



# UNIVERSITY OF LINCOLN



## Financial Statements 2020/21

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## Key highlights for the year ended 31 July 2021

### Strategic Plan

The University's vision is that by 2021:

'The University of Lincoln will be a global 'thought leader' for 21st Century higher education. We will be known for addressing the opportunities and challenges presented by the changing world by developing a new approach to education and knowledge development.'

Financial Highlights	2021 £'000	2020 £'000
Total income	211,796	174,395
Statutory surplus for the year	22,938	698
Operating surplus/(deficit)*	3,875	(1,377)
Net cash generated from operations	23,819	21,086
Capital expenditure	19,516	23,392
Net debt	38,691	50,226

\* Excludes certain items due to their one-off or non-operational nature (see page 21 for further information)

Significant income  
growth of 21.4% to  
£211.8m

↑ £37.4m

Net cash generated from  
operations

£23.8m

Operating surplus  
increase in 2020/21 to  
£3.9m

↑ £5.3m



The Brayford Pool campus is located in the heart of the city centre.





**Ranked 34<sup>th</sup>**  
in The Guardian  
University Guide 2022



## Medical School

In March 2021 construction of the Medical School was completed, in time to welcome students in the 2021/22 academic year



**National  
Student  
Survey  
35<sup>th</sup>**  
for student  
satisfaction



## Holbeach Food Enterprise Zone

Delivering innovation support services, pioneering research and knowledge exchange for agri-food businesses across Lincolnshire.

**Ranked  
49<sup>th</sup>**  
in The Times' Good  
University Guide 2022

## COVID-19 impact and mitigations report for the year ended 31 July 2021

As the impact of the COVID-19 pandemic unfolded and swept the globe in the early part of 2020, University teams reacted quickly across all operations, and have subsequently put firm plans in place for managing the situation during the 2020/21 academic year and into the future. This section summarises the major impacts of the pandemic and the immediate and ongoing actions taken.

### Teaching and Learning

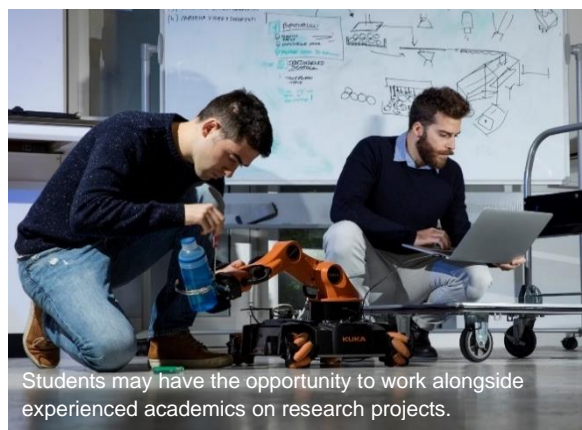
In 2020/21 there was a continued commitment to providing quality Teaching and Learning through blended learning approaches developed for 2019/20. As a response to the changing pandemic context it was essential that developments were flexible, agile and adaptable to be responsive, as shown with the swift transition to remote Teaching and Learning in lockdown 2020. For 2020/21 teaching was delivered through blended approaches, a combination of synchronous and asynchronous delivery, and institutionally this shift was supported through developments in quality assurances and updated and revised policy for students and staff.

Lincoln Academy for Teaching and Learning (LALT) digital education team provided enhanced revised support, training and development of resources for greater online delivery for staff. Amendments to levels of support were shown with the revision to the workshop process called ADAPT and the Engaged Agile Blended Learning Experience (EnABLE), developed for 2019/20, to 'Refresh, Review and Renew' approaches, with the addition of enhanced digital technologies to support Teaching and Learning. This enhanced support enabled staff to develop their practice and implement digital approaches to further enhance excellence in Teaching and Learning.

For 2020/21 Quality Standards and Partnership have developed revised curriculum and assessment design. These changes responded to the shift and impact for assessment provision in 2020/21. Specific developments to continue with online approaches, as shown with the introduction of time constrained assessments (TCAs), were designed by partnerships locally between School Directors of Teaching and Learning (SDOTL) and College Director of Academic Quality and Standards (CDAQS). These transitions with quality assurances were further supported by updated resources and guidance provided by LALT Digital education team.



Students taking part in a group seminar to discuss and debate ideas.



Students may have the opportunity to work alongside experienced academics on research projects.

Developments for design and planning of programme delivery for 2020/21 were further informed by evaluations conducted on blended learning and experiences with the transition. Academic and student responses were reviewed and reported informing on strategic priorities for the future. Continued regular consultation with the Student Union and student feedback has been supported by the many academic student engagement opportunities and extra-curricular activities provided, through subject committees, forums and greater involvement with School and College student reps.

Institutionally for 2020/21 the focus was to provide a more holistic series of developments for Teaching and Learning, with quality assurances through the provision of safety net principles, developments in Personal tutoring, resources and training from Digital education teams, Library and Professional services to align and support the variety of teaching approaches and student experience.

### Research

The COVID-19 pandemic has provided a number of challenges to the University in terms of research. We have updated our standard operating procedures to allow research work within laboratories to be conducted safely, while minimising the possibility of COVID-19 transmission. We have included social distancing and other control measures, and introduced rigorous timetabling and records keeping to facilitate “track and trace” processes. There was inevitably a reduction in overall capacity, which we have addressed by operating “three R” (replace, reduce, refine) principles to minimise load on facilities while continuing our research. During the initial period of adjustment there were delays in some research projects, and the University has negotiated project extensions with funders, and has been grateful that UKRI has provided funding to allow some badly-affected projects to reschedule.

There has also been impact on some postgraduate research students, particularly those close to completion of PhDs and relying on further experimental work or affected by home circumstances. The University has reacted by funding extensions to effected students who are funded through University bursaries or UKRI scholarships.

University researchers have also responded to the challenge of COVID-19 by repurposing existing or generating new lines of research. Among many exciting lines of research enquiry are our geographers work on modern urbanisation and the spread of infectious diseases, bioscientists working on inflammatory responses and control mechanisms, and engineers working on advanced materials for effective viral filtering in face masks.



Students studying on our Brayford Pool Campus.

### Careers and Employability

During the 2020/21 academic year, students were able to visit the Careers and Employability Centre (semester A) or access support virtually, depending on their need. The Careers Centre has had safety screens installed at all desks and staff and students adopted social distancing and wearing of masks. All employer and central employability events were delivered remotely, and the team developed and implemented a range of new services, events and activities including a new online triage service supporting students to access support faster. New ‘on demand’ services were introduced such as a new Interview and CV 360 software and a repository of pre-recorded workshops enabling students and graduates to access support at the point of need.

The Careers and Employability Team delivered two remote careers and employability/graduate jobs fairs and despite a reduction in student numbers they engaged just under 70 employers who took part to advertise vacancies and promote their organisations. We fully implemented a digitised Lincoln Award including the first digital badges awarded for students to promote on their LinkedIn profiles detailing the skills they have developed.

Campus Jobs continued to carry out right to work checks online in accordance with Government guidelines and jobs for students have been created both virtually and on site throughout the pandemic. The development of virtual internships has provided an opportunity for students to gain valuable work experience and skills development including the introduction of a new workday experience initiative which is a remote opportunity for students with no work experience to work with local employers. This was created by the OfS Graduate Skills Builder team who also developed and delivered a further 13 virtual projects for students.

The graduate labour market does appear to be in a much more positive place with reports of graduate-level vacancies reaching pre-pandemic levels.





### People

The impact of the pandemic continued to present challenges to the people agenda at the University. The institution remained committed to the safety and wellbeing of its staff, alongside its objective to support students in their learning through a blended approach to teaching. Tracking in respect of requirements, productivity, wellbeing and financial constraints were essential as further consequences on the workforce were reviewed in these unprecedented times.

The University remained closely aligned to Government guidance, with a key priority for the continuation of measures and behaviours to reduce the risk of transmission wherever possible, whilst supporting the uptake of testing and vaccination, and maintaining positive relationships with local communities.

For the period covered by this report, the University stayed committed to actions in support of prevention, intervention and partnership working:

#### Prevention:

- The University built and maintained trust and self-efficacy through clear guidance and support measures for both staff and students.
- Provided a range of practical, emotional and, where appropriate, financial support which enabled the University community to follow public health advice, including testing, self-isolating and vaccination.
- Communicated the reasons for taking certain actions (such as self-isolation), supporting a sense of collective and shared responsibility among university communities.
- Promoted positive behaviours and the positive impact of staff and student efforts.
- Shared information that provided reassurance and guidance about what steps the University was taking in respect to COVID-19-safe behaviours and what to avoid.
- Adapted approaches and responses over time and in different settings.

## COVID-19 impact and mitigations report for the year ended 31 July 2021

### Intervention:

- Continued to ensure COVID-19-safe measures across all campuses.
- Promoted the University One-Community Values as the code of conduct and respect, setting clear expectations around COVID-19-safe behaviours and being a good citizen.
- Trained One Community Student Ambassadors to confidently challenge all members of the University community who were not following safety rules in learning environments and communal spaces.
- Carried out agile working surveys with members of staff to seek views on ways of working during the current period and in support of future workforce planning.
- Fortnightly HR communications were cascaded to all staff with SLT updates, key information and support mechanisms available through a variety of platforms.

### Partnerships:

- Maintained close partnership working and early engagement with public health and community stakeholders to keep University settings safe and reduce the risk of transmission.

The pandemic continued to have unprecedented financial and people impacts upon the University, where staff continued to demonstrate the ability to prioritise operational and student needs as the Government and national guidance evolved. The impact of COVID-19 has resulted in continued changes that have been reflected in changing HR practices, examples of which include:

- Further remote and flexible working, with management style, communications and engagement strategies flexed appropriately.
- Further strategies in support of staff wellbeing and mental health initiatives.
- Continued reviews of HR processes to reflect virtualisation.
- Staff informed policies to further develop agile working principles where possible as an integral part of future people plans.

## Campus and Capital Projects

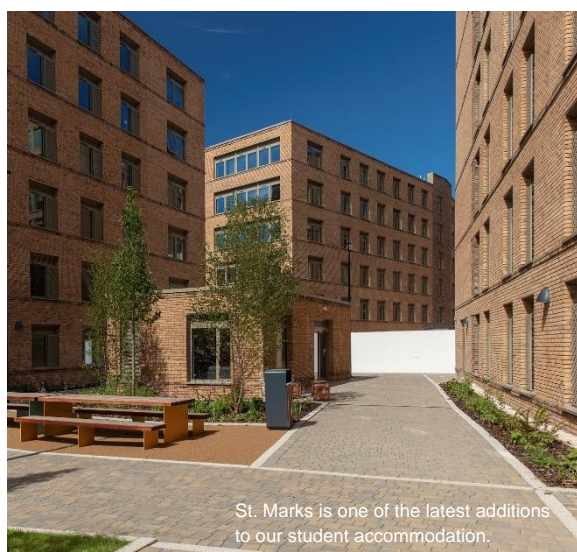
The Estates Team worked throughout the lockdown periods to maintain socially distanced, hygienic and well-ventilated spaces across all campuses. Working as part of the Managing the Campus Group our team developed and implemented significant changes to the teaching spaces, reconfiguring Professional Services facilities, creating touch down spaces and organising staff and furniture moves ready for the new academic year. We have kept abreast of developing industry best practices, adapting cleaning and maintenance regimes, and working flexibly with our external partners.

All buildings continue to be maintained to ensure compliance with statutory requirements (fire safety, water hygiene etc.) and to allow them to reopen quickly when required.

Working within the Government and industry COVID-19 guidelines, our construction contractors continued to work on our main capital projects. The Lincoln Medical School, Holbeach Centre of Excellence and Old Hall Riseholme were all delivered successfully with minimal delays. Ongoing projects such as the Institute of Technology (IoT) building at Holbeach and the Bridge building on the Brayford Campus and the Engineering Workshop at Riseholme are progressing well.

Work on residential accommodation by third-party developers has also continued with the final phase of Viking House recently completed and the first and second phases of the St. Marks development handed over and ready for occupation.

Our Project Management Team continues to work closely with our contractors to mitigate potential material delays and labour shortages.



St. Marks is one of the latest additions to our student accommodation.



## COVID-19 impact and mitigations report for the year ended 31 July 2021

### Financial

During 2019/20, COVID-19 had a significant effect on the University's financial result for the year, along with the operations and strategy moving forward. A set of new short-term strategic financial principles were rapidly put into place in 2020/21 to provide the necessary focus to ensure the University mitigated the financial risk, and to create a platform for financial sustainability as we moved into the 'new world'.

Short-term strategic financial principles include:

- A relentless focus on cash generation and maintaining liquidity levels to ensure all liabilities were met as they fall due.
- Maintaining a robust focus on cost control through retaining a more centralised approach to budgeting and financial decision-making.
- Retaining our existing borrowings and ensuring the University generates sufficient cash to service the capital and interest repayments.
- New borrowing facilities in place for the purposes of maintaining our liquidity position.
- Committing to complete our existing, contracted and committed capital projects, with any additional capital expenditure beyond this being focused on business-critical activities and legal/regulatory compliance.

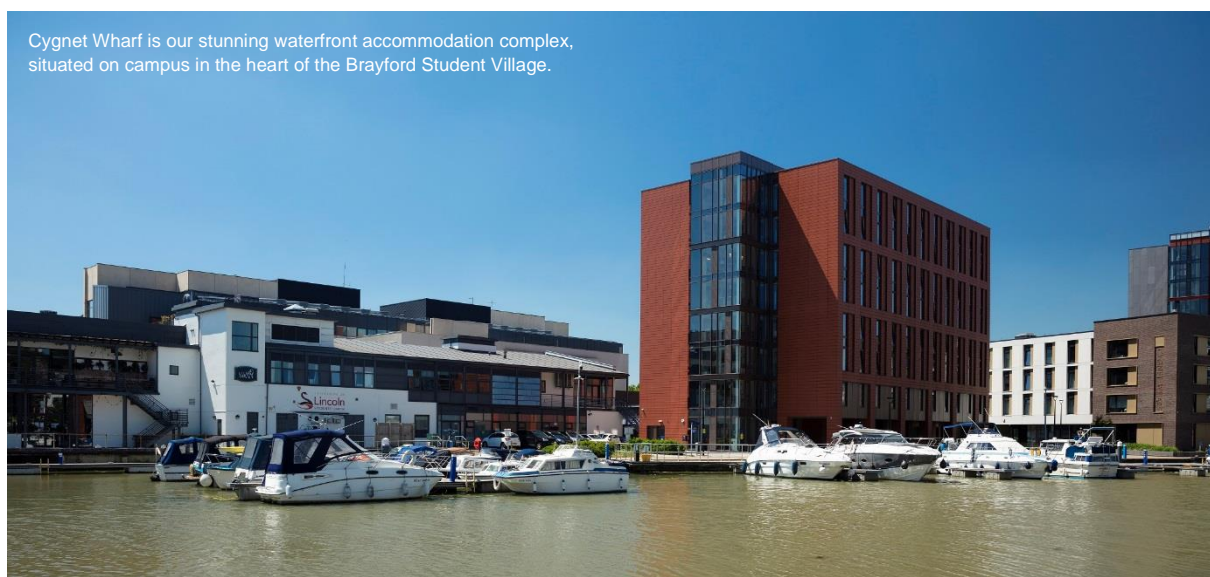
### Cash

As the pandemic unfolded during 2019/20, cash was monitored closely, with rolling forecasts being prepared on a monthly basis, and this continued throughout 2020/21. This, along with the mitigating actions taken above, ensured positive cash balances were maintained.

### Statement of financial position

The key areas impacted as a result of the pandemic included an increase in property and other provisions, such as the University's obligation to put in place further appropriate measures across the campus in readiness for the safe return of students and staff in the new academic year.

Cygnet Wharf is our stunning waterfront accommodation complex, situated on campus in the heart of the Brayford Student Village.



## Strategic Direction

**Strategic Plan** The University's priorities and strategic direction over the last five-year period of our development has built on our significant progress to date. The vision being that, by 2021:

'The University of Lincoln will be a global 'thought leader' for 21st Century higher education. We will be known for addressing the opportunities and challenges presented by the changing world by developing a new approach to education and knowledge development'.  
We are about to embark on our next, five year, Strategic Plan again building on our progress to date and a 'building back better' future.

### Core Principles:

In order to deliver this and ensure that the University remains focused, the plan is based around five core principles.

These are:

- Teaching Excellence and a Great Student Experience
- Graduate Success
- Research with Impact
- Strong Partnerships and Employer Engagement
- Dynamic, Engaged People.

### Key Supporting Themes:

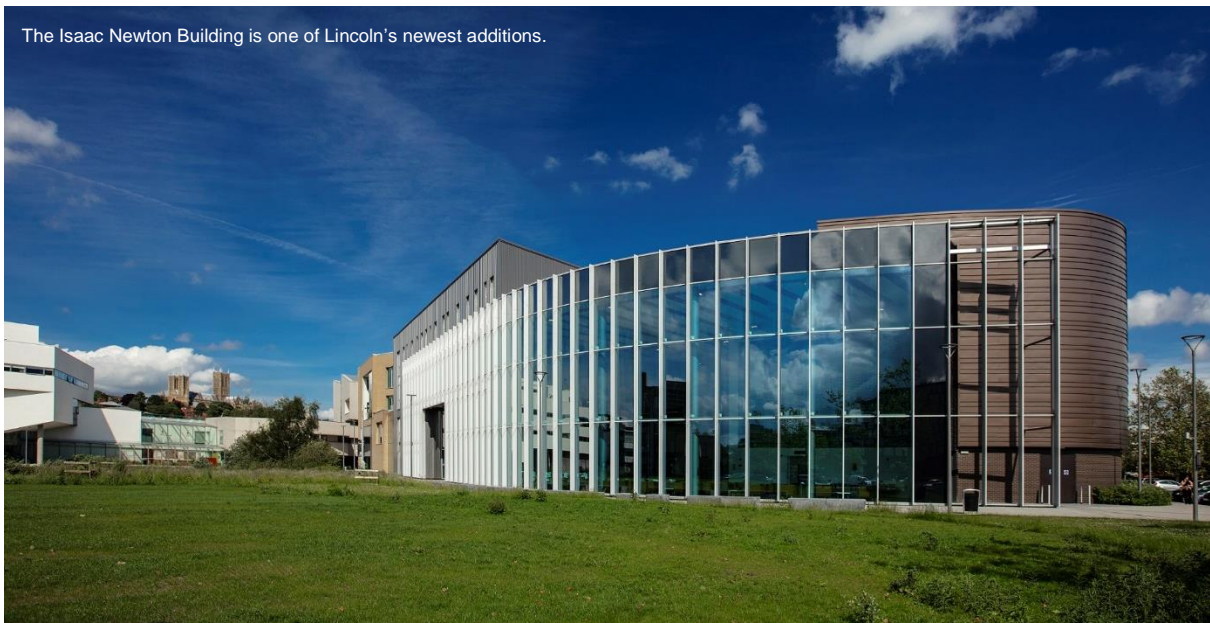
We believe that each of these principles lie at the heart of the success of the University. Supporting these key principles are five themes, which we believe encapsulate our needs in the environment that will shape our world over the lifetime of the plan.

These are:

- Resilience and Sustainability
- Ambition, Global Recognition and Growing our Reputation for Innovation
- Creating an Inclusive Community
- Enabling Technologies, Excellent Research and Teaching Spaces
- A New Vision for Education.

We believe that focusing our ambitions and activities around these elements will take the University forward successfully. We aim to deliver the outcomes of our plan by each year making progress on those parts of our plan articulated in the strategic objectives.

The Isaac Newton Building is one of Lincoln's newest additions.



## External Environment

### Political Environment:

As the University grows and develops, we continue to be aware of the changing regulatory environment in which we operate. The Office for Students (OfS) is now firmly established, and implementing changes to reporting and teaching to ensure that every student, whatever their background, has a fulfilling HE experience that enriches their lives and careers.

Research funding is administered by UK Research and Innovation (UKRI), which brings together the seven Research Councils, Innovate UK and Research England.

These changes continue to create a number of challenges and opportunities for the University, which in turn continues to focus our efforts on diversifying income streams.

### Reputation:

The University's external reputation continues to grow, with a strong reputation for leadership and innovation, particularly focused on partnership work with employers.

The University continues to be recognised for teaching quality and named 'Modern University of the Year'.

In the 2022 national league tables, Lincoln ranked 34th in the Guardian University Guide, 46th in the Complete University Guide and 49th in the Times and Sunday Times Good University Guide.

Internationally, we ranked 137<sup>th</sup> in THE World Young University league table whilst in THE World Rankings we placed in the 501-600 band. In the QS Rankings, we were placed in the 801-1000 band

## External Environment

### Competition:

The University's key UCAS competitors continue to be located mainly in major UK cities as it changes to accommodate our journey through the league tables.

The makeup of this competitor set is, however, changing as the University moves up the league tables and our profile and portfolio changes.

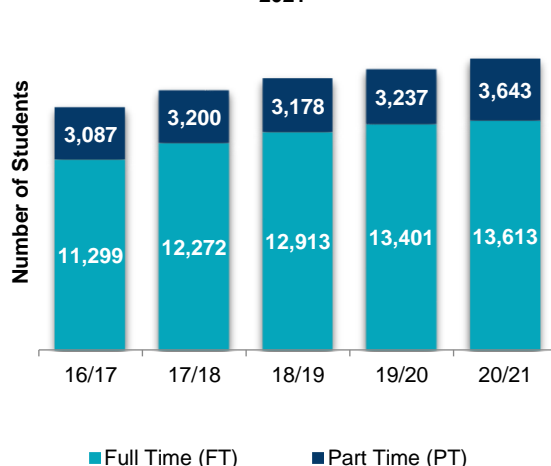
### Demand:

The University continues to meet targets on recruitment and retention. Demand for places at Lincoln remains high, and we continue to see a year on year increase in student numbers due to both growth in existing subject areas and the continued development in STEM subject areas.

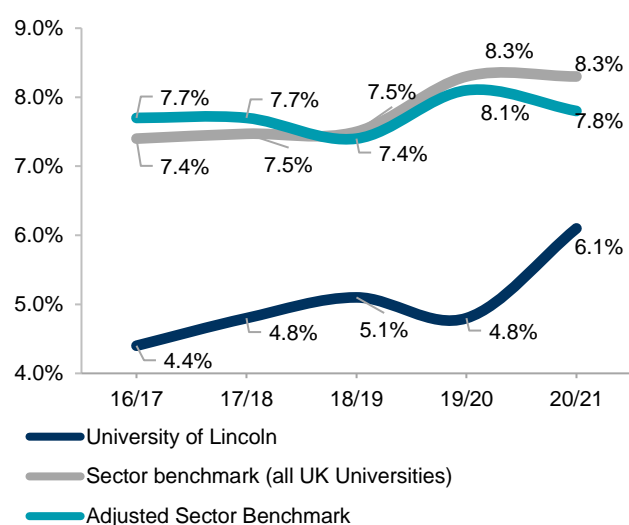
The University also continues to perform strongly in retaining students, scoring significantly better than the sector benchmark in the Office for Student Performance Indicators relating to student retention.

The graphs below demonstrate the demand trends.

Student Number Headcount by Mode of Attendance Year Ended 31 July 2017 to 2021



Non-Continuation of Full-Time First Degree Students





## Review of the Year

### Teaching Excellence and a Great Student Experience

Students are at the heart of everything we do. In the year ending 31 July 2021, The University was in its fourth year of Gold status in the Teaching Excellence Framework (TEF). The TEF is a national independent assessment of teaching quality, student support and graduate success in higher education. Almost 300 higher education providers took part in the assessment, results of which were announced by the Higher Education Funding Council for England.

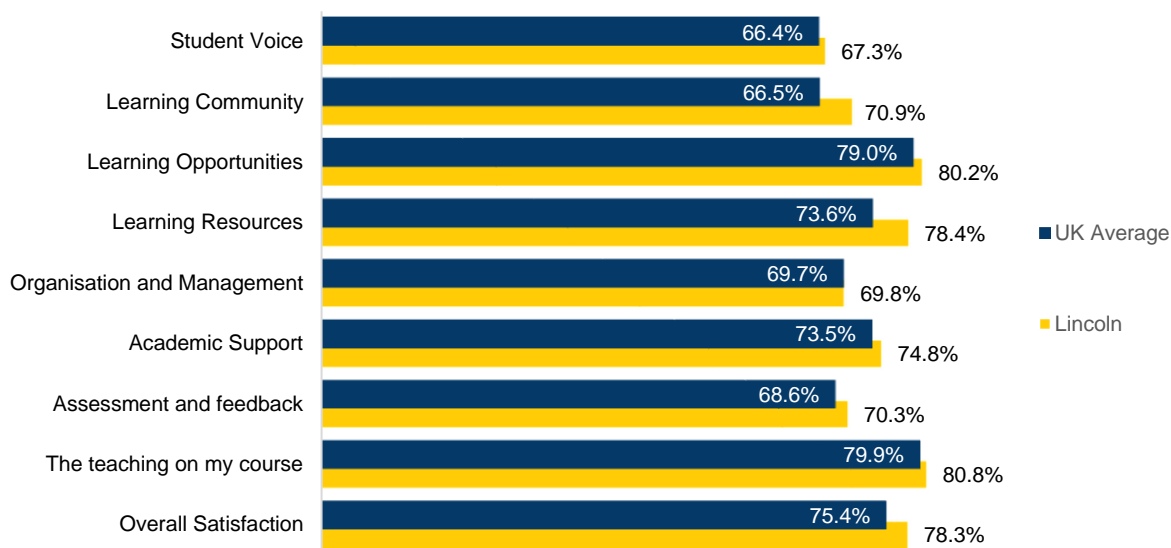
Determined by an independent panel of experts, including academics, students and employer representatives, our Gold award means the University has achieved the highest grade for teaching quality found in the UK. The University of Lincoln is one of 77 higher education providers of the total 290 entering the TEF to be awarded Gold.



Teaching  
Excellence  
Framework

In terms of student satisfaction, Lincoln was ranked 35th in the UK out of 131 league table institutions according to analysis of the 2021 National Student Survey. The University of Lincoln scored higher than the sector average in all of the nine categories within the survey, which is completed by final year undergraduate students across the UK. Lincoln ranks in the top 25 for Learning Resources and the top 50 for Assessment and Feedback, Learning Opportunities, Academic Support and Learning Community. Several of the University of Lincoln's courses were rated in the top five in the UK for their subject areas, including, Dance, Publicity Studies, Biology, Chemistry, and Biomedical.

### 2021 NSS Category Overall Percentage Agree Scores



Aligned to the strategic plan is the University's teaching and learning implementation plan, which has been designed to provide a clear framework for the next five years to ensure that our teaching and digital ambitions are achieved. We have set ambitious goals around our student experience, which include developments on campus, in the digital support we offer, in the breadth of our degree range, and in the innovation we bring to learning and teaching.

On quality assurance, during the last academic year the University's Office for Quality, Standards and Partnerships (OQSP) has continued to work hard to maintain and enhance the University's robust quality control systems. Alongside this, the University continues to develop its use of data to create success and improve and enhance its programme development and student experience.

#### Case Study: - Chemistry during COVID-19 – Instructive micro-videos to enhance laboratory learning

Fitting everyone into the laboratory safely during COVID-19 has been a real challenge for the teaching team in the School of Chemistry, but necessary for such a hands-on subject, and to satisfy an accrediting body that the practical content of programmes was being maintained. Repeated laboratory sessions with fewer students was one solution, but reducing the amount of time students were physically at the bench, and accommodating the needs of those self-isolating, were also important considerations.

For students taking the first-year module 'Practical Chemistry 1', an associate professor and a team of technicians and demonstrators produced more than 100 pre-lab videos, each lasting 2–3 minutes. These micro-videos showed students a range of Chemistry laboratory techniques such as thin layer chromatography plate or the steps required in setting up a chemical reaction. Prior to attending the laboratory session, students were asked to watch the set of videos associated with that experiment. In addition, the entire laboratory class was also recorded, so if needed, self-isolating students could virtually complete the experiment during the timetabled slot alongside their peers.

Feedback from students and staff was very positive. As well as overcoming the restrictions of COVID-19, staff noticed that students were better prepared and made fewer mistakes compared to previous cohorts. In addition, students were also able to access the 'hidden curriculum', by seeing for themselves what is important (yet not explicitly stated in the laboratory manual) before they started the practical class. Student comments reported that the videos provided: "Really useful information to make sure reactions run smoothly and to prevent accidents." And: "Being more confident before entering the laboratory".



A student nurse taking part in a practical session.

Our estate continues to provide a top-quality learning environment for our staff and students. The Lincoln Medical School was completed in March 2021 and is now in use. It will be the most sustainable building the University has built to date. The aim is for the development to be carbon neutral, while providing cutting-edge facilities including a new library.

The Residential Accommodation Strategy continues to make progress in order to meet the demand of our student numbers growth. Developer-led schemes operated and managed by the University, including the first and second phases of St. Marks, have been handed over ready for student occupation.

Our Holbeach and Riseholme campuses are increasingly an area of focus. The University is the anchor tenant on the new Food Enterprise Zone (FEZ) in Holbeach. Construction work completed on the £7m Centre of Excellence for our National Centre of Food Manufacturing, which is now being used. The University was also successful in a funding bid to create the Lincolnshire Institute of Technology. This will see new facilities being built across the county with partner Further Education institutions in addition to a new building on the University FEZ site in Holbeach. Construction work is underway with completion due in late 2021.

At Riseholme, the new partnership agreement between the University and Bishop Burton College is working well. New farm and equine facilities have been delivered and are now in use. The Lincoln Institute for Agri-food Technology has been successful in securing high-profile research funding. To support this a project to create new agri-robotic research facilities and staff space in the central zone of the campus, including work to our Grade II listed Old Hal was completed and refurbishment work to the Engineering Workshop will deliver new agricultural robotic research space in Autumn 2021.



Our NCFM department is located in Holbeach, South Lincolnshire.

## Strategic report for the year ended 31 July 2021

### Graduate Success

Our ambition to create confident, knowledgeable graduates whose reputation makes them sought after by employers across the globe is key to our future impact and success. The economic climate continues to provide challenging employment conditions for all graduates. Despite this, our students continue to have great employment prospects.



The Careers and Employability team has remained available and open to students and graduates throughout 2020/21. Ongoing support and development was offered in the following areas:

- The development of additional on demand services to support applications and recruitment activities increased interactions with the Careers service from 10,000 to 15,572.
- An increase in graduate recruiter events with over 1600 student and graduate interactions with employers.
- The introduction of a new finalist support programme culminated in a graduate employment fair which was the second virtual careers fair delivered in the academic year attracting just under 70 employers.
- The Graduate Skills Builder programme successfully delivered a further 13 business challenge projects remotely and introduced a new workday experience programme to support students with no prior work experience.
- The Lincoln Award delivered employer led mock assessment centres resulting in 265 students successfully completing and being awarded the first digital badges for their linked in accounts.
- The Careers service supported local SME's, students, and graduates in the creation of partially funded internship programmes all successfully filled.
- The team continued to work closely with Colleges and Schools and developed and/or delivered over 400 curriculum sessions for students across a range of programmes which were mainly delivered remotely.



## Strategic report for the year ended 31 July 2021

### Research with Impact

The University of Lincoln is producing world-leading research across many subject areas. More than half (53%) of the research submitted by the University to the national Research Excellence Framework 2014 was rated as internationally excellent or world leading.

The University made a successful submission to the Research Excellence Framework 2021 in March 2021 and await the outcome which is due in December 2021

The University's academic staff includes almost 100 substantive professors who support a thriving research culture and a high-quality student experience. There are more than 40 research centres and research groups, investigating subjects ranging from vision engineering and autonomous systems to conservation and cultural heritage. Major research projects from the University benefit society in areas as varied as agri-food technology, biophysics, battery technology, fatherhood, addressing gambling addiction, medieval history, and global contamination of water.

A multi-disciplinary approach ensures many projects involve experts from across the University's different Schools and Colleges.



The University invests in state-of-the-art equipment for teaching and research.



Students have access to high-tech laboratory equipment for their courses.

### UK's First Global Centre of Excellence in Agri-Robotics Research

The UK's first global centre of excellence in Agri-Robotics Research has been created at the University of Lincoln. With significant Government Grant Funding, Lincoln Agri-Robotics is bringing together world-leading expertise in robotics, artificial intelligence and agriculture, based at the heart of the University's Riseholme Campus and farm.

### Case Study: Developing new treatment options for kidney disease

Diabetes is the leading cause of kidney failure globally and whilst current treatments focus on early disease management, we lack an ability to intervene at advanced stages of kidney disease. New therapeutic approaches are urgently required and form the basis of ongoing studies performed by the renal team at Lincoln. Supported by more than £1million of continuous support of Diabetes UK and the European Foundation for the Study of Diabetes, staff in the School of Life Sciences have been involved in a programme of research examining how diabetes affects the way cells talk to each other in our kidneys.

Working with an international team of basic science (INSERM, Paris), clinical (University of Hong Kong) and industrial partners (Ciana Therapeutics, Denmark and OcuNexus Therapeutics, NZ/USA), we have recently published evidence for beneficial renal outcomes using novel drugs to block damaging signals associated with miscommunication in early disease onset and progression in diabetic kidney disease (Int.J.Mol.Sci. 2021, 22, 2809. Cell Communication & Signalling, 2020, 18:79). A European patent submission 2021 has been co-invented with academics from the School of Life Sciences, for the use of a new compound in the treatment or prevention of kidney disease, work that has tangible potential for clinical impact.

**Strong  
Partnerships  
and  
Employer  
Engagement**

Lincoln is internationally recognised for our innovative approach to industrial partnership (public, private and third sector). Our recent publications 'The New Civic University' and our approach as a 21st Century permeable University reinforce the key role we have aligned to the Greater Lincolnshire Local Enterprise Partnership's (GLLEP) Local Industrial Strategy and Strategic Economic Plan. We are the 5th largest revenue generator in the city and one of the largest organisations in Greater Lincolnshire.

We continue to cement strong partnerships in key areas for our region, such as the Food Enterprise Zone (which will provide purpose-built business space for small and medium sized enterprises developing cutting-edge technology), the new Barclays Eagle Farm Lab, the Ceres Agri-Tech Partnership driving commercialisation and agri-tech innovation, and the Lincoln Science and Innovation Park, which includes the new ISTAR Building for the defense industry and was developed in partnership with Lincolnshire Cooperative. Next to the Park, construction is underway for 'The Bridge' Advanced Engineering Research and Development facility, a new initiative designed to bring together industry and academia in the field of advanced materials, thus increasing competitiveness of the region's SMEs. Siemens is one of the key partners for 'The Bridge', demonstrating how our successful relationship as one of Siemens' global principal partners continues to flourish and benefit our region.

**Project Selborne**

As part of our commitment to building strong partnerships and developing educational contracts, we joined a large, multidisciplinary consortium called Team Fisher, which is led by Capita (and including Raytheon, Fujitsu and Elbit) and was successful in winning the Selborne contract. It is a 12-year contract, and Project Selborne's aim is the transformation and modernisation of the Royal Navy's shore-based maritime training and educational services for both the Navy and Royal Marines.

We are the Team Fisher Tier 1 Academic Partner responsible for the design, delivery and validation of several interdisciplinary academic programmes. These range from a BSc in Defence Studies to an FdA Leadership and Management for Royal Marine Young Officers and includes Initial Naval Officer Training at the Britannia Royal Naval College Dartmouth. We will offer our experience of all aspects of teaching and learning in these programmes, which feed into a range of professional development pathways. Our aim is to work collaboratively across the partnership to equip our students with the wide range of knowledge, skills and expertise they need to face future challenges in a 21st Century world.

**Case Study: International Bomber Command Centre (IBCC) Lincoln**

Since 2014, the University of Lincoln has been a partner of the International Bomber Command Centre (IBCC) in delivering this important new heritage attraction in Lincoln. The University's role has been to preserve and share the heritage of RAF Bomber Command and the bombing war, principally through the construction and management of a digital archive and devising the interpretation plan for the IBCC's exhibition.

The University team, based in the Lincoln International Business School, applied research insights into how to manage difficult heritage to benefit heritage attractions and their online resources. Their interpretive approach was based on the core principles of inclusivity, remembrance, recognition and reconciliation. This approach has enriched the visitor experience and benefited the visitor economy of Lincoln. Their work has won a number of national awards, their approach to co-production has benefited volunteers' skills and wellbeing, and their model of managing difficult heritage has changed practice in other heritage attractions in the UK and abroad. The University is about to sign a new agreement with the IBCC, to continue this innovative partnership.

# Strategic report for the year ended 31 July 2021

## Dynamic Engaged People

The University has seen a wide range of initiatives undertaken to align to the University Strategic Plan and People Agenda.

### Attraction and Retention of Talent

The impact of COVID-19 stalled the labour market with turnover at lower levels which impacted recruitment activities. This, however, did allow for peripheral activities to be progressed including transitioning Disclosure and Barring checks for staff and students to a new online platform and online interviewing to be further advanced. In the run up to the ending of the Brexit transition period, support was provided to support existing colleagues in maintaining their right to work in the UK via the EU Settlement Scheme and following this, and colleagues were supported with securing visas through the new points-based immigration system. While the pandemic brought challenges, it also brought with it the impetus for change. Academic Promotions was one such activity, where opportunities were sought to seek efficiencies and improvement to the experience for applicants.

### Flexible Reward and Recognition

The national pay position was also impacted by COVID-19 and the broader financial pressures this placed on universities. UCEA (Universities and Colleges Employer Association) with a responsibility for representing participating employers within the sector, led the JNCHES pay round negotiations with the relevant national unions including both UCU and Unison, reaching a position where the only agreeable state was a pay freeze. As with many other universities in the sector, Lincoln continued to track the national voluntary living wage rates as set by the Living Wage Foundation.

The third Senior Remuneration Report was publicly issued in Autumn 2020 alongside the separate Gender Pay report and action plan which showed the closing of both mean and median gaps. The University also for the first time voluntarily disclosed the organisational ethnicity pay gap as part of the same report.

More so than ever it was important to ensure that staff performance was recognised and through the staff benefits site, virtualisation of wellbeing activities and the introduction of a fortnightly staff newsletter, the overarching 'One Community' concept was embedded into plans.



Our buildings blend modern and innovative learning spaces with social areas for group

The flagship recognition event of the Merit and Achievement Awards was held virtually to ensure it could continue to take place, with record numbers of nominations being made for colleagues and teams demonstrating exceptional performance and behaviours. In addition, a small recognition gesture was made to all staff as a Vice Chancellor All Staff Award to thank them for their contribution in the response to COVID-19. Two additional days of annual leave were also granted around the Christmas holiday to ensure everyone had the opportunity to have a sufficient break and to support their families at a time when COVID-19 was still impacting activities and being reflected through the introduction of an on-site testing centre and internal track and trace process.

### Encourage Continuous Development

This year saw face-to-face courses including leadership development, transition to a virtual environment as a result of the pandemic. This form of delivery was received well across the University staff community and was found to be more accessible in a number of situations. The provision of e-learning was enhanced and saw a 42% increase in usage overall.

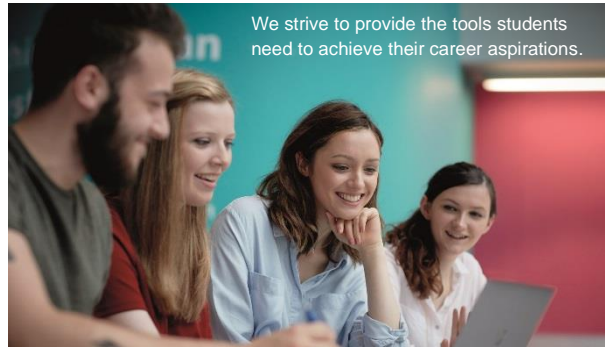
Throughout this year staff apprenticeships have continued to be delivered within a virtual environment. Progress has been tracked via the online apprenticeship learning platform, through quality assurance meetings with apprenticeship providers, and through collaboration with managers of apprentices. This year also saw the launch of the first staff "INSPIRE" positive action leadership development programme, which aims to help colleagues from minority ethnic backgrounds to realise their potential and support them in taking that next step up to a more senior role.

The University developed and launched a new framework which has aligned various academic processes such as appraisals, individual research, scholarly and professional practice reviews, and the academic workload model, to achieve a streamlined and cohesive approach.



### Encourage Continuous Development (cont.)

The framework is for academic and research staff and provides a structure through which achievements may be recognised, priorities and objectives set for the forthcoming year and further development planned to the mutual benefit of individuals and the University, enabling academics to set clear and focussed objectives that align with the wider University strategy.



We strive to provide the tools students need to achieve their career aspirations.

### Support a community that is inclusive to all

There were many strands within the inclusion agenda where progress has been made to develop the University culture as a supportive community:

#### *Further analysis of the Race Equality Charter (REC) Surveys and development of the action plan*

Applied analysis to the creation of Working Groups enabled focus on the development of staff and student themes. Development of these themes supported the creation of the REC action plan which accompanied the submission of the REC Bronze Award in April 2021.

#### *A series of roundtable discussions to explore ethnicity and race*

Development of the insightful conversations e-module and discussion sessions have been designed to address and educate around the topic of racism. This approach provides practical examples of racial inequality in society today and what members of staff can do about it supporting the strategy to increase knowledge and awareness around addressing racism and discrimination.

#### *Unconscious Bias training reviewed to meet contextual requirements of the University*

The use of Unconscious Bias training has also been developed to form part of the current external review of the existing Equality, Diversity and Inclusion training to staff at the University.

#### *One Community Values*

In conjunction with the Students' Union, development and roll out of the University One Community Values took place with staff and student activities and channels to embed within our community and practices.

#### *Development of Equality Impact Assessments (EIA)*

The University continued to assist staff through the EIA activity, ensuring decisions, policies, procedures and practices (strategic and operational) were inclusive and do not disadvantage any individuals or groups protected under the Equality Act 2010. Continued support has been ongoing to ensure the negative and longer-term impacts of the COVID-19 pandemic are mitigated through inclusive policies and practices.



Lincoln's Roman and medieval blends together seamlessly with modern city living.

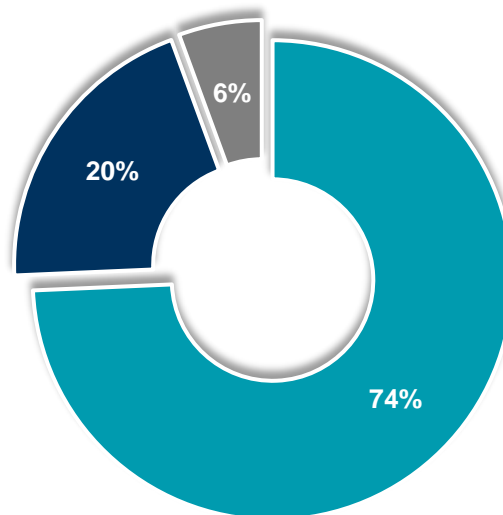
### Promote the wellbeing of our staff

The University continued to progress a proactive approach to employee wellbeing activities, underpinned with education. The approach was comprehensive against five themes of physical, mental, financial, social, and environmental, with initiatives developed to raise awareness and encourage a well workforce.

Wellbeing activities were introduced specifically focused on working from home, employee connectivity and mental health. These included the introduction of HomeHub as a magazine repository for wellbeing guides, assessment tools and articles for home workers encouraging staff to Eat Well, Sleep Well, Develop Well, Finance Well etc., acknowledging the need to not only support colleagues but also their wider caring networks, family and friends. To support this, virtual groups were hosted for a range of physical activities, as well as mental health being addressed with increased priority. All activities were informed by regular pulse surveys ensuring employees maintained an influential voice in the design of the response and the identification of relevant support needs. The introduction of more than 100 Mental Health First Aiders, including a central pool and a new Employee Assistance Programme ensured adequate support was available.

Staff Numbers 2020/21

- Teaching and teaching support
- Admin and central services
- Premises and other support services



The Student Support Centre is situated at the heart of our Brayford Pool Campus.



## Key Performance Indicators

The University has adopted a range of Key Performance Indicators (KPIs) through which we monitor our activities and measure our success, taking appropriate actions to rectify any areas of concern.

They are aligned to the core principles of the strategic plan, as set out below, and have challenging targets across the plan period based on our increasing expectations.

Core Principles of Strategic Plan	Objective	Measure of Success
<b>External positioning</b>	Improve external rankings position	League table position
		World rankings position
<b>Excellent teaching and a great student experience</b>	Improve National Student Survey (NSS) results	NSS Q22 – overall satisfaction
	Increase student participation through the Widening Participation Agenda	Young full-time degree entrant from state schools of colleges
		Students from low participation neighbourhoods
	Ensure high levels of completion benchmarked against the sector	Students completing their study year
		Non-continuation students
<b>Graduate success</b>	Increase our levels of graduate employment / progression to further study	Students in to employment and further study
		Students in to graduate employment
<b>Excellent research with impact</b>	A further step change improvement in the Research Excellence Framework (REF)	Staff eligible to be submitted to the REF
	Increase numbers of research outputs, repository depositions and citations	Average number of citations per year
<b>Strong partnerships and employer engagement</b>	Increase the number of programmes delivered with external partners	Increase the number of students by headcount
	Increase the number of start-ups / enterprises	Number of start-ups / enterprises
		Number of sustainable start-ups / enterprises still existing after three years
<b>Dynamic engaged people</b>	Continue to develop excellence in teaching	Annual recognition for excellence / innovation in teaching
		Number of case studies per year of excellence / innovation in teaching
	Continue to develop excellence in research	Number of case studies per year of excellent research
	Continue to improve in service excellence	Number of case studies per year of innovation within our Professional Services
		Internal customer satisfaction survey scores
<b>Financial environment</b>	Ensure financial resilience and sustainability of the University	Total income
		Cash flow as a % of total income
		Ratio of net debt to net assets



The University, like most higher education institutions, is continually reviewing how it operates its business in response to the challenges of the current economic and political climate. Government policy, particularly with regards to student funding streams, immigration and COVID-19, continues to create uncertainty. The University monitors the operating environment and manages these changes to take advantages of opportunities arising and to continue to grow in a challenging climate.

The University has five-year forecast plans that ensure sufficient surpluses and cash are generated for investment in research, development strategies and the physical and technological infrastructure. In order to maintain our financial stability, we will need to continue to grow and diversify our income streams, while planning and controlling cost pressures. We need to do this while enhancing our reputation, continuing to build on our successes, and ensuring that we continue to invest in our strategic objectives. We recognise that, in the current economic climate, we need to develop innovative partnerships and find creative funding solutions, and we will continue to seek out such opportunities.

A graduation ceremony taking place in Lincoln Cathedral.

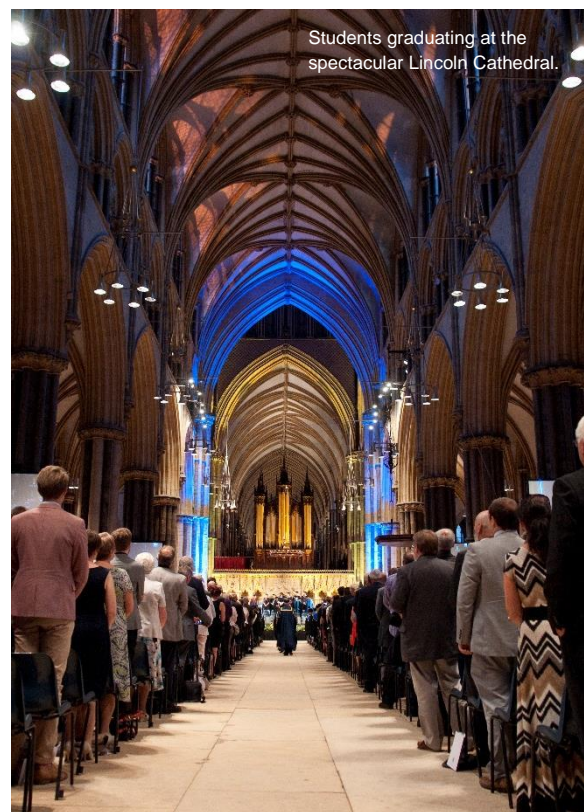


During the financial year 2020/21, we have consolidated our investment in new schools and programmes, across all Colleges. It has been another successful year, with sustained income growth and good levels of cash generation, despite the ongoing COVID-19 pandemic, allowing us to invest further in the infrastructure of the University.

With the continued success in our position in the national league tables, our appearance in the THE Young and World league table and QS World league table it is anticipated that this will bolster demand and create opportunities for us to grow income and invest further in teaching, facilities, and the overall student experience.

Overall, the future prospects of the University are exciting in this ever-changing and challenging environment. The completion of our purpose-built Medical School facilities, will support the training of future doctors for the Lincolnshire area, with a commitment to current and future communities to develop sustainable healthcare, education, research and growth across the region. This will enable current and future generations of students to benefit from the latest equipment and laboratories, supporting the University's distinctive student experience and engagement agenda, delivering an excellent platform for the future.

Students graduating at the spectacular Lincoln Cathedral.



## Financial review for the year ended 31 July 2021

### Summary and Financial Highlights

**Summary** The year proved to be extremely challenging with the uncertainty surrounding the COVID-19 pandemic. Despite this, the University's result for 2020/21 shows another year of sustained progress, with income growth and strong cash generation demonstrating the financial strength and sustainability of the University.

Total income

**£211.8m**

Up 21.4% compared to  
2019/20

Operating surplus\*

**£3.9m**

Increase of £5.3m  
compared to 2019/20

\*See page 21 for definition

Expenditure on academic  
departments and support

**£100.8m**

Up by 4.3% compared to  
2019/20

Research income

**£16.0m**

Up 64.7% compared to  
2019/20

Capital investment in  
2020/21

**£19.5m**

More than £142m invested  
in the campus over the  
last six years

Cash generated from  
operating activities

**£23.9m**

11.2% of total income for  
the year

The new Medical School building  
was completed in March 2021.





## Financial review for the year ended 31 July 2021

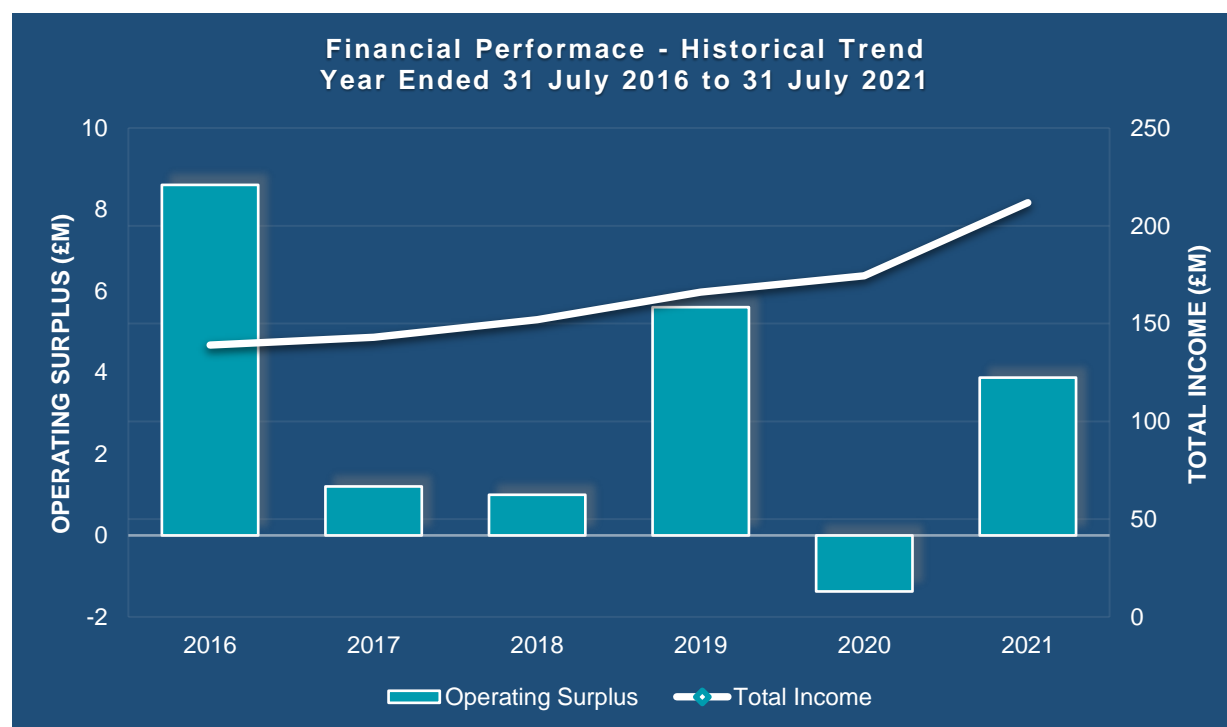
### Consolidated statement of comprehensive income and expenditure

#### Operating Surplus

As a consequence of the transition to FRS102 in 2015/16, the statutory reported 'Surplus before tax' is much more volatile and less comparable, both over time and across the sector.

The table below sets out the University's view of its underlying operating surplus, along with an adjusted earnings before interest, tax, depreciation and amortisation (EBITDA). We consider that these measures give a more useful view of underlying financial performance of the University.

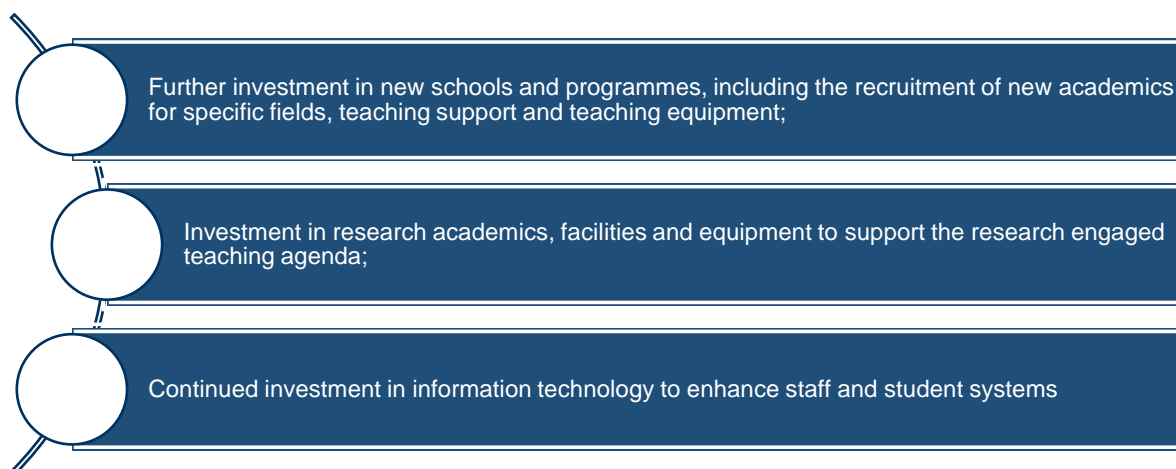
Operating Surplus	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
<b>Surplus Before Tax</b>	<b>22,938</b>	<b>698</b>	<b>564</b>	<b>811</b>	<b>2,459</b>	<b>7,707</b>
Less capital grants recognised in year	(20,627)	(1,045)	(1,330)	(1,317)	(1,700)	(5,965)
Add net interest charge on pension schemes	920	853	380	1,231	1,179	1,402
Add impact of LGPS one-off past service adjustments	-	-	512	-	-	-
Add/less fair value loss/(gain) on financial instruments	(62)	(64)	(64)	31	(1,180)	4,895
Add staff restructuring costs	388	238	1,180	366	553	303
Add provision for property obligations	-	-	1,705	-	-	-
Add reduction in value of share in jointly controlled entity	469	303	-	-	-	-
Less/add USS deficit recovery (credit)/charge	(151)	(2,360)	2,783	(138)	(148)	237
<b>Operating Surplus/(Deficit)</b>	<b>3,875</b>	<b>(1,377)</b>	<b>5,730</b>	<b>984</b>	<b>1,163</b>	<b>8,579</b>
Depreciation, amortisation and impairment	10,339	11,247	9,762	9,645	8,420	7,595
Interest payable on bank loans	2,769	3,152	3,304	3,441	3,358	2,738
Interest received on bank deposits	(195)	(384)	(370)	(294)	(385)	(356)
<b>Adjusted EBITDA</b>	<b>16,788</b>	<b>12,638</b>	<b>18,426</b>	<b>13,776</b>	<b>12,556</b>	<b>18,556</b>





## Financial review for the year ended 31 July 2021

Whilst the operating surplus/(deficit) has increased from (£1.4m) to £3.9m, this is still a low level compared to both the sector benchmark, and sector recognised sustainability KPI (MSI; the Margin for Sustainability and Investment). The University continues to reinvest to develop facilities and enhance the student experience. This includes:



### Non-Operating Items

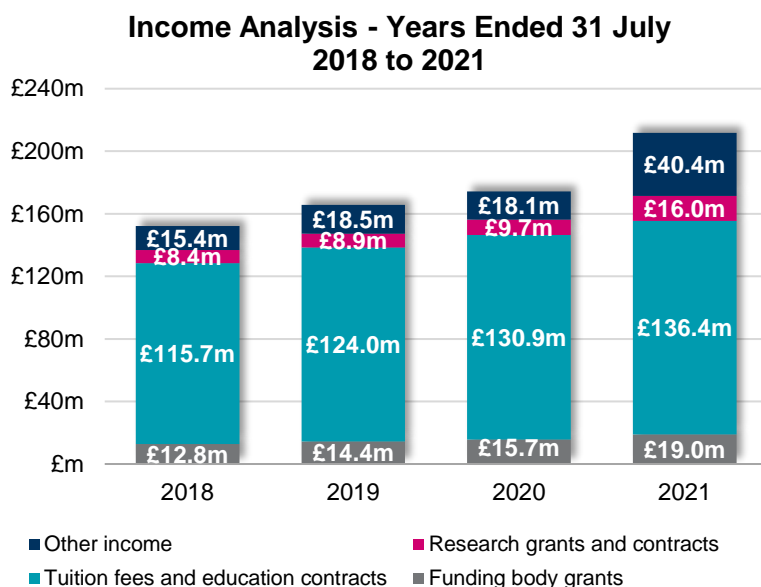
Certain items have been excluded from the operating result set out above due to either their treatment under FRS102 or their non-operational nature, as explained below.

- The table on page 21 starts at the 'Surplus before tax' as set out on the Consolidated and University statement of comprehensive income and expenditure on page 46. This therefore excludes the market adjustments, being the change in fair value of investment property and the actuarial gains and losses on the pension scheme. These are non-operational and, to a significant extent, out of the University's control;
- In accordance with FRS102, capital grants are recognised within income once any associated performance criteria have been met. These grants can therefore be both large and sporadic and have been excluded from the operating result;
- The interest charge on the pension schemes has been excluded. This mainly comprises a charge related to the net deficit in the Local Government Pension Scheme and is considered to be non-operational;
- The reduction in the share of the jointly controlled entity has been excluded from the operating result on the basis that it reflects the downward revaluation of an investment property. For the University, this would be a non-operational item falling below the surplus line;
- The gain or loss on financial instruments have been excluded. This is driven by changes in the financial markets and is outside of the University's control;
- Whilst staff restructuring is an ongoing activity of any organisation, these costs have also been excluded from operating surplus for comparability, due to their varying size;
- The property and other provisions are for one-off events and considered non-operational;
- The USS pension scheme recovery plan was formally approved in 2014/15, which resulted in a one-off charge to the Consolidated and University statement of comprehensive income and expenditure. The 2018 valuation has been finalised resulting in new contribution rates and a plan to eliminate the deficit in 8 years. This adjustment has been excluded on the basis that it was a one-off material item, as has the annual charge due to changes to the discount rate, which is outside the University's control.

## Financial review for the year ended 31 July 2021

### Income

The University's income is derived principally from tuition fees, grants, research and other activities, as set out below:



Tuition fees and educational contracts includes both Home/EU and international students.

The full-time Home/EU market remains the largest proportion of tuition fees and education contracts and has continued successful growth, with a 3.9% year-on-year increase.

Full-time international tuition fee income accounts for 9.6% of the total tuition fees (2019/20: 10.5%).

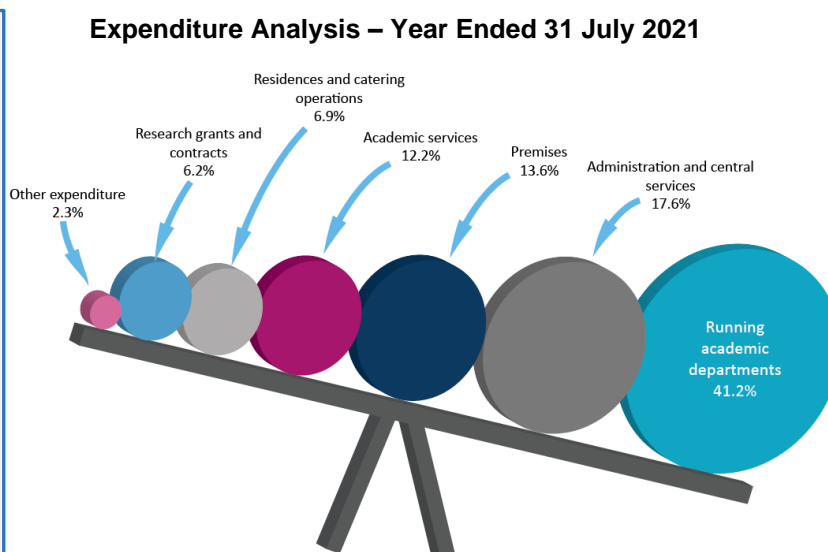
Funding body grants comprises of: OfS teaching funding £6.8m; UKRI research funding £4.1m; Skills Funding Agency (SFA) £3.4m; Higher Education Innovation Fund (HEIF) £1.4m; Hardship funding £0.9m and other small amounts of £0.8m. Also included, is £1.6m (2019/20: £1.0m) in respect of capital funding received and recognised in the year. This was from the OfS and UKRI to support the development of teaching and research at the University.

Other income includes revenues from residences, catering, conferences, property rental, consultancy and other sundries.

### Expenditure

The graphic below sets out the profile of the University's major expenditure items.

The University's total expenditure, excluding depreciation, amortisation, interest and other finance costs, increased by 10.4% between 2019/20 and 2020/21. All costs have been closely monitored and controlled with the income from tuition fees invested primarily in improving the student experience and student facilities. Substantial investment has been made in the Colleges supporting the research-led teaching agenda, along with significant levels of bursaries and scholarships.



# Financial review for the year ended 31 July 2021

## Statement of financial position

**Total Net Assets** Total net assets are £164.8m, which is an increase of £11.2m compared to the prior year. The decrease is primarily due to the increased deficit in respect of the Local Government Pension Scheme (further detail on the pension deficit is set out later in this section).

### Fixed assets

Intangible and tangible assets have increased to £311.8m (2020: £303.5m), with capitalised expenditure during the year of £19.5m. Key capital investments include:

- Completion of the new Medical School building including fit out and specialist equipment;
- Reconfiguration and adaptation works to existing buildings to enhance teaching and research space;
- The continued substantial investment in information technology as part of a multi-year programme to renew multiple key business systems;
- Completion of the Centre of Excellence in Agri-food Technology at Holbeach.

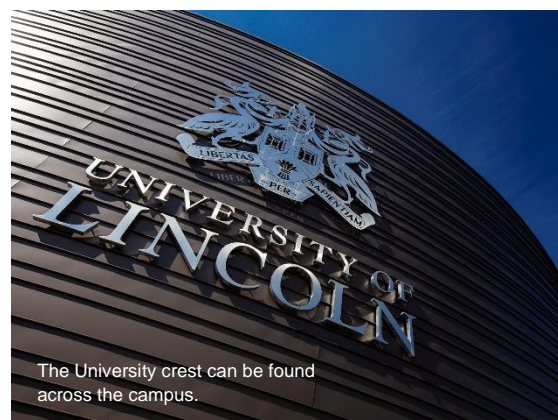
In addition, the University continues to invest in the overall quality and attractiveness of the physical estate and the technological environment.

Our capital expenditure programme over the years has been sustained through strong cash generation from operations and capital grant assistance, balanced with considered and responsible external borrowings.

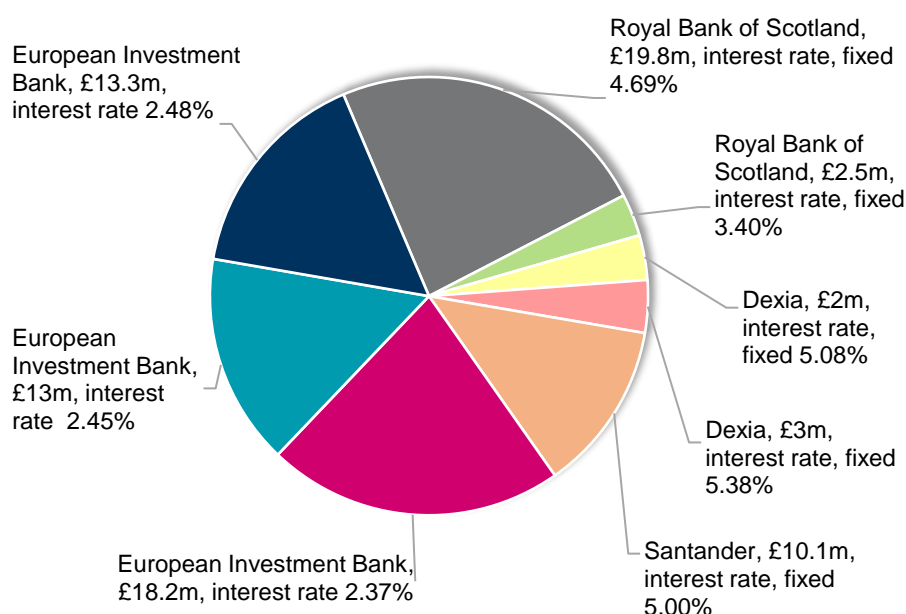
### Net current assets

Net current assets have increased to £14m (2020: £2.4m). Cash balances have increased and a reduction in creditors primarily reflects capital grants received which have been recognised in income in the current year.

Cash and current asset investments (bank deposit accounts) of £43.2m have increased from the prior year by £6.8m. This increased cash position will support the University's ongoing capital building and equipment programme and to provide further revenue investment to develop the University's facilities and enhance the student experience.



## Loans by Lender - as at 31 July 2021



### Long-term liabilities

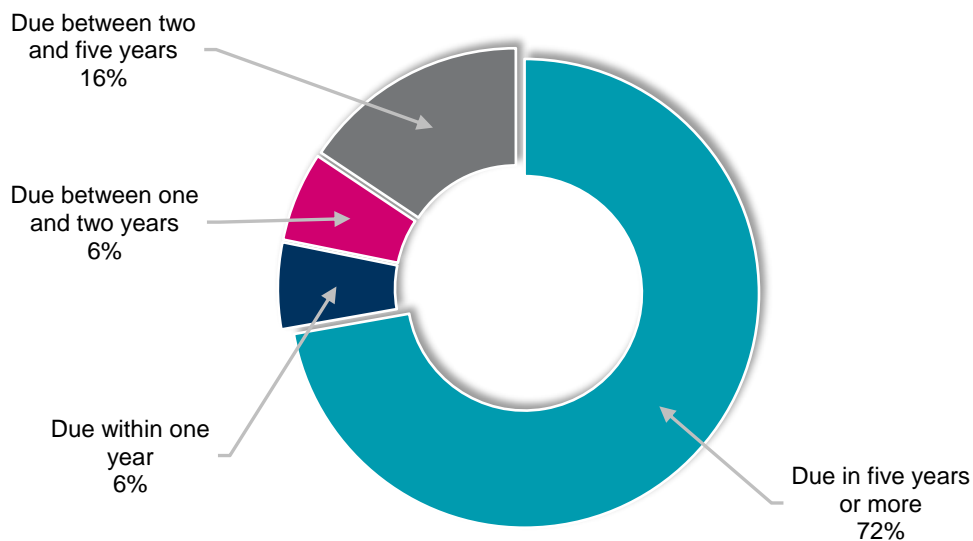
The University's long-term liabilities primarily comprise of bank borrowings. As at 31 July 2021, borrowings amounted to £81.9m (2020: £86.6m).

The graph to the left sets out further detail on the composition of borrowings by lender, interest rate, and repayment profile.

As at 31 July 2021, the University had fixed the interest rate on all borrowings to maturity.



Drawn Loans by Repayment Period - as at 31 July 2021



None of the University's borrowings are repayable on demand, providing that all loan terms are complied with and no financial covenant breached. There have been no breaches of any of the University's loan covenants during the year, and none are expected in the next 12 months.

### Pension liability

The overall pension liability has increased from £65.1m to £80.4m. The pension provision on the statement of financial position reflects the University's net liability in respect of the Local Government Pension Scheme (LGPS), along with the University's contractual commitment to fund past deficits within the Universities Superannuation Scheme (USS).

#### LGPS

The LGPS net liability has increased to £78.2m (2020: £62.8m). The provision is based on assumptions recommended by the University's actuary in accordance with FRS102.

The funding position has worsened during the year primarily as a result of a change in financial assumptions in the latest actuarial report, which is partially offset by strong asset performance.

The provision relates to the shortfall of assets in the scheme required to fund future pension liabilities and does not relate to any significant payment liability arising in the short or medium term.

The University's employer contribution rate is 25.3%. This comprises of 19.9% in respect of the future service rate and 5.4% deficit recovery repayment. The deficit recovery repayment is based on the recovery plan updated by the latest full formal actuarial valuation, 31 March 2019.

The University does not anticipate making lump-sum payments into the scheme and will endeavour to reduce the deficit through increased contribution rates, which have been factored in to the University's long term financial plans.

#### USS

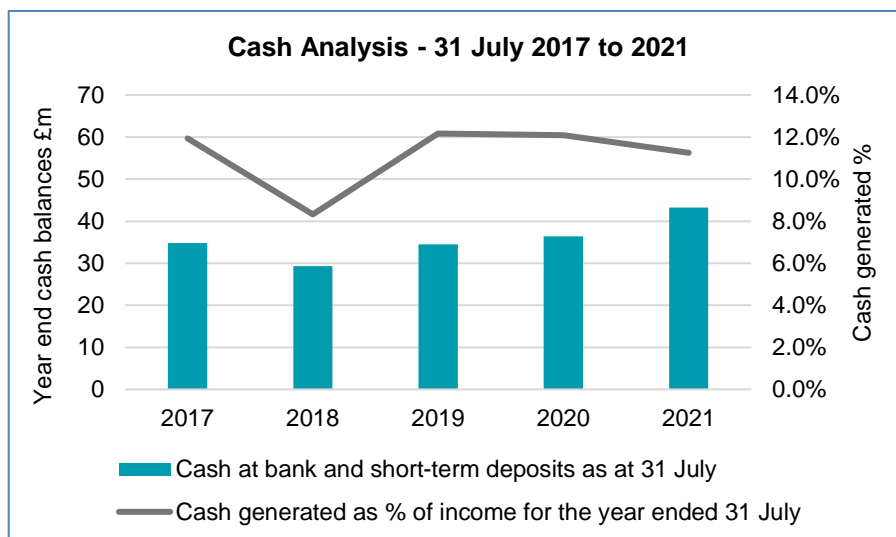
The USS liability has reduced from £2.3m to £2.2m. This provision relates to an estimate of the University's share of the USS deficit, based on the latest USS valuation in 2018.

## Financial review for the year ended 31 July 2021

### Cash Generated and Cash Balances

The consolidated cashflow statement shows the net cash inflow during the year from operating activities was £23.8m (2020: £21.1m). Cash at bank and short-term deposits increased to £43.2m from £36.4m.

Cash generated from operating activities was 11.2% of total income (2020: 12.1%).



The graph to the left sets out cash balances and cash generated as a % of income over a five-year period.

Surplus cash balances are invested in line with the University's Treasury Management Policy, which is reviewed annually and approved by the Board of Governors.

As at 31 July 2021, 24% (2020: 32%) of cash, cash equivalents and short-term investments were deposited with UK banks and building societies. These banks and building societies met the three major credit rating agencies (Moody's, Standard & Poor's and Fitch) minimum ratings as determined by the Treasury Management Policy. The remaining 76% (2020: 68%) was invested in sterling money market funds, which are AAA-rated by both Standard & Poor's and Fitch.

# Financial review for the year ended 31 July 2021

## Treasury Management and Financial Instruments

### Treasury Management

The University's treasury operations are managed within parameters formally defined and regularly reviewed by the Board of Governors (the Treasury Management Policy).

The University's treasury activity is reported annually to the members of the Board of Governors and is subject to review by the internal auditors. The Board of Governors also reviews and approves the Treasury Strategy at the start of each financial year.



The University of Lincoln is home to a growing community of students.

### Financial Instruments

The University's financial instruments comprise cash at bank, deposits repayable on demand, fixed-term deposits, and fixed-rate loans repayable to banks. The sole purpose of these financial instruments is to provide finance for the University's operations.

The main risks arising from the University's financial instruments are interest rate, security and liquidity. The risk is considered to be effectively managed through the University's Treasury Management Policy.

As previously noted, as at 31 July 2021, the University has fixed the interest rate on all borrowings until maturity. All interest rate fixes are arranged directly with the relevant lender.

Further analysis of the University's borrowings at 31 July 2021 is set out in note 19 of these financial statements.

The Minerva Building is at the heart of our Brayford Pool campus.



### Going Concern and Liquidity

The University ended the year with cash resources of £43.2m and bank borrowings of £81.9m, leaving net debt standing at £38.7m. All of the University's external funding is long term in nature, with 94.0% repayable beyond one year, and 72.2% repayable beyond five years. In November 2020, the University took out a three-year £20m revolving credit facility to provide further access to cash.

The University has recently reviewed the key assumption data for 2021/22 against the assumptions in the latest five year forecasts. Full details of this review are included in the Accounting Policies note on page 38.

On this basis, the Board of Governors considers that the University has adequate resources to continue in operational existence for the foreseeable future and for a period of at least 12 months from the date of signature of these financial statements.



## Charitable status and public benefit: the University as a charity for the year ended 31 July 2021

### Public Benefit: The University as a Charity

#### Mission

'A University looking to the future' where we serve and develop our local, national and international communities by creating purposeful knowledge and research, confident and creative graduates, and a dynamic and engaged staff team.

In formulating the Strategic Plan for 2016-2021, staff and students across the University reflected on and debated the statement above. They concluded that it clearly articulated the mission of the University of Lincoln. The Strategic Plan commits to building on our reputation for excellent student engagement, which prepares our graduates for their future, and to working closely with our communities to ensure valuable impact from our research to make a meaningful contribution to our world.

The University is committed to developing and supporting research that enhances our futures, is purposeful and leads to improvements in society. We will also address research challenges from our locale that have global significance such as, but not exclusively, personalised health, agri-food technology, creativity, digital arts and digital archives, and rural communities. We aim to help our students develop into highly engaged, employable and creative-thinking graduates who contribute to the development of society and the economy.



The University of Lincoln offers a student-centred community in the heart of a vibrant city centre.

#### Charitable Status

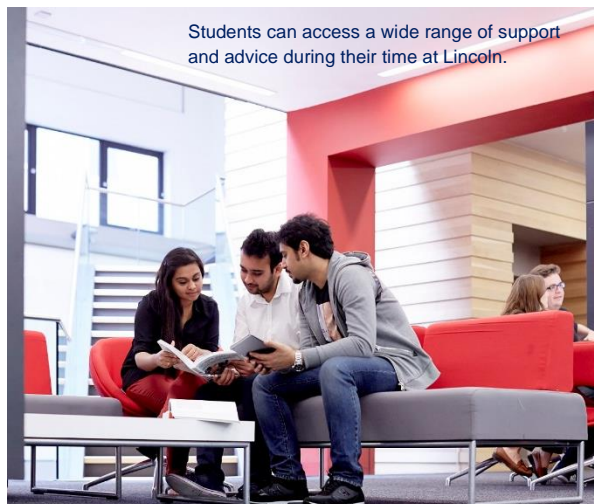
The University of Lincoln is a Higher Education Corporation and, as such, is an exempt charity with the charitable objects of providing higher education and further education, and of carrying out research and publishing the results.

The University is regulated by the Office for Students as the principal regulator of the English HEIs as charities. The members of the Board of Governors are the trustees of the charity. The role of the Board and the responsibilities of the Governors are described in the statement of corporate governance and internal control later in this section. In exercising these responsibilities, the Governors have had due regard to guidance issued by the Charity Commission.

## Charitable status and public benefit: the University as a charity for the year ended 31 July 2021

### Delivery of Charitable Objectives

The charity's direct beneficiaries are the students enrolled to the University's awards and those who benefit from the research undertaken at the University. The Strategic Plan provides a number of examples of how the delivery of our institutional objectives contribute to the wider public benefit, including in the areas of engagement with businesses and the community; contribution to the local economy, working with partners including charities and the health service; stimulating and supporting enterprise and graduate employability; and focusing on our own environmental footprint.



Since the start of the 2020/21 academic year, the University has started to undertake coordinated steps to reconceptualise the curriculum and discover and tell Lincolnshire's Hidden Histories. Three strands of work – decolonising the curriculum, decolonising the campus, and decolonising our pedagogy – have been established under an overarching 'Decolonisation of the Curriculum' project.

The University's Lincoln Medical School Building was completed in March 2021, with the University also successful in being awarded a research capital grant in support of advancement of the establishment of the Lincoln International Institute for Rural Health (LIIRH) in the building. The LIIRH's ambition is to become the preeminent rural health institution worldwide, bringing together world-leading specialists, conducting research across a range of rural health related concerns, ranging from infectious disease epidemiology, oral health, and emergent response analysis through to sustainable remote health care delivery solutions, meta-governance approaches and m-health technological innovation. The Institute's mission will be to conduct world-class research addressing the unique health issues facing rural communities locally, nationally and internationally.

During the course of the 2020/21 academic year, the University prepared its submission and action plan in support of application for the prestigious Race Equality Charter Bronze Award. In receiving this award for its effort to tackle racial inequality the University became one of only 21 UK universities to hold the Bronze Award status. Staff and students from across the University played a huge part in the University gaining this recognition, directing the approach and gathering intelligence for the submission.

The full Civic University document can be viewed on the University's website at:

<https://www.lincoln.ac.uk/home/media/responsive2017/documents/the-new-civic-university-university-of-lincoln.pdf>

### **Admissions Policy and Student Support**

The University welcomes difference and diversity among its students and seeks to help each one to flourish academically and personally through its programmes. Our admissions policy is therefore governed by two principles: the applicant's ability to benefit from the chosen course, and fair and equal treatment for all applicants.

In common with other HEIs in England, the University of Lincoln charges tuition fees which, for UK/EU students, are subject to statutory regulation through the Office for Students (OfS). For the academic year 2020/21, the standard fee for all new full-time undergraduate UK/EU students was set at £9,250, in line with the majority of English universities. Most of these students are eligible for UK government funding to pay their tuition fees via a tuition fee loan and for maintenance support, based on a means tested assessment.

The level of tuition fees charged by the University for 2020/21, which was approved through the OfS, was linked to the provision of the University of Lincoln Scholarship. This Scholarship, alongside the University's wider Bursary and Scholarships Schemes have been established to provide additional financial support, to encourage participation in Higher Education by students regardless of background or financial circumstance and to promote postgraduate study. Our aim is that nobody should be deterred from applying to the University of Lincoln, or consider leaving their course, due to financial worries.

The OfS also provided the University with funds to be distributed to students who had been impacted financially by COVID -19. The project was led by the Student Support Team and supported by Student Administration and the Finance Team. A total of 2,876 students received an award of £300, 2,309 of these students received the award automatically due to their declared level of family income, with the remaining 567 being international or postgraduate students who were required to submit an application form for assessment.

This package of support meant that all eligible students (approximately half of the University's 2020/21 entrants) received direct financial support for the first year of their course, with the same support being available throughout their course for future years.

The University is committed to putting policies and processes in place that provide members of under-represented groups with opportunities to gain access to our academic programmes, including providing appropriate support where necessary. We will ensure that students from lower socio-economic backgrounds are given support to aid their social mobility.

The University offers its students a comprehensive support package, including academic study skills, careers guidance, advice, financial support, sports and exercise facilities, as well as mental health, wellbeing and counselling services, and specialist assessment and support for students with disabilities.

### **Trustees' Expenses**

No members of the Board receive any payment for the work they do as Governors or as trustees, but reasonable expenses (chiefly for travelling and subsistence, and attendance at conferences and specialist training events or other external meetings on behalf of the Board) are reimbursed. For the academic year 2020/21, a total amount of £500 was paid in respect of claims made by two Governors. This figure represents the reimbursement of out-of-pocket expenses by the trustees as members of the University governing body in attending meetings and other events, primarily travelling costs. Hotel accommodation, meals and associated costs relating to Board meetings are organised centrally by the University Secretariat, and such costs are not included.

The governing body includes members of the University staff who are paid as employees but who receive no supplementary payment for trusteeship. There were no payments in the financial year 2020/21 to any Governor for services provided to the University. Note 8 to these financial statements summarise relevant transactions between the University and organisations in which members of the Board of Governors have or may have an interest.



## Statement of corporate governance and internal control for the year ended 31 July 2021

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The statements below relate to the period from 1 August 2020 to 31 July 2021 and up to the date of approval of the audited financial statements.

The University of Lincoln is an independent institution, established as a higher education corporation under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its objects, powers and framework of governance are set out in its Instrument and Articles of Government. The Board of Governors is the University of Lincoln's governing body, responsible for matters including the finance, property and staffing of the University. It is specifically required to determine the educational character and mission of the University and to set its general strategic direction.

The Board has a majority of independent members, chosen in accordance with the criteria contained in the legislation. The chair is elected from among the independent members. The Board also includes co-opted members and members appointed from the University's staff and the student body. The Vice Chancellor of the University is a member of the Board. Ms Di Lees CBE became Chair of the Board of Governors on 1 August 2018, having been appointed to that office by the Board of Governors at its meeting on 25 April 2018. More information about the Board and its members can be found on the University's website: <http://lincoln.ac.uk/home/abouttheuniversity/governance/>.

### Responsibilities of the Board of Governors

The Higher Education Code of Governance, published by the Committee of University Chairs (CUC), states that the governing body of a university must be collectively responsible and accountable for institutional activities, approving all final decisions on matters of fundamental concern within its remit. The governing body role is set out in more detail in a Statement of Primary Responsibilities of the Board of Governors, based on the Articles of Government and on guidance from the CUC, which is published on the University's website.

Subject to the overall responsibility of the Board of Governors, the Academic Board has oversight of the academic affairs of the institution and draws its membership entirely from the staff and the students of the University. It is particularly concerned with issues relating to the learning, teaching and research work of the University, to academic quality and standards, and to the student experience.

### Corporate Governance

The University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). The Vice Chancellor, as chief executive, is the head of the University and has a general responsibility to the Board of Governors for the organisation, direction and management of the institution. This includes the development and delivery of the institutional strategy, the identification and planning of new initiatives and the shaping of the institutional ethos. The Deputy Vice Chancellors and the senior academic and professional staff all contribute in essential ways to these aspects of the work, but the ultimate responsibility for approval of the strategic direction, institutional character and financial sustainability rests with the Board of Governors.

The Board has adopted the CUC's Higher Education Code of Governance and, following both detailed review at its meeting of the 3 June 2021 and internal audit of its compliance, is assured that the University's governance structures and procedures fulfil the six primary elements set out in the Code.

Between 1 August 2020 and 31 July 2021, the Board of Governors met on seven occasions. It also held a Strategy Session on 29 July 2021, together with members of the Senior Leadership Team, which considered the role and intent of the University from 2021/22 and beyond.

The Board also has sub-committees and task-and-finish groups:

- The Nominations Committee, whose primary role is to make recommendations to the Board about the appointment and reappointment of members of the Board and its committees, met on one occasion during 2020/21. Conscious of the need for succession planning and refreshment of its membership, the Nominations Committee recommended the appointment of one new independent member, who was appointed from 1 March 2021, bringing fresh talent to the governance of the University, as well as the reappointment of one member for an exceptional final year of service, with this individual having served for two full standard terms. During 2020/21, the Nominations Committee also recommended recruitment of an apprentice governor to join the Board from 1 September 2021, recommended recruitment of a co-opted non-governor member to the Audit Committee following expiry of the previous member's maximum term of service, and recruitment of a new staff governor to succeed the current staff member, from 1 August 2021.

## Statement of corporate governance and internal control for the year ended 31 July 2021

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### Corporate Governance (cont.)

- The Remuneration Committee, whose responsibilities include reviewing the performance and determining the remuneration of the most senior staff, including the Vice Chancellor, met twice during 2020/21, giving detailed consideration to Senior Remuneration, as well as action progressing to reduce relevant pay gaps.
- The Audit Committee met five times during 2020/21. Its role includes the consideration of detailed reports from internal auditors, with recommendations for the improvement of the University's systems of internal control, together with management responses and implementation plans. It also receives and considers the annual financial statements and external auditors' formal opinion, prior to their presentation to the Board of Governors. The University's external and internal auditors attend Audit Committee meetings, and during the year the Committee meets the auditors on their own for private discussions.
- The Board of Governors' Further Education & Higher Education Apprenticeships Oversight Group met twice during 2020/21.

### Internal Control

The Board of Governors of the University of Lincoln has responsibility for maintaining and reviewing the effectiveness of a sound system of internal control that supports the achievement of corporate strategies, while safeguarding the public and other funds and assets for which they are responsible. Such a system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The approach to internal control is risk-based, including an evaluation of the likelihood and impact of risks becoming a reality. Review procedures cover risk in the following areas: business, operational, reputational, compliance and financial. The system represents an ongoing process designed to: identify the principal risks to the achievement of the University's aims and objectives; to evaluate the nature and extent of those risks; and to anticipate and manage them. This process has been in place for the period from 1 August 2020 to 31 July 2021 and up to the date of approval of the audited financial statements.

The role of the Board of Governors in relation to risk is at overview level, and Governors are not responsible for managing risk at operational level. The Audit Committee plays a key role in ensuring the fulfilment of the Board's responsibilities. On behalf of the Board, the Audit Committee monitors the effectiveness of risk management processes and policy development. The Board receives an annual report from the Audit Committee, which reviews and comments on: the adequacy and effectiveness of the University's risk management, control and governance arrangements; processes for promoting value for money through economy, efficiency and effectiveness; the management and quality assurance of data submitted to funding bodies; the work of the internal and external auditors; and other audit matters.

The University has a Risk Management Policy and Strategy that set out the approach to risk management; key elements of the process; and roles, responsibilities and reporting procedures relating to risk management in the academic Colleges and the professional service areas. In accordance with the Policy and Strategy, the Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the operational units and reinforced by risk awareness training. There is also a Risk Appetite Statement, approved by the Board of Governors.

At a corporate level, the University maintains a high level risk register (HLRR), which details the chief risks to the institution and the actions that the University has in place to mitigate them, incorporating a current articulation of the risks by the relevant risk owners as well as updates on improvement actions and progress to date. Reporting arrangements ensure that the Audit Committee, the Board of Governors and the Senior Leadership Team understand the strategic importance of managing these risks effectively. In continued response to the Covid-19 pandemic, the Senior Leadership Team has regularly reviewed the HLRR in the context of new and evolving challenges, and continues to look at the risks and opportunities for each of the elements affected.

The Audit Committee has continued its active oversight of University risk management, receiving reports from the Director of Planning and Corporate Strategy (the department with lead responsibility for risk management), following review and re-scoring of the HLRR by the Senior Leadership Team in November 2020 and July 2021. As part of the risk review process, each risk area is further broken down into lower sub-risks representing contributing factors to the high level risks. This approach ensures that risk assessment and internal control are embedded in ongoing operations, and that monitoring at all levels is undertaken effectively.

## Statement of corporate governance and internal control for the year ended 31 July 2021

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### Internal Control (cont.)

The Senior Leadership Team (SLT) regularly reviews the management of high level institutional risks. The high level risk register was reviewed more frequently through 2020/21 in detail via a re-scoring exercise where all members of the SLT consider and score all risks. These are then collated, with those with a wider distribution of scores being discussed in detail. This includes an assessment of each of the risk areas against the Strategic Plan, and a review of key risks identified within the local risk registers. Following two such SLT reviews, the Audit Committee gave detailed consideration to the re-scored register in order to obtain assurance on the identification and management of risks to the University's strategic ambitions. The Committee commends these six-monthly reviews as assurance that the Senior Leadership Team is keeping the institutional risk profile under appropriate scrutiny and taking a proactive approach to risk management.

Review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the members of the Senior Leadership Team, who have responsibility for the development and maintenance of the internal control framework, and by comments made in the external auditors' annual report. The Audit Committee considers at least one report on risk management by the internal auditors each year. The Committee discussed PwC's 2020/21 internal audit review in both October and November 2021.

The principal results of risk identification, risk evaluation and the management review of their effectiveness are reported to, and reviewed by, the Board of Governors. The Board received reports on risk management and the re-scoring of the high level risk register, in November 2020, and July 2021. Each November, the Board also considers the Annual Report of the Audit Committee, prior to the approval of the previous year's audited financial statements. In 2020/21 this Annual Report of the Audit Committee and approval of the previous year's audited financial statements exceptionally occurred on 28 January 2021 and in line with revised submission timescales as offered by the Office for Students due to the impact of the Covid-19 pandemic.

## Statement of responsibilities of the Board of Governors for the year ended 31 July 2021

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The Board of Governors is the principal financial and business authority of the University, charged with ensuring that proper books of account are kept, with approving the annual budget and financial statements, and with maintaining overall responsibility for the University's assets, property and estate. The Board approves financial statements for each financial year, prepared in accordance with the Education Reform Act 1988, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions, and other relevant accounting standards; and which give a true and fair view of the University's state of affairs and of the surplus or deficit and the cash flows for that year.

In the preparation of the Financial Statements the Board of Governors has ensured that:

- Suitable accounting policies are selected and applied consistently;
- Judgments and accounting estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- The financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Board of Governors 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 has taken reasonable steps to:

- Ensure that the funds from the Office For Students, Research England and the Education and Skills Funding Agency are used only for the purposes for which they have been given, in accordance with the terms and conditions of OfS funding and Research England grant, and with the funding agreements with the Education and Skills Funding Agency;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the University and to prevent and detect fraud and other irregularities; and
- Secure the economical, efficient and effective management of the University's resources and expenditure.

The key elements of the University's system of internal control, which is designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- Regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast outturns;
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Governors;
- Financial Regulations, detailing financial controls and procedures, which have been approved by the Board of Governors; and
- A professional Internal Audit team operating to standards defined in the OfS Audit Code of Practice, whose annual programme is approved by the Audit Committee and whose head provides the Committee with regular reports on internal audit activity within the University, and independent opinions on the adequacy and effectiveness of the University's system of internal control, including internal financial control, together with recommendations for improvement.

Ms D Lees CBE – Chair of the Board  
25 November 2021

Professor N Juster – Vice Chancellor  
25 November 2021



**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF UNIVERSITY OF LINCOLN**

**Opinion on the financial statements**

In our opinion, the financial statements:

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

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

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We are independent of the Group and University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the board members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

**Other information**

The governors are responsible for the other information. Other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information including the Key Highlights, the Covid-19 impact and mitigations report, the Strategic Report, the Financial Review, Charitable status and public benefit and the Statement of corporate governance and internal control and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, in all material respects:

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

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

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

**Responsibilities of the governors**

As explained more fully in the Board of Governors responsibilities statement set out on page 34, the governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governors are responsible for assessing the Group and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intends to liquidate the Group or the University or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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

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

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations are related to their registration with the Office for Students ("OfS") and their ongoing conditions of registration, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the OfS Accounts Direction and tax legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence if any.

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

The audit procedures to address the risks identified included:

- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility;

## Independent auditor's report for the year ended 31 July 2021

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- Discussions with management and Audit committee, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, including direct representation from the Accountable Officer;
- Reviewing items included in the fraud register as well as the results of internal audit's investigation into these matters;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to assumptions applied in calculating the pension liabilities, the dilapidation provision, the derivative valuation and the assumptions used in the valuation of the investment property;
- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition; and
- Identifying and testing journal entries, in particular journals to cash and revenue codes, material journals, duplicate entries and journals containing specific text.


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

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

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

### Use of our report

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

DocuSigned by:  
  
FC86A145C4F04E5...

Samantha Lifford (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Birmingham

Date: 01 December 2021

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

## Statement of accounting policies for the year ended 31 July 2021

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The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

### Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standard (FRS) 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS102. The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain financial assets and liabilities at fair value.

### Going Concern

The financial statements have been prepared on a going concern basis. The Board of Governors have considered this accounting policy in detail and have determined that it is appropriate for the reasons set out below.

The COVID-19 pandemic has created uncertainty for the global economy and the Higher Education sector. In response to this uncertainty the University has taken actions that will help to secure its immediate future as well as its long term sustainable financial position. Key actions already taken to secure the immediate future include the development of a set of Governor approved 'Short-Term Strategic Financial Principles' to supplement the 'Financial Strategy', the establishment of a Budget Control Group to have direct oversight of the University's performance against budget and expenditure control including all staff recruitment activity, and the restriction of all expenditure budgets for the 2021/22 financial year to essential and business critical activity only.

In planning for the future, the University has undertaken extensive financial modelling and scenario planning, as set out further below, to ensure that its financial position is not compromised.

In November 2021, the Board of Governors considered the Group's updated five-year financial forecasts, including detailed month-by-month cash flows, for the period up to, and including, the year ending 31 July 2026. The Board paid particular attention to the twelve month period from the date of signing of these financial statements; this being the going concern review period. The assumptions that underpin these forecasts have been carefully constructed and scrutinised to take account of the current economic uncertainty. The key assumptions were as follows;

- Tuition Fee Income – 2021/22 student numbers were based on the current UCAS and non-UCAS application data.
- Accommodation Income – 2021/22 was based on all properties being available and expected 79% occupancy rates rising to 95% by 2025/26.
- Funding Council Grant Income – 2021/22 is based on the published OfS and UKRI grant allocations.
- Research Income – 2021/22 is based on amounts agreed by the Senior Leadership team and a 20% slippage contingency.

These five year plans were based on a very prudent set of assumptions and does not include any discretionary expenditure budgets until 2024/25. The University remains fully compliant with bank loan covenants during the forecast period and cash remains positive throughout.

Full scenario planning will be updated when the 2021/22 student numbers are confirmed in order to prepare the five year plan for submission to the OfS in February 2022, which will be too late for consideration for the going concern review.

In the absence of downside scenarios in the above plans, the Board of Governors have reviewed the assumptions to the extreme plausible and extreme pre-breaking point scenarios that were prepared in January 2021 to consider how the assumptions for 2021/22 are expected to turn out using current data. Assessment of the assumptions are shown below:

- Student numbers for 2021/22 are expected to be 22% higher than extreme plausible scenario and 25% higher than the extreme breaking point scenario.
- Student accommodation occupancy is expected to be at least as high as both extreme scenarios based on contracts signed by students.
- The University campus is now in a fully COVID secure state and most of the University is fully open for business. It is hoped that no Government imposed lockdowns are required but if so then further cost controls will be reintroduced, which were very successful during the previous lockdowns.



## Statement of accounting policies for the year ended 31 July 2021

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### Going Concern (cont.)

The extreme but plausible scenario represents assumptions that are at the remote end of possibilities and the extreme pre breaking point scenario plots a position where the University's bank covenants would be breached.

Based on the above assessments, the Board have considered that the latest updates on the assumption data show that the University is in a much improved position to that assumed in January 2021. This is in addition to the excellent financial result for 2020/21 which provided a strong platform for 2021/22 and beyond.

Even under the extreme plausible, downside scenario, all existing bank loan covenants remain fully compliant for the immediate future and at least twelve months from the date of approval of the financial statements, with a manageable level of headroom available. It is not expected that any regulator reportable events will be triggered in respect of liquidity, lending covenants or any other matter of financial distress or concern.

In addition, the Board of Governors have reconsidered the extreme pre breaking point scenario in detail and do not consider it to be a possibility, particularly in light of the latest data to support the position for the 2021/22 financial year.

In November 2020, the University took out a three year £20 million revolving credit facility (RCF) with Santander to provide increased access to cash funds over the short to medium term. This facility includes an option to extend for a further two years. The primary purpose of this RCF is to provide additional liquidity in periods of low cash balances caused by the known impact of the irregular timing of cash receipts (primarily Student Loan Company funding), along with the unknown further impact of the COVID-19 pandemic. This facility is available for drawdown and will provide access to liquidity during the going concern review period and beyond. As part of the RCF application process, a credit rating assessment was carried out by an externally appointed credit rating agency. This assessment was satisfactorily completed and the University was issued with a private credit rating which was deemed acceptable to both Santander and the University. The credit rating further demonstrates the short term strength and resilience of the University, especially over the going concern review period.

The cash flows that were considered by the Board of Governors only include drawdown on the Santander RCF in the most extreme, but plausible, downside scenario and the 'breaking-point' scenario. Even in these scenarios, the drawdown is outside of the going concern review period, indicating the strength of the University's short-term liquidity position. In both extreme scenarios, the RCF is sufficient to cover cash requirements over the five year period reviewed by Governors without the need for further funding.

Taking into account the above, the cash reserves and the undrawn credit facility, the Board believe that whilst uncertainty continues to exist, this does not pose a material uncertainty that would cast doubt on the University's ability to continue as a going concern for the foreseeable future, which is a period of at least 12 months from the signing of the accounts and audit report. The Board therefore considers it appropriate for the accounts to be prepared on a going concern basis.

### Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2021. The results of subsidiaries newly incorporated, acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of incorporation or acquisition and 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.

Jointly controlled entities are accounted for using the equity method.

### Income recognition

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period 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.

## Statement of accounting policies for the year ended 31 July 2021

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### Income recognition (cont.)

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

#### (a) Grant funding

Grant funding including funding council block grant, research grants from government sources and 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 performance related conditions being met is recognised as deferred income within creditors on the statement of financial position and released to income as the conditions are met.

#### (b) Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

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 and other restrictions applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

- Restricted donations - the donor has specified that the donation must be used for a particular objective.
- Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
- 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.
- 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.

#### (c) Capital grants

Capital grants are recorded in income when the University is entitled to the income subject to any performance related conditions being met.

### Accounting estimates and judgements

The preparation of the financial statements requires management to use estimates and judgements that affect the reported carrying amounts of assets and liabilities.

#### (a) Pension costs (defined benefit pension schemes)

In determining the valuation of defined benefit pension schemes, the University makes assumptions in respect of inflation rates, life expectancy, discount rate and salary and pension growth rates. Details of the assumptions used are set out in note 28. Management consult with a qualified actuary in making these assumptions.

#### (b) Pension costs (Universities Superannuation Scheme)

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they

## Statement of accounting policies for the year ended 31 July 2021

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### Accounting estimates and judgements (cont.)

relate to the deficit) and the resulting expense in the Consolidated Statement of Comprehensive Income and Expenditure in accordance with section 28 of FRS 102. The University is satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements.

(c) Fixed asset and investment property revaluation

On the application of the 2015 FE HE SORP management revalued certain fixed assets and reassessed the remaining useful life of buildings. These assumptions were set based on the advice of a suitably qualified valuer. Assets which are classified as investment property are revalued at each reporting date based on advice from a suitably qualified valuer.

(d) 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. The accrual requires management's best estimate of outstanding holiday balances based on a review of holiday records of a sample of academic and administrative staff.

(e) Dilapidation provision

Provision is made for the cost of dilapidations of certain of the University's buildings. This provision requires management's best estimate of the costs that will be incurred to settle a present obligation and management consult with a qualified valuer in making these assumptions.

(f) Derivatives

The University has reviewed the terms of the bank loan agreements and consider that those loans where there was a commitment at the statement of financial position date to draw down further tranches of loan subsequent to the year end and the interest rate was fixed meet the definition of an 'other financial instrument' because there is perceived value in shielding the University from fluctuations in the market rate of interest up to the date we draw down the remaining tranches. For this reason, these instruments have been accounted for at fair value. The derivative financial liability represents the fair value at the statement of financial position date calculated using estimated interest rates that could have been obtained for the same loans at the statement of financial position date.

The estimated value of derivative transactions is the valuation at the statement of financial position date and this valuation can change significantly even over a very short space of time. The valuation of derivative transactions is complex and such transactions can be calculated in a number of different ways and using a variety of methods. There are a number of factors that can affect the value of a transaction and which may not be taken into account in the valuation estimate provided. This may result in the transaction having an actual value which is higher or lower than the estimate included in these financial statements.

(g) Bad debt provision

The University makes an estimate of the recoverable value of debtors. When assessing the provision for bad debt required, consideration is given to the aged profile of debtors and historical experience.

(h) Estimates and judgements in depreciation

The annual depreciation charge for fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. Depreciation methods, useful economic lives and residual values are reviewed by management at the date of preparation of each Statement of Financial Position. They are amended where necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. The assessment of these factors requires management's judgement.

## Statement of accounting policies for the year ended 31 July 2021

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### Accounting for retirement benefits

The five principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the Teachers Pension Scheme (TPS), the East Riding Pension Fund (ERPF), the Universities and Colleges Retirement Savings Scheme (UCRSS) and the NHS Pension Scheme (NHSPS). The TPS and ERPF are defined benefit schemes, the UCRSS and NHSPS are defined contribution pension schemes, and the USS is a hybrid scheme.

#### (a) Universities Superannuation Scheme (USS)

The University participates in the USS. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a defined contribution scheme.

As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Consolidated Statement of Comprehensive Income and Expenditure.

#### (b) Teachers Pension Scheme (TPS)

The TPS is a multi-employer pension scheme and the University is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. The TPS is therefore accounted for as a defined contribution retirement benefit scheme. The scheme is unfunded, and contributions are made to the Exchequer. Contributions payable are recognised in the Consolidated Statement of Comprehensive Income and Expenditure as they are payable each year. The payments from the scheme are made from funds voted by parliament.

#### (c) East Riding Pension Fund (ERPF)

The University is able to identify its share of assets and liabilities of the ERPF and consequently accounts for this as a defined benefit scheme in accordance with FRS102. The University's net obligation in respect of the ERPF is calculated by estimating the present value of the future benefits that employees have earned in return for their service in the current and prior periods, less the fair value of plan assets.

The liability discount rate is the yield at the statement of financial position date on high quality corporate credit rated bonds, denominated in sterling, and having maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

#### (d) Universities and Colleges Retirement Savings Scheme (UCRSS)

The UCRSS is a defined contribution pension scheme. Contributions payable are recognised in the Consolidated Statement of Comprehensive Income and Expenditure as they are payable each year.

#### (e) NHS Pension Scheme (NHSPS)

The NHSPS is a multi-employer schemes for which it is not possible to identify the assets and liabilities of each organisation due to the mutual nature of the scheme and therefore it is accounted for as a defined contribution retirement benefit scheme.

### 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.

### Apprenticeship levy

Payments made to HMRC under the Apprenticeship Levy represent a prepayment for training services and are held as an asset on the statement of financial position to the extent that they are regarded as more likely that not that they will be recovered. When training services are received an appropriate expense is recognised in the Consolidated Statement of Comprehensive Income and Expenditure.



## Statement of accounting policies for the year ended 31 July 2021

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### Leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Costs in respect of operating leases are charged to the Consolidated Statement of Comprehensive Income and Expenditure on a straight-line basis over the lease term. In cases where lease payments are structured to increase with expected general inflation, costs are charged in line with the annual payments made. Any lease premiums or incentives are spread over the minimum lease term.

### Foreign currency

Transactions in foreign currencies are translated to sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income and Expenditure. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to sterling at foreign exchange rates ruling at the dates the fair value was determined.

### Intangible assets

Intangible assets comprise software development costs. These are stated at cost less accumulated amortisation and accumulated impairment losses. Software development costs are amortised on a straight-line basis over their expected useful life to the asset, up to a maximum of 10 years. Amortisation methods, impairment losses, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

### Property, plant and equipment

Property, plant and equipment are stated at cost, or deemed cost, less accumulated depreciation and accumulated impairment losses.

Where parts of property, plant and equipment have different useful lives, they are accounted for as separate items.

#### (a) Land and buildings

Certain of the University's land and buildings were professionally revalued to their fair value on the date of transition to FRS102. Under the transitional rules of FRS102, the revalued amount at that date is stated as the deemed cost. Land and buildings acquired after the date of transition are stated in the statement of financial position at cost. Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful life to the University of between 10 and 50 years. Leasehold land and buildings are depreciated over the life of the lease, up to a maximum of 50 years.

#### (b) Fixtures, fittings and equipment

Fixtures, fittings and equipment, including computers and software, costing less than £20,000 per individual item are charged to the Consolidated Statement of Comprehensive Income and Expenditure in the year of acquisition. All other fixtures, fittings and equipment, including motor vehicles, are capitalised at cost and depreciated on a straight-line basis over their expected useful life to the University of between 3 and 20 years.

#### (c) Assets in the course of construction

Assets in the course of construction are accounted for at cost and are not depreciated until they are available for use.

## Statement of accounting policies for the year ended 31 July 2021

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### Property, plant and equipment (cont)

Borrowing costs which are directly attributable to the purchase and construction of fixed assets are not capitalised.

Borrowing costs are recognised as an expense in the Consolidated Statement of Comprehensive Income and Expenditure in the period in which they are incurred.

Depreciation methods, impairment losses, useful lives and residual values are reviewed at the date of preparation of each statement of financial position.

### Investment properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services. Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Consolidated Statement of Comprehensive Income and Expenditure. Properties are not depreciated but are revalued or reviewed annually according to market conditions at each statement of financial position date.

### Financial instruments

Financial instruments treated as 'basic financial instruments' under the provisions of Section 11 of FRS102 comprise cash, deposits repayable on demand, fixed term deposits, investments in shares and loans payable.

There is a judgement in the classification of loans payable between 'basic financial instruments' and 'non basic financial instruments'. The two key judgements concern market disruption events and the possibility of payment of break gains by the Lender to the Borrower on termination of a loan and whether these meet the basic classification features.

Financial instruments treated as 'non basic financial instruments' under the provisions of Section 12 of FRS102 comprise certain elements of loans payable. These are held at fair value at each statement of financial position date.

Fixed interest rate agreements on drawn loans, payable where the interest rate is fixed directly with the lender, are not separate stand-alone financial instruments. The loans payable are recognised at amortised cost at each statement of financial position date.

Forward fixed interest rate agreements on undrawn borrowings are recognised as separate stand-alone financial instruments and are accounted for under the provisions of Section 12 of FRS102 (Other Financial Instrument Issues). These are held on the statement of financial position at fair value. Movements in the fair value are recognised in the Consolidated Statement of Comprehensive Income and Expenditure and are included in the surplus or deficit for the year. Once the loan is drawn down the fair value of the related loan commitment is amortised over the term of the loan and there are no further fair value movements.

### Investments

Non-current asset investments are held on the statement of financial position at amortised cost less impairment.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the University's accounts.

Current asset investments are held at fair value with movements recognised in the Consolidated Statement of Comprehensive Income and Expenditure.

### Jointly controlled entity

The University accounts for its share of jointly controlled entity using the equity method.

### Stock

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.

### Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are, in practice, available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

## Statement of accounting policies for the year ended 31 July 2021

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### Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- the University has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow 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 determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

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

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the statement of financial position but are disclosed in the notes.

### Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT incurred on fixed assets is included in their cost.

The University's subsidiary companies operate as commercial organisations and certain of these are subject to taxation.

Deferred tax is provided in full on timing differences which result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent they are regarded as more likely than not that they will be recovered.

### Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity. Other restricted reserves include balances through which the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

## Consolidated and University statement of comprehensive income and expenditure for the year ended 31 July 2021

	Note	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
<b>Income</b>					
Tuition fees and education contracts	1	136,438	136,438	130,882	130,882
Funding body grants	2	18,986	18,986	15,668	15,668
Research grants and contracts	4	15,988	15,988	9,709	9,709
Other income	5	37,333	37,531	17,395	17,570
Investment income	6	195	195	384	382
<b>Total income before endowments and donations</b>		<b>208,940</b>	<b>209,138</b>	<b>174,038</b>	<b>174,211</b>
Donations and endowments	7	2,856	2,856	357	357
<b>Total Income</b>		<b>211,796</b>	<b>211,994</b>	<b>174,395</b>	<b>174,568</b>
<b>Expenditure</b>					
Staff costs	8	108,018	96,386	101,537	91,923
Other operating expenses		66,814	79,025	56,835	66,947
Depreciation and impairment		10,339	10,339	11,247	11,247
Interest and other finance costs	9	3,718	3,718	4,035	4,035
<b>Total expenditure</b>	10a	<b>188,889</b>	<b>189,468</b>	<b>173,654</b>	<b>174,152</b>
<b>Surplus before other gains/(losses) and share of surplus in joint ventures and associates</b>		<b>22,907</b>	<b>22,526</b>	<b>741</b>	<b>416</b>
Share of operating surplus/(deficit) in jointly controlled entity	1	-	-	(18)	-
Gain/(loss) on disposal of fixed assets	30	30	30	(25)	(25)
<b>Surplus before tax</b>		<b>22,938</b>	<b>22,556</b>	<b>698</b>	<b>391</b>
Taxation	11	-	-	-	-
<b>Surplus for the year</b>		<b>22,938</b>	<b>22,556</b>	<b>698</b>	<b>391</b>
Change in fair value of investment property	13b	(519)	(519)	(975)	(975)
Actuarial loss in respect of pension schemes	20	(11,228)	(11,228)	(23,730)	(23,730)
Gift Aid received		-	394	-	290
<b>Total comprehensive income/(loss) for the year</b>		<b>11,191</b>	<b>11,203</b>	<b>(24,007)</b>	<b>(24,024)</b>
Represented by:					
Endowment comprehensive (loss)/income for the year		(90)	(90)	24	24
Unrestricted comprehensive income/(loss) for the year		11,281	11,293	(24,031)	(24,048)
		<b>11,191</b>	<b>11,203</b>	<b>(24,007)</b>	<b>(24,024)</b>
<b>Surplus for the year attributable to:</b>					
University		22,938	22,556	698	391
<b>Total Comprehensive income/(loss) for the year attributable to:</b>					
University		<b>11,191</b>	<b>11,203</b>	<b>(24,007)</b>	<b>(24,024)</b>

All items of income and expenditure relate to continuing activities.

The notes on pages 50 to 69 form part of these financial statements.



## Consolidated and University statement of changes in reserves for the year ended 31 July 2020

Consolidated	Income and expenditure account			Total Reserves £000
	Endowment £000	Restricted £000	Unrestricted £000	
Balance at 31 July 2019	448	-	177,160	177,608
Surplus/(deficit) from income and expenditure statement	24	-	(24,031)	(24,007)
<b>Total comprehensive income for the year</b>	24	-	(24,031)	(24,007)
Balance at 31 July 2020	472	-	153,129	153,601
(Deficit)/surplus from income and expenditure statement	(90)	-	11,281	11,191
<b>Total comprehensive (loss)/income for the year</b>	(90)	-	11,281	11,191
<b>Balance at 31 July 2021</b>	382	-	164,410	164,792

University	Income and expenditure account			Total Reserves £000
	Endowment £000	Restricted £000	Unrestricted £000	
Balance at 31 July 2019	448	-	177,160	177,608
Surplus/(deficit) from income and expenditure statement	24	-	(24,048)	(24,024)
<b>Total comprehensive income for the year</b>	24	-	(24,048)	(24,024)
Balance at 31 July 2020	472	-	153,112	153,584
(Deficit)/surplus from income and expenditure statement	(90)	-	11,293	11,203
<b>Total comprehensive (loss)/income for the year</b>	(90)	-	11,293	11,203
<b>Balance at 31 July 2021</b>	382	-	164,405	164,787

The notes on pages 50 to 69 form part of these financial statements.

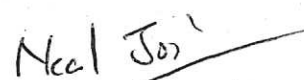
# Consolidated and University statement of financial position as at 31 July 2021

	Note	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
<b>Non-current assets</b>					
Intangible assets	12	4,421	4,421	4,151	4,151
Tangible assets	13	307,417	307,417	299,312	299,312
Investments	14	40	40	40	40
Investment in jointly controlled entities	15	1	1	-	-
		311,879	311,879	303,503	303,503
<b>Current assets</b>					
Stock	16	131	131	95	95
Trade and other receivables	17	16,817	16,784	15,860	15,776
Cash and cash equivalents	23	43,215	42,795	36,388	36,109
		60,163	59,710	52,343	51,980
Creditors: amounts falling due within one year	18	(46,132)	(45,684)	(49,974)	(49,628)
<b>Net current assets</b>		14,031	14,026	2,369	2,352
<b>Total assets less current liabilities</b>		325,910	325,905	305,872	305,855
Creditors: amounts falling due after more than one year	19	(77,818)	(77,818)	(82,793)	(82,793)
<b>Provisions</b>					
Pension provisions	20	(80,372)	(80,372)	(65,147)	(65,147)
Other provisions	20	(2,928)	(2,928)	(4,331)	(4,331)
<b>Total net assets</b>		164,792	164,787	153,601	153,584
<b>Restricted Reserves</b>					
Income and expenditure reserve – endowment	22	382	382	472	472
<b>Unrestricted Reserves</b>					
Income and expenditure reserve – unrestricted		164,410	164,405	153,129	153,112
<b>Total Reserves</b>		164,792	164,787	153,601	153,584

The financial statements were approved by the Board of Governors on 25 November 2021 and signed on its behalf on that date by:



Ms D Lees CBE – Chair of the Board



Professor N Juster – Vice Chancellor

The notes on pages 50 to 69 form part of these financial statements.

## Consolidated cash flow statement for the year ended 31 July 2021

	Note	2021 Consolidated £000	2020 Consolidated £000
<b>Cash flow from operating activities</b>			
Surplus for the year before taxation		22,938	698
<b>Adjustment for non-cash items</b>			
Depreciation	12/13	10,339	10,763
Other amounts written off tangible assets	12/13	283	483
(Gain)/loss on disposal of tangible assets		(30)	25
Increase in stock	16	(36)	(7)
(Increase)/decrease in debtors		(1,318)	1,357
Increase in creditors		6,704	3,248
Increase in pension provision	20	3,997	1,116
(Decrease)/increase in other provisions	20	(1,403)	1,691
Share of operating deficit/(surplus) in jointly controlled entity	15	-	18
Diminution in value of investment in jointly controlled entity	15	469	303
<b>Adjustment for investing or financing activities</b>			
Investment income		(104)	(290)
Interest payable		2,770	3,152
Amortisation of derivative asset		-	30
Amortisation of derivative liability		(62)	(94)
Endowment income		(2,856)	(357)
Capital grant income		(17,864)	(1,045)
<b>Net cash inflow from operating activities before taxation</b>		23,827	21,091
Taxation		(8)	(5)
<b>Net cash inflow from operating activities after taxation</b>		23,819	21,086
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		30	-
Proceeds from sales of investment properties		-	380
Capital grant receipts		11,021	8,607
Investment income		116	289
Payments made to acquire intangible and tangible assets		(21,827)	(21,050)
Payments made to acquire shares in jointly controlled entity		(470)	(303)
<b>Net cash outflow from investing activities</b>		(11,130)	(12,077)
<b>Cash flows from financing activities</b>			
Interest paid		(2,995)	(3,145)
Endowment cash received		1,476	357
Secured loans repayments received		365	15
Repayments of amounts borrowed		(4,708)	(4,317)
<b>Net cash outflow from financing activities</b>		(5,862)	(7,090)
<b>Increase in cash and cash equivalents in the year</b>		6,827	1,919
Cash and cash equivalents at beginning of the year	23	36,388	34,469
<b>Cash and cash equivalents at the end of the year</b>	23	43,215	36,388

The notes on pages 50 to 69 form part of these financial statements.

## Notes to the financial statements year ended 31 July 2021

### 1 Tuition fees and education contracts

	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Full-time home and EU students	115,934	115,934	111,611	111,611
Full-time international students	13,086	13,086	13,706	13,706
Part-time students	6,549	6,549	4,655	4,655
Short courses and summer schools	431	431	498	498
Further education students	438	438	412	412
	136,438	136,438	130,882	130,882

### 2 Funding body grants

#### Recurrent grants

Office for Students (OfS)	6,832	6,832	6,583	6,583
UK Research and Innovation (UKRI)	4,121	4,121	4,129	4,129
Skills Funding Agency (SFA)	3,389	3,389	2,565	2,565

#### Specific grants

UKRI – Higher Education Innovation Fund	1,396	1,396	960	960
OfS – other specific grants	987	987	124	124
UKRI – other specific grants	327	327	299	299
OfS - capital grants	1,161	1,161	686	686
UKRI – capital grants	434	434	299	299
Other grants	339	339	23	23
	18,986	18,986	15,668	15,668

### 3 Grant and Fee Income

Grant from the OfS	9,393	9,393	7,679	7,679
Grant income from other bodies	26,172	25,923	18,610	18,325
Fee income for taught awards (exclusive of VAT)	132,506	132,506	127,651	127,651
Fee income for research awards (exclusive of VAT)	3,063	3,063	2,321	2,321
Fee income from non-qualifying courses (exclusive of VAT)	869	869	910	910
	172,003	171,754	157,171	156,886

Grant income from other bodies includes £483,877 (2020: £911,526) in relation to Coronavirus Job Retention Scheme (University only 2021: £235,688, 2020: £626,119), this is shown under note 5.

### 4 Research grants and contracts

	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Research Councils	7,787	7,787	2,952	2,952
UK based charities	2,058	2,058	939	939
UK Central/Local Government/Health/Hospitals	3,413	3,413	3,320	3,320
Industry and commerce	878	878	668	668
European Union	1,477	1,477	1,514	1,514
Overseas	375	375	316	316
	15,988	15,988	9,709	9,709



## Notes to the financial statements year ended 31 July 2021

### 5 Other income

	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Residences, catering and conferences	15,167	15,167	10,541	10,541
Capital grants	14,354	14,354	60	60
Other income generating activities	7,812	8,010	6,794	6,969
	37,333	37,531	17,395	17,570

### 6 Investment Income

Income from short term deposits	38	38	208	206
Amortisation of derivative liability	91	91	94	94
Other investment income	66	66	82	82
	195	195	384	382

### 7 Donations and endowments

Donations with restrictions	93	93	357	357
Capital grants	2,763	2,763	-	-
	2,856	2,856	357	357

### 8 Staff costs

Staff costs by type:

Salaries	80,165	70,259	77,587	69,283
Social Security costs	8,122	7,300	7,853	7,220
Movement on USS provision	(110)	(110)	(94)	(94)
USS deficit recovery	(41)	(41)	(2,266)	(2,266)
Other pension costs	19,493	18,610	18,219	17,542
Staff restructuring costs	389	368	238	238
	108,018	96,386	101,537	91,923

	2021 Consolidated Number	2021 University Number	2020 Consolidated Number	2020 University Number
Average staff numbers by major category:				
Teaching departments	1,292	1,175	1,256	1,155
Teaching support services	137	90	135	96
Other support services	63	27	47	29
Administration and central services	379	246	384	266
Premises	45	29	46	30
	1,916	1,567	1,868	1,576

### Senior staff pay

	2021 Consolidated £000	2020 Consolidated £000
Remuneration package of the Vice Chancellor:		
Basic salary	222	247
Performance related pay and other bonuses	2	-
Payments in lieu of pension contributions	42	46
Other taxable benefits (private medical insurance)	3	3
Non-taxable benefits (employer's contribution for life assurance)	4	5
	273	301

The remuneration package reflects a voluntary reduction in basic salary of £25,000 for the year (2020: £nil).

## 8. Staff costs (cont.)

The Vice Chancellor role is formally evaluated based on the responsibilities and duties through the application of a recognised role evaluation methodology and benchmarked against local, sector, national and international data on an annual basis. The University's Remuneration Committee subsequently determine remuneration arrangements in line with the evaluation outcome alongside:

- the context within which the University operates;
- the expected contribution of the role;
- the attributes required to undertake the role; and
- the value added, based on a number of elements, delivered by the role holder through their performance against annually set objectives, in line with the strategic direction of the University.

Payment arrangements will demonstrate value for money whilst also being sufficient to recruit, retain and motivate the role holder or future prospective role holder in the context of the market for that role.

Pay ratio of Vice-Chancellor's remuneration to the median remuneration of all other employees:

	<b>2021</b> <b>Consolidated</b> Pay ratio	<b>2020</b> <b>Consolidated</b> Pay ratio
Basic salary ratio	7.1 times	7.3 times
Total remuneration ratio	8.4 times	8.9 times

Due to updated guidance notes from the Office for Students for 2020, pension contributions and payments in lieu of pension contributions have been included in the Vice Chancellor's total pay values. The updated guidance also specified that we are to include all people in our real-time information in our employee figures, so we have included casual claims individuals alongside 'core' staff and associate staff.

Other higher paid staff (with basic salary over £100,000 per annum):

	<b>2021</b> Number	<b>2020</b> Number
Basic salary per annum		
£100,000 to £104,999	5	6
£105,000 to £109,999	-	3
£110,000 to £114,999	5	2
£115,000 to £119,999	5	1
£120,000 to £124,999	4	4
£125,000 to £129,999	4	4
£130,000 to £134,999	1	1
£135,000 to £139,999	-	-
£140,000 to £144,999	1	-
£145,000 to £149,999	4	5
£225,000 to £229,999	1	-
£245,000 to £249,999	-	1

## Key management personnel

Key management personnel are defined as the Senior Leadership Team, who have authority and responsibility for planning, directing and controlling the activities of the University. Key management personnel compensation includes all benefits provided by the Group in exchange for services rendered.

	<b>2021</b> <b>Consolidated</b> £000	<b>2020</b> <b>Consolidated</b> £000
Key management personnel compensation	2,675	2,862

## Notes to the financial statements year ended 31 July 2021

### 8. Staff costs (cont.)

Access and Participation	2021 Consolidated £000	2020 Consolidated £000
Access Investment	270	266
Disability Support	379	325
Research and Evaluation	94	91
	<u>743</u>	<u>682</u>

OfS regulated institutions are required to report their access and participation expenditure (see note 10b).

### Severance payments

During the year total severance payments amounting to £388,000 (2020: £238,000) were paid to 33 employees (2020: 29 employees) across the consolidated group. All amounts paid were in respect of loss of office.

### Governing body

The University's Board of Governors are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Board, being drawn, in part, from local public and private sector 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 the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures. All transactions greater than £10,000 are listed below:

- Transactions totalling £1,778,538 relating to University of Lincoln Students' Union, where Mr G. Petts is Vice president Education and Lead officer.
- Transactions totalling £420,609 relating to EPSRC National Centre for Nuclear Robotics awards and Optima project partner services with University of Birmingham where Mr K. Armour is a Professor.
- Transactions totalling £230,122 relating to associated service charges and supporting activity with Siemens Industrial Turbomachinery Ltd where Mr M. Alexander is Vice President.
- Transactions totalling to £875,365 relating to rental charges with Lincoln Science and Innovation Park where Professor M. Stuart CBE is a Director.
- Transactions totalling £27,601 relating to associated service charges, rental charges and supporting activity with Epix Media Limited, where Ms. Z. King is a Director.

No member of the Board of Governors, excluding the Vice Chancellor, has received any remuneration or waived payments from the group during the year (2020: £nil).

The total expenses paid to two members of the Board of Governors was £500 (2020: £3,000 to two Governors). This figure represents the refunding of out-of-pocket expenses in attending meeting and other events, primarily travelling costs. Hotel accommodation, meals and associated costs relating to Board meetings are organised centrally by the University Secretariat and such costs are not included as these are borne directly by the University.

### 9 Interest and other finance costs

	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Loan interest	2,769	2,769	3,152	3,152
Amortisation of derivative asset	29	29	30	30
Net charge on pension scheme	902	902	779	779
Unwinding of discounts on pension provisions	18	18	74	74
	<u>3,718</u>	<u>3,718</u>	<u>4,035</u>	<u>4,035</u>

## Notes to the financial statements year ended 31 July 2021

### 10a Analysis of total expenditure by activity

	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Academic departments	77,756	77,756	75,497	75,497
Academic services	23,006	23,006	21,096	21,096
Administration and central services	33,282	33,861	31,067	31,565
Premises	25,702	25,702	25,067	25,067
Residences and catering operations	12,997	12,997	11,135	11,135
Research grants and contracts	11,733	11,733	9,067	9,067
Other expenditure	4,413	4,413	725	725
	188,889	189,468	173,654	174,152

Other operating expenses include:

External auditors remuneration in respect of:

Audit services	82	82	71	71
Non-audit services	7	7	5	5
Operating lease rentals:				
Land and buildings	6,295	6,295	2,904	2,904
Other	164	164	168	168

### 10b Access and Participation

	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Access Investment	460	460	500	500
Financial Support	4,406	4,406	3,000	3,000
Disability Support	442	283	521	383
Research and Evaluation	175	175	168	168
	5,483	5,324	4,189	4,051

£743,000 of these costs are already included in the overall staff cost figures within the financial statements, see note 8.

Link to access and participation plan:

[https://www.lincoln.ac.uk/home/media/responsive2017/abouttheuniversity/governance/universitypolicies/UniversityOfLincoln\\_APP\\_2020-21\\_V1\\_10007151.pdf](https://www.lincoln.ac.uk/home/media/responsive2017/abouttheuniversity/governance/universitypolicies/UniversityOfLincoln_APP_2020-21_V1_10007151.pdf)

#### Access Investment

- Many of the University's access activities have been developed jointly with a range of local and national partners. Specific partnerships target particular groups such as young audiences with low social mobility, children in care and children from IMD 1 and 2 backgrounds.
- The University sponsors a Multi-Academy Trust in an area with significant social and economic disadvantage and very low rates of participation in higher education.
- As part of the OfS Mental Health Challenge project the University has created a team to support students with the transition to University.

#### Financial Support

- The majority of the financial support provided to students is in the form of bursaries paid for each level of study in three instalments each year. The eligibility for this bursary is based on household income. All eligible students receive the bursary, it is not a finite resource and therefore the amount spent each year may vary from that predicted.
- Additionally there are bursaries for care experienced students.
- The University has a financial hardship fund which is widely promoted to ensure those in need are aware of it and able to access funding and financial management advice.



## Notes to the financial statements year ended 31 July 2021

### 10b Access and Participation (cont.)

#### Disability Support

- The University's Student Wellbeing Team provides core support to students with a declared disability. In 2020/21 this was 19.7% of the total student population a significant proportion of which related to mental health.
- The University has expanded its assistive technologies in the form of e-books and lecture capture technology and continues to provide individual specialist equipment relevant to a student's area of study.

#### Research and Evaluation

- The University is building research and evaluation into all of its access and participation activities. This is undertaken at individual activity level with guidance from the Lincoln Higher Education Research Institute (LHERI).
- LHERI facilitate the University's Community of Practice for colleagues involved with access and participation, undertake the annual evaluation of bursaries, monitor sector good practice and are active members of local and national access and participation networks.
- The University has developed dashboards to monitor the outcomes of access and participation activities and detailed reports are provided on a regular basis to relevant University committees, including the Access and Participation Monitoring Group and the Senior Leadership Team.

### 11 Taxation

	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
<b>Recognised in the statement of comprehensive income</b>				
<b>Current tax</b>				
Current tax expense for the year 19% (2020: 19%)	16	-	5	-
Current tax expense	16	-	5	-
<b>Deferred tax</b>				
Origination and reversal of timing differences	(16)	-	(5)	-
Deferred tax expense	(16)	-	(5)	-
<b>Total tax expense</b>	-	-	-	-

### 12 Intangible assets

Consolidated and University	Software £000
<b>Cost</b>	
At 1 August 2020	5,006
Additions	584
<b>At 31 July 2021</b>	<b>5,590</b>
<b>Amortisation</b>	
At 1 August 2020	(855)
Amortisation charge for the year	(314)
<b>At 31 July 2021</b>	<b>(1,169)</b>
<b>Net book value</b>	
At 31 July 2020	4,151
At 31 July 2021	4,421

At 31 July 2021 the value of intangible assets in the course of construction was £2,316,000 (2020: £1,732,000).

## Notes to the financial statements year ended 31 July 2021

### 13. Tangible Assets

	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Tangible assets comprise:				
Plant, property and equipment	301,497	301,497	292,873	292,873
Investment Properties	5,920	5,920	6,439	6,439
	<u>307,417</u>	<u>307,417</u>	<u>299,312</u>	<u>299,312</u>

### 13a Property, plant and equipment

Consolidated and University	Assets in the course of construction £000	Freehold land and buildings £000	Leasehold land and buildings £000	Fixtures, fittings and equipment £000	Total £000
<b>Cost</b>					
At 1 August 2020	24,986	269,593	25,638	21,771	341,988
Additions	16,972	49	-	1,911	18,932
Written off	(283)	-	-	-	(283)
Transfers	(35,036)	34,471	203	362	-
<b>As at 31 July 2021</b>	<u>6,639</u>	<u>304,113</u>	<u>25,841</u>	<u>24,044</u>	<u>360,637</u>
<b>Depreciation</b>					
At 1 August 2020	-	27,774	8,506	12,835	49,115
Charge for the year	-	5,513	1,438	3,074	10,025
<b>At 31 July 2021</b>	<u>-</u>	<u>33,287</u>	<u>9,944</u>	<u>15,909</u>	<u>59,140</u>
<b>Net book value</b>					
At 31 July 2021	<u>6,639</u>	<u>270,826</u>	<u>15,897</u>	<u>8,135</u>	<u>301,497</u>
At 31 July 2020	<u>24,986</u>	<u>241,819</u>	<u>17,132</u>	<u>8,936</u>	<u>292,873</u>

On adoption of FRS102, certain exemptions are permitted under the transitional rules set out in section 35 of the standard. The University has taken advantage of the exemption permitted under paragraph 35.10(c) of FRS102 and has measured certain property, plant and equipment at their fair value on the date of transition, and used that fair value as deemed cost. The revaluation was carried out by an independent firm of chartered surveyors. As permitted by FRS102, the University has not adopted a policy of revaluations in the future.

At 31 July 2021, freehold land and buildings included £18,501,000 (2020: £18,501,000) in respect of freehold land which is not depreciated.

### 13b Investment property

Consolidated and University	Investment Property £000
<b>Fair value</b>	
At 1 August 2020	6,439
Net loss recognised in Consolidated Statement of Comprehensive Income and Expenditure	(519)
<b>At 31 July 2021</b>	<u>5,920</u>

Investment property is fair valued at each Statement of Financial Position date by an independent firm of chartered surveyors. The valuation is based on an existing use value (EUV) basis, with the market value considered to be equal to the EUV for all investment properties. Material uncertainty has been discussed with the valuer who has confirmed that there are no specific circumstances that lead to any material concerns in relation to the portfolio of assets held by University of Lincoln. On this basis management do not consider there to be a material uncertainty over the investment property valuation.

## Notes to the financial statements year ended 31 July 2021

### 14 Non-current investments

	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Investment in subsidiaries (Note 14a)	-	-	-	-
Other investments (Note 14b)	40	40	40	40
Investment in jointly controlled entity (Note 15)	1	1	-	-
	41	41	40	40

#### 14a Investment in subsidiaries

The University holds 100% of the ordinary share capital of UoL Services Limited, a company incorporated in England and Wales. The company was incorporated on 27 October 2017, with the nature of its business being the provision of non-academic professional service and support staff to the University of Lincoln.

The University holds 100% of the ordinary share capital of ULEX Limited, a company incorporated in England and Wales. The nature of its business is the provision of consultancy, training, conference and research facilities, although the company has not traded during the year.

The University holds 100% of the ordinary share capital of UL Learning Resources Limited, a charitable company incorporated in England and Wales. The nature of its business is the provision of learning resource facilities, although the company has not traded during the year. UL Learning Resources Limited is a connected institution within the definition of paragraph 28 of Schedule 3 to the Charities Act 2011 and is therefore exempt from registration with the Charity Commission. Net assets of the charity at 31 July 2021 were £1 (31 July 2020: £1).

The University holds 100% of the ordinary share capital in Riseholme Park Farms Limited, a company incorporated in England and Wales. The nature of its business is farming, although the company has not traded during the year.

#### 14b Other investments

	2021 Consolidated and University £000	2020 Consolidated and University £000
At 1 August 2020 and at 31 July 2021	40	40
Other non-current investments consist of:		
	2021 Consolidated and University £000	2020 Consolidated and University £000
CVCP Properties plc	30	30
Metnano Limited	10	10
	40	40

CVCP Properties plc is a company owned by Universities UK and its member institutions. Metnano Limited is a company invested in to exploit intellectual property with a commercial partner.

The University holds no investment in the Lincolnshire Educational Trust Ltd, Lincoln University Technical College (UTC) and Lincolnshire Institute of Technology. These are companies limited by guarantee with the University's liability limited to a maximum to £10 in all cases.

## Notes to the financial statements year ended 31 July 2021

### 15 Investment in jointly controlled entity

The University has a joint venture agreement with Lincolnshire Co-operative Limited. The joint venture company, Lincoln Science and Innovation Park Limited (LSIP), is limited by shares. LSIP is jointly owned by the Lincolnshire Co-operative Limited, who hold 75% of the shares, and the University of Lincoln, who hold 25% of the shares. The arrangement is treated as a joint controlled entity and is accounted for using the equity method, such that 25% of the company's gross assets and liabilities are incorporated into the consolidated Statement of Financial Position of the University and 25% of its net income is reported in the University's consolidated statement of comprehensive income and expenditure.

The Group's share of the assets of the joint controlled entity is as follows:

	2021 £000	2020 £000
<b>Consolidated</b>		
At 1 August	-	18
Additions	470	303
Share of (loss)/profit retained by jointly controlled entity	-	(18)
Diminution in value of investment in jointly controlled entity	(469)	(303)
<b>At 31 July</b>	<b>1</b>	<b>-</b>

### 16 Stock

	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Goods for resale	27	27	27	27
Raw materials and consumables	104	104	68	68
	<b>131</b>	<b>131</b>	<b>95</b>	<b>95</b>

### 17 Trade and other receivables

#### Amounts falling due within one year:

Research grants receivable	2,890	2,890	1,698	1,698
Other trade receivables	4,845	4,845	6,019	6,019
Other receivables	580	549	768	752
Prepayments and accrued income	6,920	6,918	5,742	5,674
	<b>15,235</b>	<b>15,202</b>	<b>14,227</b>	<b>14,143</b>

#### Amounts falling due after more than one year:

Other receivables	1,357	1,357	1,440	1,440
Prepayments and accrued income	225	225	193	193
	<b>16,817</b>	<b>16,784</b>	<b>15,860</b>	<b>15,776</b>



## Notes to the financial statements year ended 31 July 2021

### 18 Creditors: amounts falling due within one year

	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Secured loans	2,375	2,375	2,242	2,242
Unsecured loans	2,509	2,509	2,466	2,466
Unamortised loan commitment liability	60	60	62	62
Trade payables	6,825	6,825	3,576	3,576
Other payables	5,086	4,847	3,045	2,944
Social security and other taxation payable	2,121	1,893	2,184	1,990
Accruals and deferred income	27,156	26,728	36,399	36,061
Amounts due to subsidiary companies	-	447	-	287
	46,132	45,684	49,974	49,628

The unamortised loan commitment liability represents the remaining element of the fair value of the derivative financial liability created when the University forward fixed the interest rate on certain of its borrowings with the European Investment Bank. The fair value of the liability was fixed at draw down and is amortised over the life of the related loan.

### Deferred income

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

	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
Research grants received on account	4,461	4,461	7,116	7,116
Grants	577	577	6,647	6,647
Donations	-	-	1,445	1,445
Other income	6,552	6,552	7,600	7,600
	11,590	11,590	22,808	22,808

### 19 Creditors: amounts falling due after more than one year

Secured loans	24,908	24,908	27,283	27,283
Unsecured loans	52,114	52,114	54,623	54,623
Unamortised loan commitment liability (note 18)	623	623	683	683
Accruals and deferred income	173	173	204	204
	77,818	77,818	82,793	82,793

Secured and unsecured loans are repayable as follows:

Due within one year on demand	4,884	4,884	4,708	4,708
Due between one and two years	5,056	5,056	4,884	4,884
Due between two and five years	12,807	12,807	13,335	13,335
Due in five years or more	59,159	59,159	63,687	63,687
	81,906	81,906	86,614	86,614
Due within one year or on demand	(4,884)	(4,884)	(4,708)	(4,708)
Due after more than one year	77,022	77,022	81,906	81,906

## Notes to the financial statements year ended 31 July 2021

### 19 Creditors: amounts falling due after more than one year (cont.)

An analysis of the Group's borrowings is set out below:

Lender	Amount £000	Term	Interest Rate %	Borrower
Dexia	1,971	2023	5.08	University
Dexia	2,994	2028	5.38	University
Santander	10,125	2035	5.00	University
Royal Bank of Scotland	19,786	2037	4.69	University
Royal Bank of Scotland	2,533	2037	3.40	University
European Investment Bank	18,215	2041	2.37	University
European Investment Bank	13,014	2042	2.45	University
European Investment Bank	13,268	2042	2.48	University
Total borrowings	81,906			

All borrowings are held at amortised cost.

### 20 Provisions for liabilities

	Obligation to fund deficit on USS pension £000	Defined benefit obligations £000	Total pension provisions £000	Onerous contracts and other £000	Total other £000
<b>Consolidated and University</b>					
As at 1 August 2020	2,322	62,825	65,147	4,331	4,331
Provided in year	-	-	-	2,731	2,731
Utilised in year	(110)	(4,827)	(4,937)	(4,134)	(4,134)
Net pension charge	(41)	8,958	8,917	-	-
Actuarial loss on ERPF	-	11,228	11,228	-	-
Unwinding of USS discount	17	-	17	-	-
<b>As at 31 July 2021</b>	<b>2,188</b>	<b>78,184</b>	<b>80,372</b>	<b>2,928</b>	<b>2,928</b>

#### Obligations to fund deficit on USS Pension

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 and have discounted the expected deficit recovery payments.

The provision is calculated based on the recovery plan agreed after the March 2018 actuarial valuation of the scheme. The March 2020 actuarial valuation of USS has been undertaken but this has not yet been formally completed. As such management consider it appropriate to continue to account for the past deficit obligation in accordance with the previously agreed recovery plan.

#### Defined benefit obligations

Defined benefit obligations are set out in further detail in note 28.

#### Onerous contracts and other

Onerous contracts and other include:

- Property provision relating to the estimated liabilities in respect of onerous contractual obligations arising from certain property transactions, which are due to be settled within one year from the Statement of Financial Position date.

## Notes to the financial statements year ended 31 July 2021

### 20 Provisions for liabilities (cont.)

- Campus reopening costs relating to the costs that have been committed to be incurred before October 2020 to ensure that staff and students are safe on campus during the COVID-19 pandemic.

Other matters relating to costs where a constructive obligation to settle a liability has been created before the year end and will be settled within the one year from the statement of financial position date. All borrowings are held at amortised cost.

### 21 Financial Instruments

The carrying values of the Group and University's financial assets and liabilities are summarised by category below:

Financial Assets	2021 Consolidated £000	2021 University £000	2020 Consolidated £000	2020 University £000
<b>Debt instruments measured at amortised cost</b>				
Long-term loans receivable	1,316	1,316	1,682	1,682
<b>Measured at undiscounted amount receivable</b>				
Trade and other receivables	11,172	11,139	10,266	10,182
<b>Equity instruments measured at cost less impairment</b>				
Non-current asset investments in unlisted equity instruments	40	40	40	40
	<u>12,528</u>	<u>12,495</u>	<u>11,988</u>	<u>11,904</u>
<b>Financial Liabilities</b>				
<b>Measured at fair value through income and expenditure</b>				
Unamortised loan commitment liability	683	683	745	745
<b>Measured at amortised cost</b>				
Loans payable	81,906	81,906	86,614	86,614
<b>Measured at undiscounted amount payable</b>				
Trade and other creditors	29,770	29,322	22,601	22,255
	<u>112,359</u>	<u>111,911</u>	<u>109,960</u>	<u>109,614</u>
<b>Interest income and expense</b>				
Total interest income for financial assets at amortised cost	195	195	384	382
Total interest expense for financial assets at amortised cost	(2,769)	(2,769)	(3,152)	(3,152)
	<u>(2,574)</u>	<u>(2,574)</u>	<u>(2,768)</u>	<u>(2,770)</u>

## Notes to the financial statements year ended 31 July 2021

### 22 Endowment Reserves

Restricted net assets relating to endowments are as follows:

#### Consolidated and University

	Restricted permanent endowments £000	Unrestricted permanent endowments £000	Restricted expendable endowments £000	Total 2021 £000	Total 2020 £000
<b>Balances at 1 August 2020</b>					
Capital	-	-	1,902	1,902	448
Accumulated income	-	-	-	-	-
	-	-	1,902	1,902	448
 New endowments	-	-	1,476	1,476	357
Expenditure	-	-	(2,996)	(2,996)	(333)
	-	-	(1,520)	(1,520)	24
 Increase in market value of investments	-	-	-	-	-
 <b>At 31 July 2021</b>	-	-	382	382	472
 <b>Represented by:</b>					
Capital	-	-	382	382	472
Accumulated income	-	-	-	-	-
	-	-	382	382	472
 <b>Analysis by type of purpose:</b>					
Scholarships and bursaries	-	-	173	173	177
General Academic	-	-	138	138	225
Research support	-	-	2	2	2
Prize funds	-	-	69	69	68
	-	-	382	382	472
 <b>Analysis by asset:</b>					
Current and non-current asset investments	-	-	-	-	-
Cash and cash equivalents	-	-	382	382	472
	-	-	382	382	472

### 23 Cash and equivalents

	At 1 August 2020 £000	Cash Flows £000	At 31 July 2021 £000
<b>Consolidated</b>			
Cash and cash equivalents	36,388	6,827	43,215

### 24 Consolidated reconciliation of net debt

	2021 £000
Net debt as at 1 August 2020	(50,226)
Increase in cash and cash equivalents	6,827
Repayments of amounts borrowed	4,708
<b>Net debt as at 31 July 2021</b>	<b>(38,691)</b>



## Notes to the financial statements year ended 31 July 2021

<b>24 Consolidated reconciliation of net debt (cont.)</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis of net debt</b>		
Cash and cash equivalents	43,215	36,388
<b>Borrowings: amounts falling due within one year</b>		
Secured loans	(2,375)	(2,242)
Unsecured loans	(2,509)	(2,466)
	<u>(4,884)</u>	<u>(4,708)</u>
<b>Borrowings: amounts falling due after more than one year</b>		
Secured loans	(24,908)	(27,283)
Unsecured loans	(52,114)	(54,623)
	<u>(77,022)</u>	<u>(81,906)</u>
<b>Net debt</b>	<u>(38,691)</u>	<u>(50,226)</u>

## 25 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July:

### Consolidated and University

Commitments contracted for	5,769	4,198
Authorised but not contracted for	1,868	21,707
	<u>7,637</u>	<u>25,905</u>

## 26 Lease obligations

Total rentals payable under operating leases:

	<b>Land and Buildings</b>	<b>Other</b>	<b>Total</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>2021</b>	<b>2020</b>
<b>Consolidated and University</b>			<b>£000</b>	<b>£000</b>
Payable during the year	6,295	164	6,459	3,093
Future minimum lease payments due:				
Not later than 1 year	10,866	107	10,973	5,943
Later than 1 year and not later than 5 years	41,373	18	41,391	38,560
Later than 5 years	208,883	-	208,883	176,090
Total lease payments due	<u>261,122</u>	<u>125</u>	<u>261,247</u>	<u>220,593</u>

## 27 Post Balance Sheet Events

As set out in Note 28 in respect of the USS pension scheme, a new schedule of contributions based on the 2020 actuarial valuation has been agreed. As part of this agreement, as long as the decision to proceed with proposed benefit changes are agreed by the Joint Negotiating Committee by 28 February 2022, there would be an increase of £3,739,000 in the provision for the obligation to fund the deficit on the USS pension which would be £5,968,000 at 31 July 2021.

If the proposed benefit changes are not agreed by the Joint Negotiating Committee by 28 February 2022, then there would be an increase of £7,497,000 in the provision for the obligation to fund the deficit on the USS pension which would instead be £9,726,000 at 31 July 2021.

An adjustment will be reflected in the University's Financial Statements for the year ended 31 July 2022, which will depend on the outcome of the decision on the proposed benefit changes.

## Notes to the financial statements year ended 31 July 2021

### 28 Pension schemes

The University's employees principally belong to four pension schemes, East Riding Pension Fund (ERPF), Teachers' Pensions (TPS), the Universities Superannuation Scheme (USS) and the Universities and Colleges Retirement Savings Scheme (UCRSS). The total pension cost for the year was:

	2021 £000	2020 £000
ERPF including FRS102 adjustments	7,987	7,621
TPS contributions payable	9,414	8,703
USS contributions (excluding provision movements)	1,160	1,194
UCRSS contributions	891	678
NHS Contributions	41	23
	<b>19,493</b>	<b>18,219</b>

#### ERPF

The ERPF is a funded, defined benefit scheme, available to non-academic staff, with the assets held in separate trustee administered funds.

ERPF is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the ERPF actuary reviews the progress of the ERPF scheme.

The pension scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the scheme after consultation with professional advisers.

The total contribution made for the year ended 31 July 2021 was £5,957,000 of which employers' contribution totalled £4,683,000 and employees' contributions totalled £1,274,000. The employer's contribution rate was 25.4% throughout the year. The employees' contribution rate is based on earnings per annum and ranges from 5.5% to 12.5%.

The University also provides ex-gratia pension benefits to certain former employees who could not join the pension scheme at the time. Ex-gratia payments have ceased accruing for all such employees. The University paid ex-gratia pensions of £144,000 during the year end 31 July 2021 (2020: £142,000). These liabilities are not separately funded.

#### Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019, updated to 31 July 2021 on an FRS102 basis by a qualified independent actuary.

The financial assumptions used to calculate the scheme liabilities under FRS102 are:

	2021 %	2020 %
Price Inflation (RPI)	3.7	2.7
Price Inflation (CPI)	2.7	1.7
Rate of increase of salaries	2.9	1.9
Rate of increase of pensions in payment for ERPF members	2.7	1.7
Discount rate	1.6	1.4

## Notes to the financial statements year ended 31 July 2021

### 28 Pension schemes (cont.)

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65:

	2021 Years	2020 Years
<i>Current pensioners</i>		
Males	20.7	20.9
Females	23.4	23.3
<i>Future pensioners (currently aged 45)</i>		
Males	21.6	21.9
Females	24.9	24.8

### Scheme assets

The fair value of the assets in the ERPF were:

	2021 £000	2020 £000	2019 £000
Equities	124,249	98,929	112,042
Bonds	34,717	25,873	21,786
Property	20,099	18,264	17,118
Cash	3,654	9,132	4,668
Total fair value of assets	182,719	152,198	155,614

The following amounts at 31 July 2021 were measured in accordance with the requirements of FRS102.

<b>Analysis of the amount shown in the statement of financial position for ERPF and ex-gratia pensions</b>	2021 £000	2020 £000
Scheme assets	182,719	152,198
Scheme liabilities	(260,903)	(215,023)
Deficit in the scheme – net pension liability recorded within pension provisions (Note 20)	(78,184)	(62,825)

### Analysis of the amount charged to staff costs within operating surplus

Current service cost	8,056	7,708
Past service cost	-	-
	8,056	7,708

### Analysis of the amount charged to interest and other finance costs

Interest income on plan assets	(2,146)	(3,304)
Interest cost on defined benefit obligation	3,048	4,083
Interest on net deficit	902	779

### Analysis of other comprehensive income for ERPF and ex-gratia pensions

Remeasurements		
- Changes in demographic assumptions	(126)	(1,498)
- Changes in financial assumptions	(39,228)	(18,020)
- Other experience	2,193	5,330
- Return on assets excluding amounts included in net interest	25,933	(9,542)
Actuarial loss	(11,228)	(23,730)

## Notes to the financial statements year ended 31 July 2021

### 28 Pension schemes (cont.)

#### History of experience gains and losses for ERPF and ex-gratia pensions

Difference between the expected and actual return on assets:	2021	2020	2019	2018	2017
Amount (£000)	25,933	(9,542)	4,063	9,135	10,573
% of assets at end of year	14.2%	(6.3%)	2.6%	6.3%	8.3%

Experience gains/(losses) on scheme liabilities:	2021	2020	2019	2018	2017
Amount (£000)	2,193	(5,330)	36	93	117
% of scheme liabilities at end of	0.8%	(2.5%)	0.02%	0.1%	0.1%

	2021	2020
	£000	£000

#### Cumulative actuarial losses recognised as other comprehensive income for ERPF and ex-gratia pensions

Cumulative actuarial losses recognised at the start of the year	33,243	9,513
Cumulative actuarial losses recognised at the end of the year	44,471	33,243

#### Analysis of movement in deficit for ERPF and ex-gratia pensions:

Deficit at beginning of year	(62,825)	(35,693)
Contributions or benefits paid by the University	4,827	5,085
Current service cost	(8,056)	(7,708)
Past service cost	-	-
Other finance charge	(902)	(779)
Losses recognised in other comprehensive income	(11,228)	(23,730)
	(78,184)	(62,825)

#### Analysis of movement in the present value of ERPF and ex-gratia liabilities

Present value of ERPF and ex-gratia liabilities at the start of the year	215,023	191,307
Current service cost	8,056	7,708
Past service cost	-	-
Interest cost	3,048	4,083
Actual members contributions	1,274	1,348
Actuarial loss	37,161	14,188
Actual benefit payments	(3,659)	(3,611)
Present value of ERPF and ex-gratia liabilities at the end of the year	260,903	215,023

#### Analysis of the movement in the fair value of scheme assets

Fair value of assets at start of the year	152,198	155,614
Expected return on assets	2,146	3,304
Actuarial gain/(loss) on assets	25,933	(9,542)
Actual contributions paid by University	4,827	5,085
Actual member contributions	1,274	1,348
Actual benefit payments	(3,659)	(3,611)
Fair value of assets at end of the year	182,719	152,198

ERPF assets do not include any of the institution's own financial instruments, or any property occupied by the institution.



## Notes to the financial statements year ended 31 July 2021

### 28 Pension schemes (cont.)

	2021 £000	2020 £000
<b>Actual return on scheme assets</b>		
Expected return on scheme assets	2,146	3,304
Asset gain/(loss)	25,933	(9,542)
	<u>28,079</u>	<u>(6,238)</u>

Estimated University contributions for ERPF for the year ended 31 July 2022 are £4,688,000.

### Sensitivity Analysis

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

Change in assumptions at 31 July 2021:	Approximate increase to Defined Benefit Obligation	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2%	6,171
1 year increase in member life expectancy	4%	10,346
0.1% increase in Salary Increase Rate	0%	613
0.1% increase in the Pension Increase Rate	2%	5,476

### TPS

TPS is valued every five years by the Government Actuary. Contributions are paid by the institution at the rate specified. The Scheme is unfunded and contributions are made to the Exchequer. The payments from the Scheme are made from funds voted by Parliament. The contribution rate payable by the employer is 23.68% of pensionable salaries (2020: 23.68%) of pensionable salaries. The employees' contribution rate is based on earnings per annum and ranges from 7.4% to 11.7%.

### USS

The total cost charged to the profit and loss account is £1,010,000 (2020: £1,194,000).

Deficit recovery contributions due within one year for the institution are £290,000 (2020: £108,000).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

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

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

Pension Increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and index linked yield curves, less 1.3% per annum
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## Notes to the financial statements year ended 31 July 2021

### 28 Pension schemes (cont.)

Discount rate (forward rates)	Years 1-10: CPI - 0.14% reducing linearly to CPI – 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%
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The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

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

The current life expectancies on retirement at age 65 are:

	<b>2021</b>	<b>2020</b>
	Years	Years
Males currently aged 65	24.6	24.4
Females currently aged 65	26.1	25.9
Males currently aged 45	26.6	26.3
Females currently aged 45	27.9	27.7

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

	<b>2021</b>	<b>2020</b>
Discount rate	0.88%	0.73%
Pensionable salary growth	2.00%	2.00%

### Addendum

Since the year end and following the completion of the 2020 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in 2018 valuation schedule of contributions.

If the Joint Negotiating Committee agree to proposed benefit changes by 28 February 2022 then the new plan requires deficit payments of 6.3% of salaries from 1 April 2022 to 31 October 2038.

If the Joint Negotiating Committee do not agree proposed benefit changes by 28 February 2022, then the deficit payments commence at 3% on 1 October 2022 and increase by 3% every six months until they reach 20% from 1 October 2025. They remain at 20% until 31 July 2032.

As at 31 July 2021 and assuming all other assumptions used to calculate the provision remain unchanged and the Joint Negotiating Committee agree to proposed benefit changes by 28 February 2022, this would have resulted in a revised provision of £5,968,000, an increase of £3,739,000 from the current year end position. If the Joint Negotiating Committee do not agree proposed benefit changes by 28 February 2022, this would have resulted in a revised provision of £9,726,000, an increase of £7,497,000 from the current year end provision.

**28 Pension scheme (cont.)**

**UCRSS**

The UCRSS is a defined contribution pension scheme, introduced for employees during the year ended 31 July 2018. Contributions payable are recognised in the Consolidated Statement of Comprehensive Income and Expenditure as they are payable each year. The total cost charged to the profit and loss account is £891,000 (2020: £678,000).

The contribution rate payable by the employer is 7% to 10% (capped) of pensionable salary dependent on the employees' contribution. The employees' contribution rate is flexible from a minimum of 2% of pensionable salary to a maximum of 100% of pensionable salary.

**NHS Pension Scheme**

The Institution also participates in the NHSPS which is contracted out of the State Second Pension (S2P). The notional assets of NHSPS are assessed by the Government Actuary and the benefits are underwritten by the Government.

The NHS Pension Scheme is a defined benefit public service pension scheme, which operates on a pay-as-you-go basis. A newly reformed scheme was introduced on 1 April 2015 that calculates pension benefits based on career average earnings. Transitional arrangements permit individuals who on 1 April 2012 were within ten years of normal pension age to continue participating in the old 'final salary' NHS Pension Scheme arrangements (the 1995 and 2008 sections).

The scheme is not designed to be run in a way that would enable members to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

An HM Treasury pension scheme valuation for funding purposes was carried out as at March 2012. The Scheme Regulations have been changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate. The contribution rate payable by the Institutions during the year ended 31 July 2021 was equal to 20.6% of the total pensionable salaries, in accordance with the conclusion of the Government Actuary's report on the scheme.

## The governing body and officers 2020/21

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The Governors who served in the period from 1 August 2020 were as follows:

Ms D Lees (Chair)  
Mr M Alexander (from 1 March 2021)  
Professor K Armour  
Sir G Davies  
Ms M Dawes  
Mr N Gray  
Mr N Herbert  
Professor J Ker  
Mrs Z King  
Mr S Morris  
Ms G Petts (Student Member)  
Mr J Raine CMG OBE (Deputy Chair)  
Ms J Reeves  
Dr K Savage (Staff Member)  
Professor M Stuart CBE (Vice Chancellor)

Clerk to the Board of Governors: Mr C Spendlove

The officers (Senior Leadership Team) who served in the period from 1 August 2020 were as follows:

Professor M Stuart CBE	Vice Chancellor
Mr J Free CBE	Deputy Vice Chancellor
Professor A Hunter	Deputy Vice Chancellor
Professor E Mossop	Deputy Vice Chancellor
Mr S Parkes	Deputy Vice Chancellor
Professor T Wilkinson	Pro Vice Chancellor (until 31 December 2020)
Professor D French	Pro Vice Chancellor
Professor E John	Pro Vice Chancellor
Professor C Marsh	Pro Vice Chancellor
Professor A Woods	Pro Vice Chancellor
Mr D Braham	Chief Finance Officer (until 28 February 2021)
Ms A Dowdy	Director of Estates
Ms C Low	Director of Planning and Corporate Strategy
Ms R Simpson	Director of Human Resources
Mr C Spendlove	University Registrar/Secretary

The University's principal advisors were:

Lloyds Bank plc	Bankers
BDO LLP	External Auditor
Pricewaterhouse Coopers LLP	Internal Auditor