

Company no: 04793659

Charity no: 1098136



**Annual Report and Consolidated Financial
Statements**

For the year ended 31 July 2021

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DIRECTORS AND ADVISERS

Directors in place for the year to 31 July 2021 and up to the date of signing the financial statements:

Ms N Ahmed

Right Revd R Hudson-Wilkin

Mrs S Appleby

Sir W I R Johnston (Deputy Pro-Chancellor)

Ms J Armitt (Pro-Chancellor from 1 August 2021)

Mrs P Jones

Mr D Bichener (from 1 August 2021)

Mr F Martin (Pro-Chancellor) (resigned 31 July 2021)

Mr S Brown

Ms C Nolan (resigned 31 July 2021)

Mr S Carey (from 1 August 2021)

Ms M Peachey (resigned 31 July 2021)

Professor G Dewhurst (from 1 August 2021)

Mr Q Roper (resigned 30 October 2020)

Dr A Eyden

Mr C Stevens (from 1 August 2021)

Mr J Faber (resigned 31 July 2021)

Revd R Stevenson

Mr P Fletcher

Professor R Thirunamachandran (Vice-Chancellor and Principal)

Dr K Fox (from 1 August 2021)

Ms R Thomson (resigned 30 June 2021)

Mr R Higgins (from 1 August 2021)

Clerk to the Governing Body and University Solicitor

Mrs J Harding

Ms A Sear

Independent Auditor

Mazars
Statutory Auditor
6 Sutton Plaza,
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Internal Auditor

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Principal Bankers

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Registered charity number 1098136

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VICE CHANCELLOR'S INTRODUCTION

I am pleased to introduce the financial statements for Canterbury Christ Church University for the academic year 2020/21. These statements include the statutory reports that set out the financial performance of the University. They also provide an opportunity for us to reflect on the achievements and challenges over the same period.

The University has a clear purpose to transform lives through the provision of higher education teaching, research and knowledge exchange. I am proud of the way in which this purpose has remained at the heart of all that we do, notwithstanding the difficulties that all parts of the world are encountering as a result of the Covid pandemic.

The pandemic has affected the institution in many ways and we have endeavoured to maintain at all times our commitment to our students, staff and stakeholders ensuring that learning and teaching, research and University operations have continued to a high standard throughout a challenging year for us all. It is though important to acknowledge that this has been a particularly challenging period for students and this has been reflected in the feedback from students in the National Student Survey.

The leadership of the University over the past two years has been significantly driven by the need to lead us through these times which has posed unique challenges not experienced in our lifetime. This has required resilience, adaptability and flexibility from all University staff. That we have continued to deliver a blended model of teaching, continued to undertake world leading research as well as providing services online is testament to the collegiality and values of our staff.

Unfortunately, one of the impacts of the pandemic was the financial effect on our budget which meant that a number of cost reduction measures had to be put in place to ensure a sustainable position. This included a number of staff having to undertake short time working during the year with a commensurate 20% reduction in pay. Other staff had to forego promotion and pay progression through the pay scales and the sector more generally determined that no cost of living increase would be possible for the year.

At Canterbury Christ Church University, working closely with the UCU and Unite trade unions, agreement was reached with all affected staff for the implementation of these measures which affected staff pay from September 2020 through to March 2021. I am grateful that the University staff responded in such a positive and collegiate way to this unique challenge of our time.

It is pleasing to report that, through these measures, the University has been able to perform slightly better than its original budget and financial provision of £1.5m has been made within the financial statements to enable a staff recognition payment to be made during 2021/2022.

Of further concern has been the need to ensure that the University has been open for students and other customers when government regulations allow and ensuring the health and safety of staff, students and visitors on our campuses. Where possible, teaching has been delivered in face to face settings to eligible students and the range of measures has enabled a high quality experience for our students on campus. For those students who were not permitted by government regulations to attend, the experience has been substantially different but investment in new technologies and learning and teaching online has enabled a continuation of a high quality experience. I am extremely grateful to all academic learning and teaching staff who have worked so hard to revisit teaching resources and make these available in innovative and interactive ways for the benefit of our students. Our values and team working have been essential and what has been delivered is remarkable and staff across the University must take credit for this.

Having acknowledged and recognised this, I am though delighted to be preparing this report at a time when we are able to welcome our students back onto campus and providing all University services in a safe and secure environment.

VICE CHANCELLOR'S INTRODUCTION (CONTINUED)

As indicated elsewhere in the financial statements, the University (like many other institutions) was affected in its financial planning by the impacts of the pandemic. This entailed revisiting with the two lenders of funding (Lloyds and NatWest banks) the University's loan arrangements and associated covenants. The new arrangements were agreed in April 2021 and reflect a sustainable position for the institution going forward.

Despite the challenges of the pandemic and Brexit, in the autumn of 2020, the University was able to meet its student recruitment targets for undergraduates and postgraduates including the highest ever recruitment of international students.

During the year, we successfully completed the works on our new building for Science, Technology, Engineering, Health and Medicine (STEHM). This has been named the Verena Holmes building as tribute to the first woman member elected to the Institution of Mechanical Engineers and the Institution of Locomotive Engineers. Born in Ashford in Kent, she was a trail blazer for women in the industry as arguably the first woman in the UK to have a full time career as professional mechanical engineer.

The facilities in this building are state of the art to support new programmes in Engineering along with the relocation of other Science and technology based programmes, enabling further development of these strategically important subject areas. The building also houses the anatomy learning centre for the Kent & Medway Medical School which we have jointly developed with the University of Kent. With support from the health, local and regional economy, including the South East Local Enterprise Partnership, these new facilities put the University at the heart of economic and business development for the region. Additionally, the huge success of the Medical School in its first year has received strong levels of philanthropic support recognizing the acute need for more medical professionals to join the workforce within Kent and Medway.

We continue to operate in a highly competitive student recruitment market. Set against an already challenging year financially with a planned for and managed financial deficit, the impact of the loss of financial income due to Covid-19 led to further efficiency savings and working practices being implemented. These delivered a year end operating deficit of £3.2 million. More widely, the university sector continues to operate in an environment of uncertainty and pressure, including new Government policies; impending Spending Review; a possible Government vision statement for High Education; the UK Research and Development Roadmap; and the planned Further Education White paper. Uncertainty also continues to remain in the wider economy due to Brexit.

Against this national backdrop, we continue to attract students from across the UK and globally (as part of developing our international student market and partnerships), who value the outstanding university experience that we offer, including first class teaching, opportunities for workplace and voluntary opportunities, and a welcoming community. Our University was placed in the top 10 for graduates in work, among large multi-faculty UK universities, in the HESA: Graduate Outcomes Survey 2020. Nearly two thirds of Christ Church graduates are in highly skilled graduate-level employment 15 months after graduating, 3% higher than the national average. During the year we made our submission to the seven yearly national assessment of research – the Research Excellence Framework (REF). It was particularly pleasing to be able to submit substantially (50%) more research active staff to the REF compared to the last REF in 2014. Our ability to attract students with potential to succeed, and the strong performance of the University, is in large part, due to the commitment, expertise and knowledge of our staff.

Christ Church retains a strong sense of supporting community and we are committed to working in partnership with a wide-range of external organisations. Over the past year we have continued to forge relationships and build networks that benefit our partners, our communities and our students, through contribution to both the regional economy and cultural life. Of particular importance, is that the University has pro-actively contributed to leading national and international work to address the Covid-19 pandemic. This has included health academic staff and students volunteering for front line health and social care roles, as well as having contributed to diagnostic research and development of testing methodology for Covid-19. In addition, technical staff have developed and prepared critical PPE equipment for our local health trusts, and extensive volunteering has taken place with charities within our local community.

VICE CHANCELLOR'S INTRODUCTION (CONTINUED)

The University has continued to listen and respond to its staff voice to protect colleagues' wellbeing in a uniquely difficult environment. Through regular pulse surveys, support has been provided that has included the provision of Covid-19 online resources and development, confidential support, and online professional development. We have worked closely with the recognised trade unions on a range of matters to protect the future of the University, and I would like to thank our trade union representatives for their hard work and collaborative approach. We continue to work in close partnership. We also value our strong and collaborative partnership with the Students' Union in a wide-range of areas for the benefit of all our students. An area of collaborative working of which to be proud is the Closing Our Gap strategic priority work, through which we are working to reduce the attainment gap between white students and Black and Minority Ethnic (BAME) students through our inclusive curriculum, academic research and the engagement opportunities that are available to students, staff and our wider academic community.

In presenting the financial results for the 2020/2021 academic year, I want to again thank all members of the Canterbury Christ Church Community (staff, students, governors, alumni, partners and stakeholders) for how we have been able to work together to address the unique challenges over the past 18 months. I believe that we have successfully navigated our way through these challenges in a way that brings confidence for the sustainability of the institution, not just as we embark upon our diamond jubilee year celebrations in 2022 but also for future generations of students and the wider community.

Professor R Thirunamachandran

Vice-Chancellor and Principal

THE STRATEGIC REPORT

Directors' Report

The disclosure requirements for the Directors' report can be found in the Strategic Report on pages 5 to 19 and form part of this report by cross reference. I present this report on behalf of all named directors (see page 1) in order to meet the requirements of the Companies Act 2006.

Scope of Financial Statements

The Financial Statements for the year ended 31 July 2021 have been prepared to comply with the Statement of Recommended Practice (SORP) Accounting for Further and Higher Education and applicable accounting standards in the UK and in line with regulatory advice in the form of the Accounts Direction from the Office for Students (OfS 2019.41). The University is based in the UK and operates as both a company registered in England and Wales and a registered charity.

Subsidiary Company

The University holds an investment in a subsidiary company, Medco (CCCU) Limited. This is a company registered in England and Wales which operates under a franchise arrangement with Warwick University Enterprises Limited. The subsidiary company is in a VAT group with the parent company. The subsidiary company's results have been consolidated with the parent company in these financial statements.

Activities and Objectives

The principal activities and objectives of Canterbury Christ Church University are concerned with the provision of higher education teaching, research and knowledge exchange. To support these objectives, the University undertakes other activities, including the provision of accommodation, catering and conference services.

Mission

Inspired by its Church of England foundation, the University's mission is to pursue excellence in higher education: transforming individuals, creating and disseminating knowledge, enriching communities and building a sustainable future.

The University has a strategic framework to provide measurable objectives to help achieve the mission and put shared values into practice. The framework was developed following a process of consultation led by the Vice-Chancellor and the senior management team. This involved engagement with staff and students from across the University as well as external partners. A simple one page framework was established that sets out what the University wants to achieve over the next five years. The four strategic aims are clearly identified in the framework and underpinned by a set of strategies and cross cutting themes. The framework guides the achievement of the University's ambitions; and the plan's aims and objectives also inform schools and departmental business plans and the personal objectives of all colleagues within the University. The four strategic aims were updated in 2019 and reflect the aims that will continue through to 2022:

- To provide our diverse student body with a high quality, holistic student experience in relation to learning, the wider experience of the university in developing global citizens.
- To maintain and enhance a high quality, broadly based academic portfolio which builds on and further develops areas of the University strength and potential including in relation to partnerships.
- To extend our research, enterprise and scholarship of practice to grow its contribution to intellectual, social, economic and cultural prosperity locally, regionally, nationally and internationally.
- To ensure effective, efficient, innovative and sustainable use of the institution's resources to enable our people to deliver the University's strategic goals across all our locations.

THE STRATEGIC REPORT (CONTINUED)

Financial Strategy

During the 2020/2021 year, the University's financial strategy supported major capital investment to provide new and improved facilities on the Canterbury campus, incorporating expansion within the curriculum areas of medicine, engineering and the creative industries.

The particular aims within the financial strategy are:-

- Over the longer term to generate surpluses which maintain cash inflows sufficient to enable delivery of the University's strategic objectives and provide institutional sustainability.
- To maintain liquidity and borrowing at sustainable levels.
- To grow and diversify income streams.
- To ensure value for money in all University activities.
- To ensure that the consideration and evaluation of risk is undertaken as part of the institution's business planning.
- To maintain effective treasury management.

These aims are underpinned by particular objectives over the medium term to ensure that the University remains financially sustainable and is well positioned for further expansion over the coming years.

Summary Results for the Year

The consolidated results for the University for the year ended 31 July 2021 are summarised, as follows:

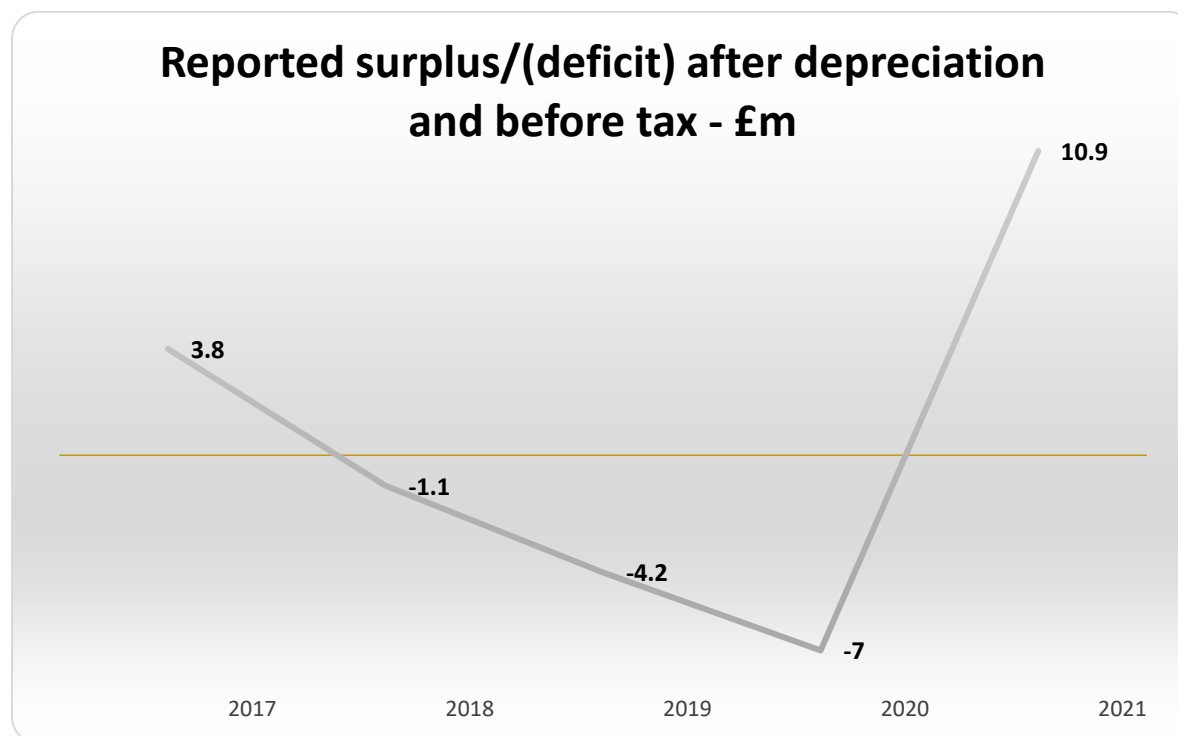
	2021 £'000	2020 £'000
Income	152,126	119,688
Expenditure	141,196	126,643
Surplus/(Deficit) before Profit/(Loss) on disposal of assets and impairment	10,930	(6,955)

The particular areas to highlight from the consolidated financial results are:

- An increase in total income of 27.10% from £120m to £152m
- An increase in expenditure of 11.49% to £141m
- A charge for the year of £6.775m (2020: £4.407m) for notional interest and staff service costs within the Local Government Pension Scheme (LGPS)
- Capital additions of £10.7m (2020: £41.2m)
- An LGPS pensions deficit of £76.3m (2019: £67.8m)

THE STRATEGIC REPORT (CONTINUED)

The University returned a reported surplus of 7.3% of total income. This is compared to the surplus/(deficit) reported in previous years, as follows:



Performance in year was materially impacted by Covid, reducing income streams for a number of areas including the financial consequence of the University's decision to refund students their remaining accommodation charges when lockdown was announced. The institution was forecasting a deficit for the year of approximately £3.1m.

The University took measures to address the financial position including controlling costs and staff working on a Short Time basis for part of the year, reducing hours and pay.

The operating performance includes adjustments required by FRS 102 of which the most significant are the prudent non-cash adjustments for future potential pensions' costs and the deferral of major capital grants, received for the Verena Holmes building. The building was completed and opened in year, triggering the release of the grants of £20m into income. The underlying performance for the institution and its comparison to the previous year is set out in the table below.

University Only

	2021 £'000	2020 £'000
Surplus/(deficit) reported per Financial Statements for the year	8,827	(7,976)
Release of deferred capital grants, received in prior years	(20,007)	-
USS pension provision movement	(4)	(450)
LGPS and USS pension interest charges	1,057	416
LGPS charges in excess of employer contribution	6,775	4,007
Adjusted deficit	<u>(3,352)</u>	<u>(4,003)</u>

The adjusted deficit of £3.352m represents 2.2% of total income.

THE STRATEGIC REPORT (CONTINUED)

Pension Reserve

The University contributes to the Local Government Pension Scheme (LGPS) on behalf of all eligible staff who have elected to join the scheme. This pension fund is a defined benefit scheme and as its assets and liabilities can be separately identified by the scheme's actuary, these are reported within the financial statements. The University's share of the deficit in the scheme increased by £8.385m to £76.229m as per Note 23 (2020: increased by £46.596m to £67.844m). The pension reserve is shown separately in the Balance Sheet (Statement of Financial Position). This reflects the level at which the scheme assets fail to cover the present value of liabilities.

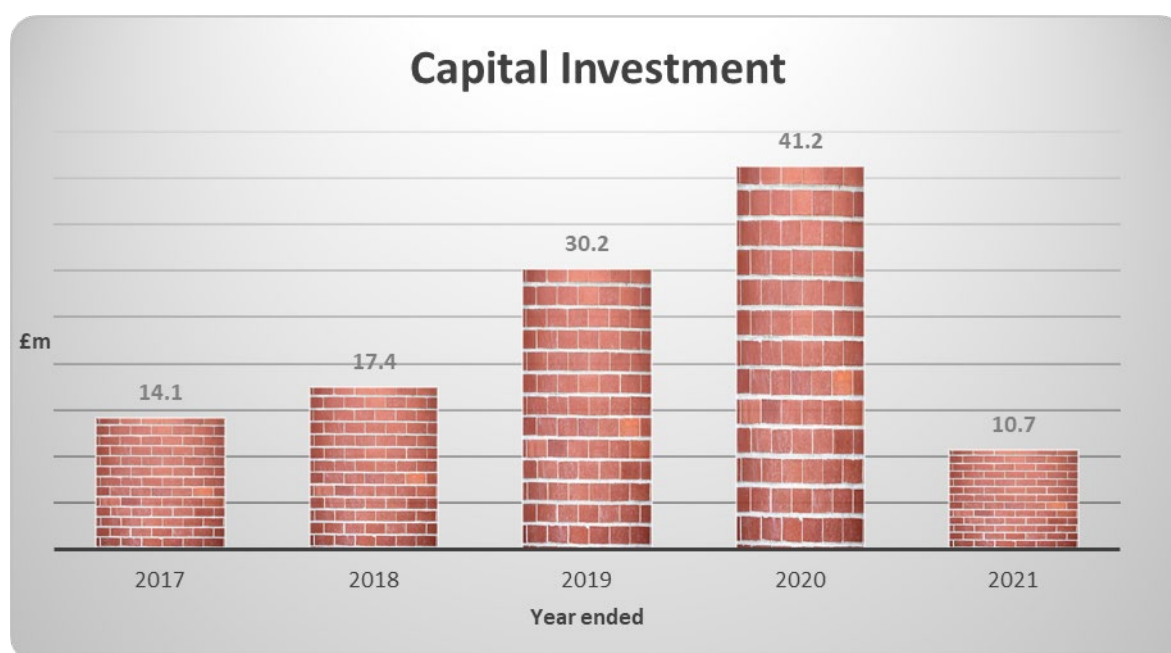
Student Numbers

The University reported 16,350 students in prior year returns, maintaining a steady level of students across all of its main funding streams, notwithstanding the competitive challenge. The institution continues to diversify its curriculum provision with the completion of a new building and facilities to accommodate a dedicated School of Engineering and a Medical School, the latter of which is a joint initiative with the University of Kent. The growth for future years builds on this solid base and is expected to return an increase in student numbers as these important initiatives are further developed, working with local employers and the NHS to meet the needs of the Kent, Medway and South-East region.

Capital Projects

The University has a 10 year capital investment plan which specifies the necessary developments in buildings, technology and other capital schemes. This plan supports the overall Estates and IT Strategies which include further improvements to student facilities, IT systems and infrastructure.

Additionally, the supported schemes are carefully considered in order that they may maximise the community impact and support environmental sustainability initiatives. The investment plan is set in the context of the strategic plan to enhance significantly and improve the quality of facilities for its students as well as supporting new technologies, enabling further growth and expansion of the institution's provision of education. The University has invested £65m in creating dedicated specialist teaching facilities for the new curriculum for the school of Engineering and the Kent and Medway Medical School. The building opened to students in January 2021 after significant expenditure in the fit out of equipment and specialist laboratories and other facilities.



THE STRATEGIC REPORT (CONTINUED)

The University continues to benefit from the investment in carbon saving measures as supported by the funding received in prior years of interest free loans from SALIX Finance.

Payment of Creditors

The payment policy of the University is that payments are made in accordance with those terms and conditions agreed between the institution and its suppliers. Where no specific conditions exist, suppliers are paid within 30 days of the receipt of invoice. The payment performance of the University is available to the public at:

<https://www.gov.uk/check-when-businesses-pay-invoices>

In the year 2020/2021 the University met the target to pay valid and undisputed invoices within 30 days for 64% of all invoices received (2020: 82%).

Cash Flow

Canterbury Christ Church University has continued to maintain appropriate cash balances generated through operations to support the significant capital investment.

The cash position increased by £2.1m at the end of the year (2020: £8.9m increase). The net cash from operating activities and reserves has been used to fund the ongoing capital investment in year for the establishment of a new building for the delivery of programmes within Engineering, Medicine and other STEM subjects.

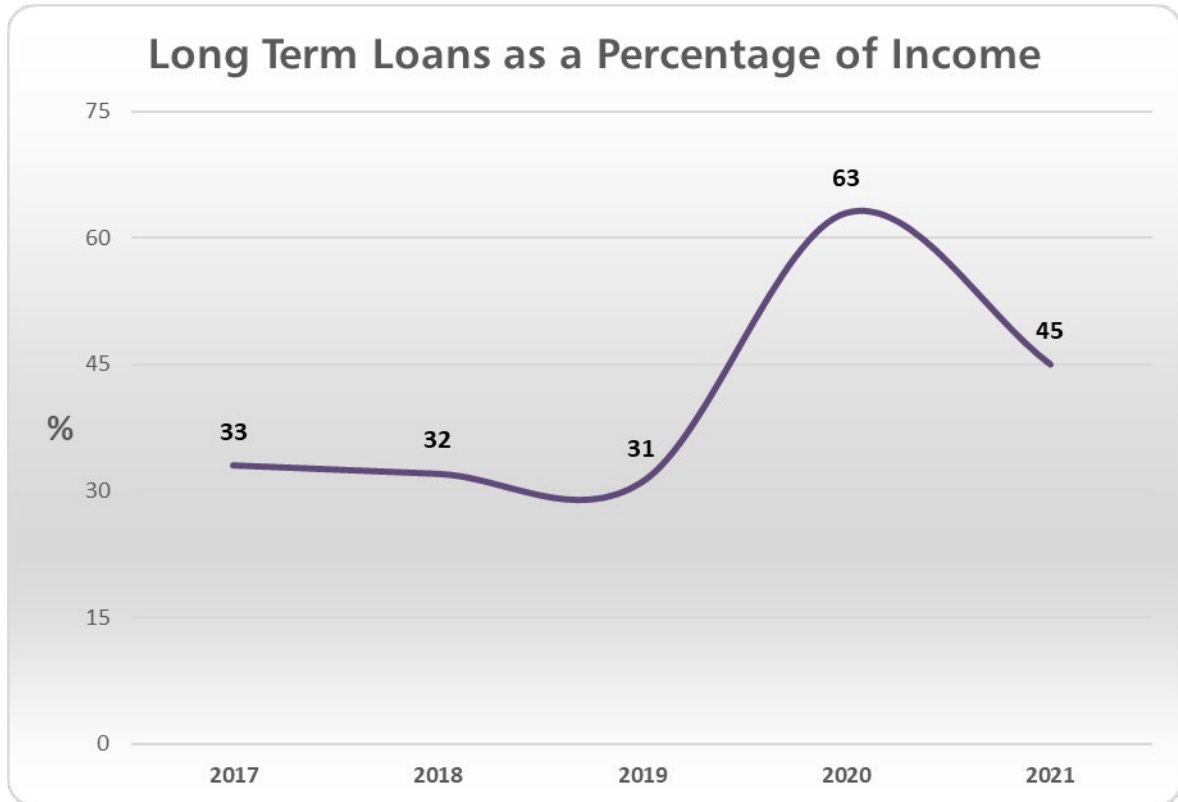


Long Term Loans as a Percentage of Income

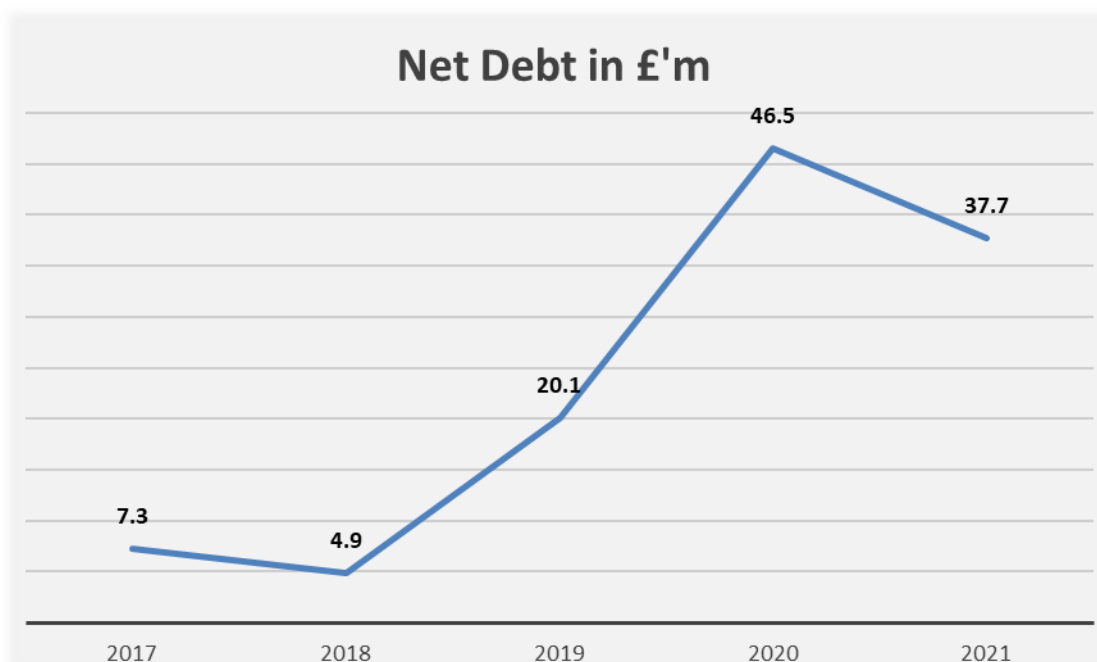
The University anticipates the need to manage its loan financing arrangements in a careful and measured manner, recognising that conditions can change substantially over the period of a long term loan. The Governing Body requires that interest rate exposure is managed by means of a combination of variable and fixed rate borrowing. The Revolving Credit Facility (RCF) from Lloyds and NatWest banks was accessed during the year to help with cash liquidity, and repaid when no longer required. At the end of the financial year total funds drawn from this facility was £34m, (2020: £38m drawn). The RCF converts to a long term loan, with capital repayments commencing in May 2023. The balance of undrawn funds on the facility remains a commitment at the year end, with non-utilisation charges being incurred.

THE STRATEGIC REPORT (CONTINUED)

The level of long term borrowing has reduced in the year, from £75.056m in 2020 to £68.424m in 2021. After the year end, in August 2021, the University repaid a further £6m to the RCF, taking the balance drawn to £28m.



Net debt represents the total outstanding debt as at the year end, minus cash held at the bank. The decrease in net debt in 2021 represents an increase in cash held and the repayment of loan finance in year.



THE STRATEGIC REPORT (CONTINUED)

Disabled Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the University continues and that appropriate training is arranged. It is the policy of the institution that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Post Balance Sheet Events

The USS scheme valuation for 2020 concluded after the end of the 2021 financial year and therefore, this is a non-adjusting event. The provision for liabilities in the financial statements for the year ended 31 July 2021 are based on the previous valuation of the scheme for 2018. The impact of the 2020 valuation on the provision held for the USS is a potential increase in the liability of £958,114 to £1,536,186.

Section 172 Statement

The Governing Body welcomes the new reporting requirement as an opportunity to explain how stakeholder participation and feedback has informed and shaped decisions and how the University has reacted to feedback in the strategy and plans it has developed. The Governing Body sees the main key stakeholders as being our students, our employees, our partners and suppliers who work with us to deliver the aims of the University and the wider society, community and environment that support our sustainability. The Governing Body has set out in the Statement of Corporate Governance the structure of committees that aid decision making and how the governors work to achieve their responsibilities. This includes the maintenance of a reputation for high standards of business conduct with suppliers, partners and with students.

Employee Engagement

The Governors and Management place considerable value on the involvement of its employees in decision making as the University considers the employees' interests as key to the success of the organisation. Therefore, the University undertakes to keep the staff informed on all matters affecting them, and the various factors affecting the performance of the institution and its subsidiary company. This is achieved through formal and informal meetings, the sharing of the staff newsletter, the 'In Touch' magazine and by publishing the annual financial statements on the University's website. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

In August 2020 the University held its' second annual Closing Our Gap Café event for colleagues and students. The event provided an opportunity for exploration of how learning and teaching strategies, professional practice and research intersect in efforts to build a more racially inclusive University. There was a specific focus on inclusivity of the student experience for first year students, particularly black students. And this event included the launch of the new Closing our Gap: Strategic Framework. This framework is an important communication tool for tracking and monitoring progress. The framework outlines the University-wide commitment to creating a racially diverse and inclusive learning and working environment, reducing the attainment gap and creating a sustainable future for all. In taking this framework forward the University recognises the need to take an institutional approach towards tackling racial inequalities at Canterbury Christ Church and the wider community. The framework was developed through consultations with staff and students across the institution and incorporates the Learning and Teaching Strategy, Access and Participation Plan commitments and best practice across the sector.

The University has engaged with staff and made use of feedback to inform decisions in the year. In 2020 two PULSE staff surveys were undertaken to provide staff with the opportunity to give feedback firstly on how they were finding their new working arrangements during lockdown, and their perspective on plans to return to the campus. The findings of the survey informed the transition plan for staff returning to the campus in September

THE STRATEGIC REPORT (CONTINUED)

2020 and helped to shape the arrangements for remote working. There have been training sessions to ensure staff return safely and help them meet social distancing requirements. There has also been training and support

for staff working remotely. A further PULSE survey was completed in November 2020 and this has helped to inform the future use of the physical estate, and led to the development of a hybrid working pilot for a number of professional services teams.

As a result of staff feedback and more specific individual case studies on the longer term effects of COVID-19 the University established the Long COVID Support Network. This group provides help to colleagues suffering from the longer-term symptoms of COVID and allows them to share experiences and exchange information on the advice and support that is available.

Project 2020-21 was created to prepare the University for the successful delivery of the 2020-21 academic year, including the re-opening of campuses and facilities, and development of ways in which we bring staff and students physically back together in a safe environment. A set of overarching principles were developed to inform decision making. These were supported by sets of Educational Principles and Research And Enterprise Principles. The Project's last meeting was on 23 June 2021, with the Senior Management Team (SMT) taking leadership responsibility for Covid-19 planning from this date.

Business Relationships - Partners and Suppliers

The University recognises the strategic importance of working with suppliers, many of whom are local businesses, to provide a range of services and goods to support the delivery of high class education. To support this business relationship, the University engages with suppliers to consider improvements to the contracting, ordering, goods receipting and payment processes.

During 2020/2021 a number of significant contracts were awarded and renewed through open and negotiated tender procedures. To streamline the process both for the University and the supplier, the use of established procurement frameworks was adopted where possible.

The strategic development of new collaborative partnerships has been a focus for the University, leading to the successful establishment of two significant UK based partners.

Society and Community

Serving the local community is a high priority for the University. During lock down the University's close links to the local community came to the fore, with staff and volunteers providing support to local vulnerable people who were self-isolating. The University's health care professionals, staff and students, volunteered to work in the NHS in local hospitals and Trusts and the University donated essential PPE to the NHS.

A local COVID-19 test centre was constructed on one of the campus car parks to provide testing facilities not only to staff and students, but also to the wider community via the NHS booking system.

The University's Governors, SMT and staff recognise the positive impact that music can have on the well being of individuals, having completed considerable research into this subject. It was therefore disappointing that musical performances and events could not be offered to the wider community in the St Gregory's Centre for Music, as in previous years, due to COVID-19 restrictions. In response to this the decision was taken to stream the performance on line as part of the Canterbury Festival in October 2020.

THE STRATEGIC REPORT (CONTINUED)

Environment

The University acknowledges the risk presented by climate change and recognises this in the compliance section of the risk appetite. The environment is a key factor in the future sustainability of the University and as such, is a key stakeholder.

The University has taken action to address risk to the environment by participating in the accord established by the United Nations. To take the action forward the University's Graduate College and Research Development teams are mapping research to the UN's SDGs (a set of goals and targets to stimulate action in areas of critical importance for humanity and the planet) to their activities.

The Academy for Sustainable Futures was formally agreed by University's Senior Management Team in 2020 and was developed in response to the need to build momentum, showcase activity and demonstrate leadership for sustainability. It builds upon our existing approach (the Futures Initiative) whilst acknowledging the need to move beyond an 'initiative', and extend the academic focus, particularly in relation to research and enterprise activity. The institutional recognition of the Global Climate Emergency in 2020 emphasises the significance of being able to 'go further faster', particularly in relation to:

- action-oriented climate change research and skills creation;
- reaching net-zero by 2030 or 2050 at the very latest
- increasing the delivery of environmental and sustainability education across curriculum, campus and community outreach programmes.

A strategy for the Academy will be developed for the next Academic year, in concordance with the University Strategic Framework. However, the two key priorities are:

- Launch the Academy for Sustainable Futures, building profile for Education, Research and Advocacy, that supports the University's key priorities.
- Drive the creation and implementation of the University's Climate Emergency Strategy to make a meaningful contribution to the UK's carbon reduction targets and strategy through developing and providing evidence and advocacy for systems change, educating our students to be the advocates of the future, and exemplifying sustainable practices through our approach to reducing our own carbon emissions.

The annual report from the Academy for Sustainable Futures for 2020/2021 confirms that although the work of the academy has been impacted by the COVID-19 pandemic and Short Time Working, some progress has been made. The Academy has adapted and focused on areas of institutional priority, academic development, climate and ecological emergencies, and community engagement.

The annual report confirms that established work, through the Futures Initiative continues to support curriculum development across the University. This has been recognised internally and nationally through teaching excellence awards. Updated QAA/Advance HE Education for Sustainable Development Guidance (ESD) has been launched that will begin to impact on benchmark statements, providing a clear infrastructural driver for embedding ESD into the curriculum.

The University developed and leads the Sustainability in Higher Education (SHE) conference series in partnership with Plymouth University. The fifth annual conference 'The fierce urgency of now? Navigating Paradoxes in Sustainability Education' was due to be held on site in Canterbury during May 2020. Challenged by the words of Greta Thunberg, spoken at the World Economic Forum in Davos in 2019 our aim was to provide a space to explore the role and responsibility of universities in a time of global crisis and to explore what it means to act as "if our house is on fire..." And then the Covid-19 pandemic struck and the focus we had planned took on a new relevance. Under lockdown conditions, the conference moved to an online format and we all found ourselves working in uncharted territory. The conference was free to attend, and spread over 3 days with all paper presentations and workshops provided and available for viewing in advance, workshops were delivered online,

THE STRATEGIC REPORT (CONTINUED)

and lively discussions and panel discussions created a distinctive experience for more than 170 attendees. Although challenging, the conference opened up unexpected opportunities for colleagues and students from different institutions nationally and internationally to participate, increasing diversity and repositioning the SHE network as more outward-facing.

Carbon Reporting

Canterbury Christ Church University (CCCU) is committed to responsible energy management and sustainability, which it practices throughout the organisation, wherever it is cost effective to do so.

CCCU demonstrates its commitment and the role it has to play in reducing greenhouse gas emissions through the University's Strategic Framework 2015-2022, which has sustainability at its heart. CCCU has developed a dedicated "Framework for Sustainability", which includes energy management and emission reduction with a low carbon 2030 vision. The organisation has achieved and maintained ISO14001 accreditation for its Environmental Management System (EMS) with a platinum Eco Campus award.

In September 2020 the University opened a large (17,000m²) STEHM building (Verena Holmes) and even though this building was constructed to BREEAM excellent standards and contained many energy efficiency measures, including a CHP machine, its addition to the Estate has had a significant negative impact on energy consumption. As part of the University's masterplan a number of buildings are set for disposal during the next reporting year, which will help to offset this additional energy usage.

COVID-19 had a big impact on the University and the way it operates as a business during the last reporting year. The majority of staff Worked From Home (WFH) where possible, during the pandemic, with onsite teaching predominantly limited to the subjects with a practical element and in line with Government guidance. The reduction in face-to-face teaching resulted in a considerably lower than normal occupancy level in student residential accommodation buildings operated by the University. The effects of COVID-19 and the WFH policy is most evident in the University's business mileage claims which have seen a 49% and 95% reduction on pre-COVID-19 levels over the last two reporting years.

From the 1 October 2019 the University changed its purchasing strategy for electricity switching from a conventional fuel mix to 100% renewable from Ofgem accredited onshore wind farms. Renewal electrical energy was continued to be purchased during the latest reporting year. Moving to a carbon neutral gas supply has also been investigated but is deemed not to be financially viable at this time to switch. The cost difference between biogas and natural gas will continue to be monitored.

The University continues to purchase energy through an energy consortium, ensuring that the University's procures its energy at competitive rates in challenging market conditions. During the reporting year energy consumption was predicted to be lower than normal due to COVID-19 with staff working from home and lower occupancy levels in student accommodation, the surplus energy that had previously been purchased was sold back to the market.

COVID-19 and a resultant lower capital / revenue budget has limited energy reduction investment opportunities over the last 12 months.

During the reporting year CCCU were able to implement the following energy efficiencies across the organisation to ensure that energy consumption and associated emissions are reduced:

- Estates rationalisation, moving out of old inefficient buildings to new facilities with high level of insulation and smart technologies to control energy usage.
- Continued to upgrade fluorescent lighting to LED, with lighting control sensors.
- Water Consumption is an area that has been targeted over the last 12 months, with AMR's fitted to incoming water meters where practical or increased manual meter readings undertaken. Using this data

THE STRATEGIC REPORT (CONTINUED)

consumption can be monitored and where increases are record, this is investigated to ensure that any water loss through leaks or toilet overflows is minimised.

- Flow restrictors on showers and basin taps have also been investigated and trialled, with an aim to further roll out installation of these devices during the next reporting year, subject to funds availability.
- Ensuring that BMS operating times match building occupancy patterns, whilst ensuring ventilation conforms to guidelines ensuring the campus is COVID secure.
- Further expanded and developed carbon counters, which are displayed in major buildings demonstrating its monthly emissions and comparisons with the previous 12 months.
- Continued replacement of staff desktop tower PC's to more energy efficient laptops, which allows for more flexible working locations.
- Reduced travel costs by reduction of face to face meetings with colleagues and suppliers, through the increased availability of video conferencing.
- Undertaking a review of all buildings and their DEC's and associated energy reports to enable future

There are further energy efficiency measures under consideration for implementation in the future.

SECR Annual Report Statement 2021

Energy Consumption		2021	2019	Variance
Scope 1: Combustion of fuel and operation of facilities.	Natural Gas (kWh)	12,867,103	11,288,589	14%
	Direct Transport (kWh)	145,873	1,449,334	-90%
	Total Scope 1 Energy (kWh)	13,012,975	12,737,923	2%
Scope 2: Electricity purchased	Total Electricity (kWh)	9,226,065	10,697,640	-14%
On site Generation		44,629	0	
Total Scope 1 and 2 Energy Consumption (kWh)		22,239,040	23,435,563	-5%
Emissions Assessment		2021	2019	Variance
Scope 1: Combustion of fuel and operation of facilities.	Natural Gas (tCO ₂ e)	2,357	2,075	14%
	Direct Transport (tCO ₂ e)	35	369.2	-91%
	Total Scope 1 (tCO₂e)	2,392	2,445	-2%
Scope 2: Electricity purchased and heat and steam generated.	Location Based (LB) (tCO ₂ e)	1,959	2,734	-28%
	Market Based (MB) (tCO ₂ e)	1,620	4,071	-60%
Location Based	Total Scope 1 and 2 Emissions (tCO₂e)	4,351	5,179	-16%
Market Based	Total Scope 1 and 2 Emissions (tCO₂e)	4,012	6,515	-38%
Intensity Metric Assessment		2021	2019	Variance
Intensity Ratio 1	tCO ₂ e/£m Revenue	29.0	41	-29%
Intensity Ratio 2	tCO ₂ e/m ² GIA	0.03	0.04	-23%
Intensity Ratio 3	tCO ₂ e/FTE Students	0.35	0.5	-26%

Emissions Sources

This report includes UK energy use, and the associated GHG emissions, that relate to:

- Activities for which the Canterbury Christ Church University is responsible involving the combustion of gas, or consumption of fuel for the purposes of transport; and
- The purchase of electricity by the company for its own use, including for the purpose of transport.

THE STRATEGIC REPORT (CONTINUED)

Emissions Factors

A wide range of published carbon emission factors are publicly available. DEFRA emission factors have been used for all emission sources as this provides the most comprehensive list of factors available. They allow an activity to be converted into carbon dioxide equivalent (CO₂e).

Market based emissions factors have been sourced from each relevant supplier.

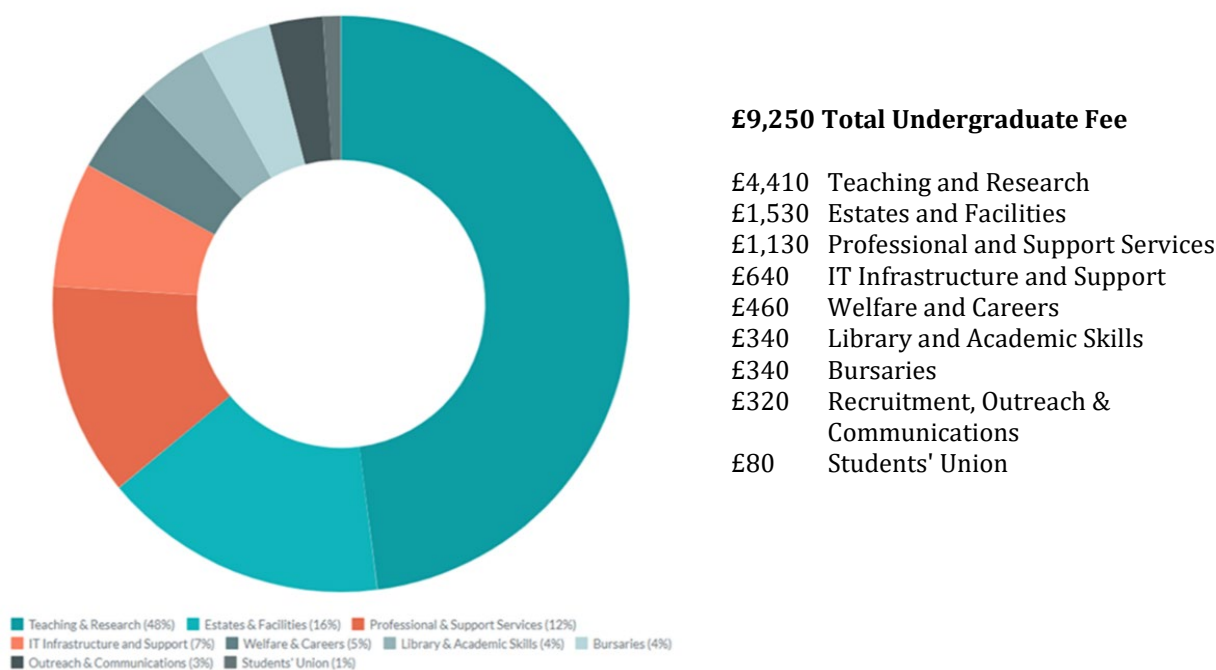
Methodology

The footprint is calculated in accordance with the Greenhouse Gas (GHG) Protocol and Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance.

Value for Money (VfM)

Value for money is important in the context of the tuition fees received from students and how these are utilised within the institution. The Undergraduate Fees graphic demonstrates how these funds were applied in 2018/2019 based upon the Transparent Approach to Costing (TRAC) methodology data for that particular year.

How the 2019/2020 Undergraduate Fee was used at Canterbury Christ Church University:



The above is a representation of how the 2019/2020 Undergraduate fee was used by the University and the relative percentages are as follows:

- **48% Teaching and Research.** This includes lectures, technicians, course admin, course materials etc.
- **16% Estates and Facilities.** This covers building running costs, maintenance, light & heat, security etc.
- **12% Professional and Support Services.** This will include student registration & records, Human Resources, Finance, VC's Office etc.

THE STRATEGIC REPORT (CONTINUED)

- **7% IT Infrastructure and Support.** Mobile computing, software, subscriptions etc. will be included here.
- **5% Recruitment, Outreach & Communications.** School and College engagement, widening participation, recruitment activity etc.
- **5% Welfare and Careers.** This covers, Counselling, Chaplaincy, Sports Centre and Careers.
- **4% Library and Academic Skills.** This includes books, periodicals, electronic subscriptions.
- **4% Bursaries.** This represents fee reductions for eligible students.
- **1% Students' Union.** This is the grant to support the ongoing provision of the Students' Union.

Principal risks and uncertainties

The approval of risk management processes, including the University's high level risk register, and risk management framework are delegated by the Governing Body to the Audit Committee, which reviews identified risks on a termly basis. The processes ensure that a culture of risk management is embedded across the University. The University's risk management framework seeks to limit the adverse effects on the performance of the institution and the system to manage these risks is described in the statement of internal control.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of strategic policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2021 and up to the date of approval of the financial statements and accords with the requirements of the Office for Students.

The Governing Body's review of the effectiveness of the system of internal control is also informed by the work of the Senior Management Team within the University, who have responsibility for the development and maintenance of the internal control framework, by the work of the Internal Auditor, and by comments made by the External Auditor in their management letter.

Whilst a prudent approach has been adopted to financial planning, the University considers that there are a number of key risks to its financial health and sustainability which are also likely to be experienced in other institutions across the sector.

The main risk areas and actions being taken to mitigate them are:

- The ongoing impact of COVID-19 on the organisation's capacity and capability to deliver changes necessary to achieve business as usual given the challenges presented by the 'new normal' caused by the pandemic, including a temporary shift in business model and reliance on technology to support staff.
- The potential risk relating to lost income due to the re-introduction of social distancing measures and possible further lock down requirements is being factored into budgets and forecasts. Actions taken to address this include the continuation of enhanced cleaning and hygiene measures on the campus.
- The potential loss of income from lower levels of student recruitment places pressure on pay and non pay budgets.
- The continued competitive environment for Higher Education.
- Uncertainty over government policy with regard to the setting of maximum tuition fees and access to student loan funding.
- Uncertainty over the impact of ongoing COVID-19 effects on school examinations in 2022 and how this may affect the assessment of examination grades and progression to university.

THE STRATEGIC REPORT (CONTINUED)

- Pressure on pensions costs from increasing employer's contribution rates. This is factored into pay budgets and forecasts.
- Potential upward inflationary pressures including utilities' costs.

All of these factors have been fully taken into consideration in the University's modelling of future years' forecasts and contingency arrangements are included within the institution's business plans in order that the impact of these risks does not compromise longer term sustainability.

Going Concern

The University has successfully navigated the last 18 months, notwithstanding the inevitable financial pressures arising from the Covid pandemic. The staff community of the University has come together and fully supported cost savings measures including, for many, a reduction in paid employment hours and forgoing promotion and progression payments.

The better than budgeted financial performance in the year enabled all staff to return to their full contracted hours in March 2021.

The strong performance during the year has created a more stable financial basis for 2021/22 and future years. The University continues to have call upon revolving credit facilities from Lloyds PLC and NatWest which have supported investment in strong and sustainable new curriculum areas within science, engineering and medicine.

The University's financial forecasts continue to demonstrate that it will fully meet the bank covenants that have been agreed as part of the revolving credit and pre-existing credit arrangements for the institution.

The updated financial forecasts through to July 2022 show an improved position over the previous budget which was used as the basis for forecasts through to 2026/27 as part of the bank approvals for the new loan arrangements that were put in place in March 2021. This improved base is being used for a projection through to 2026/27 which continues to show a position which is financially strong.

Updated financial projections will be formally shared with the Office for Students (OfS) in January 2022 following Governing Body approval in line with OfS requirements.

The latest forecasts continue to provide confidence to the Governing Body over the financial sustainability of the University and confirm that the University remains a going concern throughout 2022/2023 and for the foreseeable future.

Directors' Indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its' Directors and those of the subsidiary company.

Disclosure of Information to the Auditor

Each of the persons who are directors at the date of approval of this report confirms that so far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and the directors have taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

THE STRATEGIC REPORT (CONTINUED)

Reserves Policy and Key Performance Indicators (KPIs)

The University seeks to retain a level of reserves to support its financial sustainability and in accordance with its strategic plan, the policy is reviewed in each academic term. The reserves position is maintained through the achievement of surpluses in line with the institution's key performance indicators. The pensions' liability reserve, whilst recognised in the balance sheet, represents a longer-term liability which does not materially impact upon the short to medium term policy for the maintenance of a general reserve.

Monthly financial reports are produced for the Senior Management Team (SMT) and for each meeting of the Finance and Resources Committee of the Governing Body.

The table below shows the consolidated performance indicators for the year ended 31 July 2021, compared to actual outturn for the previous year. Targets for each of these KPIs are prepared and reported to management based on the approved annual budget. As part of the mid-year forecasting process, the financial position is reviewed, and a revised budget is produced in year. The target KPIs are amended to reflect the revised budget position to be reported through to the end of the year.

Key Performance Indicators – actual outturn	2021	2020
Reported Surplus/(Deficit) as a % of income	7.18	(5.81)
Adjusted Deficit as a % of income	(2.2)	(2.64)
Unrestricted reserve as a % of total income	32.5	34.3
External borrowing as a % of total income	44.9	62.7
Current asset/(current liability) ratio	1.1	(0.8)
Net liquidity days	84	88

The reported surplus for the year ended 31 July 2021 reflects capital grants released from creditors into income of £21m. Unrestricted reserves are reported net of the LGPS pensions liability. An increase of £8.385m in the pensions provision in the year has had a negative impact on unrestricted reserves as a percentage of income.

External borrowing reduced in year with the repayment of sums drawn from the Revolving Credit Facility loan finance to support the construction of the new STEHM teaching facility.

Net liquidity days remain fairly level, confirming the University has a sufficient level of cash held to meet outgoing expenses.

The KPIs are included in the monthly financial reports and are monitored and reviewed by the Senior Management Team. They are also considered and assessed by the Finance and Resources committee as part of the review of financial performance. The University's operating performance has remained within the parameters of the approved KPIs, although the achievement of income growth remains a risk going forward. When income falls below expectations the adjustments to the cost base required may not be immediately realisable, thus generating a short term in year impact on certain KPI measures.

Financial Risk Management

The University recognises that all treasury management activities involve risk and potential reward. The University's policy on borrowing is to minimise cost while maintaining the stability of its financial position by sound debt management techniques. The objective for lending purposes is to achieve the best possible return while minimising risk. The University does not borrow or deposit funds denominated in foreign currencies, which limits the exposure to currency risk. The Director of Finance and Chief Financial Officer has the authority to implement the University's strategy for depositing surplus funds and managing the cash flow of the University. In exercising these powers he has regard to the perceived credit risk associated with the approved organisations

THE STRATEGIC REPORT (CONTINUED)

with which funds may be deposited or invested; also the effect of possible changes in interest rates on the cost of borrowing and the return from investing and the need to maintain adequate liquid funds to meet the University's obligations.

Outlook

Notwithstanding the fact that there have been recruitment challenges in September 2021 on some University programmes, particularly impacted by COVID-19 and the exceptional arrangements for teacher assessed grades for A Level students in the summer of 2021, the University has still recruited significantly above target for its 2021/2022 student cohort.

With the opportunity to now showcase more effectively the significant investments in buildings and facilities for the development of science, engineering, healthcare and medicine and the ability to re-engage with outreach activities, the University is confident in its ability to continue to grow its student numbers.

The University is preparing its new strategic plan from 2022/2023 which will continue to demonstrate the confidence and innovation for which the University has been recognised since its foundation 60 years ago and to meet the needs of students, business and stakeholders, moving forward with confidence as together we emerge from the worst effects of the Covid pandemic.

Professor R Thirunamachandran

Vice Chancellor and Principal

Date:

PUBLIC BENEFIT STATEMENT

Canterbury Christ Church University is a registered charity under the Charities Act 2011. The objects of the University are the advancement of education, learning and research for the benefit of the public including, in particular, the conduct and development of the University known as Canterbury Christ Church University for the training of persons as teachers and the provision of other higher or further education.

In setting the University's objectives, and planning its activities, the governors, as charity trustees, have given careful consideration to the Charity Commission's public benefit guidance.

The University's Strategic Framework 2015 to 2022 (<https://cccu.canterbury.ac.uk/strategic-framework/docs/framework-refresh/Strategic-Framework-2015-2022.pdf>) sets out its mission, purpose and vision:

Our mission

Inspired by our Church of England foundation, the University's mission is to pursue excellence in higher education: transforming individuals, creating knowledge, enriching communities and building a sustainable future.

Our purpose

We are strongly committed to transforming individuals, creating knowledge, enriching communities and building a successful and sustainable future for the South East region and beyond.

We want to do more than provide our students with a high-quality education and excellent student experience. We also want to work in partnership with our students to ensure they become enterprising, professional graduates with an understanding of the challenges facing society and our world, and have the skills, commitment and personal qualities needed to help address them.

Our vision

We will be recognised as a leader in education, research and enterprise that supports the South East region's growth and economy, building on our heritage as a globally connected, dynamic and innovative University, delivering an excellent and inclusive experience that provides enterprising, professional graduates.

The University's mission, purpose and vision are underpinned by four strategic aims:

Student Experience – to provide our diverse student body with high-quality holistic student experiences in relation to learning and the wider experience of university in developing global citizens.

Education - to maintain and enhance a high-quality, broadly based academic portfolio which builds on and further develops areas of University strength and potential including in relation to partnerships.

Research and Enterprise - to extend our research, enterprise and scholarship of practice to grow its contribution to intellectual, social, economic, and cultural prosperity locally, regionally, nationally and internationally.

Enabling Services - to ensure effective, efficient, innovative and sustainable use of the institution's resources to enable our people deliver the University's strategic goals across all our location

PUBLIC BENEFIT STATEMENT (CONTINUED)

Each aim has strategic objectives:

The Strategic Framework is underpinned by a set of clearly defined goals and supported by key strategies:

- People Strategy
- Finance Strategy
- Estate and Facilities Strategy
- Information Technology Strategy
- Learning and Teaching Strategy and
- Strategic Plan for Research and Enterprise.

The enabling strategies, along with the Strategic Framework goals, inform the business plans of departments and schools across the University. To demonstrate progress towards the achievement of the University's strategic aims, a set of KPIs has been established.

Illustrations of how the University has fulfilled its charitable public benefit purposes in 2020/21 include:

- 13340 registered undergraduate and postgraduate students.
- Kent and Medway Medical School opened to its first intake of 107 registered students.
- Health and social care students deployed with NHS to support Covid 19 pandemic response.
- Delivered teacher training with over 570 schools and colleges.
- The Faculty of Education received a grant of £99,000 from UKRI in response to a call for 'ideas which address Covid-19'. The winning research bid proposed to identify strategies to boost primary science and mitigate some of the social, health, environmental, economic and cultural impacts of the pandemic.
- 473 of its best research outputs were submitted to the 2021 Research Excellence Framework. The research benefitted multiple millions of people: 1.1 million young people became newly physically active; 1.3 million young people benefitted from new curricula in Church of England schools; 1.5 million healthcare professionals benefitted from new clinical guidelines and training; and 1.7 million babies aged 0-2 received better and more developmental care.
- Supported new guidance for firearms control throughout England; new legislation to combat organ trafficking in Uganda; and the worldwide inclusion of athletes with intellectual Disabilities in the Paralympic Games and other elite global sporting competitions.
- Many of the University's newly awarded 36 Research and Knowledge Exchange projects in 2020/2021 are directly linked to the longer-term benefit of communities: large scale funding was secured with a range of partners to form Excellence Hubs in Canterbury, Folkestone, and Maidstone (and Southend and Hastings) to improve access to local and regional research and innovation support for the emerging screen industry (including the Film and Games sector). The project will provide work and other opportunities for staff, graduates and postgraduate students to contribute to regional recovery and growth.
- The University's commitment to global engagement has delivered research that has:
 - Unearthed silenced voices of the Spanish Civil War, supported communities in 68 towns and villages to challenge state-sponsored narratives and to re-capture memories of the 144,000 'disappeared' victims of oppression in that period.
 - Supported investment regulation in Africa, developed a new arbitration code for treaty negotiation and, in Uganda, informing legislation to combat organ trafficking.
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PUBLIC BENEFIT STATEMENT (CONTINUED)

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- Developed new eligibility protocols that facilitated the inclusion of athletes with Intellectual Disabilities in the Paralympic Games and other elite global sporting competitions.
- Developed research partnerships in Palestine and India under the University's Global Challenges Research Funding strategy.
- The University continues to initiate new research and knowledge partnerships locally and regionally. Working with Broadstairs Folk Week, largest arts/music event in Thanet, to evaluate the motivations of the 200+ volunteer workforce. The Sidney De Haan Centre is continuing its partnership with 'Live Music Now' on the 'Choir in Every Care Home' Project, to promote the value of group singing in care settings across the UK.)
- The University is continuing with many of its projects with and for regional partner, including the Seaside Evaluation, Visit Kent Accommodation Study - Part 2; the STEM Ambassador Hub, Suicide Safer Universities 19/20, Nurse Associate Programme.
- In 2020/2021, 261 open access outputs were added to the University's research output repository. Over the course of the year, a number of new agreements were signed with journal publishers to expand early and free access to our publication outputs, with the result of 29 additional articles made available.
- 81% of graduates of the University were in work or employment 15 months after completing their courses. 68% of CCCU full-time, first-degree leavers in employment were in high-skilled or graduate-level jobs, in line with sector (69%).
- In 2020/21, the newly formed Applied Research Collaboration Kent, Surrey and Sussex (ARC KSS) started work, which aims to improve regional health outcomes, provision and care through applied health research. The University is an active partner in the collaborative and participates in a number of work streams; it also supports one fully funded ARC (KSS) PhD Studentship for each year of the partnership.

STATEMENT OF PRIMARY RESPONSIBILITIES OF THE UNIVERSITY'S GOVERNING BODY

In accordance with the Instrument and Articles of Government, the Governing Body is responsible for the determination of the educational character and mission of the University and the oversight of its activities including ensuring that an effective system of internal control is maintained. The other primary responsibilities of the Governing Body are to:

- protect the effective and efficient use of resources, and for safeguarding assets, taking advice from the Finance and Resources Committee;
- set a framework for the appointment, assignment, grading, appraisal, suspension, dismissal and determination of the pay and conditions of staff other than designated senior staff, for the guidance of the Finance and Resources Committee and/or the Vice-Chancellor as appropriate;
- ensure the effective management of the University and plan its future development;
- observe the highest standards of corporate governance. To ensure and demonstrate integrity and objectivity in the transaction of its business and, wherever possible, following a policy of openness and transparency in the dissemination of its decisions;
- ensure that funds provided by the Office for Students and other funding bodies are used in accordance with specified terms and conditions in the agreements between the University and such funding bodies;
- ensure, through the Finance and Resources Committee and the Audit Committee, the establishment and monitoring of systems of control and accountability including financial and operational controls and risk assessment;
- take such steps as are reasonably practicable to ensure that the Students' Union operates in a fair and democratic manner and is accountable for its finances (The Education Act 1994);
- protect the health and safety of employees, students and other individuals whilst on the University's premises and in other places where they may be affected by its operations;
- ensure that the University has a written statement of policy on health and safety and arrangements for the implementation of that policy, including the establishment of a Health and Safety Group with trade union and staff representation;
- eliminate unlawful discrimination and promote equality of opportunity and good relations between different groups; and
- determine the educational character and mission of the University including the approval of the University's Strategic Plan and the setting of Key Performance Indicators (KPIs).

The specific responsibilities of the Governing Body have been set out in the Statement of Corporate Governance.

Financial Responsibilities of the Governing Body

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the University and which enable it to ensure that the financial statements are prepared in accordance with the Instrument and Articles of Government, the Statement of Recommended Practice: Accounting for further and higher education and relevant legislation. In addition, within the terms and conditions of Funding for Higher Education Institutions from the Office for Students (OfS), the Governing Body, through its designated accountable officer (the Vice-Chancellor), is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

STATEMENT OF PRIMARY RESPONSIBILITIES OF THE UNIVERSITY'S GOVERNING BODY (CONTINUED)

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

- suitable accounting policies are selected and applied consistently,
- judgements and estimates are made that are reasonable and prudent,
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Governing Body is satisfied that the University has adequate resources to continue in operation for the foreseeable future. For this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

The Governing Body has taken reasonable steps to:

- ensure that OfS funds are used only for the purposes for which they have been given and in accordance with the Financial Memorandum and any other conditions which the OfS may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and to prevent and detect fraud;
- safeguard the economical, efficient and effective management of the University's resources and expenditure; and
- review the means of securing its own effectiveness.

The governors confirm, so far as each governor is aware, there is no relevant audit information of which the group auditor is unaware. Each governor has taken all the steps that they ought to have taken in their duty as a governor in order to make themselves aware of any relevant audit information and to establish that the group auditor is aware of that information.

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of KPIs and business risks and monthly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Governing Body;

STATEMENT OF PRIMARY RESPONSIBILITIES OF THE UNIVERSITY'S GOVERNING BODY (CONTINUED)

- comprehensive financial regulations, detailing financial controls and procedures, including a fraud policy, all as approved by the Finance and Resources Committee and Governing Body;
- compliance with a University policy on risk management; and
- a professional internal audit team whose annual programme is approved by the Audit Committee under powers delegated by the Governing Body and whose head provides the Audit Committee with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of its system of internal control, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Governing Body intends to publish the financial statements on the University's website:

- the maintenance and integrity of the University's website is the responsibility of the governors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Ms J Armitt

Pro-Chancellor (Chair of the Governing Body)

Date:

STATEMENT OF CORPORATE GOVERNANCE

The University is a private limited company by guarantee without share company and a registered charity. It has a wholly owned subsidiary, Medco (CCCU) Limited, trading as Unitemps, a private limited company.

The objects of the University are set out in articles of association incorporating the instrument of government of 24 June 2013. It is a registered OfS provider, having entered onto The OfS Register on 28 August 2018.

The Church of England retains an interest in the distinctive Christian elements of the University's governance arrangements through special safeguarding provisions contained in the governing documents. These provisions, known as the golden vote, allow for the Church of England to exercise a power of veto if the governing body passes any resolution that seeks to remove or vary any clause in the governing documents pertaining to the University's Christian distinctiveness. The golden vote is not considered to be a material factor in the University's overall governance arrangements in circumstances where it has never been exercised and its inclusion and scope in the governing documents has been narrowed following dialogue with the Church of England.

Governors are the charity trustees and are responsible for ensuring compliance with charity law. The Governing Body adheres to the Seven Principles of Public Life, the Higher Education Code of Governance and the OfS public interest governance principles.

The Governing Body is mandated to consist of not fewer than 18 and not more than 21 persons, the majority of whom are to be independent Governors. The maximum number of Company Members is 22. It includes four nominative governors being members of the Church of England of whom: (i) one is appointed by the Archbishop of Canterbury; (ii) one is appointed by the Diocesan Boards of Education of Canterbury and Rochester dioceses acting jointly (iii) one is appointed by the Archbishops' Council of the Church of England (iv) one is the Bishop of Dover or their nominee; one is the Vice-Chancellor and Principal; three staff governors: the three being respectively a member of the Academic Board nominated by that Academic Board together with a member of the teaching staff of the University and a member of the support staff of the University; one student governor, being the elected President of the Students' Union, ex-officio, and not more than nine co-opted governors, at least six of whom are to be members of the Church of England. In terms of co-opted governors, the Governing Body is mandated to seek to ensure that different University, county and regional interests are reflected in its membership.

The Governing Body was chaired by Mr F Martin, the Pro-Chancellor until 31 July 2021. Since 1 August 2021 the Governing Body has been chaired by Ms J Armit.

A schedule of delegation sets out the responsibilities of decision making, between the Governing Body, its committees and the executive.

The main responsibilities of Governing Body are:

1. to determine the educational character and mission of the University including the approval of the University's Strategic Plan and the setting of KPIs;
2. to approve annual estimates of income and expenditure;
3. to ensure the solvency of the institution and the safeguarding of its assets;
4. to appoint or dismiss the Vice-Chancellor, the Clerk to the Governing Body, the Chaplain and such other senior posts designated by the Governing Body;
5. to ensure that there are suitable arrangements for monitoring the Vice-Chancellor's performance;
6. to vary or revoke of the Instrument or Articles of Government (subject to provisions within those documents regarding the Archbishops' Council);
7. to ensure compliance with Company and Charity law;
8. to approve annual financial statements upon external audit;
9. to approve the constitution of the student body (Students' Union) and receive audited accounts of the student body; and
10. to review its own effectiveness and performance and that of its committees formally every four years, and annually on a 'light touch' basis.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

The Governing Body normally meets four times per year. In 2020/2021 one additional Governing Body meeting was held, as well as three additional Chairs Committee meetings. Additionally, the following governor visits took place: visit of the Students Union, Student Support Health and Wellbeing, and the Enterprise and Employability Department. Governor visits enable governors to be fully briefed on the University's activities, meeting with students and staff.

The Academic Board, a committee of the Governing Body, chaired by the Vice-Chancellor, is responsible for all aspects of the academic work of the University and can establish such committees as are necessary. Each committee is chaired by a senior member of staff and faculties are represented on all committees. Subject to the requirements of validating and accrediting bodies, the Academic Board is responsible for: general issues relating to the research, scholarship, teaching and courses at the University; the appointment of internal and external examiners; assessment and examination policies and procedures; the curriculum; academic standards and course validation; the procedures for the award of qualifications and honorary academic titles; the procedure for the suspension or expulsion of students for academic reasons; for considering the development of the University's academic activities; and for advising on such other matters as the Governing Body or the Vice-Chancellor and Principal may refer it.

An overview of the central academic committees of the University, including membership and terms of reference can be found on the University's website.

There are four other Governing Body committees: Chairs' Committee, Finance and Resources Committee, Audit Committee and Remuneration Committee, all of which include independent governors.

Decisions and recommendations of Governing Body committees are reported to the Governing Body and terms of reference are reviewed on an annual basis.

The Chairs' Committee is responsible for advising the Governing Body about governance policy and practice; monitoring the University's register of interests; considering nominations to the Governing Body and recommending appointments to it; considering Honorary Fellowship and Doctorate nominations; considering nominations for naming University buildings and rooms; monitoring compliance with the CUC Code of Governance; oversight of committee terms of reference and schedule of delegation; oversight of annual governor informal discussions and four yearly review of governance; reviewing its own effectiveness and performance annually on a 'light touch' basis and formally every four years; strategic oversight of Master Planning; and there is an annual review of Chairs' Committee terms of reference and work plan.

The Chairs' Committee membership consists of:

- Pro-Chancellor of the University (Chair of the Governing Body) –Mr F Martin (Independent) (to 31 July 2021) Ms J Armit (Archbishop of Canterbury's appointee) (from 1 August 2021)
- Chair of the Audit Committee - Mr P Fletcher (Independent)
- Chair of F&R Committee - Ms J Armit (Archbishop of Canterbury's appointee) (to 31 July 2021) and Sir W I R Johnston (Independent) (from 1 August 2021)
- Chair of the Remuneration Committee and Deputy Pro-Chancellor of the University (Vice Chair of the Governing Body) – Sir W I R Johnston (Independent)
- Vice-Chancellor and Chair of the Academic Board – Professor R Thirunamachandran (Vice-Chancellor)
- One co-option if vacancies exist because individual members fulfil multiple roles.

The Chairs' Committee normally meets three times in each academic year. In 2020/21 the Chairs Committee met on six occasions.

The Finance and Resources Committee is responsible for the financial affairs of the University including consideration of estimates of income and expenditure and the consolidated financial statements; the strategic management of the University's estate; major building developments, acquisitions or disposals; the efficient use

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

of physical resources; the care and maintenance of the University's estate; consideration and monitoring of the ICT strategy; oversight of the Vice-Chancellor's actions related to human resources and strategic oversight of the University's People Strategy; annual accounts of the Students' Union; oversight of the University's subsidiary companies; approval of financial regulations, policies and procedures; approval of TRAC returns; oversight of the sustainability agenda; and reviewing its terms of reference and work plan annually.

The Finance and Resources Committee membership consists of:

- Chair of the Finance and Resources Committee – Ms J Armitt (Archbishop of Canterbury's appointee) (to 31 July 2021)
- Chair of Remuneration Committee – Sir W I R Johnston (Independent) (Chair of the Finance and Resources Committee from 1 August 2021)
- Student Governor – Ms R Thomson (to 30 June 2021), Mr D Bichener (from 1 August 2021)
- Mr S Brown (Independent)
- Ms J Harding (Independent)
- Mr Clive Stevens (from 1 August 2021)
- Revd R Stevenson (Independent)
- Vice-Chancellor – Professor R Thirunamachandran (Vice-Chancellor)

The Finance and Resources Committee normally meets three times in each academic year.

The Audit Committee is responsible for the appointment of the external auditor; discussing the nature and scope of the external audit; discussing with the external auditor any arising problems including a review of the management letter; appointing the internal auditor; reviewing the internal audit strategy and findings; monitoring the effectiveness of risk management; monitoring the implementation of audit recommendations; ensuring all significant losses are investigated; overseeing policies on fraud and irregularity; monitoring arrangements to promote economy, efficiency and effectiveness; receiving reports from the National Audit Office and other funding councils; monitoring performance of both internal and external audit; considering financial statements in the presence of the external auditor; monitoring data assurance arrangements; monitoring KPIs; considering the Audit Committee Annual Report; and reviewing its Terms of Reference and Work Plan annually.

The Audit Committee membership consists of:

- Chair of the Audit Committee – Mr P Fletcher (Independent)
- Ms S Appleby (Independent)
- Mrs P Jones (Archbishops' Council of the Church of England appointee)
- Mr Stephen Carey (from 1 August 2021)

And Co-opted members:

- Mr J Hills (resigned 31 July 2021)
- Mr Ranil Perera (from 1 August 2021)
- Mr Q Roper (from 1 August 2021)
- Mr S Sutton.

The Audit Committee normally meets four times in each academic year.

The Remuneration Committee is responsible for determining the pay and conditions of employment for the Vice-Chancellor; the senior management team; and other senior staff deemed appropriate.

Remuneration Committee membership consists of:

- Chair of the Remuneration Committee – Sir W I R Johnston (Independent)
- Pro-Chancellor of the University – Mr F Martin (Independent) (to 31 July 2021), Ms J Armitt (from 1 August 2021)
- Ms N Ahmed (Independent).

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

And co-opted member:

- Lord Alastair Colgrain (Independent Assessor).

The Remuneration Committee normally meets once in each academic year.

A Governance Effectiveness Review undertaken by the University's internal auditor in 2020 returned an opinion of 'significant assurance with minor improvement opportunities'. Upon initial registration, the OfS was satisfied that the University met the general ongoing condition of registration E2, in that the University has in place adequate and effective management and governance arrangements to operate in accordance with its governing documents; deliver public interest governance principles; provide and fully deliver advertised higher education courses and continue to comply with all conditions of its registration. A review of the University's Articles of Association incorporating the Instrument and Articles of Government was undertaken by the Governing Body in 2020/21. It is anticipated that the Governing Body will formally approve the updated Articles at the start of the academic year 2021/22 following approval by the Charity Commission. The Governing Body will then consider changes to its scheme of delegation and associated documents. Changes included clarification of objects and powers, the appointment of a Senior Independent Governor and Staff Governor and Student Governor representation on committees.

The Governing Body updated its Governor Appointment Policy in 2020/21 to include a skills-based method of recruitment and consolidate recruitment requirements across the categories of membership of the Governing Body. The elections of three Staff Governors were held in summer 2021 in accordance with the updated Governor Appointment Policy.

The University ensures openness and transparency in order that stakeholders can have confidence in its decision-making and management processes.

Transparency about the corporate governance arrangements of the University is achieved by virtue of publication of the following documents on its website:

- Memorandum and Articles
- Schedule of Delegation
- Governing Body Structure
- Register of Interests
- Terms of Reference
- Annual financial statements
- Governing Body Minutes
- Publication Scheme
- Whistleblowing Policy.

The Governing Body ensures the adequacy and effectiveness of arrangements for corporate governance, risk management and oversight of any statutory and other regulatory responsibilities, including compliance with ongoing OfS conditions of registration, terms and conditions of funding as well as any other relevant regulatory responsibilities by:

Meeting at least four times each academic year to determine strategy;

- Reviewing an annual report on teaching quality and standards (from the Academic Board) and then signs off the Annual Quality Assessment Assurance Statement as part of its suite of annual returns;

Receiving an annual report and assurance from the University Solicitor regarding the University's compliance with OfS initial and ongoing general conditions of registration;

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

- Receiving updates from the Audit Committee concerning internal control, and strategic risk management;
- Oversight by the Audit Committee of the University's risk management framework and a high-level strategic risk register fully aligned to the University's strategic goals set out in the University's 2015-2022 strategic framework;
- Regular reviews by the Audit Committee of Internal Audit reports, which include an independent opinion on the adequacy and effectiveness of the University's systems of governance, risk management and internal control, together with improvement recommendations;
- Monitoring of institutional KPIs (governor sub-set); and
- Reviewing post-investment lesson learning reviews in respect of major investment projects undertaken by the University.

Specifically, in terms of public funding from the OfS, UK Research and Innovation (UKRI, including Research England), the Department for Education or the Education and Skills Funding Agency the University ensures: a. regularity in the use of public funding; and b. propriety in the use of public funding by: the provision of a framework of financial controls for the University in The Financial Regulations and associated Financial Procedures.

The Financial Regulations were approved by the Finance and Resources Committee on 5 March 2020. The Financial Regulations are subordinate to the University's Articles and to any restrictions contained in terms of conditions of funding and the audit code of practice. The purpose of The Financial Regulations is to provide control over the totality of the University's resources and provide assurance in respect of a., and b., above. Compliance with The Financial Regulations is mandatory. Breaches are notified to the Governing Body via the Audit Committee. This statement covers the reporting period from 1 August 2020 to the date of signing and approving the financial statements on 23 November 2021.

MODERN SLAVERY AND HUMAN TRAFFICKING

The University is committed to ensuring that slavery and human trafficking is not taking place in its supply chain in line with the Modern Slavery Act 2015. As a values based institution, the University condemns morally bad practices and expects all of its business partners to live up to and adhere to the principles set out in the anti-slavery legislation. The actions taken by the University in this financial year to meet the objectives include:

- Oversight of the management of risks of modern slavery and human trafficking in the supply chain is provided by a nominated senior manager, the Pro Vice Chancellor (Research and Enterprise), as part of his role of chair of the Sustainability Strategic Management Group.
- A policy review is continuing, and where required, modifications are being made to ensure that all relevant University policies identify how they support compliance with the Modern Slavery Act. As part of this review the staff policy on Coercive Behaviour has been identified for further development before release in 2022. This policy will be underpinned with practices to support safeguarding and awareness of the indicators of Modern Slavery and Human Trafficking.
- Training and development in the application of all of the University's staff policies is in place and is monitored by the Human Resources and Organisational Development Department.
- The University makes use of the SUPC framework for many of the significant tender exercises. The SUPC has become affiliated with the Electronic Watch to ensure compliance with labour rights and safety standards in the supply chain. This is particularly relevant for the high risk supply of IT equipment and consumables.
- ***The SUPC have released a statement: "The SUPC is committed to acquiring goods and services for its members without causing harm to others. Affiliating to Electronics Watch is an important step forward, and will allow the SUPC to have eyes and ears on the ground in producer regions to ensure rights violations are detected and properly addressed."***
- As part of the University's tender processes outside of the use of the SUPC framework a statement is obtained from the supplier confirming how they meet the requirements of the Modern Slavery Act 2015. If the goods or services being purchased have a high risk of labour rights violations (including but not limited to: clothing; IT equipment, and construction works) then additional questions to demonstrate compliance are raised as part of the tender process.
- The increased risk of Modern Slavery in the supply chain due to COVID 19 restrictions and the need to monitor health and safety in working practices for social distancing has highlighted the importance of due diligence checks of suppliers. The procurement team and purchasing managers across the institution recognise the heightened risk and are completing thorough checks at the tender stage, prior to taking on any new suppliers, to help mitigate the risk.
- In support of these mitigating actions the University's Procurement team offers support and guidance to all areas of the University that engage with suppliers to procure goods and services, reporting any non-compliance of policy requirements to the relevant Senior Manager.
- The University's Governance and Legal Services team reviews contractual terms and conditions of all draft agreements to ensure provision is made relating to Modern Slavery Act compliance.
- The University's Modern Slavery and Human Trafficking Statement has support of the full Governing Body, and was presented for approval at the Governing Body meeting on 23 November 2021.

The Unitemps temporary staffing agency operates under franchise by the University's subsidiary. The agency falls outside of the scope of the modern slavery legislation, however, on a voluntary basis the agency complies with the requirements of the Modern Slavery Act. The actions taken by the staffing agency are monitored by the Branch Manager, and include:

- Client terms of engagement require the client to comply with the requirements of the Modern Slavery Act 2015.
- All external clients must comply with all applicable anti-slavery, forced and compulsory labour, and human trafficking laws, statutes and regulations in force.

MODERN SLAVERY AND HUMAN TRAFFICKING (CONTINUED)

- External clients must have and maintain their own policies and procedures to ensure compliance. These policies must give the client the power to enforce the conditions where appropriate.
- High risk areas for agency staff have been identified as any sector where a gang master's license is required, such as in agriculture. No Unitemps agency workers can be set assignments in these high risk sectors.

The University continues to expand its knowledge of the supply chain and works proactively with all managers, budget holders and staff engaged in procurement activity to build on their understanding of the requirements of the Modern Slavery Act. This forms part of the University ongoing commitment to ensuring all vulnerable staff, students and those working in the supply chain are safeguarded against exploitation in all forms.

STATEMENT OF INTERNAL CONTROL

The Governing Body has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which they are responsible, in accordance with the responsibilities assigned to the Governing Body in the University's Instrument and Articles of Governance and the Terms and Conditions of Funding for Higher Education Institutions from the OfS.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2020 and up to the date of approval of the Strategic Report and Financial Statements and accords with the OfS and Turnbull guidance.

The Governing Body has responsibility for the institution's system of internal control, for reviewing its effectiveness and ensuring that the review has covered all controls (financial, operational, risk management and compliance).

The following processes have been established:

- The Governing Body meets at least four times each year to consider the plans and strategic direction of the institution.
- The Governing Body and the Audit Committee have approved the Risk Management Policy and Procedures which summarise the approach, roles and responsibilities, and the annual review of effectiveness process.
- The Governing Body has assumed responsibility for oversight of the risk management process within the University as a whole, and determined its risk appetite, which includes adopting a differentiated approach to risk depending on the nature of the activity. As Chief Executive, the Vice-Chancellor has ultimate responsibility for the management of the University, including the management of risk. The University Solicitor oversees the risk management process adopted by the University.
- The University maintains a comprehensive Strategic Risk Register that identifies the high-level strategic risks facing the institution. Each risk has an identified risk owner clearly documented within the Register together with a scoring assessment based on likelihood and impact. Risks are given a gross and residual rating. Risk identification and management is closely linked to the achievement of the institution's objectives, with all schools and departments producing local risk registers alongside their annual business plans and major change strategic project owners producing the same. All of the University's identified high-level corporate risks are directly linked to the University's Key Performance Indicators which monitor achievement against the Strategic Plan.
- Each risk response has been formally considered by the University Solicitor, the Senior Management Team (SMT) and the Audit Committee. The SMT, chaired by the Vice-Chancellor considers the risks identified in the Project Risk Registers. The Vice-Chancellor and the SMT monitor the top 'net exposure' risks on a regular basis, as well as the effectiveness of controls in place to manage less serious risks. Less serious risks are reviewed and monitored by faculties, schools and departments which operate local registers as part of an overall approach, embedding risk assessment and management within the University. The annual presentation of local risks within SMT business plans allows for consideration to be made of aggregated risks for potential inclusion in the University's high-level risk register.

STATEMENT OF INTERNAL CONTROL (CONTINUED)

Regular reports are received from the Audit Committee concerning findings of the Internal Auditor and matters relating to internal control. The Vice-Chancellor provides a written report to the Audit Committee on the University's approach to Risk Management at each of its meetings and an annual report is presented in May of each year.

The University has appointed Internal Auditors, who operate to standards defined in the OfS Terms and Conditions of Funding for Higher Education Institutions, Audit Code of Practice. The Internal Auditors submit regular reports which include their independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.

The Governing Body's review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the External Auditors in their management letter.

There were no significant control weaknesses in the year.

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF CANTERBURY CHRIST CHURCH UNIVERSITY

Report on the audit of the financial statements

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and University's affairs as at 31 July 2021 and of the Group's and University's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education and;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF CANTERBURY CHRIST CHURCH UNIVERSITY (CONTINUED)

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

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

We have nothing to report in this regard.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the University Group and its operations, we identified that the principal risks of non-compliance with laws and regulations related to the OfS requirements, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the OfS Accounts Direction.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF CANTERBURY CHRIST CHURCH UNIVERSITY (CONTINUED)

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the University Group which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Other Required Reporting

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' Report have been prepared in accordance with applicable legal requirements.

Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

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

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF CANTERBURY CHRIST CHURCH UNIVERSITY (CONTINUED)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and University and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

- the provider's grant and fee income, as disclosed in the notes to the accounts, is materially misstated; or
- the provider's expenditure on access and participation activities, as disclosed in the accounts, has been materially misstated.

Use of the audit report

This report is made solely to the University's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the University's members 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 group and University and the University's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Signed:

DRA Bott (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Date:

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1. Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards FRS 102. The University is a company limited by guarantee incorporated in the United Kingdom under the Companies Act. The University's registered address and that of the subsidiary company is shown on page 1 of this report. Under FRS 102 the University has taken advantage of the exemptions for financial instrument disclosure for the parent and from providing a parent company cash flow statement.

The University is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102. The Financial Statements are prepared in accordance with the historical cost convention. The principal accounting policies, which have been applied consistently throughout the current year are set out below.

The Governing Body is satisfied that the University has sufficient facilities to continue operating at its current level and therefore the financial statements have been prepared in accordance with the historical cost convention and on a going concern basis.

2. Critical Judgements

The following are the critical judgements that have been made in the process of applying the University's accounting policies.

2.1 Capital and Research Grants Received

The University's accounting policy requires recognition of income when performance related conditions are met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released into income as the conditions are met. The research contracts that are entered into by the University are assessed and any performance conditions identified. The income from these research activities is released based on the meeting of the conditions stated in the research contracts or on commencement of the activity if no conditions are specified. Where conditions have not yet been met the income is held as deferred income within creditors on the balance sheet.

3. Estimates

The key assumptions concerning the future, and other key estimation uncertainty at the balance sheet date that have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are highlighted as follows.

3.1 Local Government Pension

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions as disclosed in note 23 will impact on the carrying value of the pension liability. Furthermore a rolled forward approach which projects results from the latest full actuarial valuation performed as at 31 March 2019 has been used by the actuary in valuing the pensions liability as at 31 July 2021. Any differences between these figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

4. Basis of Consolidation

The consolidated financial statements include the University and its subsidiary company for the financial year to 31 July 2021. Intra-group transactions are eliminated on consolidation. The consolidated financial statements

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

5. Recognition of Income

Income is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and VAT recoverable from HM Revenue and Customs. Revenue from transactions that have a commercial substance, including tuition fee, accommodation, catering and conference income and consultancy fees are recognised as income in the Statement of Comprehensive Income using the Performance Related method of apportionment. Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. This may involve the deferral of income over more than one financial year. Where the amount of the tuition fee is reduced, by a discount awarded by the University for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and are not deducted from income.

6. Grants

Revenue-based grants from Government, the Office for Students (OfS), the Department for Education (DfE) and HEKSS trusts are passed through the Income and Expenditure Account when the conditions relating to the grant have been satisfied (see 5, Recognition of Income above). Grants or other contributions from Government and other bodies are accounted for using the performance model and are recognised in the financial statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

7. Agency Arrangements

Funds the Institution receives and disperses as a 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.

8. Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rate as at the year end. The resulting exchange differences are charged to the Statement of Comprehensive Income.

9. Operating Leases

Rental costs under operating leases are charged to expenditure in equal annual amounts over the period of the leases. Rent free periods or other incentives reduce the total expenditure on the lease, calculated by applying all of the incentive over the life of the lease.

10. Intangible Assets

The development cost to the University of software assets is capitalised as an intangible asset when the asset comes into full use. Software in development is held in the asset register until complete and fully in use. The value of the asset is stated at historic cost less accumulated amortisation charges, with amortisation being charged on a straight line basis from the month that the asset is fully developed. Significant intangible assets with a value of £200,000 or more are amortised over 10 years and lower value assets of less than £200,000 are amortised over five years. The costs relating to the development of the medical programme are capitalised as an intangible asset. Development costs accrue from the date at which the contract was entered into, and are capitalised when the asset comes into use, and will be amortised when the benefits are realised on a straight-line basis over five years.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

11. Tangible Assets

Tangible assets are stated at historic purchase cost less accumulated depreciation, or in the case of Land and Buildings, at deemed cost based on the one-off revaluation undertaken as at 31 July 2014.

The total cost of an asset can include incidental expenses incurred by staff or consultants, where these costs relate entirely to the project. The costs of major building programmes will also include the interest charged on any related loan finance used to fund the building during the construction phase of creating the asset.

Depreciation is charged on a straight line basis from the month that the asset is acquired or that construction is complete. During the time of construction the value of the asset is held in assets under construction. Once construction is complete the value of the asset is transferred to the asset register. Depreciation commences from when the asset is commissioned into use.

Land is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated over their expected useful lives of up to 50 years. Assets in the course of construction are accounted for at cost incurred to the end of the year. They are not depreciated until they are ready for use. For large construction projects the components of the building are identified separately and are depreciated over the useful economic life as determined by the nature of the asset.

Costs incurred in relation to a tangible fixed asset, after the initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the University from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross amount of the tangible fixed asset concerned.

Minor works in excess of £10,000 are separately identified and depreciated over ten years. These have been included in the freehold land and buildings category in note 9.

Fixtures, fittings and equipment, including computers and software, costing less than £10,000 per individual item are written off in the year of acquisition.

Equipment that is capitalised is depreciated over the useful economic life expectancy of the asset. This is estimated to be 5 years for equipment including IT assets and between 10 to 25 years for plant and machinery. Where buildings, minor works and equipment are acquired with the aid of specific grants the asset is capitalised and depreciated as above. The related grants are released as income when the performance conditions are met, or on receipt of funds if no conditions are specified.

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the Statement of Comprehensive Income in the period it is incurred.

The University has a planned maintenance programme, which is reviewed on an annual basis. All assets are reviewed on an annual basis for indicators of impairment. Any adjustment to the value of an asset for impairment is charged to the Statement of Comprehensive Income in the period it arises.

12. Assets held for resale

Tangible assets that are held for resale are carried at a value that is the lower of net book value or expected recovery amount. Assets identified as being held for resale trigger an impairment review in line with the HE SORP. From the impairment review if an asset requires an adjustment to the carrying value the resulting impairment is charged to the Statement of Comprehensive Income.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

13. Stock

Stocks are materials held by various University departments including catering supplies, together with books and other items purchased for resale. Stocks relate to finished products and are valued at the lower of cost or selling price less costs to sell, on a first-in, first-out basis. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

14. Cash and Cash Equivalents

Cash includes cash in hand, cash at bank, deposits repayable within 3 months and overdrafts.

15. Maintenance of Premises

The University has a long-term rolling maintenance plan which forms the basis of the ongoing maintenance of the estate. The cost of routine corrective maintenance is charged to the income and expenditure account as incurred. A provision for dilapidation is made where the lease agreement requires the University to return the property to the landlord in a specified state. A provision is made for the estimated costs of the dilapidation spread over the period of tenancy. Any increase or decrease in this provision is charged to the Statement of Comprehensive Income.

16. Taxation Status

The University is a registered charity within the meaning of Part 3 of the Charities Act 2011 and as such is a charity within the meaning of Section 506 of the income and Corporation Tax Act 1988. It is therefore a charity within meaning of Para 1 of schedule 6 to Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478-488 of the Corporation Taxes Act 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.

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is presented in the financial statements as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

17. Pension Schemes

Retirement benefits to employees of the University are provided by the Local Government Pension Scheme (LGPS), the University Superannuation Scheme (USS) and the Teachers' Pension Scheme (TPS). All schemes are defined benefit schemes but the USS and TPS schemes are both multi-employer schemes and it is not possible to identify the assets and liabilities of the scheme which are attributable to the University on a consistent and reliable basis. In accordance with FRS 102, the USS and TPS pension schemes are accounted for on a defined contribution basis and the contributions to these schemes are included as expenditure in the period in which they are payable in the Statement of Comprehensive Income.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

For defined benefit schemes the amounts charged to the operating surplus are the costs arising from employee services rendered during the period and the cost of the plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

The University has an agreed obligation to fund past deficits of the USS and therefore, recognises the net present value of contributions payable that arise from this agreement as a liability in the Balance Sheet.

The TPS is an unfunded scheme and there is no liability for past deficits reported for this scheme.

The University is able to identify its share of assets and liabilities of the LGPS. The movement in the defined benefit liability of this scheme, when adjusted for payments into and out of the plan, is charged to the Statement of Comprehensive Income. This cost is the aggregation of changes in the defined benefit obligation and changes in plan assets. To identify this liability the assets of the LGPS are valued using bid values.

LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to Operating Expenses, Note 8.

The difference between the fair value of the University's share of the assets held in the LGPS defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the University's Balance Sheet as a pension scheme asset or liability, as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the University is able to recover the surplus through reduced contributions in the future or through funds from the scheme. Actuarial gains and losses, and movements to the defined benefit pension scheme's assets or liabilities arising from a change in actuarial assumptions are charged to the Statement of Comprehensive Income in accordance with FRS 102.

18. Investments

Endowment asset investments are held as cash.

Where charitable donations are to be retained for the benefit of the Institution as specified by the donors, these are accounted for as endowments in the reserves on the Balance Sheet. The University has two main types of endowments:

- Expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the Institution can convert the donated sum into income.
- Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

19. Financial Instruments

The University does not hold any non-basic financial instruments. The primary financial instruments are cash, loans, receivables from trade debtors and payables to creditors and suppliers. The recognition of trade debtors and trade creditors is at fair value. Loans, accruals and prepayments are recognised at the amortised cost.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income.

20. Investment in Subsidiaries

The investment in the subsidiary undertaking is shown at cost less any impairment value. The University carries out an annual impairment review of the investment in the subsidiary.

21. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, although endowed to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

The following reserves are maintained:

- Unrestricted – where the reserve is not restricted as to its use.
- Designated – this is the designated pensions reserve reported in Note 23.
- Restricted – where the University holds funds for which the donor has placed restrictions on their use.

**Consolidated and University Statement of Comprehensive Income and Expenditure
For the Year Ended 31 July 2021**

	Notes	Consolidated		University	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	1	104,169	93,485	104,169	93,485
Funding body grants	2	31,928	10,181	31,928	10,181
Research grants and contracts	3	2,093	1,644	2,093	1,644
Other income	4	13,925	14,303	13,840	14,119
Investment income	5	11	75	11	75
Total income		152,126	119,688	152,041	119,504
Expenditure					
Staff costs	6	75,187	74,234	75,106	74,143
Interest and other finance costs	7	2,218	1,558	2,218	1,558
Other operating expenses		55,683	42,951	55,639	42,843
Depreciation and Amortisation	9 & 11	8,108	7,900	8,108	7,900
Total Expenditure	8	141,196	126,643	141,071	126,444
Surplus/(Deficit) for the year before loss on disposal of fixed assets		10,930	(6,955)	10,970	(6,940)
Impairment of Fixed Assets		(2,095)	(1,472)	(2,095)	(1,472)
(Loss)/Profit on disposal of fixed assets		(48)	436	(48)	436
Surplus / (Deficit) for the year		8,787	(7,991)	8,827	(7,976)
Endowment comprehensive income for the year	17	142	(10)	142	(10)
Actuarial loss in respect of pension schemes	23	(557)	(42,189)	(557)	(42,189)
Total comprehensive Surplus/(Deficit) for the year		8,372	(50,190)	8,412	(50,175)
Represented by:					
Endowment comprehensive income for the year	17	142	(10)	142	(10)
Unrestricted comprehensive loss for the year		8,230	(50,180)	8,270	(50,165)
Surplus/(Deficit) for the year attributable to the University		8,372	(50,190)	8,412	(50,175)

Consolidated and University Statement of Changes in Reserves For the Year Ended 31 July 2021

Consolidated	Income and expenditure account			Total
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>	
	£'000	£'000	£'000	£'000
Balance at 1 August 2019	267	39	90,962	91,268
Deficit from the income and expenditure statement	-	-	(7,991)	(7,991)
Other comprehensive income	(10)	-	(42,189)	(42,199)
Total comprehensive income for the year	(10)	-	(50,180)	(50,190)
Balance at 31 July 2020	257	39	40,782	41,078
Balance at 1 August 2020	257	39	40,782	41,078
Deficit from the income and expenditure statement	-	-	8,787	8,787
Other comprehensive income	142	-	(558)	(416)
Total comprehensive income for the year	142	-	8,229	8,371
Balance at 31 July 2021	399	39	49,011	49,449
University	Income and expenditure account			Total
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>	
	£'000	£'000	£'000	£'000
Balance at 1 August 2019	267	39	90,962	91,268
Deficit from the income and expenditure statement	-	-	(7,976)	(7,976)
Other comprehensive income	(10)	-	(42,189)	(42,199)
Total comprehensive income for the year	(10)	-	(50,165)	(50,175)
Balance at 31 July 2020	257	39	40,797	41,093
Balance at 1 August 2020	257	39	40,797	41,093
Surplus from the income and expenditure statement	-	-	8,827	8,827
Other comprehensive income	142	-	(559)	(417)
Total comprehensive income for the year	142	-	8,268	8,410
Balance at 31 July 2021	399	39	49,065	49,503

**Consolidated and University Statement of Financial Position
As at 31 July 2021**

		2021	2020	2021	2020
	Notes	As at 31 July Consolidated		As at 31 July University	
		£'000	£'000	£'000	£'000
Non-current assets					
Tangible assets	9	173,213	175,721	173,213	175,721
Assets held for resale	9a	6,903	7,575	6,903	7,575
Investments	10	-	-	450	450
Intangible assets	11	13,046	9,404	13,046	9,404
		<u>193,162</u>	<u>192,700</u>	<u>193,612</u>	<u>193,150</u>
Current assets					
Stock		226	282	226	282
Trade and other receivables	12	24,396	10,609	24,387	10,620
Cash and cash equivalents	18	30,693	28,553	30,384	28,185
		<u>55,315</u>	<u>39,444</u>	<u>54,997</u>	<u>39,087</u>
Less: Creditors: amounts falling due within one year	13	(50,461)	(47,821)	(50,539)	(47,899)
Net current assets/(liabilities)		<u>4,854</u>	<u>(8,377)</u>	<u>4,458</u>	<u>(8,812)</u>
Total assets less current liabilities		<u>198,016</u>	<u>184,323</u>	<u>198,070</u>	<u>184,338</u>
Creditors: amounts falling due after more than one year	14	(65,803)	(72,424)	(65,803)	(72,424)
Provisions					
Pension liability LGPS	23	(76,229)	(67,844)	(76,229)	(67,844)
Other provisions	16	(6,535)	(2,977)	(6,535)	(2,977)
Total net assets		<u>49,449</u>	<u>41,078</u>	<u>49,503</u>	<u>41,093</u>
Restricted Reserves					
Income and expenditure reserve - endowment reserve	17	39	39	39	39
Unrestricted Reserves					
Income and expenditure reserve - endowment reserve	17	399	257	399	257
Income and expenditure - Local Government Pension Scheme reserve		(76,229)	(67,844)	(76,229)	(67,844)
Income and expenditure reserve - unrestricted includes pension		125,240	108,626	125,294	108,641
		<u>49,410</u>	<u>41,039</u>	<u>49,464</u>	<u>41,054</u>
Total Funds		<u>49,449</u>	<u>41,078</u>	<u>49,503</u>	<u>41,093</u>

The Financial Statements on pages 41 to 72 were approved and authorised for issue by the Governing Body on 23 November 2021 and signed on its behalf by:

Professor R Thirunamachandran
Vice Chancellor and Principal
Canterbury Christ Church University
Registered company number 04793659

Ms J Armitt
Pro-Chancellor (Chair of the Governing Body)

Consolidated Cash Flow Statement For the Year ended 31 July 2021

	Notes	Year ended 31 July 2021	Year ended 31 July 2020
		£'000	£'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		8,787	(7,991)
Adjustment for non-cash items			
Depreciation and amortisation	9/11	8,108	7,900
Impairment charge		2,095	1,472
Decrease/(increase) in stock		56	(53)
(Increase)/decrease in debtors	12	(13,787)	4,668
Increase/(decrease) in creditors	13	19,311	(1,879)
Increase/(decrease) in other provisions	16	3,558	(4)
Pension charges	23	7,969	4,423
Adjustment for investing or financing activities			
Investment income	5	(11)	(75)
Interest payable	7	1,161	1,142
Endowment income	17	(173)	(11)
Donations		(203)	(500)
Loss/(profit) on the sale of tangible assets	9	48	(436)
Capital Grant income	2	(21,060)	(645)
Net cash (outflow)/inflow from operating activities		15,858	8,011
Cash flows from investing activities			
Proceeds from sales of fixed assets	9	-	900
Investment income	5	11	75
Payments made to acquire tangible and intangible assets	9/11	(10,681)	(41,150)
Payments made to acquire endowment assets	17	(31)	(21)
Capital grant receipts	2/14	4,400	6,395
Net cash inflow/(outflow) from investing activities		(6,301)	(33,801)
Cash flows from financing activities			
Interest paid	7	(1,161)	(1,142)
Endowment cash received	17	173	11
Donations received		203	500
New unsecured loans	14	(4,000)	38,000
Repayments of amounts borrowed	15	(2,632)	(2,658)
Net cash inflow/(outflow) from financing activities		(7,417)	34,711
Increase in cash and cash equivalents in the year		2,140	8,921
Cash and cash equivalents at beginning of the year	18	28,553	19,632
Cash and cash equivalents at end of the year	18	30,693	28,553

Notes to the Financial Statements

Consolidated & University

1. TUITION FEES AND EDUCATIONAL CONTRACTS

	Notes	2021 £'000	2020 £'000
Full-time home and European students		92,670	80,142
Full-time Students Overseas		3,223	2,560
Part-time Students		5,115	5,450
Total fees paid by or on behalf of individual students		<u>101,008</u>	<u>88,152</u>
Education contracts		3,161	5,333
Total		<u><u>104,169</u></u>	<u><u>93,485</u></u>

Consolidated & University

2. FUNDING BODY GRANTS

		2021 £'000	2020 £'000
Recurrent grant		£'000	£'000
OfS Office for Students		5,080	4,964
Other Bodies Research England		2,630	2,262
Other Bodies Education and Skills Funding Agency		1,849	893
Total recurrent grants		<u>9,559</u>	<u>8,119</u>
Specific grants			
OfS DHSC		92	-
OfS Catalyst Fund		120	120
OfS Challenge Competitions		145	181
Other Bodies Global Challenges Research Fund		79	67
Other Bodies Higher Education Innovation Fund		612	532
Other Bodies QR Strategic Priorities Fund 2019-20		50	52
Other Bodies DfE		211	465
Total specific grants		<u>1,309</u>	<u>1,417</u>
Capital grant received and recognised in the year			
SELEP		10,620	-
OfS - Capital		6,540	-
OfS - Teaching Capital Investment Fund		944	568
OfS - Research Capital Investment Fund		83	77
HEE - Kent and Medway Medical School		301	-
Other - Kent and Medway Medical School		1,546	-
Other - Pears		1,026	-
Total capital grants		<u>21,060</u>	<u>645</u>
Total		<u><u>31,928</u></u>	<u><u>10,181</u></u>

Notes to the Financial Statements (continued)

Consolidated & University

3. RESEARCH GRANTS AND CONTRACTS	2021	2020
	£'000	£'000
Research Councils	171	46
Research Charities	372	272
Government UK & Overseas	881	659
Industry Commerce Public	129	82
Other grants and contracts	540	585
	2,093	1,644

Consolidated

4. OTHER OPERATING INCOME	2021	2020
	£'000	£'000
Residences, catering and conferences	6,588	7,616
Other income generating activities	6,858	6,022
Other grant income	-	500
Other operating income	479	165
	13,925	14,303

Other income generating activities above include Teach First, consultancy fees and consultancy contracts, social work and community engagement. Included in other grant income is £381k claimed in the year through the Government's Coronavirus job retention scheme for furloughed staff (2020: £468k).

Consolidated & University

5. INVESTMENT INCOME	2021	2020
	£'000	£'000
Bank interest receivable	11	75
	11	75

Notes to the Financial Statements (continued)

6. STAFF COSTS

All Staff are employed by Canterbury Christ Church University. The average monthly number of persons (including senior post holders) employed during the year, expressed as full time equivalents was:

	Consolidated	
	2021	2020
	Number	Number
Academic Staff	573	615
Professional Service Staff	678	709
Academic Support Staff	229	208
Total	<u>1,480</u>	<u>1,532</u>
	2021	2020
	£'000	£'000
Staff costs		
Wages and salaries	59,771	57,495
Social security costs	5,100	5,652
Other pension costs	10,316	11,087
Total	<u>75,187</u>	<u>74,234</u>

The other pension costs represents the total value of contributions due in the year to TPS, USS and LGPS. An additional cost of £6,775k (2020: £4,007k) is recognised within other operating expenses relating to the balance between the contributions due to the LGPS and the actuarially calculated service cost. The total expense recognised for the year can be seen within note 23.

Included in Wages and salaries and other pension costs are severance payments of £936,013 for 67 members of staff (2020: £574,468 for 36 members of staff).

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel. Compensation consists of salary and benefits, including any employer's pension contribution. The Key Management Personnel in the University are members of the Senior Management Team. In 2020/2021 the number of serving members of the management team was 13 (2020: 13). During the year the members of the Senior Management Team took a reduction in salary to support the University during an uncertain and challenging year.

	2021	2020
	£'000	£'000
Key management personnel compensation	<u>1,331</u>	<u>1,527</u>

Notes to the Financial Statements (continued)

6. STAFF COSTS (CONTINUED)

Higher paid staff

Salary Range	2021 Number	2020 Number
£105,000 to £109,999	1	1
£125,000 to £129,999	-	1
£130,000 to £134,999	-	1
£140,000 to £ 144,999	1	-
£145,000 to £149,999	-	1
	<u>2</u>	<u>4</u>

The emoluments paid to the five members of the Governing Body (2020: 5) and their accrued benefits under defined benefits pension schemes are shown below:

	2021 £'000	2020 £'000
Salaries	396	435
Employer's pension contributions	37	39
Total	<u>433</u>	<u>474</u>

Emoluments of the Vice-Chancellor, being the highest paid director

	2021 £'000	2020 £'000
Salary	236	265
Employer's pension contributions	5	5
Total emoluments of the Vice-Chancellor	<u>241</u>	<u>270</u>

The emoluments of the Vice Chancellor are shown on the same basis as for higher paid staff. There have been no non-taxable or taxable benefits paid to the Vice Chancellor in the year other than those that are for the reimbursement of business travel and other business expenses. These are claimed in line with the University's staff expenses policy. The Vice Chancellor's expense claims and charges are shared on the University's public website. The Vice Chancellor has enhanced opt out membership of the USS Pension Scheme, and therefore, the contribution made by the University to the scheme on his behalf is at the significantly lower contribution rate of 2.0% (2020: 2.0%). The total emoluments have reduced in 2020/2021 as the Vice Chancellor opted to take a reduction of salary in year in support of the University during what was a very uncertain and challenging time.

The pay ratio of the Vice Chancellor's total emoluments as a ratio to the median of the total emoluments for all staff is 7.97:1 (2020: 7.92:1). The pay ratio of the Vice Chancellor's basic salary as a ratio to the median of the basic salary of all staff is 7.83:1 (2020: 7.83:1). These calculations are based on a full time equivalent basis for all staff employed by the University whose payroll charges are included in the real time information report to HM Revenue and Customs.

Notes to the Financial Statements (continued)

6. STAFF COSTS (CONTINUED)

Directors' Emoluments

The remuneration of the Vice-Chancellor is determined by the Remuneration Committee which is made up of Independent Members only and chaired by the Deputy Chair of the Governing Body. From November 2018, the Committee was supplemented to include an external member who is not a member of the Governing Body. This member has met with staff governors and student representatives to understand their perspectives. From 2021/22, following an amendment to the Articles of Governance, the student governor will be joining the membership of the Committee. The decisions of the Remuneration Committee are reported in writing to the full Governing Body.

The remuneration of the Vice-Chancellor is determined by the Remuneration Committee based upon an annual appraisal against objectives carried out by the Chair of the Governing Body (Pro-Chancellor). Any annual increase in the Vice-Chancellor's pay is based on a senior salary framework, which was approved by the Remuneration Committee in 2014, and applies equally to all members of the Senior Management Team. The framework is based on a 3-point scale for assessment and performance – exceptional, excellent and requiring improvement. The pay increase for an 'excellent' rating is pegged to the annual national pay award for all staff (1.8% in 2019/20). Where an exceptional rating has been achieved the pay increase is normally an additional 1%.

This year, the Committee considered the Pro-Chancellor's review of the Vice-Chancellor's performance in 2020/21 and agreed with the Pro-Chancellor's assessment of the Vice-Chancellor's exceptional performance and noted that he continued to be an asset to the University. However, in line with the agreement for senior staff this year, no pay award was made. During the year, the Vice-Chancellor voluntarily took a pay reduction of 20% between August 2020 and February 2021 (an annual reduction of 11%).

The current Vice-Chancellor has been in post since 2013 and his remuneration reflects his considerable experience gained through a number of senior roles within the Higher Education sector and the Civil Service. His personal performance in 2020/21 was rated as exceptional as the University has brought to a successful conclusion the implementation of a widened academic portfolio with the establishment of a new School of Engineering and the Kent & Medway Medical School (jointly with the University of Kent) which accepted its first intake of students in September 2020. These two major initiatives, which have been implemented successfully remain a significant basis for confidence in the University's strategic development and sustainable future. The Vice-Chancellor's leadership in successfully steering the University during the pandemic was also acknowledged.

Notes to the Financial Statements (continued)

7. INTEREST PAYABLE AND OTHER FINANCE COSTS

	Consolidated & University	
	2021	2020
	£'000	£'000
Bank loans not wholly repayable within five years	1,161	1,142
Net charge on pension schemes	1,057	416
Total	2,218	1,558

Consolidated

8. ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY

	2021	2020
	£'000	£'000
Academic departments	66,489	61,772
Academic services departments	4,981	4,838
Administration and central services	28,319	25,678
Premises	17,791	11,592
Residences, catering and conferences	9,724	9,641
Research grants and contracts	2,133	1,911
Other expenses	1,433	1,753
Depreciation	8,108	7,900
Interest payable and other finance costs	2,218	1,558
	141,196	126,643

Consolidated

	2021	2020
	£'000	£'000
Other operating expenses include:		
Fees payable for auditing of the financial statements of the parent company	39	53
Fees payable for auditing the subsidiary company	4	5
Other fees payable to the group auditor - grant and pension assurance review	4	12
Operating lease rentals - land and buildings	7,744	8,440
Operating lease rentals - equipment	144	139

8a ACCESS AND PARTICIPATION

	2021	2020
	£'000	£'000
Access Investment (i)	720	756
Financial Support	2,680	3,098
Disability Support (i)	1,016	489
Research and Evaluation	8	8
	4,424	4,351

(i) £1,356k of these costs are included in the staff cost figures included in the financial statements, note 6, (2020: £857k). Not included in the financial support provided to students in the note are funds totalling £845k received from the OfS to support Students facing hardship as a result of the COVID-19 pandemic. All funds received were paid out to help students in the year. The published Access and Participation plan is available at:

<https://www.canterbury.ac.uk/outreach>

Notes to the Financial Statements (continued)

9. TANGIBLE ASSETS

Consolidated and University

	Freehold Land and Buildings	Assets under Construction	Fixtures, Fittings and Equipment	Plant and Machinery	Total
Cost and deemed cost for land and buildings	£'000	£'000	£'000	£'000	£'000
At 1 August 2020	123,129	62,712	25,191	7,379	218,411
Additions	-	7,003	-	-	7,003
Transfer to Intangible Assets	-	(349)	-	-	(349)
Assets coming into use	61,115	(67,268)	6,072	81	-
Impairments	(1,605)	-	-	-	(1,605)
Disposals	(52)	-	(460)	-	(512)
At 31 July 2021	182,587	2,098	30,803	7,460	222,948
Accumulated depreciation					
At 1 August 2020	(21,582)	-	(16,922)	(4,186)	(42,690)
Charge for the year	(3,953)	-	(3,003)	(554)	(7,510)
Transfer to Assets held for Resale	-	-	-	-	-
Disposals	19	-	445	-	464
At 31 July 2021	(25,516)	-	(19,479)	(4,740)	(49,735)
Net book value					
At 31 July 2021	157,071	2,098	11,324	2,720	173,213
At 31 July 2020	101,547	62,712	8,269	3,193	175,721
Financed by capital grant:					
At 31 July 2021	20,090	-	970	-	21,060
At 31 July 2020	568	-	77	-	645

As part of the transition to FRS 102 the University's land and buildings were valued at 31 July 2014 by Strutt and Parker, an external valuer, in accordance with RICS Valuation – professional standards.

Heritage Assets

Heritage assets held by the University consists of artwork and assets of cultural interest displayed in the University's campuses held in perpetuity. The total estimated value of the assets as determined in April 2021 is £169,550 (February 2020: £171,400). The recognition value of all items is based on the insurance replacement cost. The heritage assets are not depreciated as their individual value, other than for insurance purposes, is not known. These asset values are not included in the tangible asset note.

There were no tangible assets held by the subsidiary company.

Notes to the Financial Statements (continued)

9a TANGIBLE ASSETS HELD FOR RESALE

	Consolidated and University Freehold Land and Buildings	Total	
Carrying Value	2021 £'000	2021 £'000	2020 £'000
As at 31 July 2020	8,906	8,906	10,378
 Depreciation			
At 1 August 2020	(1,331)	(1,331)	(1,104)
Charge for year	(182)	(182)	(227)
At 31 July 2021	<u>(1,513)</u>	<u>(1,513)</u>	<u>(1,331)</u>
 Impairment Charge			
	(490)	(490)	(1,472)
As at 31 July 2021	<u>6,903</u>	<u>6,903</u>	<u>7,575</u>

The University is planning to dispose of two major assets, Hall Place and the campus buildings at Broadstairs. The impairment review in 2020 of these properties led to an impairment charge of £1.472m to bring the carrying value to reflect the lower of expected resale value and net book value, in line with the accounting policy for assets held for resale. At the end of the financial year 2021 a further review was carried out and a reduction of the carrying value of the Broadstairs properties was required, leading to an impairment charge of £490k.

Notes to the Financial Statements (continued)

10. FIXED ASSET INVESTMENTS

Shares / Capital Contribution	Loans	Total
£'000	£'000	£'000
450	-	450
450	-	450

At 1 August 2020 and 31 July 2021

Medco (CCCU) Limited had share capital of 10,000,000 £1 ordinary shares of which 4,500,002 were issued, all owned by Canterbury Christ Church University. £4,500,000 of the £1 ordinary shares were converted from issued and paid up redeemable preference shares at an Extraordinary General Meeting on the 7 November 2006. At an Extraordinary General Meeting held on 26 October 2009, Canterbury Christ Church University agreed to a voluntary reduction in its share capital from £4,500,002 to £449,999.

The subsidiary company Medco (CCCU) Limited had been dormant from July 2012. The company was reactivated and started trading as an agency for temporary staff from 1 February 2015. The results of the subsidiary company have been consolidated with the parent company's statements. The registered address of the subsidiary company is the same as the parent, Rochester House, St George's Place, Canterbury, Kent, CT1 1UT.

The Directors and Governing Body believe that the carrying value of the investment is underpinned by the operational value the business provides to the parent company. This support is in the form of agency workers in a range of roles within the University, and to students and graduates in the form of employment opportunities.

Notes to the Financial Statements (continued)

11. INTANGIBLE ASSETS

Consolidated and University

	Assets in development £'000	Software £'000	Total £'000
At 1 August 2020	8,266	1,376	9,642
Transfers from Tangible Fixed Assets	349	-	349
Additions	3,709	-	3,709
Assets coming into use	(1,647)	1,647	-
At 31 July 2021	<u>10,677</u>	<u>3,023</u>	<u>13,700</u>
Amortisation			
At 1 August 2020	-	238	238
Charge for the year	-	416	416
At 31 July 2021	<u>-</u>	<u>654</u>	<u>654</u>
Net book value			
At 31 July 2021	<u><u>10,677</u></u>	<u><u>2,369</u></u>	<u><u>13,046</u></u>
At 31 July 2020	<u><u>8,266</u></u>	<u><u>1,138</u></u>	<u><u>9,404</u></u>

Intangible assets include the software assets that are being developed and the development cost of the Medical School programme.

Notes to the Financial Statements (continued)

12. TRADE DEBTORS AND OTHER RECEIVABLES

	Consolidated		University	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade debtors	18,874	5,024	18,865	5,007
Prepayments and accrued income	5,522	5,585	5,522	5,585
Amount owed by subsidiary company	-	-	-	28
	<u>24,396</u>	<u>10,609</u>	<u>24,387</u>	<u>10,620</u>

Funds for partnership delivery has been received as income and a proportion of this is due to the partner, leading to an increase in Trade Debtors as reported at 31 July 2021.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Bank loans	2,621	2,632	2,621	2,632
Trade creditors	13,839	11,351	13,839	11,369
Amount owed to subsidiary company	-	-	132	150
Taxation and social security	2,967	2,904	2,967	2,904
Accruals and deferred income	31,034	14,274	30,980	14,184
Deferred Capital Grants	-	16,660	-	16,660
	<u>50,461</u>	<u>47,821</u>	<u>50,539</u>	<u>47,899</u>

Amounts owed to the subsidiary company and amounts owed by the parent company are unsecured, interest free and repayable 30 days from the date of invoice. The bank loans relate to the capital repayment of loan finance to support the campus redevelopment, the purchase of the prison and student accommodation in Broadstairs. Although not secured on assets of the University, the loan agreement restricts further borrowing and indebtedness.

As at 31 July 2021 the University has a creditor of monies owed to the University of Kent by Canterbury Christ Church University of £15,011 (2020: a debtor of £190,740 was reported). This is included in accrued expenditure. This is being reflected as a debtor in the financial statements of the University of Kent.

Notes to the Financial Statements (continued)

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Secured loans	31,803	34,424	31,803	34,424
Revolving Credit Facility	<u>34,000</u>	<u>38,000</u>	<u>34,000</u>	<u>38,000</u>
	<u><u>65,803</u></u>	<u><u>72,424</u></u>	<u><u>65,803</u></u>	<u><u>72,424</u></u>

The Revolving Credit Facility is loan finance provided jointly by Lloyds and NatWest banks. The credit facility converts to long term finance, with repayment of loan capital due to commence in 2023.

The loans held with Lloyds Bank have been secured over the freehold land and buildings included in Tangible fixed assets in note 9.

15. BORROWINGS

Lender	Purpose of Loan	Original amount borrowed £'000	Term (Years)	Maturity Date	Interest rate (%)	Amount owed as at 31 July 2021 £'000	Amount owed as at 31 July 2020 £'000
Lloyds Bank	Thanet Campus Development	4,250	23	Dec 2024	0.35	670	859
Lloyds Bank	Thanet Accommodation Development	2,850	30	Dec 2033	0.35	1,148	1,236
Lloyds Bank	Canterbury Campus Development	8,750	26	Sep 2034	5.34	6,837	7,176
Lloyds Bank	Canterbury Campus Development 1	5,000	25	Dec 2034	2.74	3,375	3,625
Lloyds Bank	Canterbury Campus Development 2	17,250	25	Dec 2034	0.35	11,862	12,709
Lloyds Bank	Canterbury Campus Development 3	5,000	25	Dec 2034	4.06	3,375	3,625
Lloyds Bank	Acquisition of former prison	10,000	19	Dec 2033	2.52	7,042	7,605
Lloyds Bank	Revolving Credit Facility (50%)	17,000	10	Apr 2033	2.01	17,000	19,000
Natwest	Revolving Credit Facility (50%)	17,000	10	Apr 2033	2.01	17,000	19,000
Salix Finance	Carbon Saving measures - interest free loan	168	4	Feb 2022	0.00	34	67
Salix Finance	Carbon Saving measures - interest free loan	123	4	Apr 2023	0.00	49	74
Salix Finance	Carbon Saving measures - interest free loan	56	4	May 2024	0.00	32	45
HEFCE	Revolving Green Fund to initiate carbon saving measures	279	4	Nov 2020	0.00	-	35
Total						<u><u>68,424</u></u>	<u><u>75,056</u></u>

The Revolving Credit Facility jointly provided by Lloyds and NatWest banks to further support the Estates Master Plan. This is a loan of £47,000,000 held on a flexible basis for five years with the option to convert to a term loan at the end of this initial period. There is a non-utilisation charge whilst the funds remain committed but undrawn of 0.6%. This charge is expensed to the Statement of Comprehensive Income. The total balance drawn on the RCF as at 31 July 2021 was £34m, leaving £13m undrawn in the facility (2020: £38m drawn, leaving £9m to be utilised).

Notes to the Financial Statements (continued)

15. BORROWINGS (CONTINUED)

	Consolidated and University	
	2021	2020
	£'000	£'000
Bank loans and overdrafts		
Bank loans and overdrafts are repayable as follows:		
In one year or less	2,621	2,632
Between one year and two years	2,613	2,621
Between two and five years	7,597	7,748
In five years or more	55,593	62,055
Total	<u>68,424</u>	<u>75,056</u>

16. PROVISIONS FOR LIABILITIES

	Consolidated and University	
	2021	2020
	£'000	£'000
Dilapidation provision at the start of the year	1,400	970
Additions in year	1,042	445
Released	-	(15)
At 31 July	<u>2,442</u>	<u>1,400</u>

The University has provided for the potential future dilapidation costs in line with the substance of the works required.

	2021	2020
	£'000	£'000
Other Provisions		
Provisions at the start of the year	1,577	2,011
Additions in year	2,516	-
Released	-	(434)
Provision at the end of the year	<u>4,093</u>	<u>1,577</u>

Provision is made for the return of unused funding from prior years and an estimate of the net pension liability from the pension costs of the Universities Superannuation Scheme.

Notes to the Financial Statements (continued)

17. ENDOWMENTS

	Consolidated and University		2021	2020
	Expendable	Restricted Permanent	Total	Total
	£'000	£'000	£'000	£'000
Opening balance at 1 August 2020				
Capital	257	39	296	306
Movement for the year to date				
Investment income	173	-	173	11
Expenditure	(31)	-	(31)	(21)
	<u>142</u>	<u>-</u>	<u>142</u>	<u>(10)</u>
Closing balance at 31 July 2021	<u><u>399</u></u>	<u><u>39</u></u>	<u><u>438</u></u>	<u><u>296</u></u>
Represented by:				
Capital	399	39	438	296
The above amounts are represented by cash balances				
Representing:				
Specific donations	2	-	2	2
Scholarships and bursaries	184	3	187	202
Prize funds	213	36	249	92
	<u>399</u>	<u>39</u>	<u>438</u>	<u>296</u>

Notes to the Financial Statements (continued)

18. CASH AND CASH EQUIVALENTS

University	At 1st August 2020 £'000	Cash Flows £'000	At 31st July 2021 £'000
Balance at bank	27,887	2,053	29,940
Cash & cash equivalents - endowment assets	298	146	444
	<u>28,185</u>	<u>2,199</u>	<u>30,384</u>

Consolidated

	At 1st August 2020 £'000	Cash Flows £'000	At 31st July 2021 £'000
Balance at bank - University	27,887	2,053	29,940
Balance at bank - Medco (CCCU) Limited	368	(59)	309
Cash & cash equivalents - endowment assets	298	146	444
	<u>28,553</u>	<u>2,140</u>	<u>30,693</u>

19. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 July 2021.

Notes to the Financial Statements (continued)

20. LEASE OBLIGATIONS AND OTHER COMMITMENTS

At 31 July 2021, Canterbury Christ Church University had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings £'000	2021 Plant and Machinery £'000	Total £'000	31 July 2020 £'000
Paid during the year	4,917	1,927	6,844	7,506
Future minimum lease payments due:				
Not later than 1 year	4,491	1,731	6,222	7,274
Later than 1 year and not later than 5 years	20,511	6,420	26,931	27,320
Later than 5 years	60,831	5,889	66,720	68,503
Total lease payments due	85,833	14,040	99,873	103,097

The University had outstanding financial commitments in the form of open purchase orders with a total value of £7,418,293 at the year end (2020: £8,953,942). These orders do not form part of the above lease commitments.

Other commitments consist of long term arrangements for the use of Polo Farm facilities by the University for a term of 65 years.

Future minimum payments due:	2021 £'000	2020 £'000
Not later than 1 year	317	318
Later than 1 year and not later than 5 years	1,266	1,271
Later than 5 years	16,904	17,291
	18,487	18,880

21. RELATED PARTY DISCLOSURES

Canterbury Christ Church University's subsidiary company, Medco (CCCU) Limited trades as a Unitemps staffing agency, under a franchise arrangement with Warwick University Enterprises Limited. The ultimate controlling party of the subsidiary company is the parent company, the University. The subsidiary company's results have been consolidated with the parent company in these financial statements.

Funding council grants are disclosed on the face of the statement of comprehensive income and in the relevant notes to the financial statements.

22. EVENTS AFTER THE REPORTING PERIOD

There are no events to report after the reporting period.

Notes to the Financial Statements (continued)

23. PENSION SCHEMES

The three principal pension schemes for Canterbury Christ Church University's staff are the Teacher's Pension Scheme (TPS), the local Government Pension Scheme (LGPS) and the Universities Superannuation Scheme (USS). The schemes are defined benefit schemes. The TPS and USS schemes are both multi-employer schemes and it is not possible to identify the assets of the schemes which are attributable to the University on a consistent and reliable basis. In accordance with FRS 102 the USS and TPS pension schemes are accounted for on a defined contributions basis. The contributions to these scheme are included as expenditure in the period in which they are payable in the Statement of Comprehensive Income.

The University has an agreed obligation to fund past deficits of the USS and therefore, recognises the contributions payable that arise from the agreement as a liability in the Balance Sheet.

The TPS is an unfunded scheme and therefore, no liability for past deficits are reported.

The total employer's pension contribution for Canterbury Christ Church University was:

	2021	2020
	£000	£000
Contribution to TPS	6,099	6,740
Contribution to LGPS	3,942	4,061
Contribution to USS	275	286
	<u>10,316</u>	<u>11,087</u>
Percentage employers contributions to TPS as at the year end		23.6%
Percentage employers contributions to LGPS as at the year end		17.5%
Percentage employers contributions to USS as at the year end		21.1%

The assumptions and other data relevant to the determination of the contribution levels of the schemes are as follows:

	TPS	LGPS	USS
	31/03/16	31/03/19	31/03/18
Actuarial Method	Prospective benefits	Projected Unit	Projected Unit
Discount rate	5.30%	4.70%	CPI +0.14% to + 1.55%
Salary scale increases per annum	4.20%	3.60%	RPI less RPI/CPI gap
Pension increases per annum	4.00%	2.60%	2.60%
Market value of assets at date of last valuation	-	£6.218m	£63,000.7m
Nominal market value of assets at date of the last valuation	£196,100m	£6.193m	-
Proportion of members accrued benefits covered by the actuarial value of assets	92%	98%	95%

Notes to the Financial Statements (continued)

23. PENSION SCHEMES (CONTINUED)

The most recent valuation of Kent's Local Government Pension Scheme at 31 March 2019 records a deficit of £129m, equivalent to a funding level of assets to liabilities of 98%.

The Teachers' Pension Scheme valuation at 31 March 2012 reported the scheme as having a notional deficit of £15.0 billion. In the valuation report for the year ended 31 March 2016 the notional deficit increased to £22.0 billion.

The latest Universities' Superannuation Scheme valuation at 31 March 2018 indicated that the scheme had a shortfall or deficit of £3.6 billion, equivalent to a funding level of assets to liabilities of 95%.

Teachers' Pensions Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007, 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' Pensions Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.1%), which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts, as provided for in the Superannuation Act 1972, are paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis and employers' contributions are credited to the Exchequer under arrangements governed by the above Act. The scheme is accounted for as if it is a defined contribution scheme.

Notes to the Financial Statements (continued)

23. Pension Schemes (continued)

Universities Superannuation Scheme

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

The contribution rate payable by Canterbury Christ Church University to USS is 21.1% of pensionable salaries. The actuary to USS has confirmed that it is appropriate to take the pension costs in Canterbury Christ Church University's financial statements to be equal to the actual contributions paid during the year. In particular, the current contribution rate has regard to the surplus/(deficit) disclosed, the benefit improvements introduced subsequent to the valuation and the need to spread the surplus/(deficit) in a prudent manner over the future working lifetime of current scheme members.

Because of the mutual nature of the scheme, Canterbury Christ Church University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting year. The liability for future payments is included in the balance sheet as a provision.

Local Government Pension Scheme

The LGPS is a funded scheme and is valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the members of Kent County Council Superannuation Fund on the advice of the actuaries. In the intervening years, the LGPS actuary reviews the progress of the LGPS scheme.

For LGPS, the actuary has indicated that the resources of the scheme are likely, in the normal course of events, to meet the liabilities as they fall due at the level specified by the LGPS Regulations.

Under the definitions set out in FRS 102 the LGPS is a multi-employer defined benefit pension scheme. In the case of the LGPS, the actuary of the scheme has identified Canterbury Christ Church University's share of its assets and liabilities as at 31 July 2021.

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

The significant assumptions used by the actuary for FRS 102 for the LGPS at 31 July 2021 were:

	2021	2020
	% pa	% pa
Inflation / Pension increase	2.60	2.20
Rate of increase in salaries	3.10	1.89
Discount rate for liabilities	1.60	1.60

It is accepted there is a potential financial impact to the choice of assumptions applied. The University has considered the assumptions for the year in comparison to assumptions applied by other institutions and selected those within the mid range of the sector.

Notes to the Financial Statements (continued)

23. PENSION SCHEMES (CONTINUED)

The post retirement mortality tables adopted are the S3A tables. These base tables are then projected using the CMI 2020 model, which was released in March 2021. This update was made in light of the COVID-19 pandemic and reflects latest information available from the CMI. The S3 tables provide for a multiplier of 110% for males and 115% for females. The base tables are projected with a long term rate of improvement of 1.25% p.a., a smoothing parameter of 7.5, an initial parameter of 0.5% and a 2020 weighting of 25%. The assumed life expectations from age 65 are:

	Males	Females
Current Pensioners	21.6 years	23.6 years
Future Pensioners	22.9 years	25.1 years

Sensitivity analysis

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	218,589	223,973	229,495
Projected service cost	11,728	12,163	12,613
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	224,473	223,973	223,478
Projected service cost	12,170	12,163	12,157
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	228,936	223,973	219,131
Projected service cost	12,608	12,163	11,732
Adjustment to life expectancy assumptions	+0.1%	0.0%	-0.1%
Present value of total obligation	233,070	223,973	215,240
Projected service cost	12,676	12,163	11,669

The assets in the LGPS scheme and the expected rate of return for Canterbury Christ Church University were:

	Value at 31 July 2021 £'000	Value at 31 July 2020 £'000
Equities	96,090	81,234
Gilts	938	842
Bonds	20,573	16,194
Property	15,387	13,779
Cash	4,383	3,819
Absolute return fund	10,373	9,548
	<u>147,744</u>	<u>125,416</u>
	Value at 31 July 2021 £'000	Value at 31 July 2020 £'000
Total market value of assets	147,744	125,416
Present value of scheme liabilities	(223,962)	(193,248)
Present value of unfunded liabilities	(11)	(12)
Deficit in the scheme – net pension liability	<u>(76,229)</u>	<u>(67,844)</u>

Notes to the Financial Statements (continued)

23. PENSION SCHEMES (CONTINUED)

	2021	2020
	£'000	£'000
Reconciliation of Defined Benefit Obligation		
Opening Defined Benefit Obligation	193,260	138,837
Current Service Cost	10,743	8,328
Interest Cost	3,086	2,908
Change in financial assumptions	23,657	23,888
Change in demographic assumptions*	(2,385)	(3,531)
Contributions by Members	1,510	1,624
Losses on curtailments	43	6
Estimated Unfunded Benefits Paid	(1)	(2)
Estimated Benefits Paid (net of transfers in)	(2,359)	(2,357)
Experience (gain)/loss on defined benefit obligation	(3,581)	23,559
Closing Defined Benefit Obligation	<u>223,973</u>	<u>193,260</u>

* The change in demographic assumptions reflects the outcome of the recent McCloud/Sargeant judgement.

	2021	2020
	£'000	£'000
Reconciliation of Fair Value of Employer Assets		
Opening Fair Value of Employer Assets	125,416	117,589
Interest on assets	2,033	2,508
Return on assets less interest	17,134	572
Administration expenses	(89)	(65)
Contributions by the Employer	4,100	4,392
Contributions by Members	1,510	1,624
Other Actuarial gains	-	1,155
Estimated Benefits Paid including unfunded benefits	(2,360)	(2,359)
Closing Fair Value of Employer Assets	<u>147,744</u>	<u>125,416</u>

The total return on the fund assets for the year to 31 July 2021 was £19,167,000. Scheme assets do not include any Canterbury Christ Church University owned financial instruments or any property occupied by Canterbury Christ Church University.

	2021	2020
	£'000	£'000
Analysis of the amount shown in the balance sheet for LGPS:		
Scheme assets	147,744	125,416
Scheme liabilities	(223,973)	(193,260)
Deficit in the scheme – net pension liability recorded within pensions provisions	(76,229)	(67,844)

Current service cost including curtailments	10,786	8,334
Admin charge	89	65
Total operating charge:	<u>10,875</u>	<u>8,399</u>

Analysis of the amount charged to interest payable for LGPS

Interest cost	1,053	400
Net charge to other finance income	<u>1,053</u>	<u>400</u>

Total profit and loss charge before deduction for tax

Analysis of other comprehensive income for LGPS:

Gain on assets	17,134	572
Other actuarial gains/(losses) on assets	-	1,155
Changes to demographic assumptions	2,385	3,531
Financial assumption changes	(23,657)	(23,888)
Experience gain/(loss) on defined benefit obligation	3,581	(23,559)
Total other comprehensive income before deduction for tax	<u>(557)</u>	<u>(42,189)</u>

Notes to the Financial Statements (continued)

24. FINANCIAL INSTRUMENTS

Consolidated	2021 £'000	2020 £'000
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Financial Assets

Financial Instruments are debt instruments measured at amortised cost

Cash and cash equivalents	30,693	28,533
Trade and other debtors	19,627	6,371
	<u>50,320</u>	<u>34,904</u>

Financial Liabilities

Financial liabilities measured at amortised cost

Loans	68,424	75,056
Trade creditors	13,664	11,351
Other creditors	31,034	14,274
	<u>113,122</u>	<u>100,681</u>

University	2021 £'000	2020 £'000
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Financial Assets

Financial Instruments are debt instruments measured at amortised cost

Cash and cash equivalents	30,384	28,185
Trade and other debtors	19,617	6,354
	<u>50,001</u>	<u>34,539</u>

Financial Liabilities

Financial liabilities measured at amortised cost

Loans	68,424	75,056
Trade creditors	13,664	11,369
Other creditors	31,112	14,334
	<u>113,200</u>	<u>100,759</u>

Notes to the Financial Statements (continued)

25. STUDENT SUPPORT FUNDS

	2021	2020
	Total	Total
	£'000	£'000
DfE Bursaries		
Funding Council grants	5,487	4,497
Balance brought forward from previous years	169	397
Disbursed to students	(5,394)	(4,725)
	<u>262</u>	<u>169</u>
HEKSS Paramedic Bursaries		
Funding Council grants	37	257
Balance brought forward from previous years	(21)	(24)
Travel expenses paid to students	-	(17)
Disbursed to students	(36)	(237)
	<u>(20)</u>	<u>(21)</u>