



UNIVERSITY OF
LINCOLN



Financial Statements
2022/23

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Key highlights for the year ended 31 July 2023

Strategic Plan

We embarked on our new Strategic Plan in 2022/23, with our ambition articulated around three core themes: We Collaborate, We Challenge, and We Transform.

By building a collaborative community that challenges itself and the outside world, we will bring about change that positively transform people and communities and help to solve some of the world's current and future grand challenges.

Financial Highlights	2023 £'000	2022 £'000
Total income	240,374	215,181
Statutory surplus for the year	5,622	12,039
Operating surplus*	3,365	5,292
Net cash generated from operations	10,981	25,405
Capital expenditure	17,741	14,251
Net debt	25,637	25,171

* Excludes certain items due to their one-off or non-operational nature (see page 17 for further information)

Continued growth in
income to £240.4m

↑ £25.2m

Investment in capital
expenditure £17.7m

↑ £3.5m

The University Great Central Warehouse Library is a central point for students across the university to work, both individually and collaboratively.



The Bridge Advanced Engineering R&D centre

opened its door to cutting-
edge new facilities in 2022



Top 30 for
student satisfaction
in the *Guardian*
University Guide 2023

Refurbishment of Lawress Hall
on Riseholme Campus
providing high quality office
spaces and supporting new
ways of working



**Launch of our
Strategic Plan
2022-27:**

**Transforming Lives
and Communities**



Ranked 53rd

*in the Times and Sunday
Times Good University
Guide 2023*

Strategic Direction

Strategic Plan The University of Lincoln is a university of and for the 21st Century. Created by the people of Lincolnshire, we are as much the University for Lincoln, as the University of Lincoln. Dynamic, enterprising, and globally connected. We nurture talent and ideas, contribute globally by creating and sharing knowledge and demonstrably help to transform lives and communities for the better.

Our strategic ambition is articulated around three core themes: We Collaborate, We Challenge, and We Transform

By building a collaborative community that challenges itself and the outside world, we will bring about changes that positively transform people and communities and help to solve some of the world's current and future grand challenges.

Core Themes

- **We Collaborate**

We will create a purposeful community that is committed to making a positive difference. Our teaching, research and knowledge exchange will be permeable, removing barriers to interaction between disciplines, institutions, and people across the world. We will grow a collaborative network of civically engaged organisations that work to address regional inequalities.

- **We Challenge**

We will develop our students into highly skilled and employable graduates, and adaptable, socially responsible citizens. We will focus on and invest in impactful, challenge-led research and knowledge exchange that addresses regionally relevant and internationally significant priorities. We will create an environment in which we can challenge each other, strive for excellence, and embrace difference.

- **We Transform**

We will be people-centred, transforming the lives of those who learn, work and engage with us. We will transform society through impactful and relevant teaching, research and knowledge exchange that address both regional and global challenges. Through our regionally embedded civic mission, we will transform the city, region, and wider world in which we operate.

We enter this next stage of our development during a period of considerable uncertainty for both the sector and the wider world. We will rise to the challenges this poses.

We will measure our progress towards the achievement of our 2027 ambition through clearly identified key performance indicators that ably measure the step change we wish to achieve through the next five years of this plan and beyond.

The Isaac Newton Building is located in the heart of our Brayford Pool Campus.



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 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 life and career.

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.

In the 2023 national league tables, Lincoln ranked in the top 30 for student satisfaction in the *Guardian University Guide*, 51st in the *Complete University Guide* and 53rd in the *Times and Sunday Times Good University Guide*.

Internationally, we have increased our rank year on year in the *Times Higher Education Young University Rankings* and are now positioned in the top 130, while in the *Times Higher Education World University Rankings* we placed in the 401-500 band. In the QS Rankings, we were placed in the top 1,000.

External Environment

Competition:

The University's key UCAS competitors continue to be located mainly in major UK cities as we change 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.

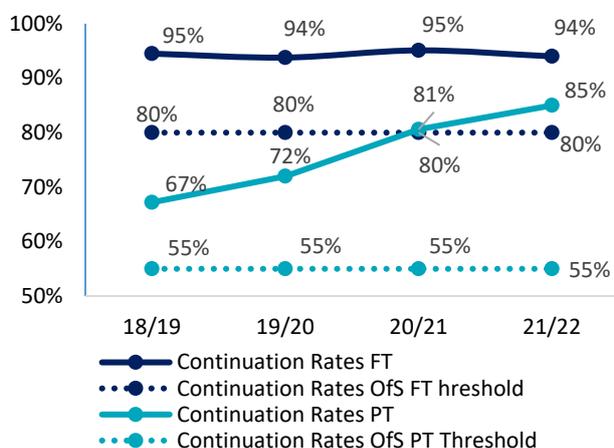
Demand:

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, the continued development in STEM subject areas, and Lincoln's popularity in international markets.

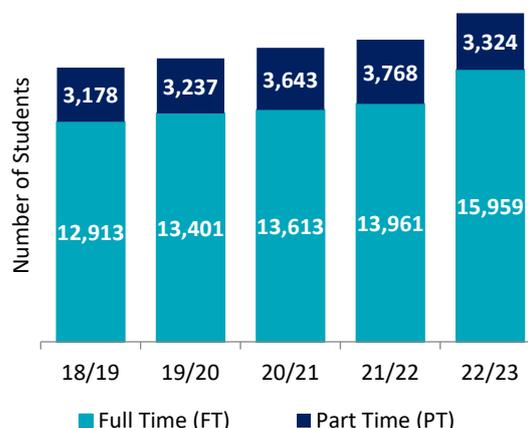
The University also continues to perform strongly in retaining students, scoring significantly better than the sector benchmark in the Office for Students Performance Indicators relating to student continuation, completion, and progression.

The graphs below demonstrate the demand trends.

Full and Part-time Undergraduate Continuation Rates v OfS B3 Thresholds



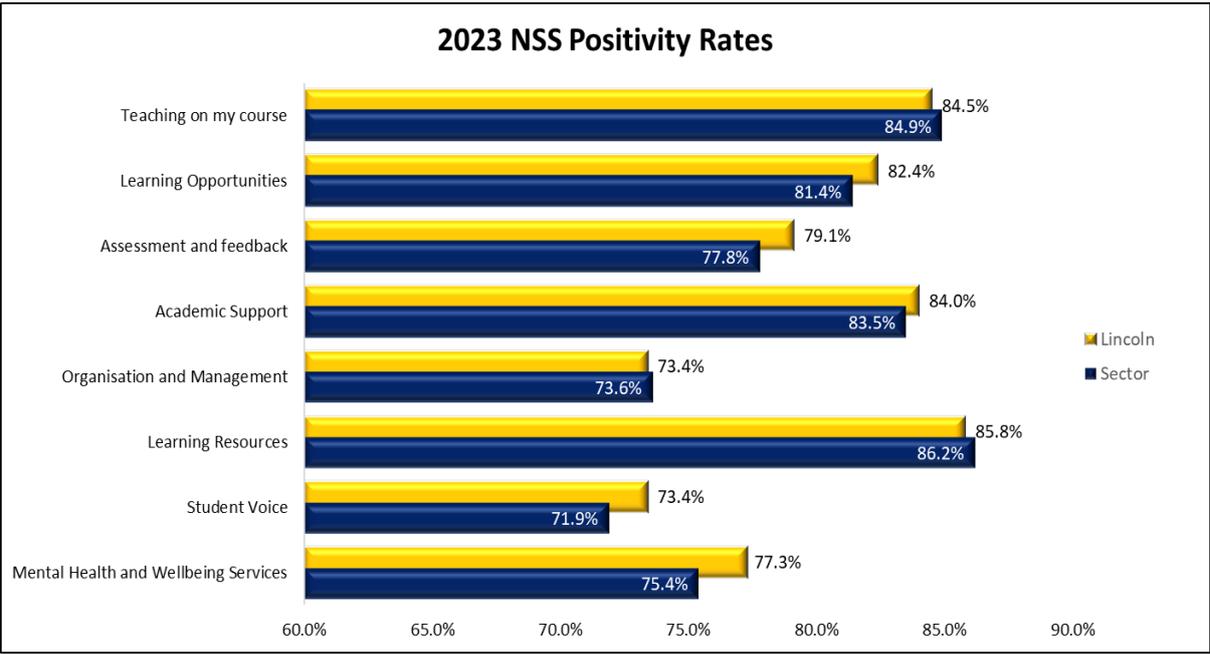
Student Number Headcount by Mode of Attendance Year Ended 31 July 2019 to 2023



Review of the Year

Teaching
Excellence
and a Great
Student
Experience

A great student experience is at the institution’s heart. According to analysis of the 2023 National Student Survey- which is completed by final year undergraduate students across the UK- the University of Lincoln scored higher than the sector average in five of the eight categories. Lincoln ranks in the top 40% for Learning Opportunities, Academic Support, and Mental Wellbeing. Several of the University of Lincoln’s subject areas were rated in the top five in the UK including Biochemistry, Physics, Dance, Zoology, Mathematics, Biological Sciences, Chemistry, Classical Studies, Tourism, Food Science, and Paramedic Science.



Aligned to the strategic plan is the University’s teaching and learning implementation plan, which has been designed to provide a clear framework for achieving our teaching and digital ambitions. Our students are our partners and together we will co-create meaningful, challenging, and life-enhancing educational experiences that empower them to become creative graduates with global, inclusive mindsets, a strong sense of personal and social responsibility, and the ability to thrive in an ever-changing world. Through digital support we offer new ways of working and teaching. We will develop our digital capacity and connectivity in ways that are inclusive, accessible, engaging, and impactful, ensuring that, in a changing world, we are flexible, agile, and adaptive in the innovation we bring to learning and teaching.

On quality assurance, the last academic year has seen the University’s Office for Quality, Standards and Partnerships (OQSP) continue its hard work to maintain and enhance the University’s robust quality control systems, specifically reviewing processes for programme and academic partnership approval, monitoring, and review, to ensure compliance with the revised OfS B conditions of registration.

Case Study: Yorkshire Energy Park

The University of Lincoln has been announced as the principal education partner of the £200m Yorkshire Energy Park. The University will establish a campus and aim to upskill and reskill those based in the park, retaining and bolstering talent and skills in key industries within the Humber region.

For the full article on the announcement, please visit:

Yorkshire Energy Park | £200m Yorkshire Energy Park announces University of Lincoln as principal education partner - Yorkshire Energy Park (yorkshire-energy-park.co.uk)

Our Estate

The University estate continues to be a vibrant and high-quality learning environment for students and staff. A number of projects have been delivered and continue to be developed in the period across our campuses.

The refurbishment of the office areas of Lawress Hall was completed and central Professional Services successfully relocated there during Summer 2023. The refurbishment represents a step-change in the level of quality and design of University office spaces, supporting new ways of working.

Campus masterplans for both Brayford and Riseholme were completed and subsequently endorsed by the Board of Governors. These masterplans will be developed further over the coming year prior to bringing forward specific projects for delivery.

Work in collaboration with the Lincolnshire Co-op to redevelop the Barbican Hotel in Lincoln to provide a new creative hub for the arts, has reached a successful conclusion to allow work on site to start in late 2023.

A number of projects have been delivered and more projects are ongoing including work to refurbish the third floor of the Minerva Building to provide improved teaching facilities for the University and a project to deliver a new research glasshouse at Riseholme.

Sustainability has continued to be a key priority for the University. A Net Zero Roadmap has been developed, to guide the University's transition to net zero emissions by 2040. Subject to Board of Governors endorsement, this will be published and implemented from 2023/24. Including the Net Zero Roadmap, £453k was spent on Carbon Management Projects in 2022/23. Collectively, these projects are estimated to save almost 700,000 kilowatts of energy per year, resulting in cost savings of circa £88k pa. An exercise to map the curriculum using the framework of the United Nations Sustainable Development Goals (UN SDGs) has commenced and an Education for Sustainable Development working group has been established. This will be led by the Dean of Sustainability to embed sustainability across the curriculum of both Colleges.



Improvements have been made in Maintenance and Facilities during the year too. There has been significant focus on water hygiene management, fire doors and lift maintenance. A decision was made to extend the existing contracts with our hard and soft facilities management contract partners for a further two years.

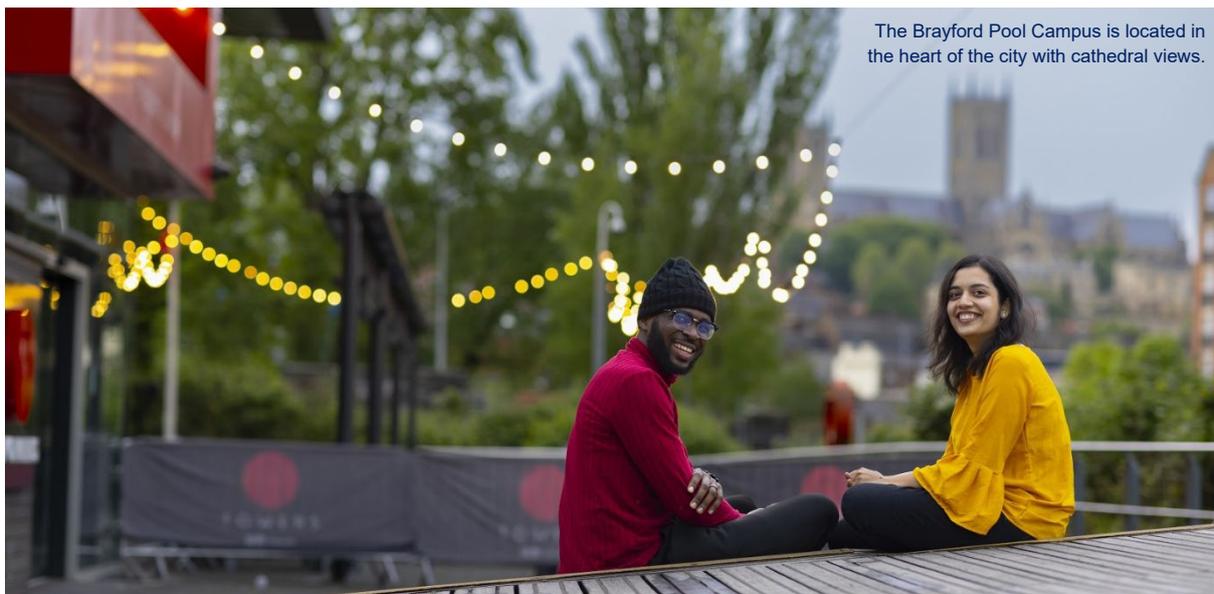
This year also saw the significant challenge of managing a fire safety incident in the Gateway student accommodation. In partnership with Lincolnshire Fire and Rescue, the University made a proactive decision to move students into alternative accommodation during the year. The Estates Team is now working closely with the landlord to ensure the building is repaired prior to reoccupation.

Strategic report for the year ended 31 July 2023

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. We aim to empower them to grow into creative graduates with global, inclusive mindsets, a strong sense of personal and social responsibility, and the ability to thrive in an ever-changing world.

Employment outcomes are increasingly being used in league tables and as an indicator of quality and value for money. Stakeholders and policy makers, including prospective students, will use these metrics as part of their key considerations when choosing an institution to engage with, and as such the University of Lincoln is working towards effectively integrating employability into the overall student experience to continue to feature positively and attract the most ambitious stakeholders.



The Brayford Pool Campus is located in the heart of the city with cathedral views.

The Careers and Employability Team supports students and graduates throughout their university journey and beyond. Our development and key initiatives in 2022/23 academic year include:

- Students and graduates continue to engage with the Careers and Employability team through a diverse and varied service offer. Increased access points are available via our on-demand appointment and support triage tool. The Careers Centre is situated in a central location on campus and an embedded approach is applied to careers education in the curricular.
- The team has continued to see a consistent rise in online engagement including a rise in website interaction, webinar access, online skills assessment completion and virtual work experience.
- Students have engaged in face-to-face initiatives, with a significant increase in engagement with the return of the face-to-face careers fair in 2022/23 (1730% increase).
- We developed a new experiential learning framework to support employers offering real-life business projects and challenges to students both within the curriculum and centrally through the Lincoln Award. 183 students completed an Employer Project to complete their Lincoln Award- providing a 77% increase in overall Lincoln Award completers (375).
- The growth of the Employer Engagement Team has resulted in closer working relationships with regional and national employers, leading to an increase and diversity of employers involved in initiatives. There has been a 53% increase in industry delivered careers education within the curriculum and a newly formed Industry Advisory Board. The Careers Service continued to support local SME businesses in hiring our students and graduates for partially and fully funded highly skilled internships through our internship programme, UOL Talent.
- The team continued to work closely with the University's schools and colleges to develop and deliver careers education, including the continued implementation of a career readiness programme which saw a 39% increase in student attendance. This was built upon in 2022/23 to offer further industry input, student-led initiatives, and PGT support, resulting in more than 12,000 student interactions. Coupled with this, the team developed a new staff-facing platform -The Careers Education Hub- to help grow staff confidence and share best practice.

Strategic report for the year ended 31 July 2023

Research with Impact

The University has key research strengths in Agri-food Technology, Rural and Coastal Health, and History and Heritage, with further ambitions in Defence and Security and Net Zero (particularly around materials chemistry).

While research income has reduced slightly to £13.1m in 2022/23, the University saw a growth of 74% between 2017/18 and 2021/22, from £8.4m to £14.6m. This is the result of an increase in research income per teaching and research academic FTE of 17% over this period compared to a sector increase of 2.5%. In particular, funding from international sources shows a 35.3% increase.

The number of publications generated by Lincoln academics has increased by 34.7% in five years, compared to a 12.5% increase seen at sector level. During this period the proportion of internationally co-authored outputs across the institution has increased from 47.6% to 59.4%. The percentage (field-weighted) of outputs in the top 10% most cited papers increased from 14% to 18.6%.

Since 2019 the University's THE World Ranking has risen from 601-800 to 401-500 driven predominantly by increases in research, citations, and international outlook.

Accelerating Impact

The Lincoln Institute for Agri-food Technology, in collaboration with the University of Cambridge, has secured £4.9m from the Environment and Physical Sciences Research Council (EPSRC) under its new Place Based Impact Accelerator Account funding scheme.

The project aims to accelerate agri-tech as a driver of economic, societal, and environmental impact across the Greater Lincolnshire and North Cambridgeshire region.



The University continues to invest in state-of-the-art equipment for teaching and research.

Case Study: Stabilising the National Grid

Reducing the amount of carbon dioxide released into the atmosphere is one of the key objectives for mitigating the global impact of climate change. Researchers and engineers at the University of Lincoln have built an imitation supermarket in a bid to tackle the impact of mass refrigeration on the UK's carbon footprint and support our strained National Grid.

The Refrigeration Research Centre (RRC) is the first facility of its kind in the world. Harnessing cutting edge technology, it precisely models the essential dynamics of a typical supermarket.

To read the full article, please visit:

[Stabilising the National Grid | University of Lincoln](#)

Strategic report for the year ended 31 July 2023

Strong Partnerships and Employer Engagement

The University maintains its focus on partnerships and collaboration with both local and global communities as part of its civic mission and role in promoting equality. We engage with diverse external stakeholders to understand regional needs and policy drivers to tackle worldwide challenges. This enables us to jointly develop and provide innovative solutions to local and global issues.

The University's support for local small and medium enterprises (SMEs) continues to stimulate growth and productivity in the region. Our European Regional Development Fund (ERDF) programmes concluded in July 2023 after achieving notable impact. Over three years, the Productivity Programme for Greater Lincolnshire awarded 74 grants, surpassing £400,000, to local SMEs. Additionally, 65 internships for Lincoln students and graduates were successfully granted to local employers, facilitated by £190,000 in match-funded grants. The programme also issued 57 academic consultancy vouchers, some leading to substantial research grants and partnerships thanks to the application of our specialist academic expertise. A sister-initiative, the Productivity Hubs, provided business advisor support more than 250 Lincolnshire companies, with 37 benefiting from seed funding.

Digitalisation remains central to our collaboration with local partners. Our Towns Deal -funded Lincoln Be Smarter (LBS) project, launched in February 2023 and continuing until 2025, is actively encouraging expansion in digital technologies, processes, and skills within the city. In its first six months, LBS approved grants exceeding £240K, conducted numerous digital workshops for Lincoln-based professionals, and supported 13 individuals working towards a CMI Level 7 digital leadership qualification.

Our Business Incubation and Growth Team continues to provide mentorship and business support through its [Sparkhouse](#) incubation centre, which celebrates its twentieth year in December 2023, and strong connections with tenants of Think Tank and Lincoln Science & Innovation Park. A new network called Entrepreneurs Connect, launched in January 2023 in partnership with Streets Chartered Accountants, brings together entrepreneurs to tackle challenges through knowledge exchange involving academic experts, as well as experienced business leaders and coaches.

A noteworthy achievement in our engagement with start-ups and pre-start businesses is our recognition as a top five university for supporting student start-ups. Led by our [Student Enterprise Services](#) and complemented by our partnership with Santander UK and associated funding, the University of Lincoln ranks fifth overall according to HESA data, having supported 166 student start-ups in 2021-2022. This places us as the leading institution in the Midlands and second outside London.

Our affiliation with Innovate UK continues to benefit our industry partners and academic community through new [Knowledge Transfer Partnerships \(KTP\)](#). In 2022, we secured £35K in capacity-building funding to enhance our KTP pipeline, resulting in the expansion of our portfolio from four ongoing projects in 2020 to eleven projects at present. These include projects between the University and Princes Group Ltd., EminoX Ltd., Sanctuary Group, and the Lincolnshire Chamber of Commerce, with all four involving a focus on improved sustainability or decarbonisation practices.

Regarding research commercialisation, our progress in establishing spin-out companies is gaining momentum, with three already launched. One such business, Agaricus, has secured two Innovate UK grants totalling nearly £1.5m. Our expansion of capacity in intellectual property and contracts expertise points to further growth in this domain.

We continue to grow our partnerships within key strategic sectors for Greater Lincolnshire's economy. Advances in Defence and Security particularly have seen positive outcomes for our institution and the broader county. Official acknowledgment of the Greater Lincolnshire Regional Defence and Security Cluster by the UK government in July, supported by the University, Greater Lincolnshire LEP, and other local organisations, will enhance our opportunities for research and academic consultancy projects in this area. In addition, we continue to provide quality education and training to defence supply chain organisations and the three military Services, most notably to Royal Navy officers at BRNC Dartmouth through Project Selborne.

Strategic report for the year ended 31 July 2023

Collaboration with the [Yorkshire Energy Park](#) and [CATCH](#) remains valuable in our Net Zero and Energy partnerships, as we continue growing our expertise and focus in this area. Funding from IDRIC has enabled us to work with the esteemed Professor Joe Howe as Academic Cluster Lead for the Net Zero Humber Cluster, and Katie Hedges of CATCH for a six-month secondment at the University, furthering research and innovation for the Humber Industrial Cluster Plan.

[The Bridge Advanced Engineering R&D Centre](#) opened its doors to cutting-edge new facilities in 2022. It was established to provide businesses with access to technologies and methods at the forefront of research to create research and design solutions, as well as effective problem solving and the development of workforce skills through accredited training.

So far, the Bridge has provided 96 enterprises with such support.



The Bridge opened in 2022, providing advanced research capabilities for the University.

Case Study: Staying Smart and Growing Green

A pioneering new research collaboration featuring nine research institutions and three commercial companies spanning six different counties is shining a spotlight on the energy efficiency objectives of growers across the North Sea Region using the newest technologies.

To read the full article, please visit:

[Staying Smart Growing Green | University of Lincoln](#)

Strategic report for the year ended 31 July 2023

Dynamic Engaged People

The University has seen a wide range of initiatives aligning with the University's Strategic Plan and People Agenda.

The financial reporting year 2022/23 saw the newly rebranded Department of People, Performance and Culture (PPC) identify three strategic themes as being key in underpinning the people strategy for the organisation, specifically: *'a diverse and inclusive culture; a high performing culture; and support for the health and well-being of our people'*.

Ensuring our performance management framework enabled PDR and AAPR objective setting to be much more focused on measurability and accountability was, and continues to be, priority activity for the department.

This agenda further underpinned the University's continued focus on embedding the positive elements of hybrid working that began with the publication of the University's Hybrid Working Guidance. First published in March 2022, the guidance encourages managers and colleagues to focus on outcomes rather than presenteeism. The opening of the dedicated professional services space at Lawress Hall, to facilitate a culture of collaboration was a key milestone in this move towards output driven measures.

Attraction and Retention of Talent

The influence of the pandemic, Brexit and other world changes over the last few years saw the University competing for talent against a highly competitive recruitment backdrop. Changes to individual circumstances and a general upward trend in attrition was equally reflected at the University where additional focus was required to ensure that recruitment campaigns attracted high calibre candidates. To mitigate these challenges, a new Recruitment and Talent Team was created within PPC to work with hiring managers across the University to develop internal pipelines and externally attract the best possible talent to our roles.

A campaign approach was developed for the annual academic recruitment cycle, with the use of microsites and targeted material to highlight the University as an employer of choice and enable more timely visibility and activity. Aligned to identifying areas of underrepresentation in respect of organisational areas, gender and ethnicity recruitment activities were adapted to encourage greater engagement. To enable the success of this campaign, budget planning rounds were brought forward and many of our academic vacancies were advertised in March rather than in July as in previous years. Advertising earlier ensured that new staff were in place for the new academic year, reducing extra burden on colleagues, and decreasing the need for Associate Lecturers. Furthermore, it allowed for the creation of an induction conference for academic new starters with a focus on teaching and learning ensuring that they received a positive onboarding experience and were in the best possible position to succeed in their new roles.

On a local level, presence at job fairs, new relationships with Lincoln Job Centre, the 'Cornerstone' Employers' Network, and local schools, new advertising channels, and an increased awareness within our student body highlighted the careers opportunities available at the University to a much larger and more diverse body of potential candidates. A new Summer Placement scheme for 22 first and second year students was created and very well received. This raised awareness and was valuable in introducing the idea of the University as an employer of choice and in increasing awareness more broadly across our student body.



Our campus offers a wide range of teaching and social space.

Flexible Reward and Recognition

The activities around pay, and recognition saw an increase in uptake following the pandemic, with a focus on financial wellbeing, recognition, and voluntary benefits. The national collective pay bargaining outcome was challenging with Universities and Colleges Employer Association (UCEA)- the body responsible for representing participating employers within the sector, leading the JNCHES pay round negotiations with the relevant national unions including both UCU and Unison. Universities were advised by UCEA to implement the award in February 2023 with an increase applied to the single pay spine of between 5% and 8% overall, dependant on the spine point based on the values from August 2022. To support colleagues with the financial challenges, an interim award of £1000 or 2% (whichever was greatest) was applied in February 2023 with the remaining award being paid in August 2023. The University agreed separately to increase the pay award to the SMG bandings (set separately to the single pay spine) by 5% based on the August 2022 position with the 2% interim applied in the February 2023.

National Industrial action around pay and the USS pension changes commenced late 2022, with several periods of action in November 2022, and February and March 2023. A total of 234 colleagues took part in at least one day of industrial action between these dates, representing around 23% of the academic workforce. A Marking and Assessment boycott commenced on 20 April 2023 and is continuous until mid-September 2023 covering two periods, the first for exams and assessments and the second for resits.

The increase to the Voluntary Living Wage through the Real Living Wage Foundation saw an increase to £10.90 per hour. The University approved the continuation to track the VLW and applied the increase in January 2023 Payroll.

The annual Senior Remuneration Report was published in Autumn 2022 alongside the separate Annual Pay Gap Report which included movements for Gender, Ethnicity, and Disability. There are six calculations performed to achieve the mean and median between male and female employees. The mean is the average hourly rate and the median is the midpoint hourly rate when all employees are in order. The overall University combined mean at 13.51% and the median at 2.92%. Whilst there is no legal requirement to publish the ethnicity pay gaps the University took the decision to disclose the information in the annual Pay Gap Report. The full report can be found here <https://lincn.ac/GPG2022>

An all-staff award of £250 per qualifying employee was paid in December 2022, an increase from the £50 award in the previous year. The award reflected the challenging economic environment that faced universities, and the significant improvements colleagues achieved in the past year working towards the ambitions of the new strategic plan. This included positive trends in UK and international student recruitment and significant improvements in the recent Research Excellence Framework (REF).

Following the launch of the Student ISA for Campus Jobs workers, a savings summit was held in November 2022 which saw thought leaders attend, including Government representation, Dr Alex George, the Money and Pension Service (MAPS), and student representation. Working with our provider, Cushon, a white paper was developed which may influence the way younger workers save for the future and aims to reduce the stigma around financial wellbeing and how future employers view the savings package on offer to their workforce.

The annual merit and achievement awards were held in person in 2022 to celebrate the significant achievements for colleagues and teams. 133 colleagues were recognised for their exceptional performance with a further 30 awards made to colleagues representing the University behaviours. In the team categories, there were 12 winners and seven highly commended representing achievements in research, teaching and community engagement.

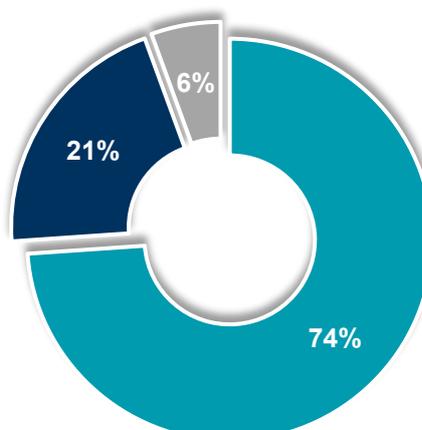
Promote the Wellbeing of Our Staff

Wellbeing remained a priority, with activities and initiatives developed and adapted to ensure all colleagues were able to access proactive and supportive programmes. Embedding education and personal development into the provision continued, with a strong focus on enhancing the financial wellbeing offering including seminars through the dedicated platform LifeChoice. Work continued on the Mental Health Charter in collaboration with the Student Wellbeing Team, evaluating the current provision available and its suitability.

The University renewed its commitment to the Lincolnshire Social Responsibility Charter and embedded the civic agenda to the wellbeing provision. This included actively encouraging colleagues to support the community through the volunteering scheme 'Give Back Days' and engaging in charity activities such as the BRIT challenge.

Staff Numbers 2022/23

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



Encourage Continuous Development

A strategic leadership development programme was delivered to our Heads of School and senior leaders within professional services areas. This came at a key moment for us, as we moved into the new Strategic Plan which enables us to support the performance of the organisation.

A review of our leadership and management development programmes was conducted. This included surveying our management population and benchmarking against other higher education institute's. The results of which initiated a three-tiered UoL Leadership and Management Programme aimed at senior, middle and new managers to be delivered in 2023.

Career Pathways were developed to provide transparency and consistency in the transferable skills, competencies and behaviours required at grades 3-10 for professional service staff, supporting internal promotions. An additional 28 professional services colleagues enrolled onto the programme, taking the total to 250 currently completing the recommended development to support their career progression.

In our continuing efforts to take positive action to address the underrepresentation of certain groups within leadership positions in the HE sector, 27 colleagues- our largest cohort to date- attended the Aurora programme, Advance HE's leadership development initiative for women and those identifying as a woman.

A project was initiated to introduce mandatory refresher training. Previously all colleagues were required to complete mandatory training at induction stage only. Working with subject specialists, a programme of refresher training was developed and prioritised based on organisational risk. Colleagues are now required to complete these programmes at more regular intervals, ensuring compliance and individual safety.

A resubmission to retain our status for the external HR Excellence in Research Award (originally gained in 2020) was successful. This included the design of a new award action plan for 2023-26 that aligns with the wider University's Strategic Plan.

A review of the Apprenticeship Levy Strategy was conducted, and a strategy approved. This approach included the development of a process to transfer levy funds to smaller organisations who are not in receipt of their own levy. This is key to supporting the University's wider civic duties.

Overall, 74% of professional services colleagues fully completed the PDR appraisal process and 84% of academic colleagues completed the AAPR appraisal process. Work continued to streamline these processes and enhance the conversational and objective setting element of both appraisal processes.

To celebrate National Learning at Work Week, an intensive programme of 25 bitesize development sessions were delivered. These saw high engagement and provided an opportunity to pilot new subject areas which have since been offered more widely. A celebration event formed part of the week's activities, recognising completion of apprenticeships and various leadership and management awards.

Strategic report for the year ended 31 July 2023

Key Performance Indicators

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

They were aligned to the core themes of the Strategic Plan for 2022-27, as set out below, and had challenging targets across the plan period based on our increasing expectations.

Theme	Proposed KPIs	Definition
Collaborate	Increase our International Research Profile	Increase in the percentage of the International Research Collaboration (SciVal)
	Increase in our overall Student Satisfaction	Increase in Overall Student Satisfaction (NSS)
Challenge	Ensure our students are prepared with the skills they need.	Positive response to the Graduate Voice Question from Graduate Outcomes- 'I am utilising what I learnt during my studies in my current activity'
	Reduction in our carbon footprint.	Phased reduction in carbon emissions (to achieve the 2030 target of 60 percentage reduction) (tonnes)
	Improvement in the quality of our research	Increase in the percentage 40* papers as a proportion of staff FTE eligible for the REF
		Increase in the % of impact cases rated 4* (percentage FTE)
		Increase the proportion of teaching staff who undertake research (T&R out of all teaching staff)
	Increasing staff engagement to create an environment where staff can challenge and reach their full potential	Increase the proportion of staff engaged as indicated through a staff engagement index
Percentage of staff that feel the University reflects its published values and behaviours (Striving for Excellence, Embracing Difference, Accepting Personal Responsibility, Working Collaboratively, Challenging Each Other)		
Transform	Increasing levels of highly skilled graduate employability	Increase in the highly skilled employment rate of our graduates (Graduate Outcomes Survey)
	Embed a 'digital mindset'	To improve in areas identified by the Digital Maturity assessment
	Diversifying the Student Body	Increase in the postgraduate taught student population
		Increase in the postgraduate research student population
		Increase in the international student population
Other Areas of Performance	Increasing our external reputation	Increase our national reputation (<i>The Times</i>)
		Increase our international reputation (<i>Times Higher Education</i>)
	Improving Quality	Increasing the average entry tariff of our student body
	Ensuring financial sustainability	Increasing the operating surplus (as a percentage of total income)
		Increase in Total Income
		Increase in Research Income
		Increase in Educational Contracts Income
Increase in Consultancy Income		

Strategic report for the year ended 31 July 2023

The University, like most higher education institutions (HEIs), 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, and immigration 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 2022/23, we have continued to consolidate our investment in new schools and programmes across both Colleges. It has been another successful year, with sustained income growth and good levels of cash generation, allowing us to invest further in the infrastructure of the University.

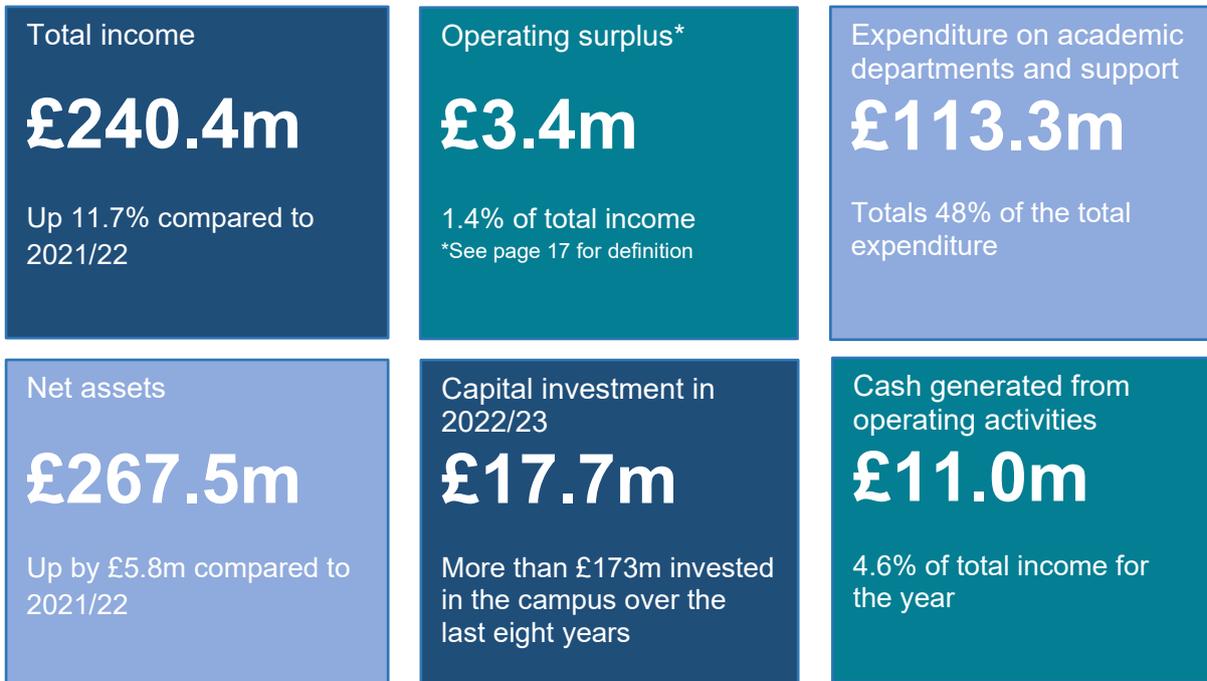
With the continued success in the national league tables, and our continued upward trend in the Young and World league tables, and QS World league table, it is anticipated that there will be strengthened demand and opportunities for us to grow income and invest further in teaching, facilities, and the wider student experience.

Overall, the future prospects of the University are exciting in this ever-changing and challenging environment. The completion of our purpose-built Ross Lucas Medical Sciences Building in 2021/22 is now supporting the training of future doctors for the Lincolnshire area and beyond, 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.

Financial review for the year ended 31 July 2023

Summary and Financial Highlights

Summary The University's financial result for 2022/23 shows another year of continued growth in income combined with strong cash generation, demonstrating the financial strength and sustainability of the University.



Our students currently graduate in Lincoln Cathedral and celebrate in Lincoln Castle

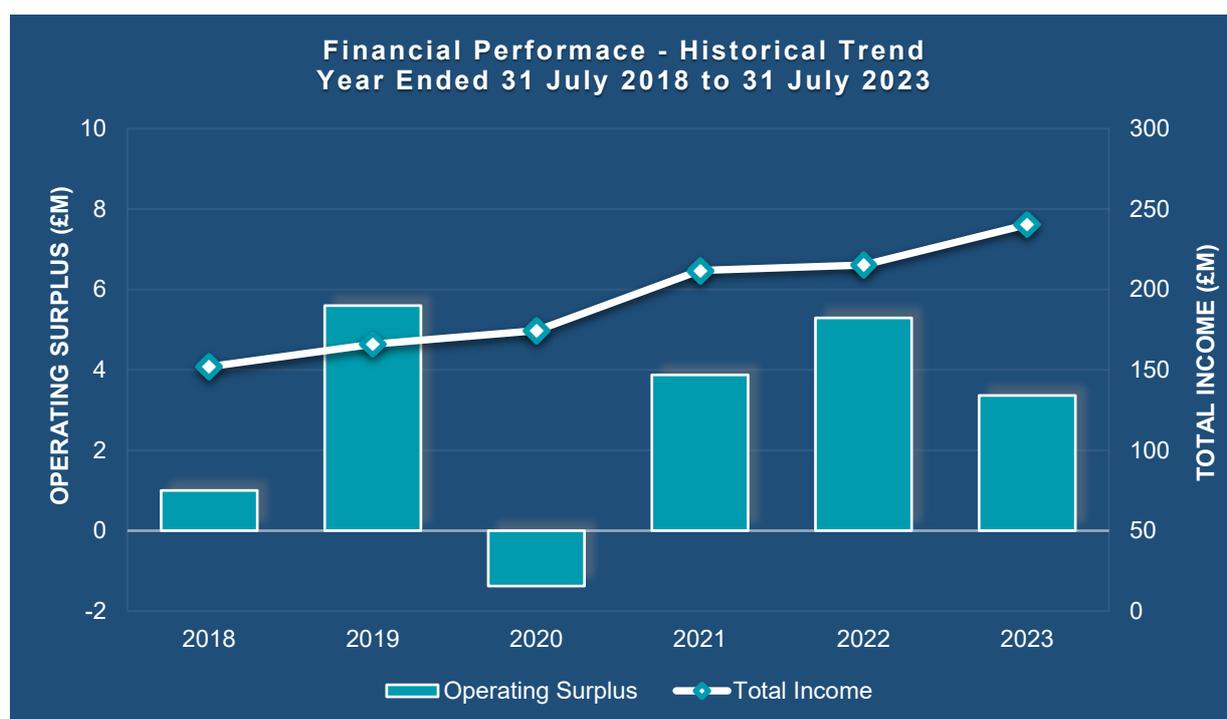
Financial review for the year ended 31 July 2023

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	2023 £000	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Surplus Before Tax	5,622	12,039	22,419	(277)	7,635	991
Less capital grants recognised in year	(2,471)	(8,996)	(20,627)	(1,045)	(1,330)	(1,317)
Add net interest charge on pension schemes	800	1,311	920	853	380	1,231
Add impact of pension one-off past service adjustments	-	-	-	-	512	-
Add/less fair value loss/(gain) on financial instruments	(58)	(60)	(62)	(64)	(64)	31
Add staff restructuring costs	714	400	388	238	1,180	366
Add provision for property obligations	95	-	-	-	1,705	-
Add/less change in fair value of investment property	365	(483)	519	975	(7,071)	(180)
Add reduction in value of share in jointly controlled entity	-	8	469	303	-	-
Less/add USS deficit recovery (credit)/charge	(1,702)	1,073	(151)	(2,360)	2,783	(138)
Operating Surplus/(Deficit)	3,365	5,292	3,875	(1,377)	5,730	984
Depreciation, amortisation, and impairment	11,562	10,995	10,339	11,247	9,762	9,645
Interest payable on bank loans	2,520	2,818	2,769	3,152	3,304	3,441
Interest received on bank deposits	(1,850)	(267)	(195)	(384)	(370)	(294)
Adjusted EBITDA	15,597	18,838	16,788	12,638	18,426	13,776



Financial review for the year ended 31 July 2023

The operating surplus has decreased from £5.3m to £3.4m as the University continues to reinvest to develop facilities and enhance the student experience. This includes:

- Further investment in new schools and programmes, including the recruitment of new academics for specific fields, teaching support, and teaching equipment;
- Investment in research academics, facilities, and equipment to support the research-engaged teaching agenda;
- Continued investment in information technology to enhance staff and student systems.

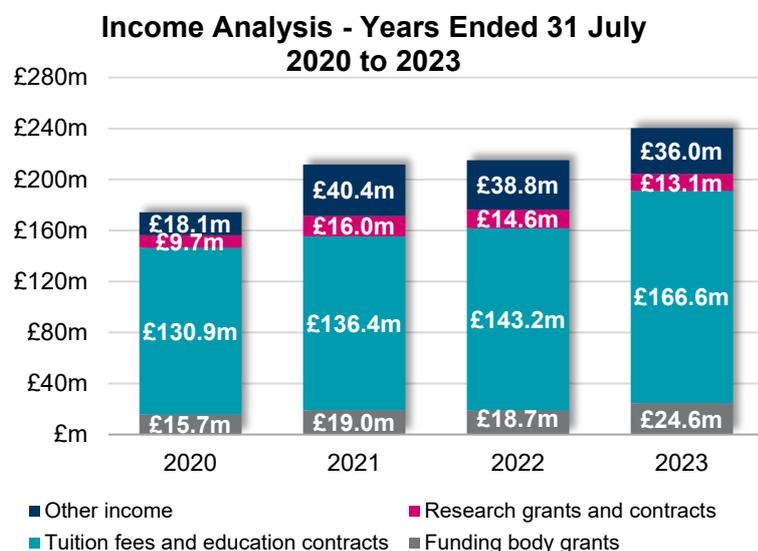
Non-operating items

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 17 starts at the 'Surplus before tax', as set out on the Consolidated and University statement of comprehensive income and expenditure on page 43. 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;
- While 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 2020 valuation has been finalised resulting in new contribution rates and a plan to eliminate the deficit in 17 years. The annual charge due to changes to the discount rate, which is outside the University's control, has been excluded.

Financial review for the year ended 31 July 2023

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 University continues to work towards diversifying income streams and reducing reliance on Home/EU tuition fees, which now reflects 64.8% of total tuition (2021/22: 74.3%).

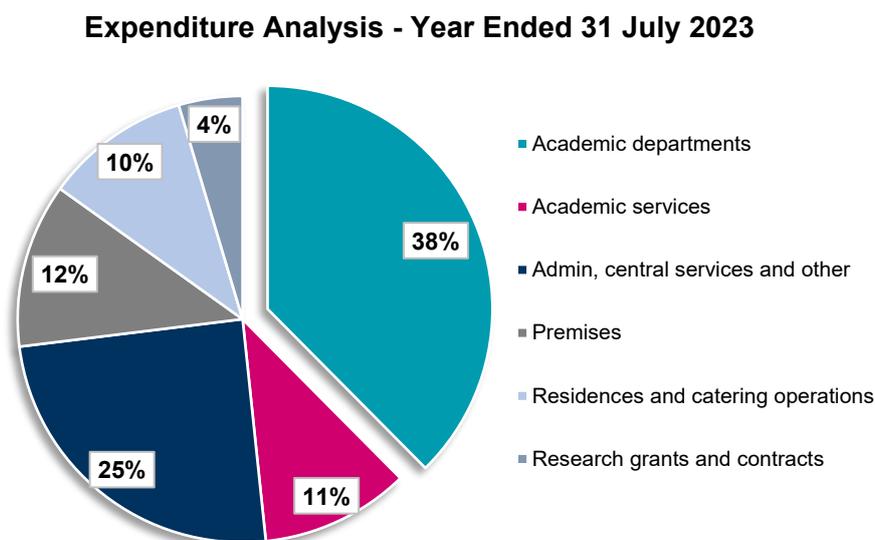
Full-time international tuition fee income has seen continued significant growth in 2022/23 of 86.2%, which accounts for an increase of £22.6m.

Funding body grants comprises of: OfS teaching funding £7.9m; UKRI research funding £8.6m; Education Skills Funding Agency (ESFA) £5.1m and Higher Education Innovation Fund (HEIF) £1.8m. Also included is £0.8m (2021/22: £0.4m) in respect of capital funding received and recognised in the year, and other small amounts of £0.3m. This relates to additional student hardship funding from the OfS and the UKRI EPSRC digital capabilities fund.

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 15.1% between 2021/22 and 2022/23. 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 2023

Statement of Financial Position

Total Net Assets Total net assets are £267.5m, which is an increase of £5.8m compared to the prior year. The increase reflects the surplus achieved on activities for the year.

Fixed Assets

Intangible and tangible assets have increased to £321.4m (2022: £315.6m), with capitalised expenditure during the year of £17.7m. Key capital investments include:

- Refurbishment of Lawress Hall to house the University's professional service departments;
- 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;
- Substantial investment in college equipment funded predominantly by ESPRC.

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.

Students have access to a range of modern facilities and equipment to enhance their learning experience.



Net Current Assets

Net current assets have decreased slightly to £17.6m (2022: £22.8m). Debtors have increased by £10.4m to £36.0m due mainly to an increase in trade receivables. Short-term creditors have increased by £10.0m to £64.8m. £4.3m of this movement relates to sales ledger credit balances being receipts in advance for the following year. Trade accruals have increased by £7.5m.

Cash and current asset investments (bank deposit accounts) have decreased from last year by £5.5m to £46.3m. This reflects an excess of capital expenditure over and above cash generated from operations. This supports the University's ongoing capital building and equipment programme and the strategic plan to develop the University's facilities and enhance the student experience.

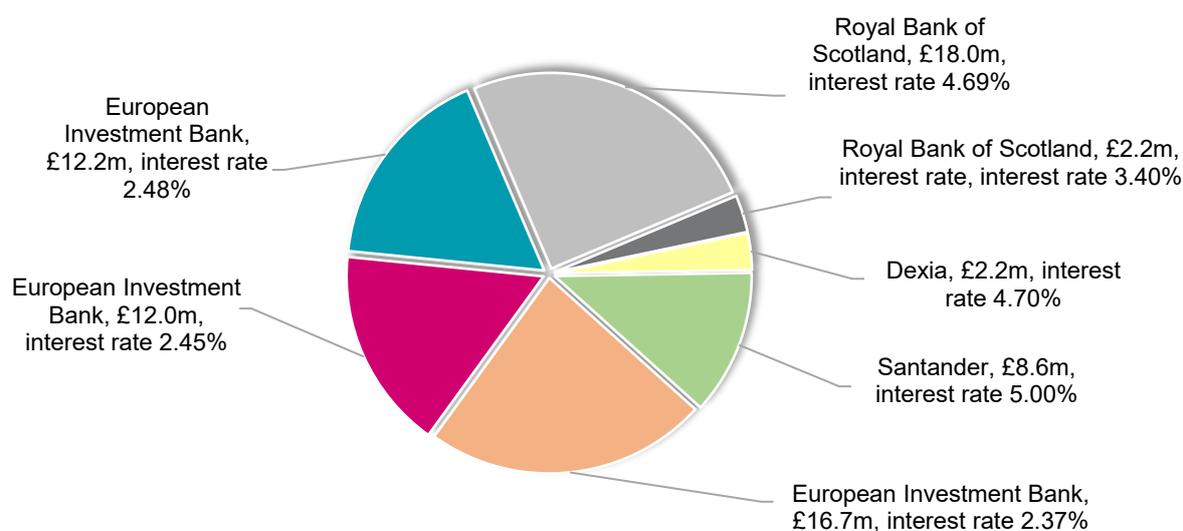
Financial review for the year ended 31 July 2023

Long-term Liabilities

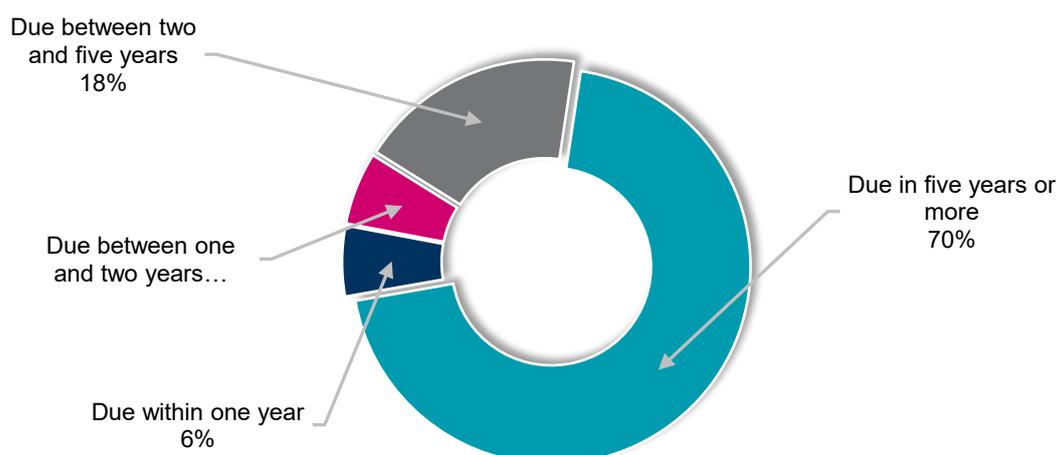
The University's long-term liabilities primarily comprise of bank borrowings. As at 31 July 2023, long-term borrowings amounted to £67.8m (2022: £72m).

The graph below sets out further detail on the composition of borrowings by lender, interest rate, and repayment profile. As at 31 July 2023, the University had fixed the interest rate on all borrowings to maturity.

Loans by Lender - as at 31 July 2023



Drawn Loans by Repayment Period - as at 31 July 2023



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.

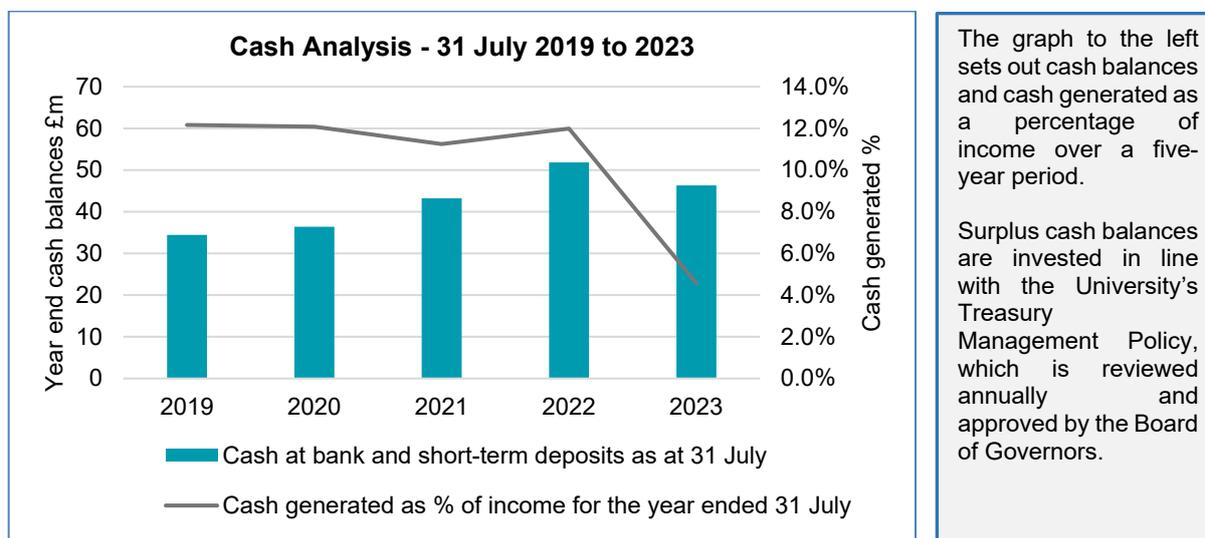
Financial review for the year ended 31 July 2023

Cashflow

Cash Generated and Cash Balances

The consolidated cashflow statement shows the net cash inflow during the year from operating activities was £11m (2022: £25.4m). Cash at bank and short-term deposits decreased to £46.3m from £51.9m.

Cash generated from operating activities was 4.6% of total income (2022: 11.8%).



As at 31 July 2023, 23% (2022: 2%) 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 77% (2022: 98%) was invested in sterling money market funds, which have at least one AAA-rating by either Standard & Poor's or Fitch.

Pension Liability

The overall pension liability has decreased from £3.3m to £1.7m. The pension provision on the statement of financial position reflects the University's net liability in respect of the East Riding Pension Scheme (ERPF), along with the University's contractual commitment to fund past deficits within the Universities Superannuation Scheme (USS).

ERPF

The ERPF net surplus was £2.9m in July 2022. This arose due to a significant reduction in the present value of the scheme's forecast future liabilities. An asset ceiling adjustment was applied to reduce the surplus to £Nil in the accounts. The surplus at July 2023 was £41.2m, again reduced to £Nil by an asset ceiling adjustment. These movements is not included in the operating surplus.

The funding position has improved over the last two years primarily as a result of a change in financial assumptions in the latest actuarial report, which means that the value of the scheme's assets is now greater than its forecast future liabilities. Liability Driven Investment (LDI) predominantly affects private defined benefit schemes and ERPF is relatively unaffected.

The University's employer contribution rate is 25.4%, rising to 25.6% in April 2023. 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 2022.

USS

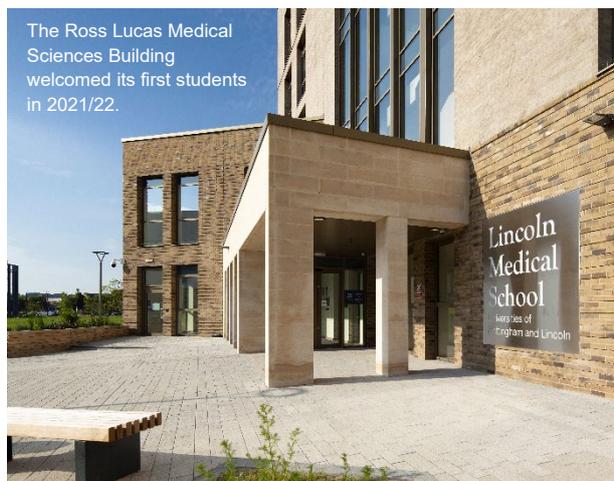
The USS liability has decreased from £3.3m to £1.7m. This provision relates to an estimate of the University's share of the USS deficit, based on the latest USS valuation in 2020.

Financial review for the year ended 31 July 2023

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 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 Ross Lucas Medical Sciences Building welcomed its first students in 2021/22.

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 2023, 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 2023 is set out in note 19 of these financial statements.

Going Concern and Liquidity

The University ended the year with cash resources of £46.3m and bank borrowings of £72.0m, leaving net debt standing at £25.7m. All of the University's external funding is long term in nature, with 94% repayable beyond one year, and 70% repayable beyond five years.

The University has recently reviewed the key assumption data for 2023/24 against the assumptions in the latest five year forecasts. Full details of this review are included in the Accounting Policies note on page 35.

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.

St. Marks is our latest addition to student residences, with easy access to the Brayford Pool Campus and local amenities.



Charitable status and public benefit: the University as a charity for the year ended 31 July 2023

Public Benefit: the University as a Charity

Our Purpose

Our purpose is to transform lives and communities, attracting talent from around the globe to create, for Lincolnshire and communities across the world, a virtuous circle of opportunity, prosperity, and economic growth.

We will drive, enhance, and harness global advances in technology and digitalisation, applying them in selected industrial settings to improve the lives of individuals and communities.

We will help to build an economically successful, socially coherent, highly skilled, and culturally vibrant city and region.

Our Purpose

Our vision is to be:

A transformative University enabling a prosperous region in an inter-connected world.

Our Ambition

Our long-term ambition is to achieve a global reputation and be recognised among the top 15 UK universities by 2050. We will work towards the key milestone of a top 40 position in the UK, and a top 500 position globally, by 2027.



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 further and higher 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 2023

Delivery of Charitable Objectives

The charity's direct beneficiaries are the students enrolled on 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.



Students have the opportunity to gather in the Castle grounds following their ceremony.

2022/23 was the first year of the *Strategic Plan 2022-27: Transforming Lives and Communities*, which launched on 29 July 2022. Focus was given to the development of an underpinning blueprint for change to support implementation of the strategic plan at all levels of the University.

The Eleanor Glanville Institute-established in 2022 as the strategic lead for equality, diversity, and inclusion at the University- continued its work building towards a wholly inclusive University in support of the People and Culture supporting strategy, while exploring opportunities to positively impact the wider University community and industry partners via consultation and delivery of micro-credentials.

The Sustainability Team worked to develop a credible, costed net zero plan to support the University's aims of achieving net zero by 2040. It also worked towards a submission to the THE's Impact Rankings, which assess universities against the United Nations' Sustainable Development Goals.

The University Court met for the first time in April 2023 after being held in abeyance throughout the Covid-19 pandemic. The Court, whilst holding no legal powers, is an essential body for the University. It ensures that there are effective means for the University to collaborate with its regional stakeholders such as local MPs, senior managers of prominent organisations, and charities within the County. Their focus was realigned with the strategic plan and institutional direction of travel.

The University continued to contribute regionally via a range of bodies and projects including its engagement with Towns Fund activity (five projects across six Lincolnshire towns); advancement of works on the Barbican Creative Hub; work commencing in the Campus for Future Living at Mablethorpe (due to complete Spring 2024); and the welcoming of four new team members from Grimsby to the University's National Centre for Food Manufacturing as part of the University building its presence in the seafood-processing sector.

Charitable status and public benefit: the University as a charity for the year ended 31 July 2023

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 students, are subject to statutory regulation through the Office for Students (OfS). For the academic year 2022/23, the standard fee for all new full-time undergraduate UK 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 2022/23, which was approved through the OfS, was linked to the provision of the University of Lincoln Scholarship. 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 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 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 2022/23, a total amount of £2,000 was paid in respect of claims made by five 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. The costs relating to Board meetings are organised centrally by the University Governance and Compliance Team, and such costs are not included.

The Board of Governors includes members of University staff who are paid as employees but who receive no supplementary payment for trusteeship. There were no payments in the financial year 2022/23 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 2023

The statements below relate to the period from 1 August 2022 to 31 July 2023 and up to the date of approval of the audited financial statements on 30 November 2023.

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. Dame Di Lees DBE 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://www.lincoln.ac.uk/abouttheuniversity/leadership>.

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 cyclically reviews its governance arrangements to ensure it is compliant with the Office for Students and others' guidance throughout the financial year. The Board has adopted the Chair of University Council's (CUC) Higher Education Code of Governance with a detailed review of its compliance position undertaken by the Board during the 2020/21 and 2021/22 academic years, with this further supported during 2021/22 by an externally supported review of governance effectiveness. Following the Board Away Day on 26 July 2023, the Board undertook a further effectiveness self-assessment during the Summer 2023. This regular process of review of compliance provides the assurance that the University's governance structures and procedures fulfil the six primary elements set out in the CUC Code, and requirements around regularity and propriety in the use of any public funding.

Between 1 August 2022 and 31 July 2023, the Board of Governors met on seven occasions. It also held a Strategic Away Day on 26 July 2023, together with members of the Senior Leadership Team, which considered the role and intent of the University from 2022/23 and beyond.

Statement of corporate governance and internal control for the year ended 31 July 2023

Corporate Governance (cont.)

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

- The Audit Committee met four times during 2022/23, as well as meeting on 19 January 2023 for a members-only development session on Portfolio Management and Programme Health. 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 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 once during 2022/23. Conscious of the need for refreshment of its membership and timely succession planning, members of the Nominations Committee maximised its involvement with governor recruitment processes in order to make a number of recommendations to the Board through 2022/23. Four new independent members and a new co-opted member were appointed during the course of the year, bringing fresh talent to the governance of the University, as well as the reappointment of independent members for further terms of service, ensuring the University could continue to benefit from these individuals' expertise. The Nominations Committee also oversaw the process of recruitment of the next University Chancellor, making a recommendation to the Board of Governors on 8 June 2023 that The Rt. Hon. Professor Lord Ajay Kakkar KBE PC succeeded Lord Victor Adebowale CBE as the third Chancellor of the University.
- The Remuneration Committee, whose responsibilities include reviewing the performance and determining the remuneration of the most senior staff, including the Vice Chancellor, met three times during 2022/23, giving detailed consideration to senior remuneration, as well as action progressing to reduce relevant pay gaps.
- The Board established a Finance, Infrastructure and Investment Committee during 2022/23 with it meeting twice during the course of the year. This committee is responsible for scrutinising significant and strategic initiatives and proposals prior to the Board being asked to make a final decision.
- The Board of Governors' Further Education and Higher Education Apprenticeships Oversight Group, which has Board-level oversight of apprenticeship delivery and compliance with the expectations of Ofsted, met three times during 2022/23.
- The University Honours Committee, which is joint Committee of the Board and the Academic Board and responsible for honorary awards, met once during 2022/23.

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; evaluate the nature and extent of those risks; and anticipate and manage them. This process has been in place for the period from 1 August 2022 to 31 July 2023 and up to the date of approval of the audited financial statements.



A graduation ceremony taking place in Lincoln Cathedral.

Statement of corporate governance and internal control for the year ended 31 July 2023

Internal Control (cont.)

The role of the Board of Governors in relation to risk is at an overview level, and governors are not responsible for managing risk at an 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.

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 2022 and July 2023. 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. During the course of 2022/23, the Director of Planning and Corporate Strategy and the Audit Committee worked closely on the development of new dashboards to support assessment of trends and identification of emergent risks.

The Senior Leadership Team regularly reviews 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 HLRR is reviewed in detail via an assessment of risk, opportunities and re-scoring exercise where all members of the Senior Leadership Team 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 2022/23 internal audit annual report in both October and November 2023.

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 2022 and July 2023. 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.

Statement of responsibilities of the Board of Governors for the year ended 31 July 2023

Statement of Board of Governors responsibilities in respect of the Financial Review and the financial statements

The Board of Governors is responsible for preparing the Financial Review and the financial statements in accordance with the requirements of the Office for Students' Terms and Conditions of Funding for Higher Education Institutions, Research England's Terms and Conditions of Research England Grant, and applicable law and regulations.

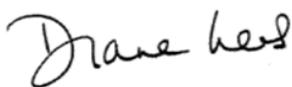
It is required to prepare the group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Terms and Conditions of Funding further require the financial statements to be prepared in accordance with the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction') and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

The Board of Governors is required to prepare financial statements which give a true and fair view of the state of affairs of the group and of the parent University and of their income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows for that period. In preparing each of the group and parent University financial statements, the Board of Governors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and the 2019 Statement of Recommended Practice– Accounting for Further and Higher Education have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so. The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Board of Governors is also responsible for:

- ensuring that funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- ensuring that funds provided by the Office for Students, 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 terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient, and effective management of the University's resources and expenditure.
- the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Dame Diane Lees DBE – Chair of the Board
30 November 2023



Professor N Juster – Vice Chancellor
30 November 2023

Independent auditor's report for the year ended 31 July 2023

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

Opinion

We have audited the financial statements of University of Lincoln ("the University") for the year ended 31 July 2023 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, Consolidated and University Statement of Changes in Reserves, Consolidated and University Statement of Financial Position, Consolidated Cash Flow Statement and related notes, including the Statement of accounting policies.

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 2023, and of the Group's and of the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Board of Governors has prepared the financial statements on the going concern basis as it does not intend to liquidate the Group or the University or to cease their operations, and as it has concluded that the Group and the University's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board of Governors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board of Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board of Governors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the University will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Board of Governors, the Audit Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board of Governors and Audit Committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Independent auditor's report for the year ended 31 July 2023

As required by auditing standards, and taking into account possible pressures to meet loan covenants and performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from tuition fees and education contracts in regards to flexible provision and courses that run across the year end is not recognised in the correct accounting period and the risk that Group management may be in a position to make inappropriate accounting entries. We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual postings to cash and borrowings, unusual postings to revenue accounts and material post-close journal entries.
- Verifying tuition fee and education contract income recognised is appropriate based on the timing of the underlying activity.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Board of Governors and management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Board of Governors and management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, charities legislation, taxation legislation, pensions legislation and specific disclosures required by higher education and related regulation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: compliance with regulatory requirements of the Office for Students. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board of Governors and management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on the University's use of funds in the section of our audit report dealing with other legal and regulatory requirements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent auditor's report for the year ended 31 July 2023

Other information

The Board of Governors is responsible for the other information, which comprises the Strategic Report, Financial Review and Statement of Corporate Governance and Internal Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Board of Governors responsibilities

As explained more fully in its statement set out on page 30, the Board of Governors is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at: www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ("the Accounts Direction").

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, 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; and
- the financial statements meet the requirements of the Accounts Direction.

Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in note 10b has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 3 to the financial statements has been materially misstated.

We have nothing to report in these respects.

Independent auditor's report for the year ended 31 July 2023

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Board of Governors in accordance with paragraph 7.1 of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of 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 Board of Governors for our audit work, for this report, or for the opinions we have formed.



Mark Dawson
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

Date: 14 December 2023

Statement of accounting policies for the year ended 31 July 2023

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.

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

In November 2023, 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 2027. 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 sector and economic outlook.

According to the base case financial forecast, the University remains financially sustainable for the whole forecast period, with sufficient available cash balances and remains in full compliance with all bank loan covenants.

The University also prepared a pessimistic downside scenario to stress test this forecast. Various changes to assumptions were considered that would have an adverse but realistic impact on the financial position. The modification to the assumptions selected was to reduce future year student intake numbers to be in line with the draft 2023/24 student recruitment position. The other potential changes to assumptions that were considered were believed to be too far toward the remote end of possibilities or would not have had a material impact to the financial plans.

Under this downside scenario, the University's cash balances gradually deteriorate over the five year period and whilst covenants remain fully compliant until July 2026, they become breached over the following two years unless appropriate mitigating actions are taken. If student numbers do remain at current levels, then further cost management measures would be introduced at an early stage to avoid breaching covenants and/or running out of cash.

The Board considered both scenarios in detail as part of their going concern review and noted the adverse impact on University finances in the downside scenario. The University is continuing to review remedial actions to reduce costs and grow income to create a long-term financially sustainable plan and to respond to the continued financial challenges facing the University and the wider higher education sector.

The University has built a financial base with relatively low levels of bank debt, healthy levels of available cash and a strong Statement of Financial Position (Balance Sheet).

Taking into account the above, the Board believe that the Group and parent University will have sufficient funds to continue to meet their liabilities as they fall due for a period of at least 12 months from the approval of these financial statements. The Board therefore considers it appropriate for these financial statements 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 2023. 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.

Statement of accounting policies for the year ended 31 July 2023

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.

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.

Statement of accounting policies for the year ended 31 July 2023

Accounting estimates and judgements (cont.)

(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 relate to the deficit) with the resulting expense charged through the profit or loss account in accordance with section 28 of FRS 102. The directors are 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) Tuition Fees

Tuition fee income is recognised when the University is entitled to the income. Where tuition fees are unbilled within the financial year, an estimate of outstanding income is calculated using academic year student data, including level of study, domicile and whether full time or part time, with the appropriate fee being applied from the University's relevant fee matrix.

(h) 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.

Statement of accounting policies for the year ended 31 July 2023

Accounting estimates and judgements (cont.)

(i) 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.

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 institution participates in Universities Superannuation Scheme. 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 Consolidated Statement of Comprehensive Income and Expenditure 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 ERPF administers the Local Government Pension Scheme (LGPS) for four unitary authorities, plus over 300 local employers and organisations. 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.

Statement of accounting policies for the year ended 31 July 2023

Accounting for retirement benefits (cont.)

(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. Contributions payable are recognised in the Consolidated Statement of Comprehensive Income and Expenditure as they are payable each year.

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 than 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.

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.

Statement of accounting policies for the year ended 31 July 2023

Property, plant and equipment (cont.)

(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 25 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 brought into use.

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.

Statement of accounting policies for the year ended 31 July 2023

Financial instruments (cont.)

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 market value as at the valuation date.

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.

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.

Statement of accounting policies for the year ended 31 July 2023

Taxation (cont.)

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 2023

	Note	2023 Consolidated £000	2023 University £000	2022 Consolidated £000	2022 University £000
Income					
Tuition fees and education contracts	1	166,649	166,649	143,162	143,162
Funding body grants	2	24,584	24,584	18,659	18,659
Research grants and contracts	4	13,092	13,092	14,551	14,551
Other income	5	32,878	33,930	37,475	38,176
Investment income	6	1,934	1,923	355	355
Donations and endowments	7	1,237	1,237	979	979
Total Income		240,374	241,415	215,181	215,882
Expenditure					
Staff costs	8	116,653	96,522	113,820	98,792
Other operating expenses		102,825	123,962	74,651	90,430
Depreciation and impairment		11,562	11,562	10,995	10,995
Interest and other finance costs	9	3,347	3,347	4,157	4,157
Total expenditure	10a	234,387	235,393	203,623	204,374
Surplus before other gains and share of surplus in joint ventures and associates		5,987	6,022	11,558	11,508
Share of operating surplus/(deficit) in jointly controlled entity		-	-	(1)	-
Change in fair value of investment property	13b	(365)	(365)	482	482
Gain on disposal of fixed assets		-	-	-	-
Surplus before tax		5,622	5,657	12,039	11,990
Taxation	11	-	-	-	-
Surplus for the year		5,622	5,657	12,039	11,990
Actuarial gain in respect of pension schemes	20	195	195	84,850	84,850
Total comprehensive income/(loss) for the year		5,817	5,852	96,889	96,840
Represented by:					
Endowment comprehensive income/(loss) for the year		13	13	15	15
Unrestricted comprehensive income for the year		5,804	5,839	96,874	96,825
		5,817	5,852	96,889	96,840
Surplus for the year attributable to:					
University		5,622	5,657	12,039	11,990
Total Comprehensive income for the year attributable to:					
University		5,817	5,852	96,889	96,840

All items of income and expenditure relate to continuing activities.
The notes on pages 47 to 67 form part of these financial statements.

Consolidated and University statement of changes in reserves for the year ended 31 July 2023

Consolidated income and expenditure account	Endowment	Restricted	Unrestricted	Total
	£000	£000	£000	Reserves £000
Balance at 31 July 2021	382	-	164,410	164,792
(Deficit)/surplus from income and expenditure statement	15	-	12,024	12,039
Other comprehensive income	-	-	84,850	84,850
Total comprehensive income for the year	15	-	96,874	96,889
Balance at 31 July 2022	397	-	261,284	261,681
Surplus from income and expenditure statement	13	-	5,609	5,622
Other comprehensive income	-	-	195	195
Total comprehensive (loss)/income for the year	13	-	5,804	5,817
Balance at 31 July 2023	410	-	267,088	267,498

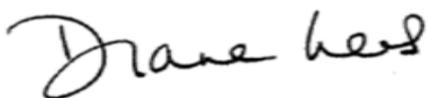
University income and expenditure account	Endowment	Restricted	Unrestricted	Total
	£000	£000	£000	Reserves £000
Balance at 31 July 2021	382	-	164,405	164,787
(Deficit)/surplus from income and expenditure statement	15	-	11,554	11,569
Other comprehensive income	-	-	85,271	85,271
Total comprehensive income for the year	15	-	96,825	96,840
Balance at 31 July 2022	397	-	261,230	261,627
Surplus from income and expenditure statement	13	-	5,644	5,657
Other comprehensive income	-	-	195	195
Total comprehensive (loss)/income for the year	13	-	5,839	5,852
Balance at 31 July 2023	410	-	267,069	267,479

The notes on pages 47 to 67 form part of these financial statements.

Consolidated and University statement of financial position as at 31 July 2023

	Note	2023 Consolidated £000	2023 University £000	2022 Consolidated £000	2022 University £000
Non-current assets					
Intangible assets	12	7,485	7,485	4,780	4,780
Plant, property and equipment	13a	308,044	308,044	304,380	304,380
Investment properties	13b	5,848	5,848	6,402	6,402
Investments	14	30	30	30	30
Investment in jointly controlled entities	15	-	-	-	-
		<u>321,407</u>	<u>321,407</u>	<u>315,592</u>	<u>315,592</u>
Current assets					
Stock	16	143	143	115	115
Trade and other receivables	17	35,953	35,918	25,601	25,570
Cash and cash equivalents	23	46,328	45,741	51,852	51,399
		<u>82,424</u>	<u>81,802</u>	<u>77,568</u>	<u>77,084</u>
Creditors: amounts falling due within one year	18	(64,814)	(64,211)	(54,787)	(54,357)
Net current assets		<u>17,610</u>	<u>17,591</u>	<u>22,781</u>	<u>22,727</u>
Total assets less current liabilities		<u>339,017</u>	<u>338,998</u>	<u>338,373</u>	<u>338,319</u>
Creditors: amounts falling due after more than one year	19	(68,326)	(68,326)	(72,547)	(72,547)
Provisions					
Pension provisions	20	(1,688)	(1,688)	(3,281)	(3,281)
Other provisions	20	(1,505)	(1,505)	(864)	(864)
Total net assets		<u>267,498</u>	<u>267,479</u>	<u>261,681</u>	<u>261,627</u>
Restricted Reserves					
Income and expenditure reserve – endowment	22	410	410	397	397
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		267,088	267,069	261,284	261,230
Total Reserves		<u>267,498</u>	<u>267,479</u>	<u>261,681</u>	<u>261,627</u>

The financial statements were approved by the Board of Governors on 30 November 2023 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 47 to 67 form part of these financial statements.

Consolidated cash flow statement for the year ended 31 July 2023

	Note	2023 Consolidated £000	2022 Consolidated £000
Cash flow from operating activities			
Surplus for the year before taxation		5,622	12,039
Adjustment for non-cash items			
Depreciation	12/13	11,248	10,681
Amortisation of intangible assets	12/13	314	314
Other amounts written off tangible assets	12/13	-	14
Loss on disposal of investment		-	7
Change in fair value of investment properties		365	(482)
Decrease/(increase) in stock	16	(28)	16
(Increase) in debtors		(14,269)	(4,684)
Increase in creditors		10,332	9,363
(Decrease)/Increase in pension provision	20	(1,398)	7,759
(Decrease) in other provisions	20	641	(2,064)
Diminution in value of investment in jointly controlled entity	15	-	1
Adjustment for investing or financing activities			
Investment income		(1,752)	(267)
Interest payable		2,520	2,818
Amortisation of derivative liability		(57)	(119)
Endowment income		(87)	(109)
Capital grant income		(2,471)	(9,866)
Net cash inflow from operating activities before taxation		10,981	25,421
Taxation		-	(16)
Net cash inflow from operating activities after taxation		10,981	25,405
Cash flows from investing activities			
Proceeds from disposal of investment		-	3
Capital grant receipts		6,399	5,306
Investment income		1,604	213
Payments made to acquire intangible and tangible assets		(17,209)	(14,592)
Payments made to acquire shares in jointly controlled entity		-	-
Net cash outflow from investing activities		(9,208)	(9,070)
Cash flows from financing activities			
Interest paid		(2,553)	(2,861)
Endowment cash received		87	109
Secured loans repayments received		225	(63)
Repayments of amounts borrowed		(5,058)	(4,883)
Net cash outflow from financing activities		(7,299)	(7,698)
Increase in cash and cash equivalents in the year		(5,524)	8,637
Cash and cash equivalents at beginning of the year	23	51,852	43,215
Cash and cash equivalents at the end of the year	23	46,328	51,852

The notes on pages 47 to 67 form part of these financial statements.

Notes to the financial statements year ended 31 July 2023

1 Tuition fees and education contracts	2023	2023	2022	2022
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Full-time home and EU students	107,908	107,908	106,437	106,437
Full-time international students	48,786	48,786	26,201	26,201
Part-time students	8,547	8,547	9,689	9,689
Short courses and summer schools	877	877	348	348
Further education students	531	531	487	487
	<u>166,649</u>	<u>166,649</u>	<u>143,162</u>	<u>143,162</u>

2 Funding body grants

Recurrent grants

Office for Students (OfS)	7,922	7,922	7,613	7,613
UK Research and Innovation (UKRI)	8,577	8,577	4,500	4,500
Education and Skills Funding Agency (ESFA)	5,115	5,115	4,478	4,478

Specific grants

UKRI – Higher Education Innovation Fund	1,789	1,789	1,564	1,564
OfS – other specific grants	141	141	-	-
UKRI – other specific grants	178	178	121	121
OfS - capital grants	100	100	30	30
UKRI – capital grants	744	744	323	323
Other grants	18	18	30	30
	<u>24,584</u>	<u>24,584</u>	<u>18,659</u>	<u>18,659</u>

3 Grant and Fee Income

Grant from the OfS	8,215	8,215	7,933	7,933
Grant income from other bodies	30,645	30,645	25,309	23,529
Fee income for taught awards (exclusive of VAT)	160,998	160,998	139,452	139,452
Fee income for research awards (exclusive of VAT)	4,144	4,144	2,875	2,875
Fee income from non-qualifying courses (exclusive of VAT)	1,509	1,509	835	835
	<u>205,511</u>	<u>205,511</u>	<u>176,404</u>	<u>174,624</u>

Grant income from other bodies includes £nil (2022: £18,490) in relation to Coronavirus Job Retention Scheme (University only 2023: £nil, 2022: £16,710), this is shown under note 5.

4 Research grants and contracts

4 Research grants and contracts	2023	2023	2022	2022
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Research Councils	4,976	4,976	5,151	5,151
UK based charities	1,084	1,084	926	926
UK Central/Local Government/Health/Hospitals	4,975	4,975	4,478	4,478
Industry and commerce	581	581	450	450
European Union	1,186	1,186	2,998	2,998
Overseas	291	291	548	548
	<u>13,092</u>	<u>13,092</u>	<u>14,551</u>	<u>14,551</u>

Notes to the financial statements year ended 31 July 2023

5 Other income	2023	2023	2022	2022
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Residences, catering and conferences	24,645	24,645	23,350	23,350
Capital grants	172	172	6,544	6,544
Gift Aid	-	722	-	421
Other income generating activities	8,061	8,391	7,581	7,861
	<u>32,878</u>	<u>33,930</u>	<u>37,475</u>	<u>38,176</u>

6 Investment Income

Income from short term deposits	1,695	1,684	204	204
Amortisation of derivative liability	84	84	88	88
Net interest on pension scheme	97	97	-	-
Other investment income	58	58	63	63
	<u>1,934</u>	<u>1,923</u>	<u>355</u>	<u>355</u>

7 Donations and endowments

Donations with restrictions	86	86	109	109
Donations without restrictions	1	1	-	-
Capital grants	1,150	1,150	870	870
	<u>1,237</u>	<u>1,237</u>	<u>979</u>	<u>979</u>

8 Staff costs

Staff costs by type:

Salaries	88,974	71,912	81,401	68,663
Social Security costs	9,895	8,331	8,880	7,724
Movement on USS provision	(1,445)	(1,445)	1,186	1,186
USS deficit recovery	(257)	(257)	(113)	(113)
Other pension costs	18,772	17,283	22,066	20,954
Staff restructuring costs	714	698	400	378
	<u>116,653</u>	<u>96,522</u>	<u>113,820</u>	<u>98,792</u>

Average staff numbers by major category:	2023	2023	2022	2022
	Consolidated	University	Consolidated	University
	Number	Number	Number	Number
Teaching departments	1,363	1,201	1,346	1,211
Teaching support services	158	83	149	89
Other support services	71	24	69	25
Administration and central services	437	230	395	234
Premises	46	21	41	23
	<u>2,075</u>	<u>1,559</u>	<u>2,000</u>	<u>1,582</u>

Senior staff pay

Remuneration package of the Vice Chancellor:			2023	2022
Professor N Juster (from 1 October 2021)			Consolidated	Consolidated
			£000	£000
Basic salary			247	198
Performance related pay and other bonuses			7	-
Payments in lieu of pension contributions			37	27
Other taxable benefits (private medical insurance)			2	2
Non-taxable benefits (employer's contribution for life assurance)			-	2
			<u>293</u>	<u>229</u>

Notes to the financial statements year ended 31 July 2023

8. Staff costs (cont.)

Senior staff pay	2023	2022
	Consolidated	Consolidated
	£000	£000
Remuneration package of the Vice Chancellor: Professor Mary Stuart (to 30 September 2021)		
Basic salary	-	42
Performance related pay and other bonuses	-	-
Payments in lieu of pension contributions	-	8
Other taxable benefits (private medical insurance)	-	1
Non-taxable benefits (employer's contribution for life assurance)	-	1
	<u>-</u>	<u>52</u>

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:

	2023	2022
	Consolidated	Consolidated
	Pay ratio	Pay ratio
Basic salary ratio	6.5 times	6.6 times
Total remuneration ratio	<u>7.6 times</u>	<u>7.6 times</u>

As per guidance notes from the Office for Students, pension contributions and payments in lieu of pension contributions have been included in the Vice Chancellor's total pay values. The 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.

Higher paid staff (with basic salary over £100,000 per annum):	2023	2022
	Number	Number
Basic salary per annum		
£100,000 to £104,999	7	1
£105,000 to £109,999	1	1
£110,000 to £114,999	1	6
£115,000 to £119,999	6	5
£120,000 to £124,999	3	3
£125,000 to £129,999	2	2
£130,000 to £134,999	3	3
£135,000 to £139,999	1	1
£140,000 to £144,999	1	1
£145,000 to £149,999	2	-
£150,000 to £154,999	-	4
£155,000 to £159,999	2	-
£185,000 to £189,999	2	-
£195,000 to £199,999	-	1
£245,000 to £249,999	1	-

Notes to the financial statements year ended 31 July 2023

8 Staff costs (cont.)

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.

	2023	2022
	Consolidated	Consolidated
	£000	£000
Key management personnel compensation	3,202	2,687

Access and Participation

Access Investment	300	254
Disability Support	425	443
Research and Evaluation	128	98
	<u>853</u>	<u>795</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 £714,000 (2022: £400,000) were paid to 41 employees (2022: 35 employees) across the consolidated group. All amounts paid were in respect of loss of office.

Governing body

No member of the Board of Governors, excluding the Vice Chancellor, has received any remuneration or waived payments from the group during the year (2022: £nil).

The total expenses paid to five members of the Board of Governors was £2,000 (2022: £2,000 to five 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

	2023	2023	2022	2022
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Loan interest	2,520	2,520	2,818	2,818
Amortisation of derivative asset	27	27	28	28
Net charge on pension scheme	-	-	1,292	1,292
Unwinding of discounts on pension provisions	109	109	19	19
Other interest payable	691	691	-	-
	<u>3,347</u>	<u>3,347</u>	<u>4,157</u>	<u>4,157</u>

Notes to the financial statements year ended 31 July 2023

10a Analysis of total expenditure by activity	2023	2023	2022	2022
	Consolidated £000	University £000	Consolidated £000	University £000
Academic departments	88,183	88,183	77,626	77,626
Academic services	25,141	25,141	22,246	22,246
Administration and central services	58,940	59,946	40,046	40,797
Premises	27,891	27,891	27,421	27,421
Residences and catering operations	24,578	24,578	17,228	17,228
Research grants and contracts	10,738	10,738	10,984	10,984
Other expenditure	(1,084)	(1,084)	8,072	8,072
	234,387	235,393	203,623	204,374

Other operating expenses include:

External auditors remuneration in respect of:

Audit services	116	116	104	104
Non-audit services	44	44	38	38
Operating lease rentals:				
Land and buildings	10,025	10,025	8,819	8,819
Other	55	55	110	110

10b Access and Participation	2023	2023	2022	2022
	Consolidated £000	University £000	Consolidated £000	University £000
Access Investment	414	414	443	443
Financial Support	2,983	2,983	3,135	3,135
Disability Support	683	422	480	295
Research and Evaluation	137	137	179	179
	4,217	3,956	4,237	4,052

£853,000 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:

[University of Lincoln Access and Participation Plan](#)

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 2023

10b Access and Participation (cont.)

Disability Support

- The University's Student Wellbeing Team provides core support to students with a declared disability.
- 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	2023 Consolidated £000	2023 University £000	2022 Consolidated £000	2022 University £000
Recognised in the statement of comprehensive income				
Current tax				
Current tax expense for the year 19% (2022: 19%)	138	-	-	-
Tax credit on gift aid	(137)	-	-	-
Current tax expense	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax				
Origination and reversal of timing differences	(1)	-	-	-
Deferred tax expense	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

12 Intangible Assets	Asset in the course of construction £000	Software £000	Total £000
Cost			
At 1 August 2022	2,989	3,274	6,263
Write off	-	-	-
Additions in year	3,019	-	3,019
At 31 July 2023	<u>6,008</u>	<u>3,274</u>	<u>9,282</u>
Amortisation			
At 1 August 2022	-	1,483	1,483
Amortisation charge for the year	-	314	314
At 31 July 2023	<u>-</u>	<u>1,797</u>	<u>1,797</u>
Net book value			
At 31 July 2023	6,008	1,477	7,485
At 1 August 2022	<u>2,989</u>	<u>1,791</u>	<u>4,780</u>

At 31 July 2023 the value of intangible assets in the course of construction was £6,008,000 (2022: £2,989,000). The amortisation period is 10 years.

Notes to the financial statements year ended 31 July 2023

13. Tangible Assets	2023	2023	2022	2022
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Tangible assets comprise:				
Plant, property and equipment	308,044	308,044	304,380	304,380
Investment Properties	5,848	5,848	6,402	6,402
	313,892	313,892	310,782	310,782

13a Property, plant and equipment	Assets in the	Freehold	Leasehold	Fixtures,	
Consolidated and University	course of	land and	land and	fittings and	Total
	£000	£000	£000	£000	£000
Cost					
At 1 August 2022	11,630	307,276	25,841	29,454	374,201
Additions	13,671	15	-	1,036	14,722
Transfer from investment properties	-	190	-	-	190
Transfers	(19,535)	13,941	-	5,594	-
As at 31 July 2023	5,766	321,422	25,841	36,084	389,113
Depreciation					
At 1 August 2022	-	39,285	11,385	19,151	69,821
Charge for the year	-	6,329	1,441	3,478	11,248
At 31 July 2023	-	45,614	12,826	22,629	81,069
Net book value					
At 31 July 2023	5,766	275,808	13,015	13,455	308,044
At 31 July 2022	11,630	267,991	14,456	10,303	304,380

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 2023, freehold land and buildings included £18,501,000 (2022: £18,501,000) in respect of freehold land which is not depreciated.

13b Investment property	Investment
Consolidated and University	Property
	£000
Fair value	
At 1 August 2022	6,403
Transfer to property, plant and eqpt	(190)
Net gain recognised in Consolidated Statement of Comprehensive Income and Expenditure	{365}
At 31 July 2023	5,848

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 (EUUV) basis, with the market value considered to be equal to the EUUV 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 2023

14 Non-current investments	2023 Consolidated £000	2023 University £000	2022 Consolidated £000	2022 University £000
Investment in subsidiaries (Note 14a)	-	-	-	-
Other investments (Note 14b)	30	30	30	30
Investment in jointly controlled entity (Note 15)	-	-	-	-
	30	30	30	30

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 2023 were £1 (31 July 2022: £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

	2023 Consolidated and University £000	2022 Consolidated and University £000
At 1 August 2022 and at 31 July 2023	30	30
Other non-current investments consist of:		
	2023 Consolidated and University £000	2022 Consolidated and University £000
CVCP Properties plc	30	30
Metnano Limited	-	-
	30	30

CVCP Properties plc is a company owned by Universities UK and its member institutions. Metnano Limited was a company invested in to exploit intellectual property with a commercial partner. The company ceased trading in July 2021. It was struck off on 9th August 2022 and dissolved on 16th August 2022.

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 2023

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:

	2023 £000	2022 £000
Consolidated		
At 1 August	-	1
Additions	-	-
Share of (loss)/profit retained by jointly controlled entity	-	-
Diminution in value of investment in jointly controlled entity	-	(1)
At 31 July	<u>-</u>	<u>-</u>

16 Stock

	2023 Consolidated £000	2023 University £000	2022 Consolidated £000	2022 University £000
Raw materials and consumables	143	143	115	115
	<u>143</u>	<u>143</u>	<u>115</u>	<u>115</u>

17 Trade and other receivables

Amounts falling due within one year:

Research grants receivable	3,124	3,124	2,274	2,274
Other trade receivables	5,418	5,418	9,539	9,539
Other receivables	903	869	722	691
Prepayments and accrued income	25,254	25,253	11,719	11,719
	<u>34,699</u>	<u>34,664</u>	<u>24,254</u>	<u>24,223</u>

Amounts falling due after more than one year:

Other receivables	1,167	1,167	1,207	1,207
Prepayments and accrued income	87	87	140	140
	<u>35,953</u>	<u>35,918</u>	<u>25,601</u>	<u>25,570</u>

Notes to the financial statements year ended 31 July 2023

18 Creditors: amounts falling due within one year	2023	2023	2022	2022
	Consolidated £000	University £000	Consolidated £000	University £000
Secured loans	1,554	1,554	2,505	2,505
Unsecured loans	2,595	2,595	2,551	2,551
Unamortised loan commitment liability	55	55	58	58
Trade payables	4,368	4,368	5,177	5,177
Other payables	3,730	3,501	4,616	4,451
Social security and other taxation payable	2,795	2,397	2,433	2,149
Accruals and deferred income	49,717	49,246	37,447	37,078
Amounts due to subsidiary companies	-	495	-	388
	<u>64,814</u>	<u>64,211</u>	<u>54,787</u>	<u>54,357</u>

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:

	2023	2023	2022	2022
	Consolidated £000	University £000	Consolidated £000	University £000
Research grants received on account	4,798	4,798	4,285	4,285
Other income	23,334	23,334	11,097	11,097
	<u>28,132</u>	<u>28,132</u>	<u>15,382</u>	<u>15,382</u>

19 Creditors: amounts falling due after more than one year

Secured loans	20,849	20,849	22,403	22,403
Unsecured loans	46,967	46,967	49,563	49,563
Unamortised loan commitment liability (note 18)	510	510	565	565
Accruals and deferred income	-	-	16	16
	<u>68,326</u>	<u>68,326</u>	<u>72,547</u>	<u>72,547</u>

Secured and unsecured loans are repayable as follows:

Due within one year on demand	4,150	4,150	5,056	5,056
Due between one and two years	4,267	4,267	4,150	4,150
Due between two and five years	13,273	13,273	12,152	12,152
Due in five years or more	50,276	50,276	55,664	55,664
	<u>71,966</u>	<u>71,966</u>	<u>77,022</u>	<u>77,022</u>
Due within one year or on demand	(4,150)	(4,150)	(5,056)	(5,056)
Due after more than one year	<u>67,816</u>	<u>67,816</u>	<u>71,966</u>	<u>71,966</u>

Notes to the financial statements year ended 31 July 2023

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	2,193	2028	4.70	University
Santander	8,625	2035	5.00	University
Royal Bank of Scotland	17,999	2037	4.69	University
Royal Bank of Scotland	2,211	2037	3.40	University
European Investment Bank	16,710	2041	2.37	University
European Investment Bank	11,979	2041	2.45	University
European Investment Bank	12,249	2042	2.48	University
Total borrowings	<u>71,966</u>			

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
Consolidated and University					
As at 1 August 2022	3,281	-	3,281	864	864
Provided in year				858	858
Utilised in year	(257)	(4,917)	(5,174)	(217)	(217)
Net pension (credit)/charge	(1,445)	5,112	3,667	-	-
Actuarial gain on ERPF	-	(195)	(195)	-	-
Unwinding of USS discount	109	-	109	-	-
As at 31 July 2023	<u>1,688</u>	<u>-</u>	<u>1,688</u>	<u>1,505</u>	<u>1,505</u>

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 2021 actuarial valuation of the scheme.

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 2023

20 Provisions for liabilities (cont.)

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	2023	2023	2022	2022
	Consolidated £000	University £000	Consolidated £000	University £000
Debt instruments measured at amortised cost				
Long-term loans receivable	1,155	1,155	1,380	1,380
Measured at undiscounted amount receivable				
Trade and other receivables	29,670	29,634	19,520	19,489
Equity instruments measured at cost less impairment				
Non-current asset investments in unlisted equity instruments	30	30	30	30
	<u>30,855</u>	<u>30,819</u>	<u>20,930</u>	<u>20,899</u>
Financial Liabilities				
Measured at fair value through income and expenditure				
Unamortised loan commitment liability	565	565	623	623
Measured at amortised cost				
Loans payable	71,966	71,966	77,022	77,022
Measured at undiscounted amount payable				
Trade and other creditors	32,478	31,873	34,307	33,876
	<u>105,009</u>	<u>104,404</u>	<u>111,952</u>	<u>111,521</u>
Interest income and expense				
Total interest income for financial assets at amortised cost	1,934	1,923	355	355
Total interest expense for financial assets at amortised cost	(2,520)	(2,520)	(2,818)	(2,818)
	<u>(586)</u>	<u>(597)</u>	<u>(2,614)</u>	<u>(2,614)</u>

Notes to the financial statements year ended 31 July 2023

22 Endowment Reserves

Restricted net assets relating to endowments are as follows:

Consolidated and University

	Unrestricted permanent endowments £000	Restricted expendable endowments £000	Total 2023 £000	Total 2022 £000
Balances at 1 August 2022				
Capital	396	1	397	382
Accumulated income	-	-	-	-
	<u>396</u>	<u>1</u>	<u>397</u>	<u>382</u>
New endowments	1,236	1	1,237	979
Expenditure	(59)	-	(59)	(94)
Movement	(1,165)	-	(1,165)	(870)
	<u>12</u>	<u>1</u>	<u>13</u>	<u>15</u>
Increase in market value of investments	-	-	-	-
	<u>408</u>	<u>2</u>	<u>410</u>	<u>397</u>
At 31 July 2023				
Represented by:				
Capital	408	2	410	397
Accumulated income	-	-	-	-
	<u>408</u>	<u>2</u>	<u>410</u>	<u>397</u>
Analysis by type of purpose:				
Scholarships and bursaries	176	-	176	250
General Academic	165	1	166	86
Research support	2	-	2	2
Prize funds	65	1	66	59
	<u>408</u>	<u>2</u>	<u>410</u>	<u>397</u>
Analysis by asset:				
Current and non-current asset investments	-	-	-	-
Cash and cash equivalents	408	2	410	397
	<u>408</u>	<u>2</u>	<u>410</u>	<u>397</u>

23 Cash and equivalents

	At 1 August 2022 £000	Cash Flows £000	At 31 July 2023 £000
Consolidated			
Cash and cash equivalents	51,852	(5,524)	46,328

24 Consolidated reconciliation of net debt

	2023 £000	2022 £000
Net debt as at 1 August 2022	(25,171)	(38,691)
Increase in cash and cash equivalents	(5,524)	8,637
Repayments of amounts borrowed	5,058	4,883
Net debt as at 31 July 2023	<u>(25,637)</u>	<u>(25,171)</u>

Notes to the financial statements year ended 31 July 2023

24 Consolidated reconciliation of net debt (cont.)	2023	2022
	£000	£000
Analysis of net debt		
Cash and cash equivalents	46,328	51,852
Borrowings: amounts falling due within one year		
Secured loans	(1,554)	(2,505)
Unsecured loans	(2,595)	(2,551)
	<u>(4,149)</u>	<u>(5,056)</u>
Borrowings: amounts falling due after more than one year		
Secured loans	(20,849)	(22,403)
Unsecured loans	(46,967)	(49,563)
	<u>(67,816)</u>	<u>(71,966)</u>
Net debt	<u>(25,637)</u>	<u>(25,170)</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	2,231	3,177
Authorised but not contracted for	1,080	2,795
	<u>3,311</u>	<u>5,972</u>

26 Lease obligations

Total rentals payable under operating leases:

Consolidated and University	Land and Buildings	Other	Total	Total
	£000	£000	£000	£000
Payable during the year	10,025	55	10,080	8,929
Future minimum lease payments due:				
Not later than 1 year	11,303	97	11,400	11,188
Later than 1 year and not later than 5 years	46,169	-	46,169	45,134
Later than 5 years	192,551	-	192,551	202,913
Total lease payments due	<u>250,023</u>	<u>97</u>	<u>250,120</u>	<u>259,235</u>

27 Post Balance Sheet Events

There are no post balance sheet events to report.

Notes to the financial statements year ended 31 July 2023

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:

	2023	2022
	£000	£000
ERPF including FRS102 adjustments	5,201	9,981
TPS contributions payable	11,134	9,869
USS contributions (excluding provision movements)	894	1,055
UCRSS contributions	1,513	1,113
NHS Contributions	30	48
	18,772	22,066

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 2023 was £6,089,000 of which employers' contribution totalled £4,791,000 and employees' contributions totalled £1,298,000. The employer's contribution rate was 25.4% to 31 March 2023 and 25.6% from 1 April 2023. 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 £126,000 during the year end 31 July 2023 (2022: £142,000). These liabilities are not separately funded.

An actuarial valuation of the fund at 31 July 2023 resulted in a surplus of £41,154,000. However, because a minimum funding requirement exists in the ERPF for contributions relating to future service in accordance with the prevailing view held by LGPS practitioners, an asset ceiling adjustment has been applied which reduces the surplus to £Nil.

The University does not have an inherent right to a refund of contributions.

The University may have a recognisable surplus arising from the economic value of potential reduced future contributions. The University has not recognised any surplus at 31 July 2023 because the contributions paid are greater than the projected FRS 102 value of service cost at this time.

Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022, updated to 31 July 2023 on an FRS102 basis by a qualified independent actuary.

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

	2023	2022
	%	%
Price Inflation (CPI)	3.0	2.7
Rate of increase of salaries	3.0	3.6
Rate of increase of pensions in payment for ERPF members	3.0	2.7
Discount rate	5.05	3.5

Notes to the financial statements year ended 31 July 2023

28 Pension schemes (cont.)

The CPI assumption has been updated to make allowance for inflation experience since September 2022 being higher than assumed. This adjustment has resulted in the CPI assumption being, 0.20% higher, compared to the assumption that would have been derived using the methodology adopted at 31 July 2022. The impact of this change in methodology is estimated to be an increase in the defined benefit obligation of £ 5,882k.

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:

	2023	2022
<i>Current pensioners</i>	Years	Years
Males	21.1	20.8
Females	24.0	23.5
<i>Future pensioners (currently aged 45)</i>		
Males	21.9	22.0
Females	25.5	25.3

Scheme assets

The fair value of the assets in the ERPF were:

	2023	2022	2021
	£000	£000	£000
Equities	140,698	140,262	124,249
Bonds	33,220	30,743	34,717
Property	17,587	19,214	20,099
Cash	3,908	1,921	3,654
Total fair value of assets	195,413	192,140	182,719

The following amounts at 31 July 2023 were measured in accordance with the requirements of FRS102.

Analysis of the amount shown in the statement of financial position for ERPF and ex-gratia pensions	2023	2022
	£000	£000
Scheme assets	195,413	192,140
Scheme liabilities	(154,259)	(189,244)
Asset ceiling adjustment	(41,154)	(2,896)
Deficit in the scheme – net pension liability recorded within pension provisions (Note 20)	-	-

Analysis of the amount charged to staff costs within operating surplus

Current service cost	5,131	10,053
Past service cost	78	13
	5,209	10,066

Analysis of the amount charged to interest and other finance costs

Interest income on plan assets	(6,754)	(2,939)
Interest cost on defined benefit obligation	6,657	4,231
Interest on net deficit	(97)	1,292

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

Remeasurements		
- Changes in financial assumptions	50,558	92,578
- Changes in demographic assumptions	3,490	(1,379)
- Other experience	(12,394)	(10,683)
- Return on assets excluding amounts included in net interest	(3,201)	4,334
Actuarial gain/(loss)	38,453	84,850

Notes to the financial statements year ended 31 July 2023

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:	2023	2022	2021	2020	2019
Amount (£000)	(3,201)	4,334	25,933	(9,542)	4,063
% of assets at end of year	(1.6%)	2.3%	14.2%	(6.3%)	2.6%

Experience gains/(losses) on scheme liabilities:	2023	2022	2021	2020	2019
Amount (£000)	(10,184)	(10,683)	2,193	(5,330)	36
% of scheme liabilities at end of	(6.6%)	(5.6%)	0.8%	(2.5%)	0.02%

2023
£000 **2022**
£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	-	44,471
Cumulative actuarial losses recognised at the end of the year	-	-

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

Deficit at beginning of year	-	(78,184)
Contributions or benefits paid by the University	4,917	4,692
Current service cost	(5,131)	(10,053)
Past service cost	(78)	(13)
Other finance gain/(charge)	97	(1,292)
Losses recognised in other comprehensive income	38,453	87,746
Asset ceiling adjustment	(38,258)	(2,896)
Deficit at end of year	-	-

In line with FRS 28 reporting asset ceiling has been shown separately in above table

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	189,244	260,903
Current service cost	5,131	10,053
Past service cost	78	13
Interest cost	6,657	4,231
Actual members contributions	1,298	1,240
Actuarial (gain)/loss	(43,864)	(83,412)
Actual benefit payments	(4,285)	(3,784)
Present value of ERPF and ex-gratia liabilities at the end of the year	154,259	189,244

Analysis of the movement in the fair value of scheme assets

Fair value of assets at start of the year	192,140	182,719
Expected return on assets	6,754	2,939
Actuarial gain/(loss) on assets	(5,411)	4,334
Actual contributions paid by University	4,917	4,692
Actual member contributions	1,298	1,240
Actual benefit payments	(4,285)	(3,784)
Fair value of assets at end of the year	195,413	192,140

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 2023

28 Pension schemes (cont.)

	2023	2022
Actual return on scheme assets	£000	£000
Expected return on scheme assets	6,754	2,939
Asset gain/(loss)	(5,411)	4,334
	1,343	7,273

Estimated University contributions for ERPF for the year ended 31 July 2024 are £4,759,000.

Sensitivity Analysis

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

Change in assumptions at 31 July 2023:	Approximate increase to Defined Benefit Obligation	Approximate monetary amount
		£000
0.1% decrease in Real Discount Rate	2%	3,191
1 year increase in member life	4%	6,170
0.1% increase in Salary Increase Rate	0%	308
0.1% increase in the Pension Increase Rate	2%	2,941

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 (2022: 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 credit to the Consolidated Statement of Comprehensive Income and Expenditure is £808,000 (2022: cost £2,128,000).

Deficit recovery contributions due within one year for the institution are £257,000 (2022: £285,000).

The latest available complete actuarial valuation of the Retirement Income Builder is as at 31 March 2020 (the valuation date), which was carried out using the projected unit method.

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

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

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040
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Notes to the financial statements year ended 31 July 2023

28 Pension schemes (cont.)

Pension increases (subject to a floor of 0%) CPI assumption plus 0.05%

Discount rate (forward rates) Fixed interest gilt yield curve plus:
Pre-retirement: 2.75% p.a.
Post retirement: 1.00% p.a.

The main demographic assumptions used relate to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2020 valuation
Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2023	2022
	Years	Years
Males currently aged 65	24.0	23.9
Females currently aged 65	25.6	25.5
Males currently aged 45	26.0	25.9
Females currently aged 45	27.4	27.3

A new deficit recovery plan was put in place as part of the 2021 valuation, which requires payment of 6.2% of salaries over the period 1 April 2023 until 31 March 2024, at which point the rate will increase to 6.3%. The 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2023	2022
Discount rate	5.49%	3.32%
Pensionable salary growth	5.00%	5.00%

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 Consolidated Statement of Comprehensive Income and Expenditure is £1,513,000 (2022: £1,113,000).

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).

Notes to the financial statements year ended 31 July 2023

NHS Pension Scheme (cont.)

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 2023 was equal to 20.68% of the total pensionable salaries, in accordance with the conclusion of the Government Actuary's report on the scheme.

29 Related party transactions

The governors have considered the requirements of FRS102: The Financial Reporting Standard applicable in the UK and Republic of Ireland, which apply to these financial statements. The standard requires disclosure of, inter alia, transactions with related parties to the University.

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.

In order to determine what related party transactions and balances need to be disclosed in the financial statements, the University collates an annual 'register of interests' for all members of the Board of Governors and key management personnel (University Senior Leadership Team members). This enables the University to be satisfied that there are no conflicts of interest and to enable it to identify potential related parties (and the associated transactions with those parties).

The University has taken advantage of the exemption within FRS102 and has not disclosed transactions with other group entities where it holds 100% of the voting rights.

During the year the group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into with a value greater than £10,000, and balances outstanding at 31 July, are listed below.

Related party	Income Received from £000	Expenditure incurred £000	Amounts due from £000	Amounts due to £000
University College London	23	-	-	-
HCF CATCH	-	32	-	8
Brayford Trust	10	-	-	34
Lincoln Institute of Technology	-	13	-	-
University of Lincoln Students Union	67	1,799	7	-
Lincoln Science & Innovation Park	53	821	-	-
United Lincolnshire Hospitals	520	281	-	83
Lincoln Cathedral	20	-	5	-
Epix Media	20	-	2	-
FruitCast Ltd	22	-	-	-

University College London

Income relating to project work with University College London, where Kathleen Amour is Vice Provost Education & Student Experience.

HCF CATCH

Expenditure relating to subscriptions and industry work with HCF Catch, where Julian Free is a Director and Vice Chair.

29 Related party transactions (cont.)

Brayford Trust

Income relating to rental charges with the Brayford Trust, where Julian Free is a Director.

Lincoln Institute of Technology

Expenditure relating to partner contribution with Lincoln Institute of Technology, where Julian Free is a Director.

University of Lincoln Student Union

Expenditure relating to supporting block grant and supporting student activity at University of Lincoln Student's Union, and income relating to student societies and events at University of Lincoln Student's Union. Where Craig Marsh is a Trustee and Board Member.

Lincoln Science & Innovation Park

Income relating to investment from Lincoln Science and Innovation Park, and expenditure relating to rental charges to Lincoln Science and Innovation Park where Neal Juster and Simon Parkes are Directors.

United Lincolnshire Hospitals

Income relating to tuition fees from United Lincolnshire Hospitals, and expenditure relating to teaching activity and supporting occupational health charges from United Lincolnshire Hospitals, where Neil Herbert is the Chair of the Audit Committee.

Lincoln Cathedral

Income relating to a contribution to Specialist Collection Officer from Lincoln Cathedral, where Simon Parkes is the Chair of Finance.

Epix Media

Income relating to associated service charges and rental charges with Epix Media Limited, where Zoe King is a Director.

FruitCast Ltd

Income relating to renting space in Eagle Labs with FruitCast Ltd, where Andrew Hunter is a Director.

The governing body and officers 2022/23

The Governors who served in the period from 1 August 2022 were as follows:

Dame D Lees DBE (Chair)
Mr M Alexander
Mr N Ali
Professor K Armour
Ms J Drury (Staff Member)
Mr M Emerton (from October 2023)
Ms F Falegan
Sir D Greenaway (from June 2023)
Mr N Herbert (to January 2023)
Professor N Juster (Vice Chancellor)
Professor J Ker OBE DL
Mrs Z King
Ms N Kirchin (Student Member from March 2023 to June 2023)
Mr J Maddock
Mr S Morris DL BA
Mr J Raine OBE CMG (Deputy Chair)
Ms J Reeves
Mr B Reilly
Mr R Schofield-Bezer
Ms Z Romanska (Student Member from July 2023)
Ms L Williams (Student Member to March 2023)

Clerk to the Board of Governors:

Mr J Free CBE (to 1 September 2023)	DVC Regional Engagement / University Secretary
Mr S Parkes (Interim from 1 September 2023)	Chief Operating Officer

The officers (Senior Leadership Team) who served in the period from 1 August 2022 were as follows:

Professor N Juster	Vice Chancellor
Ms C Connell	Chief Financial Officer
Mr J Free CBE	Deputy Vice Chancellor
Professor D French	Pro Vice Chancellor
Mr C Green	Chief Digital Officer (from November 2022)
Professor A Hunter	Deputy Vice Chancellor
Professor E John	Pro Vice Chancellor (to August 2023)
Prof S Lilley	Acting Head of LIBS (from April 2023 to August 2023)
Ms C Low	Director of Planning and Corporate Strategy
Professor C Marsh	Pro Vice Chancellor (to March 2023)
Professor E Mossop	Provost / Senior Deputy Vice Chancellor
Mr S Parkes	Chief Operating Officer
Ms R Simpson	Director of Human Resources (to December 2022)
Mr C Spendlove	University Registrar
Professor A Woods	Pro Vice Chancellor

The University's principal advisors were:

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