



**Northumbria  
University**  
NEWCASTLE

# **ANNUAL REPORT AND FINANCIAL STATEMENTS.**

## **2022/23**

[northumbria.ac.uk](http://northumbria.ac.uk)





# Northumbria continues to take on tomorrow



## Contents

Vice-Chancellor and Chief Executive's foreword	1
Chair's introduction	3
University's achievements at a glance	5
Strategic Report: Vision, strategy and impact	15
Operating and financial review	19
Sustainability and the environment	29
Principal uncertainties and how we respond to them	31
Public benefit role	35
Statement of corporate governance	39
Statement of internal control	43
Statement of Board of Governors' responsibilities in respect of the annual report and financial statements	45
Annual remuneration statement	47
Register of governors and professional advisors	53
Register of interests	57
Independent auditor's report to the Board of Governors of Northumbria University	59
Financial statements	65
Statement of principal accounting policies	71
Notes to the financial statements	79

The Annual Report and Financial Statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions (2019) and the Accounts Direction, dated 25 October 2019.

**THE AWARDS**  
2022  
#THEawards

**WINNER** University of the Year

# Vice-Chancellor and Chief Executive's foreword



**I am pleased to introduce the Annual Report and Financial Statements for 2022/23. The information in this report provides an overview of the University's activities and achievements during the year.**

Having completed my first year at Northumbria University, I take immense pride in being a part of this ambitious and high-performing university. This year has affirmed my decision to join Northumbria, and I extend my heartfelt gratitude to all my colleagues for their warm welcome and unwavering dedication.

Throughout the past year, as we began to shape our new strategy, we reflected on our past successes while looking toward the future, envisioning the kind of university we aspire to become. The strategy spanning from 2018 to 2023 is drawing to a close, and this report will summarise how we have realised many of our objectives over the past five

years. Our achievements include an outstanding performance in the Research Excellence Framework (REF2021), elevating our research power ranking to 23rd whilst also continuing to support social mobility, in particular by recruiting and supporting students from areas traditionally under-represented in higher education. We received prestigious accolades, including being named Times Higher University of the Year for 2022, and both Daily Mail Research University and Modern University of the Year for 2023. It has undeniably been a great time to be an integral part of the Northumbria Community. These awards are a testament to the exceptional dedication of my colleagues across the university, and we remain committed to the pursuit of excellence in the years to come.

As we embark on our new strategy for 2024 to 2030, I would like to reflect on our ambitious trajectory. Northumbria has a long and proud heritage of making a difference to individuals and to society. Over the last decade we have grown the quality and quantity of our research and are now recognised as a research-intensive university that works in partnership to tackle the key challenges we face in the North East, the UK and globally. Our emerging vision will be to combine the highest quality research with outstanding education, enabling people from all backgrounds to succeed and connecting business and communities with talent and skills nurtured here at Northumbria.

Over the past year, the university has continued to invest in exceptional staff and attract a diverse array of students and colleagues from around the world. While we have successfully recruited highly qualified students from various backgrounds in an increasingly

competitive environment, we acknowledge the unique financial challenges we have encountered this year.

Nonetheless, we remain resolute in our commitment to supporting all students in their academic and personal pursuits, regardless of their backgrounds. This commitment is exemplified through our provision of over £3 million in funding for access, success, and progression, along with £1.7 million allocated for hardship support and we continue to support the Social Mobility Pledge.

With more than 37,000 students, the University has also grown its cohorts of masters, doctoral, international and degree apprenticeship students. Our London Campus is one of the largest satellite campuses in the capital and we continue to work in partnership with the Amsterdam University of Applied Sciences. The coming academic year will point to positive recruitment and income growth in Trans-national Education. It is also anticipated that the University's partnership with St George's University Grenada will continue to grow.

I am immensely proud of our achievements over the past 12 months. As we navigate the challenges posed by the current cost-of-living crisis for our students and our university, through our new strategy we remain committed to adapting and evolving to ensure our continued success and growth.

**Professor Andy Long**  
Vice-Chancellor and Chief Executive

27 November 2023



City Centre Campus

# Chair's introduction



**Northumbria University's Annual Report and Financial Statements for 2022/23 illustrates our considerable achievements in realising our University Strategy 2018 to 2023.**

We have had another incredible year, a year in which our transformation has really come to fruition, and I and the Board are immensely proud of all the achievements of our staff and students over this, and the last few years. On behalf of the Board, I and my fellow Governors continue to play a fervent ambassadorial role in championing one of the largest and most ambitious universities in the UK, with over 37,000 students from 138 countries and over 3,000 staff. Our students continue to achieve impressive outcomes across a range of professions and occupations and are motivated by the role they can play in shaping a sustainable and prosperous future.

I have welcomed our new Vice-Chancellor, Professor Andy Long into the Northumbria community over the past year and I am thrilled to be working with him, alongside the Board and Executive as we shape the next Strategy. Andy has had a fantastic first year, leading the development of our next strategy, one that continues to focus on high quality research, outstanding education and combines this with a clear focus on creating a diverse community of staff and students from all backgrounds. Following the truly great accolade of THE University of the Year 2022, I am excited to be part of a new and exciting strategy which continues to see Northumbria, and its community, thrive in the heart of the North East.

At the core of our governance and decision-making are the students we are here to serve and our staff who serve them. 2022/23 continued to see excellent staff and students joining Northumbria to add to our already impressive community. We will face many challenges over the coming years and it will be to the credit of our staff and students that we are able to continue to realise our ambitions.

We will continue to invest in the delivery of our Strategy as I, the Board, and the Executive are all fully committed to the long-term sustainability of this great institution for the future success of all who work or study here.

On behalf of the Board, I want to pay tribute to all University staff, ably led by the University Executive team, for their extraordinary efforts with students, colleagues and partners throughout the last year. I would like to thank them all, on behalf of the Board of Governors, for their ongoing commitment and contribution to the success of this University.

Over the coming year, our priority will be to launch the new Strategy and to firmly set the vision and ambitions for the future. In 2023/24 we will embark on another exciting phase for this unique institution, and I know that each and every one of us is incredibly proud to be a part.

**Dr Roberta Blackman-Woods**  
Pro-Chancellor and Chair of the Board of Governors

27 November 2023



# KEY ACHIEVEMENTS

## EDUCATION

The NSS results for Northumbria show a year-on-year improvement for the second year in row. Three out of the seven NSS 2023 categories were above sector average with two in the second quartile and one in the top quartile. For the first time in five years, Northumbria had no NSS categories in the bottom quartile and there was one category in the upper quartile. Five out of the seven categories have improved this year, organisation and management has increased by 32 rank positions, student voice by 19 and learning opportunities by 13 positions.

Northumbria's Graduate prospects score has increased from 78.2% for 2019/20 leavers to 80.3% for 2020/21 leavers. Despite an improvement in the score, our rank in the Times Good University Guide 2024 fell from 40th to 50th as other institutions have seen a bigger increase in highly skilled employment outcomes.

Ranked =18th in the UK for 'value-added' - a measure of a student's learning gain at university (The Guardian University Guide 2024).

Northumbria is ranked 6th in the UK for graduate start-ups based on aggregated turnover. (Higher Education Business and Communities Interaction Survey for 2021/22).

Since 2003 Northumbria has supported the creation of more than 500 graduate businesses, which employ in excess of 1,150 people and have a combined turnover of £102.5m (HEBCIS 2021/22).

Northumbria is currently in the top 30 in the UK for the number of full-time UK graduates entering highly skilled employment. 23% of all first degree graduates employed in the North East of England in highly skilled employment from the 2020/21 cohort were graduates of Northumbria University.

Northumbria is now ranked 51st in the UK for median graduate earnings one year after graduation and 54th for median graduate earnings five years after graduation, according to the latest Graduate Outcomes (LEO) statistics. Source: LEO Graduate Outcomes (Tax Year 2020/21) published Summer 2023.

## RESEARCH



Northumbria appointed our first Dean of Research Culture to provide academic leadership, and strategic direction, to our efforts to develop a supportive, diverse, and ambitious research culture at Northumbria University. Professor Matt Baillie Smith will chair a new cross-institutional Research Culture Committee to implement a research culture action plan, proactively working with academic and professional services colleagues to strengthen programmes and policies that improve our research culture.

In October 2022 a new Ethics Online Review System was launched to ensure our alignment and compliance with the Concordat to Support Research Integrity. The system manages applications from across all Faculties and for research projects at all stages. The system was codesigned and cocreated with academic colleagues as well as key stakeholders such as the Governance Team. The College of Ethics Reviewers completed over 2,000 reviews in the first year of the systems use.

As part of the Technicians Commitment, Research and Innovation Service colleagues worked with Faculty technical staff to create a process to allow non-academic researchers to have a presence in Pure research portal. This important change helps us recognise and promote the contribution of technicians, scientific officers, and other roles in our research production. UN Sustainable Development Goal (UN SDG) tagging in Pure has also been implemented. This process identifies researchers and research outputs that are related to one of the UN SDGs. The UN SDGs are a prominent and searchable part of our research portal.

In July 2023 we were successful in retaining our HR Excellence in Research (HREiR) Award at the 10-year review stage. HREiR is an internationally agreed framework, awarded by the European Commission, to underpin and support the long-term career development of researchers and is an important mechanism for implementing the principles of the "Concordat to Support the Career Development of Researchers" (the Researcher Development Concordat). The Researcher Development Concordat is an agreement between funders and employers of research staff to improve the employment and support for researchers around three defining principles: environment and culture, employment and career development.

# KEY ACHIEVEMENTS

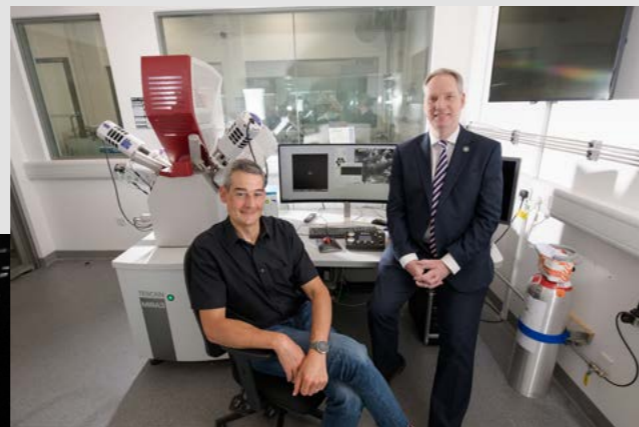
## RESEARCH

Our laser cube satellite team (led by Professors Eammon Scullion and Robert Wicks) have been awarded £5.9 million from the UK Space Agency to continue their work on how satellites can communicate more effectively in space.



The Wolfson Foundation awarded £1 million to support the expansion of our engineering and surface science research facilities. Centred around the University's existing Materials Characterisation Suite, the investment forms part of a £3 million package that will transform and upgrade laboratory facilities at City Campus, dedicated to analysing and developing materials used in the renewable energy, healthcare, biomaterials and engineering sectors.

Dr Marzia Bolpagni, Faculty of Engineering and Environment, has secured a Women in Engineering Award and has been recognised as a pioneering female role model in the engineering industry. She was one of just 50 women to collect a Women in Engineering award at The WE50 awards, held in June 2023.



The Solar and Space Physics research group received a £1.3 million grant from the UK government's Science and Technology Facilities Council (STFC) to fund four research projects to further our understanding of the Sun and its impact on Earth. Each project explores a different element of the Sun's activity and the Sun-Earth connection.

Professor Brycchan Carey (Humanities) has been awarded a British Academy Wolfson Professorship. This award is worth £0.2 million and will enable Brycchan to carry out research for his next big project, titled 'The Parish Revolution: Parochial Origins of Global Conservationism', for three years starting this September. This is the first time a Wolfson Professorship has been awarded to a researcher in a post-92 institution.

Dr Alana James has been awarded just under £1.8 million to carry out a strategic initiative between AHRC, NERC and Innovate UK towards fulfilling UKRI's 10-year vision and £15 million trilateral programme on circular fashion and textiles over the next 24 months.

Political Geographer, Professor Kathryn Cassidy, has been appointed as one of 10 new Senior Fellows by the academic thinktank, UK in a Changing Europe (UKICE), which works to generate independent research on UK-EU relations, the UK post-Brexit, and the UK's place in the world. The fellowships are funded by the Economic and Social Research Council (ESRC). Professor Cassidy's research, which has been awarded almost £0.4 million, will analyse responses to the displacement of people from Ukraine in three countries - Poland, Romania and the UK.



In February 2023 a new Research Quality Review System (RQRS) was launched to support University wide internal peer review processes. The system promotes the development of world-leading research through the provision of timely and actionable feedback with positive intent. RQRS will also support preparations for REF 2028. A new improved version of the system is scheduled to be launched in early 2024.

# KEY ACHIEVEMENTS

## KNOWLEDGE EXCHANGE

Our outcome in Knowledge Exchange Framework (KEF) 3 is broadly similar to the last KEF assessment. It highlights limited growth (compared to our cluster universities) in key income generating areas. However, we are below average in 4 of the 7 perspectives (Public and Community Engagement (PCE), Research partnerships, Working with business and Local growth and regeneration). Our quintile placing has reduced for research partnerships and PCE. Our quintile placing has increased for working with the public and third sector.



Northumbria is an important partner in Northern Accelerator, our North East enterprise collaboration that has now grown to involve 6 northern universities. The project is making a significant contribution to the North East region's economy. 45 spinout companies have been created that have secured over £102 million and are employing 650 people in highly-skilled jobs. The [Northern Accelerator](#) collaboration has been shortlisted for The Times Higher Education Award Knowledge Exchange Initiative of the year, the winner to be announced in December 2023.

In June 2023 year the University held its first ever event to showcase the innovations Northumbria University researchers are taking forward to commercialisation. The event was attended by internals and externals in the North East enterprise network, including investors. The event celebrated the breadth of commercial innovations coming through Northumbria University.

Professor Wakil Shahzad (Mechanical and Construction Engineering) has secured a £0.3 million start-up grant from Innovate UK for a new spin out company to develop and commercialise two engineering technologies invented at Northumbria University. His atmospheric water generator and ultra-efficient air-cooling technologies have received innovation awards in 2023 with the World Society of Sustainable Energy Technologies and The American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE USA).

Northumbria has a growing pipeline of innovations being supported towards commercialisation. In 2022/23 the IP Commercialisation Team were fundamental in securing over £0.5 million in external funding to directly progress commercialisation projects.

The IIIP Programme ended during 2022/23 having supported over 20 regional SMEs with funding for delivery of innovation support through a dedicated PhD student fully funded by European Regional Development Fund (ERDF). This multidisciplinary programme offered experience of research, translation and commercialisation, harnessing science and innovation to tackle real-world challenges. The university is actively looking to develop a similar programme, building on this success, with local partners.

Northumbria continues to invest in support for Knowledge Exchange and Impact. In 2022/23 the Impact Team delivered 157 hours of training across 74 separate sessions to 1,134 Academics and Professional Services staff at all career levels in addition to the personalised 1:1 support the Research Impact and Engagement Teams provided.



Professor Paul Gill (Nursing, Midwifery and Health) was named one of Wales' leading nurses at the 2023 Royal College of Nursing (RCN) Wales Nurse of the Year Awards. Professor Gill won the

Supporting Improvement Through Research award at RCN Wales' tenth anniversary celebrations. Judges commended his significant contribution as a nursing leader in the field of research and clinical practice and highlighted his "highly innovative" work looking at the impact of ketamine on bladder health.

The social, health and economic benefits of properly planned and managed green spaces have been highlighted in a report to parliament compiled by Northumbria environmental scientists Professor Alister Scott (Geography and Environmental Sciences) and PhD researcher Matt Kirby. The report has been distributed throughout parliament as part of the Research England funded Capabilities in Academic Policy Engagement (CAPE) project, of which Northumbria is one of five partner universities. The report has been published and distributed by the Parliamentary Office of Science & Technology, which provides parliamentarians with impartial, balanced and peer-reviewed briefings.



Northumbria technicians Johnny Hayes, Karen Haggerty and Denise Crawford were shortlisted for a Papin Prize, among the most highly regarded awards for technicians in the higher education sector. The technicians were shortlisted for their contributions to the knowledge exchange, teaching and outreach community categories respectively. Based in the industrial design team at Northumbria, Johnny Hayes has been recognised for his environmental work and in particular his contributions to the [Flipflop Project](#).



Carnegie UK and Northumbria University have launched a new guide designed to help government deliver on local priorities which has been endorsed by North of Tyne Mayor, Jamie Driscoll and the Organisation for Economic Co-operation and Development (OECD). The [Wellbeing Roundtable approach: a guide to creating effective wellbeing frameworks](#) was written by Dr Assistant Professor Max French at Northumbria University with wellbeing policy experts at Carnegie UK, a charitable foundation that focuses on public policy.

Professor Matthew Johnson's (Social Work, Education and Community Wellbeing) research on Universal Basic Income (UBI) has led to the launch of a small pilot scheme in Jarrow. The pilot aims to test how UBI could tackle health inequality. The benefit for the NHS - outlined in the report [Treating causes not symptoms: Basic Income as a public health measure](#) - would consist of both economic and public health impact.

Associate Professor Victoria Roper (Law) has been working with the Government of Jersey Home Affairs Minister to develop a new corporate manslaughter legislation. Her research on the Corporate Manslaughter and Corporate Homicide Act 2007 and subsequent work with the Government of Jersey has informed important decision-making on legislative reform. This legislative reform will result in an improved, fairer and more efficient basis of corporate liability for manslaughter for Jersey and reinforce the importance placed on the sanctity of preserving human life. The new offence will also complement existing health and safety law and is designed to be an additional deterrent effect against poor health and safety practices.

Associate Professor Kevin Muldoon-Smith (Architecture and Built Environment) has established a long-term collaboration with the Local Government Information Unit, Key Cities Group and Department of Levelling Up, Communities and Housing. Through these partnerships, he is influencing a comparative analysis of local government finance systems (Japan, Italy, Germany, Spain, France, Ireland, Scotland, England). This work is influencing the activities of local authorities and the lobbying activity of partners.



Associate Professor Kyle Montague and Luis Carvalho (Computer Information Sciences) received funding from Parkinson's UK to create a device which tackles one of the symptoms of Parkinson's disease. In collaboration with academics from Newcastle University and the University of Lisbon they have developed the Cue Band - a wearable wristband device which delivers a vibration 'cue', prompting the patient to swallow without the need for medical intervention. This aims to improve the quality of life for people living with Parkinson's Disease.



Professor Greta Defeyter (Social Work, Education and Community Wellbeing), in collaboration with London School Hygiene and Tropical Medicine has produced school food case studies for the World Food Programme. This has been shared with WFP, World Bank, OECD, UN and the WHO with the potential to directly inform international policies.

Associate Professor Ian Robson (Social Work, Education and Community Wellbeing) has been awarded the Association of Infant Mental Health UK Louise Emanuel Award for his achievements in improving policy and practice in the field. In particular, this relates to his work on the 1001 Critical Days Agenda, supporting and advocating for families with babies and their wellbeing.

As a result of the technical investigation by Assistant Professor Nicky Grimaldi (Arts) the National Trust were able to preserve a portrait of sisters Frances and Sarah Delaval painted by Newcastle-born artist William Bell in 1771. The findings were captured by the BBC as part of the six-part documentary series [Hidden Treasures of the National Trust](#), which follows conservators and other experts at work at National Trust properties across the UK. The broadcast received significant public attention and increased visitor numbers at the National Trust's Seaton Delaval Hall.



# KEY ACHIEVEMENTS

## GLOBAL IMPACT

Almost 12,000 international students from 138 countries study at one of Northumbria's campuses, or on a Northumbria course overseas.

Northumbria's international research footprint is growing at a significant rate, with the university, at 64%, being ahead of the sector average for internationalisation of publications.

Northumbria has launched a range of postgraduate taught programmes with partner QFBA in Qatar to address local skills shortages.

We have a significant global reach, with 17 partners in 10 countries delivering Northumbria degrees. This international presence raises the profile of the Northumbria brand, contributes to income diversification for the university, and also provides for greater university participation levels and genuine impact in economies in many overseas markets such as Sri Lanka. The impact of Northumbria in the Sri Lankan economy has been publicly acknowledged by the Sri Lankan Prime Minister.

Responding to a global shortage, Northumbria, working with its partner Saint George's University (SGU), based in Grenada, is successfully working to increase the number of doctors going into the US and UK healthcare sectors.

Northumbria has been given full approval by the Singapore Nursing Board to provide nursing degrees in the market. We are one of only 8 high quality international providers to have gained this approval.

Based on gaining substantially increased levels of Turing funding, Northumbria has significantly increased the number of students from disadvantaged backgrounds who have been able to gain lifechanging experience outside the UK.

Northumbria had over 8,000 international research publications over the last 10 years and increasing international publications by over 120% over the last 5 years. The university is increasingly striking research partnerships with highly esteemed institutions, such as Michigan State University, in the global top 100.

## LEAGUE TABLES

Northumbria University has risen 7 places up to 36th in the UK in The Complete University Guide 2024, our highest ever ranking. We rose 8 places in the latest Guardian University Guide to rank 38th in the UK. The Sunday Times Good University has ranked Northumbria 49th, no change from last year.

We have been named Modern University of the Year and Research University of the Year in a new league table published by the Daily Mail. They awarded us an overall ranking of 47th in the UK.

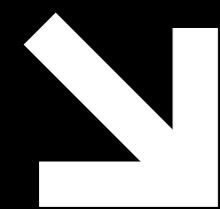
In the Guardian University Guide, six subject areas offered by Northumbria have also been rated among the very best in the country, with Film Production & Photography and Interior Design ranking in second place; Children's Nursing ranked third; Animation & Games Design ranked fifth; and Product Design and Civil Engineering both ranking within the top ten.

Northumbria now ranks 26th in England for the average entry points of its students and is ranked 14th in England in the 'Value Added' metric, which looks at the degree classification students achieve based on their entry qualifications, meaning students are achieving strong degree outcomes.

Northumbria is in the top 20 in the UK and best rated university in the North East for sustainability in the People and Planet University League.

We remain in the top 501-600 universities in the Times Higher Education World Rankings 2023.

Results from the Research Excellence Framework (REF2021) show Northumbria University with the biggest rise in research power ranking of any UK university. Its research power ranking rose to 23rd, having previously risen to 50th in 2014 from 80th in 2008, making Northumbria the sector's largest riser in research power ranking for the second time.



# STRATEGIC REPORT: VISION, STRATEGY AND IMPACT

## 2022/23

**Northumbria University creates and applies knowledge for the benefit of individuals, communities, and the economy. Through excellent research, teaching, and innovation we transform lives, making a powerful contribution to cultural and economic development and regeneration, locally, nationally and globally.**

### **Vision 2030**

Northumbria's Vision 2030 is to be a research-rich, business-focused professional university with a global reputation for academic excellence. This distinctive Vision of Northumbria as a new kind of excellent University is underpinned by the University Strategy 2018-23.

Our vision is being realised with the REF results for 2021 with 80% of our research rated as internationally excellent or world leading. In the Times Good University Guide for 2023 Northumbria placed 49th overall. The biggest improvements in scores were for teaching quality and student experience which also shows the positive impact we are having for our student community.

Northumbria puts more graduates into highly skilled jobs in the North East than any other university.

Academic excellence lies at the heart of our Vision. Achieving strength in both education and research, a differentiator for high quality universities, will secure the University's success and sustainability in the context of greater competition and student choice, globalisation, and technology. Our ambition is to be in the top 30 of universities in the UK, as a key indicator of reputation for academic excellence.

### **University Strategy 2018-23**

The University Strategy has provided a roadmap for six years, setting the pace and direction to deliver the next steps in the University's transformation.

The Strategy has included five strategic outcomes which collectively describe what Northumbria University will look like in 2024. We have measured progress against the outcomes using Key Performance Indicators and through regular reporting to the University's Board of Governors.

In 2022, the University Strategy was extended by one year to take account of the time lost to the Covid-19 pandemic and other developments since the Strategy launch in 2018. The extension provided an opportunity to review the most important things to achieve by December 2023, in order to make the most progress towards the Vision in our 2018-23 Strategy. Our new strategy will start in January 2024 and will set out our strategic ambitions and commitments for the future, building on our transformation into a research-intensive university. While work on the new strategy is not yet complete, our vision will have a distinctive focus on more high quality research combined with ensuring that people from all backgrounds can study at Northumbria and will be supported to succeed.

### **Our impact**

Northumbria University continues to take on tomorrow, with clear and ambitious targets for the period of our new strategic plan. Our ambitious Vision and the value we add to everything we do creates new knowledge that benefits society and transforms our students' lives. We are equipping our students to tackle tomorrow's challenges head on and to lead the way forward.

We are leading the way in social mobility and together with our focus on research intensity, Northumbria has the highest proportion of students from Widening Participation backgrounds of English Universities in the top 25 for research power. We are proud that 55% of our undergraduate cohort comes from the North East of England and that 63% of our graduates go into highly skilled employment in the region.

We have strength in research and

education across the whole institution, enabling high quality knowledge exchange through our work with others. Our people, and the alignment between their ambitions and those of the University, drive our continued



transformation. Research is embedded in education and knowledge exchange to drive academic excellence, and in turn, education and knowledge exchange will transform outcomes for students and stakeholders. Our growing academic excellence will produce a stronger global reputation; we will work with more high reputation partners and it will enable us to diversify our income. Through organisational sustainability, efficiency, and effectiveness, we will deliver value for money, ensure that the resources are available to implement the Strategy, and manage the impact we have on our environment.

In 2022/23 we received two Athena Swan bronze awards for the department of Mathematics, Physics and Electrical Engineering and for the department of Humanities recognising the strides we are making and action plans that we have in relation to gender equality. All departments now have bronze awards and are working on implementing their

action plans. Work is underway to plan for an institutional silver award submission at the earliest opportunity.

Since committing to the principles of the Race Equality Charter in 2020, the University has been undertaking a process of self-assessment against the Charter framework.

#### Knowledge creation

Northumbria's academics collaborate with students, alumni, and international partners to carry out world-class research, tackling tomorrow's challenges today and making a remarkable impact on the world.

Our international network of more than 500 partner universities, colleges, and schools as well as global industrial partners ensures we provide a supportive learning community that attracts some of the best researchers from around the world.

The University's track record of securing increasingly high volumes of research awards from funders illustrates both the University's growing reputation for research and effective research partnerships with other universities and stakeholders.

#### Current, demand-led courses

Northumbria University delivers high-quality teaching, learning and outcomes for our students in a research-rich learning environment.

Thanks to Northumbria's excellent links to industry our courses are recognised as delivering the skills global business needs. More than 430 employers sponsor our students, and more than 50 professional bodies accredit our courses. More than half of our undergraduate programmes are accredited by professional, statutory, and regulatory bodies and over one third of our academic staff hold professional registrations and memberships.

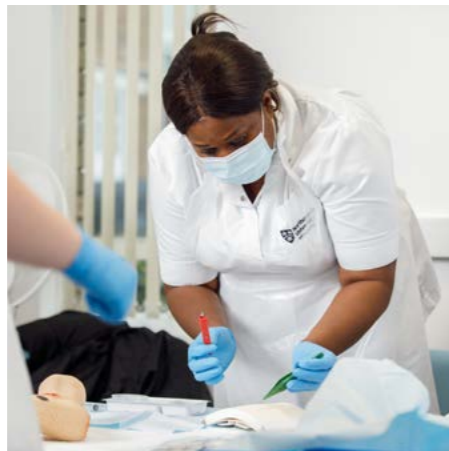
In partnership with the Nursing and Midwifery Council, Northumbria University opened a Competence Test Centre in March 2022 to provide the

Objective Structured Clinical Examination, known as OSCE, for up to 7,000 candidates per year.

Our REF results mean the city of Newcastle now boasts two research intensive universities, bringing a complementary set of research strengths to the city.

#### An excellent student experience

With more than 37,000 students, Northumbria is one of the largest universities in the UK, providing a diverse and comprehensive offer to its students. It has a national and global reach, with a campus in London and programmes delivered in collaboration with prestigious partners worldwide including in Amsterdam, Sri Lanka, Indonesia, Singapore, Hong Kong, China and Malaysia. Almost 12,000 international students from 138 countries now study at



one of Northumbria's campuses, or on a Northumbria course overseas.

At Northumbria, we focus on ensuring that our students both have an enriching academic experience and also enjoy the wider benefits of attending a leading University in a fantastic city - whether that be Newcastle, London or Amsterdam. This year we were proud to be recognised in the 2021 Best Universities awards by StudentCrowd - an online resource for students, to read and write reviews about their university experience, the city they are living in, their part-time employment and more. The Best Universities awards cover several categories including Campus and Facilities, Clubs and Societies and

Students' Union, in each of which Northumbria ranked within the top 20 across the UK.

A key focus of the past year has been to work closer than ever with our Students' Union to maximise our joint impact. We have launched a new events and awareness programme 'Be Part of It' which provides further opportunities for our students to form communities by being social, being active and being aware.

We continue to invest in facilities and have developed three new student hubs - vibrant spaces where our students can work, meet, drink, and eat together. Our London Campus has additionally completed a multimillion-pound expansion with state-of-the-art IT, social learning and teaching spaces.

In student sport, 2021/22 saw regular student engagement and participation levels increase by 40% compared to 2018/19, a significant achievement as the University emerged from the Pandemic. 2022 also saw the return of the Northumbria vs Newcastle Varsity competition for the first time since 2018. The competition has been reshaped and is now a competition open to all student sport clubs, meaning that more of our students are able to proudly represent the University than ever before.

Graduate outcomes and employability is an area where Northumbria has excelled in recent years and we continue to focus on ensuring that we equip our students to have the best possible prospects when they leave us. Northumbria is ranked in the Top 25 in the UK for graduates in highly skilled employment, and the recently published University Guides and league tables in the Times and the Guardian have Northumbria ranked 40th and 43rd (up 10 and 14 places), respectively, for the proportion of graduates in highly skilled employment or further study.

#### Value for Money

We have an ongoing and clear focus on ensuring Value for Money for our staff, students, and other stakeholders including taxpayers. Efficient and effective procurement of goods and

services is a key enabler of this, as is the effective use of our resources including the estate. But we know that Value for Money means much more than this. We continue to ensure that Northumbria adds value across all its activities, through the student experience whilst studying, through support for employability, and through ensuring that we are transparent about how we use our resources.

Further Value for Money information, which is primarily focused on students and covers where the University's income comes from and how the income is spent, can be found on the [University's website](#).

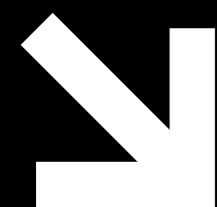
#### Financial and operating outlook

Our financial strategy is to ensure a strong and sustainable University, able to generate surplus cashflows which allow delivery of an enhanced global reputation for academic excellence, and which support re-investment to drive income growth and diversity. The University Strategy is supported and enabled by financial plans which are designed to support ongoing investment whilst mitigating the significant risks we face.

The University remains in a strong financial position, with the positive results for 2022/23 building on those of previous years to provide a good cash buffer. This means the University can approach 2023/24 with confidence but recognising the financial challenges which lie ahead in a difficult sector and wider economic operating environment.



City Centre Campus  
Computer Information Sciences CIS Building



# OPERATING AND FINANCIAL REVIEW

# 2022/23

**2022/23 will, for many, be remembered as the year in which Northumbria was named the Times Higher Education University of the Year. However, there was much more to the year than that success as the University continued to deliver on its strategy against an increasingly difficult economic backdrop. With most operations generally back to pre-pandemic norms it was a year in which we welcomed a new Vice-Chancellor, began to deliver on our REF2028 ambitions, launched some ambitious estates plans, saw a real focus on the student experience, and continued to strengthen the University's financial position.**

## Financial performance and position

The financial performance in 2022/23 continued the recent pattern of strong results despite the twin challenges of sector competition and increasing inflation. The strong outturn was driven by the continued success of plans to diversify income, with this approach contributing to a deficit attributable to the University (i.e. excluding that attributable to our London Campus partner) of £0.6m and strong operating cashflows:

Key financial metrics	2022/23 £'000	2021/22 £'000
Income	382,103	329,456
Operating surplus	12,708	401
Operating surplus / (deficit) attributable to University before exceptional items	(1,957)	4,963
Deficit attributable to University	(634)	(1,440)
Adjusted EBITDA	47,569	42,214
Adjusted net operating cashflow	23,504	54,144
Cash and investments	124,238	129,518

- Group income grew by £52.6m with particularly notable contributions coming from a further growth in international student income supported by the growth of Northumbria London Campus, from a growth in core research funding following REF2021, and from the significant growth in the NMC OSCE centre.
- The operating surplus increased significantly from £0.4m to £12.7m £11.6m of this relates to an increase in the surplus attributable to the non-controlling interest and £7.6m to pension adjustments. Once these are excluded the operating surplus for the University before exceptional items decreased from £5.0m to a deficit of £2.0m.

- Adjusted EBITDA (Note 28), being Earnings before FRS 102 pension adjustments, interest, tax, depreciation and amortisation, increased to £47.6m, compared to £42.2m in 2021/22.
- Adjusted net operating cashflow (Note 28), including recurrent capital grant funding of £1.1m (2021/22: £4.2m), fell from the 2021/22 level, slightly below the University's financial KPI of £26m-£30m on average across the 5-year strategy period. Along with the previous four years' figures, this gives an average of £36.0m during the strategy period, significantly contributing to the overall financial stability of the University.

Adjusted net operating cashflow is the key financial sustainability metric for the University Strategy 2018-2023. This metric allows us to focus on our ability to generate cash inflows, and is less prone than others to fluctuating accounting estimates resulting from equity values, changes in discount rates, and one-off provisions and impairments.

The operating performance means that the University's financial position remains strong, in a period which brings both known challenges, but also opportunities for transformative investment. Cash and investments held by the University (rather than the group)

decreased marginally by £5.5m to £123.2m whilst the loan balances with Barclays Bank (payable over a 14-year period, at rates fixed via hedging arrangements) also reduced by £3.3m to £47.2m. Together this means that net debt decreased by £2.2m and net current assets fell by £0.8m to £78.5m.

The University's reserves, excluding the pensions provision/surplus, have increased by £14.0m to £354.3m. Excluding the significant fluctuations to pensions provision helps more clearly to show the underlying positive year-on-year performance of the University, although pensions remain important to understanding the University's longer-term financial outlook. As a result of changes in the wider economy, the University has recognised a pensions asset for the first time, with this being a £99.6m movement from the deficit recorded in 2021/22. The much-improved position is clearly positive in strengthening the balance sheet, but the extent of the improvement since 2021/22 is indicative of the volatility of such provisions and indicates the ongoing need to plan for future pensions costs.

The hedging reserve reported in previous years' accounts is no longer recognised on the balance sheet but is included in Note 27 to the accounts. The reserve recognised the cost to the University of exiting from the hedging instruments which serve to make the Barclays loans into fixed interest loans. This cost is now disclosed only, rather than being included as a reserve, but has decreased significantly since 2022 partly

as a portion of the Barclays loan has been repaid but also as a result of increasing borrowing costs and inflation in the wider economy.

### Income

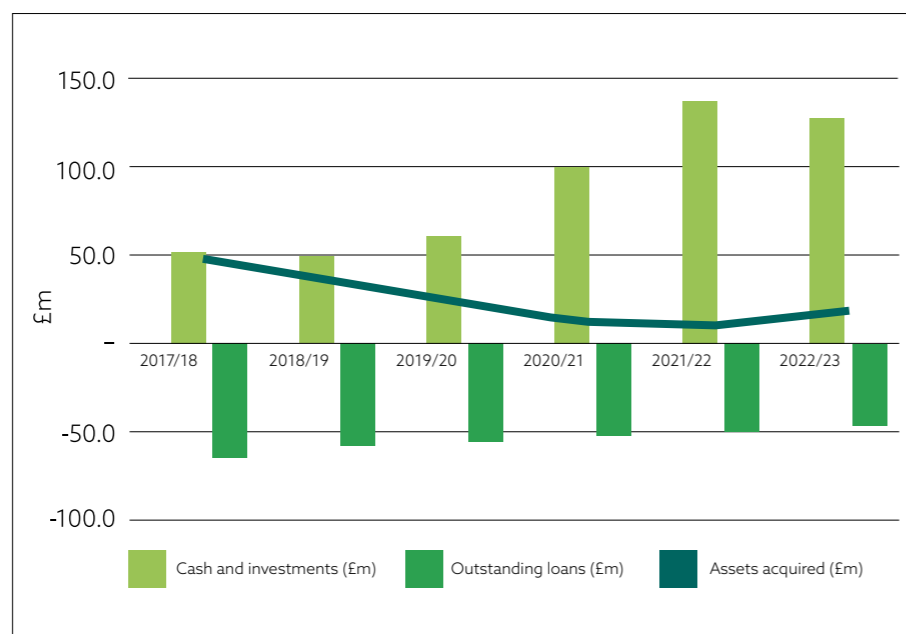
The continued diversification of the University's income remains a key contributor to the ongoing financial sustainability of Northumbria. Total group income grew from £329.5m to £382.1m and, excluding the significant ongoing growth in the London Campus Joint Venture, showed an increase of £31.1m to £338.3m (10.1%).

UK/EU student fees remain the largest income source, but the University has continued to see growth in other income streams. Excluding the income from the core full and part time UK undergraduate fees, and from recurrent education grants, total University income rose from £104.9m to £138.4m, prior to the consolidation of the London Campus results, showing the impact of the long-term focus on diversified income streams. The continued growth in international fees reflects both the attractiveness of the UK as a destination for study but also Northumbria's increasing reputation, although the reliance on international fees remains a risk in a market where competition for international students remains significant both within and beyond the UK.

### Tuition income and student recruitment and retention

Total tuition fees for 2022/23 of £289.0m showed a 14.1% increase on the prior year. Excluding the significant growth in our London Campus, run in partnership with QA Higher Education, growth was £13.7m to £240.7m. As the London Campus has continued to grow, it has a material impact on the University's consolidated results, and therefore the underlying University results are referenced in a number of places in this report rather than the consolidated group results.

The growth in the University's own results is despite a planned reduction of £6.3m to full time UK and EU undergraduate student fees. These fees have reduced as a result of the lower



number of EU students (as such students no longer have access to student loan support), and also as the University has managed numbers down from the peak levels of recruitment in the pandemic.

Excluding the full time UK undergraduate income, total tuition income in the University rose by £20.0m, primarily as a result of a £16.0m (38.9%) increase to international student fees. This reflects continued successful recruitment, highlighting the benefits of the long-term improvements to the University's reputation and rank both in the UK and internationally in an increasingly competitive recruitment landscape. The extent of the challenge has become clearer in 2023/24, with lower international recruitment, especially from Nigeria, which will reduce income for 2023/24 and which is seen in these results in the lower deferred income in

Note 19 which results from lower student deposits being paid prior to the year end.

The most recent league tables show Northumbria continuing to progress in the top 50 for all of the main UK rankings, including the new Daily Mail rankings which named Northumbria as the research university and modern university of the year in its first issue in September 2023.

The University continues to place critical importance on the retention of students, with significant targeted efforts made to ensure that no student loses the opportunity to study. In what has been another challenging year for our students, the number of students accessing hardship support continued to increase in 2022/23, with an overall increase of 24% in applications, and particular challenges around students

League tables	Current Ranking	Last Year
<b>UK Ranking</b>		
Complete University Guide	36	43
Times Good University Guide	49	49
Guardian University Guide	38	46
Daily Mail University Guide	47	n/a
<b>Worldwide Ranking</b>		
THE World University Rankings	501-600	401-500
THE Young University Rankings	101-150	95
QS World University Rankings	548	651-700

who are classified as Carer and/or Estranged students.

Just under £1.8m was spent during the year providing targeted support to students experiencing financial hardship, as students from all levels of study and widening participation groups continued to be financially impacted by the rising cost of living. Responding to the continued increase in demand for support, investment was continued in digital wellbeing and financial support platforms, complementing the specialist practitioner support available, enhancing the student experience, and supporting the retention, attainment, and success of all students. Most notably the successful launch and huge uptake of financial management modules via the Blackbullion platform proved that our students were eager for a more sustained campaign of support. Our Student Inclusion Consultants undertook a review of our Cost of Living support initiatives and their feedback, along with our improved data collection and analysis via an Accessibility & Inclusivity dashboard, has enabled us to refocus our efforts to target the most vulnerable elements of our student body in this coming year.

This year saw an enhanced welcome and induction programme which placed a strong emphasis on the widest range of support across the University. The impact of these activities will be monitored via our telecentre call out campaign and a series of Student Union led Go Out and Listen days to elicit student feedback and ensure our targeted support continues to meet students' needs appropriately and effectively.

### Research income

At the heart of Northumbria's reputation is its research strength, shown by the REF2021, which resulted in £8.3m of additional core grant funding in 2022/23. The in-year income from research grants and contracts fell slightly to £16.4m, partly as a result of the ending of some Covid-linked grants. However, the outlook for research income remains strong with both funding applications (£254m) and new research awards

(£28.3m) exceeding both the previous year and the planned levels.

Northumbria continues to attract both external funding and employ outstanding research leaders with examples including:

- Prof. Shepherd who recently joined bringing to Northumbria the Centre for Polar Observation and Modelling (CPOM), a Natural Environment Research Council (NERC) Centre of Excellence which hugely strengthens our research into the future of ice on earth.
- Two grants of £1.2m from NERC's flagship Pushing the Frontiers scheme (Dr Bull and Prof. Jenkins) which bring together insights from the sea ice and ocean modelling communities to make more accurate predictions about ice sheet melt in Antarctica.
- Dr Markowska who recently joined Northumbria following a successful application of £1.4m to the Royal Society University Research Fellowship (URF) to better understand how drylands respond in a globally warmer world.
- Following a £6 million investment from UKRI to help the fashion and textile industry integrate more sustainable and responsible practices, an award of £1.5m to Dr James to develop an IMPACT+ network to acknowledge and address shortcomings in current practices for measuring environmental impact.
- Winning significant funding of £2.9m from the National Institute for Health and Care Research (NIHR) to undertake research into mobile stroke units, access to speech and language services, improvements to the national diabetes audit and economic evaluations of complex interventions in the wider health system (Dr Sykes, Prof Rapley, Prof McKeekin and Dr Dalkin).
- Further diversifying the funding portfolio with grants from the US National Institute of Health (Prof. Johnson and Dr Chimusa) and, for the

first time, winning three Biotechnology and Biological Sciences Research Council (BBSRC) awards in a single year worth £750k (Dr Zhang, Dr James, Prof. Sutcliffe). Furthermore, Dr Johnson and Dr Chimusa have been awarded highly prestigious Professorships from the Academy of Medical Sciences worth £1m, which marks the first time two Professorship awards have been made to the same institution in a single round.

- Two strategic equipment grants totaling £2m won by Prof. Zoppi from the EPSRC and Wolfson Foundation, which will provide a state-of-the-art national facility for the fabrication of functional nano and micro-coatings for energy, sensing and biomedical devices alongside a range of equipment to support materials research in engineering, energy, biomaterials and health.
- Prof. Scullion successfully leading a bid from Northumbria's Solar and Space research group – along with partners at Durham University, SMS Electronics Limited and Lockheed Martin – for a £5m grant from the UK Space Agency to design, test and build the first CubeSat with laser optical communications technology.

Alongside these successes, and demonstrating our commitment to Early Career Researchers, we have seen widespread success with New Investigator Grants which support the transition to becoming independent researchers. Dr Aston has been awarded Northumbria's first ESRC New Investigator Grant (£250k) to create a digital database from archival material to explore the history of divorce, whilst in the Department of Maths Physics and Electrical Engineering, Dr Agrawal, Dr Sathian and Dr Dubertrand have each been awarded EPSRC New Investigator Awards (totalling £1.2m), reflecting a growing strength and confidence across a wide range of research areas.

### Other income diversification

Other areas of diversification continue to benefit the University both financially and academically. Collaborative ventures (including Transnational Education partnerships and our collaboration with QA Higher Education on Pathway Programmes for international students) grew to £14.5m. In 2022/23, recruitment onto the Pathway Programme increased by 78%, with the population of 499 again being the largest ever achieved for the second year running.

The opening of a new 15-bay Nursing and Midwifery Council Competence Test Centre was a major development in 2021/22. The centre has gone from strength to strength in 2022/23, with a physical expansion to double its size being completed in the early Autumn of 2023. This was the main driver behind the £7.6m increase in other fees from tuition and education contracts but, more importantly, means that the centre continues to support thousands of nurses into the NHS.

Our London campus enrolled 5,153 students during the 2022/23 academic year and is home to 140 academic staff. A suite of new undergraduate programmes in the business, computing and technology subject areas, along with a refresh of our postgraduate Business offer, continue to drive student growth, with all programmes now offering campus mobility between Newcastle and London, and experiential learning via London-based internships and real-world consultancy projects. In 2022/23, 721 internships were sourced alongside 22 real world consultancy studies. Student satisfaction across the campus remains high with no subjects falling below 80% student satisfaction in the past year. The Campus also became home to the world-leading Interaction Research Studio which will act as a catalyst for a range of Design PGT and Executive Education. Alumni events for Northumbria Computing, Project Management and Business graduates were also held throughout the year, welcoming speakers from across the world. The campus also hosted a number of international research conference, including the International

Conference on Global Security, Safety and Sustainability.

Recognising the campus's continued growth, alongside our desire to introduce a range of new experiential and studio based learning programmes, we are also in the final stages of securing additional learning space at a nearby location which is anticipated to open in Spring 2024.

Our wider strategic partnership with QA also continued to grow. In 2022/23 we enrolled 1,490 students onto our collaborative national degree apprenticeship offer and continue to be one of the largest providers of Degree Apprenticeships in the areas of Digital and Technology, Cyber Security and Project Management.

2022/23 was the first year since the pandemic which saw a more complete return to normal on-campus experience for staff and students. As a result, key income streams from residencies, catering and conferences rose by £1.3m to £13.5m, and sports membership fees increased by 26%.

### Amsterdam Campus

Whilst the Amsterdam Campus has been an important addition to the University's activities, and provided a strong student experience, the decision was taken during the year to make the 2023 intake the last for Northumbria students. The decision reflects the difficult operating scenario, especially following changes to Dutch education policy and the post-Brexit requirements for visas, and results in an impairment to the value of the Amsterdam subsidiary in the University's accounts which is included within the 'Other Operating Expenses' line.

### Student experience

At Northumbria, we focus on ensuring that our students both have an enriching academic experience and also enjoy the wider benefits of attending a leading University in a fantastic city - whether that be Newcastle, London or Amsterdam.

This year we were proud to be recognised in the Best Campus and Facilities category of the 2023

StudentCrowd awards, an online resource for students, to read and write reviews about their university experience. We continue to invest in facilities for our students and over the last twelve months have developed more vibrant spaces where our students can work, meet, drink, and eat together. At our City Campus, we opened our new



'Spiritual Commons', a dedicated facility to support prayer and collective worship of our many different faiths.

We continue to work closely with our Students' Union to maximise our joint impact. This year, in particular as cost of living challenges have impacted our students, the University and Students Union have collaborated to implement and manage a series of measures designed to support students during the academic year.

One such initiative is our 'Be Part of It' scheme, launched in 2022, offering our students the opportunity to engage in a variety of social events at a discounted cost - the scheme has now had over 1,200 participants. The success of this scheme is clear evidence that a positive student experience is paramount.

In student sport, we continue to grow participation levels with further investment in facilities to ensure that more of our students can either participate more informally or can proudly represent the University. Sport and physical activity is more important than ever and our annual Sport Survey fed back to us that 78% students involved in Student Sport agreed that it had a positive impact on their mental health, 80% agreed that it had a positive



Sport Central Main Arena

impact on their student experience, and 86% agreed that it had a positive impact on their physical health.

Graduate outcomes and employability is an area where Northumbria has excelled in recent years and we continue to focus on ensuring that we equip our students to have the best possible prospects when they leave us. Northumbria is ranked in the Top 30 in the UK for the number of graduates in highly skilled employment, and the recently published University Guides and league tables in the Times and the Guardian have Northumbria ranked 50th and joint 42nd, respectively, for the proportion of graduates in highly skilled employment or further study.

To help support students affected by the impact of Covid (which reduced the availability of work experience opportunities) and the cost of living crisis, a scheme called NU:Opportunities has been established. In 2022/23 eleven yearlong placements were funded in University services and departments, and 300 internships – up to 100 hours paid employment for each – were supported across all four faculties, and eight different service teams.

**Supporting and investing in our people**

Before exceptional pension costs, staff costs within the University were £210.6m, 62.3% of total income (2021/22: £191.3m / 62.3%). The increased costs reflect increasing salary and pension costs as well as an increase in staff numbers, with the number of full time equivalent support service roles increasing from 1,493 to 1,681, recognising the increasing investment in the student experience and in income-generating activity such as the OSCE centre.

A major focus during the year has been responding to the cost of living pressures faced by colleagues by:

- Aligning the lowest hourly pay rate to the discretionary Voluntary Living Wage and giving a commitment to match this on an ongoing basis.

- Introducing a non-consolidated pay supplement of 3% from January 2023 at a time when national pay discussions were at a stalemate. This meant that colleagues had certainty about their future pay in December 2022 and received part of their August 2023 pay increase seven months early.
- Harmonising annual leave for all colleagues at 35 days per annum for full timers, up from 25 or 30 days for professional support staff.
- Allowing colleagues to sell one week of annual leave (equivalent to 1.92% of annual salary).

A new Academic Development Review process was launched this year, replacing the requirement to apply for promotion with an opportunity for all



academic colleagues to participate in a process which encourages them to actively consider their career stage, potential and next steps. This change was aimed at encouraging greater participation amongst under-represented groups and for the first time a higher proportion of women were considered compared with men. 186 colleagues participated in 2022/23, with 121 receiving detailed feedback and 65 colleagues being promoted. Similarly, supporting work on Equality, Diversity and Inclusion, all academic departments have now achieved a Bronze Athena Swan award and work has taken place towards preparing for an institutional Silver award, building on from the

successful Bronze renewal in 2019. The University committed to the Race Equality Charter in 2020 and, having developed a range of actions to address racial inequality, will make its first submission in July 2024.

Our work on Disability Equality has led to achieving Disability Confident Leader status in 2023, which recognises the important steps taken in relation to Disability equality including a recent partnership with DFN Project Search which creates work opportunities for young people with Autism and/or Learning Difficulties.

As part of the University's ongoing investment in academic quality a new Vice-Chancellor's Fellow (VCF) Scheme was launched in December 2022, attracting over 600 applications and resulting in 24 appointments. The Scheme is planned to run for five years, with the aim of recruiting outstanding scholars to help drive our research development. Led by the newly appointed Dean of Research Culture, the Fellows will embed interdisciplinary working across the University in support of the Strategy.

Northumbria is one of a select number of UK institutions to have retained the HR Excellence in Research (HREiR) Award, which it has now held for a decade. The HREiR award is a voluntary initiative which recognises the University's commitment to improving working conditions and providing career development opportunities for research staff.

Almost 1000 colleagues chose to participate in engagement events to co-create and launch Northumbria Values and Behaviours. These are now embedded into induction, performance development appraisal, the academic review template and recognition activity. In addition, over 500 colleagues attended the University's inaugural Shine Awards which recognised colleagues who are exemplars of our Values and Behaviours.



NMC Test Centre

The internal coaching network has grown to include 30 qualified coaches who have supported 47 coachees over the last year. A new mentoring scheme for professional support staff was launched in February, and 26 colleagues have signed up as mentors and 31 colleagues have accessed mentoring to date.

2022/23 also saw the first phases of our new cloud-based NU People and Finance system being launched, enabling colleagues to carry out a range of HR and Finance activities in one place. This continues to long-term move towards less disparate systems and will continue to improve the availability of data and reporting.

#### Pensions

The provision of attractive pensions arrangements remains a key element of the University's overall approach to pay and conditions. However, the cost of providing such pensions continues to be both significant and volatile. Four schemes are available to Northumbria staff, each of which has different challenges and accounting treatments.

Membership of the University's own defined contribution pension scheme continues to grow, with 832 members (25.6% of the staff base) at the end of 2022/23 (2021/22: 723, 21.4% of the staff base). This scheme offers attractive terms for members by comparison with many pension arrangements (including a zero percent contribution rate option for members), whilst providing the University with certainty of costs both now and in the future.

The financial results show an exceptional pension credit for the year of £1.5m (2021/22: £6.2m cost). This relates to the Universities Superannuation Scheme (USS), for which the University recognises a provision in the accounts for the recovery of the deficit. As in 2021/22, the change to the provision is an accounting entry only and has no cashflow impact. The more significant cost in 2021/22 reflects that the 2020 valuation was concluded during that year, with the costs reflecting the assumptions underpinning the deficit recovery plan agreed with the USS

Trustee. Importantly for Northumbria the final 2020 valuation outcome did not result in significant increases to employee or employer contributions and did not include restrictive covenant support measures.

The 2023 USS valuation has been produced in draft which indicates a significantly improved funding position for the scheme. It is therefore anticipated that contributions will reduce from the current level, and that the benefit of this will be seen from April 2024.

During the year the value of the Local Government Pension Scheme (LGPS) has moved from a deficit of £64.2m to a surplus of £34.1m, largely as a result of a £107.5m actuarial gain on the long-term pensions liabilities. This actuarial gain results primarily from the increased discount rate used in line with wider market conditions. In addition to the reduction to the liability scheme assets grew by £11.8m, with a £11.5m return on investments and a net £0.2m inflow from benefits paid and contributions received. As with the USS scheme, whilst changes to the valuation of the assets and liabilities are indicative of the financial strength of the scheme, the movement in the deficit does not have an in-year cash impact. Instead, percentage contribution rates for current service, and any lump sum deficit recovery payments, are set following each actuarial valuation.

A significant cost increase was seen for the Teachers' Pension Scheme when the employer contribution rate increased to 23.6% from 16.47% in September 2019. The pension costs paid to the TPS in the year amounted to £16.4m, an increase from £14.7m in the prior year, illustrating the challenges of maintaining attractive pensions provision despite the cost increases.

#### Operating expenditure

Operating expenditure excluding depreciation and interest costs increased from £106.8m to £133.8m at group level and, within the University's own results (which exclude the consolidation of the growing London Campus income and costs) operating

expenditure increased by £20.1m (23.5%). The most significant elements of this were a £5.3m increase in utilities costs driven by the external market for gas and electricity, a £4.1m increase in Computer Software and Network costs, a £0.9m increase in partnership payments which included increased Distance Learning provision with our partner Pearson, a £0.9m increase in fees paid to agents to support international student recruitment and a £1.1m increase to bad debt costs reflecting the challenging economic operating environment over the past three years. Other cost increases, spread across a range of areas reflected the growing income base as well as the ongoing impact of inflation on existing activities.

#### Capital investment

The University has continued to invest in its estate, equipment, and IT infrastructure. £16.8m (Note 16) of capital additions were made to buildings, infrastructure and equipment, and £10m (Note 15) was invested in intangible assets (software and intellectual property). Among the major areas of investment were:

- £6.0m invested in the new NU People and Finance system, built on an Oracle platform, which is bringing the University's core HR and Finance systems to modern standards. The new system, which is a Software as a Service (SaaS) installation, which should remain up to date as software updates are released on a quarterly basis, is being released in phases with the core HR functionality released in November 2022, the payroll in September 2023, and the Finance elements due in the spring of 2024.
- £6.9m invested in IT equipment and infrastructure and £7.7m on recurrent estates resilience and transformation programmes, both reflecting the need to continue investment in the underlying core assets of the University and the need to make more transformational change. Within the estates investments are the initial planning costs for the University's Centre for Health and

Social Equity (CHASE), which will be a flagship investment on the city campus, and the purchase of Durant Hall which secures a further part of the city campus within University ownership.

- £2.7m on labs and equipment, spread across the faculties, and £0.9m on student hubs to support engagement with students, thereby contributing to key objectives such as improved retention.

#### Financial outlook and assessment of going concern

Whilst the University's performance in the year to 31 July 2023 was strong, the outlook for future years remains challenging. Inflation is a particular challenge, especially when set alongside static UK student fees, whilst increasing competition for overseas and UK students makes the need to continue with income-diversification plans and cost management clear. Nonetheless, whilst these challenges should not be underestimated, Northumbria continues to be able to approach the future with confidence.

The strong financial results in recent years have helped build a strong financial base and a significant cash buffer of £123.2m. This continues to provide both

recruitment areas can recover and support continued growth. There are also clear plans in place to manage the cost base, helping to ensure that operations are sustainable well into the medium and long term.

The risks and uncertainties which remain – especially relating to UK government policy and the worldwide economic uncertainty – continue to be closely monitored and managed. The University's annual planning and budgeting round has again been used to ensure that the strong financial position and headroom can be maintained, with key control measures including:

- Setting a budget with significant income and investment contingencies prioritised towards protecting the headroom whilst facilitating strategic investments; and
- A clear in-year process for the release of investment funding to ensure its impact is maximised and to allow flexibility in managing the downside recruitment risks which have crystallised.

As with any university, the Board of Governors must confirm that it has reasonable expectation that the University has adequate resources to continue in operation for the foreseeable future. Against the financial outlook above, the Board has confirmed this view, and the University continues to adopt the going concern basis for preparing the financial statements. In reaching this conclusion, the

Board has reviewed the sustainability of the University and is satisfied that the strategies, plans and processes in place will help the University move towards the achievement of its strategy. In particular, the Board has considered the environment in which the University is operating as an institution and considers the University to be financially



sustainable, with key items providing assurance to the Board being:

- Regular reviews of performance, including via the annual budgets and five-year forecasts submitted to the OFS;
- Regular reviews of performance against budgets and forecasts, using net adjusted operating cashflow as a key performance indicator relevant to institutional financial sustainability;
- The University's strategic risk register, and the reporting on this via the Employment & Finance and the Audit Committees;
- Updates on compliance with the financial covenants of the University's lenders, Barclays plc, and of compliance with measures required by OFS; and
- Sensitivity analysis and scenario modelling to assess the impact of risks including sector changes, revisions in government policy and variable student numbers.

## The strong financial results in recent years have helped build a strong financial base.

a safety net in the event of further unexpected challenges, and a basis from which to invest in the strategy. In addition, whilst recruitment for 2023/24 was challenging, particularly for UK nursing students and from certain overseas markets including Nigeria, there is confidence that these



# SUSTAINABILITY AND THE ENVIRONMENT

# 2022/23

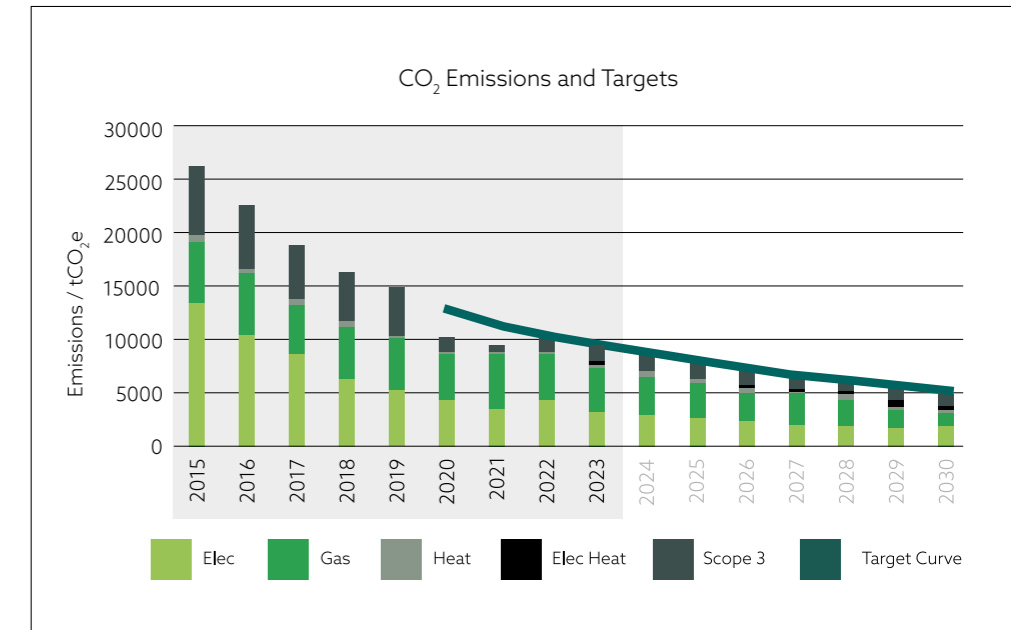
Northumbria University's sustainability journey over the past year reflects a steadfast commitment to fostering a greener and more sustainable campus environment, while contributing more broadly at regional, national and global levels through our teaching and research. By implementing a range of initiatives, the University has made significant strides towards achieving its sustainability goals.

As part of our contribution to the UN Sustainable Development Goals (SDGs) and in pursuit of reducing the university's carbon footprint, considerable progress has been made in enhancing energy efficiency and integrating renewable energy sources. Carbon emissions have dropped by over 56% against our 2015 baseline, in line with the target set out in our Carbon Management Strategy 2020-2030 to reduce our emissions by 80% by 2030. We have also reduced gas consumption by 27% and electricity consumption by 31%.

We installed air source heat pumps (ASHPs) at City Campus East in June 2022, saving 300 tonnes of carbon emissions annually with £1.7million of grant support from the Public Sector Decarbonisation Scheme (PSDS Phase 2). In October 2022, we successfully applied for £1.94million of grant funding to install ASHPs at our Coach Lane East Campus under PSDS Phase 3b. ASHPs are a more environmentally-friendly way of heating buildings as they take warmth from the air - even in freezing temperatures - to provide heating to the lecture theatres, offices, cafes and other facilities. In addition, the scheme includes the installation of roof mounted photovoltaic panels and replacement of lighting to LED, the works estimated to save 360 tonnes of carbon emissions annually.

### Carbon Emissions 2022-23

We report on Scope 1, Scope 2 and a selection of Scope 3 emissions. These include those from gas, electricity, petrol, diesel and heat purchased from the Trinity Square heat network, refrigerant gases, business travel, waste, water and electricity transmission losses. All of our electricity is purchased through 'Green' energy tariffs.



The baseline year for these emissions, which we report against annually, is 2014/15.

Our Carbon Emissions for 2022/23 were 11,570 tonnes CO<sub>2</sub>e. This was a small increase on the three previous years, which were artificially low due to COVID restrictions which restricted travel and closed some buildings during lockdowns.

The University continues to make concerted sustainability efforts under our [Environmental Sustainability Policy](#). The University maintains an excellent international reputation in this area, as a 'First Class University' according to the [People & Planet University League](#), ranking 15th within the UK and top in the North East region. We ranked in the top 5% of universities in the [THE Impact League](#), which took submissions from 1561 Higher Education institutions from across the globe. In addition, following a rigorous external

audit, we maintained our accreditation of our Environmental Management System certified to the ISO 14001 standard.

Looking ahead, Northumbria is poised to continue its pursuit of excellence in sustainability, setting an example for higher education institutions and the broader community alike.

# ↓ PRINCIPAL UNCERTAINTIES AND HOW WE RESPOND TO THEM

2022/23

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**The external and internal risk environment for institutions across the Higher Education sector continues to change at pace, presenting new and varied risk and resilience challenges for universities throughout the country and around the world.**

Northumbria University continues to effectively navigate the changing risk landscape, whilst remaining committed to its Vision 2030 and the objectives set out in its University Strategy.

Northumbria's Board of Governors and University Executive jointly recognise that the University's principal uncertainties present both opportunities and threats.

Northumbria uses its risk management and internal control arrangements, described in the Statement of Internal Control, to support its strategic and operational planning objectives, and to respond appropriately to the changing environment.

The Board of Governors, along with its associated Committees and the University Executive, assures itself that risks to the achievement of our strategic outcomes are monitored and managed appropriately, through periodic and targeted reviews of the University's Strategic Risk Register and through quarterly Strategic Risk Reports. Risks to our operational capability, and the output and effectiveness of our large strategic and estates projects, are also managed through this framework.

**The University currently tracks 15 Strategic Risks, as set out on the following page.**

## II Northumbria University continues to effectively navigate the changing risk landscape. II

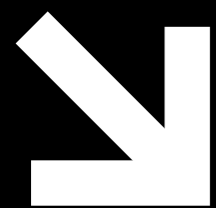
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City Centre Campus

<p><b>SR1: Staff are not engaged which impacts culture and the achievement of objectives</b></p> <p>Our internal engagement activity supports delivery of the University Strategy, and the development of our culture remains a key priority. We continue to engage colleagues through a range of avenues, including our NU Ways of Working programme, our Values and Behaviours engagement activity, our SHINE Awards, and through wider digital communications programmes.</p>	<p><b>SR2: Inability to recruit and retain quality and diverse staff into the right roles</b></p> <p>We strive to be a University that values people, with an inclusive environment that attracts and retains talented individuals from diverse backgrounds, and supports access to opportunities and development. Through the last 12-18 months we have enhanced pay and conditions for our employees, and continued to cement our position as an 'employer of choice' in the region. We continue to invest in mental health and wellbeing, and continue to establish new 'ways of working' to improve our employees' ability to achieve a healthy work-life balance.</p>	<p><b>SR9: Serious compliance failure</b></p> <p>We ensure proactive, proportionate legal and regulatory compliance arrangements by employing skilled, experienced staff, undertaking routine horizon scanning, professional development and training, and maintaining clear policies, procedures and systems that ensure compliance levels are maintained, including via formal internal and external audits.</p>	<p><b>SR10: The University is not financially sustainable</b></p> <p>We seek to increase and diversify our income, manage our cost base, and maintain appropriate cash balances. This means we can invest in our people and our Strategy. Our robust financial planning arrangements and strong management of costs enable us to allocate resources with confidence, focus and flexibility.</p>
<p><b>SR3: Failure to grow research quality, impact and income</b></p> <p>We continue to invest in new academic posts, early career researchers, and research support systems and facilities, to sustain and further develop a research-rich learning environment for staff, students and partners, which drives our RGCI, and impacts positively on society.</p>	<p><b>SR4: Research activity does not meet required research compliance and quality standards</b></p> <p>We embed research in education and knowledge exchange to drive academic excellence and are working towards increasing our volumes of 4* and 3* research. We are striving to provide world-class research in key areas of strength, with strong disciplines underpinning increased multidisciplinary collaboration and impact.</p>	<p><b>SR11: Failure to maintain and enhance IT infrastructure, capabilities and security</b></p> <p>We continue to improve the information technology infrastructure, security protocols, and data loss prevention capabilities that underpin the student and stakeholder experience.</p>	<p><b>SR12: Failure to enhance and maintain functional suitability of the University estate</b></p> <p>Our estates developments provide the opportunity to significantly enhance and maintain facilities to improve student and stakeholder experience/outcomes in line with University Strategy objectives and to improve the efficiency of the use of the estate.</p>
<p><b>SR5: Teaching and learning does not allow students to reach their full potential</b></p> <p>We aim to improve student outcomes, and this is reflected in recent TEF results. A range of educational learning analytics drives the evolution of our academic portfolio. All students at Northumbria will have a research-rich, experiential and enquiry-based educational experience.</p>	<p><b>SR6: The broader student experience does not match expectations</b></p> <p>We have demonstrated further, consistent improvement through the recent NSS 2023 results, and will continue to strive to improve the student experience. Student feedback supports direct engagement of students in shaping and influencing changes to our student experience, our technology, estates and facilities, and a range of other areas.</p>	<p><b>SR13: Fit for purpose, resilient business continuity processes are not in place and working</b></p> <p>We maximise opportunities to ensure fit for purpose operational business processes are in place, that are resilient when disrupted. This includes support for the digital fluency of staff and students, and services that are underpinned by secure digital systems.</p>	<p><b>SR14: Failure to maximise benefit from place-based partnerships</b></p> <p>The development of new and existing high-quality strategic partnerships forms a central strand of our Strategy both at home and abroad, and across our full scope of activities. These partnerships provide a broad range of research, educational and employment opportunities for our students and staff.</p>
<p><b>SR7: Overall student recruitment income targets are not met</b></p> <p>We aim to be a university of choice for students, stakeholders, customers and influencers. Our ability to attract the most promising students, irrespective of background, remains a vital measure of academic quality. We will continue to target the best students in North East England, and from all geographies, to drive recruitment income.</p>	<p><b>SR8: The University does not have a strong and sustainable global presence</b></p> <p>International recruitment and broader partnerships remain subject to changing UK Government, EU and international policy landscapes, global competitive pressures, and continuing uncertainties arising from a changing geopolitical picture. Our International Strategy will remain flexible and responsive to the changing global opportunities, and our due diligence activity will be robust.</p>	<p><b>SR15: Failure to maintain and enhance the University's brand, reputation and market position</b></p> <p>We continue to improve our distinctive offer, building on the THE University of the Year award to reflect our strength and ambition, and this is illustrated in our improving market position. The brand remains crucial to reinforcing Northumbria's reputation as a challenger institution within the HE market. Success in our fundamental areas of education and research support our efforts to drive performance and market position.</p>	

Following the finalisation and launch of the next University Strategy in 2024, a full review of headline Strategic Risks will take place. Alongside a re-evaluation of risk appetite across a range of risk categories, it is expected that we will retain our current focus on managing risk across the 15 areas above while also accounting for additional areas of growing risk and complexity, including security, environmental sustainability, and organisational efficiency.



# PUBLIC BENEFIT ROLE

## 2022/23

**The University of Northumbria at Newcastle is an 'exempt charity' under Schedule 2 of the Charities Act 1993, the Charities Act 2006 and section 22(1) of the Charities Act 2011. As an exempt charity, Northumbria is not subject to direct registration with, or regulation by, the Charity Commission for England and Wales. Since 01 April 2018, the Office for Students (OfS) has acted as 'principal regulator' of the University on behalf of the Charity Commission.**

The Board of Governors, as the trustee body of Northumbria University, confirms that:

- It complies with the law applying to exempt charities, through the production of financial statements in accordance with the requirements of the OfS and disclosure of the University's charitable status by means of this document.
- It has referred and adhered to OfS Regulatory advice 5: exempt charities and Regulatory advice 9 on accounts directions. In relation to the former advice, this includes understanding and reviewing key Charity Commission requirements including on exempt charities and public benefit requirements for charities in England and Wales, which apply to the University.
- The University has reviewed its relationship with paragraph 28 connected charities that have income of more than £100,000 under Schedule 3 of the Charities Act 2011, and that there are no other connected charities to the University which require reporting on.

Although the University is not required under the Charities Act 2011, or the OfS Regulatory Framework, to produce a public benefit statement, it is committed to expressing the value it provides to its key beneficiaries. The University's charitable purposes are delivered as an outcome of it exercising its powers as a Higher Education Corporation (HEC), which in so doing provides a public benefit principally to its student beneficiaries through the 'advancement of education', and through other charitable purposes, including the

'advancement of health and saving lives', 'the prevention or relief of poverty', 'the advancement of environmental protection and improvement', 'the advancement of human rights, conflict resolution or reconciliation' and 'the advancement of arts, culture, heritage or science' through its teaching, learning and research activities. Northumbria's public engagement and outreach activities also support the advancement of citizenship and community development. Further information demonstrating Northumbria's delivery of its charitable purposes for the public benefit is included throughout the annual report.

- In 2022/23 Northumbria University charged a £9,250 fee for UK/EU Undergraduate students, the maximum fee permissible and in line with the majority of English HEIs. In recognising that life chances are unequal in society, a longstanding commitment to securing access to HE for students from a range of disadvantaged backgrounds is key. The University's commitment to widening participation and equality of opportunity across the whole student lifecycle is set out in its five-year Access and Participation Plan 2020/21 - 2024/25 approved by the Office for Students (OfS) in December 2019. In line with OfS guidance, variations to the plan were submitted in July 2022, with a focus on four key priority areas:
  - » Accessibility
  - » School Partnerships for Attainment
  - » Successful Participation and Outcomes
  - » Develop more flexible and diverse provision

- The plan is outcome focused and ambitious and includes a series of stretching targets across the Access, Success and Progression lifecycle which will be monitored annually by the OfS. Examples include targets to halve the attainment gap between white and black students over a five-year period and to halve the gap in continuation between students in **POLAR** Quintiles Q1 and Q5 in the same timeframe. A full review of the student lifecycle versus under-represented groups was undertaken when preparing the Access and Participation Plan. This compared University performance over the previous five years against the sector and was underpinned by datasets provided by the OfS. This showed that the University had performed well against the sector (and regional comparators) in a number of areas including non-continuation - gaps between white and other ethnicities and mature students - gaps in attainment between young and mature.
- The latest OfS Access and Participation dashboard published in Spring 2023 shows that good progress has been made on a number of targets across Access, Success and Progression.
- In 2022/23, the University invested over £5 million in access, success and progression and £1.7 million in hardship support.
- Northumbria has a longstanding programme of outreach activity delivered from Year 5 through to mature students, to encourage students from all backgrounds to progress to HE. Examples include:

- » 'NU Entry', a structured scheme for students in their first year of sixth form or college who meet specific criteria. This supports students to develop the skills necessary for successful undergraduate study and have the opportunity to earn points, equivalent to 16 UCAS tariff points, for access to Northumbria. In 2022/23 the programme, which is now nationwide, engaged 719 students.
- » 'Destination Northumbria', a scheme launched in 2021/22 for students in their second year of a sixth form or college within the North East who meet specific criteria. This supports students to develop the skills necessary for successful undergraduate study and have the opportunity to earn points, equivalent to 8 UCAS tariff points, for access to Northumbria. In 2022/23 the programme engaged 385 students.
- » 'Access NU', a 1-year programme, launched in 2021/22, for students who will be 21 or over when starting their undergraduate degree course and who are currently in their final or only year studying a level 3 programme. This is designed to support adult learners in their transition to university and have the opportunity to earn points, equivalent to 16 UCAS tariff points, for access to Northumbria. In 2022/23 the programme engaged 134 students.
- » The North East Raising Aspiration Partnership (NERAP) collaboration between the five North East universities working together to ensure every young person has the opportunity to make informed decisions about higher education, specifically for key groups under-represented in HE. Northumbria has signed up to the Care Leavers Covenant in collaboration with NERAP, to offer care leavers a bespoke package of support, including pre-application, post-application and when enrolled as students at the university.

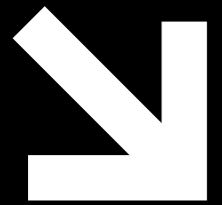
- » The North East Uni-Connect Programme (NEUCP), working with universities and colleges in the North East region to support young people in the North East in considering their future options and pathways available to them.
- » IntoUniversity Newcastle East, a centre in Walker, opened in partnership with Newcastle University. The centre offers primary and secondary school children academic support after school, in addition to hosting academic focus weeks for individual schools.

Northumbria provides targeted, personalised support to reduce the gaps in performance for under-represented groups through wellbeing, learning and employability initiatives which includes:

- Learning Analytics - personalised, targeted support for students who are at risk of non-continuation, based on data driven insights we actively intervene for those students to maximise support for them to succeed.
- Working in partnership with students and the Students' Union to empower underrepresented students to enhance the inclusivity of the student experience. This is achieved by sharing their voices and lived experiences in a variety of supported and structured schemes which pay students to review practice across the university, deliver training and offer peer support.
- Targeted employability initiatives and opportunities including internships, placements, study abroad, enterprise and career readiness, and mentoring.



City Centre Campus - Sutherland Building



# STATEMENT OF CORPORATE GOVERNANCE

2022/23

**The University of Northumbria at Newcastle was incorporated as a Higher Education Corporation (HEC) following the passing of the Education Reform Act 1988. Northumbria was granted 'university' title and associated powers in the Further and Higher Education Act 1992. Our Instrument and Articles of Government set out the objects, powers and constitution of the Board of Governors, Academic Board and the Vice-Chancellor and Chief Executive and can be found on the University's website. The Higher Education and Research Act 2017 provides the opportunity for HECs, including Northumbria, to deregulate, amend and potentially revoke and replace the Instrument and Articles of Government with an alternative governing instrument relevant to any new legal form adopted by the University. The Board of Governors approved a full revised set of governing documents in April and June 2022.**

The Board of Governors is the Trustee Board of Northumbria as an exempt charity. The Board confirms that it complies with the HE Code of Governance published by the Committee of University Chairs (CUC) in September 2020.

The Board has responsibility for determining the mission, strategy and educational character of the University, and works closely with the University Executive, chaired by the Vice-Chancellor and Chief Executive, to deliver the University's priorities and achieve its sustainability and success. The Board is responsible for the stewardship and safeguarding of the University's resources, assets and reputation, and assures itself of compliance with legal and regulatory obligations.

The Board of Governors has a range of strategic, regulatory and wider stewardship responsibilities which are not delegated to any other individual(s) or bodies. The Board's strategic responsibilities include approving and reviewing performance against Vision 2030 and the University Strategy 2018-24 and other key plans. The Board's regulatory and stewardship responsibilities centre on its role as Northumbria's ultimate legal authority and for safeguarding the University's assets and its financial sustainability and receiving assurance that its systems comply with the University's legal and regulatory obligations, including as an exempt charity, and the OfS.

The Board delegates a number of its responsibilities in several ways:

- Ensuring that the Vice-Chancellor and Chief Executive effectively leads the academic and executive management of the University: The University Executive is the University's senior leadership team, comprising individuals with academic and professional support portfolios. The role of the University Executive is to advise the Vice-Chancellor and Chief Executive who is responsible for strategic and operational management.
- Its Committees: The Board has committees with responsibility for Employment and Finance, Strategic Performance, Audit, Nominations and Remuneration. The Academic Board, chaired by the Vice-Chancellor and Chief Executive, makes reports to the Board of Governors.

The Board and/or its Committees oversee, via routine reports, Northumbria's corporate governance arrangements and the adequacy and effectiveness of related arrangements for compliance with legal and regulatory matters (including OfS registration conditions), risk management and internal controls, including those relating to the regularity and propriety of the use of public funding. Measures taken to ensure the regularity and propriety of the use of public funding include:

- clear remits of the Board of Governors and its Committees;
- clear Financial Regulations which include a Delegated Authority Matrix, and working to the highest standards of openness, integrity and accountability via the seven Principles of Public Life;
- a suite of policies on counter fraud and bribery, anti-money laundering, gifts and hospitality, and travel and expenses;
- procedures that ensure appropriate segregation of duties;
- annual external audit of financial statements;
- annual internal audit plan which includes a routine audit of core financial controls;
- appropriate data assurance arrangements for external data returns;
- research grant audits (where publicly funded).

The role of each Committee of the Board of Governors, and the Academic Board, is summarised below

Committee	Role/responsibilities
<b>Employment and Finance Committee</b>	<ul style="list-style-type: none"> <li>Approves and monitors employment strategy and policy, finance strategy, estates, IT and other capital projects to support the University Strategy 2018-24.</li> </ul>
<b>Strategic Performance Committee</b>	<ul style="list-style-type: none"> <li>Advisory role to the University Executive and the Board of Governors in relation to performance against the University Strategy 2018-24, and the related strategic plans.</li> </ul>
<b>Remuneration Committee</b>	<ul style="list-style-type: none"> <li>Approval of the Vice-Chancellor's remuneration and oversight of the remuneration policy and remuneration of senior staff.</li> <li>Determines base pay decisions.</li> </ul>
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>Provides assurance to the Board of Governors on the adequacy of the University's framework for financial compliance and integrity.</li> <li>Oversight of internal and external audit arrangements.</li> <li>Oversight of the wider control and compliance environment including risk management, value for money, data quality and assurance arrangements, health, safety and wellbeing measures and whistleblowing.</li> <li>Audit Committee complies with the HE Audit Committees Code of Practice published by CUC in May 2020.</li> </ul>
<b>Nominations Committee</b>	<ul style="list-style-type: none"> <li>Oversight of corporate governance arrangements, including Governor recruitment and development.</li> <li>Makes recommendations to the Board on its membership and that of its Committees.</li> </ul>
<b>Academic Board</b>	<ul style="list-style-type: none"> <li>Advises the Vice-Chancellor and Chief Executive on matters of academic strategy and policy, and (although not a Committee of the Board) makes reports to the Board of Governors.</li> <li>Remit includes academic quality and standards and enhancement, the student experience and research and innovation activities.</li> <li>Sub-committees oversee education, research, knowledge exchange and international policy and performance matters.</li> </ul>

Information on Northumbria's Leadership and Governance arrangements is publicly available on the University website, and queries can be raised with the Secretary to the Board. Further transparency is provided via the University's Register of Interests for Governors and senior staff members.

The arrangements described in this statement apply to the period covered by this Annual Report and Financial Statements and up to the date of approval.

### Trade Union Facility Time for the period 1 April 2022 to 31 March 2023

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017 and place a legislative requirement on relevant public sector employers, including HEIs in England and Scotland, to 'collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation'.

Facility time is defined in the Regulations as 'the provision of paid or unpaid time from an employee's normal role to undertake Trade Union duties and activities as a Trade Union representative'. We are required to publish a range of data on the amount and cost of facility time within our organisation, which is shown in the tables.

#### Total number of employees who were relevant union officials during the period 1 April 2022 to 31 March 2023

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
41	40.53

#### Employees who were relevant union officials employed during the period spent 0%, 1%-50%, 51%-99% or 100% of their working hours on facility time

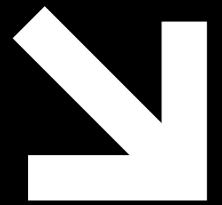
Percentage of time	Number of Employees
0%	0
1-50%	40
51-99%	0
100%	1

#### The percentage of the total pay bill spent on facility time

Total cost of facility time	£175,766
Total pay bill	£206,009,000
Percentage of the total pay bill spent on facility time	0.09%

#### Hours spent by employees who were relevant union officials during the period on paid trade union activities as a percentage of total paid facility time hours

<b>(Total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100</b>
12.45%



# STATEMENT OF INTERNAL CONTROL

2022/23

**The Statement of Internal Control (SIC) has been produced in line with the OfS Regulatory Advice Note 9: Accounts Direction and is informed by the British Universities Finance Directors Group (BUFDG) guidance and best practice in other sectors. This Statement confirms that the Board understands and applies its responsibility for ensuring that a sound system of internal control and robust risk management arrangements are maintained, and that it reviews their effectiveness through Audit Committee. The Audit Committee is informed by a range of assurance sources, including internal and external audit as well as direct reports from University Executive on risk and control matters.**

In line with OfS requirements and the CUC Higher Education Code of Governance (September 2020), the Board of Governors has received assurance that an effective system for managing risk is in place across the University. The Board and the University Executive set the tone for risk management across the University, through their respective oversight and ownership of strategic risks related to the full range of business, financial, operational and compliance activities. The University's Risk Management Policy can be found on the University's website. In line with this Policy, Strategic Risks, which are discussed in the Principal Uncertainties section of this report, are reviewed periodically at Board and key Board Committees to ensure that the latest sector insight and agenda items inform the overall risk profile and understanding of the changing context that influences them and the related mitigations. All risks are

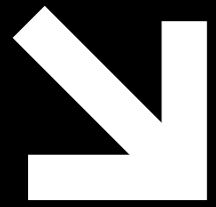
anchored to related strategic objectives to ensure all efforts to manage risk are appropriately focused on achieving Northumbria's objectives. A suite of Risk Registers across the University allows risks to be identified, managed, and escalated as appropriate. Risks may also be identified through internal incident and near miss reporting arrangements and knowledge of incidents in the HE and other sectors.

Northumbria's approach to internal control is risk-based, and we acknowledge that internal control systems cannot eliminate all risks or control weaknesses or failures. Our business continuity arrangements and critical incident planning are therefore crucial elements of our approach to managing risks that may occur and to maintaining appropriate internal controls that respond to such situations.

The Board has received assurance, through reports from the University Executive and through its Audit Committee, on its internal control environment. The Internal Audit opinion provides reasonable assurance that Northumbria University has adequate and effective arrangements to achieve management's objectives over risk management, control and governance, and economy, efficiency and effectiveness (value for money) arrangements.

The arrangements described above apply to the period covered by the financial statements and the period up to the date of approval of the audited financial statements.





# STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

2022/23

**The Board of Governors is responsible for preparing the Annual Report and the financial statements in accordance with the requirements of the Office for Students' Terms and conditions of funding for higher education institutions and Research England's Terms and conditions of Research England grant and applicable law and regulations.**

It is required to prepare group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students. The Board of Governors is required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the group and parent University financial statements, the Board of Governors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;

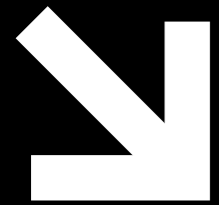
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Assess the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the group or the parent University or to cease operations or have no realistic alternative but to do so.

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

The Board of Governors is also responsible for ensuring that:

- Funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- Funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- Ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- Securing the economical, efficient and effective management of the university's resources and expenditure.

The Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# ANNUAL REMUNERATION STATEMENT

## 2022/23

**This Annual Remuneration Statement 2022/23 complies with the Higher Education Senior Staff Remuneration Code, published by the CUC in June 2018, and the Office for Students' Regulatory Advice 9: Accounts Direction. The Statement is a feature of the University's Annual Report and Financial Statements 2022/23.**

The Remuneration Committee's remit and membership for 2022/23 is available on the University's website.

### **Approach to senior staff remuneration at Northumbria University**

The CUC Higher Education Senior Staff Remuneration Code requires adherence to the following principles:

- I. A fair, appropriate and justifiable level of remuneration;
- II. Procedural fairness; and
- III. Transparency and accountability.

The Remuneration Committee aspires for the University's governance framework and arrangements for senior staff remuneration to be modern, progressive and at the forefront of best practice in the HE sector. The Vice-Chancellor and Chief Executive is not a member of the Committee and has no role in discussing or determining his own salary or wider remuneration.

The University's approach to senior staff remuneration is considered appropriate to support our University Strategy, our financial sustainability and our culture and values. Remuneration is one of a number of

influential factors in the recruitment, retention and recognition of a high quality and diverse workforce and supports the University's aim to be an Employer of Choice. Senior staff remuneration levels at Northumbria are set in the context of the significant ambition and achievements of the University, operating as it does in an intensely competitive global economy. The success of the University reflects the contributions of all staff at Northumbria. Notwithstanding this, the leadership and direction of senior management drive its achievements. During 2022/23 a Senior Staff Remuneration Policy was developed which sets out how salaries and benefits for senior staff are determined and reviewed.

### **Assessing and determining the Vice-Chancellor and Chief Executive's remuneration**

As its evidence base for considering the Vice-Chancellor and Chief Executive's salary and benefits, Remuneration Committee draws on a range of benchmarks and comparative data including:

- publicly available data with commentary and context as published in each HEI's annual

financial statements on the base salary and total remuneration (including other taxable and non-taxable benefits) of the heads of institution in the North East region based on at least three years of prior data;

- five-year data with commentary and context on the total remuneration packages of heads of institution at institutions of a similar type, size and scale;
- UCEA Remuneration Survey Data of all HEIs, and disaggregated data for HEIs based on turnover, and the median, mean, upper quartile and upper decile analysis of salary levels.
- Relevant CUC salary survey data.

Below is a breakdown of the Vice-Chancellor and Chief Executive's remuneration for 2022/23 (and 2021/22 for comparative purposes):

AUDITED INFORMATION	Year Ended 31 July 2023	Year Ended 31 July 2022**	
	£'000	01 August 2021 to 17 May 2022 £'000	18 May 2022 to 31 July 2022 £'000
<b>Emoluments of the Vice-Chancellor and Chief Executive</b>			
Salary	250	208	49
Payments in lieu of pension contributions*	-	21*	-
Annual Strategic Incentive Scheme of Exceptional Performance	-	18	-
Benefits in kind	2	2	-
	<b>252</b>	249	49
Pension contributions	54***	19	13
	<b>306</b>	268	62

\* Professor Wathey partially opted out of the USS pension scheme in April 2017 and from this date received payments in lieu of employer pension contributions. These payments were made under the University policy at a rate of 13% (compared to the USS pension contribution rate of 21.6%).

\*\*Former Vice-Chancellor and Chief Executive, Professor Andrew Wathey, retired from the University on 17 May 2022 and an Interim Vice Chancellor and Chief Executive, Professor Tom Lawson, was in post from 18 May 2022 until 31 July 2022.

\*\*\*Current Vice-Chancellor and Chief Executive, Professor Andy Long, is enrolled in the Universities Superannuation Scheme (USS). Employer contributions are fixed at 21.6%.

The pay ratios of the Vice-Chancellor and Chief Executive to the median salary of all employees calculated using UCEA data are shown below:

AUDITED INFORMATION	Definition	Headline calculation	Year Ended 31 July 2023	Year Ended 31 July 2022
			Ratio	Ratio
<b>Base salary ratio</b>	The Vice-Chancellor and Chief Executive's basic salary as a ratio of the median basic salary of all staff expressed as full-time equivalent	£250k: highest base salary (Vice-Chancellor and Chief Executive) £41.5k: median staff base salary	6	6.5
<b>Total remuneration ratio</b>	The Vice-Chancellor and Chief Executive's total remuneration as a ratio of the median total remuneration of all staff. The total remuneration includes basic salary, pension contributions, supplement in lieu of pension contributions, annual performance based reward and excludes benefits in kind.	£306k: total remuneration of the Vice-Chancellor and Chief Executive £48.8k: median staff total remuneration	6.3	7.5

### Base pay of University Executive and the Senior Management Group (SMG)

On an annual basis Remuneration Committee reviews the salary levels of all members of the University Executive and Senior Management Group, on the recommendation of the Vice-Chancellor and Chief Executive to Remuneration Committee taking into account a review of relevant sector and market pay data. The 2022/23 senior staff salary review took

account of the withdrawal of the Strategic Annual Incentive Scheme from the end of Academic year 2021/22. This Scheme had been in place since October 2012.

The total base pay of the University Executive members, who are defined for reporting terms as the key management personnel<sup>1</sup>, is provided in the table below and provides a comparison between 2022/23 and 2021/22:

Key management personnel compensation (i.e. remuneration)	Consolidated	
	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
	2,515	2,466

The base salaries of higher paid staff are provided in the table below in £5k bands over £100k as required by the OFS Accounts Direction.

There are five (2022: six) members of staff who earn more than £100k and were not members of University Executive or the Senior Management Group at any point in the year.

<sup>1</sup> Defined as those persons having authority and responsibility for planning, directing and controlling the activities of the University. The Vice-Chancellor and Chief Executive has the overarching responsibility for maintaining and promoting the institution's efficiency, academic excellence and financial robustness. He is supported by the University Executive which has overall responsibility for delivery of the University Strategy. The University Executive advises the Vice-Chancellor and Chief Executive in his strategic, policy and executive management responsibilities, co-ordinating and integrating activities through individual portfolios of responsibility and the recommendations collectively made or supported by the Executive group.

## AUDITED INFORMATION

	Consolidated		2021/22
	2022/23	Staff FTE	
<b>Remuneration of other higher paid staff</b>			
£100,000 - £104,999	3		3
£105,000 - £109,999	0		4
£110,000 - £114,999	3		2
£115,000 - £119,999	0		0
£120,000 - £124,999	0		0
£125,000 - £129,999	1		7
£130,000 - £134,999	1		2
£135,000 - £139,999	0		1
£140,000 - £144,999	12		2
£145,000 - £149,999	0		0
£150,000 - £154,999	0		0
£155,000 - £159,999	0		0
£175,000 - £179,999	1		0
£205,000 - £209,999	0		1
£250,000 - £254,999	1		0

### Compensation for loss of office (AUDITED INFORMATION)

A total amount of £242k (2021/22: £1,681k) was charged to the statement of comprehensive income and expenditure in relation to 24 individuals (2021/22: 49 individuals) as compensation for loss of office (excluding payments in lieu of notice).

### External appointments and expenses

The Vice Chancellor and Chief Executive must seek approval for any proposed external appointments from the Chair of the Board of Governors. Other members of the University Executive and Senior Management Group must seek Remuneration Committee approval for any proposed remunerated external appointments and, along with all members of the Board of Governors, are required to disclose all relevant interests on the University's Register of Interests.

Senior staff, as with all staff, must comply with the University's Travel and Expenditure Policy which requires the reasonable, proportionate and accountable use of expenses, noting that these are incurred solely for business purposes and are wholly separate from remuneration. All expenses incurred by the Vice-Chancellor and Chief Executive, University Executive and Senior Management Group are wholly and exclusively for approved University business with the aim of enhancing the outcomes for students and staff. Services are procured in accordance with the University's Financial Regulations. Expenses incurred by the Vice-Chancellor and Chief Executive are subject to approval by the Chair of the Board of Governors, with all other expenses for University Executive and Senior Management Group members approved by the relevant line manager. The University discloses information as requested under Freedom of Information (FoI) in relation to senior staff expenses.

### Other Remuneration Matters (AUDITED INFORMATION)

In accordance with the Articles of Government and informed by Charity Commission advice, the Board of Governors has the power to remunerate the Chair of the Board and Chairs of Committees for their services as Governors. Governors who are also employees or students of the University are not entitled to claim such remuneration. This is supported by a Governor/Trustee Remuneration Policy approved by the Board of Governors in November 2017 (and from which those Governors who were beneficiaries of it were exempt from voting). A revised Governor/Trustee Remuneration Policy that will support the remuneration of the Chair of the Board and Chairs of Committees for 2023/24 onwards was approved by the Board of Governors on 26 June 2023 (with those Governors who were beneficiaries of it exempt from voting).

During 2022/23 the following Governors were remunerated:

**Dr Roberta Blackman-Woods**, Pro-Chancellor and Chair of the Board of Governors - £25,000

**Craig Apsey**, Independent Governor and Chair of Strategic Performance Committee - £7,500

**James Bromiley**, Independent Governor and Chair of Audit Committee - £7,500

**Helen Fairfoul OBE**, Independent Governor and Chair of Employment and Finance Committee - £7,500

**Peter Judge MBE**, Senior Independent Governor and Chair of Remuneration Committee £7,500

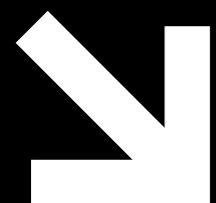
All payments made have been duly approved by the Board of Governors with remuneration offered to Governors/Trustees serving as Governors/Trustees authorised by the University's Articles of Government, as approved and in accordance with Charity Commission advice. Remuneration for the Chair of the Board and Committee Chairs in 2022/23 remained at the level set in 2017. In June 2023 the Board of Governors approved that an increase in remuneration for the Chair of the Board and Committee Chairs of the lower of 5% or the pay uplift for all staff over three years would be applied; an uplift of 5% was therefore applied from 1 August 2023.

The Chancellor of the University receives no remuneration for the extensive ambassadorial role she plays on behalf of the University.

All Governors are entitled to reimbursement of expenses incurred directly in attending meetings or other direct Board and Committee-related events, provided that the claim is in accordance with the Financial Regulations, including the production of relevant receipts. In 2022/23, eight Governors claimed expenses totalling £5,356 (2021/22 four Governors claimed expenses totalling £416).



Lipman – The Hub



# REGISTER OF GOVERNORS AND PROFESSIONAL ADVISORS

2022/23

## The Chancellor

The Baroness Grey-Thompson DBE, DL

## The Board of Governors

The Governors are the Trustees of the University, and the Board is the Trustee Board of the University as an exempt charity under the terms of the Charities Act 2011.

**Craig Apsey** (Independent Governor)

**Dr Birju Bartoli**<sup>2</sup> (Independent Governor)

**Livia (Liv) Bird** (Student Governor)

**Dr Roberta Blackman-Woods**  
(Pro-Chancellor and Chair of the Board)

**James Bromiley** (Independent Governor)

**Dr Laura Brown**<sup>3</sup> (Academic Staff Governor)

**Emma Collier** (Student Governor)

**Helen Fairfoul OBE** (Independent Governor)

**Dr Stuart Fancey** (Independent Governor)

**Katherine Fawcett** (Professional Services Staff Governor)

**Sophie Haagensen** (Independent Governor)

**Peter Judge MBE** (Senior Independent Governor)

**Hassan Kajee**<sup>4</sup> (Independent Governor)

**Mark Larsen**<sup>5</sup> (Independent Governor)

**Professor Andrew (Andy) Long**  
(Vice-Chancellor and Chief Executive)

**Professor James McLaughlin**<sup>6</sup> (Co-opted Governor)

**Elizabeth (Libby) Orme**  
(Staff Governor nominated by Academic Board)

**Sally Pelham**  
(Pro-Chancellor and Deputy Chair of the Board)

**Amy Rice-Thomson**<sup>7</sup> (Independent Governor)

**Helen Thorne MBE** (Independent Governor)

**Simon Yellowley**<sup>8</sup> (Independent Governor)

**Ian Wilkin**<sup>9</sup> (Independent Governor)

Secretary to the Board of Governors: **Georgina Bailes**

<sup>2</sup>From 1 September 2022

<sup>3</sup>From 26 September 2022

<sup>4</sup>From 1 September 2022

<sup>5</sup>From 1 May 2023

<sup>6</sup>From 26 September 2022

<sup>7</sup>Term of office ended 26 June 2023

<sup>8</sup>Term of office ended 31 December 2022

<sup>9</sup>From 1 May 2023

Membership the Committees of the Board in 2022/23 is provided below:

**Audit Committee**

**James Bromiley (Chair)**

Peter Judge MBE

Sally Pelham

Amy Rice-Thomson (to 26 June 2023)

Helen Thorne MBE (from 22 May 2023)

Alasdair Corfield (Co-opted Member)

John Hudson (Co-opted Member)

Stella Liu (Observer, to 22 May 2023)

**Nominations Committee**

**Dr Roberta Blackman-Woods (Chair)**

Craig Apsey

James Bromiley

Helen Fairfoul OBE

Professor Andy Long

Peter Judge MBE

**Strategic Performance Committee**

**Craig Apsey (Chair)**

Dr Birju Bartoli (from 27 February 2023)

Dr Roberta Blackman-Woods

Emma Collier

Katherine Fawcett

Sophie Haagensen

Professor Andy Long

Helen Thorne MBE (to 13 April 2023)

Simon Yellowley (to 31 December 2022)

Adam Parker (Co-opted Member, from 1 May 2023)

**Employment and Finance Committee**

**Helen Fairfoul OBE (Chair)**

Craig Apsey

Liv Bird

Dr Roberta Blackman-Woods

Dr Stuart Fancey

Hassan Kajee (from 27 February 2023)

Mark Larsen (from 1 May 2023)

Professor Andy Long

Ian Wilkin (from 1 May 2023)

Helen Colclough (Co-opted Member, from 1 September 2022)

David Pearson (Co-opted Member)

**Remuneration Committee**

**Peter Judge MBE (Chair)**

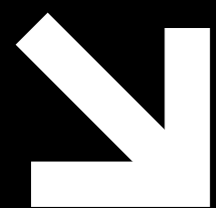
Dr Roberta Blackman-Woods

Helen Fairfoul OBE

Graeme Hudson (Co-opted Member)



International soccer academy in partnership with i2i



# REGISTER OF INTERESTS

2022/23

Entries in the Register of Governors' interests are reviewed annually, and as required for new appointments to the Board; the register is maintained by the Secretary to the Board of Governors. This may be accessed on the Governance Services webpages of the University's website, or by contacting the address below:

Secretary to the Board of Governors  
c/o Vice-Chancellor's Office  
Sutherland Building  
College Street  
Newcastle upon Tyne  
NE1 8ST  
Telephone +44 (0)191 227 4222

#### **Bankers**

**Barclays Bank plc**  
49-51 Northumberland Street  
Newcastle upon Tyne  
NE1 7AF

#### **Bank of Scotland**

Corporate Banking  
3rd Floor, Earl Grey House  
75 Grey Street  
Newcastle upon Tyne  
NE1 6EF

#### **Handelsbanken**

Earl Grey House  
75 Grey Street  
Newcastle upon Tyne  
NE1 6EF

#### **HSBC**

Floor 3, Central Square South  
Orchard Street  
Newcastle upon Tyne  
NE1 3AZ

#### **External Auditor**

KPMG LLP  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

#### **Internal Auditor**

Price Waterhouse Coopers LLP (PWC)  
1 Embankment Place  
London  
WC2N 6RH

#### **Nationwide Building Society**

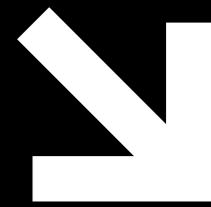
Kings Park Road  
Moulton Park  
Northampton  
NN3 6NW

#### **Santander UK plc**

Level 9 Baltic Place  
South Shore Road  
Gateshead  
NE8 3AE

#### **ABN AMRO Bank N.V.**

Foppingadreef  
22 Amsterdam  
BO-number 3069.63



# INDEPENDENT AUDITOR'S REPORT

## OF THE BOARD OF GOVERNORS OR NORTHUMBRIA UNIVERSITY

# 2022/23

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2023, and of the Group's and of the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and

#### Basis for opinion

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

#### Going concern

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

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

Our conclusions based on this work:

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

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

#### Fraud and breaches of laws and regulations - ability to detect

##### Identifying and responding to risks of material misstatement due to fraud

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

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



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

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from tuition fees relating to courses that span the year end are recorded in the wrong period and the risk that the University's management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, journals posted by irregular users or to seldom used accounts and journals posted to unusual accounts those posted by senior finance management.
- We sample tested tuition fee income for courses that spanned the year end of 31 July 2023 to supporting documentation to test that revenue had been recorded in the correct period.

#### **Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations**

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

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

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

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

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: compliance with Higher Education regulatory requirements of the Office for Students recognising the regulated nature of the University's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the governors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

#### **Other information**

The Board of Governors is responsible for the other information, which comprises the Vice-Chancellor and Chief Executive's Foreword, the Chair's Introduction, the University Achievements at a Glance, the Vision Strategy and Impact, the Operating and Financial Review, the Principal uncertainties and how we respond to them, the Public Benefit Role, the Statement of Corporate Governance and the Statement of Internal Control, the Annual Remuneration Statement and Register of Governors and Professional Advisers.

Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

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

#### **Board of Governors responsibilities**

As explained more fully in its statement set out on pages 45 and 46, the Board of Governors is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities**

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

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

#### **Report on other legal and regulatory requirements**

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

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Articles of Government for post 1992 institutions;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the financial statements meet the requirements of the Accounts Direction.

#### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Board of Governors in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors for our audit work, for this report, or for the opinions we have formed.



**Debra Chamberlain (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor**

1 St Peter's Square,  
Manchester  
M2 3AE

5 December 2023





# FINANCIAL STATEMENTS

# 2022/23

## CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE YEAR ENDED 31 JULY 2023

	Note	Year Ended 31 July 2023		Year Ended 31 July 2022	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Income</b>					
Tuition fees and education contracts	1	288,972	240,742	253,193	227,080
Funding body grants	2	32,964	32,964	24,872	24,871
Research grants and contracts	4	16,360	16,360	19,892	19,892
Other income	5	37,697	42,396	30,294	34,799
Investment income	6	5,036	4,756	1,009	384
Donations and endowments	7	1,074	1,074	196	196
<b>Total income</b>		<b>382,103</b>	<b>338,292</b>	329,456	307,222
<b>Expenditure</b>					
Staff costs					
Before exceptional pension costs	8	211,755	210,637	191,204	191,317
Exceptional pension debit/(credit)	8	(1,460)	(1,460)	6,178	6,178
<b>Total staff costs</b>		<b>210,295</b>	<b>209,177</b>	197,382	197,495
Other operating expenses					
Depreciation and amortisation	15,16	20,353	20,353	18,601	18,601
Interest and other finance costs	11	4,990	4,990	6,272	6,272
<b>Total expenditure</b>		<b>369,395</b>	<b>340,211</b>	329,055	307,975
<b>Surplus/(deficit) before tax</b>					
Taxation	12	(2,910)	(137)	(624)	(225)
<b>Surplus/(deficit) for the year</b>		<b>9,798</b>	<b>(2,056)</b>	(223)	(978)
Actuarial gain/(loss) in respect of pensions	26	107,484	107,484	170,855	170,855
Change in fair value of hedging financial instruments	27	8,279	8,279	9,249	9,249
Exchange differences on translation of foreign operations		15	-	4	-
<b>Total comprehensive income for the year</b>		<b>125,576</b>	<b>113,707</b>	179,885	179,126
<b>Represented by</b>					
Unrestricted comprehensive income for the year		124,760	112,901	179,788	179,029
Restricted comprehensive income for the year		816	816	97	97
<b>Surplus / (deficit) for the year attributable to:</b>					
Non-controlling interest		10,432		1,217	
University		(634)		(1,440)	
<b>Total comprehensive income for the year attributable to:</b>					
Non-controlling interest		10,432		1,217	
University		115,144		178,668	

All items of income and expenditure relate to continuing activities.

## CONSOLIDATED STATEMENT OF CHANGES IN RESERVES YEAR ENDED 31 JULY 2023

	Note	Income and expenditure account		Hedging reserve £'000	Non-controlling interest £'000	Total £'000
		Unrestricted	Restricted			
		£'000	£'000			
<b>Balance at 1 August 2021</b>		<b>97,969</b>	<b>297</b>	<b>(17,528)</b>	<b>1,248</b>	<b>81,986</b>
Surplus/(deficit) from the statement of comprehensive income and expenditure		(1,537)	97	-	1,217	(223)
Actuarial gains on pension schemes	26	170,855	-	-	-	170,855
Change in fair value of hedging financial instruments	27	-	-	9,249	-	9,249
Exchange differences on translation of foreign operations		4	-	-	-	4
Total comprehensive income for the year		169,322	97	9,249	1,217	179,885
<b>Balance at 31 July 2022</b>		<b>267,291</b>	<b>394</b>	<b>(8,279)</b>	<b>2,465</b>	<b>261,871</b>
Surplus/(deficit) from the statement of comprehensive income and expenditure		(1,450)	816	-	10,432	9,798
Actuarial gains on pension schemes	26	107,484	-	-	-	107,484
Reclassification of hedging financial instruments	27	-	-	8,279	-	8,279
Exchange differences on translation of foreign operations		15	-	-	-	15
Total comprehensive expense for the year		106,049	816	8,279	10,432	125,576
<b>Balance at 31 July 2023</b>		<b>373,340</b>	<b>1,210</b>	<b>-</b>	<b>12,897</b>	<b>387,447</b>

## UNIVERSITY STATEMENT OF CHANGES IN RESERVES YEAR ENDED 31 JULY 2023

	Note	Income and expenditure account		Hedging reserve £'000	Total £'000
		Unrestricted	Restricted		
		£'000	£'000		
<b>Balance at 1 August 2021</b>		<b>99,869</b>	<b>297</b>	<b>(17,528)</b>	<b>82,638</b>
Surplus /deficit from the statement of comprehensive income and expenditure		(1,075)	97	-	(978)
Actuarial gains on pension schemes	26	170,855	-	-	170,855
Change in fair value of hedging financial instruments	27	-	-	9,249	9,249
Total comprehensive income for the year		169,780	97	9,249	179,126
<b>Balance at 1 August 2022</b>		<b>269,649</b>	<b>394</b>	<b>(8,279)</b>	<b>261,764</b>
Surplus/(deficit) from the statement of comprehensive income and expenditure		(2,872)	816	-	(2,056)
Actuarial gains on pension schemes	26	107,484	-	-	107,484
Change in fair value of hedging financial instruments	27	-	-	8,279	8,279
Total comprehensive income for the year		104,612	816	8,279	113,707
<b>Balance at 31 July 2023</b>		<b>374,261</b>	<b>1,210</b>	<b>-</b>	<b>375,471</b>

## CONSOLIDATED AND UNIVERSITY BALANCE SHEETS AS AT 31 JULY 2023

	Note	As at 31 July 2023		As at 31 July 2022	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
<b>NON-CURRENT ASSETS</b>					
Investments	13,14	160	161	160	2,322
Intangible assets	15	15,228	15,228	6,347	6,347
Tangible fixed assets	16	306,672	306,672	309,460	309,460
Defined benefit asset in the Tyne and Wear Pension Fund	26	34,080	34,080	-	-
		<b>356,140</b>	<b>356,141</b>	315,967	318,129
<b>CURRENT ASSETS</b>					
Stocks		6	6	6	6
Trade and other receivables	17	72,555	33,561	56,353	31,685
Investments	18	35,000	35,000	14,000	14,000
Cash and cash equivalents	22	89,238	88,171	115,518	114,632
		<b>196,799</b>	<b>156,738</b>	185,877	160,323
Creditors – amounts falling due within one year	19	(106,368)	(78,284)	(104,317)	(81,032)
<b>NET CURRENT ASSETS</b>		<b>90,431</b>	<b>78,454</b>	81,560	79,291
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>446,571</b>	<b>434,595</b>	397,527	397,420
Creditors – amounts falling due after more than one year	20	(43,825)	(43,825)	(55,404)	(55,404)
<b>Provisions</b>					
Other pension provisions	21	(12,863)	(12,863)	(14,230)	(14,230)
Defined benefit liability in the Tyne and Wear Pension Fund	26	-	-	(64,223)	(64,223)
Other provisions	21	(2,436)	(2,436)	(1,799)	(1,799)
<b>TOTAL NET ASSETS</b>		<b>387,447</b>	<b>375,471</b>	261,871	261,764
<b>Restricted reserves</b>					
Income and expenditure reserve - Restricted		1,210	1,210	394	394
<b>Unrestricted reserves</b>					
Income and expenditure reserve - Unrestricted		373,340	374,261	267,291	269,649
Hedging reserve	27	-	-	(8,279)	(8,279)
Non-controlling interest		12,897	-	2,465	-
		<b>387,447</b>	<b>375,471</b>	261,871	261,764

The financial statements on pages 66 to 106 were approved by the Board of Governors on 27 November 2023 and signed on their behalf by:

*Roberta C. Blackman-Woods*

**Dr Roberta Blackman-Woods**  
Chair of the Board of Governors

*Andy Long*

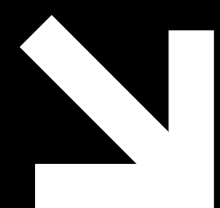
**Professor Andy Long**  
Vice-Chancellor and Chief Executive

**CONSOLIDATED AND UNIVERSITY STATEMENTS OF CASH FLOWS  
YEAR ENDED 31 JULY 2023**

	Note	As at 31 July 2023		As at 31 July 2022	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Cashflows from operating activities</b>					
Surplus/(deficit) for the year		<b>9,798</b>	<b>(2,056)</b>	(223)	(978)
<b>Adjustments for non-cash items</b>					
Depreciation of fixed assets	16	<b>19,253</b>	<b>19,253</b>	16,305	16,305
Amortisation of intangible assets	15	<b>1,100</b>	<b>1,100</b>	2,296	2,296
Pension adjustments	26	<b>7,024</b>	<b>7,024</b>	13,967	13,967
(Increase) in debtors	17	<b>(14,922)</b>	<b>(686)</b>	(9,305)	(1,620)
Increase/(Decrease) in creditors		<b>1,979</b>	<b>(2,745)</b>	20,299	15,365
Increase/(Decrease) in pension provisions		<b>(1,702)</b>	<b>(1,702)</b>	5,938	5,938
Increase/(Decrease) in other provisions		<b>637</b>	<b>637</b>	(396)	(396)
Investment income	6	<b>(5,036)</b>	<b>(4,756)</b>	(1,009)	(384)
Interest payable	11	<b>4,990</b>	<b>4,990</b>	6,272	6,272
Capital grant income		<b>(1,082)</b>	<b>(1,082)</b>	(4,224)	(4,224)
Loss on translation of foreign subsidiary		-	-	-	133
Impairment of subsidiary		-	<b>3,373</b>	-	-
Impairment of asset	16	<b>383</b>	<b>383</b>	-	-
		<b>22,422</b>	<b>23,733</b>	49,920	52,674
<b>Cashflows from investing activities</b>					
Capital grants receipts		<b>1,082</b>	<b>1,082</b>	4,224	4,224
Investment income receipts		<b>3,850</b>	<b>3,570</b>	989	308
Payments made to acquire intangible assets		<b>(9,982)</b>	<b>(9,982)</b>	(4,605)	(4,605)
Payments made to acquire tangible fixed assets		<b>(16,848)</b>	<b>(16,848)</b>	(15,198)	(15,198)
Investment in subsidiary		-	<b>(1,212)</b>	-	(2,293)
Cash placed on deposit	18	<b>(21,000)</b>	<b>(21,000)</b>	-	-
		<b>(42,898)</b>	<b>(44,390)</b>	(14,590)	(17,564)
<b>Cashflows from financing activities</b>					
Interest paid		<b>(2,504)</b>	<b>(2,504)</b>	(2,556)	(2,556)
Repayments of amounts borrowed	20	<b>(3,300)</b>	<b>(3,300)</b>	(3,300)	(3,300)
		<b>(5,804)</b>	<b>(5,804)</b>	(5,856)	(5,856)
<b>Increase/(decrease) in cash and cash equivalents in the year</b>					
Cash and cash equivalents at the beginning of the year	22	<b>115,518</b>	<b>114,632</b>	86,040	85,378
Exchange differences on foreign translation		-	-	4	-
Cash and cash equivalents at the end of the year	22	<b>89,238</b>	<b>88,171</b>	115,518	114,632



Sports Central Reception



# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

2022/23

**In accordance with FRS 102 'Accounting Policies', these accounting policies have been reviewed by the Board of Governors and are considered to be appropriate for the University's activities.**

## **Basis of preparation**

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019), and comply with the Accounts Direction issued by the Office for Students. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets which are now held at deemed cost and derivative financial instruments which are held at fair value).

## **Going concern**

The activities of the Consolidated Group and University, together with the factors likely to affect its future development, performance and position, are set out in the Operating and Financial Review on pages 19 to 28. This also describes the financial position of the University, its cash flows, liquidity position and borrowing facilities.

As with any university, the Board of Governors must confirm that it has reasonable expectation that the University has adequate resources to continue in operation for the foreseeable future. Against the financial outlook above, the Board has confirmed this view, and the University continues to adopt the going concern basis for preparing the financial statements. In reaching this conclusion, the Board has reviewed the sustainability of the University and is satisfied that the strategies, plans and processes in place will help the University move towards the achievement of its strategy. In particular the Board has considered the environment in which the University is operating as an institution and considers the University to be financially sustainable, with key items providing assurance to the Board being:

- Regular reviews of performance, including via the annual budgets and five-year forecasts submitted to the OfS;
- Regular reviews of performance against budgets and forecasts, using net adjusted operating cashflow as a key performance indicator relevant to institutional financial sustainability;
- The University's strategic risk register, and the reporting on this via the Employment & Finance and the Audit Committees;
- Updates on compliance with the financial covenants of the University's lenders, Barclays plc, and of OfS; and
- Sensitivity analysis and scenario modelling to assess the impact of Covid-19, sector changes, revisions in government policy and variable student numbers.

## **Basis of consolidation**

The consolidated financial statements include the University and all its subsidiaries, together with the share of the results of material associates and joint ventures. The financial information of the subsidiaries, associates and joint ventures is prepared as of the same reporting date and consolidated using consistent accounting policies. Intercompany balances and transactions, including unrealised profits arising from intercompany transactions are eliminated in full.

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income and Expenditure from the date of acquisition or up to the date of disposal.

Subsidiaries are entities that meet the definition of control, as defined by FRS 102 section 9. Joint ventures are entities over which the University has joint control, established by contractual agreement. Investments in associates and joint ventures are accounted for using the equity method.

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

## **Income recognition**

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is

reduced by a discount, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income. The University will consider the substance of the arrangement to determine the appropriate accounting treatment. Education contracts are recognised when the Institution is entitled to income, which is the period in which students are studying, or where relevant, when performance conditions have been met.

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

Government grants including funding body block grants, research grants from government sources and other grants and donations from non-government sources (including research grants from non-government sources) are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income and performance related conditions have been met.

Income received in advance of performance related conditions is deferred on the balance sheet and released to the Consolidated Statement of Comprehensive Income and Expenditure in line with such conditions being met.

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

Investment income and appreciation of endowments is recorded in income in the year in which it arises as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

Donations with no restrictions are recorded within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

There are four main types of donations and endowments with restrictions:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income.
4. 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.

#### **Capital grants**

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

#### **Investment income**

Investment income is credited to the Statement of Comprehensive Income and Expenditure on a receivable basis.

#### **Borrowing costs**

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

#### **Exceptional items**

Exceptional items, being non-recurring items that are material by size and/or by nature, are presented within their relevant category in the Statement of Comprehensive Income and Expenditure but disclosed on a separate line. Events which may give rise to exceptional items include, but are not limited to, significant restructuring costs, significant impairments or pension movements linked to past service costs.

#### **Accounting for retirement benefits**

The four principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS), the Universities Superannuation Scheme (USS), the Tyne and Wear Pension Fund (TWPF) and the Universities and Colleges Retirement Savings Scheme (UCRSS). Of these schemes, TPS, USS and TWPF are defined benefit schemes which are externally funded, with each fund being valued every three years by professionally qualified independent actuaries.

Under the definitions set out in FRS 102 (28.11), the TPS and USS are multi-employer pension schemes, given they are schemes for entities not under common control and represent industry-wide schemes.

The University is unable to identify its share of the underlying assets and liabilities of the USS plan. Accordingly, the University has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer and hence there are no underlying assets and liabilities and accordingly, the University has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The University is able to identify its shares of assets and liabilities of the TWPF Local Government Pension Scheme (LGPS) and accordingly reports it as a defined benefit scheme.

UCRSS is a defined contribution scheme.

#### **Defined contribution scheme**

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

The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in Consolidated Statement of Comprehensive Income and Expenditure in accordance with section 28 of FRS 102. The discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements are also recognised as a provision.

#### **Defined benefit scheme**

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The only scheme which the University accounts for as a defined benefit scheme is TWPF. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future, through refunds from the plan or settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

#### **Employment benefits**

##### **Short term employee benefits**

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as an expense in the year they were earned.

##### **Annual performance-based incentive scheme**

The University operates an annual performance based-incentive scheme for the University Executive and Service Directors including the Vice-Chancellor and Chief Executive. An expense is recognised in the Statement of Comprehensive Income and Expenditure when the University has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

##### **Operating leases**

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

##### **Foreign currency**

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

The assets and liabilities of foreign operations are translated to the group's presentational currency, Sterling, at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

### Investments

Non-current investments, including investments in subsidiaries, jointly controlled entities and associates, are held on the University Balance Sheet at amortised cost less impairment.

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

### Asset capitalisation policy

Assets are capitalised where they are capable of being used for a period that exceeds one year and which:

- Individually have a cost equal to or greater than £10,000; or
- Collectively have a cost equal to or greater than £10,000 where the assets are functionally interdependent or are purchased together and intended to be used as a group under common management control; or
- Irrespective of their individual cost, form part of the initial equipping of a new building.

### Tangible fixed assets

#### Cost (or deemed cost)

Freehold land and buildings and long leasehold buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses. Costs incurred after initial purchase or construction in relation to freehold land and buildings and long leasehold buildings are capitalised to the extent that they increase the expected future benefits to the University.

Short leasehold improvements and equipment, including motor vehicles, computers, IT infrastructure and furniture are stated at cost less accumulated depreciation and accumulated impairment losses.

Assets under construction are stated at cost.

### Depreciation

Freehold Land is not depreciated as it is considered to have an indefinite useful life. Depreciation on other assets is calculated using the straight line method, to depreciate assets to their residual value over their estimated useful lives, as follows:

<b>Freehold buildings</b>	over period up to 50 years
<b>Freehold refurbishments</b>	over 10 years
<b>Leasehold buildings</b>	over the life of the lease up to 50 years
<b>Leasehold refurbishments</b>	over the remaining life of the lease up to a maximum of 10 years
<b>Computers and IT infrastructure</b>	3 years
<b>Motor vehicles</b>	4 years
<b>All other equipment</b>	5 years

No depreciation is charged on assets under construction until they are available for use.

Depreciation methods, useful lives and residual values are reviewed annually.

### Impairment

A review for potential impairment is carried out at each reporting date. If events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, a calculation of the impact is completed and arising impairment values charged against the asset and to the statement of comprehensive income and expenditure.

### Intangible assets

Software and related costs (excluding any feasibility costs) are held at cost less accumulated amortisation and accumulated

impairment losses. Internally generated intangible assets are capitalised once the development criteria established in FRS 102 section 18 have been met. Where tangible and intangible elements of an asset are incapable of separation, an assessment is made to determine which element is more significant and based on this the asset is either treated as a tangible or intangible asset.

Amortisation is calculated using the straight-line method, to amortise intangible assets to their residual value over their estimated useful lives, deemed to be between 3 to 5 years, or between 3 and 10 years for SaaS IT systems implementations.

Amortisation methods, useful lives and residual values are reviewed annually.

### Investment Properties

Investment property is land or a building, or part of a building, or both held for rental income and/or capital appreciation rather than for use in delivering services.

Investment properties are initially measured at cost and then subsequently at fair value at the end of each reporting date, with changes in fair value recognised immediately in the statement of the comprehensive income and expenditure.

### Assets held for sale

Assets held for sale are assets or groups of assets intended to be disposed of prior to their expected date of retirement. The asset continues to be depreciated but the asset's remaining life or residual value is amended to reflect its expected disposal date and expected value at this date. Such assets remain within the asset category within fixed/intangible assets.

### Heritage assets

The University owns a number of works of art and artefacts which have been donated to the University. These amounts have not been capitalised as the University does not believe that they would have a material impact on the financial statements.

### Stock

Stock is held at the lower of cost and net realisable value.

### Cash and cash equivalents

Cash includes cash in hand, deposits with a maturity period of 3 months or less and overdrafts.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

### Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- The University has a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

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

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

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

### Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the costs of such inputs.

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



Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

#### **Derivatives**

Derivatives are held on the Balance Sheet at fair value. The University has adopted and complied with the requirements of hedge accounting and as a result movements in fair value of hedging financial instruments are recorded within Other Comprehensive Income, through the hedging reserve.

#### **Reserves**

Reserves are allocated between restricted and unrestricted reserves.

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

Unrestricted reserves include the unrestricted comprehensive income reserve, the hedging reserve and the unrestricted non-controlling interest's share of reserves. The hedging reserve records the fair value movements of the hedged financial instrument. The non-controlling interest's share of reserves represents any share of comprehensive income or expenditure accountable to the non-controlling interest.

#### **Critical accounting judgements and estimates**

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect reported amounts of assets, liabilities, income and expenditure. Estimates and judgements are periodically evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. Details of the University's critical accounting judgements and estimates are described below.

#### **Estimates for the accounting for employee benefits**

FRS 102 requires that certain assumptions are made in order to determine the amount to be recorded for retirement benefit obligations and pension plan assets for certain of the University's defined benefit plans. These are mainly actuarial assumptions such as discount rate, mortality rates and expected inflation rates. Differences arising from actual experience or future changes in assumptions will be reflected in future years. The key assumptions made for 2022/23 are included in Note 26.

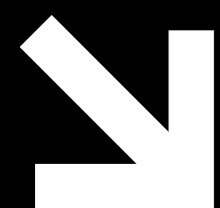
#### **Fixed asset depreciation, intangible asset amortisation and useful economic life**

The assessment of the appropriate useful economic life of an asset or class of assets requires both judgement and estimation. The useful economic lives that have been assigned to the University's fixed assets, and therefore the depreciation and amortisation rates applicable, are considered to be appropriate based upon the expected lives and future plans for these assets.

#### **Bad debt provision**

FRS 102 requires debtors to be assessed for impairment at each balance sheet date, and a provision is required if the expected cash flow from debtors is less than the carrying amount on the balance sheet. A bad debt provision is recognised against aged or doubtful debt.





# NOTES TO THE FINANCIAL STATEMENTS

2022/23

## For the Year Ended 31 July 2023

1. TUITION FEES AND EDUCATION CONTRACTS	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Full time home and EU students	163,215	162,510	170,288	168,848
Part time home and EU students	5,550	5,296	10,192	9,655
International students	104,510	57,239	65,350	41,214
Short courses	5,735	5,735	4,843	4,843
Nurse education training	102	102	227	227
Other fees	9,860	9,860	2,293	2,293
	<b>288,972</b>	<b>240,742</b>	253,193	227,080

2. FUNDING BODY GRANTS	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Recurrent grants</b>				
Office for Students	10,133	10,133	10,069	10,068
Research England	20,718	20,718	8,929	8,929
National College for Teaching and Leadership	153	153	555	555
Capital grants	1,082	1,082	4,224	4,224
<b>Specific grants</b>				
Higher Education Innovation Fund	878	878	1,095	1,095
	<b>32,964</b>	<b>32,964</b>	24,872	24,871

3. GRANT AND FEE INCOME	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Grant income from the Office for Students	11,216	11,216	14,291	14,291
Grant income from other bodies	21,749	21,749	10,580	10,580
Fee income for taught awards	271,979	223,749	244,248	218,134
Fee income for research awards	1,272	1,272	1,304	1,304
Fee income for non-qualifying courses	15,720	15,720	7,641	7,641
	<b>321,936</b>	<b>273,706</b>	278,064	251,950

#### 4. RESEARCH GRANTS AND CONTRACTS

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Research councils	7,170	7,170	5,284	5,284
Research charities	1,574	1,574	2,159	2,159
Government (UK and overseas)	3,803	3,803	8,979	8,979
Industry and commerce	849	849	677	677
Other	2,964	2,964	2,793	2,793
	<b>16,360</b>	<b>16,360</b>	19,892	19,892

The University acts as the lead partner in a number of research grants and contracts. The gross income value of these grants and contracts was £19,116k (2022: £22,878k). In accordance with FRS 102, the University has only recognised income and costs to the extent that the University acts as the principal in the contracts.

#### 5. OTHER INCOME

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Residences, catering and conferences	13,522	13,522	12,212	12,211
Collaborative ventures	10,007	14,513	7,267	10,829
Other academic income	1,251	1,253	1,122	1,122
Rent and rates	1,317	1,402	1,399	1,484
Sports membership	1,060	1,060	841	841
IT helpline	1,721	1,721	1,454	1,454
Other	8,819	8,925	5,999	6,858
	<b>37,697</b>	<b>42,396</b>	30,294	34,799

#### 6. INVESTMENT INCOME

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Investment income	4,831	3,560	1,009	384
Dividend income	-	991	-	-
Gain on disposal of joint venture	205	205	-	-
	<b>5,036</b>	<b>4,756</b>	1,009	384

On 31 July 2023, the University sold its share in BIM Academy (Enterprises) Ltd to Ryder Architecture Ltd, with the gain from this disposal being shown in the Gain on disposal of joint venture line above.

#### 7. DONATIONS AND ENDOWMENTS

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Donations with restrictions	1,074	1,074	158	158
Unrestricted Donations	-	-	38	38
	<b>1,074</b>	<b>1,074</b>	196	196

#### 8. STAFF COSTS

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Salaries	158,471	157,435	135,897	136,085
Social security costs	17,640	17,535	15,101	15,020
Pension costs (note 26)	35,644	35,667	40,206	40,212
	<b>211,755</b>	<b>210,637</b>	191,204	191,317
Exceptional pension (credit) / charge (note 26)	(1,460)	(1,460)	6,178	6,178
	<b>210,295</b>	<b>209,177</b>	197,382	197,495

#### The exceptional pension (credit) / charge for the year was:

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
USS	(1,460)	(1,460)	6,178	6,178
	<b>(1,460)</b>	<b>(1,460)</b>	6,178	6,178

#### USS

Following the 2020 valuation a deficit recovery plan was implemented which required payment of 6.2% of salaries over the period 1 April 2022 to 31 March 2024 at which point the rate will increase to 6.3%. The 2023 deficit recovery liability reflects this plan. The discount rate increased during the year as shown in Note 26, which led to an exceptional credit of £1,460k in the Statement of Comprehensive Income and Expenditure. At the time of drafting the accounts the 2023 valuation has been produced in draft, indicating a significantly improved funding position for the scheme. It is therefore anticipated that contributions will reduce from the current level, although no change has been made to the figures above since the 2023 valuation remains in draft.

	Consolidated	Consolidated
	2023	2022
	Staff FTE	Staff FTE
<b>Average staff numbers by major category (expressed as Full Time Equivalents (FTE))</b>		
Academic	1,571	1,515
Academic support	273	192
Student support	464	427
Estates and accommodation	272	253
Administration and central services	672	621
	<b>3,252</b>	3,008

Other disclosures required by the OfS Accounts Direction are included within the Annual Remuneration Statement on pages 47 to 52 of these financial statements with required disclosures clearly marked as "audited information" in that statement.

9. ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Academic faculties	143,909	143,160	129,953	126,536
Academic services	47,965	43,594	51,989	49,811
Administration	101,197	83,761	70,880	61,448
Premises	47,954	41,326	35,294	29,241
Residences, catering and conferences	3,963	3,963	5,552	5,552
Research grants and contracts	15,503	15,503	17,080	17,080
Other expenses	8,904	8,904	18,307	18,307
	<b>369,395</b>	<b>340,211</b>	329,055	307,975

#### Other operating expenses include

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
External auditor's remuneration in respect of audit services for the current year	180	126	174	118
External auditor's remuneration in respect of other assurance services	12	12	12	12
Operating lease rentals:				
Land and buildings	3,100	3,100	3,039	3,039
Plant and equipment	-	-	107	107

10. ACCESS & PARTICIPATION EXPENDITURE	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated			
	£'000	£'000	£'000	£'000
Access investment		3,733		3,501
Financial support provided to students		1,772		1,392
Support for disabled students		1,140		839
Research and evaluation of access and participation activities		50		50
		<b>6,695</b>		5,782
<b>Planned Spend per Access &amp; Participation Plan</b>		<b>5,160</b>		5,200

Overall Access & Participation expenditure was £1,535k higher than the original planned spend as per the [University's Access & Participation plan](#).

The above figures include staffing costs of £2,900k (2022: £2,600k), which are included within the overall staff costs figure in Note 8.

The increase in Access & Participation Expenditure is driven by increases in access investment and hardship funding support, which was increased as a direct response to the cost-of-living crisis.

11. INTEREST AND OTHER FINANCE COSTS	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Interest on bank and other loans	2,509	2,509	2,532	2,532
Interest on LGPS defined benefit scheme	2,050	2,050	3,640	3,640
Interest on USS deficit recovery plan	390	390	52	52
Interest on enhanced pension scheme	41	41	48	48
	<b>4,990</b>	<b>4,990</b>	6,272	6,272

#### 12. TAXATION

##### Recognised in the statement of comprehensive income

##### Current tax

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Current tax expense	2,773	-	399	-
Foreign tax	137	137	225	225
	<b>2,910</b>	<b>137</b>	624	225

##### Factors affecting the tax charge

The tax assessed is lower than the standard rate of corporation tax in the UK. The difference is explained as follows:

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
<b>Surplus / (deficit) before taxation</b>	<b>12,708</b>	<b>(2,056)</b>	401	(753)
UK corporation tax at 21% (2022: 19%)	2,669	-	76	-
Effect of:				
Surplus / (deficit) falling within charitable exemption	104	-	323	-
Effects of foreign tax rates	137	137	225	225
	<b>2,910</b>	<b>137</b>	624	225

### 13. INVESTMENTS IN SUBSIDIARIES

The following companies are subsidiaries of the University:

Company	Country of registration	Activity	Issued share capital	As at 31	As at 31
				July 2023	July 2022
				£	£
University of Northumbria at Newcastle Developments Limited	England & Wales	Provision of Education Services	2 £1 Ordinary Shares (100% holding)	2	2
Northumbria International Limited	England & Wales	Support Services for Overseas Activities	1 £1 Ordinary Share (100% holding)	1	1
Northumbria University Nursery Limited	England & Wales	Provision of Nursery Services	1 £1 Ordinary Share (100% holding)	1	1
Northumbria University Services Limited	England & Wales	Provision of Support Staff to Northumbria University	1 £1 Ordinary Share (100% holding)	1	1
Northumbria London Campus Limited	England & Wales	Provision of Education Services at London Campus	501 £1 Ordinary Shares (50.1% holding)	501	501
Northumbria University Amsterdam B.V.	Netherlands	Provision of Education Services at Amsterdam Campus	1,000 €1 Ordinary Shares (100% holding)	-	2,159,632
				<b>506</b>	<b>2,160,138</b>

During the year, the University made additional equity contributions to Northumbria University Amsterdam B.V totalling £1,213k. At the balance sheet date, as a result of the financial position of the subsidiary, the investment has been impaired to nil. An impairment charge of £3,373k has been included within the Other Operating Expenses line in the University Statement of Comprehensive Income and Expenditure.

The results of these subsidiary entities are included in these consolidated statements.

The registered address for all subsidiaries registered in England and Wales is:

Sutherland Building, Northumbria University, Ellison Place, Newcastle Upon Tyne, NE1 8ST

The registered address for Northumbria University Amsterdam B.V. is:

Herikerbergweg 88; 1101 CM, Amsterdam; The Netherlands

Northumbria University Services Limited is exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this company has guaranteed the subsidiary company under Section 479C of the Act.

### 14. INVESTMENTS IN ASSOCIATES

Company	Country of registration	Activity	Issued share capital	£
Pulmobiomed Limited	England & Wales	Development and Commercialisation of Intellectual Property Rights	3,400 £0.01 Ordinary Shares (34.0% holding)	34
			160,000,000 £0.01 Convertible Loan Notes	160,000
				160,034

The group's share of this associate's results have not been included in the financial statements on grounds of materiality.

### 15. INTANGIBLE ASSETS

	Consolidated and University		
	Software	Software assets under development	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 August 2022	15,485	5,516	<b>21,001</b>
Additions in the year	-	9,981	<b>9,981</b>
Transfer	5,181	(5,181)	-
Disposals	-	-	-
At 31 July 2023	<b>20,666</b>	<b>10,316</b>	<b>30,982</b>
<b>Amortisation</b>			
At 1 August 2022	14,654	-	<b>14,654</b>
Charge for the year	1,100	-	<b>1,100</b>
Disposals	-	-	-
At 31 July 2023	<b>15,754</b>	-	<b>15,754</b>
<b>Net book value at 31 July 2023</b>	<b>4,912</b>	<b>10,316</b>	<b>15,228</b>
Net book value at 31 July 2022	831	5,516	<b>6,347</b>

## 16. TANGIBLE FIXED ASSETS

### Tangible fixed assets comprise:

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Property, plant and equipment	306,320	306,320	309,460	309,460
Investment properties	352	352	-	-
	<b>306,672</b>	<b>306,672</b>	309,460	309,460

	Consolidated and University					Total £'000
	Freehold land and buildings £'000	Long leasehold buildings £'000	Short leasehold improvements £'000	Equipment £'000	Assets under construction £'000	
<b>Cost</b>						
At 1 August 2022	385,336	1,576	547	64,629	5,370	<b>457,458</b>
Additions	1,256	-	-	4,024	11,568	<b>16,848</b>
Transfers	8,626	-	-	4,079	(12,705)	-
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	(383)	<b>(383)</b>
At 31 July 2023	<b>395,218</b>	<b>1,576</b>	<b>547</b>	<b>72,732</b>	<b>3,850</b>	<b>473,923</b>
<b>Depreciation</b>						
At 1 August 2022	92,721	517	314	54,446	-	<b>147,998</b>
Charge for the year	13,666	58	45	5,484	-	<b>19,253</b>
Disposals	-	-	-	-	-	-
At 31 July 2023	<b>106,387</b>	<b>575</b>	<b>359</b>	<b>59,930</b>	-	<b>167,251</b>
<b>Net book value at 31 July 2023</b>	<b>288,832</b>	<b>1,001</b>	<b>188</b>	<b>12,802</b>	<b>3,850</b>	<b>306,672</b>
Net book value at 31 July 2022	292,615	1,059	233	10,183	5,370	309,460

During the year, development costs included within Assets under construction have been impaired as a result of a project no longer going ahead, the impairment charge of £382,880 has been included within the Other Operating Expenses line in the University Statement of Comprehensive Income and Expenditure

## 17. TRADE AND OTHER RECEIVABLES

	As at 31 July 2023		As at 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Amounts falling due within one year</b>				
Trade receivables	23,754	9,394	17,891	9,863
Amounts due from subsidiary undertakings	-	4,420	-	2,509
Prepayments and accrued income	19,439	18,388	18,956	18,669
Other receivables	1,363	1,359	661	644
Amounts due from minority interest	27,999	-	18,845	-
	<b>72,555</b>	<b>33,561</b>	56,353	31,685

## 18. CURRENT INVESTMENTS

	As at 31 July 2023		As at 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Short term cash deposits	35,000	35,000	14,000	14,000

Deposits are held with banks licensed by the Financial Conduct Authority. The interest rates for these deposits are variable and the term is fixed for less than one year at the balance sheet date.

At 31 July 2023 the weighted average interest rate of these fixed rate deposits was 4.08% (2022: 1.15%) per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 119 days (2022: 95 Days). The fair value of these deposits was not materially different from the book value.

## 19. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 31 July 2023		As at 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Secured loans	3,300	3,300	3,300	3,300
Unsecured loans	71	71	106	106
Trade payables	9,145	9,072	6,763	6,637
Amounts owed to subsidiaries	-	1,366	-	1,146
Social security and other taxes payable	7,726	4,945	4,216	3,812
Accruals and deferred income	84,785	59,010	89,375	65,529
Other payables	1,341	520	557	502
	<b>106,368</b>	<b>78,284</b>	104,317	81,032

### Deferred income

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

	As at 31 July 2023		As at 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Research grants received on account	8,635	8,635	8,251	8,251
Grant income	77	77	141	141
Other income	49,405	22,726	51,350	31,794
	<b>58,117</b>	<b>31,438</b>	59,742	40,186

## 20. CREDITORS – AMOUNTS FALLING DUE AFTER ONE YEAR

	As at 31 July 2023		As at 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Fixed rate hedging instruments	-	-	8,279	8,279
Secured loans	43,825	43,825	47,125	47,125
	43,825	43,825	55,404	55,404

### Analysis of secured and unsecured loans

	As at 31 July 2023		As at 31 July 2022	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
<b>Due within one year or on demand</b>	<b>3,371</b>	<b>3,371</b>	3,406	3,406
Due between one and two years	3,300	3,300	3,300	3,300
Due between two and five years	9,900	9,900	9,900	9,900
Due in five years or more	30,625	30,625	33,925	33,925
<b>Due after more than one year</b>	<b>43,825</b>	<b>43,825</b>	47,125	47,125
<b>Total secured and unsecured loans</b>	<b>47,196</b>	<b>47,196</b>	50,531	50,531
Secured loans repayable by 2037	47,125	47,125	50,425	50,425
Unsecured loans	71	71	106	106
<b>Total secured and unsecured loans</b>	<b>47,196</b>	<b>47,196</b>	50,531	50,531

Included in loans are the following:	From	To	Interest rate	Amount
				£'000
<b>Barclays Bank plc</b>				
Fixed rate hedge	1 August 2011	1 August 2036	5.72%	24,783
Fixed rate hedge	1 August 2012	1 August 2035	4.81%	18,287
Variable rate	2 May 2023	31 July 2023	5.51%	4,055
<b>Salix Finance</b>				
Interest free	1 October 2015		0.00%	71
<b>Total secured and unsecured loans</b>				<b>47,196</b>

The secured Barclays loan is a single indebtedness though it is priced across three tranches as shown in the above table. This loan is secured on certain freehold property assets. It is payable in equal quarterly instalments through to the final instalment payable in August 2037. At 1 November 2021, and as required for all sterling commercial loans, the University's Barclays loan was transition from a LIBOR (London Interbank Offered Rate) based loan to a SONIA (Sterling Overnight Averaged Index) or Compounded Rate loan, the transition is neutral for the University (and the Bank).

At 31 July 2023 the aggregate fair value of the Barclays' hedge agreements was a liability of £1,295k (2022: liability of £8,279k). During the year the University has re-assessed the criteria for hedge accounting in respect of the hedge agreements of the Barclays loan and has deemed it no longer meets the criteria for hedge accounting. The financial impact of the re-classification of hedge accounting has been recognised in equity through the Hedging Reserve with hedge accounting having been removed.

The Salix Finance Loan is unsecured. It is funding under the OfS Revolving Green Fund 4 (RGF4) programme and the University has been notified that the fund will end in 2025. As such, the loan has been terminated and repayments will be repaid to OfS over a period of three years, in three equal instalments of £35,493.33 which commenced in 2022/23.

## 21. PROVISIONS

Consolidated and University	1.	2.	Total pensions provisions
	Obligation to fund deficit on USS Pension	Pension enhancements on termination	
	£'000	£'000	£'000
At 1 August 2022	11,844	2,386	14,230
Utilised in year	(1,460)	(343)	1,803
Additions in year	395	41	436
<b>At 31 July 2023</b>	<b>10,779</b>	<b>2,084</b>	<b>12,863</b>
Consolidated and University	3.	4.	Total pensions provisions
	Leasehold dilapidation	Overseas tax uncertainties	
	£'000	£'000	£'000
At 1 August 2022	1,073	726	1,799
Utilised in year	-	(234)	(234)
Additions in year	200	671	871
<b>At 31 July 2023</b>	<b>1,273</b>	<b>1,163</b>	<b>2,436</b>

1. The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in note 26.

	Consolidated and University	
	Year Ended 31 July 2023	Year Ended 31 July 2022
Discount rate	5.52%	3.33%
Salary growth	3.12%	2.50%

At the time of drafting the accounts the 2023 valuation has been produced in draft, indicating a significantly improved funding position for the scheme. It is therefore anticipated that contributions will reduce from the current level, although no change has been made to the figures above since the 2023 valuation remains in draft.

- In previous years, the University has granted enhanced pension payments to certain members of staff in both the LGPS and TPS. The difference between enhanced pension and the amount earned according to the scheme rules is charged back to the University by the schemes. The University therefore has a liability both to the TWPF and to the TPS for these payments.
- This provision represents an estimate of the costs incurred to date for work that will be required to be carried out in order to restore a leasehold property to its original state on exiting the lease.
- This amount is being provided for uncertain tax positions relating to a number of the University's activities overseas. It is expected to be utilised over the next year.

22. CASH AND CASH EQUIVALENTS	As at 1 August 2022	Cash flows	As at 31 July 2023
	£'000	£'000	£'000
<b>Consolidated</b>			
Cash and cash equivalents	115,518	(26,280)	<b>89,238</b>
<b>University</b>			
Cash and cash equivalents	114,632	(26,461)	<b>88,171</b>

The consolidated group and university also held £35,000k (2022: £14,000k) in short-term cash deposits at the year-end (note 18).

## 23. CAPITAL AND OTHER COMMITMENTS

	Consolidated and University	
	As at 31 July 2023	As at 31 July 2022
	£'000	£'000
Capital commitments contracted for but not provided for	<b>6,991</b>	4,860

## 24. LEASE OBLIGATIONS

	Consolidated and University Land and buildings	
	As at 31 July 2023	As at 31 July 2022
	£'000	£'000
Not later than one year	<b>3,162</b>	3,100
Later than one year, not later than five years	<b>13,293</b>	13,032
Later than five years	<b>3,491</b>	6,914
<b>Total lease payments due</b>	<b>19,946</b>	23,046

## 25. RELATED PARTIES

Members of the Board of Governors and University Executive are required to declare any outside interests. When an item arises in which a member has a pecuniary, business, family, or other personal interest, it must be declared, and the member concerned may not take part in the consideration of the matter nor vote on it. The financial effect of all transactions involving organisations in which a member of the Board of Governors and University Executive may have an interest has been considered.

In the normal course of business, the University transacts with private and public sector organisations, a certain number of which Governors and Executives of the University are directors, officers or partners. All such transactions are undertaken on an arm's length basis in accordance with normal agreements with customers and suppliers and in line with the University's Financial Regulations.

Where Governors and Executives or members of their respective close family do not have a controlling interest in either the University or the organisations in which they are directors, employees or partners, the transaction is not deemed as a related party transaction and disclosure is not required under FRS 102.

The following have been identified as related party transactions requiring disclosure under FRS 102. It is confirmed that these are conducted at arm's length and in accordance with the University's Financial Regulations.

Related Party	Year Ended 31 July	Sales £'000	Purchases £'000	Debtor £'000	Creditor £'000
<b>BIM Academy (Enterprises) Limited<sup>1</sup></b>	<b>2023</b>	-	<b>49</b>	-	<b>2</b>
	2022	6	7	-	7
<b>The Open University<sup>2</sup></b>	<b>2023</b>	<b>69</b>	<b>10</b>	-	-
	2022	119	10	-	-
<b>Ryder Architecture Limited<sup>3</sup></b>	<b>2023</b>	<b>206</b>	<b>168</b>	-	-
	2022	6	11	1	1
<b>QAHE (NU) Limited<sup>4</sup></b>	<b>2023</b>	<b>6,394</b>	<b>380</b>	<b>47,185</b>	<b>19,898</b>
	2022	4,135	122	37,320	19,495
<b>University of Northumbria Students' Union<sup>5</sup></b>	<b>2023</b>	<b>908</b>	<b>2,412</b>	<b>1</b>	<b>2</b>
	2022	1,217	2,799	1	104
<b>John Nixon Ltd<sup>6</sup></b>	<b>2023</b>	-	<b>3</b>	-	-
	2022	-	10	-	-
<b>Marine Management Organisation<sup>7</sup></b>	<b>2023</b>	<b>3</b>	-	-	-
	2022	-	-	-	-
<b>PulmoBioMed Ltd<sup>8</sup></b>	<b>2023</b>	<b>21</b>	-	-	-
	2022	-	-	-	-
<b>Tees Valley Combined Authority<sup>9</sup></b>	<b>2023</b>	<b>7</b>	-	<b>7</b>	-
	2022	7	-	-	-
<b>Homes England<sup>10</sup></b>	<b>2023</b>	<b>8</b>	-	-	-
	2022	-	-	-	-
<b>Tyne &amp; Wear Pension Fund<sup>11</sup></b>	<b>2023</b>	-	<b>11,475</b>	-	<b>77</b>
	2022	-	11,279	-	48

<sup>1</sup> BIM Academy (Enterprises) Limited was a joint venture to supply 3D modelling to the building industry – the university sold its share to Ryder Architecture Ltd on 31 July 2023. Its results are not consolidated within these accounts and therefore transactions have been disclosed here. The expenditure incurred relates to consultancy services received and income relates to tuition fees.

<sup>2</sup> Dr Roberta Blackman-Woods is the Chair of the Board of Governors, her husband is the Vice Chancellor of The Open University. As such she is in a position to exert significant influence over both parties. The income relates to the supply of IT services provided by the University and the expenditure incurred represent partnership payments in relation to grant receipts.

<sup>3</sup> Ryder Architecture Limited is a related party to the University as the joint venture partner for BIM Academy (Enterprises) Limited. The sales related to the disposal of the University's interest in BIM Academy (Enterprises) Limited and education services provided by the University, with the expenditure representing architectural services provided to the University.

<sup>4</sup> QAHE (NU) Limited is a related party to the University as the joint venture partner for Northumbria London Campus Limited. The sales and purchases represent recharges of services provided to and by Northumbria London Campus Limited. The debtor and creditor balances are largely represented by balances owed to and from Northumbria London Campus Limited.

<sup>5</sup> University of Northumbria Students' Union is considered to be a related party by substance due to the close relationship between the two entities. The University provides financial support to the Students' Union in the form of a block grant and receives rental payments in return.

<sup>6</sup> John Hudson is a board member at the University and is also director of Nixon Limited. As such he is in a position to exert significant influence over both parties. The expenditure relates to the hire of equipment.

<sup>7</sup> Peter Judge is a board member at the University and a director of the Marine Management Organisation and as such he is in a position to exert significant influence over both parties. The income relates to tuition fees.

<sup>8</sup> PulmoBioMed Limited is an associate of the University. The group's share of this associate's results have not been included in the financial statements on grounds of materiality and therefore transactions have been disclosed here. The income relates to research services provided.



<sup>9</sup> Peter Judge is a board member at the University and was part of the key management personnel at Tees Valley Combined Authority until November 2022. As such he was in a position to exert significant influence over both parties. The income received is in relation to research activity.

<sup>10</sup> Peter Judge is a board member at the University and was part of the key management personnel at Home England from November 2022. As such he was in a position to exert significant influence over both parties. The income received is in relation to Surveying.

<sup>11</sup> Tyne & Wear Pension Fund is the local fund of the University's Local Government Pension Scheme (LGPS). As per FRS102 section 33.2(b)(v) the University is required to disclose as a related party.

The University's transactions with wholly owned subsidiaries have not been disclosed under FRS102.

## 26. PENSION SCHEMES

The four pension schemes for the University's staff are the Teachers' Pension Scheme (TPS), the Universities Superannuation Scheme (USS), the Tyne and Wear Pension Fund (TWPF) which is a Local Government Pension Scheme (LGPS), and the Universities and Colleges Retirement Savings Scheme (UCRSS).

### The pension charge for the year before exceptional charges was as follows:

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
TPS	16,406	16,406	14,734	14,734
USS	2,867	2,867	2,694	2,694
LGPS	14,680	14,680	20,960	20,960
UCRSS	1,707	1,707	1,223	1,223
	<b>35,660</b>	<b>35,660</b>	39,611	39,611

### The exceptional pension (credit) / charges for the year were as follows:

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
USS	(1,460)	(1,460)	6,178	6,178
	<b>(1,460)</b>	<b>(1,460)</b>	6,178	6,178

Details of the exceptional pension charges are provided within Note 8.

### The actuarial gain/(loss) in respect of pensions for the year was as follows:

	Consolidated and University	
	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
LGPS	107,370	170,587
Enhanced Pension Payments - LGPS and TPS	114	268
	<b>107,484</b>	170,855

### The pension adjustments as detailed in the cash flow statement are derived as follows:

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
LGPS charge	14,680	14,680	20,960	20,960
LGPS employer contributions	(7,656)	(7,656)	(6,993)	(6,993)
	<b>7,024</b>	<b>7,024</b>	13,967	13,967

### The Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including universities. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The University is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the University has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan.

### Valuation of the TPS

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £16,406k (2022: £14,734k).

### Universities Superannuation Scheme (USS)

The institution participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 'Employee benefits', the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme.

The total cost charged to the profit and loss account is £1,407k (2022: £8,872k)

Deficit recovery contributions due within one year for the institution are £897k (2022: £814k)

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

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

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

At the time of drafting the accounts the 2023 valuation has been produced in draft, indicating a significantly improved funding position for the scheme. It is therefore anticipated that contributions will reduce from the current level, although no change has been made to the figures above since the 2023 valuation remains in draft.

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

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

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

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

The current life expectancies on retirement at age 65 are:

	2023	2022
<b>Males</b>		
Currently aged 65	24.0	23.9
Currently aged 45	25.6	25.9
<b>Females</b>		
Currently aged 65	26.0	25.5
Currently aged 45	27.4	27.3

Following the 2020 valuation a deficit recovery plan was implemented which required payment of 6.2% of salaries over the period 1 April 2022 to 31 March 2024 at which point the rate will increase to 6.3%. The 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2023	2022
Discount rate	5.52%	3.33%
Pensionable salary growth rate	3.12%	2.5%

The pension costs paid to USS in the year amounted to £2,694k (2022: £2,816k).

The 2023 valuation is currently in progress – given the changes in market conditions since 2020 it is likely that the valuation will show an improved funding position with the scheme expected to be in a surplus position. As such it is anticipated that contributions will decrease from their current level.

### Local Government Pension Scheme (LGPS)

LGPSs are regulated by statute, with separate regulations for (a) England and Wales and (b) Scotland. The benefits of the LGPSs are determined nationally by regulation and meet the definition of a defined benefit scheme. The South Tyneside Metropolitan Borough Council is the administering authority for the Tyne and Wear Pension Fund (TWPF). The metropolitan councils in Tyne and Wear, and other bodies, for example the University, are employing bodies within the TWPF. In the event that the University closes, and there is no successor establishment, the Secretary of State becomes the compensating authority.

The University's contribution rate up to 31st March 2023 was 18.8%, which has been the rate since the increase from 15.6% on 31 March 2020 as a result of the completion of the full actuarial valuation at 31 March 2019. From 1st April 2023, the University's contribution rate dropped to 18.5% as a result of the full actuarial valuation as at 31 March 2022. Employer contributions including capital repayments of £nil (2022: £nil) and strain on fund payments were £7,660k (2022: £6,960k). Under FRS 102, the comparable service cost was £14,680k (2021: £20,960k), including the past service cost of £nil (2022: £nil).

The results below relate to the funded liabilities within the TWPF, which is part of the LGPS. The funded nature of the LGPS requires the University and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets.

### Valuation of the LGPS

The last full actuarial valuation was at 31 March 2022.

Expected employer contributions to the Fund for the accounting period to 31 July 2024 are estimated to be £7,878k. In addition, strain on fund contributions may be required to meet the costs of early retirements.

Principal actuarial assumptions	As at 31 July 2023		As at 31 July 2022	
		%		%
Discount rate		5.0		3.4
CPI inflation		2.6		2.6
Pension increases		2.6		2.6
Pension accounts revaluation rate		2.6		2.6
Salary increases		4.1		4.1

### Mortality assumptions

The mortality assumptions at the accounting date are based on the recent actual mortality experience of members within the fund based on analysis carried out as part of the 2022 Actuarial Valuation and allow for expected future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown below in years.

	As at 31 July 2023		As at 31 July 2022	
<b>Males</b>				
Currently aged 65		21.0		21.8
Currently aged 45		22.2		23.5
<b>Females</b>				
Currently aged 65		24.1		25.0
Currently aged 45		25.5		26.7

Asset allocation	As at 31 July 2023		As at 31 July 2022	
		%		%
Equities		51.1		53.8
Property		10.3		11.1
Government bonds		1.3		1.6
Corporate bonds		18.8		18.6
Multi Asset Credit		4.6		4.4
Cash		1.7		1.8
Other		12.2		8.7
Total		100.0		100.0

Reconciliation of funded status to balance sheet	As at 31 July 2023		As at 31 July 2022	
		£'000		£'000
Fair value of fund assets		365,900		354,147
Present value of defined benefit obligation		(331,820)		(418,370)
Deficit in the scheme recorded in provisions (note 22)		34,080		(64,223)

The LGPS regulations do not provide the University with an inherent right to a refund of the surplus in the Fund. However, the University has been able to recognise the surplus of £34,080k in full associated with the economic value of potential reduced future contributions. The value has been measured as the net present value of the projected future service cost.

The split in the liabilities at the last valuation between the various categories of members is as follows:

Active members	36%
Deferred pensioners	19%
Pensioners	45%

Amounts recognised in statement of comprehensive income and expenditure	Year Ended 31 July 2023		Year Ended 31 July 2022	
		£'000		£'000
<b>Operating cost</b>				
Current service cost		14,680		20,960
Past service cost		-		-
Curtailed cost		-		-
		14,680		20,960
<b>Financing cost</b>				
Net interest cost (note 11)		2,050		3,640
Expense recognised in statement of comprehensive income		16,730		24,600
Allowance for administration expenses included in current service costs		140		120

Amounts recognised in other comprehensive (expense) / income	Year Ended 31 July 2023		Year Ended 31 July 2022	
		£'000		£'000
(Losses) / gain on assets		(520)		187
Experience (losses) / gain on liabilities		107,890		170,400
Total amount recognised in other comprehensive (expense) / income		107,370		170,587

Movement in deficit	Year Ended 31 July 2023		Year Ended 31 July 2022	
		£'000		£'000
Opening deficit		(64,223)		(217,170)
Current service cost		(14,680)		(20,960)
Past service cost		-		-
Curtailed cost		-		-
Employer contributions		7,660		6,960
Net interest cost		(2,050)		(3,640)
Actuarial (losses) / gains		107,373		170,587
		34,080		(64,223)

Changes to the present value of the defined benefit obligation	Year Ended 31 July 2023	Year Ended 31 July 2022
	£'000	£'000
Opening defined benefit obligation	418,370	565,770
Current service cost	14,680	20,960
Past service cost	-	-
Curtailement cost	-	-
Interest expense on defined benefit obligation	14,100	9,560
Actuarial losses / (gains) on liabilities	(107,890)	(170,400)
Contributions by participants	2,970	2,630
Net benefits paid out	(10,410)	(10,150)
	<b>331,820</b>	418,370

Changes to the fair value of assets	Year Ended 31 July 2023	Year Ended 31 July 2022
	£'000	£'000
Opening fair value of assets	354,147	348,600
Contributions by employer	7,660	6,960
Interest income on assets	12,050	5,920
Actuarial (losses) / gains on assets	(520)	187
Contributions by participants	2,970	2,630
Net benefits paid out	(10,410)	(10,150)
	<b>365,900</b>	354,147

Actual return on assets	Year Ended 31 July 2023	Year Ended 31 July 2022
	£'000	£'000
Interest income on assets	12,050	5,920
Actuarial (loss) / gain on assets	(520)	187
	<b>11,530</b>	6,107

The value of assets is calculated using the actual rate of return for the 11 month period 1 August 2022 to 30 June 2023 plus an estimated return for the 1 month period 1 July 2023 to 31 July 2023.

#### Risks associated with the fund in relation to accounting

##### Asset volatility

The liabilities used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield this will create a deficit in the accounts. The fund holds a significant proportion of growth assets which while expected to outperform corporate bonds in the long term creates volatility and risk in the short term in relation to the accounting figures.

##### Changes in bond yield

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in assets as a result.

##### Inflation risk

The majority of pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that an increase in inflation will increase the deficit.

#### Life expectancy

The majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

#### Exiting employers

Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Further the assets at exit in respect of 'orphan liabilities' may, in retrospect, not be sufficient to meet the liabilities. This risk may fall on other employers. 'Orphan liabilities' are currently a small proportion of overall liabilities in the Fund.

#### Sensitivity analysis

The approximate impact on the present value of the defined benefit obligation at 31 July 2023 and on the projected service cost for the year ending 31 July 2024 of changing key assumptions by 0.1% is shown below. In each case, only the assumption chosen is altered with all other assumptions assumed to remain the same.

Discount rate assumption	+0.1% p.a.	Base figure	-0.1% p.a.
Adjustment to discount rate			
Present value of total obligation (£'000)	325,850	331,820	337,790
% change in present value of total obligation	-1.8%		1.8%
Projected service cost (£'000)	7,580	7,940	8,310
Approximate % change in projected service cost	-4.5%		4.7%

#### Rate of general increase in salaries

Adjustment to salary increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£'000)	332,480	331,820	331,160
% change in present value of total obligation	0.2%		-0.2%
Projected service cost (£'000)	7,940	7,940	7,940
Approximate % change in projected service cost	0.0%		0.0%

#### Rate of increase in pensions in payment and deferred pensions assumptions and rate of revaluation of pension accounts assumption

Adjustment to pension increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£'000)	337,130	331,820	326,510
% change in present value of total obligation	1.6%		-1.6%
Projected service cost (£'000)	8,310	7,940	7,580
Approximate % change in projected service cost	4.7%		-4.5%

#### Post retirement mortality assumption

Adjustment to mortality age rating assumption	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£'000)	340,120	331,820	323,520
% change in present value of total obligation	2.5%		-2.5%
Projected service cost (£'000)	8,220	7,940	7,660
Approximate % change in projected service cost	3.5%		-3.5%

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

The University contributes to a defined contribution scheme for certain support staff and for staff who have opted out of a defined benefit arrangement. The scheme has a non-contributory baseline employer contribution of 7% with matched funding available. A total of £1,707k (2022: £1,223k) was recognised as an expense in income and expenditure in respect of the scheme.

## 27. FINANCIAL INSTRUMENTS

### Risk management

The University carefully monitors and manages the credit, liquidity and interest risk associated with the group's activities. These financial risks are managed within parameters specified by relevant risk and treasury management policies.

The University's Treasury Management and Ethical Investment Policy governs all treasury management activities and sets out relevant policy objectives and control measures. It is reviewed and approved by the University Employment and Finance Committee. The Treasury Management and Ethical Investment Policy adopts the key recommendations of the Code of Practice on Treasury Management in Public Services, as issued by Chartered Institute of Public Finance and Accountancy (CIPFA).

The group's principal financial instruments are cash, short-term deposits, and financial derivatives in respect of the University's interest-bearing loans and borrowings. The core objective of these financial instruments is to meet financing needs of the University's operations and to mitigate against volatility and risk. Additionally, the University has other financial assets and liabilities arising directly from its operations i.e. trade debtors and creditors.

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The University's Financial Regulations and Treasury Management and Ethical Investment Policy lay out the framework for credit risk management. Credit risk is monitored on an on-going basis and arises from bank balances, investments, student debtors and other commercial and government organisations as customers.

At 31 July 2023, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet. Student, government and commercial debtors are reviewed on an on-going basis and bad debt provisions are made if recovery of credit becomes uncertain. A debtor deemed irrecoverable is written off. The concentration of risk is limited due to the student base being large and diverse. The University's investment decisions are based on strict minimum credit worthiness criteria to ensure the safety of cash and short-term deposit investments. Credit worthiness of the University's banks and lenders is regularly monitored.

### Liquidity risk

Liquidity risk refers to the risk that the University will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities. Formal cash flow forecasts are developed, monitored and updated to ensure that adequate working capital is available and excess funds are invested to reduce the carrying cost of funds.

At 31 July 2023, the group is holding cash deposits, none of which have a maturity period greater than 12 months.

### Foreign currency risk

Foreign currency risk refers to the risk that the unfavourable movements in foreign exchange rate may cause financial loss to the group. The group's principal foreign currency exposures generally arise from research related receipts and payments denominated in Euros and Dollars. The University has both a Euro and a Dollar current account to help with the management and mitigation of foreign currency risk. All other receipts in foreign currencies are converted into pound sterling unless required for immediate foreign currency payments. Northumbria University Amsterdam B.V. is based in the Netherlands and has income and expenditure primarily in Euros. Overall foreign currency exposure is immaterial, being an insignificant portion of total Income and Expenditure. At 31 July 2023, the sterling equivalent of all euro bank balances was £400k (2022: £299k). The sterling equivalent of all dollar balances at this date was £200k (2022: £70k).

### Interest rate risk

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of Balance Sheet items (i.e. price risk) or changes in interest income or expenses (i.e. re-investment risk).

The group's main financing arrangements relate to the secured and unsecured bank loans (see note 20) with a total amount outstanding of £47,125k (2022: £50,425k). Interest is charged at different rates, including fixed rates as a result of interest rate hedging instruments, and an unhedged element at variable rates. In an interest rate swap, the group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. At 31 July 2023, balance sheet values of deposits and cash at bank and in hand are not materially exposed to changes in interest rates. The nature of the hedging instruments associated with the group's secured bank loans means that that group is not significantly exposed to further variability arising from interest rate risk, albeit fluctuations in the fair value of derivative financial instruments are relevant.

### Derivative financial instruments - fair values

The fair value of the University's interest rate swaps is based on Mark to Market valuations which represent the cost to the University if those interest rate swaps were exited.

This interest rate swap is to fix interest rates on the University's secured bank loans, by tranche, as outlined in note 20. The risk being hedged is the University's exposure to variable interest rates. The fair value of the hedging instrument at the year-end is a liability of £1,295k (2022: liability of £8,279k).

During the year the University has re-assessed the criteria for hedge accounting in respect of the hedge agreements of the Barclays loan and has deemed it no longer meets the criteria for hedge accounting. The financial impact of the re-classification of hedge accounting has been recognised in equity through the Hedging Reserve with hedge accounting having been removed.

## 28. ALTERNATIVE PERFORMANCE MEASURES

A reconciliation of the Consolidated Alternative Performance Measures (APMs) used within the operating and financial review on pages 19 to 28 of these financial statements is provided below. These are the key non-GAAP measures used by the University to monitor and evaluate performance.

		Consolidated	
		Year Ended 31 July 2023	Year Ended 31 July 2022
Note	£'000	£'000	£'000
		<b>12,708</b>	401
Surplus before other gains (operating surplus)			
Interest payable	11	<b>4,990</b>	6,272
Investment income	6	<b>5,036</b>	1,009
Depreciation of tangible fixed assets	16	<b>19,253</b>	16,294
Amortisation of intangible assets	15	<b>1,100</b>	2,317
Capital grants income	2	<b>(1,082)</b>	(4,224)
Pension adjustments	26	<b>7,024</b>	13,967
USS pension provision movements	21	<b>(1,460)</b>	6,178
		<b>47,569</b>	42,214

		Consolidated	
		Year Ended 31 July 2023	Year Ended 31 July 2022
Note	£'000	£'000	£'000
		<b>22,422</b>	49,920
Net operating cashflows			
Capital grants receipts		<b>1,082</b>	4,224
		<b>23,504</b>	54,144

		Consolidated	
		As at 31 July 2023	As at 31 July 2022
Note	£'000	£'000	£'000
		<b>89,238</b>	115,518
Cash and cash equivalents	22		
Current Investments	18	<b>35,000</b>	14,000
		<b>124,238</b>	129,518

## 29. U.S DEPARTMENT OF EDUCATION FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE

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

The amounts presented within the schedules have been:

- prepared under the historical cost convention;
- prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- presented in pounds sterling.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

		Consolidated	
		Year Ended 31 July 2023	Year Ended 31 July 2022
Note	£'000	£'000	£'000
Balance Sheet - Net assets	Net assets without donor restrictions	<b>386,237</b>	261,477
Balance Sheet - Net assets	Net assets with donor restrictions	<b>1,210</b>	394
Notes to the financial statements - Trade and other receivables	Secured and Unsecured related party receivable	-	-
Notes to the financial statements - Trade and other receivables	Unsecured related party receivable	-	-
Balance Sheet - Tangible fixed assets	Property, plant and equipment, net (includes Construction in progress)	<b>306,672</b>	309,460
Notes to the financial statements - Tangible fixed assets, net book value minus additions in year.	Property, plant and equipment - pre-implementation	<b>289,825</b>	294,262
	Property, plant and equipment - post-implementation with outstanding debt for original purchase	-	-
Notes to the financial statements - Tangible fixed assets, additions (minus assets under construction)	Property, plant and equipment - post-implementation without outstanding debt for original purchase	<b>5,280</b>	4,213
Notes to the financial statements - Tangible fixed assets, assets under construction additions	Construction in progress	<b>11,567</b>	10,985
	Lease right-of-use asset, net	-	-
	Lease right-of-use asset pre-implementation	-	-
	Lease right-of-use asset post-implementation	-	-
	Intangible assets - goodwill	-	-
Balance Sheet - Intangible assets	Intangible assets	<b>15,228</b>	6,347
Balance Sheet - Pension provisions	Post-employment and pension liabilities	<b>12,863</b>	78,453

**Primary Reserve Ratio**
**Expendable Net Assets cont**

		Consolidated		
		Note	Year Ended 31 July 2023	Year Ended 31 July 2022
			£'000	£'000
Notes to the financial statements - Creditors - amounts falling due after one year, total secured and unsecured loans	Long-term debt - for long term purposes	20	<b>47,196</b>	50,531
Notes to the financial statements - Creditors - amounts falling due after one year, total secured and unsecured loans	Long-term debt - for long term purposes pre-implementation	20	<b>47,196</b>	50,531
Notes to the financial statements - Creditors - amounts falling due after one year, new loans in year	Long-term debt - for long term purposes post-implementation	20	-	-
Notes to the financial statements - Creditors - amounts falling due after one year, new loans in year	Line of Credit for Construction in process	20	-	-
	Lease right-of-use asset liability		-	-
	Pre-implementation right-of-use leases		-	-
	Post-implementation right-of-use leases		-	-
	Annuities with donor restrictions		-	-
	Term endowments with donor restrictions		-	-
	Life income funds with donor restrictions		-	-
	Net assets with donor restrictions: restricted in perpetuity		-	-
<b>Total Expenses and Losses</b>				
Statement of comprehensive income and expenditure - Total expenditure	Total expenses without donor restrictions - taken directly from Statement of Activities		<b>369,395</b>	329,055
Statement of comprehensive income and expenditure - Investment income, Actuarial gain in respect of pensions, change in fair value of hedging financial instruments	Non-Operating and Net Investment gain/(loss)		<b>(120,799)</b>	181,113
Statement of comprehensive income and expenditure - Investment income	Net investment gains/ (losses)	6	<b>(5,036)</b>	1,009
	Pension-related changes other than net periodic costs		-	-

**Equity Ratio**
**Modified Net Assets**

		Consolidated		
		Note	Year Ended 31 July 2023	Year Ended 31 July 2022
			£'000	£'000
Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions		<b>386,237</b>	261,477
Statement of Financial Position - total Net assets with donor restrictions	Net assets with donor restrictions		<b>1,210</b>	394
	Intangible assets - goodwill		-	-
Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	17	-	-
Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable	17	-	-
<b>Modified Assets</b>				
Balance Sheet - Total assets	Total Assets		<b>552,939</b>	501,844
	Lease right-of-use asset pre-implementation		-	-
	Pre-implementation right-of-use leases		-	-
	Intangible assets - goodwill		-	-
Notes to the financial statements - Trade and other receivables	Secured and Unsecured related party receivable	17	-	-
Notes to the financial statements - Trade and other receivables	Unsecured related party receivable	17	-	-
<b>Net Income Ratio</b>				
Statement of comprehensive income and expenditure - Total comprehensive income for the year	Change in Net Assets Without Donor Restrictions		<b>124,745</b>	179,784
Statement of comprehensive income and expenditure - Total income	Total Revenue and Gains		<b>377,067</b>	328,447



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