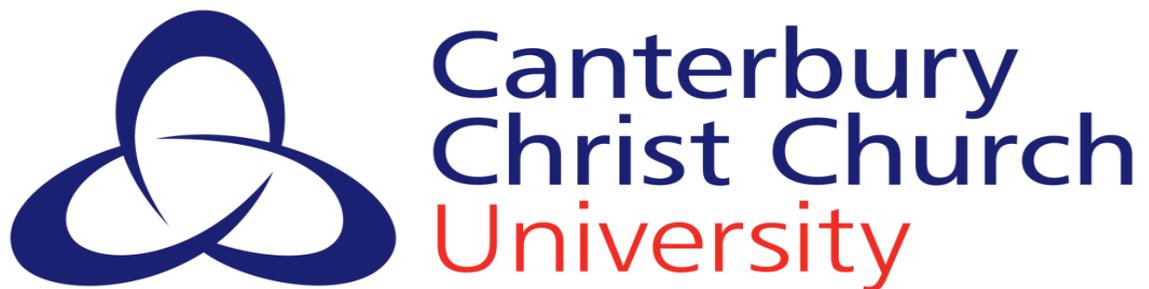


Company no: 04793659
Charity no: 1098136



**Annual Report and Consolidated
Financial Statements**

For the year ended 31 July 2020

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DIRECTORS AND ADVISERS

Directors in place for the year to 31 July 2020 and up to the date of signing the financial statements:

Ms N Ahmed

Mrs S Appleby

Ms J Armitt (Deputy Pro-Chancellor)

Mr S Brown

Dr A Eyden

Mr J Faber

Mr P Fletcher

Mrs J Harding

Right Revd R Hudson-Wilkin (from 5 March 2020)

Sir W I R Johnston (Deputy Pro-Chancellor)

Clerk to the Governing Body and University Solicitor

Ms A Sear

Independent Auditor

Deloitte LLP
Statutory Auditor
3 Victoria Square
Victoria Street
St Albans
United Kingdom
AL1 3TF

Solicitors

Mills and Reeve
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Cambridge
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Registered office – Parent and Subsidiary

Canterbury Christ Church University
C/O Governance and Legal Services Dept.
Rochester House
St George's Place
Canterbury
Kent
CT1 1UT

Mrs P Jones

Mr P Kloppenborg (resigned 1 July 2020)

Mr F Martin (Pro-Chancellor)

Ms C Nolan

Ms M Peachey

Mr Q Roper (resigned 30 October 2020)

Revd R Stevenson

Professor R Thirunamachandran (Vice-Chancellor and Principal)

Ms R Thomson (from 1 August 2020)

Internal Auditor

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Principal Bankers

Lloyds Bank PLC
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Beehive Ring Road
Gatwick
West Sussex
RH6 OPA

National Westminster Bank PLC
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250 Bishopsgate
London
EC2M 4AA

Company and Charity numbers

Registered company number
04793659 registered in England and Wales

Registered charity number
1098136

VICE CHANCELLOR'S INTRODUCTION

I am pleased to introduce the financial statements for Canterbury Christ Church University for Academic year 2019/2020. These statements include the statutory reports that set out the financial performance of the University. They also provide an opportunity for us to reflect on the achievements and challenges over the same period.

The University has a clear purpose to transform lives through the provision of higher education teaching, research and knowledge exchange. This year has been like no other. The Coronavirus pandemic has tested organisations across the world. I am proud that our community has risen to the challenge. We have worked towards delivering on our commitments to students, staff and the wider community, in an environment of unprecedented difficulty. This has included an excellent education and outstanding experience for our students, through the provision of an online University for teaching, learning and assessment since March 2020. Research and enterprise activities have continued variously during this period.

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

Against this national backdrop, we continue to attract students from across the UK and globally (as part of developing our international student market and partnerships), who value the outstanding university experience that we offer, including first class teaching, opportunities for workplace and voluntary opportunities, and a welcoming community. Our University was placed in the top 10 for graduates in work, among large multi-faculty UK universities, in the HESA: Graduate Outcomes Survey 2020. Nearly two thirds of Christ Church graduates are in highly skilled graduate-level employment 15 months after graduating, 3% higher than the national average. Our ability to attract students with potential to succeed, and the strong performance of the University, is in large part, due to the commitment, enthusiasm and knowledge of our staff.

Over the past academic year, we have made very good progress in strategically important areas. Students remain central to everything we do which extends to the delivery of our new, industry relevant programmes in 21st century, stimulating facilities, for current and future generations. We formally opened the Daphne Oram Creative Arts Building in October 2019. In February 2020, we celebrated the launch of our new Graduate College as part of our strategic plans to grow Postgraduate provision. The Kent and Medway Medical School (a joint project with the University of Kent), opened to its first cohort of students in September 2020. In addition, our new building for Science, Technology, Engineering, Health and Medicine will open in January 2021. These strategic areas of investment will deliver a collective synergy for an inspiring and professional environment to shape careers of the future, many within the Kent and Medway region.

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

VICE CHANCELLOR'S INTRODUCTION (CONTINUED)

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

In presenting the financial results for the 2019/2020 Academic year, I am proud of how the Christ Church Community has come together to address the unique challenges of this year. I would like to recognise the outstanding commitment, hard work and determination of all staff to both excel in delivering these outcomes, and help position the institution for a sustainable future, in such unprecedented and challenging conditions.

Professor R Thirunamachandran

Vice-Chancellor and Principal

THE STRATEGIC REPORT

Directors' Report

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

Scope of Financial Statements

The Financial Statements for the year ended 31 July 2020 have been prepared to comply with the Statement of Recommended Practice (SORP) Accounting for Further and Higher Education and applicable accounting standards in the UK and in line with regulatory advice in the form of the Accounts Direction from the Office for Students (OfS 2019.41). The University is based in the UK and operates as both a company registered in England and Wales and a registered charity.

Subsidiary Company

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

Activities and Objectives

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

Mission

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

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

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

THE STRATEGIC REPORT (CONTINUED)

Financial Strategy

During the 2019/2020 year, the University's financial strategy supported major capital investment to provide new and improved facilities on the Canterbury campus, incorporating expansion within the curriculum areas of medicine, engineering and the creative industries.

The particular aims within the financial strategy are:-

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

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

Summary Results for the Year

The consolidated results for the University for the year ended 31 July 2020 are summarised, as follows:

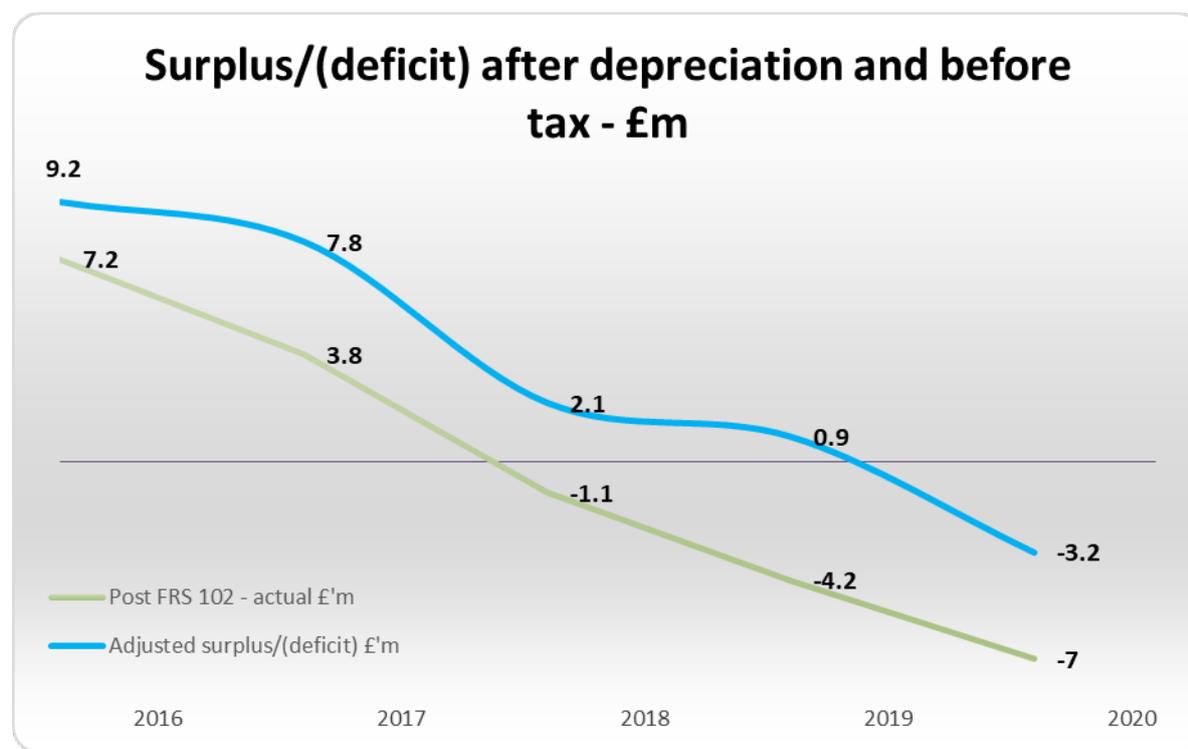
	2020 £'000	2019 £'000
Income	119,688	126,078
Expenditure	126,643	130,314
Deficit before Profit/(Loss) on disposal of assets and impairment	(6,955)	(4,236)

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

- A decrease in total income of 5.07% from £126m to £120m
- A decrease in expenditure of 2.82% to £127m
- An adjusted deficit for the year of £3.157m, (2019: surplus of £0.922m) which includes the adjustments for pensions' provisions, notional interest and staff service costs with the LGPS and USS pension. Prior to adjustment, the deficit reported for the year is £6.955m (2019: deficit of £4.236m)
- A charge for the year of £4.407m (2019: £4.600m) for notional interest and staff service costs within the Local Government Pension Scheme (LGPS)
- Capital additions of £41.2m (2019: £30.2m)
- An LGPS pensions deficit of £67.8m (2019: £21.2m)

THE STRATEGIC REPORT (CONTINUED)

The University returned a reported deficit of 5.81% of total income. This is compared to the deficit calculated before the end of year adjustments for FRS 102, as follows:



The operating performance for the year returned an adjusted deficit of £3.2m. Performance in year was materially impacted by Covid, reducing income streams for a number of areas including the financial consequence of the University's decision to refund students their remaining accommodation charges when lockdown was announced. Notwithstanding the continued competitive environment for Higher Education, the institution was forecasting a surplus for the year of approximately £1m pre-Covid. The University has taken measures to address this position in 2020/2021 which includes 50% of staff taking a 20% reduction in pay. Taking into account the impact of the new Engineering and Medical provision, which is expected to generate an increase in student numbers the trend will be reversed, and the University will be generating surpluses going forward.

The operating performance includes adjustments required by FRS 102 of which the most significant are prudent non cash adjustments for future potential pensions' costs. The underlying performance for the institution (on a consolidated basis), and its comparison to the previous year, is set out in the table below.

	2020 £'000	2019 £'000
Deficit reported per Financial Statements	(6,955)	(4,236)
Movement on holiday accrual	(175)	(189)
Deferral of research income	-	211
USS pension provision movement	(450)	567
LGPS and USS pension interest charges	416	500
LGPS charges in excess of employer contribution	4,007	4,069
Adjusted (deficit)/surplus	<u>(3,157)</u>	<u>922</u>

The adjusted deficit of (£3,157k) represents 2.64% of total income.

THE STRATEGIC REPORT (CONTINUED)

Pension Reserve

The University contributes to the Local Government Pension Scheme (LGPS) on behalf of all eligible staff who have elected to join the scheme. This pension fund is a defined benefit scheme and as its assets and liabilities can be separately identified by the scheme's actuary, these are reported within the financial statements. The University's share of the deficit in the scheme increased by £46.596m to £67.844m per Note 23 (2019: increased by £0.978m to £21.248m). The pension reserve is shown separately in the Balance Sheet. This reflects the level at which the scheme assets fail to cover the present value of liabilities.

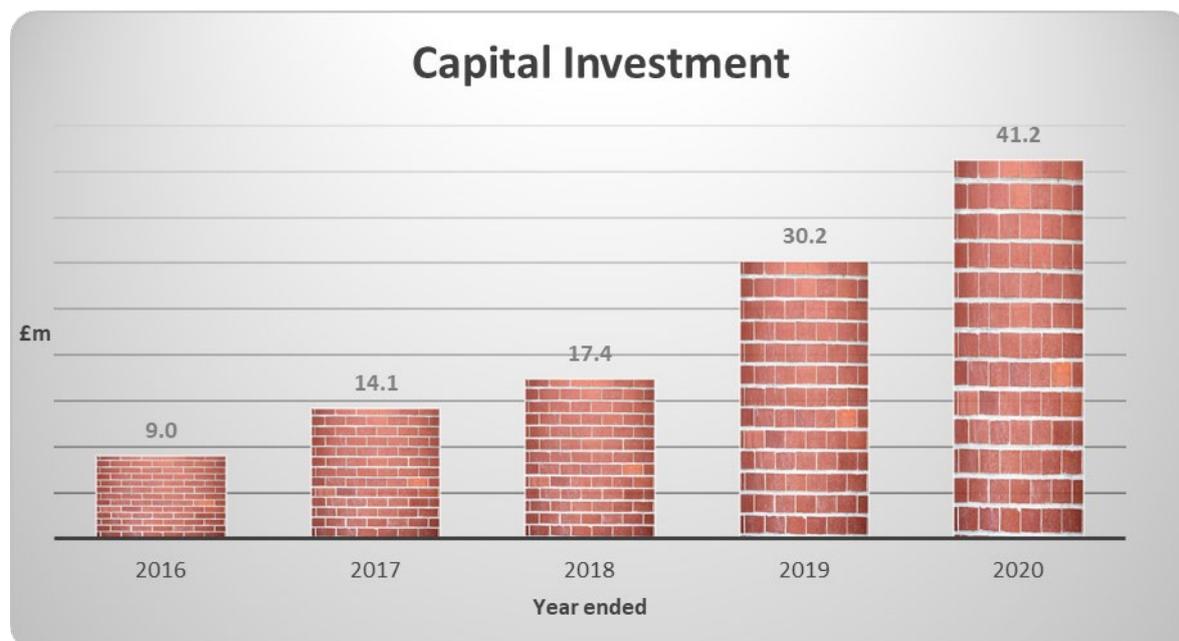
Student Numbers

The University has 14,195 students, maintaining a steady level of students across all of its main funding streams, notwithstanding the competitive challenge. The institution continues to diversify its curriculum provision with significant growth anticipated from 2020/2021 enabled through the completion of a new building and facilities which will accommodate a dedicated School of Engineering and a Medical School, the latter of which is a joint initiative with the University of Kent. The growth for future years builds on this solid base and is expected to return an increase in student numbers as these important initiatives are further developed, working with local employers and the NHS to meet the needs of the Kent, Medway and South East region.

Capital Projects

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

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



THE STRATEGIC REPORT (CONTINUED)

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

Payment of Creditors

The policy is that payments are made in accordance with those terms and conditions agreed between the institution and its suppliers. Where no specific conditions exist, suppliers are paid within 30 days of the receipt of invoice. The payment performance of the University is available to the public on the Canterbury.ac.uk website. In the year 2019/2020 the University met the target to pay valid and undisputed invoices within 30 days for 82% of all invoices received (2019: 86%).

Cash Flow

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

The cash position increased by £9m at the end of the year (2019: £17.8m decrease). The net cash from operating activities and reserves has been used to fund the ongoing capital investment in year for the establishment of a new building for the delivery of programmes within Engineering, Medicine and other STEM subjects.

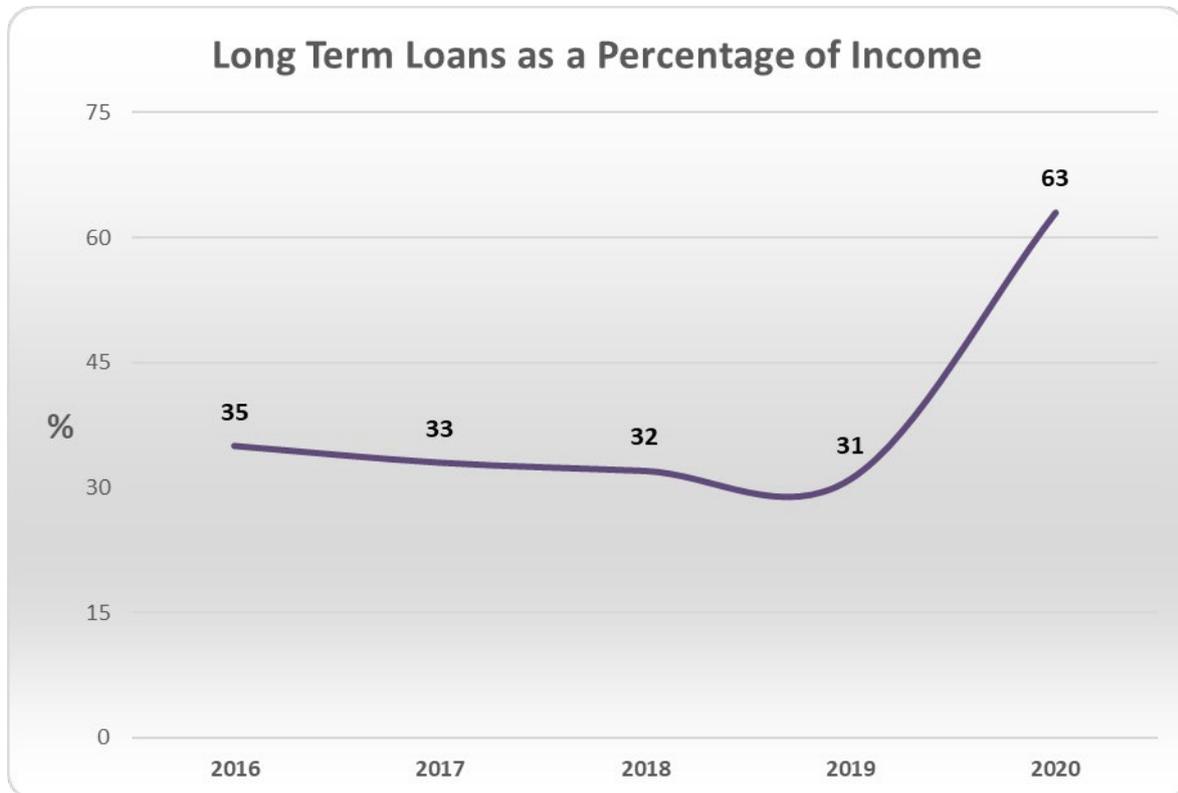


Long Term Loans as a Percentage of Income

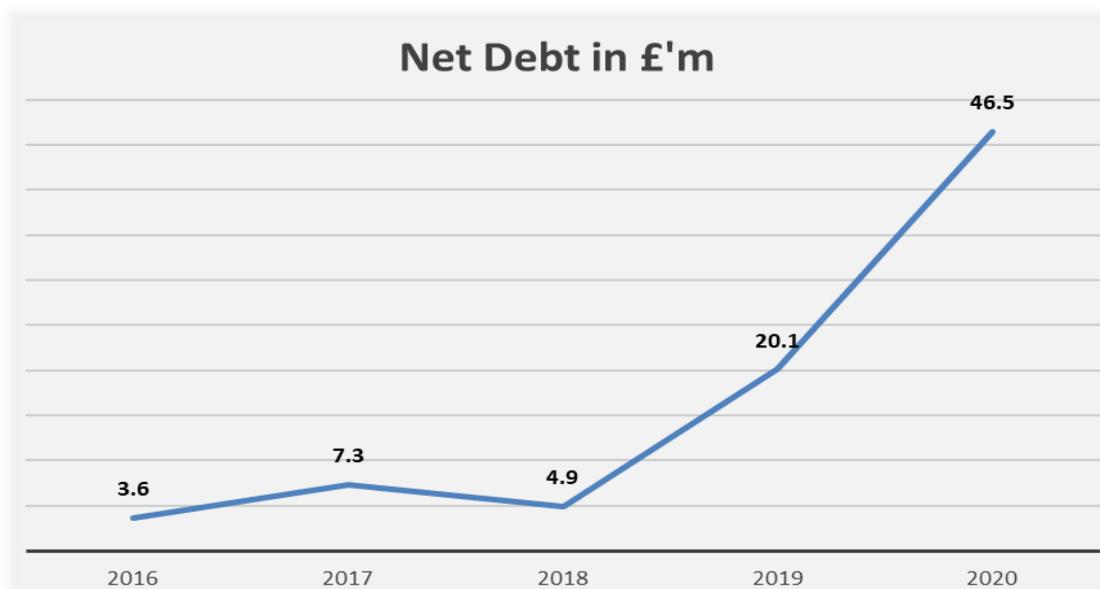
The University anticipates the need to manage its loan financing arrangements in a careful and measured manner, recognising that conditions can change substantially over the period of a long term loan. The Governing Body requires that interest rate exposure is managed by means of a combination of variable and fixed rate borrowing. The Revolving Credit Facility (RCF) from Lloyds and NatWest banks was accessed during the year to help with cash liquidity. At the end of the financial year total funds drawn from this facility were £38m.

THE STRATEGIC REPORT (CONTINUED)

The University has increased long term borrowing in the year, from £40m to £75m. The Revolving Credit Facility (RCF) converts to a long term loan, with capital repayments commencing in May 2023. The balance of undrawn funds on the facility remains a commitment at the year end, with non-utilisation charges being incurred. After the year end of 31 July 2020, the University drew down the remaining balance of £9m from the RCF to provide support for the completion of the new teaching centre.



Net debt represents the total outstanding debt as at the year end, minus cash held at the bank. The increase in 2020 represents increased levels of borrowing at the end of the year, compared to previous years.



THE STRATEGIC REPORT (CONTINUED)

Disabled Employees

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

Post Balance Sheet Events

The building programme for the new teaching facility was delayed by COVID-19, and will now open to students in January 2021, pre COVID-19 the building was due to be open to students in September 2020.

Section 172 Statement

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

Employee Engagement

The Governors and Management place considerable value on the involvement of its employees in decision making as the University considers the employees' interests as key to the success of the organisation. Therefore, the University undertakes to keep the staff informed on all matters affecting them, and the various factors affecting the performance of the institution and its subsidiary company. This is achieved through formal and informal meetings, the sharing of the staff newsletter, the 'In Touch' magazine and by publishing the annual financial statements on the University's website. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Examples of the consultation process to inform long term decision making includes the extension of the University's strategic framework to the year 2022. The extension was required to provide continuity on priorities on which the University is committed to delivering. This involved engagement with staff and students to inform and refresh the strategic framework. Feedback from staff was incorporated into the updated strategic objectives, aims and a vision statement that described the University's ambition to be recognised as a leader in education, research and enterprise.

During the year 2020 the Vice Chancellor held a series of Question and Answer events to inform staff of arrangements for lock down of facilities, the importance of remaining safe and well, and to answer questions concerning the impact of COVID-19 on working arrangements and budgets. Staff were encouraged to provide feedback from these sessions and this feedback was provided to the Project 2020/21 management group. This gave a greater understanding of what was important for staff to support their well being and their productivity. The Project Group took the feedback into consideration in the plans for a safe return to campus for staff and students. The plans were shared with the University's managers for approval prior to implementation and were then made available to all staff on the intranet service.

The University has engaged with staff and made use of feedback to inform decisions in the year. An example of this relates to two PULSE staff surveys undertaken in May and July 2020. This provided staff with the opportunity to provide feedback firstly on how they were finding their new working arrangements during lockdown, and then also their perspective on plans to return to the campus. The findings of the survey informed the transition plan for staff returning to the campus in September 2020 and helped to shape the

THE STRATEGIC REPORT (CONTINUED)

arrangements for remote working. This included training sessions being made available for staff who return to the campus on how to remain safe and meet social distancing requirements, and training for those who work remotely in how to make the most of technology to support working from home.

Business Relationships - Partners and Suppliers

The University recognises the strategic importance of working with suppliers, many of whom are local businesses, to provide a range of services and goods to support the delivery of high class education. To support this business relationship, the University has engaged with suppliers to consider improvements to the payment processes, including the streamlining of invoice approval processes, leading to the facility to make prompt payment. Taking the suppliers' feedback into account the University has looked to reduce reliance on paper based, manual systems for paying suppliers, and has increased the number of suppliers who submit electronic files to be imported into the financial database. This not only reduces the impact to the environment of a paper-based system, but also improves the timeliness and accuracy of invoice information being received from the supplier. This has had a positive impact on the timeliness of the payment processes, further improving control and reducing bureaucracy.

One of the strategic partnerships having an impact in the financial year was Gilbert Ash. This partnership with the construction contractor was key to the success of creating a new teaching facility to support the opening of the new medical and engineering schools. In the face of challenges from COVID-19 the contractor and the University worked together to manage risks and plan how to deliver the construction programme with minimal delay. The University provided facilities for the construction team so they could adhere to strict social distancing regulations when they returned to site after their immediate lockdown. This helped to reduce the delay in completing the major building programme and keep the construction workers safe and well as they engaged in completing the project.

Society and Community

During lock down the University's close links to the local community came to the fore, with staff and volunteers providing support to local vulnerable people who were self-isolating. The decision was taken by the University to donate catering supplies to provide free food packages and necessities to local residents. The University's health care professionals, staff and students, volunteered to work in the NHS in local hospitals and Trusts during these challenging times, and to provide further support during these difficult times, the University donated essential PPE to the NHS.

Environment

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

An example of the action taken by the University to address risk to the environment is to participate in the accord established by the United Nations.

The United Nations' Sustainable Development Goals (SDG) Accord has been signed by the University. This forms a pledge in which the University will embed the SDGs (a set of goals and targets to stimulate action in areas of critical importance for humanity and the planet) into their activity.

In May 2020 the University's Sustainability team produced a report that illustrated how activity across the University is addressing these goals and highlights the diverse and sometimes unexpected ways sustainability can be achieved in actions and in thinking. This included volunteering with community food banks, working towards gender equality in higher education, providing water efficiencies in new buildings, supporting local graduates into local jobs, and to creating a community wellbeing wildlife garden. In recognition of their influence and success in putting sustainability at the core of the University's strategic governance, weaving sustainable thinking through the curriculum and teaching the Sustainability team won a prestigious national Collaborative Award for Teaching Excellence (CATE).

THE STRATEGIC REPORT (CONTINUED)

The Vice Chancellor confirmed within the report that being located firmly within Kent and Medway, the University prides itself through community commitment, to promoting and achieving sustainability that is relevant to us all, both locally and globally. In response to this the University developed and launched the 'Futures Initiative' programme to challenge learners' pre-conceptions about global issues and encourage the exploration of values systems and attitudes.

Carbon Reporting

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

CCCU recognises that climate change is one of the most serious environmental challenges threatening the world today. CCCU demonstrates its commitment and role it has to play in reducing greenhouse gas emissions through the University's Strategic Framework 2015-2022, which has sustainability at its heart. CCCU has developed a dedicated "Framework for Sustainability", which includes energy management and emission reduction with a low carbon 2050 vision. The organisation has achieved and maintained ISO14001 accreditation for its Environmental Management System (EMS) with a platinum EcoCampus award.

We are actively pursuing renewable energy within our purchasing decisions. From 1 October 2019 the University changed its purchasing strategy for electricity, switching from a conventional fuel mix to 100% renewable from Ofgem accredited onshore wind farms. This meant that during 2020, 83% of our electricity consumption was purchased from renewable sources and is covered with associated renewable energy certificates. This is reflected in the SECR Annual Report Statement as a 63% decrease in market based emissions since 2019. Moving to a carbon neutral gas supply was also investigated but was deemed not to be financially viable at this time to switch. The cost difference between biogas and natural gas will continue to be monitored.

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

- Continued to upgrade fluorescent lighting to LED, with lighting control sensors.
- Water Consumption is an area that has been targeted over the last 12 months, with Automatic Meter reading devices fitted to incoming water meters where practical or increased manual meter readings undertake. CCCU use this data to monitor consumption and where increases are recorded, this is investigated to ensure that any water loss through leaks or toilet overflows is minimised.
- Flow restrictors on showers and basin taps have been investigated and trialled, with an aim to further roll out installation of these devices during the next reporting year, subject to fund availability.
- We continually ensure that BMS operating times match building occupancy patterns.
- Development of carbon counters, which are displayed in major buildings demonstrating its monthly emissions and comparisons with the previous 12 months.
- Upgrading staff desktop tower PC's to more energy efficient laptops, which also allows for more flexible working locations.
- Reduced travel costs by reduction of face to face meetings with colleagues and suppliers, through the increased availability of video conferencing.
- Promoting energy efficiency to staff through the Building Wardens' forum.

THE STRATEGIC REPORT (CONTINUED)

A number of other energy efficiency measures are under consideration for implementation during the next reporting year.

SECR Annual Report Statement

Energy Consumption		2020	2019	Variance
Scope 1: Combustion of fuel and operation of facilities.	Natural Gas (kWh)	9,436,360	11,288,589	-16%
	Direct Transport (kWh)	753,832	1,449,334	-48%
	Total Scope 1 Energy (kWh)	10,190,192	12,737,923	-20%
Scope 2: Electricity purchased.	Total Electricity (kWh)	8,924,120	10,697,640	-17%
Total Scope 1 and 2 Energy Consumption (kWh)		19,114,312	23,435,563	-18%

Emissions Assessment		2020	2019	Variance
Scope 1: Combustion of fuel and operation of facilities.	Natural Gas (tCO ₂ e)	1,735	2,075	-16%
	Direct Transport (tCO ₂ e)	186	369	-50%
	Total Scope 1 - kWh	1,921	2,445	-21%
Scope 2: Electricity purchased and heat and steam generated.	Location Based (LB) (tCO ₂ e)	2,081	2,734	-24%
	Market Based (MB) (tCO ₂ e)	510	4,071	-87%
Location Based	Total Scope 1 and 2 Emissions (tCO₂e)	4,002	5,179	-23%
Market Based	Total Scope 1 and 2 Emissions (tCO₂e)	2,431	6,515	-63%

Intensity Metric Assessment		2020	2019	Variance
Intensity Ratio 1	tCO ₂ e/£m Revenue	33.44	41.08	-19%
Intensity Ratio 2	tCO ₂ e/m ² GIA	0.031	0.040	-22%
Intensity Ratio 3	tCO ₂ e/FTE Students	0.358	0.453	-21%

Emissions Sources Natural gas, fuel for transport; and electricity used by the company including for the purpose of transport.

Exclusions No mandatory energy use or emissions have been excluded.

Emissions Factors BEIS 2020 covering the Financial Year 2020 and BEIS 2019 covering the Financial Year 2019.

Emissions Factors Market based emissions factors have been sourced specific to the procurement contract in place. Where information from this source was not available UK residual emissions factors were used for the relevant year.

Methodology This report is aligned with the GHG Protocol and Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance.

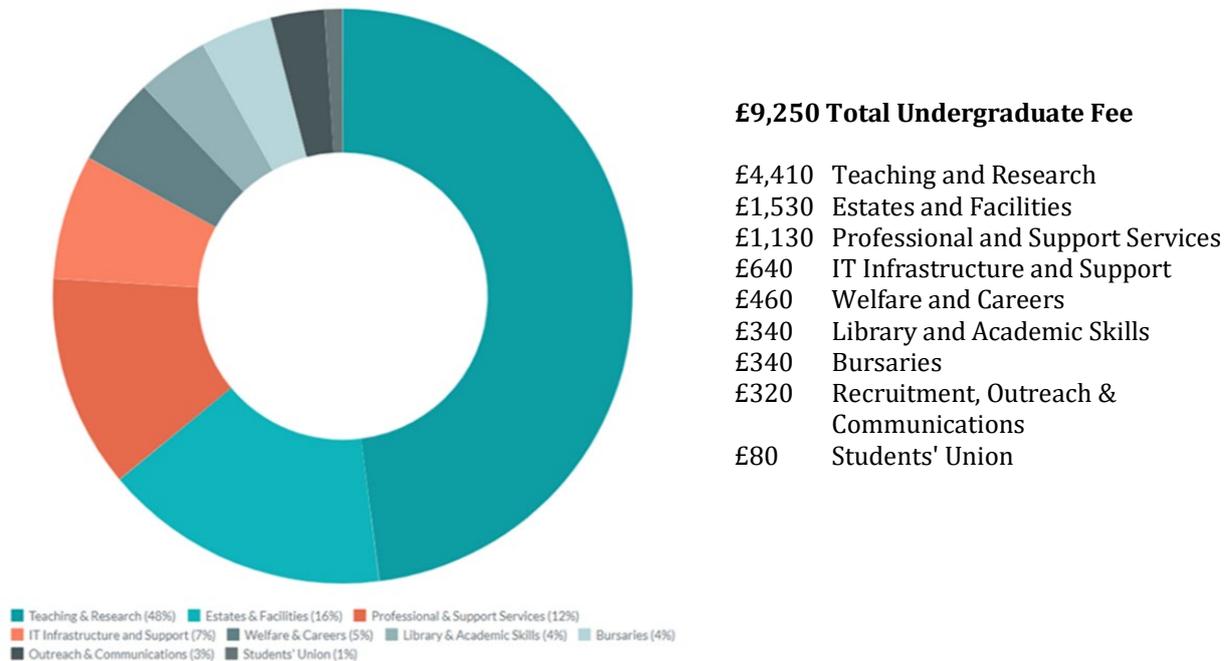
Estimations <2% of energy and <2% of emissions have been estimated during the 2020 reporting year.

Value for Money (VfM)

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

THE STRATEGIC REPORT (CONTINUED)

How the 2018/2019 Undergraduate Fee was used at Canterbury Christ Church University:



The above is a representation of how the 2018/2019 Undergraduate fee was used by the University and the relative percentages are as follows:

- **48% Teaching and Research.** This includes lectures, technicians, course admin, course materials etc.
- **16% Estates and Facilities.** This covers building running costs, maintenance, light & heat, security etc.
- **12% Professional and Support Services.** This will include student registration & records, Human Resources, Finance, VC's Office etc.
- **7% IT Infrastructure and Support.** Mobile computing, software, subscriptions etc. will be included here.
- **5% Recruitment, Outreach & Communications.** School and College engagement, widening participation, recruitment activity etc.
- **5% Welfare and Careers.** This covers, Counselling, Chaplaincy, Sports Centre and Careers.

THE STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties

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

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of strategic policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2020 and up to the date of approval of the financial statements, and accords with the requirements of the Office for Students.

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

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

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

- The impact of COVID-19 on the organisation's capacity and capability to deliver changes necessary to achieve business as usual given the challenges presented by the 'new normal' caused by the pandemic, including a temporary shift in business model and reliance on technology to support staff. Actions to mitigate this risk involved the establishment of the project 20/21 group, led by the Deputy Vice Chancellor.
- The risk relating to lost income in the future due to the implementation of social distancing measures and possible further lock down requirements is being factored into budgets and forecasts. Actions taken to address this included the setting up of testing centres and increased measures of cleaning and hygiene on the campus.
- The potential loss of income from lower levels of student recruitment has placed pressure on pay and non pay budgets. This was addressed through a reduction in pay for 50% of staff from September 2020.
- The current freeze applied by Government to the sector on inflationary increases to tuition fees above £9,250. Actions to mitigate this risk include adjustments to budgets and forecasts to ensure income is accurately estimated.
- Impact of the demographic downturn in the numbers of school leavers eligible to enter higher education which, along with increased competition, may add to the risk of a failure to achieve targets for the recruitment of students. Actions to increase recruitment include investment in a new website to attract applicants and promotion of new programme areas.
- Pressure on pensions costs from increasing employer's contribution rates. This is factored into pay budgets and forecasts.
- The implications of Brexit for students and staff recruitment and retention is also impacted on by travel restrictions from the pandemic. The University has established internal working groups to gather intelligence and communicate the impact of change and identify actions that can be taken to mitigate the risk on recruitment.
- The impact of the economic climate on the demand for higher education and, in particular, employer sponsored education and training. The University is highlighting opportunities such as the use of apprenticeship programmes to support employers with their workforce development plans.

THE STRATEGIC REPORT (CONTINUED)

Going Concern

The University has made considerable efforts to support the mission of the organisation during challenging times. This has included major capital investment to create new teaching facilities at the Canterbury campus. This was supported with finance from two banks, Lloyds PLC and NatWest, in a joint loan facility of £47m. This loan and existing loan finance held with Lloyds bank is subject to a range of financial covenants.

Meeting these covenant measures has proved more challenging in 2020 due to the impact of COVID 19. As a result, the University entered into early discussion with the banks to revisit financial forecasts and consider a reset of the covenants. The University updated the financial budget and forward looking forecasts to take into account the loss of income as a result of the pandemic, and the strategic saving initiatives and measures being taken to restrict pay and non-pay expenditure in 2020/2021 and beyond. The updated forecasts were approved by the Governors and shared with the banks, and from these forecasts a new set of covenants have been finalised and agreed for 2020 and the remaining term of the loans.

The financial forecasts and assumptions that underpin them have passed independent scrutiny and have been accepted by the banks. The forecast position gives confidence to the Governors of the financial viability of the University and confirms that the University remains a going concern for the foreseeable future. These reports are prepared on that basis.

Directors' Indemnities

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

Disclosure of Information to the Auditor

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

Reserves Policy and Key Performance Indicators (KPIs)

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

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

The table below shows the consolidated performance indicators for the year ended 31 July 2020, compared to actual outturn for the previous year. Targets for each of these KPIs are prepared and reported to management based on the approved annual budget. As part of the mid-year forecasting process, the financial position is reviewed, and a revised budget is produced in year. The target KPIs are amended to reflect the revised budget position to be reported through to the end of the year.

THE STRATEGIC REPORT (CONTINUED)

Key Performance Indicators	Actual 2020	Actual 2019
Reported (Deficit) as a % of income	(5.81)	(3.36)
Adjusted (Deficit)/surplus as a % of income	(2.64)	0.73
Unrestricted reserve as a % of total income	34.3	72.1
External borrowing as a % of total income	62.7	31.5
*Adjusted current asset / current liability ratio	1.26	1.06
Current asset / current liability ratio	(0.8)	1.06
Net liquidity days	88	58

*Included within the reported current creditors on the Statement of Financial Position (the balance sheet), is the balance of £16.660m of deferred capital grants. These grant funds are held pending release to the Statement of Comprehensive Income when the new teaching facility opens in January 2021. There is no liability to repay these funds and therefore, they have been excluded from the adjusted current asset/current liability ratio as the University considers this to be a better reflection of the liability position at the year end. In the prior year, the deferred capital grant had no impact on current liabilities as the balance of £10.910m held at that time was reported in creditors of more than one year.

The deficit for the year (reported and adjusted) has been adversely affected by the reduction in accommodation and other student related income as a result of the COVID-19 lockdown requirements experienced from March 2020. Unrestricted reserves are reported net of the LGPS pensions liability. An increase of £50.180m in the pensions provision in the year has had a negative impact on unrestricted reserves as a percentage of income.

External borrowing has increased with the drawing of the Revolving Credit Facility loan finance to support the construction of the new STEM teaching facility. This has increased the percentage of loans to income. The revised current asset/current liability ratio reports there is sufficient current assets held by the University to cover current commitments and liabilities. With the inclusion of the deferred capital grants this reverts to a negative position, which is not reflective of the actual liabilities of the University, as the grant conditions have been met and the balance of £16.660m is not repayable.

Net liquidity days have improved and show the University has increased the level of cash held to meet outgoing expenses.

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

Financial Risk Management

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

THE STRATEGIC REPORT (CONTINUED)

cash flow of the University. In exercising these powers he has regard to the perceived credit risk associated with the approved organisations with which funds may be deposited or invested; also the effect of possible changes in interest rates on the cost of borrowing and the return from investing and the need to maintain adequate liquid funds to meet the University's obligations.

Outlook

The outlook for 2020/21 continues to be affected by the uncertainty of Covid impacts. However, notwithstanding significant in year disruption to education within schools and examination results, the institution has recruited well and is investing heavily to ensure an appropriate and effective student experience for all students during these challenging times. The institution has well developed and robust plans to ensure a safe and appropriate environment for its students, staff and visitors and remains committed to providing the best possible learning experience for its students. A tangible example of this is the new building which has been constructed to provide state of the art facilities for provision in the academic areas of science, technology, engineering and medicine (STEM) including a new school of engineering and school of medicine which will be fully open from January 2021.

Notwithstanding the short-term challenges, the University remains confident and ambitious to continue to provide excellent quality teaching and research for the benefit of its students within an environment that encourages innovation and enterprise for graduates as they enter the employment market or engage in further studies.

Professor R Thirunamachandran
Vice Chancellor and Principal
Date: 23 March 2021

PUBLIC BENEFIT STATEMENT

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

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

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

Our mission

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

Our purpose

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

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

Our vision

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

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

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

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

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

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

PUBLIC BENEFIT STATEMENT (CONTINUED)

Each aim has strategic objectives:

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

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

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

The University has fulfilled its charitable public benefit purposes in 2019-20 as follows:

- It has 14,195 undergraduate and postgraduate students.
- Planning for Kent and Medway Medical School, a collaboration with the University of Kent, which opened in September 2020, including the recruitment of first tranche of students.
- Preparation undertaken for launch in September 2020 of engineering degrees, with new £65m STEM facility for Kent and Medway.
- 86% (sector average 81%) of graduates of the University were in work or employment 15 months after completing programmes.
- 69% of full-time, first degree leavers in employment were in high-skilled or graduate-level jobs. This is significantly higher than the last equivalent figure from the previous DLHE survey (63%) and only slightly below the national sector benchmark (71%).
- 77% overall student satisfaction in the 2019-2020 National Student Survey.
- The University has a prestigious silver rating in the Teaching Excellence Framework.
- The University continues to work intensively with partner schools and colleges to meet its widening access targets set out in its Access and Participation Plan. The latest available data shows that the 2019 targets for participation from low participating neighbourhoods, BME students, Care Leavers and students with a disability have all been exceeded.
- Our externally funded Research and Knowledge Exchange activity in 2019/2020 included 186 projects. Projects spanned all faculties, as well as some institution-wide projects, such as the 'Suicide Safer Universities 2019/2020' initiative.
- Our externally funded projects include a range of partnerships with other organisations in academia, the public and third sector and enterprise, often for specific local, regional and national beneficiaries. For example, colleagues in the Faculty of Science, Engineering and Social Science in partnership with Museum of London Archaeology (MOLA) won a Collaborative Doctoral Partnership (CDP) for a PhD on 'Kentish Coastal Heritage and Communities in Transition'. In 2019/2020, external funding for 34 new collaborative RKE project was secured.
- CCCU staff deposited 151 academic and academic related outputs in 2019/2020, using a range of media. These include books and learned papers, contributions to conferences, symposia and events, as well as compositions and digital media and other performance outputs.

STATEMENT OF PRIMARY RESPONSIBILITIES OF THE UNIVERSITY'S GOVERNING BODY

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

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

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

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

Financial Responsibilities of the Governing Body

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

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

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

The Governing Body has taken reasonable steps to:

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

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

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

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of KPIs and business risks and monthly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Governing Body;
- comprehensive financial regulations, detailing financial controls and procedures, including a fraud policy, all as approved by the Finance and Resources Committee and Governing Body;
- compliance with a University policy on risk management; and
- a professional internal audit team whose annual programme is approved by the Audit Committee under powers delegated by the Governing Body and whose head provides the Audit Committee with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of its system of internal control, including internal financial control.

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

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

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

Mr F Martin

Pro-Chancellor (Chair of the Governing Body)

Date: 23 March 2021

STATEMENT OF CORPORATE GOVERNANCE

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

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

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

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

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

The Governing Body is chaired by Mr F Martin, the Pro-Chancellor. The Pro-Chancellor's term of office will terminate in July 2021 after the expiry of the maximum term permitted under the Articles. Succession planning arrangements are in hand.

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

The main responsibilities of Governing Body are:

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

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

The Governing Body normally meets four times per year. However, as a result of Covid-19, three additional meetings were held in 2019/2020. The formal meetings of the Governing Body were supplemented by a strategic Away Day meeting at the start of 2019/2020 to explore key strategic issues, including: academic governance; transition, orientation and induction; student employability; student retention; student outcomes; and the University's approach to tackling the BAME attainment gap. Additionally, the following governor visit took place: visit of the Faculty of Education. Governor visits enable governors to be fully briefed on the University's activities, meeting with students and staff.

The University's KPIs were revised in March 2019 to reflect the priorities and monitoring of performance against the revised University Strategic Framework (2015-22). The revised KPIs and revised Strategic Framework (2015-22) were approved by the Governing Body in March 2019. The Audit Committee and the Governing Body received updates on the University's performance against its KPIs in February and March 2020, respectively.

The Governing Body undertakes regular reviews of its effectiveness. In 2019/2020, an external governance effectiveness review was carried out by the University's internal auditor, the results of which were considered by the Governing Body at the start of the 2020/2021 academic year, with the prospect of an update of the articles and an application to the Privy Council for exempt charity status. The assurance rating as a result of the review was significant assurance with minor improvement opportunities, underlying the University's effective governance.

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

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

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

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

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

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

The Chairs' Committee membership consists of:

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

The Chairs' Committee normally meets three times in each academic year.

The Finance and Resources Committee is responsible for the financial affairs of the University including consideration of estimates of income and expenditure and the consolidated financial statements; the strategic management of the University's estate; major building developments, acquisitions or disposals; the efficient use of physical resources; the care and maintenance of the University's estate; consideration and monitoring of the ICT strategy; oversight of the Vice-Chancellor's actions related to human resources and strategic oversight of the University's People Strategy; annual accounts of the Students' Union; oversight of the University's subsidiary companies; approval of financial regulations, policies and procedures; approval of TRAC returns; oversight of the sustainability agenda; and reviewing its terms of reference and work plan annually.

The Finance and Resources Committee membership consists of:

- Chair of the Finance and Resources Committee – Ms J Armit (Archbishop of Canterbury's appointee)
- Chair of Remuneration Committee – Sir W I R Johnston (Independent)
- Student Governor – Mr P Kloppenborg (to 30/06/2020) and Ms R Thomson (from 01/08/2020)
- Mr S Brown (Independent)
- Ms J Harding (Independent)
- Revd R Stevenson (Independent)
- Vice-Chancellor – Professor R Thirunamachandran (Vice-Chancellor)

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

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

The Audit Committee membership consists of:

- Chair of the Audit Committee – Mr P Fletcher (Independent)
- Ms S Appleby (Independent)
- Mrs P Jones (Archbishops' Council of the Church of England appointee)
- Mr Q Roper (Diocesan Boards of Education of Canterbury and Rochester appointee, resigned 30 October 2020)

And Co-opted members:

- Mr J Hills
- Mr S Sutton.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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

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

Remuneration Committee membership consists of:

- Chair of the Remuneration Committee – Sir W I R Johnston (Independent)
- Pro-Chancellor of the University – Mr F Martin (Independent)
- Ms N Ahmed (Independent).

And co-opted member:

- Lord Alastair Colgrain (Independent Assessor).

The Remuneration Committee normally meets once in each academic year.

An internal audit of the University's corporate governance in 2018 concluded that the Governing Body could take substantial assurance that the controls which the organisation relies upon to manage corporate governance were suitably designed, consistently applied and operating effectively. The University undertook a compliance review of the draft CUC Higher Education Code of Governance published in January 2020 and produced a gap analysis. It was found that the University is significantly compliant with the CUC's draft code. Previously, desktop governance effectiveness reviews following the publication of the CUC Higher Education Senior Staff Remuneration Code and the Halpin Review of the University of Bath, produced similarly positive outcomes. Upon initial registration, the OfS was satisfied that the University met the general ongoing condition of registration E2, in that the University has in place adequate and effective management and governance arrangements to operate in accordance with its governing documents; deliver public interest governance principles; provide and fully deliver advertised higher education courses and continue to comply with all conditions of its registration.

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

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

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

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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

- Meeting at least four times each academic year to determine strategy;
- Reviewing an annual report on teaching quality and standards (from the Academic Board) and then signs off the Annual Quality Assessment Assurance Statement as part of its suite of annual returns;
- Receiving an annual report and assurance from the University Solicitor regarding the University's compliance with OfS initial and ongoing general conditions of registration;
- Receiving updates from the Audit Committee concerning internal control, and strategic risk management;
- Oversight by the Audit Committee of the University's risk management framework and a high-level strategic risk register fully aligned to the University's strategic goals set out in the University's 2015-2022 strategic framework;
- Regular reviews by the Audit Committee of Internal Audit reports, which include an independent opinion on the adequacy and effectiveness of the University's systems of governance, risk management and internal control, together with improvement recommendations;
- Monitoring of institutional KPIs (governor sub-set); and
- Reviewing post-investment lesson learning reviews in respect of major investment projects undertaken by the University.

Specifically, in terms of public funding from the OfS, UK Research and Innovation (UKRI, including Research England), the Department for Education or the Education and Skills Funding Agency the University ensures: a. regularity in the use of public funding; and b. propriety in the use of public funding by: the provision of a framework of financial controls for the University in The Financial Regulations and associated Financial Procedures. The Financial Regulations were approved by the Finance and Resources Committee on 5 March 2020. The Financial Regulations are subordinate to the University's Articles and to any restrictions contained in terms of conditions of funding and the audit code of practice. The purpose of The Financial Regulations is to provide control over the totality of the University's resources and provide assurance in respect of a., and b., above. Compliance with The Financial Regulations is mandatory. Breaches are notified to the Governing Body via the Audit Committee.

The Financial Regulations were approved by the Finance and Resources Committee on 5 March 2020. The Financial Regulations are subordinate to the University's Articles and to any restrictions contained in terms of conditions of funding and the audit code of practice. The purpose of The Financial Regulations is to provide control over the totality of the University's resources and provide assurance in respect of a., and b., above. Compliance with The Financial Regulations is mandatory. Breaches are notified to the Governing Body via the Audit Committee. This statement covers the reporting period from 1 August 2019 to the date of signing and approving the financial statements on 23 March 2021.

MODERN SLAVERY AND HUMAN TRAFFICKING

The University is committed to ensuring that slavery and human trafficking is not taking place in its supply chain in line with the Modern Slavery Act 2015. The University's Modern Slavery and Human Trafficking Statement was approved by the Governing Body on 24 November 2020 and has been published on the University's website. The actions taken by the University in year include:

- Having a designated senior officer leading on identifying risks and a separate working group in place to implement actions to mitigate these risks. KPIs are being identified by the working group and these will help identify progress in meeting the requirements of the Act.
- Oversight of the management of risks of modern slavery and human trafficking in the supplier chain is provided by a nominated senior manager, the Pro Vice Chancellor (Research and Enterprise), as part of his role of chair of the Sustainability Strategic Management Group.
- A policy review is continuing, and where required, modifications are being made to ensure that all relevant University policies identify how they support compliance with the Modern Slavery Act.
- In December 2019 the Research and Enterprise Integrity Framework was updated and approved to include an ethical statement to confirm: The University will not engage in research or enterprise where such interaction is considered unethical and might conflict or be inconsistent with the values, aims, objectives and/or activities of the University. This includes, but is not limited to, ensuring it supports the aims of modern slavery act to abolish the use of forced labour and to discourage human trafficking.
- As part of the Due Diligence checks for all significant tender exercises a statement is obtained from the supplier confirming how they meet the requirements of the Modern Slavery Act 2015. If the goods or services being purchased have a high risk of labour rights violations (including but not limited to: clothing; IT equipment, and construction works) then additional questions to demonstrate compliance are raised as part of the tender process.
- The increased risk of Modern Slavery in the supply chain due to COVID-19 restrictions and the need to monitor health and safety in working practices for social distancing has highlighted the importance of due diligence checks of suppliers. The procurement team and purchasing managers across the institution recognise the heightened risk and are completing thorough checks at the tender stage, prior to taking on any new suppliers, to help mitigate the risk.
- In support of these mitigating actions, the University's Procurement team offers support and guidance to all areas of the University that engage with suppliers to procure goods and services, reporting any non-compliance of policy requirements to the relevant Senior Manager.
- The University's Governance and Legal Services team reviews contractual terms and conditions of all draft agreements to ensure provision is made relating to Modern Slavery Act compliance.
- The University's Chaplains work closely with the Salvation Army to help identify and support people to bring them out of human trafficking and the modern day slave trade.
- To raise awareness of the prevalence of Modern Slavery in Kent, members of Staff and Students of the University came together to form a human chain around Augustine House.
- The work of the subsidiary company in delivering the Unitemps staffing agency is monitored to ensure compliance with the act.

STATEMENT OF INTERNAL CONTROL

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

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

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

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

The following processes have been established:

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

STATEMENT OF INTERNAL CONTROL (CONTINUED)

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

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

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

There were no significant control weaknesses in the year.

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Canterbury Christ Church University (the 'university') and its subsidiary (the 'group'):

- give a true and fair view of the state of the group's and the university's affairs as at 31 July 2020 and of the group's and the university's income and expenditure, gains and losses and changes in reserves and group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of principal accounting policies
- the group and university income and expenditure accounts;
- the group and university statements of comprehensive income;
- the group and university balance sheets;
- the group and university statements of changes in reserves;
- the group cash flow statement; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the university in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and the university's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

Opinions on other matters prescribed by the Office for Students (OfS) "Regulatory Advice 9: Accounts Direction"

In our opinion, in all material respects:

- funds administered by the university for specific purposes during the year ended 31 July 2020 have been applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS and Research England have been applied in accordance with the terms and conditions of the Accounts Direction and any other terms and conditions attached to them during the year ended 31 July 2020; and
- the requirements of the OfS's accounts direction have been met.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the university's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the university's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the university and the university's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ben Sheriff
FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
St Albans, United Kingdom

Date:

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1. Basis of Preparation

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

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

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

2. Critical Judgements

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

2.1 Capital and Research Grants Received

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

3. Estimates

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

3.1 Local Government Pension

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions as disclosed in note 23 will impact on the carrying value of the pension liability. Furthermore a rolled forward approach which projects results from the latest full actuarial valuation performed as at 31 March 2019 has been used by the actuary in valuing the pensions liability as at 31 July 2020. Any differences between these figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

4. Basis of Consolidation

The consolidated financial statements include the University and its subsidiary company for the financial year to 31 July 2020. Intra-group transactions are eliminated on consolidation. The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions of the Union.

5. Recognition of Income

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

6. Grants

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

7. Agency Arrangements

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

8. Foreign Currencies

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

9. Operating Leases

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

10. Intangible Assets

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

11. Tangible Assets

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

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

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

Land is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated over their expected useful lives of 50 years. Assets in the course of construction are accounted for at cost incurred to the end of the year. They are not depreciated until they are ready for use. Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the University from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross amount of the tangible fixed asset concerned.

Minor works of between £10,000 and £25,000 are separately identified and depreciated over ten years. These have been included in the freehold land and buildings category in note 9.

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

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

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the Statement of Comprehensive Income in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis. All assets are reviewed on an annual basis for indicators of impairment. Any adjustment to the value of an asset for impairment is charged to the Statement of Comprehensive Income in the period it arises.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

12. Assets held for resale

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

13. Stock

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

14. Cash and Cash Equivalents

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

15. Maintenance of Premises

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

16. Taxation Status

The University is a registered charity within the meaning of Part 3 of the Charities Act 2011 and as such is a charity within the meaning of Section 506 of the Income and Corporation Tax Act 1988. It is therefore a charity within meaning of Para 1 of schedule 6 to Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478-488 of the Corporation Taxes Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

17. Pension Schemes

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

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

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

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

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

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

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

18. Investments

Endowment asset investments are held as cash.

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

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

19. Financial Instruments

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

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

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

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

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

20. Investment in Subsidiaries

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

21. Reserves

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

The following reserves are maintained:

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

**Consolidated and University Statement of Comprehensive Income and Expenditure
For the Year Ended 31 July 2020**

	Notes	Consolidated		University	
		2020	2019	2020	2019
		£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	1	93,485	96,318	93,485	96,318
Funding body grants	2	10,181	9,214	10,181	9,214
Research grants and contracts	3	1,644	1,554	1,644	1,554
Other income	4	14,303	18,792	14,119	18,716
Investment income	5	75	200	75	198
Total income		119,688	126,078	119,504	126,000
Expenditure					
Staff costs	6	74,234	73,718	74,143	73,624
Interest and other finance costs	7	1,558	1,849	1,558	1,849
Other operating expenses	8	42,951	46,962	42,843	46,978
Depreciation and Amortisation	9 & 11	7,900	7,785	7,900	7,785
Total Expenditure		126,643	130,314	126,444	130,236
Deficit for the year before loss on disposal of fixed assets		(6,955)	(4,236)	(6,940)	(4,236)
Impairment of Fixed Assets		(1,472)	-	(1,472)	-
Profit / (Loss) on disposal of fixed assets		436	(3,318)	436	(3,318)
Deficit for the year		(7,991)	(7,554)	(7,976)	(7,554)
Endowment comprehensive income for the year	17	(10)	11	(10)	11
Actuarial (loss)/gain in respect of pension schemes	23	(42,189)	3,583	(42,189)	3,583
Total comprehensive loss for the year		(50,190)	(3,960)	(50,175)	(3,960)
Represented by:					
Endowment comprehensive income for the year	18	(10)	11	(10)	11
Unrestricted comprehensive loss for the year		(50,180)	(3,971)	(50,165)	(3,971)
Deficit for the year attributable to the University		(50,190)	(3,960)	(50,175)	(3,960)

**Consolidated and University Statement of Changes in Reserves
For the Year Ended 31 July 2020**

Consolidated	Income and expenditure account			Total
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>	
	£'000	£'000	£'000	
Balance at 1 August 2018	256	39	94,933	95,228
Deficit from the income and expenditure statement	-	-	(7,554)	(7,554)
Other comprehensive income	11	-	3,583	3,594
Total comprehensive income for the year	11	-	(3,971)	(3,960)
Balance at 31 July 2019	267	39	90,962	91,268
Balance at 1 August 2019	267	39	90,962	91,268
Deficit from the income and expenditure statement	-	-	(7,991)	(7,991)
Other comprehensive income	(10)	-	(42,189)	(42,199)
Total comprehensive income for the year	(10)	-	(50,180)	(50,190)
Balance at 31 July 2020	257	39	40,782	41,078
University	Income and expenditure account			Total
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>	
	£'000	£'000	£'000	£'000
Balance at 1 August 2018	256	39	94,933	95,228
Deficit from the income and expenditure statement	-	-	(7,554)	(7,554)
Other comprehensive income	11	-	3,583	3,594
Total comprehensive income for the year	11	-	(3,971)	(3,960)
Balance at 31 July 2019	267	39	90,962	91,268
Balance at 1 August 2019	267	39	90,962	91,268
Deficit from the income and expenditure statement	-	-	(7,976)	(7,976)
Other comprehensive income	(10)	-	(42,189)	(42,199)
Total comprehensive income for the year	(10)	-	(50,165)	(50,175)
Balance at 31 July 2020	257	39	40,797	41,093

**Consolidated and University Statement of Financial Position
As at 31 July 2020**

		2020	2019	2020	2019
	Notes	As at 31 July Consolidated £'000	£'000	As at 31 July University £'000	£'000
Non-current assets					
Tangible assets	9	175,721	157,202	175,721	157,202
Assets held for resale	9a	7,575	-	7,575	-
Investments	10	-	-	450	450
Intangible assets	11	9,404	4,189	9,404	4,189
		<u>192,700</u>	<u>161,391</u>	<u>193,150</u>	<u>161,841</u>
Current assets					
Stock		282	229	282	229
Trade and other receivables	12	10,609	15,277	10,620	15,350
Cash and cash equivalents	18	28,553	19,632	28,185	19,202
		<u>39,444</u>	<u>35,138</u>	<u>39,087</u>	<u>34,781</u>
Less: Creditors: amounts falling due within one year	13	(47,821)	(33,081)	(47,899)	(33,174)
Net current (liabilities)/assets		<u>(8,377)</u>	<u>2,057</u>	<u>(8,812)</u>	<u>1,607</u>
Net current (liabilities)/assets		(8,377)	2,057	(8,812)	1,607
Deferred Capital Grant included in Creditors		16,660	-	16,660	-
Net current assets excluding the Deferred Capital Grant creditor		<u>8,283</u>	<u>2,057</u>	<u>7,848</u>	<u>1,607</u>
Total assets less current liabilities		<u>184,323</u>	<u>163,448</u>	<u>184,338</u>	<u>163,448</u>
Creditors: amounts falling due after more than one year	14	(72,424)	(47,951)	(72,424)	(47,951)
Provisions					
Pension liability LGPS	23	(67,844)	(21,248)	(67,844)	(21,248)
Other provisions	16	(2,977)	(2,981)	(2,977)	(2,981)
Total net assets		<u>41,078</u>	<u>91,268</u>	<u>41,093</u>	<u>91,268</u>
Restricted Reserves					
Income and expenditure reserve - endowment reserve	17	39	39	39	39
Unrestricted Reserves					
Income and expenditure reserve - endowment reserve	17	257	267	257	267
Income and expenditure - Local Government Pension Scheme reserve		(67,844)	(21,248)	(67,844)	(21,248)
Income and expenditure reserve - unrestricted includes pension		108,626	112,210	108,641	112,210
		<u>41,039</u>	<u>91,229</u>	<u>41,054</u>	<u>91,229</u>
Total Funds		<u>41,078</u>	<u>91,268</u>	<u>41,093</u>	<u>91,268</u>

The Financial Statements on pages 36 to 68 were approved and authorised for issue by the Governing Body on 23 March 2021 and signed on its behalf by:

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

Mr F Martin
Pro-Chancellor (Chairman of the Governing Body)

Consolidated Cash Flow Statement For the Year ended 31 July 2020

	Notes	Year ended 31 July 2020	Year ended 31 July 2019
		£'000	£'000
Cash flow from operating activities			
Deficit for the year		(7,991)	(7,554)
Adjustment for non-cash items			
Depreciation and amortisation	9/11	7,900	7,785
Impairment charge		1,472	
(Increase)/decrease in stock		(53)	8
Decrease in debtors	12	4,668	2,132
Increase/(decrease) in creditors	13	(1,879)	(2,533)
(Decrease)/increase in other provisions	16	(4)	616
Pension charges	23	4,423	4,569
Adjustment for investing or financing activities			
Investment income	5	(75)	(200)
Interest payable	7	1,142	1,349
Endowment income	17	(11)	(21)
Donations		(500)	-
(Profit) /Loss on the sale of tangible assets	9	(436)	3,318
Capital Grant income	2	(645)	(745)
Net cash inflow from operating activities		8,011	8,724
Cash flows from investing activities			
Proceeds from sales of fixed assets	9	900	1,625
Investment income	5	75	200
Payments made to acquire tangible and intangible assets	9/11	(41,150)	(32,125)
Payments made to acquire endowment assets	17	(21)	(25)
Capital grant receipts	2/14	6,395	7,730
Net cash outflow from investing activities		(33,801)	(22,595)
Cash flows from financing activities			
Interest paid	7	(1,142)	(1,349)
Endowment cash received	17	11	21
Donations received		500	-
New unsecured loans	14	38,000	56
Repayments of amounts borrowed	15	(2,658)	(2,693)
Net cash inflow/(outflow) from financing activities		34,711	(3,965)
Increase/(decrease) in cash and cash equivalents in the year		8,921	(17,836)
Cash and cash equivalents at beginning of the year	18	19,632	37,468
Cash and cash equivalents at end of the year	18	28,553	19,632

Notes to the Financial Statements

Consolidated

1. TUITION FEES AND EDUCATIONAL CONTRACTS

		2020	Restated 2019
	Notes	£'000	£'000
Full-time home and European students		80,142	77,238
Full-time Students Overseas		2,560	2,858
Part-time Students		5,450	5,348
Total fees paid by or on behalf of individual students		<u>88,152</u>	<u>85,444</u>
Education contracts		5,333	10,874
Total		<u><u>93,485</u></u>	<u><u>96,318</u></u>

Consolidated

2. FUNDING BODY GRANTS

		2020	2019
		£'000	£'000
Recurrent grant			
OfS		4,964	4,608
UKRI		2,262	2,236
ESFA		893	418
Total recurrent grants		<u>8,119</u>	<u>7,262</u>
Specific grants			
OfS		301	139
UKRI		651	581
DfE		465	487
Total specific grants		<u>1,417</u>	<u>1,207</u>
Capital grant received and recognised in the year			
OfS - TCIF		568	226
OfS - RCIF		77	519
Total capital grants		<u>645</u>	<u>745</u>
Total		<u><u>10,181</u></u>	<u><u>9,214</u></u>

Notes to the Financial Statements (continued)

Consolidated

3. RESEARCH GRANTS AND CONTRACTS	2020	2019
	£'000	£'000
United Kingdom Research & Innovation (UKRI)	46	194
UK based charities	272	405
European Commission	572	446
Other grants and contracts	754	509
	<u>1,644</u>	<u>1,554</u>

Consolidated

4. OTHER OPERATING INCOME	2020	2019
	£'000	£'000
Residences, catering and conferences	7,616	11,256
Other income generating activities	6,022	6,653
Other grant income	500	-
Other operating income	165	883
	<u>14,303</u>	<u>18,792</u>

Other income generating activities above include Teach First, consultancy fees and consultancy contracts, social work and community engagement. Included in other grant income is a donation of £500k from Garfield Weston and £468k claimed in the year through the Government's Coronavirus job retention scheme for furloughed staff.

Consolidated

5. INVESTMENT INCOME	2020	2019
	£'000	£'000
Bank interest receivable	75	200
	<u>75</u>	<u>200</u>

Notes to the Financial Statements (continued)

6. STAFF COSTS

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

	Consolidated	
	2020	2019
	Number	Number
Academic Staff	609	630
Professional Service Staff	722	705
Academic Support Staff	195	172
Total	<u>1,526</u>	<u>1,507</u>
	2020	2019
	£'000	£'000
Staff costs		
Wages and salaries	57,495	59,100
Social security costs	5,652	5,629
Other pension costs	11,087	8,989
Total	<u>74,234</u>	<u>73,718</u>

The other pension costs represents the total value of contributions due in the year to TPS, USS and LGPS. An additional cost of £4,007k (2019: £4,069k) is recognised within other operating expenses relating to the balance between the contributions due to the LGPS and the actuarially calculated service cost. The total expense recognised for the year can be seen within note 23.

Included in Wages and salaries and other pension costs are severance payments of £574,468 for 36 members of staff receiving redundancy payments (2019: £701,658 for 69 members of staff).

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel. Compensation consists of salary and benefits, including any employer's pension contribution. The Key Management Personnel in the University are members of the Senior Management Team. In 2019/2020 the number of serving members of the management team reduced from 15 at the beginning of the year to 13 at the end of year (2019: 15). The calculation of compensation and number of serving members has been restated for 2019 as one of the senior members of staff had incorrectly been omitted from the calculation in the prior year.

	2020	2019
	£'000	Restated £'000
Key management personnel compensation	<u>1,527</u>	<u>1,582</u>

Notes to the Financial Statements (continued)

6. STAFF COSTS (CONTINUED)

Higher paid staff

Salary Range	2020 Number	2019 Number
£100,000 to £104,999	-	-
£105,000 to £109,999	1	-
£110,000 to £114,999	-	-
£115,000 to £119,999	-	-
£120,000 to £124,999	-	2
£125,000 to £129,999	1	-
£130,000 to £134,999	1	-
£140,000 to £ 144,999	-	-
£145,000 to £149,999	1	-
£150,000 to £154,999	-	-
£155,000 to £159,999	-	1
	<u>4</u>	<u>3</u>

The emoluments paid to the five members of the Governing Body (2019: 5) and their accrued benefits under defined benefits pension schemes are shown below:

	2020 £'000	2019 £'000
Salaries	435	432
Employer's pension contributions	39	25
Total	<u>474</u>	<u>457</u>

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

	2020 £'000	2019 £'000
Salary	265	265
Employer's pension contributions	5	6
Total emoluments of the Vice-Chancellor	<u>270</u>	<u>271</u>

The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff. There have been no non-taxable or taxable benefits paid to the Vice-Chancellor in the year other than those that are for the reimbursement of business travel and other business expenses. These are claimed in line with the University's staff expenses policy. The Vice-Chancellor's expense claims and charges are shared on the University's public website. The Vice-Chancellor has enhanced opt out membership of the USS Pension Scheme, and therefore, the contribution made by the University to the scheme on his behalf is at a significantly lower contribution rate of 2.0% (2019: 2.1%).

The pay ratio of the Vice-Chancellor's total emoluments as a ratio to the median of the total emoluments for all staff is 7.92:1 (2019: 8.14:1). The pay ratio of the Vice-Chancellor's basic salary as a ratio to the median of the basic salary of all staff is 7.83:1 (2019: 7.97:1). These calculations are based on a full time equivalent basis for all staff employed by the University whose payroll charges are included in the real time information report to HM Revenue and Customs.

Notes to the Financial Statements (continued)

6. STAFF COSTS (CONTINUED)

Directors' Emoluments

The remuneration of the Vice-Chancellor is determined by the Remuneration Committee which is made up of Independent Members only and chaired by the Deputy Chair of the Governing Body. From November 2018, the Committee was supplemented to include an external member who is not a member of the Governing Body. This member met with staff governors and with a group of students to seek their input in advance of the Remuneration Committee meeting. The decisions of the Remuneration Committee are reported in writing to the full Governing Body.

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

In reviewing the Vice-Chancellor's salary for 2019/20, the Committee considered the Pro-Chancellor's review of the Vice-Chancellor's performance in 2018/19 and associated salary award recommendation. The Committee agreed with the Pro-Chancellor's assessment of the Vice-Chancellor's excellent performance and noted that he continued to be an asset to the University. At that meeting, the Committee also considered the Vice-Chancellor's continuing request that he did not wish to receive a salary uplift.

The Committee was mindful of the future and of not allowing the Vice-Chancellor's salary to fall out of line with comparator universities as this may pose issues when seeking to recruit a successor. In principle, therefore, the Committee agreed that a 1.8% pay uplift would have been appropriate.

However, the Committee was also mindful of the Vice-Chancellor's wishes and it was agreed for 2019/20 that the Committee would endorse the Vice-Chancellor's request to decline the offer of an uplift to his salary, preferring instead for a sum equivalent to the 1.8% uplift to be donated to the fundraising campaign for the establishment of a joint Medical School, in collaboration with the University of Kent and NHS partners.

The Remuneration Committee remains mindful that the Vice-Chancellor's salary level should continue to take into account the size and complexity of the institution compared to other providers. The Committee receives benchmark information on senior salaries from the Universities and Colleges Employers Association (UCEA). The Vice-Chancellor's salary is benchmarked against a group of post 1992 universities with a turnover of £110m -£160m. The University also participates in the annual survey of Vice-Chancellors remuneration carried out by the Committee of University Chairs (CUC) which provides a helpful means of comparison with other providers. Institutional specific factors adding to the complexity of the role include: the multi-campus operations across Kent and Medway and the substantive external stakeholder engagement with the education and health sectors, given the significant provision undertaken within the University in both of these sectors, including the development of a Medical School in collaboration with the University of Kent and NHS partners.

The current Vice-Chancellor has been in post since 2013 and his remuneration reflects his considerable experience gained through a number of senior roles within the Higher Education sector and the Civil Service. His personal performance in 2018/19 was rated as excellent as the University has brought to a successful conclusion the implementation of a widened academic portfolio with the establishment of a new School of Engineering and the Kent & Medway Medical School (jointly with the University of Kent) which accepted its first intake of students in September 2020. These two major initiatives, which have been implemented successfully, remain a significant basis for confidence in the University's strategic development and sustainable future.

Notes to the Financial Statements (continued)

7. INTEREST PAYABLE AND OTHER FINANCE COSTS

	Consolidated	
	2020	2019
	£'000	£'000
Bank loans not wholly repayable within five years	1,142	1,349
Net charge on pension schemes	416	500
Total	1,558	1,849

8. ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY

	Consolidated	
	2020	2019
	£'000	£'000
Academic departments	61,772	64,247
Academic services departments	4,838	4,777
Administration and central services	25,678	25,348
Premises	11,592	12,226
Residences, catering and conferences	9,641	10,616
Research grants and contracts	1,911	2,288
Other expenses	1,753	1,178
Depreciation	7,900	7,785
Interest payable and other finance costs	1,558	1,849
	126,643	130,314

	Consolidated	
	2020	2019
	£'000	£'000
Other operating expenses include:		
Fees payable for auditing of the financial statements of the parent company	53	52
Fees payable for auditing the subsidiary company	5	5
Other fees payable to the group auditor - grant and pension assurance review	12	5
Operating lease rentals - land and buildings	8,440	7,202
Operating lease rentals - equipment	139	160

8a ACCESS AND PARTICIPATION

	2020
	£'000
Access Investment (i)	756
Financial Support	3,098
Disability Support (i)	489
Research and Evaluation	8
	4,351

(i) £857k of these costs are already included in the overall staff costs figures included in the financial statements, note 6. This is the first year of reporting the Access and Participation investment and support and therefore, there are no comparative numbers for the prior year.

The published Access and Participation plan is available at:

www.canterbury.ac.uk/outreach/docs/Access-and-Participation-Plan-20-25

Notes to the Financial Statements (continued)

9. TANGIBLE ASSETS

Consolidated and University

	Freehold Land and Buildings	Assets under Construction	Fixtures, Fittings and Equipment	Plant and Machinery	Total
Cost and deemed cost for land and buildings	£'000	£'000	£'000	£'000	£'000
At 1 August 2019	133,627	29,856	24,012	7,528	195,023
Additions	-	36,225	-	-	36,225
Transfer to Assets held for Resale	(10,378)	-	-	-	(10,378)
Transfer to Intangible Assets	-	(461)	-	-	(461)
Assets coming into use	390	(2,908)	2,499	19	-
Disposals	(510)	-	(1,320)	(168)	(1,998)
At 31 July 2020	123,129	62,712	25,191	7,379	218,411
Accumulated depreciation					
At 1 August 2019	(19,386)	-	(14,709)	(3,726)	(37,821)
Charge for the year	(3,347)	-	(3,532)	(628)	(7,507)
Transfer to Assets held for Resale	1,104	-	-	-	1,104
Disposals	47	-	1,319	168	1,534
At 31 July 2020	(21,582)	-	(16,922)	(4,186)	(42,690)
Net book value					
At 31 July 2020	101,547	62,712	8,269	3,193	175,721
At 31 July 2019	114,241	29,856	9,303	3,802	157,202
Financed by capital grant:					
At 31 July 2020	568	-	77	-	645
At 31 July 2019	226	-	519	-	745

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

Disposals of assets in the year include the sale of one property, a residential house held in Canterbury. This led to a profit on disposal of £436k. Two projects of software underdevelopment had previously been reported as tangible assets in Assets Under Construction. These assets have been transferred to intangible assets.

Heritage Assets

Heritage assets held by the University consists of artwork and assets of cultural interest displayed in the University's campuses held in perpetuity. The total estimated value of the assets as at 11th February 2020 was £171,400. The recognition value of all items is based on the insurance replacement cost. The heritage assets are not depreciated as their individual value, other than for insurance purposes, is not known. These asset values are not included in the tangible asset note.

There were no tangible assets held by the subsidiary company.

Notes to the Financial Statements (continued)

9a TANGIBLE ASSETS HELD FOR RESALE

		Consolidated and University		
		Freehold Land and Buildings	Total	
Cost		2020 £'000	2020 £'000	2019 £'000
	As at 31 July 2019	10,378	10,378	-
Depreciation				
	At 1 August 2019	(1,104)	(1,104)	-
	Charge for year	(227)	(227)	-
	At 31 July 2020	<u>(1,331)</u>	<u>(1,331)</u>	<u>-</u>
Impairment Charge				
	At 31 July 2020	(1,472)	(1,472)	-
	Carrying value	<u>7,575</u>	<u>7,575</u>	<u>-</u>

The University is planning to dispose of two major assets, Hall Place and the campus buildings at Broadstairs. The impairment review of these properties has led to an impairment charge of £1.472m to bring the carrying value to reflect the lower of expected resale value and net book value, in line with the accounting policy for assets held for resale.

Notes to the Financial Statements (continued)

10. FIXED ASSET INVESTMENTS

	Shares / Capital Contribution	Loans	Total
	£'000	£'000	£'000
	450	-	450
	<u>450</u>	<u>-</u>	<u>450</u>
At 1 August 2019 and 31 July 2020	<u>450</u>	<u>-</u>	<u>450</u>

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

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

The Directors and Governing Body believe that the carrying value of the investments is supported by their underlying net assets.

Notes to the Financial Statements (continued)

11. INTANGIBLE ASSETS

Consolidated and University

	Assets in development £'000	Software £'000	Total £'000
At 1 August 2019	3,326	935	4,261
Transfer from Tangible Assets	461	-	461
Additions	4,920	-	4,920
Assets coming into use	(441)	441	-
At 31 July 2020	8,266	1,376	9,642
Amortisation			
At 1 August 2018	-	72	72
Charge for the year	-	166	166
At 31 July 2020	-	238	238
Net book value			
At 31 July 2020	8,266	1,138	9,404
At 31 July 2019	3,326	863	4,189

Intangible assets include the software assets that are being developed and the development cost of the Medical School programme. Two software projects under development with a value of £461k have been transferred from tangible assets in the year.

Notes to the Financial Statements (continued)

12. TRADE DEBTORS AND OTHER RECEIVABLES

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade debtors	5,024	8,731	5,007	8,713
Prepayments and accrued income	5,585	6,546	5,585	6,538
Amount owed by subsidiary company	-	-	28	99
	10,609	15,277	10,620	15,350

As at 31 July 2020 the University has a debtor of monies owed from the University of Kent of £190,740 (2019: a creditor of £304,503 was reported). This is included in accrued income. This is being reflected as a creditor in the financial statements of the University of Kent.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Bank loans	2,632	2,673	2,632	2,673
Trade creditors	11,351	9,422	11,369	9,398
Amount owed to subsidiary company	-	-	150	293
Taxation and social security	2,904	2,648	2,904	2,648
Accruals and deferred income	14,274	18,338	14,184	18,162
Deferred Capital Grants	16,660	-	16,660	-
	47,821	33,081	47,899	33,174

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

Notes to the Financial Statements (continued)

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

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Unsecured loans	34,424	37,041	34,424	37,041
Capital Grants	-	10,910	-	10,910
Revolving Credit Facility	<u>38,000</u>	-	<u>38,000</u>	-
	<u>72,424</u>	<u>47,951</u>	<u>72,424</u>	<u>47,951</u>

The University received capital grants to support the opening of the new Engineering School and the creation of a jointly run medical school with the University of Kent. The capital grants were deferred and reported in creditors of more than one year in 2019. The deferred grant is now included in deferred income in creditors of less than one year. The Revolving Credit Facility is loan finance provided jointly by Lloyds and NatWest banks. The credit facility converts to long term finance, with repayment of loan capital due to commence in 2023.

15. BORROWINGS

Lender	Purpose of Loan	Original amount borrowed £'000	Term (Years)	Maturity Date	Interest rate (%)	Amount owed as at 31 July 2020 £'000	Amount owed as at 31 July 2019 £'000
Lloyds Bank	Thanet Campus Development	4,250	23	Dec 2024	0.35	859	1,047
Lloyds Bank	Thanet Accommodation Development	2,850	30	Dec 2033	0.35	1,236	1,325
Lloyds Bank	Canterbury Campus Development	8,750	26	Sep 2034	5.34	7,176	7,494
Lloyds Bank	Canterbury Campus Development 1	5,000	25	Dec 2034	2.74	3,625	3,875
Lloyds Bank	Canterbury Campus Development 2	17,250	25	Dec 2034	0.35	12,709	13,551
Lloyds Bank	Canterbury Campus Development 3	5,000	25	Dec 2034	4.06	3,625	3,875
Lloyds Bank	Acquisition of former prison	10,000	19	Dec 2033	2.52	7,605	8,168
Lloyds Bank	Revolving Credit Facility (50%)	19,000	25	Apr 2043	2.01	19,000	-
Natwest	Revolving Credit Facility (50%)	19,000	25	Apr 2043	2.01	19,000	-
Salix Finance	Carbon Saving measures - interest free loan	141	4	Oct 2019	0.00	0	18
Salix Finance	Carbon Saving measures - interest free loan	168	4	Apr 2021	0.00	67	101
Salix Finance	Carbon Saving measures - interest free loan	123	4	Apr 2023	0.00	74	99
Salix Finance	Carbon Saving measures - interest free loan	56	4	May 2024	0.00	45	56
HEFCE	Revolving Green Fund to initiate carbon saving measures	279	4	Nov 2020	0.00	35	105
Total						<u>75,056</u>	<u>39,714</u>

The Revolving Credit Facility jointly provided by Lloyds and NatWest banks to further support the Estates Master Plan is a loan of £47,000,000 held on a flexible basis for five years with the option to convert to a term loan at the end of this initial period. There is a non-utilisation charge whilst the funds remain committed but undrawn of 0.6%. This is expensed to the Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

15. BORROWINGS (CONTINUED)

	Consolidated and University	
	2020	2019
Bank loans and overdrafts	£'000	£'000
Bank loans and overdrafts are repayable as follows:		
In one year or less	2,632	2,673
Between one year and two years	2,621	2,635
Between two and five years	7,748	7,825
In five years or more	62,055	26,581
Total	75,056	39,714

16. PROVISIONS FOR LIABILITIES

	Consolidated and University	
	2020	2019
	£'000	£'000
Dilapidation provision at the start of the year	970	931
Additions in year	445	123
Released	(15)	(84)
At 31 July	1,400	970

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

	2020	2019
	£'000	£'000
Other Provisions		
Provisions at the start of the year	2,011	1,434
Additions in year	-	924
Released	(434)	(347)
Provision at the end of the year	1,577	2,011

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

Notes to the Financial Statements (continued)

17. ENDOWMENTS

	Consolidated and University		2020	2019
	Expendable	Restricted Permanent	Total	Total
	£'000	£'000	£'000	£'000
Opening balance at 1 August 2019				
Capital	267	39	306	295
Movement for the year to date				
New endowments	-	-	-	15
Investment income	11	-	11	21
Expenditure	(21)	-	(21)	(25)
	<u>(10)</u>	<u>-</u>	<u>(10)</u>	<u>11</u>
Closing balance at 31 July 2020	<u><u>257</u></u>	<u><u>39</u></u>	<u><u>296</u></u>	<u><u>306</u></u>
Represented by:				
Capital	257	39	296	306
The above amounts are represented by cash balances				
Representing:				
Specific donations	2	-	2	2
Scholarships and bursaries	199	3	202	205
Prize funds	56	36	92	99
	<u><u>257</u></u>	<u><u>39</u></u>	<u><u>296</u></u>	<u><u>306</u></u>

Notes to the Financial Statements (continued)

18. CASH AND CASH EQUIVALENTS

University	At 1st August 2019 £'000	Cash Flows £'000	At 31st July 2020 £'000
Balance at bank	18,894	8,993	27,887
Cash & cash equivalents - endowment assets	308	(10)	298
	<u>19,202</u>	<u>8,983</u>	<u>28,185</u>

Consolidated

	At 1st August 2019 £'000	Cash Flows £'000	At 31st July 2020 £'000
Balance at bank - University	18,894	8,993	27,887
Balance at bank - Medco (CCCU) Limited	430	(62)	368
Cash & cash equivalents - endowment assets	308	(10)	298
	<u>19,632</u>	<u>8,921</u>	<u>28,553</u>

19. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 July 2020.

Notes to the Financial Statements (continued)

20. LEASE OBLIGATIONS AND OTHER COMMITMENTS

At 31 July 2020, Canterbury Christ Church University had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings £'000	2020 Plant and Machinery £'000	Total £'000	31 July 2019 £'000
Paid during the year	5,553	1,953	7,506	7,765
Future minimum lease payments due:				
Not later than 1 year	5,517	1,757	7,274	7,134
Later than 1 year and not later than 5 years	20,511	6,809	27,320	26,951
Later than 5 years	60,831	7,672	68,503	72,719
Total lease payments due	86,859	16,238	103,097	106,804

The University had outstanding financial commitments in the form of open purchase orders with a total value of £8,953,942 at the year end (2019: £14,642,434).

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

Future minimum payments due:	2020	2019
	£'000	£'000
Not later than 1 year	318	300
Later than 1 year and not later than 5 years	1,271	1,200
Later than 5 years	17,291	16,620
	18,880	18,120

21. RELATED PARTY DISCLOSURES

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

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

22. EVENTS AFTER THE REPORTING PERIOD

The building programme for the new STEM teaching facility was adversely affected by COVID-19. This caused a delay in completion of the construction phase of three months. Practical completion was achieved on 14 September 2020. The building will open to students in January 2021 once the fit out of specialist equipment has been completed.

The University has agreed new loan covenants with the banks providing loan finance. These new covenants take into account the impact of COVID-19. All loans from the banks were originally obtained on a non secured basis. This has been amended in January 2021 and security is being provided to the banks for a number of the freehold buildings owned by the University.

Notes to the Financial Statements (continued)

23. PENSION SCHEMES

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

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

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

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

	2020	2019
	£000	£000
Contribution to TPS	6,740	4,876
Contribution to LGPS	4,061	3,833
Contribution to USS	286	280
	<u>11,087</u>	<u>8,989</u>
Percentage employers contributions to TPS as at the year end		23.6%
Percentage employers contributions to LGPS as at the year end		17.5%
Percentage employers contributions to USS as at the year end		21.1%

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

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

Notes to the Financial Statements (continued)

23. PENSION SCHEMES (CONTINUED)

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

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

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

Teachers' Pensions Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007, for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.1%), which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

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

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

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

Notes to the Financial Statements (continued)

23. Pension Schemes (continued)

Universities Superannuation Scheme

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

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

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

Local Government Pension Scheme

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

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

Under the definitions set out in FRS 102 the LGPS is a multi-employer defined benefit pension scheme. In the case of the LGPS, the actuary of the scheme has identified Canterbury Christ Church University's share of its assets and liabilities as at 31 July 2020.

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

The significant assumptions used by the actuary for FRS 102 for the LGPS at 31 July 2020 were:

	2020	2019
	% pa	% pa
Inflation / Pension increase	2.20	2.14
Rate of increase in salaries	1.89	2.14
Discount rate for liabilities	1.60	2.10

It is accepted there is a potential financial impact to the choice of assumptions applied. The University takes independent actuarial advice in selecting the assumptions to be applied for the year.

Notes to the Financial Statements (continued)

23. PENSION SCHEMES (CONTINUED)

The post retirement mortality tables adopted are the S3PA tables. These base tables are then projected using the CMI 2018 model, allowing for a long term rate of improvement of 1.25% pa and a smoothing parameter of 7.5 and an initial addition to improvements of 0.5% pa. Based on these assumptions, the average life expectations on retirement at age 65 are:

	Males	Females
Current Pensioners	21.8 years	23.8 years
Future Pensioners	23.2 years	25.2 years

Sensitivity analysis

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	188,614	193,260	198,025
Projected service cost	9,535	9,853	10,182
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	193,680	193,260	192,844
Projected service cost	9,858	9,853	9,848
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	197,572	193,260	189,053
Projected service cost	10,175	9,853	9,541
Adjustment to life expectancy assumptions	+0.1%	0.0%	-0.1%
Present value of total obligation	200,754	193,260	186,054
Projected service cost	10,200	9,853	9,518

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

	Value at 31 July 2020	Value at 31 July 2019
	£'000	£'000
Equities	81,234	80,155
Gilts	842	841
Bonds	16,194	10,607
Property	13,779	13,710
Cash	3,819	3,141
Absolute return fund	9,548	9,135
	<u>125,416</u>	<u>117,589</u>
	Value at 31 July 2020	Value at 31 July 2019
	£'000	£'000
Total market value of assets	125,416	117,589
Present value of scheme liabilities	(193,248)	(138,801)
Present value of unfunded liabilities	(12)	(36)
Deficit in the scheme – net pension liability	<u>(67,844)</u>	<u>(21,248)</u>

Notes to the Financial Statements (continued)

23. PENSION SCHEMES (CONTINUED)

	2020	2019
	£'000	£'000
Reconciliation of Defined Benefit Obligation		
Opening Defined Benefit Obligation	138,837	129,856
Current Service Cost	8,328	7,685
Interest Cost	2,908	3,431
Change in financial assumptions	23,888	7,735
Change in demographic assumptions*	(3,531)	(8,950)
Contributions by Members	1,624	1,524
Losses on curtailments	6	537
Estimated Unfunded Benefits Paid	(2)	(2)
Estimated Benefits Paid (net of transfers in)	(2,357)	(2,979)
Experience loss/(gain) on defined benefit obligation	23,559	-
Closing Defined Benefit Obligation	<u>193,260</u>	<u>138,837</u>

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

	2020	2019
	£'000	£'000
Reconciliation of Fair Value of Employer Assets		
Opening Fair Value of Employer Assets	117,589	109,585
Interest on assets	2,508	2,940
Return on assets less interest	572	2,368
Administration expenses	(65)	(51)
Contributions by the Employer	4,392	4,204
Contributions by Members	1,624	1,524
Other Actuarial gains/(losses)	1,155	-
Estimated Benefits Paid including unfunded benefits	(2,359)	(2,981)
Closing Fair Value of Employer Assets	<u>125,416</u>	<u>117,589</u>

The total return on the fund assets for the year to 31 July 2019 is £5,308,000. Scheme assets do not include any Canterbury Christ Church University owned financial instruments or any property occupied by Canterbury Christ Church University.

	2020	2019
	£'000	£'000
Analysis of the amount shown in the balance sheet for LGPS:		
Scheme assets	125,416	117,589
Scheme liabilities	(193,260)	(138,837)
Deficit in the scheme – net pension liability recorded within pensions provisions	(67,844)	(21,248)

Current service cost including curtailments	8,334	8,222
Admin charge	65	51
Total operating charge:	<u>8,399</u>	<u>8,273</u>

Analysis of the amount charged to interest payable for LGPS

Interest cost	400	491
Net charge to other finance income	<u>400</u>	<u>491</u>

Total profit and loss charge before deduction for tax

Analysis of other comprehensive income for LGPS:

Gain on assets	572	2,368
Other actuarial gains/(losses) on assets	1,155	-
Changes to demographic assumptions	3,531	8,950
Financial assumption changes	(23,888)	(7,735)
Experience gain/(loss) on defined benefit obligation	(23,559)	-
Total other comprehensive income before deduction for tax	<u>(42,189)</u>	<u>3,583</u>

Notes to the Financial Statements (continued)

24. FINANCIAL INSTRUMENTS

Consolidated	2020	2019
	£'000	£'000

Financial Assets

Financial Instruments are debt instruments measured at amortised cost

Cash and cash equivalents	28,533	19,632
Trade and other debtors	6,371	11,265
	34,904	30,897

Financial Liabilities

Financial liabilities measured at amortised cost

Loans	75,056	39,715
Trade creditors	11,351	9,422
Other creditors	14,274	18,338
	100,681	67,475

University	2020	2019
	£'000	£'000

Financial Assets

Financial Instruments are debt instruments measured at amortised cost

Cash and cash equivalents	28,185	19,202
Trade and other debtors	6,354	11,139
	34,539	30,341

Financial Liabilities

Financial liabilities measured at amortised cost

Loans	75,056	39,715
Trade creditors	11,369	9,398
Other creditors	14,334	18,455
	100,759	67,568

Notes to the Financial Statements (continued)

25. STUDENT SUPPORT FUNDS

	2020	2019
	Total	Total
	£'000	£'000
DfE Bursaries		
Funding Council grants	4,497	5,318
Balance brought forward from previous years	397	82
Disbursed to students	(4,725)	(5,003)
	<u>169</u>	<u>397</u>
HEKSS Paramedic Bursaries		
Funding Council grants	257	445
Balance brought forward from previous years	(24)	(55)
Travel expenses paid to students	(17)	(44)
Disbursed to students	(237)	(370)
	<u>(21)</u>	<u>(24)</u>