



**University of
Central Lancashire**
UCLan



Financial Statements

For the year ended 31 July 2022

**Where opportunity
creates success**

Report and financial statements

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Legal and Administrative Details

Members of the Board

D Taylor

R Hext

F Armstrong

S Ion

G Baldwin

L Lloyd

Z Chikh (Resigned 30 June 2022)

R Lowry

R Odjegba (Appointed 1 July 2022)

A McCarthy

N Danino

L Norris

J Edney (Resigned 31 July 2022)

W McQueen (Resigned 31 July 2022)

R Gurjee

Professional Advisors

Auditor - external: KPMG LLP

Auditor - internal: RSM Risk Assurance Services LLP

Tax advisor: Grant Thornton

Banker: Barclays Bank plc

Insurance broker: AON Limited

Solicitor: Shakespeare Martineau LLP

Introduction

The academic year was a more normal one compared with 2020/21, although it was still very much dominated by COVID-19 and its various impacts. COVID continued to present challenges for both students and staff and it is a testament to the resilience, hard work and commitment of both groups that the year was as successful as it was.

Students returned to campus in September and although measures were more relaxed we continued with procedures that prioritised the welfare of the University community. We undertook a lot of work to enhance ventilation systems, maintained clear signage and communication and continued with heightened sanitisation. September also saw the commencement of a new blended working system. Colleagues in Professional Services whose job did not require them to be on campus were able to work from home for up to two days a week. This has proved to be successful and a detailed review of the system was undertaken during the year. Managers and colleagues were surveyed and all groups reported that blended working was operating effectively. The reduction in members of staff on campus at times during the week meant it was quieter on occasions compared with pre-COVID years. It is also clear that we will need to review the estate to ensure that it is used optimally and efficiently. Work is progressing analysing space utilisation, configuring work spaces for a blended approach and we have started reviewing whether all of the current estate is required. The importance of this work was also highlighted by the sudden and significant increase in energy costs driven by reductions in supply and uncertainty as a consequence of the Russian invasion of Ukraine. Much of the increase in operating expenditure for the year was driven by the very large increase in energy costs. This is being managed through a variety of routes because it is also a critical factor within our goals for sustainability and our move towards net zero.

We continued to refresh the Estate and the opening of the central spine that links the University square to the Northern areas further emphasised the development of a campus identity rather than it being a collection of buildings. In Burnley we opened the new library and student union facilities in the Sandygate Mill, again further developing a specific campus and a better identity for UCLan.

Environmental sustainability is a comprehensive element of our strategic priority for future proofing the University. This along with five other strategic priorities were encapsulated within our Strategic Plan 2021-2028 which was launched in the autumn. The seven year timescale was chosen because 2028 will mark the 200th anniversary since the University of Central Lancashire started life as the Harris Institute for the Diffusion of Knowledge. We consider it a great privilege to be able to shape what the University will look like and what it will be achieving in its 200th year.

A highlight of the year was our performance in the Research Excellence Framework. We improved by all measures when compared with REF 2014 and two thirds of our work is graded as either internationally excellent or world leading. We submitted in 19 units of assessment reflecting a breadth and depth in our excellent research. We ranked 66th out of all applicants for research power and were particularly proud that we scored so well for impact. Our work is applied and makes a huge difference in areas that touch so many people's lives. For example, two of our highest scoring areas were Nursing and Social Work.

Colleagues often mention their pride in the mission of UCLan regarding widening participation and social mobility. We once again ranked highly in the HEPI social mobility index. When combining our social mobility and research successes we can claim to be the most research intensive socially mobile university in the North of England and the second in England as a whole.

We are a very good example of how to combine widening access with research excellence and we demonstrate that the two are not mutually exclusive.

Other research success that occurred in the year included the establishment of links between gum disease and Alzheimer's disease and the publication of Professor Duncan Sayer's research in the journal 'Nature'. More broadly the University ranked third in the UK for the provision of mental

Introduction (continued)



health support, was successful at the Educate North Awards and once again received the maximum 5 stars in the QS university ratings.

None of this could have been achieved without the hard work and dedication of colleagues from right across the University. This was much appreciated considering the challenges of the preceding years and the increasing uncertainty during 2021/22. Mindful of this we launched Vivup to provide an employee benefit scheme and we also launched the Tusker Electric Vehicle Scheme which will enable savings for leasing an electric vehicle and will help towards achieving our sustainability goals. There was also a focus on wellbeing and we promoted a range of activities, particularly on Wednesdays, to support the physical and mental health of colleagues. We additionally thanked staff by distributing the excess surplus above that budgeted (achieved despite the significant increase in energy costs) between all colleagues outside of the Vice-Chancellor's Group (VCG). This was paid at the end of the year and hopefully helped cushion some of the shock of increasing inflation and energy costs. The non-consolidated payment was in addition to the pay award and, for approximately 60% of colleagues, an incremental increase.

Recruitment went well during the year following the challenging Clearing process that started the year and which characterised the post COVID

challenges caused by interruption to schooling and changes to examination and assessment. Applications were similar to the previous year for home students and up considerably for international students, particularly from South Asia and Africa.

As this report is completed, we welcome students back to a University that again feels like it did in 2019 prior to the COVID-19 outbreak. The campus developments have added to the atmosphere and the sense of life and activity providing a very uplifting environment. We continue to play a big part in the life of the region but with recognisable national influence. 2021/22 provided a number of post pandemic green shoots that provide an opportunity to further develop and successfully implement the University Strategy. The University is in a good position but still has much untapped potential. This will be uncovered as we progress delivery of the strategy despite the uncertainty and significant challenges that the next few years will bring.

A handwritten signature in black ink that reads "David Taylor".

David Taylor
Pro-Chancellor and
Chairman of the Board

A handwritten signature in black ink that reads "Graham Baldwin".

Graham Baldwin
Vice-Chancellor

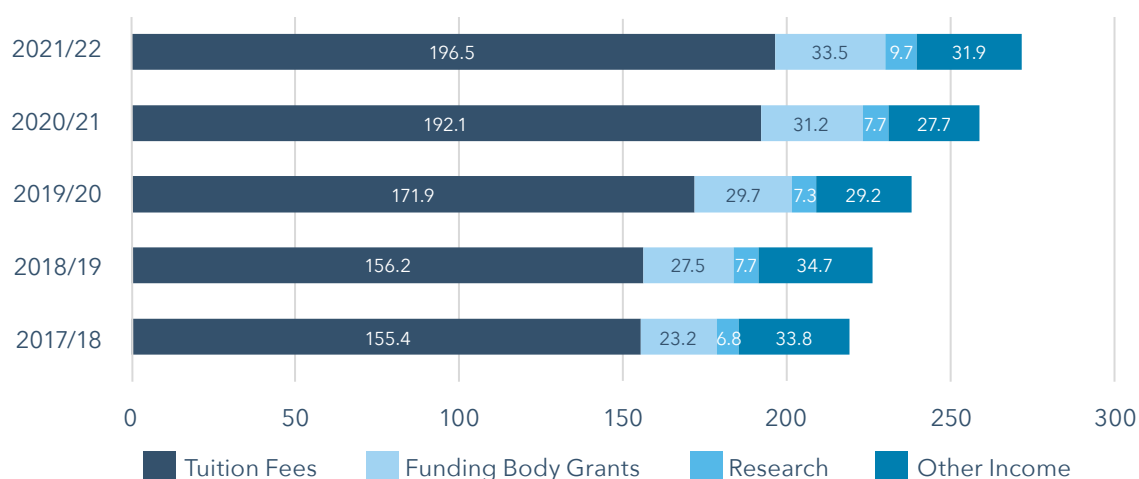
Operating and Financial Review

UCLan has maintained strong financial performance during the year ended 31 July 2022, generating cash from operating activities of £36.7m (2021: £44.8m), representing 13.2% (2021: 16.9%) of income. A small overall surplus of £0.8m (2021: £8.8m) was achieved in the year, continuing the return to surplus from the prior year. The underlying operating performance was again strong before pension provision charges, as shown below:

	2022 £m	2021 £m
Underlying Operating Surplus	13.9	21.9
Add back: <i>Employers' Pension Contributions</i>	7.0	8.4
Less: <i>Current Service Cost</i>	(17.6)	(18.7)
<i>Interest</i>	(2.3)	(2.6)
<i>Administration Costs</i>	(0.2)	(0.2)
Reported Surplus	0.8	8.8

Income

Total Income - £millions



Tuition fee income for the University has continued to increase and for the year was £196.5m (2021: £192.1m). UK student income reduced to £128.5m (2021: £134.5m) and EU student income to £3.2m (2021: £5.6m) but these decreases were offset by increased income from international students. The COVID-19 pandemic had led to a concern about whether the University could maintain international income but as a result of sustained efforts to mitigate its impact and continue to welcome students in a safe manner the number again grew to £63.2m or 22.7% of total income (2021: £50.9m, 19.2%), particularly from a successful January 2021 recruitment campaign.

Recurrent grant income from the Office for Students grew by £2.3m to £14.4m and

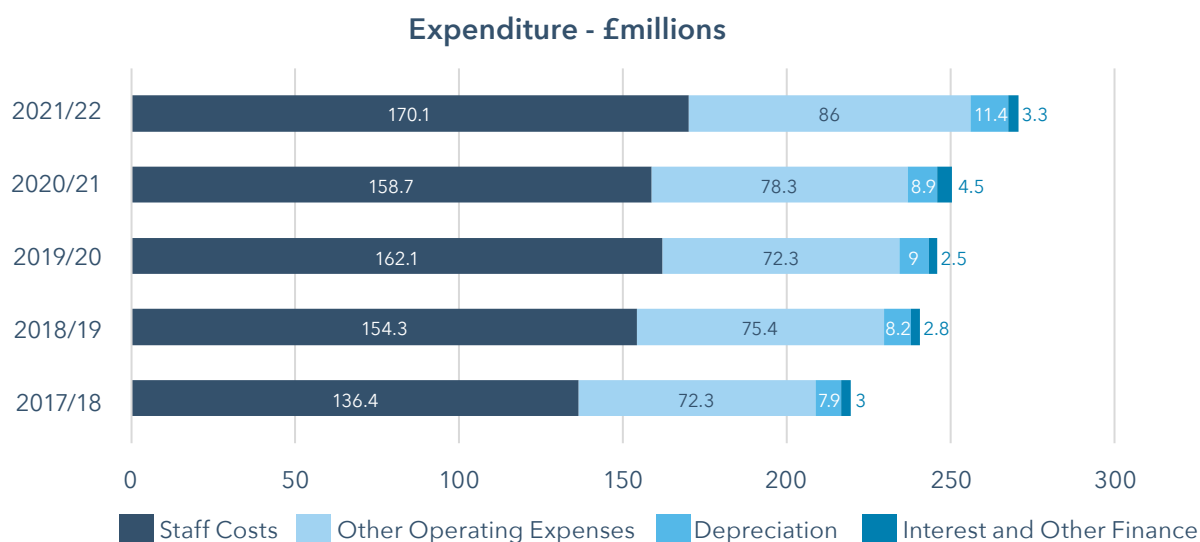
Apprenticeship grant income to the group grew by £1.1m (9.5%) to £12.6m, with work across the group in both the University and Training 2000.

Research grants and contracts, including grants from Research England, are up by £3.5m compared to 2021 to £15m, continuing the growth that has been seen in this area in recent years. The University's excellent REF results where all 19 academic areas submitted to REF were officially recognised as demonstrating elements of world leading and internationally excellent research will help this growth to continue over future years.

Trading income from catering and residences remained below the pre-pandemic levels but did rise by £1.2m to £5.9m.

Operating and Financial Review (continued)

Expenditure



Total expenditure increased by £20.3m on last year. £11.4m of this was in staff costs, £7.7m in other operating expenses and £2.5m in depreciation costs. Interest and finance costs reduced by £1.2m following the repayment of bank loans in 2021, partially offset by financing costs of the £30m income strip funding that was drawn down during the year.

Within staff costs the salary costs were £121.3m (2021 £119.7m). Pension costs grew by £4.1m to £35.6m with £2.3m of this being driven by a significant increase in the Universities Superannuation Scheme costs despite it representing only a small proportion of overall staff. Restructuring costs were £1.2m compared to £2.0m in the prior year. Overall staff costs were 63.0% of income (2021: 61.8%) and staff numbers rose by 137 to 3,025. There were however 178 additional staff in academic or academic support roles at the end of the year with administration and other staff categories reducing in number by 41.

The major factor in the increase to operating expenses of £7.7m has been increased energy costs. Gas and electricity costs in 2021 were £3.2m with the budget for 2022 set at £3.8m. The outturn however was £10.1m with both gas and electricity costs rising significantly. The University has a range of energy reduction initiatives underway and is also changing the way in which it purchases energy, moving to a long-term hedging approach that will provide price stability and budget certainty going forward.

International student recruitment costs also rose significantly by £2.8m to £9.4m. Given the increase in international student fees this is not unexpected. The charge for bad and doubtful debt was £1.1m compared to £6.4m in 2021 reflecting a sustained focus on debt collection combined with service improvements making it easier for international student transactions to be processed.

Depreciation costs increased primarily as a result of the continued investment in the UCLan estate masterplan as well as ongoing investments in training equipment and IT infrastructure. Total capital expenditure was £15.9m, comprising £13.0m in fixed assets and £2.9m in intangible assets.

Operating and Financial Review (continued)

Cash and Investments

Cash and investments as at 31 July 2022 were £137.9m (2021: £89.6m). The Income Strip agreement with Canada Life for £30m was drawn down during December 2021. This is repayable over a 40-year period with the University's accommodation assets being transferred to Canada Life for the duration of the agreement. The cash will be used for continued investment in the University, the recently approved building to house Lancashire's only veterinary school, opening in 2024 being an example of this ongoing development.

Going Concern

The higher education sector continues to face significant challenges arising from changes and uncertainty in the external environment following the pandemic, volatility in the domestic economy and global energy and supply challenges exacerbated by the conflict in Ukraine. The University continues to work on ensuring that its provision is aligned to the needs of students and employers, that it attracts and retains excellent employees and operates in a sustainable manner. The University published its strategic plan that runs from 2021-2028 during the year and it is underpinned by six key priorities that add assurance to the going concern assessment.

These are:

1. Student Opportunity and Success
2. Leading the Way in Modern Learning
3. Our People Experience
4. Real World Research, Innovation and Enterprise
5. Our Place in the World
6. Future Proofing the University

Sound financial management is a key part of Priority 6 and the financial results showing continued cash generation demonstrate this.

The University carries out detailed analysis and scenario planning to provide assurance in the ability of the University to continue to operate as a going concern through an in depth 2022/23 budget cycle, monthly management accounting reports and a quarterly forecasting cycle. The University also produces a detailed long-term financial model that is scenario tested and includes a monthly cash flow forecast. UCLan has prudently grown its cash reserves over recent years meaning that if required the significant downside scenarios tested would be withstood with balances remaining above the minimum levels agreed by the Board.

Statement of Public Benefit

The University of Central Lancashire (UCLan) is an exempt charity under the terms of the Charities Act 2011. The Board of Governors is aware of its responsibilities as a charity to act for the public benefit across all of its activities and has had due regard to the latest version of the Charity Commission's public benefit guidance and that provided by the Office for Students Regulatory Framework for Higher Education in England.

As a Higher Education Corporation (HEC), the University's objects are inferred from the powers of a Higher Education Corporation, as set out in section 124 of the Education Reform Act 1988 and Part II of the Further and Higher Education Act 1992. The University's charitable objects are to provide higher education and carry out research and knowledge exchange. These are embodied within the University's Strategic Plan 2021-2028.

Our mission is to create positive change in our students, staff, business partners and wider communities, enabling them to develop their full potential by providing excellent higher education, innovation and research. We achieve this through our six strategic priorities:

- **Student opportunity and success:** We will enable our students to seize every opportunity to flourish in education, at work, and for life.
- **Leading the way in modern learning:** Learning and teaching is at the heart of our mission to transform lives and enable people to achieve their full potential. We combine academic excellence with real-world teaching, giving our students the skills and experience that industry needs.
- **Our people experience:** We will continue to attract and retain the very best talent and enable everyone to do their best work.
- **Real-world research and innovation:** We will establish ourselves as a leader in research, innovation and enterprise within the modern university sector.
- **Our place in the world:** We will be recognised as a leading civic university; an anchor institution with a multi-campus presence. We will enrich the cultural lives of our communities, promote social progress, and support the economic development of our local areas, regions and the wider North West.
- **Future-proofing our University:** We will become the exemplar in UK higher education for our regional championing of environmental awareness. Our unwavering commitment to sustainability, health and wellbeing will become the benchmark for the UK university community.

Statement of Public Benefit (continued)

The ramifications of the COVID-19 pandemic continue to be felt throughout the Higher Education sector...

By rapidly adopting cutting-edge digital technologies and adapting its approaches to learning, teaching, innovation and research, the University continued to deliver an exceptional student experience and provide second-to-none support to ensure that individuals were able to remain on track, successfully progress in their studies, and benefit from the best possible preparation for their future career.

Adapting to the new educational landscape, the University is building on its strengths in digital excellence and will strive to become a market leader in this new era of flexible, blended learning, leveraging the advantages of online technologies to open up new educational opportunities. To enable the University to secure its aspiration of 'leading the way in modern learning', it will build upon its experiences of delivering blended learning and teaching during the pandemic, supplementing traditional face-to-face teaching with engaging digital learning experiences, harnessing the technological infrastructure at its disposal and the innovative mindset of its educators.

In recent months, the University's continued commitment to transforming lives through innovative teaching and research has led to regional, national and even international acclaim.



In April 2022, UCLan was once again successful at the annual Educate North Awards and walked away with three of the eight awards it was shortlisted for. The University won the 'Business/ Industry Collaboration-University Sector', 'Creative

Innovation Zone; Research Project of the Year - BIZIFED Project', and 'External Relations Team of the Year.' In the 'Business/Industry Collaboration-University Sector' category, the University's Creative Innovation Zone (CIZ) was praised for using creative thinking techniques to bring together students, academics and industry from diverse courses, backgrounds, expertise, and sectors to exchange knowledge and solve challenges set by employers. The Research Project of the Year prize gave recognition to Professor Nicola Lowe and her team whose BIZIFED initiative is an international, multi-partner collaboration designed to explore sustainable solutions to malnutrition. Finally, in the 'External Relations Team of the Year' category, UCLan was praised for a range of initiatives including the Return to Study Programme and the development of the Transition to HE Programme.

Our colleagues have been recognised on the national stage for their incredible contribution to academia too. In September 2022, Dr Clive Palmer, a Senior Lecturer in the School of Sport and Health Sciences, was appointed as a Principal Fellow of the Higher Education Academy after being chosen by an international review panel. The prestigious Fellowship is awarded by Advance HE to academics who demonstrate sustained and effective strategic leadership in academic practice, and Dr Palmer is only the seventh UCLan academic to receive the industry award.

There was also praise for astrophysicist Dr Megan Argo, who, in April 2022, was awarded the British Empire Medal for services to Girlguiding in the Queen's Birthday Honours list. The accolade honoured her volunteering efforts with Girlguiding during the 2021 lockdown when she helped more than 1,200 Brownies earn their Space Interest Badge. Dr Tim Sanders, a Senior Clinical Lecturer in Rural Medicine, was also given the royal seal of approval after receiving two prestigious awards from Her Majesty the Queen for his voluntary work. He was awarded the Queen's Platinum Jubilee Award in recognition of his services as an emergency service worker and Penrith Mountain Rescue Team, which Tim volunteers for, and received the Queen's Award for Voluntary Service.

In January 2022, distinguished Emeritus Professor Don Kurtz was honoured with The Royal Astronomical Society's 2022 Service Award for Astronomy for a lifetime commitment to

Statement of Public Benefit (continued)

public outreach and service to astronomy. John McLachlan, a Professor of medical education, was named by the Association for the Study of Medical Education as the winner of its Gold Medal for 2022. He received the prestigious national award for his outstanding contribution to medical education.

Later in the year, UCLan's Jeremiah Horrocks Institute (JHI) for Mathematics, Physics and Astronomy won the Departmental Culture Change Award at the inaugural Ogden Outreach Awards in August 2022. Held at The Royal Society, the Awards celebrated physics outreach and recognised the efforts of those involved in developing and delivering it. The JHI won the award in acknowledgement of a significant change in its working culture, allowing and supporting staff to focus on delivering physics-related activities to communities who otherwise may not have access to them. Recent projects include the online 'Into Our Skies: Space in Schools' scheme, set up by UCLan astronomer Dr Joanne Pledger and UCLan colleagues from UCLanDance, which challenged traditional science-learning and used dance to engage Years 5 and 6 pupils with the curiosity and excitement of scientific ideas.

Further recognition came with five nominations at the Times Higher Awards, the 'Oscars of Higher Education'; one of the highest number of nominations UCLan has ever received and placing us alongside the University of Glasgow as being the universities with the most nominations in this year's awards.

The winners were announced on 17 November 2022, and UCLan was a finalist in the following categories: Business School of the Year (Lancashire School of Business & Enterprise); Outstanding Entrepreneurial University; Outstanding Research Supervisor of the Year (Professor Soo Downe, Professor of Midwifery); Research Project of the Year: Arts, Humanities and Social Sciences (Domestic Abuse Policy Guidance for UK Universities - Dr Roxanne Khan); and Knowledge Exchange/Transfer Initiative of the Year (Manchester Metropolitan University, in collaboration with the University of Central Lancashire - Professor Jim Richards and Dr Jill Alexander - and Swellaway Ltd).

Elsewhere, the University continues to innovate in the digital realm. The University's involvement in establishing Lancashire as an undisputed national



Statement of Public Benefit (continued)

leader for cyber and security-related capabilities is gathering momentum, and we continue to collaborate with Lancashire County Council, the Lancashire Enterprise Partnership (LEP), Lancaster University and BAE Systems on supporting the development of the National Cyber Force (NCF), set to be based in Samlesbury. We are working to understand the necessary pathways for our students that will lead them to successful careers in the world of cyber, and look forward to seeing some of our graduates become part of a thriving North West Cyber Corridor, from Manchester to Lancaster and beyond. And not a moment too soon – July 2022 saw the first cohort of cyber security students graduate from the University, ready to work in cyber crime.



In our December 2021 and July 2022 Graduation Ceremonies, we graduated over 6,000 students across 26 ceremonies and in addition played host to over 20,000 guests. Our ceremonies also saw the conferment of six new honorary graduates: Speaker of the House of Commons The Rt Hon Sir Lindsay Hoyle MP (to acknowledge the significant contribution he has made to politics and UK Parliament), former University Vice-Chancellor Dr Malcolm McVicar (to recognise his outstanding achievements in the Higher Education sector), BBC television judge Patrick Grant (to recognise the significant contribution he has made in services to the British clothing and textile industry, as well as the support provided to the University at events such as the Leaders in Residence Network Launch), Becky Chilcott (to acknowledge the significant contribution she has made in services to graphic design and the support given to UCLan

Publishing), Professor John Fyfe CBE (to recognise the significant long-term contribution he has made to the Applied Policy Science Unit and to the Samuel Lindow Foundation, particularly through the provision of expertise and extensive practical experience in the fields of politics, policy and government) and Dr Gill Hey (to acknowledge the significant contribution she has made in services to archaeology and support in providing placements for the University's archaeology students).

Among the successful graduates was Figen Murray, an inspiring woman who completed a Master's degree in counter terrorism to try and understand why her son, Martyn Hett, was one of 22 people killed in the 2017 Manchester Arena bombing attack.

There was also a group of six graduates who became the first in the country to graduate with a social work Degree Apprenticeship. The students, who completed the course while working full-time for Blackpool Council and Preston's Foxton Centre, were released from work to study one day a week over three years. The specialist course was designed in partnership with social work employers, service users and carers to upskill home grown talent. Elsewhere, the first cohort of students on a unique dentistry course also celebrated graduating; believed to be the first in the UK, the BSc Clinical Dental Technology programme has been recently approved by the General Dental Council and prepares graduates to work within dental technology, making and fitting dentures and other appliances directly to patients, and in primary care dentistry.



Statement of Public Benefit (continued)



From saying goodbye to students setting out on the next stage of their lives, to welcoming others: September 2022 saw thousands of students on campus for the start of the new academic year. The University's c.£60m Student Centre, which brings together the University's second-to-none support services under one roof, is now in its second year, and it's created a real hub where students can get expert advice on everything from finance and accommodation to mental health, disability support and careers planning.

The University Square, one of the largest public realm projects to have been completed in England for many years, has quickly been established as the revitalised heart of the Preston Campus, and

is playing a vital part in the ongoing regeneration of Preston – it's a thriving hub which the whole community can enjoy. Most recently, it hosted the Mobile Event Tent (MET). Preston's pop-up event venue was used by students and the wider community alike: it was where Preston City Council hosted the Lancashire Encounter Festival, celebrating the breadth of the County's diverse cultural offer. The contemporary structure of The MET has been designed and developed in Preston, in partnership with architect Charlie MacKeith of Research Design, and UCLan's Professor Charles Quick.

While life continues to 'get back to normal' following the seismic changes brought about by the pandemic, the University has continued to invest in its educational infrastructure, bringing transformational new opportunities to students and communities surrounding its campuses in Preston, Burnley, Westlakes (Cumbria), Blackburn (Training 2000) and Cyprus.

Major government funding was announced in October 2021 which gave the green light for an exciting expansion plan for the University's Burnley Campus. The multi-million pound boost from the government's Levelling Up Fund means the University's development, along with two other major projects to transform Burnley, will



Statement of Public Benefit (continued)

go ahead. A key milestone in this expansion plan came in March 2022 when, in conjunction with Burnley Council, the vacant Newtown Mill on the edge of the town centre was acquired – and in September 2022, Burnley Council approved the plans to redevelop the mill. The plans include creating an Innovation and Enterprise Centre, to work with local businesses, and additional teaching and social spaces to accommodate UCLan’s ambitious expansion plans to increase our student numbers in Burnley to 4,000 by 2025, and around 6,000 by 2032 – an exciting and progressive time for the campus.



This year has seen our plans to create a state-of-the-art building to house Lancashire’s only Veterinary School get well underway. The four-storey property will house high-specification anatomical skills laboratories alongside simulated clinical facilities including a pharmacy, diagnostic suite, and simulated operating theatres.

Dr Heather Bacon, the Head of the School of Veterinary Medicine, received an OBE at the Palace of Holyroodhouse in January 2022. She accepted her insignia from Her Royal Highness The Princess Royal in Edinburgh after she was recognised in the Queen’s 2020 New Year Honours list for her services to veterinary education, animal welfare and charity work in the UK and abroad. In September 2022, the University welcomed its first vet related students as the first cohort of BSc (Hons) Bioveterinary Medicine students enrolled.

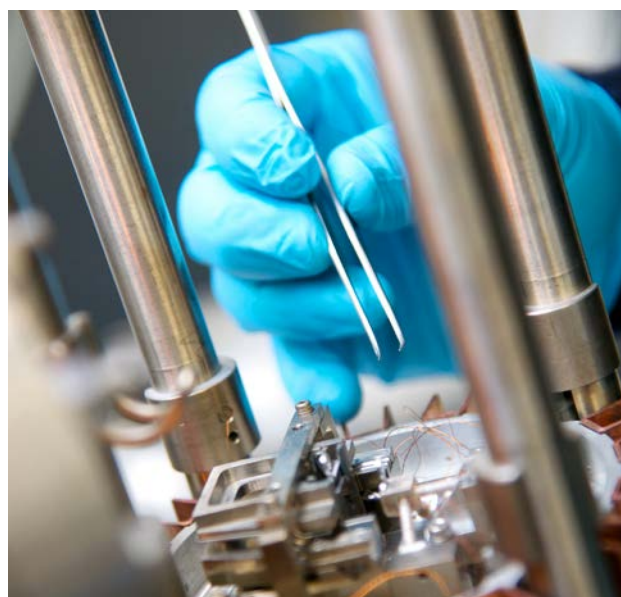
In November 2021, the University partnered with Greater Manchester Police and Salford University to train the new generation of frontline officers. A total of 80 student officers enrolled on to the Policing Education Qualifications Framework

programmes. And it’s not just Greater Manchester Police the University is working with; July saw the first cohort of the Degree Holder Entry Programme (DHEP) for policing graduate, ready to serve in Lancashire Police. 108 new officers are amongst the first to graduate from the innovative new programme, specifically for people who already hold a Bachelor’s degree and want to train as a police officer.

From policing to medicine; elsewhere, three students put their medical skills to use volunteering at the 2022 Commonwealth Games. MSc Sports Medicine students Alison McCaul, Nagarjuna Marem and Suyash Gore undertook a variety of hands-on roles with athletes competing at the Birmingham-based sporting event – from supporting rhythmic gymnasts to being a first team responder for the rugby sevens games.

As a civic anchor institution, the University continues to be an engine of the North West economy, supporting and collaborating with businesses across the region and enabling them to access its knowledge, research expertise, cutting-edge facilities and student talent. It plays a crucial role in raising aspirations, promoting social mobility, upskilling local populations and increasing economic prosperity within and beyond the places in which it operates.

It continues to work in partnership with home-grown businesses and organisations, sourcing products and services locally, helping to boost jobs, strengthen local businesses and promote economic growth and regeneration.



Statement of Public Benefit (continued)



The University dedicates significant resources to local and regional priorities, and as a major employer supported 4,500 FTE jobs across Lancashire, generating £220m in annual gross value added (GVA) for the North West economy through education, research and scholarship. Recent regionally-focussed projects funded by the University, its partners and the EU have supported 2,000 businesses and 2,600 individuals, creating 486 jobs and increasing the GVA from £15m to £31m.

In December 2021, UCLan was named the top university in the north of England for producing start-up businesses (Tide, 2021). Through the Propeller Student Enterprise Service, UCLan has given formal business and enterprise support to 851 new businesses, including sole traders, in the last six years. These companies have been created by students and recent graduates, who have received expert help within two years of finishing their academic studies. The success means UCLan is placed fifth overall in Tide's newly published list of UK Higher Education providers.

The University has continued to engage, lead and contribute to a range of formal and informal groups that oversee local economic development policy and funding issues, including a regular Department for Business, Energy & Industrial Strategy (BEIS) North West Higher Education Group and the Lancashire Enterprise Partnership. It is a strategic contributor to all sub-regional strategies and plans, including the Local Economic

Strategy for Lancashire, the European Structural and Investment Funds (ESIF) Strategy, Lancashire Innovation Plan and the Local Industrial Strategy. The University has been fully immersed within the regional growth and regeneration ecosystem, through its active participation and support to the North West Universities Economic Development Unit, Chambers of Commerce and Industry, Local Authorities, Allied Health Science Network, NHS Trusts, Burnley Bondholders, Preston Partnership and sector bodies such as the North West Aerospace Alliance.

The University is a member of the sector mission group MillionPlus - the representative body of modern universities in the UK. MillionPlus champions and promotes the myriad essential roles of modern universities in society, including driving social mobility and leading on placemaking in their respective locales.

The University's strategic priorities for local growth and regeneration are consistent with regional priorities and align with the University's mission to deliver a knowledge exchange that meets the needs of the people of Lancashire, the region and beyond. In particular, the University committed to and delivered education, research and training that increased qualifications and skills and boosted inclusion and productivity across Lancashire and the North West. Its partners included major private, public and not-for-profit employers, as well as the Lancashire Local Economic Partnership (LEP), Lancashire County

Statement of Public Benefit (continued)

Council, Metropolitan Borough Councils and NHS Trusts. The University's knowledge exchange activity and strategic contribution to local growth and regeneration were the result of a consultative process with a wide range of public, private and not-for-profit partnerships.

In the second iteration of the Knowledge Exchange Framework (KEF), published in September 2022, UCLan's strong results showcased the breadth of work undertaken by colleagues to share their knowledge, skills and expertise with businesses, local partners and communities. UCLan performed at or above average in its cluster for no less than six of the seven perspectives. In fact, UCLan demonstrates 'very high' engagement in three of the seven perspectives - Continuous Professional Development (CPD) and graduate start-ups; local growth and regeneration; and in working with the public and third sector - one of only three universities within the cluster to be put in the top tier for this area.

Elsewhere, the University has played a vital role in delivering a groundbreaking new career route for psychology graduates. It has worked with North West NHS organisations to create 100 new NHS trainee associate psychological practitioner posts in the region. The role provides a new career gateway for psychology graduates and will help to tackle a shortage of psychology professionals in the NHS. The first cohort graduated in July 2022 and the successful scheme has received additional funding for future years.

2021 saw the return of the IN4.0 Access programme, a joint venture enterprise between IN4.0 Group and the University. The groundbreaking programme is tailored to the needs of manufacturing and engineering businesses looking to innovate and adopt new technologies through the upskilling of leadership teams.

The University is also leading the Lancashire Engaging Apprentices Programme (LEAP), which will provide additional support to apprentices and employers based within the county's SMEs, including coaching and mentoring. It is also part of a consortium of Lancashire organisations, the Lancashire Levy Transfer Network, which is working together to help local businesses develop their workforce, access apprenticeship opportunities and retain funding within the county as it recovers

from the effects of the pandemic. In November 2021 and March 2022 the University sponsored the Innovation in Business award at Lancashire Business View's Red Rose Awards, the annual celebration of the Lancashire business community.

The University continues to mould future leaders, creative thinkers and entrepreneurial business minds, equipping its students with highly employable skills which can open doors to global careers. The latest government data shows that 95.5% of the University's new graduates progress into employment or further study within six months (HESA 2018). It continues to champion enterprise. Through its Propeller service, students can gain the skills and knowledge they need to set up and run their own successful start-up companies, benefitting from expert advice, industry connections and business incubation space on campus. The University has previously been ranked as the leading university in England for start-up businesses that it incubates which are still active after three years of trading (HEBCIS, covering academic years 2014/15 - 2019/20). More than 1,000 students and graduates have received help with starting a business or becoming self-employed in the last five years.



Through its expanding portfolio of Higher and Degree Apprenticeships, the University is achieving new growth areas of employment. These innovative Apprenticeships are recognised by government as crucial in boosting productivity and economic growth locally, regionally and nationally. These achievements are supported by a strategic alliance with the Blackburn-based charity Training 2000, one of the largest group training associations in the UK. Currently the University boasts one of the largest portfolios of

Statement of Public Benefit (continued)

Degree Apprenticeship programmes in the UK. It presently works with more than 3,500 employers and over 1,900 Degree Apprentices. Over 30 Apprenticeship programmes are now offered, spanning Level 2 right through to Level 7. On the government's 'Find an Apprenticeship' page at gov.uk, 84% of respondents rated the University's provision as 'Good' or 'Excellent.'

In January, seven business leaders were chosen to become the first Entrepreneurs in Residence at the University. The successful business people bring real-world expertise and entrepreneurial practice to students, academics and the small and medium-sized enterprises who get support from UCLan's Lancashire School of Business and Enterprise. The support they can offer includes mentoring students, guest lecturing, hosting student placements, sitting on advisory panels, contributing to curriculum reviews, and supporting academic research.



And industry bodies continue to back the University. UCLan's Journalism department had cause for a double celebration this year after the BA (Hons) Journalism course was highlighted as the top-performing undergraduate programme by the National Council for the Training of Journalists (NCTJ) in March 2022, and the Google News Initiative extended its support of the flagship Journalism Innovation and Leadership (JIL) programme for the third consecutive year in April 2022.

In the same month, the University's master's optometry course was granted degree-awarding powers by the General Optical Council (GOC). The MSc Optometry, which takes approximately three years to complete, is a fast-track programme for students who are already qualified dispensing opticians.

The University's research teams continue to push back the boundaries of knowledge, generating positive social, environmental and economic impact locally, nationally and globally. The long-awaited results of the UK 2021 Research Excellence Framework (REF) were unveiled in May 2022. All 19 academic areas submitted to REF by UCLan were officially recognised as demonstrating elements of world-leading and internationally excellent research. In comparison to the University's last REF submission in 2014, the results highlight a doubling of world-leading research produced by UCLan academics and a doubling of how it has made a difference in the real world (known as impact). This success was emulated in May 2022, when the University was graded with 5 Star excellence in a number of categories, via the QS Stars rating system. Rated out of 5 Stars (excellent) UCLan scored the top rating for teaching, employability, internationalisation, facilities and inclusiveness. Dentistry, the University's chosen specialist programme, scored 4 Stars (very good) while 3 Stars (good) were awarded in the research and innovation categories. Overall, the University was rated as 4 Star; a huge achievement.

UCLan's 15 Research Centres and three Research Institutes are hubs of world-class research which bring together expertise from across the institution and enable researchers to deliver real-world solutions and opportunities which have a demonstrable, life-changing impact on the world.



Statement of Public Benefit (continued)

Recent examples of research impact within the UK include:

- A report commissioned by UCLan's National Centre for Remote and Rural Medicine in March 2022 revealed the health inequalities experienced by people in the UK's rural areas. It highlighted the stark inequalities between rural and urban communities in the UK, particularly in the North of England, and that rural areas are impacted by 'diseases of despair', slow advances in health technology, and a lack of healthcare professionals.
- In collaboration with East Lancashire Hospitals NHS Trust (ELHT), UCLan received nearly £180,000 from brain injury recovery charity SameYou to extend a pilot scheme called the Neuro Rehabilitation OnLine (NROL) programme. The scheme, which uses online video sessions to provide one-to-one and group specialist neurorehabilitation, was created because the COVID-19 pandemic affected the number of patients who could access face-to-face NHS treatment. The scheme will now be rolled out through Lancashire and South Cumbria.
- A life-changing engineering project to turn a youngster's exoskeleton vision into reality was recognised at COP26 through a major award. Krystyna Marshall was aged 15 when she teamed up with some of the University's engineering experts to turn her idea for a Spinal Muscular Atrophy jacket into reality. Krystyna has now become one of six people from across the UK to have been recognised as a leading creative problem solver in engineering innovation following the announcement of the inaugural Primary Engineer MacRobert Medal winners.
- In February 2022, research from the University, funded by the Home Office, found that one in 10 domestic abuse cases recorded in Lancashire are committed by people towards their own parents. In partnership with Lancashire Constabulary and the Lancashire Violence Reduction Network, the UCLan Criminal Justice Partnership investigated 26 months of domestic abuse cases from November 2018 to February 2021 and found that of the 66,973 cases reported, 7,171 were committed by people over the age of 16 towards a parental figure.
- An influential new report which argues for a complete reassessment of children's services and the role of social workers was co-written by a social work Emeritus Professor Andy Bilson. The report, Children's Social Care - the Way Forward, was produced in partnership with parent groups and published in February 2022.
- In September 2022, research produced by the Institute for Research into Organisations, Work and Employment (iROWE) at UCLan found that more than 50% of workers in Lancashire have reported that stress, anxiety or depression was caused by or made worse by work in the last 12 months, according to a new report. The Work in Lancashire: Understanding Job Quality and Productivity in the Region report surveyed a cross section of over 200 workers across Lancashire and included a list of priorities for employers to help ensure a talent pipeline supports sustainable employment which boosts productivity.
- A report commissioned by the University's National Centre for Remote and Rural Medicine revealed the health inequalities experienced by people in the UK's rural areas. The research analysed the unique health problems prominent in remote parts of the UK. It spanned the country, pulling results from all corners of the UK including Jaywick in Essex, Blackpool in Lancashire and up to Copeland in Cumbria, and outlined the measures that are needed to tackle the problem head-on.
- The Media Innovation Studio at UCLan launched the News Futures 2035 foresight project in August 2022, in response to concerns about the future of public-interest news in the UK. Led by Dr François Nel, and supported by the Google News Initiative, the work consists of three national roundtable events, during which the team will ask experts from inside, alongside and outside the industry to focus on the question: how can we secure the supply of trustworthy, public-interest news in the UK?

Statement of Public Benefit (continued)

The University's world-leading research expertise has continued to make an impact on the world stage:

- In June 2022, Professor of Fire Chemistry and Toxicity Anna Stec was one of 25 leading scientists from eight countries who discussed the carcinogenic risks to firefighters at the International Agency for Research on Cancer (IARC). Published in the Lancet, the group found that occupational exposure as a firefighter is 'carcinogenic to humans' (Class 1). The previous assessment, in 2007, had classified firefighting as 'possibly carcinogenic' (Class 2b). The IARC Monographs identify preventable causes of human cancer. This classification can be applied to all types of firefighters, and also to both men and women.
- In May 2022, an international team of astronomers, including those from UCLan, unveiled the first image of the supermassive black hole at the centre of our own Milky Way galaxy. The UCLan researchers, led by Professor Derek Ward-Thompson, are part the Event Horizon Telescope (EHT) Collaboration, which has used observations from a worldwide network of eight radio telescopes to take the stunning image.
- Professor Vicki Cummings was part of an international team of experts who revealed, through analysis of ancient DNA from one of the best-preserved Neolithic tombs in Britain, that most of the people buried there were from five continuous generations of a single extended family.
- UCLan scientists were among academics from across the world who have joined Blue Skies Space Ltd's first space science mission, Twinkle, as the initial group of founding members. These founding members are now working together to design a powerful scientific programme ahead of the satellite launch, making this a truly global and innovative space science collaboration. They join five other institutions who have also secured telescope time for their research teams.
- SUN, an awe-inspiring 3D recreation of the Sun created by public artist Alex Rinsler and Professor of Astrophysics at UCLan Robert Walsh, made its European debut at the Royal Museum for Central Africa in Brussels in June 2022. The six-metre light artwork presents data from NASA's Solar Dynamic Observatory in 360° with smoke effects to mimic the outer atmosphere of our closest star. Visitors to the exhibition will witness 10 weeks of the sun's life in 12-and-a-half minutes as it cycles through temperatures ranging from 4,500 to 10 million degrees, accompanied by an original soundscape from multimedia artist Ebe Oke and countertenor Feargal Mostyn-Williams.
- Researchers at UCLan's School of Dentistry were the first to report the link between gum disease and Alzheimer's disease: September 2021 saw the same group of researchers publish two new studies - in the Journal of Alzheimer's Disease and the Journal of Alzheimer's Disease Reports respectively - which demonstrate that progress is being made in making much stronger connections between gum disease in the mouth and deteriorating brain function. The studies give a better understanding of the defining Alzheimer's disease lesions on the brain: technically known as amyloid-beta plaques and neurofibrillary tangles.
- Professor of Archaeology at UCLan, Duncan Sayer, worked with colleagues at the Max Planck Institute on the largest study of the early medieval population. The research, published in Nature, found that mass migration into Britain across the North Sea from Germany, the Netherlands and Denmark during the Anglo-Saxon period may have increased continental North West European ancestry to 76% cent in Britain. The hugely significant study analysed DNA from 460 ancient north-western European individuals from 37 archaeological sites; it suggests that migrations from continental Europe influenced the formation of early medieval British society.

The University continues to drive a number of high-profile community engagement projects aimed at raising the aspirations of underprivileged families across the region, as well as inspiring young people to become the leaders and innovators of tomorrow.

Statement of Public Benefit (continued)

The University's Lancashire Science Festival returned in October 2021 after the cancellation of the 2020 event due to the pandemic. The one-day spectacular attracted thousands of youngsters to the Preston Campus and included live shows, demonstrations and hands-on workshops designed to engage young people and inspire the next generation by inspiring them to pursue a career in Science, Technology, Engineering and Maths (STEM) in the future.

Over the last few years (interrupted a little by COVID), the University has also been working with various community groups to help people engage more with nature and local landscapes. Participants included a group of deaf children, autistic young people, disabled adults, school children and college young people. Funding from the Arts and Humanities Research Council for two projects (one in partnership with Edge Hill University) has enabled researchers from the University to take the groups on a variety of different visits to places of natural beauty throughout the North West. Following the visits, the children worked with a variety of local artists to create pieces of art as lasting testimonies to their experiences with nature. The resulting exhibition has travelled around the North West, finishing its journey in October 2022 at Art Gene in Barrow-in-Furness.

UCLan is a strong supporter of the Armed Forces community and reaffirmed this in June 2022 when it re-signed the Armed Forces Covenant. Recognising the value that serving personnel, reservists, veterans and military families bring to the community, the covenant is a written voluntary pledge from businesses and charitable organisations who wish to demonstrate their support. The pledge commits signatories to ensuring members of the armed forces community are treated fairly, and not disadvantaged in their day-to-day lives compared to their peers, especially those who have given the most, such as the injured or the bereaved.

In September 2022, the President of the Law Society of England and Wales opened a new Centre at the University that links students with the local community to offer advice on legal and cybercrime matters. Run by UCLan's students and graduate legal advisers, UCLan's Advice and Resolution Centre (ARC) brings together the well-established Law Clinic, Business Law Clinic, Centre for Mediation and Cybercrime Advice Clinic under one roof so that the local community can easily access a range of advice services.

More widely, UCLan continues to engage with important societal issues such as Equality, Diversity and Inclusion (EDI), mental health, and sustainability. In September 2022, to mark Preston Pride weekend, the University lit up the new Student Centre in rainbow colours, as well as teaming up with a local LGBTQ+ community group to celebrate and explore queer self-expression through an art exhibition, Rainbow Roses. And in June 2022, UCLan was ranked third in the UK for mental health support in the first ever University Mental Health League Table by HUMEN. UCLan was placed in the top three after a survey of more than 7,200 students across 80 universities. In the same month, we announced our divestment from fossil fuels, in line with our commitment to sustainable and ethical investments. This means the University's third-party fund manager will no longer be investing endowments in companies involved in the extraction and/or distribution of fossil fuel reserves or the provision of fossil fuel related energy equipment and services.

Statement of Public Benefit (continued)

Internationally, the University continues to support people who face barriers in accessing Higher Education. By signing up as a supporting organisation of the City of Sanctuary in March 2022, UCLan is officially a welcome place of safety and it will offer sanctuary to people fleeing violence and persecution. As part of its commitment to help, it has created and launched the new Sanctuary Scholarship. The scholarship will waive the three-year undergraduate fees, currently £9,250 per year, and offer a support package up to £5,000 per annum. In response to the ongoing war in Ukraine, the University twinned with Uzhhorod National University (UzhNU) in June 2022. It has agreed to be one of the UK universities who will provide support to UzhNU, helping it to maintain operations during the war and to re-establish the University post-war.

2022 also marked the 30th anniversary of UCLan's successful partnership with Guangdong University of Foreign Studies (GDUFS) in China. UCLan was one of the first foreign universities to set up international cooperation in China after the country's Reform and Opening Up policy. Over the last three decades, more than 2000 students have progressed from GDUFS, which is based in Guangzhou in South China, to obtain their undergraduate degrees at UCLan.

Corporate Governance Statement

Regulation and Charitable Status

The University of Central Lancashire is a Higher Education Corporation (HEC) established under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. The principal regulator is the Office for Students (OfS) and the University is subject to its initial and general ongoing conditions of registration, as defined in the OfS Regulatory Framework for Higher Education in England required under section 75 of the Higher Education and Research Act 2017 (HERA). Under the terms of the Charities Act 2011, the University is also exempt from registration and regulation by the Charity Commission.

The charitable purpose of the University is the advancement of education for the public benefit, and the members of the Board of Governors are also Trustees of the University for the purposes of Charity Law.

Governance arrangements in place throughout the year ended 31 July 2022 and up to the date of approval of the Financial Statements are described below.

Our Approach to Corporate Governance

The University's Instrument and Articles of Government, as approved by the Privy Council, provide the constitutional framework for the University and define its powers. Amongst other things, the Instrument and Articles provide that the University had a Board of Governors (The Board), a Vice-Chancellor and an Academic Board, each with clearly defined objectives and responsibilities.

The University is committed to achieving best practice in all aspects of corporate governance via compliance with the Committee of University Chairs (CUC) Higher Education Code of Governance, and CUC Codes relating to Audit Committees and Senior Staff Remuneration, the OfS's initial and general ongoing Conditions of Registration, the public interest governance principles (accountability, student engagement, academic governance, risk management, value for money, freedom of speech, governing body and fit and proper), and the Seven Principles of Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

Summary of the University's Structure of Corporate Governance

The Board is the Governing Body of the University. The responsibilities of the Board and its Committees are set out in the Instrument and Articles, Statement of Primary Responsibilities, Committee Terms of Reference and by the OfS Regulatory Framework for Higher Education in England and various other statutory regulatory provisions.

The Articles of Government provide that the following key responsibilities are reserved for decision by the Board:

- the determination of the educational character and mission of the University;
- the approval of the annual estimates of income and expenditure;
- ensuring the solvency of the University and the safeguarding of its assets;
- the appointment or dismissal of the Vice-Chancellor, Clerk to the Board, the Chair and Deputy Chair; and
- the varying or revoking of the Articles of Government.

The Board of Governors is led by an Independent Chair and has a majority of independent members. Board members also include the Vice-Chancellor, the President of the Students' Union and two staff members.

The Vice-Chancellor is accountable to the Board and has responsibility for the organisation, direction and management of the University and the leadership of its staff and is the Accountable Officer for the purpose of the OfS Conditions of Registration.

The University has an OfS Compliance Manager within the Governance Team of the Office of the University Secretary and General Counsel. Reports on OfS compliance issues are presented to the Executive Team (Vice-Chancellor's Group) and the Governance, Risk and Nominations Committee of the Board.

Corporate Governance Statement (continued)

Register of Interests

Members of the Board and Vice-Chancellor's Group declare any potential conflicts of interest annually. In addition, they are also asked to declare any specific interests relating to matters on the agenda at each Board and Committee meeting. A Register of Interests of Members of the Board and Vice-Chancellor's Group is maintained by the Office of the University Secretary and General Counsel.

Conduct of Business

During the 2021/22 academic year, the Board met six times.

The Board has appointed Committees and a Working Group, each with agreed Terms of Reference which define their remit, powers and rules for how meetings are conducted.

The Board has the following Committees and Working Group:

- Resources Committee
- Audit Committee
- Governance, Risk and Nominations Committee
- Remuneration Committee
- Urgent Business Committee
- Honorary Awards Committee
- Environmental Working Group

Resources Committee

The Resources Committee is responsible for considering and agreeing (or recommending to the Board) various key financial decisions and documents, including the budget, Financial Statements and capital expenditure plans. The Committee also has oversight of the Estates, Health and Safety, People and Information Technology strategies. The Committee acts on behalf of the University Board in respect of the University's involvement in limited companies and significant developments and joint ventures. The Committee also agrees the terms of the University's Financial Regulations and various related policies and procedures.

The Committee met four times during the 2021/22 academic year and approved three written resolutions.

Audit Committee

The Audit Committee is responsible for reviewing the effectiveness of the University's frameworks of governance, risk management and control and, in doing so, helps to protect the University's reputation and provide assurance to key stakeholders, partners (including the student community) and society more widely. The Committee advises the Board on matters relating to the appointment of both the Internal and External Auditors. It agrees an annual Internal Audit Plan of work that will support the Internal Auditor's overall opinion on governance, risk and control, oversees the work of both Internal and External Auditors and receives regular reports from both on their activities and conclusions. The Committee produces an Annual Report to the Board summarising its work during the year and provides the Board with assurance that the Committee has fulfilled its responsibilities and discharged its functions.

The Committee met three times during the 2021/22 academic year and approved one written resolution.

Governance, Risk and Nominations Committee

The Governance, Risk and Nominations Committee advises the Board on matters relating to the Corporate Governance of the University, in order to ensure compliance with best practice and the OfS regulatory requirements. It is also responsible for monitoring the risk register and the implementation of the risk management processes, as well as supporting and advising the Board in the identification and appointment of new Members of the Board and its Committees and the ongoing development of Board Members.

During the 2021/22 academic year, the Committee led a recruitment process for Independent Board members and recommended the appointment of three new members, whose appointments were approved by the University Board with effect from 1 September 2022.

The Committee met three times during the 2021/22 academic year and approved three written resolutions.

Corporate Governance Statement (continued)

Remuneration Committee

The Remuneration Committee agrees the remuneration and Terms and Conditions of Employment of the Vice-Chancellor and members of the Vice-Chancellor's Group. The Committee also reviews the performance of the Vice-Chancellor.

In line with best practice, the Committee presents an Annual Report to the Board summarising the Committee's work and certain information set out in the CUC Senior Staff Remuneration Code.

The Committee met twice during the 2021/22 academic year.

Urgent Business Committee

The Urgent Business Committee has power to take any decision on behalf of the Board provided that:

- It is not a decision specifically required by legislation and/or the University's Instrument and Articles to be taken by the Board; and
- The Committee is satisfied that the decision sought is urgent and cannot reasonably await consideration at the next meeting of the Board.

The Committee did not meet or approve any written resolutions during the 2021/22 academic year.

Honorary Awards Committee

The Honorary Awards Committee has responsibility for the consideration of nominations for Honorary Fellowships and Doctorates bestowed by the University and it oversees and manages the relevant processes.

The Committee met twice during the 2021/22 academic year and approved one written resolution.

Environmental Working Group

The Environmental Working Group advises the Board and Vice-Chancellor's Group and Deputy Chief Executive on environmental matters affecting the University.

The Group met three times during the 2021/22 academic year.

Review of Corporate Governance and Board Effectiveness

The Board has established its governance arrangements with due regard to the provisions of relevant guidance and good practice, in particular the Higher Education Code of Governance issued by the Committee of University Chairs.

The Board is assisted in ensuring its effectiveness by periodic independent reviews of the University's corporate governance arrangements and its compliance with relevant best practice.

Following the successful conclusion of a recruitment process for Independent Board members in the 2021/22 academic year, the next Governance Effectiveness review is scheduled to be undertaken during the 2022/23 academic year. The review will examine the University's arrangements to ensure compliance with both the CUC's Higher Education Code of Governance and the OfS Conditions of Registration and the findings will be presented to the Governance, Risk and Nominations Committee and the University Board.

Governor Training and Development

The University has an induction process in place for all newly appointed Board Members which is tailored to meet the needs of each individual. In addition, Board Members are given the opportunity to attend training, briefings and events hosted internally or by the Internal and External Auditors or other relevant experts on a range of subjects that may help them undertake their role. The Vice-Chancellor and Vice-Chancellor's Group colleagues also provide relevant updates at each Board meeting and, if necessary, between meetings on any significant issues and/or developments.

Corporate Governance Statement (continued)

Use of Public Funding

The University aims to achieve value for money in its use of resources and publishes a Value for Money Statement.

The Financial Regulations of the University ensure that budget holders within the University operate in compliance with the relevant legislation, within their delegated authority and with propriety. The Financial Regulations reflect the need for efficiency, economy, effectiveness and prudence in the administration of the University's resources.

The University's Financial Regulations were reviewed and approved by the Resources Committee in May 2022.

Transparency

In order to maximise the transparency of the University's corporate governance arrangements, the constitutional documents, Terms of Reference, Board and Executive members' details and Register of Interests, and memberships of Committees and all non-confidential Board Minutes are available online or from the Office of the University Secretary and General Counsel.

Academic Governance

Oversight of academic issues within the University is principally undertaken by the University's Academic Board.

The Academic Board is responsible for:

- General issues relating to the research, scholarship, teaching and courses at the University, including criteria for the admission of students;
- Oversight of the effective implementation of the academic strategies;
- The appointment and removal of internal and external examiners;
- Policies and procedures for assessment and examination of the academic performance of students;
- The content of the curriculum, academic standards, quality of teaching, the student experience and the validation and review

of courses, the procedures for the award of qualifications and honorary academic titles;

- The procedures for the expulsion of students for academic reasons;
- The governance of standards and returns to the OfS and other Professional, Statutory and Regulatory Bodies relating to academic and professional body standards;
- Policies and procedures relating to equality, diversity and inclusion.

In order to provide the University Board with assurance as to academic quality issues in the University, the University Board receives an Annual Report from the Vice-Chancellor on the activities of the Academic Board. In order to further strengthen the oversight of the academic quality and standards, the University Board has appointed two independent Board Members to the Academic Board. These Members also present reports to the University Board on academic quality and related issues.

The Academic Board agreed a revised Academic Governance Manual in June 2022.

Internal Control and Risk Management

The University Board has overall responsibility for ensuring the University's governance, internal control and risk management systems are effective.

The University's internal control system is embedded in ongoing operations, supported by a number of policies and documents approved by the University Board and/or its Committees. These include:

- Financial Regulations
- Risk Management Policy (including Risk Appetite Statement)
- University Risk Register
- Anti-Bribery and Corruption Policy
- Anti-Money Laundering Policy
- Treasury Management Policy and Ethical Investment Policy

Corporate Governance Statement (continued)

- Fraud Response Plan and Public Interest Disclosure Policy
- Fraud Policy Statement

The University has an ongoing process for identifying, evaluating and managing significant risks to the achievement of its objectives. The system of internal control is designed to manage, rather than eliminate, the risk of failure and therefore provides a reasonable, not absolute, assurance of effectiveness. The following arrangements have been in place throughout the year ended 31 July 2022 and up to the date of the approval of the Financial Statements.

The Risk Management Policy is prepared by the Vice-Chancellor's Group and reviewed and agreed by the Governance, Risk and Nominations Committee. It has been extensively reviewed during 2021/22 and the degree of risk the University is willing to accept for each category of risk has been considered in the accompanying Risk Appetite Statement. The Policy has been shared with all Board members.

The Governance, Risk and Nominations Committee regularly reviews the University Risk Register, which is prepared by the Vice-Chancellor's Group and agreed by the Board. The Register includes key risks including financial, corporate, academic, operational and compliance. The likelihood and impact of each risk is assessed and robust prioritisation is applied. The Register sets out the action already taken, further action proposed to mitigate each risk and the direction of travel for each over time. This enables the Governance, Risk and Nominations Committee to consider what further action may be necessary.

The Governance, Risk and Nominations Committee discusses key strategic risks as well as the University Risk Register as a whole. The University Board receives and discusses reports on specific internal control and risk issues. During the period covered by this statement, this has included the Academic Board Annual Assurance Report, the Annual Cyber Security Update and various financial reports, as well as regular reports from Executives on key issues. The Board also receives regular reports from Committee and Working Group Chairs and an Annual Report from the Audit Committee which presents the Committee's review of the effectiveness of internal controls.

An Annual Report is also submitted by the Remuneration Committee summarising the action taken by the Committee over the year, along with various information specified in the CUC Guidance on Senior Pay.

The Resources Committee considers the annual review of the Financial Regulations and related policies, as well as other key financial issues and risks, receiving reports and presentations from the Chief Finance Officer and, where necessary, the Vice-Chancellor or other members of the Vice-Chancellor's Group.

The University's independent Internal Auditor, RSM UK LLP, undertakes a programme of audit reviews and presents reports to each meeting of the Audit Committee. The Internal Audit Annual Report presents the Internal Auditor's opinion on the adequacy and effectiveness of:

- Governance, risk management and control; and
- Economy, efficiency and effectiveness (Value for Money) arrangements.

For 2021/22 the Internal Auditor's Annual Report states that 'The organisation has an adequate and effective framework for risk management, governance, internal control and economy, efficiency and effectiveness. However, work has identified further enhancements to the framework for risk management, governance, internal control and economy, efficiency and effectiveness to ensure that it remains adequate and effective'.

In RSM UK's Annual Report the following are set out in the 'Factors and Findings Which Have Informed Our Opinion' section:

"Governance

To inform our governance opinion for 2021/22, we have taken into consideration the governance related elements of each of the assignment reviews undertaken as part of the 2021/22, internal audit plan, such as the International Partnership Arrangements - China and Hong Kong, Banner Student Information Journey Programme - Implementation Arrangements and Access and Participation Framework for Delivery reviews.

In addition, our governance opinion is informed by our attendance at meetings of the Audit Committee throughout the year. This builds upon

Corporate Governance Statement (continued)

our cumulative knowledge of UCLan's established governance processes through coverage in previous years.

Risk Management

Our risk management opinion for 2021/22 is informed by our assessment of the risk mitigation procedures undertaken in the areas covered by the risk-based reviews completed as part of the 2021/22 internal audit plan, such as the Cyber Security (Selected Controls) and UK Visa and Immigration (UKVI) Compliance - Student Visa reviews.

Furthermore, our risk management opinion is also informed by our attendance at meetings of the Audit Committee. We note that risk management is a priority area for UCLan and the risk management framework continued to evolve during 2021/22.

Internal Control

The results of the internal audit assignment reviews have been taken into consideration in determining our internal control opinion for 2021/22. Of the nine assurance assignments, we concluded that the Board could take 'substantial' assurance in five cases and 'reasonable' assurance in two cases. For the remaining two reviews, we concluded that the Board could take 'partial' assurance in regard to the Cyber Security (Selected Controls) and Estates Management - Planned Maintenance and Reactive Repairs reviews. A total of three 'high' priority, nine 'medium' priority and 13 'low' priority actions have been raised across the nine assurance reviews.

One advisory audit, Follow Up: Apprenticeships Assurance, was also undertaken during 2021/22 with two 'medium' priority and two 'low' priority actions raised.

Economy, Efficiency and Effectiveness

Our economy, efficiency and effectiveness opinion for 2021/22 is informed in part by the value for money related elements embedded in each of the assignment reviews undertaken as part of the 2021/22 internal audit plan. In addition, the outcomes of our Procurement Framework review, which concluded that the Board could take substantial assurance, has been considered.

We recognise the University's continued development and embedding of value for money processes across the organisation in order to

achieve its economy and efficiency objectives which has informed our opinion in respect of economy, efficiency and effectiveness".

The Audit Committee also noted that Management continues to review the completion of all prior years' audit recommendations.

The University's Internal and External Auditors attend each meeting of the Audit Committee and present reports throughout the year. The External Audit Year End Report includes an assessment of the University's control environment and key risks identified during the audit, including findings on the significant risks and other areas of audit focus. The Report confirms that the External Auditor has issued an unmodified Auditor's Report for the Consolidated Financial Statements for the year ended 31 July 2022.

Corporate Governance Statement (continued)

Data Quality

During 2021/22, the Internal Auditor RSM UK reviewed aspects of key areas where quality of data was an overarching factor of importance.

Their audit of the Data Quality Framework – HESA Staff Record concluded that the University could take substantial assurance over the controls in place. The audit work confirmed that the University had established processes in place for the preparation, validation and submission of the annual HESA Staff Record. Through their sample testing, they confirmed that the information included in the HESA Staff Record 2020/21 submission was consistent with the supporting records and student information system for the records tested. No management actions were raised.

Progress in the development and operation of improved systems for the capture and administration of Degree Apprenticeships data was confirmed by the Internal Auditor via a reconciliation exercise which confirmed progress on the resolution of previous quality-linked audit actions.

Audit Committee's Opinion

Based on the information presented to the Audit Committee during the year, the Committee is satisfied with the adequacy and effectiveness of the University's arrangements for:

- Risk management, control and governance;
- Sustainability, economy, efficiency and effectiveness (Value for Money); and
- Management and quality assurance of data submitted to external regulatory agencies including the Higher Education Statistics Agency, the Student Loans Company, the Education and Skills Funding Agency (ESFA), the OfS, Research England and other bodies.

The Audit Committee is satisfied that the control systems in place at the University are generally effective and are operating satisfactorily. Where issues are identified – typically in the course of the work carried out by the Internal Auditor – there is open discussion at the Committee of the matters raised, with senior managers in attendance to explain and to confirm arrangements for remedial

action. Thus, the University Board can rely on the adequacy and effectiveness of the University's arrangements with regard to:

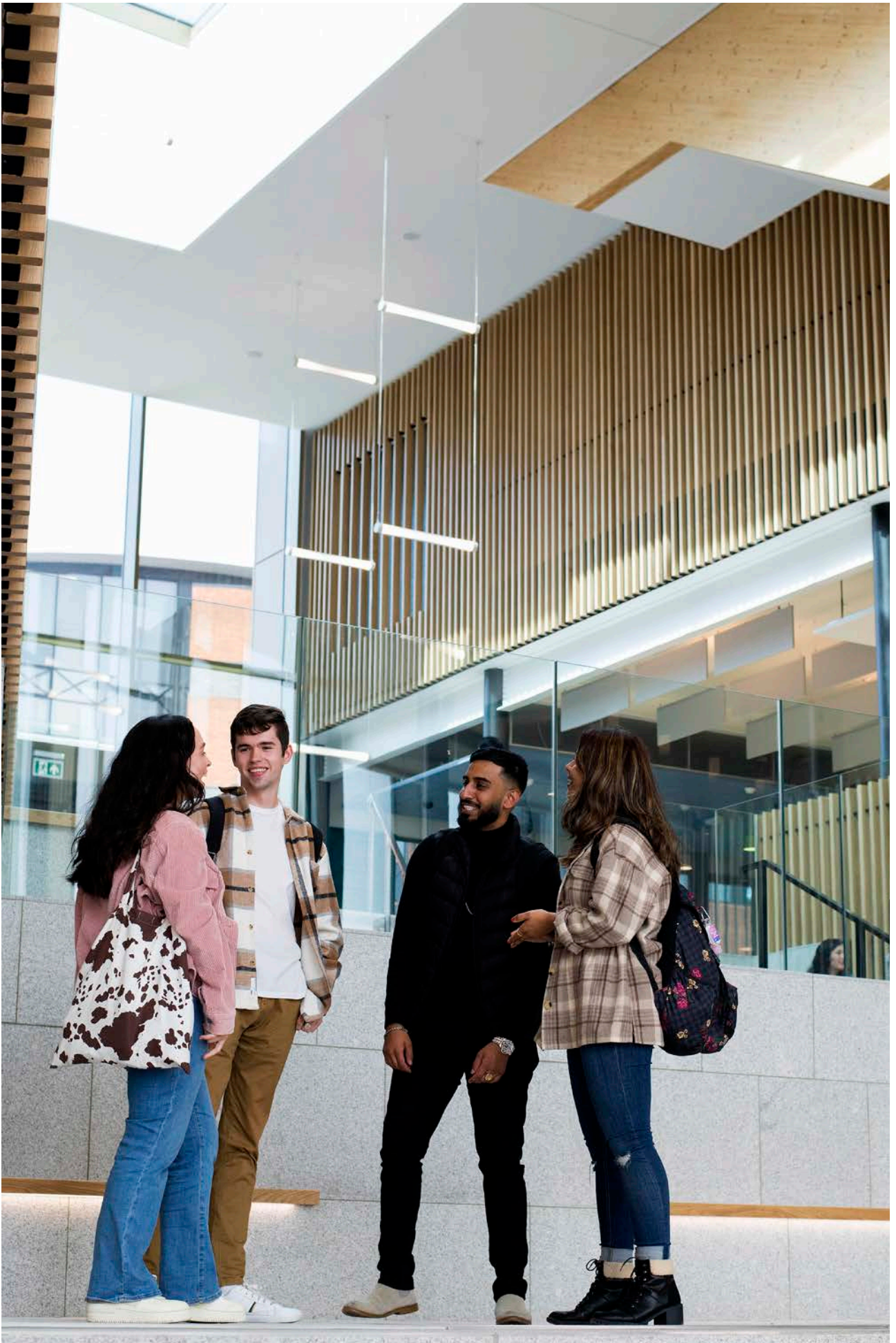
- (a) Risk governance, management and control;
- (b) Sustainability, economy, efficiency and effectiveness (value for money); and
- (c) Management and quality assurance of data submitted to external regulatory agencies and other bodies.

The Internal Auditors provided 'substantial' assurance over five of the nine areas they reviewed during the year, and 'reasonable' assurance over two more.

The review of Cyber Security (Selected Controls) concluded with three 'high' rated recommendations for remedial action and the review of Estates Management (Planned Maintenance and Reactive Repairs) concluded with four 'medium' rated recommendations. This resulted in those reviews receiving only 'partial' assurance. The Audit Committee undertook to monitor closely the progress on remedial measures in relation to the Cyber Security audit and outcomes, and Committee members have direct access to RSM's software application that monitors audit actions.

In 2021/22, the University Board was provided with reports from the Chair of the Audit Committee following meetings of the Committee. The Board also received substantive items during Board meetings, providing assurance that the risk to effective management and internal control arrangements continued to be appropriately identified and addressed.

The Committee is also pleased to note that the University's commitment to increasing sustainability has been bolstered by the work of the Environmental Working Group, which is chaired by a member of the Audit Committee.



Statement of Primary Responsibilities of the Board

1. To set and agree the mission, strategic vision and values of the institution with the Executive.
2. To agree long-term academic and business plans and key performance indicators and ensure that these meet the interests of stakeholders, especially staff, students and alumni.
3. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the strategy, plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
4. To delegate authority to the Vice-Chancellor for the academic, corporate, financial, estate and human resource management of the institution and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice-Chancellor.
5. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk assessment, value for money arrangements and procedures for handling internal grievances and managing conflicts of interest.
6. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
7. To conduct its business in accordance with best practice in Higher Education (HE) corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
8. To safeguard the good name and values of the institution.
9. To appoint the Vice-Chancellor as Chief Executive and to put in place suitable arrangements for monitoring their performance.
10. To appoint a Clerk to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
11. To oversee the University's role as an employer and to be accountable for ensuring that an appropriate People Strategy is established.
12. To be the principal body overseeing financial and business arrangements of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall accountability for the institution's assets, property and estate.
13. To be the institution's chief legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name. This includes compliance with all applicable legislation.
14. To receive assurance that adequate provision has been made for the general welfare of students.
15. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.
16. To ensure that the University complies with its constitution and applicable regulatory framework and conditions, and that appropriate advice is available to enable this to happen.
17. To promote a culture which supports inclusivity and diversity across the institution.
18. To maintain and protect the principles of academic freedom and freedom of speech legislation.
19. To ensure that all students and staff have the opportunity to engage with the governance and management of the institution.

Statement of the Board of Governors' Responsibilities in respect of the Operating and Financial Review and the Financial Statements

The Board of Governors are responsible for preparing the Operating and 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 and Research England's terms and conditions of Research England grant and applicable law and regulations.

They are required to prepare 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 2015 Statement of Recommended Practice - Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students. The Board of Governors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the Group and parent University financial statements, the Board of Governors are 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 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 they either intend 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 proper accounts and proper records in relation to the accounts. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board of Governors are 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;
- funds provided by the Office for Students and Research England 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 Board of Governors is responsible for 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.

Independent Auditor's Report to the Board of Governors of the University of Central Lancashire

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the University of Central Lancashire ("the University") for the year ended 31 July 2022 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, Consolidated and University Balance Sheet, Consolidated and University Statement of Changes in Reserves, Consolidated Cash Flow Statement and related notes, including the 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 2022, 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.

Independent Auditor's Report to the Board of Governors of the University of Central Lancashire (continued)

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 governors and inspection of policy documentation as to the University's high-level policies and procedures to prevent and detect fraud, and the public interest disclosure "whistleblowing" policy as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit Committee 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.

As required by auditing standards, 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 courses delivered over the year end or where payments are received in instalments, is recorded in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and journals posted to cash and turnover that were considered outside of the normal course of business.
- Sample testing tuition fee income for courses spanning the year end and deferred or accrued tuition fee income as to whether it had been recorded in the correct period; and
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-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, through discussion with Board members and other management (as required by auditing standards) and discussed with the management the policies and procedures regarding compliance with laws and regulations.

As the University is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

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.

Independent Auditor's Report to the Board of Governors of the University of Central Lancashire (continued)

Firstly, the Group/University is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), taxation legislation, pensions legislation and specific disclosures required by higher education legislation and regulation, charities legislation and related legislation and 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/University 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 or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: compliance with Higher Education's regulatory requirements of Office for Students (OfS), recognising the regulated nature of the University's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the governors and other 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.

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.

Other information

The Board of Governors is responsible for the other information, which comprises the Operating and Financial Review, the Statement of Public Benefit and the Corporate Governance Statement. 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 31, 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.

Independent Auditor's Report to the Board of Governors of the University of Central Lancashire (continued)

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;
- income has been applied in accordance with the University's articles of government;
- 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 dated 25 October 2019 issued by the Office for Students.

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 9b 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 4 to the financial statements has been materially misstated.

We have nothing to report in these respects.

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 the Charters and Statutes of the University 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.



Timothy Cutler (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peters Square
Manchester
M2 3AE

08/12/2022

Statement of Accounting Policies

1. Basis of preparation

The Group and parent University financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the Higher Education and Research Act 2017, the Accounts Direction issued by the Office for Students (OfS), the terms and conditions of funding for higher education institutions issued by the Office for Students and the terms and conditions of Research England grant.

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and investments). The Group has adopted amendments permitted under FRS 102 paragraphs 29.14A and 29.22A which relate to Gift Aid payments made within charitable groups.

Going concern

The Group and parent University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Operating and Financial Review which forms part of the Board of Governors' Report. The Board of Governors' Report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the Board of Governors consider to be appropriate for the following reasons.

The University has prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements. After reviewing these forecasts the Board of Governors is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19 the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date

of approval of the financial statements (the going concern assessment period).

Forecasts have looked at potential financial impacts from COVID-19, on student recruitment, student progression, other income losses and exceptional expenditure. Stress testing of these forecasts has shown that the University has sufficient cash flows and significant cash reserves to be able to withstand the downside scenarios and meet its commitments.

Consequently, the Board of Governors is confident that the Group and parent University will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition) and in accordance with applicable accounting standards. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards.

These financial statements have been 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 2022. The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income and Expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the University of Central Lancashire Students' Union as the University does not exert control or dominant influence over policy decisions. Associated companies and joint ventures are accounted for using the equity method. For the purposes of consolidation, UCLan (Cyprus) Limited is treated as an associate.

Statement of Accounting Policies (continued)

2. Recognition of income

Income from the sale of goods and 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.

Revenue grants

Revenue government grants including funding council block grant and government research grants are recognised within the Consolidated Statement of Income and Expenditure over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between credits due within one year and due after more than one year as appropriate.

Other grants and donations from non-government sources, including research grants from non-government sources, are recognised within the Consolidated Statement of Comprehensive Income and Expenditure 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 deferred on the Balance Sheet and released to the Consolidated Statement of Comprehensive Income and Expenditure in line with such conditions being met. Investment

income is credited to the statement of income and expenditure on a receivable basis.

Donations and endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income. 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.

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 or other restriction applied to the individual endowment fund.

Donations with no restrictions are recorded within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income. Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

Capital grants

Government grants which relate to the purchase or construction of assets are recorded in income on a systematic basis over the useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance conditions being met.

3. Pension schemes

The two principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) (formerly the Teachers' Superannuation Scheme), for academic staff, and the Local Government Pension Scheme (LGPS), for those staff not included as academic. In addition a small number of academic staff are members of the Universities' Superannuation Scheme (USS). The schemes are defined benefit schemes which are externally funded.

Statement of Accounting Policies (continued)

The TPS is valued every five years by the Government Actuary and the LGPS is valued every three years by a professionally qualified independent actuary. Pension costs are assessed on the latest actuarial valuations of each scheme and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services. Variations from regular cost are spread over the expected remaining working lifetime of members of the schemes after making allowances for future withdrawals.

The USS scheme is a multi-employer scheme and is unable to identify an individual employer's share of assets and liabilities. Consequently, individual employers are unable to apply defined benefit accounting. Section 28 of FRS 102 states that if sufficient information is not available to use defined benefit accounting for a multi-employer plan that is a defined benefit plan, an entity shall account for the plan as if it was a defined contribution plan.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the employer pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The University's net obligation in respect of defined benefit pension plans (and other post-employment benefits) is calculated (separately for each plan) by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) (and any unrecognised past service costs) are deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in sterling and having maturity dates approximating to the term of the University's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the calculation results in a benefit to the University, the recognised asset is limited to the total of any unrecognised past service costs and the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

4. 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 liability expected to arise as a result of the unused entitlement.

5. Finance 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 accounted for as described below.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

6. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

7. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at

Statement of Accounting Policies (continued)

the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. 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 the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity.

8. Maintenance of premises

The cost of all maintenance is charged to the income and expenditure account as incurred.

9. Intangible fixed assets

Intangible software assets purchased separately or developed within the University are initially recognised at cost.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment.

Intangible assets are amortised on a straight line basis over their estimated useful life of five years from initial use of the asset.

If there are indicators that the residual value or useful life of an intangible asset has changed

since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ, the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

10. Tangible fixed assets

a) Land and buildings

Land and buildings are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses.

Certain land and buildings that had been revalued to fair value on or prior to 31 July 2014, the date of transition to SORP 2015/FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a tangible fixed asset have different useful lives they are accounted for as separate items of assets.

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life of 50 years. Leasehold buildings are amortised over 50 years or, if shorter, the life of the lease.

Where land and buildings are acquired with the aid of government grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the Statement of Comprehensive Income and Expenditure over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

A review for impairment of a tangible fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the tangible fixed asset may not be recoverable.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

Costs incurred in relation to land and buildings after the initial purchase or construction are capitalised to the extent that they are expected to derive future benefits to the University.

Statement of Accounting Policies (continued)

b) Equipment

Equipment costing less than £10,000 per individual item or in the same category of items is written off to the Statement of Comprehensive Income and Expenditure in the year of acquisition. Capitalised equipment is depreciated over its useful economic life as follows:

Motor vehicles and general equipment	-	20% per annum
Computer equipment	-	33% per annum
Equipment acquired for specific projects	-	Project life

Where equipment is acquired with the aid of specific government grants it is capitalised and depreciated in accordance with the above accounting policy, with the related grant being credited to a deferred capital grant account and released to the Statement of Comprehensive Income and Expenditure over the useful economic life of the related equipment.

c) Borrowing costs

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

11. 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 as at 31 July each year.

12. Investments

Both non-current and current asset investments are held on the Balance Sheet at fair value with movements recognised in the Consolidated Statement of Comprehensive Income and Expenditure.

Investments in subsidiaries and associates are carried at cost less any impairment in the University's accounts.

13. Stocks and work in progress

Stocks and work in progress are valued at lower of cost and net realisable value.

14. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash with insignificant risk of change in value.

15. Provisions and contingent liabilities

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 the 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.

Statement of Accounting Policies (continued)

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet, but are disclosed in the notes.

16. Taxation status

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

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

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

Deferred tax is provided in full on timing differences which result in an obligation at the Balance Sheet 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 more likely than not to be recovered, and hence are not recognised. Deferred tax assets and liabilities are not discounted.

17. Accounting for associates

The University accounts for its share of associates using the equity method.

18. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The University has a number of basic financial instruments included on its Balance Sheet with associated income and expense recognised as part of the Consolidated Statement of Income and Expenditure. A financial asset or a financial liability is recognised when the University becomes party to the contractual provisions of the instrument. At inception, they are measured at either transaction price or the discounted present value of the asset or liability subject to the nature of the transaction. Subsequent measurement at each Balance Sheet date will be at cost or amortised cost using the effective interest method and are subject to an annual impairment review as detailed in FRS 102.



Consolidated Statement of Comprehensive Income and Expenditure

Year Ended 31 July 2022

	Note	Year Ended 31 July 2022		Year Ended 31 July 2021	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	197,369	196,469	193,205	192,063
Funding body grants	2	38,365	33,533	35,869	31,243
Research grants and contracts	3	9,562	9,738	7,520	7,702
Other income	4	32,040	31,378	28,134	27,467
Investment income	5	621	475	336	204
Total income		<u>277,957</u>	<u>271,593</u>	<u>265,064</u>	<u>258,679</u>
Expenditure					
Staff costs	6	175,281	170,056	163,966	158,700
Other operating expenses	7	86,880	85,950	78,497	78,272
Depreciation and amortisation	11, 12	11,681	11,397	9,249	8,930
Interest and other finance costs	8	3,321	3,277	4,518	4,482
Total expenditure	9a	<u>277,163</u>	<u>270,680</u>	<u>256,230</u>	<u>250,384</u>
Surplus/(deficit) before other gains/(losses)		794	913	8,834	8,295
Gain/(loss) on investment property valuation		(120)	-	(50)	-
Gain/(loss) on investments		(49)	-	245	-
Profit/(loss) on sale of tangible fixed assets		1	1	6	-
Surplus/(deficit) before tax		626	914	9,035	8,295
Taxation	10	(117)	(101)	85	99
Surplus/(deficit) for the year		509	813	9,120	8,394
Actuarial gain/(loss) in respect of pension schemes	25	152,310	151,542	31,917	31,493
Total comprehensive income/ (expenditure) for the year		<u>152,819</u>	<u>152,355</u>	<u>41,037</u>	<u>39,887</u>

The accompanying notes form an integral part of these financial statements.

Consolidated and University Statement of Changes in Reserves

Year Ended 31 July 2022

Consolidated	Income and expenditure account	Revaluation reserve	Total
	<i>Unrestricted</i>		
	£'000		
Balance at 1 August 2021	87,580	94,322	181,902
Surplus/(deficit) from the income and expenditure statement	509	-	509
Other comprehensive income/ (expenditure)	152,310	-	152,310
Transfers between revaluation and income and expenditure reserve	2,177	(2,177)	-
Change in treatment on consolidation	454	-	454
Balance at 31 July 2022	243,030	92,145	335,175

University	Income and expenditure account	Revaluation reserve	Total
	<i>Unrestricted</i>		
	£'000		
Balance at 1 August 2021	80,591	93,857	174,448
Surplus/(deficit) from the income and expenditure statement	813	-	813
Other comprehensive income/ (expenditure)	151,542	-	151,542
Transfers between revaluation and income and expenditure reserve	2,177	(2,177)	-
Balance at 31 July 2022	235,123	91,680	326,803

The accompanying notes form an integral part of these financial statements.

Consolidated and University Statement of Changes in Reserves (continued)

Consolidated	Income and expenditure account	Revaluation reserve	Total
	<i>Unrestricted</i>		
	£'000	£'000	£'000
Balance at 1 August 2020	44,939	95,926	140,865
Surplus/(deficit) from the income and expenditure statement	9,120	-	9,120
Other comprehensive income/ (expenditure)	31,917	-	31,917
Transfers between revaluation and income and expenditure reserve	1,604	(1,604)	-
Balance at 31 July 2021	87,580	94,322	181,902

University	Income and expenditure account	Revaluation reserve	Total
	<i>Unrestricted</i>		
	£'000	£'000	£'000
Balance at 1 August 2020	39,100	95,461	134,561
Surplus/(deficit) from the income and expenditure statement	8,394	-	8,394
Other comprehensive income/ (expenditure)	31,493	-	31,493
Transfers between revaluation and income and expenditure reserve	1,604	(1,604)	-
Balance at 31 July 2021	80,591	93,857	174,448

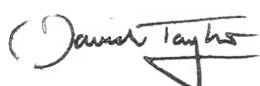
The accompanying notes form an integral part of these financial statements.

Consolidated and University Balance Sheet

	Note	2022		2021	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Intangible assets	11	5,499	5,499	3,381	3,381
Tangible assets	12	334,793	328,585	331,832	326,196
Investments	13	1,677	2,158	1,448	1,883
		<u>341,969</u>	<u>336,242</u>	<u>336,661</u>	<u>331,460</u>
Current assets					
Stock	14	57	27	44	11
Trade and other receivables	15	46,318	45,814	30,581	29,457
Investments	16	40,522	40,522	10,516	10,516
Cash and cash equivalents	21	<u>102,437</u>	<u>97,333</u>	<u>83,639</u>	<u>79,053</u>
		<u>189,334</u>	<u>183,696</u>	<u>124,780</u>	<u>119,037</u>
Less: creditors amounts falling due within one year	17	<u>88,788</u>	<u>87,134</u>	<u>64,250</u>	<u>62,979</u>
Net current assets		<u>100,546</u>	<u>96,562</u>	<u>60,530</u>	<u>56,058</u>
Total assets less current liabilities		<u>442,515</u>	<u>432,804</u>	<u>397,191</u>	<u>387,518</u>
Creditors: amounts falling due after more than one year	18	87,467	87,464	58,233	58,229
Provisions					
Pension provisions	20	19,873	18,537	156,782	154,567
Other	20	-	-	274	274
Total net assets		<u>335,175</u>	<u>326,803</u>	<u>181,902</u>	<u>174,448</u>
Unrestricted reserves					
Income and expenditure reserve		243,030	235,123	87,580	80,591
Revaluation reserve		92,145	91,680	94,322	93,857
Total reserves		<u>335,175</u>	<u>326,803</u>	<u>181,902</u>	<u>174,448</u>

The accompanying notes form an integral part of these financial statements

The financial statements on pages 36 to 71 were approved by the Board on 24 November 2022 and were signed on its behalf by:



D Taylor
Chair of the Board



G Baldwin
Vice-Chancellor

Consolidated Cash Flow Statement

Year ended 31 July 2022

	Note	2022 £'000	2021 £'000
Cash flow from operating activities			
Surplus/(deficit) for the year		509	9,120
Adjustment for non-cash items			
Depreciation	12	10,926	8,982
Amortisation	11	755	267
(Gain)/loss on investments	13	49	(245)
(Increase)/decrease in stock	14	(13)	(5)
Decrease in debtors	15	(16,028)	2,859
Increase in creditors	17	24,612	8,741
Increase in pension provision	25	15,400	12,510
Increase/(decrease) in other provisions	20	(274)	274
Adjustment for investing or financing activities			
Investment income	5	(621)	(336)
Interest payable	8	3,321	4,518
Profit on the sale of tangible fixed assets		(1)	(6)
Capital grant income (deferred grants released)		(2,099)	(1,967)
Revaluation of investment properties	12	120	50
Net cash inflow from operating activities		36,656	44,762
Cash flows from investing activities			
Proceeds from sales of tangible fixed assets		1	42
Capital grants receipts		1,226	1,534
Investment income		418	374
Payments made to acquire intangible fixed assets	11	(2,873)	(1,757)
Payments made to acquire tangible fixed assets	12	(13,091)	(35,558)
Net purchase/disposal of investments		(30,284)	7
Receipts from short-term deposits		0	10,989
		(44,603)	(24,369)
Cash flows from financing activities			
Interest paid		(3,255)	(4,572)
Repayments of amounts borrowed		0	(6,225)
Bank loans received		30,000	0
Cash withdrawn from investment		0	69
		26,745	(10,728)
Increase in cash and cash equivalents in the year	21	18,798	9,665
Cash and cash equivalents at beginning of the year		83,639	73,974
Cash and cash equivalents at end of the year		102,437	83,639

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

Year ended 31 July 2022

	2022		2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
1. Tuition fees				
UK students	128,487	127,587	134,517	133,375
EU students	3,233	3,233	5,646	5,646
International students	63,168	63,168	50,944	50,944
Education contracts	2,481	2,481	2,098	2,098
	<u>197,369</u>	<u>196,469</u>	<u>193,205</u>	<u>192,063</u>
2. Funding body grants				
Recurrent grant				
Office for Students	14,413	14,413	12,090	12,090
Research England	5,480	5,480	4,027	4,027
Education & Skills Funding Agency	12,563	7,731	11,473	6,847
Specific grants				
Selective initiatives	2,138	2,138	4,417	4,417
Higher Education Innovation Fund	2,571	2,571	2,756	2,756
Capital grant	1,200	1,200	1,106	1,106
	<u>38,365</u>	<u>33,533</u>	<u>35,869</u>	<u>31,243</u>
3. Research				
Research Council	1,184	1,184	1,624	1,624
UK charities	845	1,021	688	870
UK Government and other bodies	3,872	3,872	2,474	2,474
UK industry and commerce	568	568	527	527
EU Government and other bodies	2,450	2,450	1,870	1,870
Other	474	474	207	207
Capital grant	169	169	130	130
	<u>9,562</u>	<u>9,738</u>	<u>7,520</u>	<u>7,702</u>
4. Other income				
Residences, catering, conferences	5,919	5,860	4,745	4,701
Other income generating activity	18,232	17,567	16,282	16,050
Other capital grants	730	730	730	730
Other services rendered	2,968	2,968	3,091	3,091
Rental income	766	457	813	546
Other income	3,425	3,796	2,473	2,349
	<u>32,040</u>	<u>31,378</u>	<u>28,134</u>	<u>27,467</u>

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

	2022		2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Note: The source of grant and fee income included in notes 1-4 above is as follows:				
Grant income from the OfS	16,726	16,726	15,122	15,122
Grant income from other bodies	21,639	16,807	20,747	16,121
Fee income for taught awards (exclusive of VAT)	195,995	195,095	191,435	190,293
Fee income for research awards (exclusive of VAT)	1,374	1,374	1,770	1,770
Fee income from non-qualifying courses (exclusive of VAT)	2,218	1,318	2,528	1,603
Total grant and fee income	<u>237,952</u>	<u>231,320</u>	<u>231,602</u>	<u>224,909</u>
5. Investment income				
Other investment income	621	475	336	204
	<u>621</u>	<u>475</u>	<u>336</u>	<u>204</u>
6. Staff costs				
Salaries	125,986	121,292	119,769	115,046
Social security costs	12,914	12,551	11,955	11,590
Pension costs	35,794	35,631	31,685	31,510
Apprenticeship levy	587	582	557	554
Total costs	<u>175,281</u>	<u>170,056</u>	<u>163,966</u>	<u>158,700</u>

Staff costs above includes severance costs of £1.2m relating to 35 persons (2021: £2.0m relating to 78 persons).

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

6. Staff costs (continued)

Emoluments of the Head of Institution	2022 £'000	2021 £'000
Vice-Chancellor - Professor G Baldwin		
Salary	284	280
	284	280

The University of Central Lancashire is one of the UK's largest universities, with a turnover of £278m per annum and over 35,000 students learning and engaging with the University across a number of UK and overseas campuses. In Preston the University is a major civic institution, employing more than 3,000 people, offering learning opportunities and partnerships for a significant proportion of the population and local businesses. In setting the Vice-Chancellor's salary, however, the University is also mindful that Preston is in the county of Lancashire which has a number of economic challenges to face, including a rural economy, unemployment and a growing elderly population. The county lacks some of the high value financial and professional service sectors that would bring wealth and higher salaries into the region. Average earnings therefore tend to be below the national average.

The salary of the Vice-Chancellor is benchmarked against local providers and the national average. The role of the Vice-Chancellor is to head a large and complex organisation which delivers accessible education for many students for whom University may not be an obvious choice. A significant proportion of students come from the local area, and graduate with skills which feed into local workforce development and contribute to the regional economy as many choose to remain local. The wide ranging curriculum requires a Vice-Chancellor able to engage with the NHS, with industry, with other educators,

with local and national government and with regulatory bodies and the salary recognises those attributes, without being above national or local benchmarks. The contribution that the University makes to its students and staff, to the local regional economy, and to the tax payer more generally is a key objective for the Vice-Chancellor and a contributing factor to their pay level.

The periodic review of the salary by the Remuneration Committee also considers the performance of the Vice-Chancellor against relevant appraisal targets. It should also be noted that the Vice-Chancellor's current remuneration comprises salary only, with no additional benefits (such as house, car, pension etc.).

As to the decision making process, the Terms of Reference of the Remuneration Committee provide that the Committee shall comprise of at least three independent Members of the Board. Additionally, during the consideration of Senior Executive remuneration issues, the Board member nominated by the Students' Union is also a member of the Committee. The Vice-Chancellor is not a member of the Committee and attends meetings by invitation only in order to report on the performance of other staff. The Committee has also commissioned independent remuneration specialists to provide advice and assistance on senior pay and related issues.

Pay ratio of the Head of Institution compared to the median pay of staff	2022 Pay multiple	2021 Pay multiple
Basic salary of the Vice-Chancellor compared to the median of staff	7.6	7.8
Total remuneration of the Vice-Chancellor compared to the median of staff	6.3	6.5

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

6. Staff costs (continued)

Basic salary of higher paid staff, excluding employer's pension contributions:	Number	Number
£100,000 to £104,999	9	2
£105,000 to £109,999	3	3
£110,000 to £114,999	1	2
£115,000 to £119,999	2	1
£120,000 to £124,999	2	1
£125,000 to £129,999	-	1
£130,000 to £134,999	1	-
£140,000 to £144,999	3	5
£150,000 to £154,999	1	-
£155,000 to £159,999	-	1
£160,000 to £164,999	-	1
£175,000 to £179,999	1	-
£280,000 to £284,999	1	1
	24	18

Compensation recorded within staff costs relating to two senior post holders for loss of office amounted to £451k (2021: £0).

Average staff numbers by major category:	2022 FTE	2021 FTE
Academic	1,747	1,628
Academic Support	444	385
Administration & Central Services	527	535
Premises	179	187
Other	128	153
	3,025	2,888

	£'000	£'000
Key management personnel costs	2,248	1,918

The number of staff whose costs are included in key management personnel costs above was 10 (2021: 10). Key management personnel are classed as those staff who form part of the University's Vice-Chancellor's Group who have authority and responsibility for planning, directing and controlling the activities of the University.

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

	2022		2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
7. Other operating expenses				
Premises costs	13,132	12,587	5,623	5,224
International Student Recruitment	9,437	9,394	6,663	6,636
Repairs and general maintenance	8,003	7,871	5,158	5,046
Professional services	7,867	7,580	9,794	9,597
Student bursaries and expenses	7,681	7,673	8,762	8,753
Furniture and equipment	6,342	6,263	4,695	4,514
Placements/Educational visits	4,739	4,739	4,001	4,001
Consumables and laboratory expenditure	3,778	3,470	3,060	2,806
Residences, catering and conference expenses	3,674	3,619	3,382	3,344
Franchised courses	2,815	2,815	3,909	3,909
Academic learning materials	2,766	2,766	2,778	2,778
Subscriptions and donations	2,517	3,346	2,499	3,653
Advertising and publicity	2,497	2,438	2,378	2,310
Travel, subsistence and conference fees	2,161	2,086	193	163
Licences	2,150	2,150	1,897	1,896
Grants to Students' Union	1,320	1,320	1,287	1,287
Charge for bad and doubtful debt	1,252	1,096	6,523	6,432
Other expenses	4,749	4,737	5,895	5,923
	86,880	85,950	78,497	78,272
Other operating expenses above include:				
External auditor's remuneration: audit related fees	152	96	140	93
External auditor's remuneration: audit related fees on overseas subsidiary entities	19	-	22	-
External auditor's remuneration: tax services	-	-	7	7
External auditor's remuneration: advisory services	79	79	21	21
Internal auditor's remuneration: audit and other services	75	75	78	78

The overseas subsidiary entities are audited by separate legal entities to the auditor of the remainder of the University Group, KPMG LLP, although remaining within the KPMG global network.

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

	2022		2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
8. Interest and other finance costs				
Loan interest	707	707	1,640	1,643
Net charge on pension scheme	2,614	2,570	2,878	2,839
	<u>3,321</u>	<u>3,277</u>	<u>4,518</u>	<u>4,482</u>
9a. Analysis of total expenditure by activity				
Academic and related expenditure	130,919	122,822	112,627	109,155
Academic support services	24,604	26,497	29,204	29,457
Administration and central services	57,640	53,699	63,491	60,976
Premises (including service concession cost)	27,728	26,986	16,593	16,209
Residences, catering and conferences	4,376	4,430	4,506	4,415
Research grants and contracts	6,843	9,611	7,718	7,718
Other expenses	25,053	26,635	22,091	22,454
	<u>277,163</u>	<u>270,680</u>	<u>256,230</u>	<u>250,384</u>
9b. Access and Participation				
Access Investment	1,014	1,156	1,029	1,029
Financial Support	5,974	5,926	6,080	6,080
Disability Support	1,340	1,340	1,041	1,041
Research and Evaluation	156	156	90	90
	<u>8,484</u>	<u>8,578</u>	<u>8,240</u>	<u>8,240</u>

£2,402k (2021: £2,161k) of these costs are already included in the overall staff costs figures included in the financial statements (see note 6).

The University has published its access and participation plans online:
www.uclan.ac.uk/values-and-initiatives/widening-participation

10. Taxation				
Current tax expense recognised in the statement of comprehensive income	117	101	(85)	(99)
	<u>117</u>	<u>101</u>	<u>(85)</u>	<u>(99)</u>

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

11. Intangible assets	Consolidated	University
Software	£'000	£'000
Cost		
At 1 August 2021	3,648	3,648
Additions in the year	2,873	2,873
At 31 July 2022	6,521	6,521
Amortisation		
At 1 August 2021	267	267
Charge for the year	755	755
At 31 July 2022	1,022	1,022
Net Book Value		
At 31 July 2022	5,499	5,499
At 31 July 2021	3,381	3,381

The additions during the year relates to both the ongoing purchase and internal development of software intangible assets. The amortisation period is 5 years from the date of initial use of the completed asset.

12. Tangible Assets	Freehold Land and Buildings	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Investment Properties	Total
	£'000	£'000	£'000	£'000	£'000
Consolidated					
Cost or valuation					
At 1 August 2021	376,952	53,895	8	1,395	432,250
Additions	7,599	4,136	1,356	-	13,091
Revaluation	-	-	-	(120)	(120)
Disposals	-	(10)	-	-	(10)
Transfers	(8)	85	(93)	-	(16)
Change in treatment on consolidation	916	-	-	-	916
At 31 July 2022	385,459	58,106	1,271	1,275	446,111
Depreciation					
At 1 August 2021	55,439	44,979	-	-	100,418
Charge for the year	7,204	3,722	-	-	10,926
Disposals	-	(10)	-	-	(10)
Transfers	(16)	-	-	-	(16)
At 31 July 2022	62,627	48,691	-	-	111,318
Net book value					
At 31 July 2022	322,832	9,415	1,271	1,275	334,793
At 31 July 2021	321,513	8,916	8	1,395	331,832

At 31 July 2022, freehold land and buildings included £24,478k (2021 - £24,478k) in respect of freehold land which is not depreciated.

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

12. Tangible Assets (continued)	Freehold Land and Buildings	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Investment Properties	Total
	£'000	£'000	£'000	£'000	£'000
University					
Cost or valuation					
At 1 August 2021	368,621	51,550	8	225	420,404
Additions	7,581	4,094	1,356	-	13,031
Disposals	-	(10)	-	-	(10)
Transfers	(8)	85	(93)	-	(16)
At 31 July 2022	376,194	55,719	1,271	225	433,409
Depreciation					
At 1 August 2021	50,762	43,446	-	-	94,208
Charge for the year	7,050	3,592	-	-	10,642
Disposals	-	(10)	-	-	(10)
Transfers	(16)	-	-	-	(16)
At 31 July 2022	57,796	47,028	-	-	104,824
Net book value					
At 31 July 2022	318,398	8,691	1,271	225	328,585
At 31 July 2021	317,859	8,104	8	225	326,196

At 31 July 2022, freehold land and buildings included £23,992k (2021 - £23,992k) in respect of freehold land which is not depreciated.

13. Non-Current Investments	Subsidiary companies	Other fixed assets investments	Total
	£'000	£'000	£'000
Consolidated			
At 1 August 2021	-	1,448	1,448
Additions	-	401	401
Fair value adjustments	-	(49)	(49)
Disposals	-	(123)	(123)
At 31 July 2022	-	1,677	1,677
University			
At 1 August 2021	1,849	34	1,883
Additions	-	275	275
Disposals	-	-	-
At 31 July 2022	1,849	309	2,158

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

13. Non-Current Investments (continued)	Proportion held by the University	Share of net assets / (liabilities)	
		2022 £'000	2021 £'000
Associate			
Name of Associate			
UCLan Cyprus Limited	51%		
Balance as at 1 August		-	-
Losses in year		(2,041)	(1,856)
Advances to associate made in year		452	534
Provision		(452)	(534)
Write back losses in excess of investment *		2,041	1,856
Balance as at 31 July		-	-

* In accordance with Section 14.8 (h) of FRS102 losses in excess of investment have not been recognised.

Investment in subsidiaries

The subsidiary companies, wholly-owned or effectively controlled by the University, are as follows:

Subsidiary undertakings	Percentage of Issued Shares Held	Country of Operation and Incorporation	Principal Activity
Owned by University			
Centralan Holdings Limited	100%	Great Britain	Holding company
Delonore Limited	100%	Cyprus	Holding company
Training 2000 Limited	100%*	Great Britain	Education and training
UCLan Community Dentists Limited	100%*	Great Britain	Dental Clinic
Westlakes Research Limited	100%*	Great Britain	Research
UCLan Professional Services Limited	100%*	Great Britain	Professional services
Owned by Centralan Holdings Limited			
UCLan Business Services Limited	100%	Great Britain	Consultancy and training
UCLan (Overseas) Limited	100%	Great Britain	Overseas activities
Owned by UCLan (Overseas) Limited			
UCLan Cyprus Limited	51%	Cyprus	Higher education
UCLan (HK) Limited	100%	Hong Kong	Holding company
UCLan Lanka (Private) Limited	100%	Sri Lanka	Holding company
UCLan (Thailand) Company Limited	49%	Thailand	Investment
Owned by UCLan (HK) Limited			
UCLan Technology (Shenzhen) Limited	100%	China	Research
Dissolved during the year by UCLan Business Services Limited			
UCLan Dental Clinic Limited	100%	Great Britain	Dormant

*Limited by guarantee

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

	2022		2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
14. Stock				
General consumables	57	27	44	11
	<u>57</u>	<u>27</u>	<u>44</u>	<u>11</u>
15. Trade and other receivables				
Amounts falling due within one year:				
Other trade receivables	24,469	24,952	15,819	15,115
Other receivables	1,360	963	614	614
Prepayments and accrued income	20,489	19,570	14,148	13,346
Amounts due from subsidiary companies	-	329	-	382
	<u>46,318</u>	<u>45,814</u>	<u>30,581</u>	<u>29,457</u>
16. Current Investments				
Short-term deposits	40,522	40,522	10,516	10,516
	<u>40,522</u>	<u>40,522</u>	<u>10,516</u>	<u>10,516</u>

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

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

	2022		2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
17. Creditors: amounts falling due within one year				
Secured loans	-	-	-	-
Deferred capital grants	2,080	2,080	2,032	2,032
Annual leave accrual	5,676	5,548	6,000	5,878
Trade payables	8,188	7,647	4,051	3,713
Social security and other taxation payable	6,800	6,512	6,250	6,092
Accruals and deferred income	61,376	60,455	44,466	43,840
Group creditors	-	433	-	201
Other creditors	4,668	4,459	1,451	1,223
	<u>88,788</u>	<u>87,134</u>	<u>64,250</u>	<u>62,979</u>
18. Creditors: amounts falling due after more than one year				
Deferred capital grants	57,312	57,309	58,233	58,229
Secured loans	30,155	30,155	-	-
	<u>87,467</u>	<u>87,464</u>	<u>58,233</u>	<u>58,229</u>
Analysis of secured and unsecured loans:				
Due within one year (Note 17)	-	-	-	-
Due between one and two years	-	-	-	-
Due between two and five years	-	-	-	-
Due in five years or more	30,155	30,155	-	-
Due after more than one year	<u>30,155</u>	<u>30,155</u>	-	-
Total secured and unsecured loans	<u>30,155</u>	<u>30,155</u>	-	-

There were no secured loans reported in 2021.

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

	2022		2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
19. Financial instruments				
Financial assets measured at cost less impairment:				
Cash and cash equivalents	102,437	97,333	83,639	79,053
Investments (non-current)	1,677	2,158	1,448	1,883
Investments (current)	40,522	40,522	10,516	10,516
Trade and other receivables	25,829	26,244	21,007	20,798
	<u>170,465</u>	<u>166,257</u>	<u>116,610</u>	<u>112,250</u>
Financial liabilities measured at amortised cost:				
Loans	30,155	30,155	-	-
Trade and other payables	8,188	7,647	4,051	3,713
	<u>38,343</u>	<u>37,802</u>	<u>4,051</u>	<u>3,713</u>

The principal financial instruments are cash and investments. Additionally, there are financial assets and liabilities arising directly from operations, for example trade debtors and trade creditors. Financial risk is managed through the Treasury Management Group that sets and oversees investment and treasury policy.

20. Provisions for liabilities	At 1 August 2021	Utilised in Year	Additions in Year	At 31 July 2022
Consolidated and University	£'000	£'000	£'000	£'000
Obligation to fund deficit on USS pension	1,156	(66)	2,805	3,895
Pension enhancements on termination	5,388	(420)	93	5,061
Defined benefit obligations (Note 25)	148,023	(138,442)	-	9,581
Other	274	(274)	-	-
Total provisions - University	154,841	(139,202)	2,898	18,537
Subsidiary pension provision	2,215	(879)	-	1,336
Total provisions - Consolidated	<u>157,056</u>	<u>(140,081)</u>	<u>2,898</u>	<u>19,873</u>

USS deficit

The obligation to fund the past deficit on the Universities' 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.

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

21. Cash and cash equivalents	At 1 August 2021 £'000	Cash Flows £'000	At 31 July 2022 £'000
Consolidated	83,639	18,798	102,437
University	79,053	18,280	97,333

22. Capital and other commitments Provision has not been made for the following capital commitments at 31 July 2022:	2022		2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	5,903	5,903	5,074	5,074
	5,903	5,903	5,074	5,074

23. Contingent Liabilities

The University Group has given written undertakings to support several of its subsidiary undertakings.

24. Lease Obligations	Land and Buildings	Plant and Machinery	2022 Total	2021 Total
Total rentals payable under operating leases:	£'000	£'000	£'000	£'000
Consolidated				
Payable during the year	1,134	294	1,428	2,774
Future minimum lease payments due:				
Not later than one year	1,379	309	1,688	1,458
Later than one year and not later than five years	271	23	294	451
Later than five years	4,145	-	4,145	4,195
Total lease payments due	5,795	332	6,127	6,104
University				
Payable during the year	1,047	268	1,315	2,635
Future minimum lease payments due:				
Not later than one year	1,418	279	1,697	1,472
Later than one year and not later than five years	522	4	526	649
Later than five years	756	-	756	882
Total lease payments due	2,696	283	2,979	3,003

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

25. Pension Schemes

Different categories of staff were eligible to join one of six different schemes:

- Teachers' Pension Scheme (TPS)
- Local Government Pension Scheme (LGPS)
- Universities' Superannuation Scheme (USS)
- The Training 2000 Limited Retirement and Death Benefit Scheme (T2K)
- A defined contribution (DC) scheme operated by Royal London (RL)
- A DC scheme operated by Scottish Widows (SW)

TPS is an unfunded defined benefit pension scheme where contributions payable are credited to the Exchequer and a notional set of investments maintained. The pension cost is assessed every five years by the Government Actuary. Membership is open to all academic staff of the University.

LGPS is a funded defined benefit scheme, with assets held in separate trustee administered funds. All non-academic staff employed by the University prior to 31 July 2021 were eligible to join the scheme.

The University has a strictly limited membership of the Universities' Superannuation Scheme (USS) to cover a small number of staff who have transferred from other institutions where they were already members of that scheme.

Since August 2021, new employees of the University Group other than academic staff have been employed by UCLan Professional Services Limited (UPSL). The DC scheme operated by Royal London (RL) is open to these staff.

Training 2000 Limited staff employed before 1 November 2006 were eligible to join the T2K scheme.

The DC scheme operated by Scottish Widows (SW) is open to staff of Training 2000 Limited who started after the closure of the T2K scheme.

(i) The Universities' Superannuation Scheme

The institution participates in the 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 profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the profit and loss account.

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 the 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) and the resulting expense in profit or loss in accordance with Section 28 of FRS 102. The Trustees are satisfied that the 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 the financial statements.

Pension Costs

The total cost charged to the profit and loss account is £2,739k (2021: £453k) and deficit recovery contributions due within one year for the University are £201k (2021: £149k). The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2020 (the valuation date), which was carried out using the projected unit method. Since the 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 adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

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

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

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

25. Pension Schemes (continued)

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

Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females.
Future improvements to mortality	CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5%pa 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:

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

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

	2022	2021
Discount rate	0.89%	0.87%
Pensionable salary growth	3.60%	3.37%

(ii) Local Government Pension Scheme (Retirement Benefits) Disclosure for the accounting period ending 31 July 2022

The LGPS is a funded defined benefit scheme, with assets held in separate trustee administered funds. The last formal triennial actuarial valuation of the scheme was performed as at 31 March 2019 by a professionally qualified actuary. During the accounting period, the total contribution was £9,711k, of which employer's contributions totalled £7,022k and employee's contributions totalled £2,689k. With effect from 1 April 2017 the agreed contribution rate was 14.3% for the University and moved to a sliding scale for employees, ranging from 5.5% to 12.5% dependant on salary.

Assumptions

The financial assumptions used to calculate scheme liabilities under FRS 102 are:

	2022 % pa	2021 % pa
Price inflation (CPI)	2.70	2.60
Rate of increase in salaries	4.20	4.10
Rate of increase of pensions in payment	2.80	2.70
Discount rate	3.50	1.60

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 (female) members at age 65:

	2022	2021
Future pensioner age 65 in 20 years' time	22.8 (25.9)	22.7 (25.8)
Current pensioner aged 65	21.9 (24.6)	21.9 (24.6)

In previous periods any changes in inflation between the end of the LGPS financial year in March and the preparation of these statements has not been considered as it was not expected to have a material impact. As there were large increases in the rate of inflation between March and July 2022 however this has been taken into account in the methodology used. This has had the effect of increasing the defined benefit obligation by £24.25m.

Scheme assets and expected rate of return for LGPS

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes (i.e. equities and bonds). The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

25. Pension Schemes (continued)

The assets in the scheme were:	2022 £'000	2021 £'000
Equities	169,043	164,513
Government bonds	-	-
Other bonds	15,758	17,265
Property	39,038	32,577
Cash/liquidity	5,731	6,841
Other	128,572	104,572
Total	358,142	325,768
Actual return on plan assets	8.4%	12.2%

Analysis of the amount shown in the balance sheet for LGPS pensions:	2022 £'000	2021 £'000
Scheme assets	358,142	325,768
Scheme liabilities	(367,723)	(473,791)
Deficit in the scheme - net pension liability recorded within pension provisions (Note 20)	(9,581)	(148,023)
Current service cost	(17,321)	(15,961)
Past service cost	-	-
Curtailments and administration expenses	(483)	(2,956)
Total operating charge:	(17,804)	(18,917)
Analysis of the amount charged to interest payable/credited to other finance income for LGPS		
Interest cost	(7,545)	(7,155)
Expected return on assets	5,227	4,557
Net charge to other finance income	(2,318)	(2,598)

Analysis of other comprehensive income for LGPS pension:	2022 £'000	2021 £'000
Gain/(loss) on assets	24,919	35,208
Gain/(loss) on assumptions	126,623	(3,715)
Total other comprehensive income before deduction for tax	151,542	31,493

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

25. Pension Schemes (continued)

History of experience gains and losses - LGPS pensions	2022	2021	2020	2019	2018
Difference between expected and actual return on assets					
Amount £'000	24,919	35,208	(10,033)	30,100	12,831
% of assets at end of year	7.0%	10.8%	3.5%	10.6%	5.2%
Experience (gains)/losses on scheme liabilities					
Amount £'000	126,623	(3,715)	54,146	25,092	(2,674)
% of liabilities at end of year	34.4%	0.8%	12.1%	6.7%	0.8%
				2022	2021
				£'000	£'000
Cumulative actuarial loss recognised as other comprehensive income for LGPS pension					
Cumulative actuarial losses recognised at the start of the year				(148,023)	(166,447)
Cumulative actuarial losses recognised at the end of the year				(9,581)	(148,023)
Analysis of movement in surplus/(deficit) for LGPS pension					
Deficit at beginning of year				(148,023)	(166,447)
Contributions or benefits paid by the University				7,022	8,446
Current service cost (includes admin expenses and curtailments)				(17,804)	(18,917)
Other finance charge				(2,318)	(2,598)
Loss recognised in other comprehensive income				151,542	31,493
Deficit at end of year				(9,581)	(148,023)
Analysis of movement in the present value of LGPS liabilities					
Present value of LGPS liabilities at the start of the year				473,791	450,156
Current service cost (net of member contributions)				17,562	18,686
Interest on pension liabilities				7,545	7,155
Actual member contributions (including notional contributions)				2,689	2,580
Actuarial loss/(gain)				(126,623)	3,715
Actual benefit payments				(7,241)	(8,501)
Present value of LGPS liabilities at the end of the year				367,723	473,791
Analysis of movement in the fair value of scheme assets					
Fair value of assets at the start of the year				325,768	283,709
Interest on plan assets (includes admin expenses)				4,985	4,326
Actuarial gain on assets				24,919	35,208
Actual contributions paid by University				7,022	8,446
Actual member contributions (including notional contributions)				2,689	2,580
Actual benefit payments				(7,241)	(8,501)
Fair value of scheme assets at the end of the year				358,142	325,768

LGPS assets do not include any of the University's own financial instruments or any property occupied by the University.

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

25. Pension Schemes (continued)

Actual Return on Scheme Assets	2022 £'000	2021 £'000
Expected return on scheme assets	5,227	4,557
Asset gain/(loss)	24,919	35,208
	<u>30,146</u>	<u>39,765</u>

The estimated contributions for LGPS in the financial year 2022/23 is £6.8m.

(iii) Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014.

The valuation report was published by the Department on 5 March 2019. The key results of the valuation are:

- With effect from September 2019, employer contribution rates increased from 16.4% to 23.6% of pensionable pay, in line with current regulations, not including the additional 0.08% employers pay for the cost of scheme administration.

(iv) Training 2000 Limited Retirement and Death Benefit Scheme

The following calculations as at 31 July 2022 have been provided by the scheme actuaries using the projected unit actuarial cost method.

Principal actuarial assumptions used by the actuary were as follows:

	2022 %	2021 %
Rate of Inflation	3.2	3.3
Rate of increase in pensions	3.1	3.2
Discount rate	3.4	1.5
Mortality rates for current and future pensioners	115% SP3A model 2021 with a long-term rate of improvement of 1.25% pa	115% S2PA model 2020 with a long-term rate of improvement of 1.25% pa

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

25. Pension Schemes (continued)

The amounts recognised in the consolidated Balance Sheet are as follows:	2022 £'000	2021 £'000
Present value of funded obligations	(6,475)	(8,234)
Fair value of plan assets	5,139	6,019
Net pension deficit	<u>(1,336)</u>	<u>(2,215)</u>
Analysis of amounts charged to the consolidated statement of comprehensive income and expenditure:		
Other finance costs:		
Expected return on pension scheme assets	(89)	(73)
Interest on pension scheme liabilities	121	108
Net pension cost	<u>32</u>	<u>35</u>
Analysis of the actuarial gains and losses shown in the consolidated statement of comprehensive income and expenditure:		
Actuarial gains/(losses) on assets	(789)	343
Actuarial gains on liabilities	1,557	81
Actuarial gain recognised	<u>768</u>	<u>424</u>
Changes in the fair value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	8,234	8,437
Interest on pension scheme liabilities	121	108
Past service cost	-	-
Actuarial gains/(losses)	(1,557)	(81)
Benefits / transfers paid	(323)	(230)
Closing defined benefit obligation	<u>6,475</u>	<u>8,234</u>
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	6,019	5,687
Expected return on plan assets	89	73
Actuarial gains/(losses)	(789)	343
Employer contributions	155	150
Expenses paid	(12)	(4)
Benefits / transfers paid	(323)	(230)
Closing fair value of plan assets	<u>5,139</u>	<u>6,019</u>

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

The split of assets between investment categories is as follows:	2022 £'000	2022 %	2021 £'000	2021 %
Equities	1,403	27.3	1,571	26
Cash/liquidity	167	3.3	163	3
Other	3,569	69.4	4,285	71
	<u>5,139</u>		<u>6,019</u>	

Amounts for current and previous years:	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Defined benefit obligations	(6,475)	(8,234)	(8,437)	(7,523)	(7,523)
Plan assets	5,139	6,019	5,687	5,381	5,352
	<u>(1,336)</u>	<u>(2,215)</u>	<u>(2,215)</u>	<u>(2,388)</u>	<u>(2,171)</u>

The cumulative amount of actuarial losses recognised since 1 August 2005 is £1,702k.

Scheme assets as at 31 July 2021 have been valued at bid price.

Following the closure of the scheme on 1 November 2006 the only future contributions are recovery plan payments made by the employer towards past service costs. Following the conclusion of the scheme actuarial valuation as at 31 July 2017 the trustees agreed to increase deficit funding contributions going forward, with contributions expected to be £160k for the year ended 31 July 2022 and increasing at 3% per annum thereafter (2021: £155k)

(v) Defined Contribution Schemes

A defined contribution plan is a post-employment benefit plan under which the employer pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

The total amount reported in the financial statements as expense on defined contribution pension schemes is £285k, of which £137k relates to the Scottish Widows scheme (2021: £135k) and £148k to the Royal London scheme (2021: £nil).

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

26. Accounting estimates and judgements

Tangible fixed assets - land and buildings

Some of the University's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings acquired up to the date of the last valuation are included in the Balance Sheet at depreciated replacement cost or, where in the opinion of the University's valuers there is a readily available market for a property, at the market valuation. Land and buildings acquired after the date of the last valuation are included at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the institution of 50 years. Leasehold buildings are amortised over 50 years or, if shorter, the life of the lease. All tangible fixed assets are reviewed for indicators of impairment and revalued if any are found to exist.

Bad debt policy

The trade receivables balance recorded in the Balance Sheet comprises a large number of relatively small balances. An allowance is made for the estimated irrecoverable amounts from debtors, referred to as a bad debt provision, and this is determined by reference to past experience of the recoverability of differing types of debt.

Pensions

Pension provisions for defined benefit obligations and pension enhancements on termination are calculated using assumptions deemed to be the most appropriate for the scheme and are based on advice from the scheme actuary. The provision relating to the USS deficit recovery plan is calculated using assumptions considered appropriate after consideration of salary inflation and changes in membership of the scheme over the recovery period, and a discount rate based on advice from a qualified actuary.

Long-term Liabilities

In December 2021 the University entered into a sale and leaseback agreement with Canada Life in respect of a portion of the University's property portfolio. As part of this arrangement the University received a premium of £30m and is required to make rental payments over 40 years that increase at a variable rate of interest. As there is no change to the risks and benefits from ownership of the properties as a result of this arrangement, it has been determined that the substance of this arrangement is a secured debt finance agreement and it has therefore been treated as such. In this treatment it has been necessary to make an assumption on the rate of interest applicable to this agreement (RPI) and this has been done using Office for Budgetary Responsibility (OBR) forecasts, the most recent of which at the time of writing was published in March 2022.

27. Related parties

The University Board members are the trustees for charitable law purposes. Due to the nature of the University's operations and the composition of the Board, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest. All transactions involving organisations in which a member of the Board may have an interest, including those identified below, are conducted at arms-length and in accordance with the University's Financial Regulations and usual procurement procedures. No transactions were identified which were required to be disclosed.

No Board member has received any remuneration/waived payments from the Group during the year in their capacity as a Board member (2021: none).

The total expenses paid to or on behalf of five Board members was £995 (2021: £0). This represents travel and subsistence expenses incurred in attending meetings and events in their official capacity. In addition, costs of £26,400 (2021: £26,400) were paid for the provision of administrative support to the Chair of the Board.

28. US Department of Education Financial Responsibility Supplementary Schedule

In satisfaction of its obligations to facilitate students' access to federal financial aid, the University is required by the US Department of Education to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedule have been:

- Prepared under the historical cost convention, subject to the revaluation of certain fixed assets;
- Prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- Presented in pounds sterling (GBP).

The schedule sets out how each amount disclosed has been derived from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and cannot be relied upon to comply with the requirements of accounting principles generally accepted in the United States of America.

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

28. US Department of Education Financial Responsibility Supplementary Schedule (continued)

Page	Statement / Note Reference	Expendable Net Assests	Year ended 31 July 2022		Year ended 31 July 2021	
			£'000	£'000	£'000	£'000
46	Balance Sheet - Total Reserves	Net assets without donor restrictions		335,175		181,902
N/A	N/A	Net assets with donor restrictions		0		0
57	Note 15 - Amounts due from subsidiary companies	Secured and unsecured related party receivable	0		0	
57	Note 15 - Amounts due from subsidiary companies	Unsecured related party receivable		0		0
46	Balance Sheet - Tangible assets	Property, plant and equipment net (includes construction in progress)	334,793		331,832	
54	Note 12 - Net book value at 31 July 2020 less depreciation and disposals	Property, plant and equipment - pre-implementation		286,144		296,274
54	Note 12 - Additions (excluding for assets in the course of construction) funded by debt	Property, plant and equipment - post-implementation with outstanding debt for original purchase		11,735		0
54	Note 12 - Additions (excluding for assets in the course of construction) not funded by debt	Property, plant and equipment - post-implementation without outstanding debt for original purchase		35,550		35,550
54	Note 12 - Assets in the course of construction - additions	Construction in progress		1,364		8
N/A	N/A	Lease right-of-use asset, net	0		0	
N/A	N/A	Lease right-of-use asset pre-implementation		0		0
N/A	N/A	Lease right-of-use asset post implementation		0		0
46	Balance Sheet - Intangible assets	Intangible assets - goodwill		0		0
46	Balance Sheet - Intangible assets	Intangible assets - other intangible assets		5,499		3,381
46	Balance Sheet - Pension provisions	Post-employment and pension liabilities		19,873		156,782
59	Note 19 - Loans	Long-term debt - for long-term purposes	30,155		0	
59	Note 19 - Loans	Long-term debt - for long-term purposes pre-implementation		0		0
59	Note 19 - Loans	Long-term debt - for long-term purposes post-implementation		11,735		0

Notes to the Financial Statements

Year ended 31 July 2022 (continued)

28. US Department of Education Financial Responsibility Supplementary Schedule (continued)

Page	Statement / Note Reference	Expendable Net Assets	Year ended 31 July 2022		Year ended 31 July 2021	
			£'000	£'000	£'000	£'000
59	Note 19 - Loans	Line of credit for construction in process		1,356		0
N/A	N/A	Lease right-of-use asset liability	0		0	
N/A	N/A	Pre-implementation right-of-use leases		0		0
N/A	N/A	Post-implementation right-of-use leases		0		0
N/A	N/A	Annuities with donor restrictions		0		0
N/A	N/A	Term endowments with donor restrictions		0		0
N/A	N/A	Life income funds with donor restrictions		0		0
N/A	N/A	Net assets with donor restrictions: restricted in perpetuity		0		0
		Total Expendable Net Assets		27,847		3,471

Page	Statement / Note Reference	Total Expenses and Losses	Year ended 31 July 2022		Year ended 31 July 2021	
			£'000	£'000	£'000	£'000
43	Consolidated Statement of Comprehensive Income - Total expenditure	Total expenses without donor restrictions - taken directly from Statement of Activities		277,163		256,230
43	Consolidated Statement of Comprehensive Income - Losses on investments and revaluation of investment properties less investment income and actuarial gain in respect of pension schemes	Non-operating and net investment loss		(152,762)		(32,448)
43	Consolidated Statement of Comprehensive Income - Loss on investments less investment income	Net investment losses		(572)		(581)
43	Consolidated Statement of Comprehensive Income - Actuarial gain/(loss) in respect of pension schemes	Pension-related changes other than net periodic costs		152,310		31,917
		Total Expenses and Losses		276,139		255,118

Page	Statement / Note Reference	Modified Net Assests	Year ended 31 July 2022		Year ended 31 July 2021	
			£'000	£'000	£'000	£'000
46	Balance Sheet - Total reserves	Net assets without donor restrictions		335,175		181,902
N/A	N/A	Net assets with donor restrictions		0		0
46	Balance Sheet - Intangible assets	Intangible assets - goodwill		0		0
57	Note 15 - Amounts due from subsidiary companies	Secured and unsecured related party receivable	0		0	
57	Note 15 - Amounts due from subsidiary companies	Unsecured related party receivable		0		0
		Total Modified Net Assests		335,175		181,902

Page	Statement / Note Reference	Modified Assests	Year ended 31 July 2022		Year ended 31 July 2021	
			£'000	£'000	£'000	£'000
46	Balance Sheet - Total non-current assets plus total current assets	Total assets		531,303		461,441
N/A	N/A	Lease right-of-use asset pre-implementation		0		0
N/A	N/A	Pre-implementation right-of-use leases		0		0
46	Balance Sheet - Intangible assets	Intangible assets - goodwill		0		0
57	Note 15 - Amounts due from subsidiary companies	Secured and unsecured related party receivable	0		0	
57	Note 15 - Amounts due from subsidiary companies	Unsecured related party receivable		0		0
		Total Modified Assests		531,303		461,441

Page	Statement / Note Reference	Net Income Ratio	Year ended 31 July 2022		Year ended 31 July 2021	
			£'000	£'000	£'000	£'000
43	Consolidated Statement of Comprehensive Income - Total comprehensive income/ (expenditure) for the year	Change in net assets without donor restrictions		152,819		41,037
43	Consolidated Statement of Comprehensive Income - Total income less investment income plus gain/(loss) on sale of tangible fixed assets	Total revenue and gains		277,337		264,734



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