988)
Net income		125,996	10	126,006
Expenditure				
Staff costs	ii/iii	56,728	530	57,258
Other operating expenses		41,935	-	41,935
Depreciation & Impairment		9,147	-	9,147
Interest and other finance costs		15,625	-	15,625
Total expenditure		123,435	530	123,965
Surplus before other gains losses and share of operating surplus/(deficit) of joint ventures and associates		2,561	(520)	2,041
Share of operating (loss)/profit in joint venture		15	-	15
Share of operating profit in associate		26	-	26
Non-controlling interest		(8)	-	(8)
Surplus before tax		2,594	(520)	2,074
Taxation		8	-	8
Surplus for the year		2,602	(520)	2,082
Actuarial loss in respect of pension schemes		(4,676)	-	(4,676)
Total comprehensive income/(expense) for the year		(2,074)	(520)	(2,594)

Consolidated and University Balance sheets as at 31 July 2016

	Note	Consolidated			The University		
		As previously stated	Effect of transition	FRS 102 (as restated)	As previously stated	Effect of transition	FRS 102 (as restated)
		£000	£000	£000	£000	£000	£000
Non-current assets							
Fixed assets		125,778	-	125,778	126,402	-	126,402
Investment Property		1,610	-	1,610	-	-	-
Investments		201	-	201	351	-	351
Investments in joint venture		44	-	44	-	-	-
Investment in associate		51	-	51	-	-	-
		127,684	-	127,684	126,753	-	126,753
Endowment Assets	iv	953	(953)	-	953	(953)	-
Current assets							
Stock		3	-	3	-	-	-
Trade and other receivables		8,427	-	8,427	7,923	-	7,923
Investments	v	202,587	(36,600)	165,987	202,587	(36,600)	165,987
Cash and cash equivalents	iv/v	1,584	37,553	39,137	1,812	36,600	38,412
		212,601	-	213,554	212,322	-	212,322
Less: Creditors amounts falling due within one year	i/ii/ vi	(25,921)	(4,981)	(30,902)	(31,667)	(4,894)	(36,561)
Net current assets		186,680	(4,028)	182,652	179,702	(3,941)	175,761
Total assets less current liabilities		315,317	(4,981)	310,336	307,408	(4,894)	302,514
Less: Creditors amounts falling due after more than one year	vi	(230,456)	(13,844)	(244,300)	(224,086)	(12,345)	(236,431)
Provisions for liabilities and charges	vii	(1,248)	1,248	-	(1,248)	1,248	-
Pension provisions	iii/vii	(38,010)	(1,540)	(39,550)	(37,621)	(1,540)	(39,161)
Total Net Assets		45,603	(19,117)	26,486	44,453	(17,531)	26,922

	Note	Consolidated			The University		
		As previously stated	Effect of transition	FRS 102 (as restated)	As previously stated	Effect of transition	FRS 102 (as restated)
		£000	£000	£000	£000	£000	£000
Deferred Capital Grants	vi	18,622	(18,622)	-	17,123	(17,123)	
Restricted Reserves							
Endowment reserve		953	-	953	953	-	953
Unrestricted Reserves							
Income and expenditure reserve - unrestricted		11,443	(495)	10,948	11,858	(408)	11,450
Revaluation reserve		14,519	-	14,519	14,519	-	14,519
		25,962	(495)	25,467	26,377	(408)	25,969
Non-controlling interest		66	-	66	-	-	-
Total Reserves		45,603	(19,117)	26,486	44,453	(17,531)	26,922

Financial Position – Effect of the transition on the Total Reserves

	Note	Consolidated	University
		£000	£000
Total reserves under 2007 SORP		26,981	27,330
USS pension provision	iii	(292)	(292)
Employee leave accrual	ii	(238)	(151)
Change to research grant income 2013/14 under the performance method	i	(100)	(100)
Change to research grant income 2014/15 under the performance method	i	110	110
Release of the non-government capital grant income	vi	25	25
Total effect of transition to FRS 102		(495)	(408)
Total reserves under 2015 SORP		26,486	26,922

Cash Flows

The only impact of the transition to FRS 102 on the cash flows of the University and the Group is the reclassification of some short term investments to cash and cash equivalents as shown in the above tables.

- i Adjustment to deferred income under the accounting policy for recognising Research Grant income under the performance method.
- ii Employee leave accrual, recognition of short term employee benefits.
- iii Recognition of the University USS pension provision.
- iv Reclassification of endowment cash assets to cash and cash equivalents.
- v Reclassification of short term cash investments to cash and cash equivalents.
- vi Reclassification of deferred capital grants to deferred income under creditors less than and greater than one year.
- vii Reclassification of pension provision for liabilities and charges to pension provisions.





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