



UNIVERSITY OF
CHICHESTER

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ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31st July 2020

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Approved by the Board of Governors 17 November 2020.



THE TIMES
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Our new Engineering and Digital Technology Park,
opened by Their Royal Highnesses The Duke and
Duchess of Sussex in October 2018.



The University of Chichester

Annual Report and Financial Statements for the year ended 31 July 2020

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The University of Chichester

About the University of Chichester

The University of Chichester is a modern University with a proud history stretching back over 180 years. The Bishop Otter College was established by the Bishop of Chichester in 1839 as a men's teacher training college and admitted its first students in 1840. It moved to the current site in Chichester in 1850, and these original buildings form the historic core of the campus in Chichester still known as the Bishop Otter campus. In 1873, the College changed to training women teachers as a result of a campaign supported by Louisa Hubbard, Florence Nightingale and Elizabeth Garrett Anderson. It became co-educational in 1957.

The Bognor Regis College of Education was set up in 1946 as an emergency training college for men and women to meet the shortage of teachers after the Second World War. It was located in a crescent of three beautiful Regency houses that still form the heart of the Bognor Regis campus today.

In 1977, the two colleges merged to form the West Sussex Institute of Higher Education. The Institute changed its name to Chichester Institute of Higher Education in 1995 in recognition of the primary campus location. There was another name change in 1999 to University College Chichester with the granting of taught degree awarding powers. The designation 'University of Chichester' was approved by the Privy Council in October 2005 and the journey to full university status was completed with the award of Research Degree Awarding Powers in September 2014.

From the University's Articles of Association, the object of the University of Chichester is "the establishment, conduct and development of a University for the advancement of the higher and further education of men and women". The advancement of education is the principal charitable aim of the University under the 2011 Charities Act.

The University has made significant investment in both campuses over the past five years. In September 2018, the new building dedicated to STEM subjects welcomed Engineering, Design and Creative and Digital Technology students; the first cohort of Engineering students will graduate next summer.

Strategic Plan

The Strategic Plan (2018-25) offers an ambitious framework to secure the future of the University at a time of considerable challenge for the sector. It has a strong emphasis on growth, externality and sustainability, with each of its eight key strategic themes delivering an outcome which is vital to the University's capacity to thrive in the future.

Our Mission:

To provide outstanding education, advance knowledge and benefit the world.

Our Vision:

To achieve national and international recognition for the excellence of our teaching, research and innovation. We will secure full acknowledgment as an outstanding university with a strong externally-facing focus. As the only university in West Sussex, we recognise the economic, social and cultural importance of 'place' and the need to meet both local and global challenges.

Key Strategic Themes:

- We will strengthen the distinctiveness of the Chichester student experience as high-quality, personalised, accessible and aspirational;
- We will increase the size and diversity of our student body;
- We will provide an excellent staff experience based on the core values of the University community;
- We will achieve disciplinary and cross-disciplinary excellence in research and innovation;

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- We will increase external academic engagement, meeting regional needs and securing national and international recognition;
- We will build on our heritage in teacher education;
- We will contribute to the development of a strong economic ecosystem in West Sussex through imaginative business partnerships, enterprise education and support for graduate start-ups;
- We will develop attractive and environmentally sustainable campuses.

For further details on each of these strategic goals, please download our [University Strategy](#).

The Strategic Plan is underpinned by detailed sub-strategies for Learning, Teaching and Student Experience; Research and Innovation; Academic Engagement; Recruitment; Estates; Human Resources and Organisational Development; and, Finance.

The University has established a dashboard of 10 high-level key performance indicators to target and monitor progress in the achievement of its strategic themes and to identify areas where it will focus its future efforts. The Board of Governors receives a progress update at every meeting via the institutional KPI dashboard, as well as monthly financial reports and the Human Resources Annual Report. Academic Board receives an annual progress update on the Learning, Teaching and Student Experience; Research and Innovation; and, Academic Engagement Sub-Strategies. The annual personal review and development (PRDP) process ensures that each employee's priorities and key targets are aligned to the strategic themes, providing an effective mechanism for cascading accountability throughout the institution. The recent staff survey indicated widespread engagement with the University's Strategic Plan.

During 2019/20 the specific focus has been: delivering a substantial growth in applications through our new student recruitment strategy; increasing our attractiveness to BAME and international students; maintaining overall student satisfaction during the pandemic; improving graduate prospects; and, improving our operating surplus and positive cash flow to support our investment in new facilities and programmes. The KPI dashboard records particular success in delivering a 19% growth in undergraduate applications for 2020 entry. Our Access and Participation Plan 2020-25, as approved by the Office for Students, specifically targets our ongoing challenges in relation to the equality of access gap between BAME 18 year-olds and their peers and the attainment gap between all BAME students and their peers.

The University is committed to ensuring it meets its responsibilities under the Charity Commission's guidance on public benefit across its activities. This is evident in the firm commitment to the student experience, ensuring we are attractive to the full range of students who can benefit from our programmes, the quality of learning and the focus on regional regeneration. This report includes examples of public benefit and value for money throughout and the University is proud of these achievements.

Learning and Teaching

The University continues to deliver high quality teaching, learning and outcomes for our students and consistently exceeds rigorous national quality requirements for UK higher education. In the National Student Survey (NSS) 2020 some of the results relating to learning and teaching were as follows:

Benchmark rankings: (out of 15)

- Learning Opportunities – 1st
- Academic Support – 1st
- Learning Community – 1st
- Assessment and Feedback – 2nd
- The Teaching on my course – 2nd
- Learning Resources – 5th

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Sector rankings: (out of 153)

- Learning Community – 11th
- Academic Support – 19th
- Learning Opportunities – 24th
- Assessment and Feedback – 30th
- Learning Resources – 32nd
- The Teaching on my course – 33rd

Student numbers

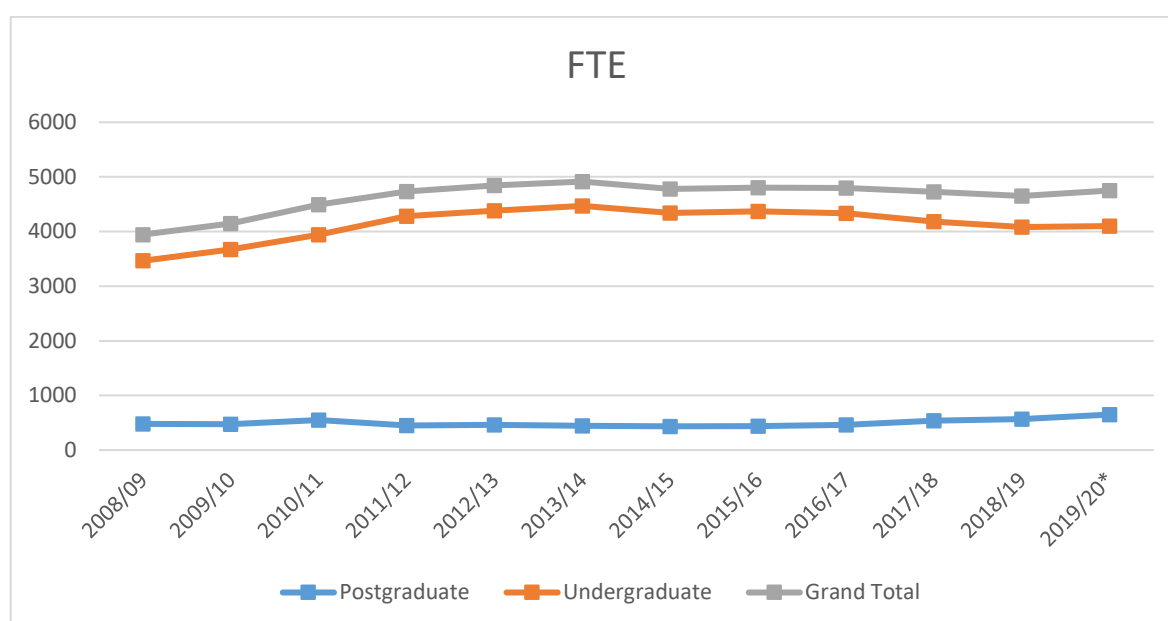
The total student body, including undergraduate and postgraduates, expressed as full time equivalent (FTE) has remained just below 5,000 for a number of years.

Since 2015/16, the proportion of FTE derived from postgraduates has been increasing from around 9% to an expected 14% in 2020/21. This has been caused by a decline in undergraduate numbers which has now been halted and growth in postgraduate numbers, predominately delivered through academic partnerships.

The University of Chichester has differentiated itself in an increasingly competitive environment with a focus on teaching quality and student satisfaction. Many of our students come from low-income households and non-traditional backgrounds and our high retention levels and strong NSS results demonstrate our success in this area.

The development of new courses in Engineering and Design and in Creative and Digital Technologies continue to grow numbers as additional cohorts are recruited, increasing student numbers based on the Bognor Regis campus. Further developments within Psychology, Physiotherapy and Nursing will increase student numbers going forwards. Student numbers, mainly part-time, have also been boosted through growth of Degree Apprenticeships

The following chart shows the student FTE for the University as a whole for recent years along with the undergraduate and postgraduate split.



* 2019/20 numbers based on draft HESA return. All other years are final HESA submissions.

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Research

The University is committed to academic research and continues to invest significantly in the professional development of the academic community and in projects to promote research activity. The University proudly promotes the strapline to students that all our researchers teach and all our teachers research.

The outcome of the Research Excellence Framework (REF) exercise announced in December 2014 rated 90% of our research as internationally renowned with 15% classified as 'world-leading'. This improved research performance in turn led to a significant increase in OfS research funding which continues until the outcome of the next REF planned for 2021.

Income from externally funded research remained stable in 2019/20. The published research is available through the University of Chichester Institutional Repository, which is an open access hub that showcases the excellent research output of the University's departments, making it available to the public and to the research community worldwide in a searchable, browse-able database.

Regional Regeneration

An economic impact report was commissioned using DTZ to identify the contribution to the wider business community of the campuses in both Chichester and Bognor Regis. The report identifies that the University of Chichester "has a major economic impact" contributing "£126.3m into the local economy" based on 2014/15 data. A projected figure looking forward to 2021 and "based on the delivery of all University plans" demonstrated that the University's economic impact will grow to £295.9m by 2021, with the most significant gains in Bognor Regis where the Technology building opened in 2018/19. In addition, the opening of the School of Nursing and Allied Health on the Bishop Otter campus in 2021 will contribute to the post-Covid-19 recovery of the region by offering routes into highly skilled employment in the health sector.

Another major contribution to regional regeneration is the 'Business Hot House Programme' led by the Business School. This three-year programme secured £11m from the European Regional Development Fund to provide business support across the region, working with six partner organisations (Brighton & Hove District Council, EDEAL, Sussex Innovation Centre, YTKO Limited, The Prince's Trust, WSX Enterprise Limited). Almost 1000 SMEs will benefit directly from the small project grants and training programmes.

The University also received support from the Higher Education Innovation Fund (HEIF) during 2019-20. This has been used to stimulate graduate enterprise; the number of graduate start-ups increased from 2 in 2018 to 26 in 2019. Links with regional employers have been strengthened through the University's degree apprenticeship programmes: Rolls-Royce Motor Cars Limited and South West Trains are among the larger companies who have supported degree apprentices in engineering; in addition, public sector links are evident in the successful procurement exercises with several local authorities for Social Work degree apprenticeships.

The University continues to have excellent links with schools and local FE providers in the wider region. The University of Chichester (Multi) Academy Trust was established in 2012/13 in order to sponsor academy schools. As sponsor of The Academy Trust, the University is taking a key role in improving standards and raising aspirations within these schools. The Trust consists of thirteen primary schools and one secondary school and is in a phase of steady growth. The University can now evidence the added value it has brought to its member schools both through the creation of the Trust and from the services provided by staff in the University's Department of Education.

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In the most recent Ofsted assessment, the Trust was proud to receive positive recognition of the rapid improvement made in one of the academy schools.

The Trust has also been regarded as a regional exemplar by the Department of Education for its skilful handling of the complexities of the re-opening of schools during the Covid-19 crisis.

The University also has strong links to the cultural heart of Chichester through the Chichester Festival Theatre, the Cathedral and numerous other smaller museums and galleries.

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Directors, Governors, Senior Management Team and Advisers

The Governing body of the University is the Board of Governors, which is comprised of between sixteen and twenty-five members (currently sixteen). Under the University's Articles of Association, the Board must consist of:

- The Vice-Chancellor;
- Independent Governors, the number of which must not be less than half the total number of governors;
- Three nominated Governors (one student, normally the President of the Students' Union, one from the teaching staff, and one from the non-teaching staff.)

The remainder are co-opted Governors.

At least half the Independent Governors are recommended by the Bishop Otter Trust (four members), one of whom is the Bishop of Chichester or his nominee. The Governing body has a broad range of appointees including those with experience as senior executives from legal, financial and commercial backgrounds as well as individuals in leadership roles in Further and Higher Education.

The University Executive is known as the Vice-Chancellor's Group (VCG) and is comprised of:

- Professor Jane Longmore, Vice-Chancellor
- Professor Simeon Keates, Deputy Vice-Chancellor
- Dr Mark Mason, Deputy Vice-Chancellor (Student Experience)
- Mr James Granger, Chief Operating Officer
- Mrs Elisabeth Whitaker, Chief Human Resources Officer
- Mr Mark Barlow, Chief Marketing Officer

The Vice-Chancellor's Group is supported by key senior managers who lead functional departments across the University.

The following governors have served during the 2019-20 financial year and the 2020-2021 year until the date of formal approval of the financial statements by the Board of Governors. Start and leave dates are captured in the middle column with the significant governor roles shown on the right. More details of individual governors including a photo and short biography can be found on the University website: <http://www.chi.ac.uk/about-us/who-we-are/board-governors>

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Directors, Governors, Senior Management Team and Advisers

Mr A Carpenter		Staff elected governor
Professor S Baysted	To 31 December 2019	Staff elected governor
Mrs Y Thomas-Chester		Chair of Audit Committee
Mrs J Cook	To 31 December 2019	Vice-Chair of Governors, Chair of Finance and Resources Committee and Chair of Remuneration Committee
Mrs N Curtis		
Mr C Dicks	To 31 December 2019	
Mr M Ekundayo		President of the Students' Union
Mrs J Gray	From 1 January 2020	Chair of Remuneration Committee
Mr T Hancock	To 31 December 2019	Interim Chair of Governors
Revd R Hawes		
Canon Dr D Inman	From 25 March 2020	
Professor M Lauder		Staff elected governor
Professor J Longmore		Vice-Chancellor Chair of Academic Board
Mr I MacTavish	From 25 March 2020	
Mr R Martin	From 1 January 2014 From 1 January 2020	Vice-Chair of Governors and Chair of Finance and Resources Committee
Mr M Olliff	From 1 January 2020	
Mr S Raja	From 1 January 2020	
Ms M Ryan	From 1 January 2020	
Mrs N Nageon de Lestang	To 31 December 2019	Chair of Honorary Awards Committee
Dr A Naylor	To 31 December 2019 To 6 November 2019	Interim Chair of Audit Committee
Ms A Small OBE	From 1 January 2020	Chair of Governors
Mr R Smith	To 31 December 2019	
Mrs L Surgeon	To 31 December 2019	

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Directors, Governors, Senior Management Team and Advisers

Vice-Chancellor	Professor Jane Longmore
Deputy Vice-Chancellor	Professor Catherine Harper to 31 May 2020 Professor Simeon Keates from 6 July 2020
Deputy Vice-Chancellor (Student Experience)	Dr Mark Mason
Chief Financial Officer	Mr Matthew Higgins to 30 June 2020
Chief Operating Officer	Mr James Granger from 28 September 2020
Chief Marketing Officer	Mr Mark Barlow
Chief Human Resources Officer	Mrs Elisabeth Whitaker
University Secretary	Mrs Sophie Freshville
University Solicitor	Mr Peter Aldred
Principal Address	University of Chichester Bishop Otter Campus College Lane Chichester West Sussex PO19 6PE
Second Campus Address	Bognor Regis Campus University of Chichester Upper Bognor Road Bognor Regis West Sussex PO21 1HR
Clearing Bank	HSBC 94 East Street Chichester PO19 1HD
External Auditor	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
Internal Auditor	KCG Audit Limited 7 Bell Yard Street London WC2A 2JR

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Strategic report for the year ended 31 July 2020

Operating and Financial Review

The Financial Statements and supporting notes for this financial period comply with the Statement of Recommended Practice: Accounting for Further and Higher Education (HE SORP), which applies the principles of Financial Reporting Standard 102 to the Higher Education sector alongside the relevant Companies Act, Charities Act and the requirements of the OfS Accounts Direction.

Consolidated Statement of Comprehensive Income and Expenditure

The University's consolidated results for the years ended 31 July 2020 and 31 July 2019 are summarised in the following table:

	31 July 2020	31 July 2019
	£000	£000
Total income	54,878	55,522
Total expenditure	<u>56,732</u>	<u>59,328</u>
<i>Deficit for the year before other gains and losses</i>	<i>(1,854)</i>	<i>(3,806)</i>

Income

The University's total income decreased by 1.2% to £54,878k, compared with £55,522k in 2018/19.

Tuition fee income reduced by £136k (0.3%). Included in tuition fees is £3.0m (2018/19: £2.0m) relating to University registered students studying as part of collaborative arrangements with other education providers. The costs payable to these partners are within other operating expenditure (see below).

Funding body grants increased by £252k (6.8%), largely relating to the HEIF grant which was new for 2019/20.

Research income from grants and contracts remained in line with last year (£1,307k) at £1,301k.

Income from **residences, catering and conferences** decreased by £1.4m (19.7%) to £5,822k. This reflects the University sector-wide final term accommodation fees waiver for students who left University halls, and the cancellation of the summer conference season, both due to Covid-19.

The University received £3,722k of income from a number of other smaller scale activities which was an increase of £648k on 2018/19. This includes a Coronavirus Job Retention Scheme claim of £239k.

Expenditure

Total expenditure decreased to £56,732k (4.4%) from £59,328k in 2018/19.

Staff costs of £30,999k (excluding FRS102 pension adjustments) account for 54.6% of total costs (2018/19: £32,127k, 54.2%). Including FRS102 pension adjustments (see below), staff costs account for 58.7% of total costs (2018/19: 58.1%). Total staff costs for the year decreased by £1.2m (3.5%) covering the following changes:

- National pay award of 1.8%
- Average staff numbers decreasing by 44
- A reduction in casual staff and overtime costs due to the Covid-19 lockdown period
- Restructuring costs down £365k to £493k. A voluntary severance scheme was available from May to August as part of the 2019 organisational change programme.

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- A reduction in actuarial pension scheme adjustments of £76k

The table below shows reduction in actuarial pension scheme adjustments, which are shown within staff costs as expenditure. The pension adjustments are outside direct control of the University and have an impact of reducing the overall surplus.

	2019/20 £000	2018/19 £000
LGPS Pension Costs	2,503	2,145
USS Pension Costs	(208)	226
Total non-cash pension adjustments	2,295	2,371

Other operating expenditure decreased by £710k (4.1%) to £16,509k. This includes payments to partners of £2.8m (2018/19: £1.8m) relating to the costs of teaching University registered students included in tuition fee income. The Covid-19 lockdown had a favourable impact on operating expenditure in the final quarter of the year of £800k.

Interest and other finance costs reduced by £92k (3.9%) to £2,253k. This consists of loan interest payments of £888k, finance lease interest of £1,187k and actuarial pension scheme interest costs of £178k. The finance lease interest reflects the head lease on the Stockbridge halls of residence which was taken over by the University in 2018/19. Loan interest costs reduced by £150k reflecting a 6-month loan repayment holiday during the year.

The company made no political or charitable donations in the year.

The deficit for the year of £1.2m is a favourable movement of £2.2m compared to 2018/19, largely resulting from the impact of the Summer 2019 organisational change programme on staff costs and lower depreciation charges. Lost accommodation and conference income due to Covid-19 was mitigated via reduced expenditure.

Consolidated Balance Sheet

The University's consolidated net assets have decreased by £8.2m to £43.1m.

Fixed assets have decreased by £6.1m, relating to the University's policy of annual depreciation charge of assets over their useful life of £4.7m and net movements in fixed assets with additions of £573k and disposals of £2.8m (2019: additions £3.2m and disposals of £2.8m).

The University has creditors with amounts falling due after more than one year of £76.1m (2019: liabilities of £78.3m). The reduction relates to the scheduled loan repayments and release of deferred capital grants.

Pension provisions have increased by £9.4m to £16.6m, of which £15.6m relates to the West Sussex County Council Pension Fund Actuarial Valuation as at 31 July 2020. The last triennial valuation of this fund was as at 31 March 2019.

Cash Flow and Treasury Management

Net cash flow from operating activities at £6,746k shows an increase of £1,779k over the £4,967k reported in 2019. This represents further improved cashflow management and lower expenditure as a result of Covid-19.

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Strategic report for the year ended 31 July 2020

Capital Projects

Fixed asset additions amounted to £573k during the year. A number of small capital projects were deferred to 2020/21 as a result of Covid-19.

Value for Money

The University strives to use its funds and resources to achieve best value across all of its activities. The stakeholders of the University are a broad community, who go beyond the Board of Governors, the funders, staff and students, into the regional economy.

Like most universities that receive public funding, the University of Chichester is a charity, and raises income from a wide range of sources and has a duty to demonstrate its value for money and public benefit.

The Audit Committee is responsible for considering VFM issues and reporting to the Board of Governors. The Audit Committee considers reports on a wide range of aspects of the University's activities in arriving at its conclusions.

In October 2019 the Office for Students (OfS) published their value for money strategy 2019-2021. The strategy set out how the OfS will ensure higher education providers deliver value for money for both student and taxpayers.

- Students receive value for money when they experience the full benefits of higher education – both during their studies and afterwards – in exchange for the effort, time and money they invest;
 - The recent Guardian University Guide 2021 [published 5th September 2020], saw us ranked 29th in the sector, an increase of 44 places. This well-respected guide is constructed from nine metrics covering the lifecycle of the student from entry scores through to graduate employability. Strong all-round performance, particularly in continuation rates, student:staff ratios and student satisfaction, saw the University improve in each metric.
- Taxpayers receive value for money when higher education providers use public money and student fees efficiently and effectively to deliver graduates, from all backgrounds, who contribute to society and the economy.
 - In the first Graduate Outcomes data release, 75% of graduates were in employment, 9% were combining work with further study and a further 7% were undertaking further study only. Of the respondents in employment, 66% were in highly skilled occupations.

One of the identified priorities in the OfS value for money strategy was promoting transparency around fees and funding. The University seeks to reassure students that the tuition fees and student accommodation rent they pay to the University is used effectively and efficiently.

We are committed to providing clear financial information and ensuring a strong focus on value for money. Although not mandatory, we have adopted good practice and now publish data and graphical information on funding sources and expenditure activity on our website annually.

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Strategic report for the year ended 31 July 2020

Students

Access to the University is on the basis of academic ability and not the ability to pay fees. Under the terms of its Access Agreement with the OfS, the University offers bursaries to all new students on the basis of family income or need. Reduced fees, through fee 'waivers' are offered to some continuing students on the same basis. The amount put aside for these bursaries and fee reductions is not capped – every student who meets the criteria as detailed on the University's website will receive the benefit to which they are entitled. In addition, all students who identified as BAME and commencing their programme of study in 2019 were allocated a bursary for each year of study over a three-year period. The hardship fund was maintained in 2019/20 and all attending Care Leavers received bursaries.

During 2019/20, the University has supported the recruitment of students from deprived and under-represented groups in the region through information and guidance provided to parents and students, bursaries and the establishment of progression agreements with a range of local sixth forms and further education colleges. The University continues to invest in raising the profile and benefits of higher education through its outreach activity in schools across South East England and London.

The University places high importance on working in partnership with students to help shape decisions that impact on their education and overall experience. Student representation on Programme Boards ensures firm engagement with their curriculum. The Student Forum brings members of senior University management together with the Executive of the Students' Union and other student representatives and meets three times a year to allow free discussion of student-led issues. The Vice-Chancellor has a monthly meeting with sabbatical officers with an open agenda. A sabbatical officer from the Students' Union sits ex-officio on the Board of Governors of the University as well as a student observer invited to all meetings and they are encouraged to engage in the Board's discussions. Three representatives of the Students' Union are members of the Academic Board. Representatives from the Students' Union also sit on a range of committees and working groups including Learning, Teaching and Student Experience Committee and other ad hoc project teams. Students' Union representation is also typical at a project level where Students' Union capital expenditure is proposed by the University. The University also provides multiple ways for its students to submit feedback, which are backed up by University procedures to follow up on any issues raised.

The University has a strong and positive working relationship with the Students' Union. The University funding of the Students' Union was reviewed for 2019/20. This University funding recognises the contribution the Students' Union makes to various aspects of the student experience, including student arrivals/welcome, Open Days and the many ways in which the students act as proud and effective ambassadors of the University.

The University aims to provide students with a broad range of channels to communicate with the University and to be able to access support, if and when, they may need it. Student email and social media communications are tailored to fit student needs. University wide announcements are used sparingly and appropriately. Students are carefully guided through processes such as enrolment and registration and all students have easy and effective student support through our help@chi.ac.uk.

The National Student Survey (NSS) captures the opinions of final year students and a combination of their scores and comments can guide decisions on how the University can improve the student experience. The NSS has become generally accepted as a measure of the quality of the student experience. In NSS 2020, 84.8% of students 'Agree' for Overall Satisfaction.

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Overall Satisfaction	Best Sector Ranking	Greatest Improvement
<ul style="list-style-type: none">• Top 1/3 Overall• 1st in Psychology (out of 114)• 1st in Childhood and Youth Studies (out of 23)• 6th in Social Work (out of 79)• 9 courses achieved 100% Overall Satisfaction	<ul style="list-style-type: none">• 11th for Learning Community (153)	<ul style="list-style-type: none">• Learning Resources (+2.24% from 2019)

The University conducts a detailed subject by subject analysis of the NSS scores and of the individual comments made by students completing the survey. This analysis forms the basis of an action plan to address students' concerns and is used to inform future academic delivery and capital developments. These are then reported back to the students so that those currently in years 1 and 2 understand that the students' views and feedback are taken seriously and acted upon.

The University provides a student community environment that extends beyond the teaching timetable. For our students their experience extends 24/7 and the University provides support in many ways. All first-year students are offered a guaranteed place in University-run student accommodation including pastoral care and support. During 2019/20, the University has increased its range of support for students introducing a wider variety of staffing including additional targeted mentoring support and administration in support of mental health specialists working with students. Specialist support including support for mental health and special needs has been maintained. The University provides sports and fitness facilities for all students and supports the Students' Union to run a broad range of clubs and societies. The students feel the benefits of being part of the University community.

The University continues to enhance the employability of its graduates to ensure that they have the skills required by local businesses and the wider community. With ongoing contributions from the Careers & Employability team through the programme approvals and reapprovals processes, employability continues to be embedded in the curriculum. The wider skills, attributes and competencies required in the workplace, above and beyond subject specialist knowledge, are being explicitly recognised and developed. Students have direct access to a range of expertise within the University, including advice and guidance, enterprise and entrepreneurship support, and for a number of our academic disciplines, students receive placements. The University's efforts are proving effective as confirmed by the result in the first Graduate Outcomes survey. From a position in the bottom 10% of institutions for DLHE (Destination of Leavers from Higher Education) the University has made a considerable improvement and now sits just outside the bottom 20% for our full range of respondents. A similar improvement has been made for full-time undergraduates from the UK, a subset that is the focus of league tables and the Teaching Excellence Framework (TEF), where the University is now outside the bottom quarter of institutions. Within our benchmark institutions the University has moved up from a position of 14th to 11th.

With the impact of Covid-19 on graduate opportunities, additional support has been provided to the 'Class of 2020' to recognise the current challenges that they face. Targeted interventions to engage this group have been successful with many taking advantage of CV support, job search help and online

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mock interview practice. The University's participation in the 'Cathedrals Group Class of 2020 Careers Fund' will help up to 40 graduates across the group of institutions overcome personal and experiential circumstances that restrict their potential to find employment. Graduates can bid for up to £750 to access practical support and/or equipment based on defined criteria to help individual graduates experiencing hardships or barriers to employment.

Staff

The University values its staff and strives to create a supportive and friendly community. The dedication, commitment and skills of all staff working at the University are fundamental to the University's success and critical to delivering an excellent experience for our students. The University's People Strategy: '*Working together – Supporting each other*', sets out how the University will support the talent and aspirations of staff to realise the University's strategic ambitions. The Strategy supports a culture within which staff can continue to develop, flourish and contribute to our community and build on current strengths to support priorities. All of our staff, irrespective of their role, are instrumental in achieving our University mission and vision. *Working together – Supporting each other*, places our staff at the heart of our plans, aligned with the University's key strategic themes and objectives.

The University is committed to achieving the most appropriate culture and environment in which staff, students and visitors understand and embrace the principles of inclusivity and where employees are engaged and feel positive about their role in the University. To support the inclusivity agenda, the University has in place an Equality Plan and produces an annual report that addresses statutory responsibilities under the Equality Act 2010 and Public Sector duties. We are a Mindful Employer, Disability Confident Employer and a Stonewall Diversity Champion.

The University is committed to a policy of recruitment and promotion on the basis of ability and aptitude without discrimination of any kind. Management actively pursues both the employment of people with disability whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the University. The University positively promotes the recruitment of staff from BAME backgrounds. Our future success will be dependent on our ability to continue to attract, develop and retain teams of talented staff. We encourage Apprenticeship opportunities for new and existing staff, combining work and study, and continue to progress our links with the Armed Forces through their Employer Recognition Scheme, providing support for Reservists throughout their employment with the University.

A wealth of opportunities is offered for staff in the professional development programme, providing support for individuals' aspirations and careers and to enhance the student experience. Our managers play a vital role in realising the potential of staff alongside helping staff to adapt to new challenges and ways of working and to translate the University's vision into actions.

Crucial to the University's success is a healthy employee relations climate. Employee wellbeing (including work-life balance and manageable levels of pressure) supports effective employee engagement, promoting a healthier, more fulfilled and sustainable working environment. The employee relations framework encourages staff to respond positively to changes that enhance organisational effectiveness and provide quality services. In line with this approach, the University recognises appropriate trade unions and has established a Joint Consultative Group, involving academic and professional services staff unions, that meets on a regular basis and takes into consideration changes in legislation, national and local agreements and the general employment market. This Group provides an effective means of communication and enables discussion to take place about issues of concern to both management and unions. Sub-Groups of the Joint Consultative Group are formed to address particular focus areas, as agreed with the Vice-Chancellor.

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Facility Time Publication Requirements

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
7	6.4

Percentage of time spent on facility time

Percentage of time	Number of Employees
0%	-
1-50%	7
51-99%	-
100%	-

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£48,920
Provide the total pay bill	£33,294,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.14%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	1.13
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To promote involvement in the governance of the University, staff representatives are elected by their colleagues to serve as members of the Board of Governors and the Academic Board and its committees. All staff have access to the minutes of the Board of Governors, except where these are considered to be of a confidential nature.

The flow of information to staff is maintained using all staff emails, an online newsletter and news stories on the University website. The Vice-Chancellor also holds regular open forum events on both campuses for all staff. The University recognises that the staff are the most important resource in an academic institution and are key to the quality of the students' experience and to the reputation of the University amongst its peers.

The University is committed to fair pay and believes that this fair approach to its staff represents value for money through a loyal and engaged workforce, which shares the University's vision and values. Decisions on remuneration must consider matters of equality, diversity and inclusion with a view to ensuring that there are no biases pertaining to gender or other protected characteristics. The University participates in the JNCHES (Joint Negotiating Committee for Higher Education Staff) pay negotiations in determining salary levels and annual pay awards. Job evaluation is used to ensure equal pay for work of equal value using Higher Education Role Analysis.

The processes and oversight arrangements involved in making remuneration decisions and the level of remuneration awarded to the Vice-Chancellor is managed through the Remuneration Committee,

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established by the Governing Body to make recommendations to the Board on total emoluments and conditions of service, in line with agreed Terms of Reference and Guiding Principles on Determining Senior Pay. The University does not provide accommodation for the Vice-Chancellor or senior post holders.

The University uses its Probationary process and annual Performance Review and Development Process (PRDP) to monitor its staff and capture their view of how well the University is working for them. Information from the PRDP action plans is used to inform the annual staff development programme where development needs are highlighted. Staff leavers are offered exit meetings both in person and online to pro-actively identify any staffing issues, which may have impacted on their staff morale, and any positive actions that can be taken to improve the work environment.

The University has a policy on modern slavery and human trafficking. We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business.

The University is committed to support the Government's Prevent Agenda. The University's Prevent Statement to meet the requirements of the Prevent Agenda can be found on the University website from the following link: <http://www.chi.ac.uk/>

Alumni and the Community

University staff and students continue to play a role in the regional community through volunteering, fundraising for local charities and involvement with local schools and colleges. Students are given the opportunity and actively encouraged to volunteer with a range of local charities and events through the Careers and Employability Service, enabling them to engage with their local community and gain valuable employability skills. Despite the Covid-19 pandemic, these opportunities remain available and those taking them up are making an important contribution to those more vulnerable in the community. The Students' Union continues to raise funds for selected local charities each year and provides a number of volunteering activities itself, whilst a number of staff undertake governance roles for local schools and charities.

A collective response to the impact of the pandemic in the region is being co-ordinated by a working group of the Sussex Learning Network (SLN). The University's participation in this working group will help measure the impact of the virus on learners across the region. The group is providing opportunities to create formal 'referral pathways' between local authority and national services (such as the National Careers Service) to enhance the offering to graduates. These referrals will target recent graduates who are or likely to be NEET (i.e. not in education, employment or training). Funding is available and further initiatives are being explored, such as further skills development, SME engagement and additional careers guidance opportunities. Alongside the above, SLN has commissioned a research project to 'track and trace' learners across all education stages to access and monitor the impact of the virus on future opportunities. The output of this study will help tailor new support interventions.

Research and Knowledge Exchange

Headlines from the REF 2014 based on the University submission weighted by staff FTE in each Unit of Assessment are:

- 14.9% of the University's entire submission has been classed as 'world leading' (i.e. 4*)
- Nearly one third (30.9%) of the 'Impact' component of the University's entire submission has been classed as 'world leading'
- 12.9% of research outputs in the University's entire submission have been classed as 'world leading'
- 89.7% of the University's entire submission is internationally renowned
- 87.2% of the University's research outputs are internationally renowned

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- 93.0% of the 'Impact' component of the University's entire submission is internationally renowned
- 94.8% of the 'Research Environment' component of the University's entire submission is internationally renowned.

Because of its performance in REF 2014, the University has seen its UK Research and Innovation funding increase in the last 6 years.

Effective Procurement

As a small University, effective procurement is even more important to ensuring best value. The University has continued to develop its Procurement Working Group, comprising of senior staff with budget responsibilities, as well as senior colleagues responsible for financial and legal oversight. The University's procurement policies and procedures have benefitted from advice from external procurement experts, and this is now helping ensure University wide compliance with good practices, and best value. The Procurement Working Group ensures the use of appropriate (EU) methods and facilities, including using established buying frameworks where appropriate, and from this has established forward plans to undertake new procurement initiatives, and apply best practices when retendering those that come to the end of a term contract (recent examples include, our graduation services, media buying, catering, travel and our website contracts,). The Procurement Working Group has begun to analyse and review category spend and seasonal trends across the devolved responsibilities of the University, ensuring economies of scale, optimised cashflow and a more competitive dialogue with suppliers.

Effective use of the Estate

The University is committed to providing a good quality and fit for purpose estate for all its staff and students. Continued improvement of the estate remains a key corporate objective for the University. During the past three years there was an understandable focus on the construction of the Engineering and Digital Technology Park; the Capital Projects Monitoring Group was limited to essential expenditure on health and safety matters but will resume regular meetings throughout 2020/21 to review all proposed University capital projects for progress, timing and spend. A comprehensive estate condition survey has been completed during 2020. The data from the survey will be used to draft a five-year capital investment and long-term maintenance strategy. In addition, the University will focus on improving spaces across the estate by bringing creative ideas to enhance the quality and sustainability of the University campuses. The University will continue to invest in its buildings and space with a proactive approach.

Environmental Sustainability

Our Strategic Plan states that "we will develop attractive and environmentally sustainable campuses." Our focus during the past year has been to plan for improving spaces across our campuses. We have also maintained our top quartile position, within the HE sector, for carbon reduction. Our environmental policy identifies our vision and commitment for making the University a more sustainable place to study and work.

Our Environmental and Sustainable Development Strategy was first approved by our Governors in 2010. The current [Environmental and Sustainable Development Plan 2017-2022](#) describes our priorities and targets. A number of documents under-pin this plan.

- [Environmental Policy](#);
- [Carbon Management Plan](#)
- [Food Charter](#);

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- [Biodiversity Action Plan](#);
- [Waste Management Information and Guidelines](#);
- [Sustainable Travel Plan 2017-2022](#).

Further information on our environmental plans and performance can be accessed by following this link <http://www.chi.ac.uk>

Emissions and energy consumption

The University has had considerable success in achieving carbon reduction from the baseline position set in 2007/08 through to the year 2018/19 being the latest available information for this report. In large part, this has been achieved from the investment made through a number of rounds of the Revolving Green Fund, from which the University has now withdrawn. Investment was made in LED lighting and controls, photovoltaic cells, efficient boilers and building management systems. New capital investment projects have achieved the BREEAM excellent standard, thereby delivering thermally efficient buildings and carbon reduction. Behavioural change across both campuses has been encouraged amongst the University community to help save energy.

Since the baseline year through to 2018/19, the University's estate, as measured by gross internal floor area (GIA), has grown by 63%, whilst reducing carbon emissions as measured by tonnes of CO₂ equivalents by 35% over the same period.

The carbon emissions equivalent for 2018/19 amounted to 1,275 tonnes of CO₂ equivalent, placing the University of Chichester amongst the very highest of universities for carbon reduction. The carbon emissions are calculated by multiplying the reported energy consumption used over a 12-month period by the conversion factor set for that reporting year as provided by DEFRA.

Total energy consumption for the year 2018/19 across all fuel types amounted to 11.6 million kilowatt hours (kWh). Energy consumption figures are calculated using invoiced meter readings for gas and electricity and for biomass and other fuels is calculated based on quantities used over the year converted into kWh.

The most relevant ratio for energy emissions relative to the University's core activity is notional energy emissions (kg CO₂) per full time equivalent (FTE) student. For 2018/19 this amounted to 549 kg CO₂ per FTE student.

Data Protection Compliance

Since the implementation of the General Data Protection Regulation (GDPR) and the UK Data Protection Act in May 2018 the University has achieved a high degree of compliance against a set of risk-based objectives developed and proactively monitored by the Data Protection Officer. Progress towards achieving full compliance is an on-going effort given the nature of data protection and the scale of the work involved. The University has a fully revised high-level Privacy Standard and supporting Privacy Notices, easily accessible via our website: <https://www.chi.ac.uk/about-us/policies-and-statements/data-protection> and the DP Officer, supported by the Assistant DPO, maintains a comprehensive and auditable set of documents including mapping of the University's processing activities, which involve personal data (corporate systems and other data collections held by departments), high level retention schedule (also accessible via website), data breach log, records relating to data subjects exercising their rights under the legislation (e.g. the right of access, right to be forgotten), statistics relating to up-take of internally developed, on-line DP training (which is regularly monitored to ensure staff training is up-to-date) and data protection impact assessments (DPIAs) for applicable systems or processing activity. In addition, significant work has been carried out to ensure that all relevant procedures, policies and guidance relating to data protection are up-to-date and complete, e.g. breach management process, DPIA template, consent forms, guidance on drafting privacy notices, subject access process. The Data Protection office continues to review and develop

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our established and easy to navigate intranet pages: <https://staffnet.chi.ac.uk/data-protection/content/guidance-and-policy>, which is a helpful central source for staff to access as required, and our data protection mailbox is well-used by University staff, which is a positive signal of a supportive data protection culture. The Assistant DPO also sends out a monthly DP bulletin, which includes amongst other things helpful tips and good practice to ensure compliance with data protection legislation. Areas for on-going focus by the DP Office are establishing a programme of internal audit based upon the mapping document, ensuring all corporate systems are compliant (subject to resource constraints) and looking ahead to Brexit and the impact this will have on the areas of work described above.

Risk and Sustainability

Our risk management policy allows us to identify, measure, manage and monitor strategic and operational risks across the University. It provides the Vice-Chancellor's Group (VCG) and the Board of Governors (the Board) with the required oversight of risk to enable informed decision-making.

VCG is responsible for identifying and managing those risks which it deems critical to the University's continued success. These risks are captured within the University's Critical Risk Register and are reviewed no less than annually. This active management of risk supports:

Accountability: We assign ownership and management responsibility for risks and associated mitigating actions.

Oversight: We use the register as a focal point for VCG and Board reviews.

Tolerance: We review our institutional tolerance for risk taking in the context of our Strategic Plan and benchmark against our current position.

Informed decisions: We use the register to inform our budget and strategic decision-making.

Risk reduction: We identify, plan and track actions for if risks rise out of tolerance.

Assurance: Our audit and compliance functions use the register to inform assurance planning and test how effectively risks are managed.

As such, the Critical Risk Register is a fundamental corollary to the University's Strategic Plan and Key Performance Indicators.

The current principal critical risks are identified as follows:

- The University's offering to the market might not match what our target audiences (students, staff and visitors) are seeking from us. To mitigate this risk, the University keeps its portfolio under constant review, balancing programme content against known market preferences.
- The University might lose the distinctive quality of its student experience, a key element of the Chichester offer. To guard against this, the University prioritises the student experience with DVC leadership and consideration across all decision-making. We ensure that the student voice is present at decision making bodies across the institution. We also make sure that the results of student experience surveys, the Teaching Excellence Framework and other measures and feedback are discussed at VCG and provided to Heads of Departments for action within academic and professional services departments.
- The University might not maintain and strengthen its reputation, such that it finds it difficult to recruit, compete, or attract partners or investment. This risk is the major focus of our marketing staff, under the management of our Chief Marketing Officer. The team takes an active approach to brand management and articulation, and has introduced a new University brand over the

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last year. Ongoing risks are captured and managed via the University's Marketing Strategy, which is overseen by VCG and Board.

- The University might fail to achieve its planned student intake, undermining the student experience and the University's financial sustainability. In mitigation of this risk, the University has improved the available management information and developed its Recruitment Strategy in collaboration with its departments. It has addressed gaps in its portfolio and undertaken targeted recruitment activity. This remains an area of some uncertainty and contingency actions are in place should forecasts dip below target. The ongoing position is closely monitored by VCG and by Board.
- The University might fail to effectively forecast and manage its financial position such that unplanned deficits might arise, and management information might be insufficient to support robust decision making. In mitigation of this risk, the University has strengthened the expertise of its finance department, particularly in its ability to undertake strategic planning and budgeting, management accounting and continual monitoring of the University's cash position. VCG and Board oversight of financial reporting and management has also been expanded.
- The University might fail to invest in its estate such that it fails to meet the needs of our students and staff or is not able to support our strategic aims. In mitigation, our use of space is kept under review to ensure that we make effective use of the assets we have, and that additional investment is made where necessary via the Capital Programme.
- The University might fail to recruit, retain or configure its staffing to meet its business needs. Management of this risk is the focus of our Chief Human Resources Officer and her team, who work to ensure effective support and management of our staffing levels and processes, and provide an avenue for staff information, training and feedback.
- More than ever, the University is reliant on its information infrastructure and technological capabilities. A failure of key IT systems could severely harm the University's operations. This risk is managed pro-actively by our ICT Strategy and Architecture team, working to defined and benchmarked resiliency and recovery targets.
- As the regulatory and legislative framework in which we operate becomes more complex, the University might inadvertently fail to comply with applicable regulatory, legislative or quality standards, harming its reputation and potentially leading to consequences for recruitment, its university status, or to legal penalties. This risk is mitigated by the University's compliance, quality and legal functions, supported by regulatory relationships, Board review, and regular audits.
- The University might not adequately support its research function, such that its performance in metrics such as the Research Excellence Framework weakens, leading to a poorer staff and student experience and difficulty attracting new staff and research partnerships, commercialisation opportunities, or research funding. In mitigation of this risk, the University has appointed cross-institutional leads for research and commercialisation, working with its new DVC, to drive engagement in research and commercialisation with a flexible, supportive environment.
- The University might fail in its mission to provide all students with the opportunity to advance to the best of their potential. The outcomes our graduates achieve support their lifelong success, and our impact on our local and national communities, and our continued recruitment. The University addresses this risk within its student support team, led by its DVC(SE), and supported by the Board in the form of a link governor. Graduate outcomes are prioritised in departmental planning and reviewed at VCG and Board.

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Strategic report for the year ended 31 July 2020

- The University's Technology Park project is now in its operationalisation phase under the management of its new DVC. Whilst the risk to the institution is reduced, VCG and Board oversight is maintained in the short-term to ensure full exploitation of the opportunities presented and a strong return on investment.
- The extent of the impact of the Covid-19 pandemic is still uncertain, and there is potential for further disruption although higher education is continuing during the current national restrictions. Whilst the University has adapted and responded comprehensively to the pandemic, it remains vigilant as to the continuing risks to the health and safety of its community as well as to the potential impact on student experience and financial performance in the 2020/21 academic year. The position is monitored and planned for within the Senior Management Team and VCG, and preparations and contingencies are reported to Board.

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Our risk management processes are overseen by our Chief Operating Officer, supported by the University's Legal team, and reporting to the Vice-Chancellor and to Board. Looking forward, financial sustainability will continue to be our driving priority over the next academic year. Our performance in this regard will be affected by:

- Continuing student number growth where possible;
- A focus on student experience, retention and outcomes, to include reducing attainment gaps;
- Strict management of staff costs, including pension liabilities;
- Tightened control over capital expenditure and asset management; and
- The diversification of income streams.

Our financial performance will remain a key area of focus, particularly given the uncertainties introduced by the ongoing pandemic and the University's high level of debt arising from past investment. We will continue to focus on achieving a sustainable level of surplus and operating cashflow. The fundamental financial position of the University remains strong given its ongoing capital disposals programme and its relatively limited exposure to the EU and international markets.

Beyond the 2020/21 financial year, it is likely that student recruitment growth will remain a key contributor to the University's financial sustainability. The University will continue to pursue new programme development opportunities, such as in Law and Nursing, and to control our cost base in the context of achieving our Strategic Plan.

The extent of the impact of the Covid-19 pandemic is still uncertain, and there is potential for further disruption in the event of a 'second wave'. Whilst the University has adapted and responded comprehensively to the pandemic, it remains vigilant as to the continuing risks to the health and safety of its community and to the student experience in the 2020/21 academic year. The position is monitored and planned for within the Senior Management Team and VCG, and preparations and contingencies are reported to Board.

Financially, going concern in light of the Covid-19 pandemic is a risk that requires continuous monitoring to assess impacts of unpredictable and sudden changes in external circumstances. This is addressed by ongoing financial reviews, forecasts, stress-test modelling and covenant checks which will act as early indicators of potential issues providing sufficient time to address any potential breaches in advance.

Section 172 Statement

The University of Chichester is incorporated as a private company limited by guarantee and which has been granted exempt charity status. Further detail can be found within the corporate governance section on p 26.

That said, the Board notes its requirement, under the Companies Act 2006, Section 172 to report on how its Governors (Directors) have had due regard for their duties under Section 172 to promote the success of the company. Notably that a director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to —

- a. the likely consequences of any decision in the long term,
- b. the interests of the company's employees,
- c. the need to foster the company's business relationships with suppliers, customers and others,
- d. the impact of the company's operations on the community and the environment,
- e. the desirability of the company maintaining a reputation for high standards of business conduct, and
- f. the need to act fairly as between members of the company.

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Strategic report for the year ended 31 July 2020

Strategic Decision Making

The Board is the strategic decision-making body of the University. The Board reviews and approves the University's Strategic Plan, as detailed on p1. The Board receives an update to each meeting outlining the University's progress against each of its key performance indicators. In addition, there are two separate Awaydays for the Board each year to challenge and oversee strategic developments for the University.

In 2019-20 the Board has received and discussed presentations from the Vice-Chancellor's Group related to delivering a substantial growth in applications through a new student recruitment strategy, including the emerging health agenda and business case for nursing. Alongside the University's commitment to the public good, due regard to all relevant stakeholders – students, employees, suppliers and the wider community is considered during all decisions made. Further detail can be found on p12.

Engagement with Employees

The Board demonstrates its engagement with the University's employees in a number of ways:

- Two staff governors sit on the Board and represent the academic and professional services areas of the University at all Board meetings. A staff governor is also a member of the Nominations and Effectiveness Committee of the Board.
- The Board operates a link governor scheme, whereby directors are linked with different departments of the University – finance; estates; academic departments. These, and other strategic links, allow governors to directly discuss issues and areas of interest with employees.
- The Board receives regular updates from the Chief Human Resources Officer, via the Finance & Resources Committee, regarding pertinent staff issues. The Human Resources Annual Report allows the Board to understand issues regarding recruitment, training, staff turnover, staff demographics, gender pay gap reporting and remuneration. The Inclusivity Annual Report provides the Board with a review of activities undertaken by the University to promote inclusivity and diversity across its staff body.

More about the University's staff engagement can be found on p14.

Engagement with customers, suppliers and others

In the context of Higher Education, the University's customers are its students. The Board demonstrates its engagement with its students in a number of ways:

- The Students' Union President sits on the Board and represents the student body. The Students' Union Vice-President is also invited to attend Board sessions.
- The Board receives regular summaries from the Academic Board, of which the SU President is also a member. The sub-committees of the Academic Board, include a number of student representatives within their membership.
- Governors are invited to attend a range of student-led activities, such as end of year art shows, dance and theatre performances, sports matches, and the annual carol concerts.

The Board receives updates regarding performance in the National Student Survey (NSS) – a key indication of student satisfaction. More about the University's student engagement can be found on p12.

Detail regarding the University's procurement processes with suppliers can be found on p17.

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Strategic report for the year ended 31 July 2020

Community and the Environment

The University takes its responsibilities regarding environmental sustainability seriously, as detailed on p17. Further information regarding community engagement has been detailed under the section Regional Regeneration on p4.

The Board regularly discusses its commitment to regional regeneration and community engagement, through regular reporting on the relevant KPIs within the Strategic Plan as outlined on p1.

The Board, via the Finance & Resources Committee, discusses annual reports on Environmental Sustainability, Carbon Management and Emissions reporting, and Health and Safety.

Operations of the Board

Directors receive induction training on fulfilling their obligations, including reference to their specific duties under the Companies Act 2006. The Board's Code of Conduct and the terms of reference for the Board and its sub-committees, as well as other constitutional documents, take account of the responsibilities the Board has to engage with a range of stakeholders and to maintain a reputation for high standards of business conduct. The University maintains a register of interests and manages conflicts, at every meeting of the Board, and in all business transactions.

Future Outlook

We have a strategic plan *Open for Change* which takes us through to 2025. The strategic plan recognises we are the only University based in West Sussex. We are committed to the needs of our community and key stakeholders, and the role that the University continues to have in the social, cultural and economic regeneration of West Sussex and South East Hampshire.

2019/20 has been an exceptional year as the global coronavirus pandemic added to an already challenging external environment with outcomes and impact of Brexit unclear and economic uncertainty. We have once again demonstrated our ability to be agile and successfully respond to the challenges we face. In these unprecedented times, we outperformed the national average in the NSS.

Pre-Covid-19

We invested in our Marketing staff and started the year with strong conversion on student applications and University halls occupancy. We successfully continued with our asset disposal programme and secured new HEIF income and were on forecast to comfortably exceed our financial targets for the year.

Post -Covid-19

Throughout the UK lockdown, we continued online teaching, we waived the final student accommodation payment and supported our students and staff. We quickly responded to working from home and maintained business continuity. We held a virtual on-line open day and provided socially distanced campus tours for prospective students. Despite these challenges we have still exceeded our financial targets for the year.

Looking ahead to 2020/21 our student acceptances are strong and onsite student accommodation is full. We have invested in a Covid-19 secure environment for our students and staff safe return to campus.

We are coming out of the UK demographic dip for the number of 18-year-olds entering Higher Education and continue with our student growth plan and wider strategic plan.

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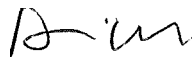
Strategic report for the year ended 31 July 2020

Against a backdrop of substantial increases in employer pensions contributions combined with the ongoing freeze in undergraduate student fees (rising £250 since 2012) which creates significant financial pressures, we continue to focus on the key areas that impact our financial performance;

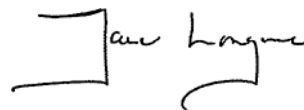
- continued student number growth
- new course programmes and opportunities
- controlled staff costs & non-pay expenditure efficiencies
- pension contributions
- sustainable surplus & operating cashflow generation
- capital investment
- ongoing surplus asset disposal programme

The UK and global economy will continue to face challenges associated with the impact of the Coronavirus pandemic and the material uncertainty around local lockdowns and a second wave, alongside Brexit plans. The Higher Education sector will need to be flexible in adapting to these changes and The University of Chichester is well placed to respond to these challenges and face them with great resilience, a sense of community and the support of its students and staff.

Signed on behalf of the Board



Ms Annika Small OBE
Chair of Governors
17 November 2020



Professor Jane Longmore
Vice-Chancellor
17 November 2020

The University of Chichester

Corporate governance and internal controls statement

Constitution

The University is a company limited by guarantee and members of the Board of Governors are legally Directors of the Company. The directors of the University's subsidiary company, Chichester Enterprises Limited, are ultimately accountable to the Board of Governors of the University and therefore the following provisions for Corporate Governance apply to both the University and its subsidiary.

The University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life, with the Public Interest Governance Principles, as defined by the OfS, and with guidance provided by the Committee of University Chairs (CUC), including the Higher Education Code of Governance published December 2014, revised in 2018, and further reissued in 2020.

Under the terms of the Charities Act 2011, the University is subject to the regulatory powers of the Charity Commission although, before using them, the Commission must consult the OfS in its role of principal regulator of higher education institutions that are exempt charities.

This Corporate Governance Statement and associated statements including the Statement of Internal Control was effective for the period 1 August 2019 to 31 July 2020 and up to the date of the approval of the financial statements.

Principles of University Governance

The Board of Governors has adopted the following Statement of Primary Responsibilities and these are actively reviewed by the Board on an annual basis. Amendments were approved by the Board in July 2020:

The Board of Governors has adopted the following Statement of Primary Responsibilities:

1. To approve the mission and strategic vision of the University, the long-term academic and business plans and key performance indicators and to ensure that these meet the interests of students, staff, governors, the local and regional communities and others who have an interest in the success of the institution.
2. To delegate authority to the Vice-Chancellor, as Chief Executive, for the academic, corporate, financial, estates and personnel management of the University. The Board is also responsible for the establishment and regular review of all policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice-Chancellor.
3. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
4. To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University of Chichester against the plans and approved key performance indicators, which will be, where possible and appropriate, benchmarked against other comparable institutions.
5. To establish processes to monitor and evaluate the performance and effectiveness of the governing body.
6. To conduct its business in accordance with the Office for Students public interest governance principles, best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.

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Corporate governance and internal controls statement

7. To ensure that there are arrangements in place for effective academic governance and the quality and standards of educational programmes.
8. To safeguard the good name and values of the University of Chichester.
9. To appoint the Vice-Chancellor as Chief Executive, and to put in place suitable arrangements for monitoring his/her performance.
10. To appoint a Secretary to the Board of Governors and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.
11. To appoint a Principal Chaplain in accordance with the University's status as a Denominational institution of the Church of England under section 66 (4) (a) of the Further and Higher Education Act 1992.
12. To employ all staff in the institution and to be responsible for establishing the human resources strategy.
13. To be responsible for the financial and business affairs of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to manage the University's assets, property and estate.
14. To ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the name of the University.
15. To make such provision as it thinks fit for the general welfare of students, in consultation with the University's Academic Board.
16. To appoint such Trustees as it may think fit for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University of Chichester.
17. To ensure that the constitution of the University of Chichester is followed at all times and that appropriate advice is available to enable this to happen.

Governors' Code of Conduct

To reinforce the importance of the Public Interest Governance Principles and the way in which Governors are expected to perform their role, the Board adopted a Code of Conduct in June 2010, which has been revised in 2020. All Governors are expected to comply with this Code.

The CUC Higher Education Code of Governance and Governance Effectiveness Review

The Board has adopted and implemented the CUC Higher Education Code of Governance published December 2014 and revised in 2018. It is in the process of reviewing the recently published 2020 Code, with the view to adopting the Code in full. A continuous internal review process has been established to ensure the Governors and the University adhere to and refer back to the code with a progressive and forward-looking approach. The University has reviewed its Articles of Association to ensure they are in line with current practice in HE and fully align with the code.

The Board of Governors reviewed its effectiveness during 2019 using effectiveness tools developed by Advance HE. A report of the governance effectiveness review was published on the University website in January 2020. All the recommendations in the report have been considered and appropriate actions completed during 2019/20. Recommendations, which have already been implemented, included the

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revision of the Articles of Association, to allow for a smaller, more effective Board of Governors. The University will commence an external effectiveness review, to be completed by KCG during 2020/21.

The outgoing Chair of Governors met with members of the Board on an individual basis in 2019/20 to gain their views on the University and the operation of the Board and its Committees as well as opportunities for enhancement and sharing best practice. This feedback was shared with the incoming Chair of Governors who has continued to review progress individually, and collectively, with members of the Board.

Composition of the Board of Governors

The University's Board of Governors consists of at least sixteen and a maximum of twenty-five members and comprises lay persons and staff and students appointed according to the Articles of Association, the majority of whom are non-executive and independent. The membership includes the Vice-Chancellor as an ex officio member. No lay members of the Board are remunerated for the work they undertake for the University, although expenses may be paid for attendance at Board meetings.

The Chair and Vice-Chair of the Board of Governors and the chairs of the sub-committees of the Board may only be appointed from within the non-executive members.

The Clerk to the Governors (who is also Company Secretary) is appointed under the Articles of Association to act as Secretary to the Board and its Committees. All Governors have access to the advice and services of the Clerk to the Governors and can seek independent advice should they wish to do so.

The Board normally meets three times a year, with additional meetings if appropriate. The Board also holds an annual away day event to consider broader strategic discussions and introduced an annual governance effectiveness session in 2018/19. There is also a joint, formal meeting of the Board of Governors and the Academic Board. In undertaking its duties, the Board receives the advice and recommendations of its Committees, including the Finance and Resources Committee, Audit Committee, Nominations and Effectiveness Committee, and Remuneration Committee. Decisions and recommendations of these Committees are formally reported to the Board as provided within the Articles of Association, the terms of reference of the Committees and the Financial Regulations of the University.

All members of the Board of Governors, co-opted members of its Committees and senior officers who are members or officers of the Vice-Chancellor's Group, have responsibility for significant areas of the University's business, or who hold senior positions in Finance are required to maintain entries on a Register of Interests and are assessed to be 'fit and proper' persons, as defined by the Office for Student Regulatory Framework. In addition, members may not be present at any discussion in which they have a direct or indirect financial interest.

In addition to being directors of the University Company, members of the Board of Governors are also the trustees of the exempt charity. The list of directors/trustees on page 7 of this report is a complete list of those who have served during the 2019/20 financial year and the 2020/21 year until the date of formal approval of the financial statements by the Board of Governors.

Governors' Audit Committee

The Governors' Audit Committee met 4 times in 2019/20, in accordance with its terms of reference.

On behalf of the Board, the Governors' Audit Committee considers reports, recommendations and reviews on the effectiveness of the University's arrangements for value for money, risk management, internal control and governance.

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Where improvements are identified, the Committee monitors the implementation of agreed actions. The Committee presents an Annual Report to the Board of Governors, including an opinion on the adequacy of the University's processes for securing value-for-money, for the management of risk, for promoting good governance, for ensuring adequate internal controls are in operation and in accordance with the Office for Students (OfS)'s requirements on data assurance.

The Governors' Audit Committee also considers other reports and updates from OfS as they affect the University's business and monitors adherence to the regulatory requirements.

The Governors' Audit Committee understands its specific reporting responsibilities on data quality, and during 2019/20 has received reports on data quality matters and actions being taken for the continual improvement of systems and processes for the recording and reporting of the required returns.

Internal audit services are contracted out. In 2019/20 they were carried out by KCG, following a tender process for new internal auditors in 2019 for KCG to deliver internal audit services from 1 August 2019 to 31st July 2022, with an option to extend the contract thereafter. The Audit Committee agreed the programme of reviews for 2019/20 with KCG.

External auditors are appointed in accordance with the requirements of OfS.

Governors' Finance and Resources Committee

The Governors' Strategy & Resources Committee was retitled the Governors' Finance & Resources Committee in July 2019. The Committee met 4 times during 2019/20. It received reports concerning finance, estates, health, safety and sustainability, IT, employment and human resource issues, with the exception of the employment and salaries of those who form the 'Designated Staff' in the Articles of Association. The designated staff are the Vice-Chancellor, the Deputy Vice-Chancellor, Deputy Vice-Chancellor (Student Experience), the University Secretary and the Principal Chaplain. The Board of Governors determines the total emoluments of these designated staff on the advice of the Governors' Remuneration Committee.

The Finance and Resources Committee reviews the annual financial statements together with the accounting policies, and recommends the annual budget and financial forecasts to the Board for approval. It also receives reports on the progress of major capital projects at each meeting. The Board receives the minutes of the Governors' Finance and Resources Committee together with the financial monitoring reports reviewed by the committee. A sub-group of the Committee, the Finance Working Group, was established in 2018/19 to aid Governor understanding of the University's financial position. Members regularly reported in 2019 to the Finance & Resources Committee, and Board of Governors to provide assurance. With the changes to the membership of the Board in 2020, the Finance Working Group was replaced by regular meetings between the Finance Link Governor and the University's Finance team.

Nominations and Effectiveness Committee

The Nominations and Effectiveness Committee is responsible for recommending the appointment and renewal of terms of office of individual governors to the Board. In performing these duties, the Committee identifies the skills required on the Board and assesses the expertise of governors so that any gaps can be addressed with each recruitment cycle. The Board recognises the need to ensure that the membership of the Board is reflective of, and relates to, the multiple strands of contemporary society. Governor appointments are therefore advertised widely to ensure that vacancies are filled with the highest calibre of person. Following a number of Governors coming to the end of their terms of office in December 2019, a new Chair of the Board was recruited for in 2019, with a further 5 new Governors recruited, all commencing in post on 1 January 2020.

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Remuneration Committee

The Remuneration Committee is chaired by the Vice-Chair of Governors and makes recommendations to the Board on the total emoluments and conditions of service for all designated role holders as specified in the Articles of Association. The Remuneration Committee also considers and approves the arrangements for individual performance review for the designated posts. The Committee considers comparative information on salaries and other emoluments and conditions in the sector from the Universities and Colleges Employers' Association (UCEA) and the Committee of University Chairs (CUC). The Remuneration Committee has adopted the CUC HE Remuneration Code of Governance (2018) and its terms of reference are reviewed annually to ensure it continues to meet compliance requirements.

Responsibilities of the Vice-Chancellor

The Vice-Chancellor is the Chief Executive of the University and has responsibility to the Board of Governors for the organisation, direction and management of the institution, under the Terms and Conditions of Funding for Higher Education Institutions issued by the Office for Students.

The Vice-Chancellor is the Accountable Officer, who can be summoned to appear before the Public Accounts Committee and is held accountable for the quality of data included in returns to the OfS, and other agencies.

The Vice-Chancellor is supported by the University Executive (Vice-Chancellor's Group), which meets weekly. Ultimate responsibility for executive management rests with the Vice-Chancellor.

Academic Board

The Academic Board is chaired by the Vice-Chancellor, and comprises twenty-four members, half of whom are individuals with primarily executive and managerial responsibilities with the remainder being elected non-executive staff or students.

The Academic Board is the senior committee of the University and the responsibilities of the Academic Board are set out in the Articles of Association as follows:

- issues relating to research, scholarship, teaching and courses at the University, including criteria for the admission of students;
- the appointment and removal of internal and external examiners;
- policies and procedures for the assessment and examination of students;
- the content of the curriculum;
- academic standards and the validation and review of courses;
- procedures for the award of qualifications and honorary academic titles;
- the procedures for the expulsion of students for academic reasons;
- advice relating to development of academic activities and resources required.

Statement of Internal Control

The Board of Governors is responsible for maintaining a sound system of internal control, which supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it is responsible. The Statement of Internal control relates to the period covered by the financial statements (1 August 2019 to 31 July 2020, and the period up to the date of approval of the audited financial statements).

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The key elements of this system of internal financial control designed to discharge the responsibilities set out above are:

- clear definition of the responsibilities and delegated authority of heads of academic and administrative groups;
- a medium and short-term planning process, supplemented by detailed annual income and expenditure and capital budgets;
- regular reviews of performance and quarterly reviews of financial performance and updates of forecasts for the current financial year;
- comprehensive Financial Regulations, reviewed annually;
- clearly defined requirements for the approval and control of expenditure, with significant investment decisions being subjected to detailed appraisal and review;
- a professional internal audit service (currently from KCG), with responsibilities to cover the entire internal control systems of the institution.

The system of internal control is supplemented by a process to identify the principal risks, including governance, operational management, quality, reputational, compliance and financial risks, to the achievement of the University's policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. The University has a Risk Management Policy and a Critical Risk Register. This process is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The Governors' Audit Committee receives regular reports and recommendations for improvement from KCG who conduct internal audit services for the University. This includes an annual opinion on the adequacy and the effectiveness of internal controls and risk management across the University, in accordance with OfS's Terms and Conditions of Funding.

As the governing body, the Board of Governors has responsibility for the University's risk management process. For this purpose, the Governors' Audit Committee oversees and provides assurance on the operation of the framework.

The Board of Governors is committed to the continuous development of a comprehensive process for identifying, evaluating and managing the University's significant risks. The risk management process is co-ordinated by the Risk Management Group on behalf of the Vice-Chancellor's Group; the Group ensures that Academic and Professional Service departments review their risk registers and compiles the Critical Risk Register for the University.

Each risk identified on the risk registers has a nominated 'owner' who is responsible for ensuring that adequate controls are in place and/or mitigating action taken, and for regularly reviewing changes to probability or impact.

Risk management is also embedded within the corporate planning and decision-making processes of the University, with all significant projects and associated business cases expected to demonstrate that risks and appropriate controls or mitigating actions have been recognised. If approved, the implementation of the mitigating action is then embedded into the normal risk management processes of the University. The process of identifying and managing risks is an ongoing process throughout the financial year.

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The Board of Governors receives assurance on the effectiveness of the internal control systems through the minutes of the Governors' Audit Committee, which are presented by the Chair of the Committee to the meetings of the Board. Assurance also arises from the work of the internal auditors and the senior managers within the organisation who have responsibility for the development and maintenance of the internal control framework, and through comments made by the external auditors in their management letter and other reports.

The University of Chichester is an exempt charity regulated by the OfS on behalf of the Charity Commission for England and Wales. The members of the Board of Governors, who include the Vice-Chancellor and staff and student members, are trustees of the charity. As such, the Board of Governors has due regard to the guidance published by the Charity Commission concerning the demonstration of the public benefit provided by the University. This section details how the University has met the requirements of the Charity Commission in this respect.

The University's governors, who are directors of the University company, are not paid for their time (with the exception of staff governors who receive remuneration for their substantive employment but not for their role as governors) but receive reasonable expenses paid in line with the University's published expenses policy.

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Corporate governance and internal controls statement

Objectives and Activities

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

The University's mission is to provide outstanding education, advance knowledge and benefit the world.

The University's vision is to achieve national and international recognition for the excellence of our teaching, research and innovation. We will secure full acknowledgment as an outstanding university with a strong externally facing focus. As the only university based in West Sussex, we recognise the economic, social and cultural importance of 'place' and the need to meet both local and global challenges.

The University of Chichester was incorporated on 22 April 2003 as a private company, limited by guarantee (Company Number 04740553). On 1 August 2003, the Company took over the activities formerly undertaken by a registered charitable trust, with the consequence that all assets, liabilities and activities of the registered charitable trust were transferred to the private limited company. All activities are continuing under the Articles of Association of the company. The Company has been granted exempt charity status by the Privy Council.

The roots of the University lie in the merger in 1977 of the Bishop Otter College (founded 1839) with the Bognor Regis Training College (founded 1946), both of which were established to provide teacher education. University title was awarded by the Privy Council on 12 October 2005.

Scope of the Financial Statements

The Financial Statements comprise the consolidated results for the University and its subsidiary undertaking, Chichester Enterprises Limited. The principal business activity of Chichester Enterprises Limited is the provision of conference and catering services and the provision of consultancy services. Chichester Enterprises Limited transfers the whole of any taxable profits to the University.

Basis of Preparation

The Governors have adopted the going concern basis in preparing these accounts after assessing the principal risks and having considered the impact of some downside scenarios for Covid-19. The major variables are the depth and duration of Covid-19, although the Governors take comfort from the latest Covid-19 national restrictions announced on 5 November 2020 under which universities and higher education are to remain open for students and colleagues. Accordingly, the University is continuing its blended delivery of online learning with face-to-face teaching and students continue to live and study on campus. The Governors have considered the impact of the pandemic over the next 12 months and the longer term, whilst recognising the situation evolves daily making scenario planning difficult, and has assessed a number of impacts on income, cash and bank covenants.

Taking each separately, we have modelled scenarios around a reduction in international student numbers and total student growth in 2020/21, the inability for students to return to the University's accommodation in early 2021, and the loss of conference and international programmes in the summer of 2021.

Recognising the Government's clear intent for higher education to carry on through the pandemic, the Governors believe that the University is well placed to manage its financing and other business risks satisfactorily and have a reasonable expectation that the University will have adequate resources to continue in operation for at least 12 months from the signing date of these consolidated financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

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Corporate governance and internal controls statement

Payment of Creditors

The University endeavours to abide by payment terms agreed with suppliers. The University is flexible in its procurement strategy to facilitate the most favourable terms for all transactions.

Corporate Governance and Risk Management

The University is committed to exhibiting best practice in all aspects of corporate governance. It endeavours to conduct its business in accordance with the principles identified by the Committee on Standards in Public Life and with the Committee of University Chairs' Guide for Members of Higher Education Governing Bodies in the UK. The University is committed to upholding the Public Interest Governance Principles, as defined by the Office for Students Regulatory Framework.

The corporate governance information on pages 26 to 35 details the work that has been ongoing throughout the year, which reflects the risk-based approach in assessing control systems. Governors regularly review the Critical Risk Register, which captures the major risks to which the University is exposed. These risk reviews cover business, operational, compliance, quality and reputation issues in addition to financial risks. The Board of Governors believes that its processes for identifying, evaluating and managing the University's risks during the year are adequate. KCG provided the internal audit service to the University in 2019/20 and in their Internal Audit Annual Report the opinion was reported as: "Overall, for the year ended 31 July 2020 and at the time of reporting, we provide satisfactory assurance that the University maintained adequately designed and effective arrangements for risk management, control and governance, and economy, efficiency and effectiveness."

KCG carried out 8 internal audit reports within 2019-20 and these were all concluded as providing satisfactory assurance.

Going concern and Sustainability Reporting

The Board of Governors considers the guidance to directors provided by the Financial Reporting Council when assessing the going concern of the University and is preparing a report to the OfS providing assurance of the institutional sustainability of the University. This will be submitted in December 2020.

The Board of Governors approved the University's financial plan for 2020/21 in July 2020, as part of their normal annual review. The plan included certain adjustments from an initial impact assessment of Covid-19, and at that time, they were satisfied that the University had sufficient resources to continue operating for the foreseeable future.

The University has proved its resilience over the past couple of years and has risen to the challenges of change and uncertainty, showing its ability to quickly respond and take mitigating action to ensure we continue to deliver to our students.

As the unpredictability of Covid-19 continues, further potential impact has been assessed by the Finance & Resources Committee in October 2020 and later by the Audit Committee in November 2020. Illustrative stress-testing scenarios have been prepared for Senior Management to give due consideration to the University's going concern risk over an extended planning period to July 2022. By assessing the extent to which a significant downside could impact its finances, management have identified mitigation actions which they will continue to review and implement in the event that any of these scenarios become a reality.

With regard to the financial years ending 31 July 2021 and 2022, the most significant areas that are likely to affect the University are reduced student numbers, and the temporary closure of the University's campus accommodation thereby impacting conference and international programmes. The risk around student numbers has been mitigated by the University's historic bias towards domestic students for whom there has been continuing strong performance in applications and accepted places for 2020/21. The University has also, through the pandemic, successfully grown its international student intake and

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early signs for applications for 2021/22 are encouraging and we expect overall student numbers to be further strengthened with the addition of the new Nursing and Allied Health programmes from September 2021. The risk around loss of student accommodation income has been considered in the context of the latest Government Covid-19 national restrictions that came into force on 5 November 2020 for a 4-week period, where universities were amongst those areas explicitly permitted to stay open. The Governors consider the risk of a prolonged period of closure is now much reduced, and they believe the University is able to sustain itself financially in the event students are unable to return to their campus accommodation during the exam and inter-semester break period in early 2021, and any potential cash and covenant risks are adequately mitigated by the increased student numbers for 2020/21 and reductions in operational expenditure whilst the accommodation is unused.

The Governors will continue to review plans with the University's Senior Management Team and Vice-Chancellor's Group, but even in the event that the downside scenarios materialise, there are sufficient financial reviews, forecast, and covenant checks performed to act as early indicators of potential issues providing sufficient time to address any potential breaches in advance and to give comfort that the associated financial risks are suitably mitigated.

As such, the Board remains satisfied that the University can continue operating for the foreseeable future and these accounts have accordingly been prepared on a going concern basis.

Awareness of Relevant Audit Information

Each Governor has taken all the steps that he or she ought to have taken to make themselves aware of any information needed by the University's auditors for the purposes of their audit and to establish that the auditors are aware of that information. None of the Governors is aware of any relevant audit information of which the auditors are unaware.

Appointment of Auditors

A resolution to re-appoint BDO LLP to undertake the external audit for the year ending 31 July 2021 will be proposed at the Annual General Meeting.

Conclusion

During 2019/20 the specific focus has been: delivering a substantial growth in applications through our new student recruitment strategy; increasing our attractiveness to BAME and international students; maintaining overall student satisfaction during the pandemic; improving graduate prospects; and, improving our operating surplus and positive cashflow to support our investment in new facilities and programmes.

Chichester has differentiated itself in an increasingly competitive environment with a focus on teaching quality and on student satisfaction. Many of our students come from low-income households and non-traditional backgrounds and our high retention levels and strong NSS results demonstrate our success in this area.

The University's financial performance in 2019/20 exceeded the financial targets for the year despite the challenges presented by the coronavirus pandemic.

Pre-Covid-19 we were successfully on track to comfortably exceed our financial targets for the year through strong conversion on student applications and improved University halls residences occupancy. We successfully continued with our surplus asset disposal programme and secured new HEIF funding.

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Post-Covid-19 we positively responded to online teaching, supporting students and staff through a period of change. We held a virtual on-line open day and continued to provide socially distanced campus tours for prospective students. Despite the challenges including lost summer 2020 conference season and the final semester student accommodation fee waiver, we have exceeded the financial targets for the year.

We continue to look ahead with a pro-active approach to student recruitment through on-site and on-line open days. We will further progress our planned surplus asset disposal programme. The opening of the School of Nursing and Allied Health on the Bishop Otter campus in 2021 will contribute to the post-Covid-19 recovery of the region by offering routes into highly skilled employment in the health sector.

We have had recent success in both the Guardian University Guide 2021 and the Times & Sunday Times 2021 Good University Guide.

- Guardian University Guide 2021 we are ranked 29th in the sector, an increase of 44 places, and the largest single increase in this UK-wide League Table
- Times & Sunday Times 2021 Good University Guide we are ranked 46th, an increase of 25 places.

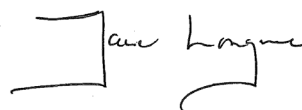
This is another indication of our University's outstanding quality and excellent teaching that helps our students thrive within a supportive community of learning, and reflects our ongoing success against our overall strategic aims.

The UK and global economy and the HE sector will continue to face considerable challenges associated with the ongoing impact of the coronavirus pandemic alongside Brexit plans. The sector will need to be flexible in adapting to these changes and The University of Chichester is well placed to respond to these challenges and face them with great resilience, a sense of community and the support of its students and staff.

The Board of Governors recognise the challenges and the impact these may have on the University and are actively supporting the University to successfully meet these challenges. We remain vigilant of the continuing risks presented by the coronavirus pandemic, the health and safety of our community and the student experience in the 2020/21 academic year and beyond. The Board wishes to place on record its thanks to those Governors who completed their terms of office during the year.



Ms Annika Small OBE,
Chair of Governors
17 November 2020



Professor Jane Longmore,
Vice-Chancellor
17 November 2020

The University of Chichester

Statement of responsibilities of the Board of Governors

The members of the Board, who are also the directors of the University of Chichester for the purposes of company law, are responsible for preparing the Strategic Report, Governors' Report and Financial Statements in accordance with the Companies Act 2006 and the Charities Act 2011, and for being satisfied that the financial statements give a true and fair view. The members of the Board are also responsible for preparing the financial statements in accordance with the latest United Kingdom Accounting Standards, Financial Reporting Standard 102 (FRS102), as applied to the University based on the Higher Education Statement of Recommended Practice (HE SORP).

Company law requires members of the Board to prepare financial statements for each financial year, which gives a true and fair view of the affairs of the University and of the surplus of income over expenditure of the University for that period. In preparing the Financial Statements, the members of the Board are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the University will continue in operation.

The members of the Board are also required to give a report in the Financial Statements, which includes the legal and administrative status of the University. The members of the Board are responsible for the keeping of adequate accounting records, which disclose with reasonable accuracy at any time, the financial position of the University and which enables them to ensure that the financial statements are prepared in accordance with the Companies Act 2006, its Articles of Association, the Accounts Direction issued by the Office for Students (OfS) and the F&HE SORP, as well as reflecting best practice in public sector corporate governance. They are also responsible for taking steps that are reasonably open to them in order to safeguard the assets of the University and to prevent and detect fraud and other irregularities.

Members of the Board must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Board are responsible for securing economical, efficient and effective management of the University's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Office for Students (OfS) are not put at risk. Members of the Board confirm that, so far as they are aware, there is no relevant audit information of which the University's auditors are unaware. They have taken all the steps that they ought to have taken as members of the Board in order to make themselves aware of any relevant audit information and to establish that the University's auditors are aware of that information.

Financial statements are published on the University's website, in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the financial information published on the University's website is the responsibility of the members of the Board. The Board members' responsibility also extends to the ongoing integrity of the published financial statements.

Members of the Board have a broader role to ensure the University complies with current legislative requirements. For 2019/20, this included:

- Monitoring and training for General Data Protection Regulation (GDPR) following implementation in May 2018
- Publication of a statement under the Modern Slavery Act 2015 and continued actions to include in the 2020 statement
- Continued compliance with the PREVENT Agenda including updated actions and sign off by the OfS of the University Statement

The University of Chichester

Statement of responsibilities of the Board of Governors

In the coming year there will be continued focus on all these three areas.

The Board of Governors is satisfied that the University is financially sustainable and has adequate resources to continue its operations for the foreseeable future. For this reason, a 'going concern' basis has been adopted in the preparation of the financial statements, which reflect:

- suitable accounting policies, selected and applied consistently;
- judgements and estimates that are reasonable and prudent; and
- applicable accounting standards, subject to disclosure and explanation in the financial statements of any material departures therefrom.

The Board of Governors has taken reasonable steps to:

- fulfil its responsibilities under the Articles and to ensure that funds provided by the OfS, UK Research and Innovation (including Research England), Education and Skills Funding Agency and the Department for Education are used only for the purposes for which they have been granted and have been applied in accordance with the relevant terms and conditions with issued by the OfS (or relevant party) and any other conditions which the OfS may from time to time prescribe;
- ensure that appropriate financial and management controls are in place to safeguard public and other funds;
- safeguard the assets of the University and prevent and detect fraud and other irregularities;
- secure the economical, efficient and effective management of the University's resources and expenditure.

The University of Chichester

Independent Auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF THE UNIVERSITY OF CHICHESTER

Opinion

We have audited the financial statements of the University of Chichester ("the University") and its subsidiaries (the 'Group') for the year ended 31 July 2020 which comprise the consolidated and University statement of comprehensive income and expenditure, consolidated and university statement of changes in reserves, consolidated and university balance sheet, consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2020 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The board are responsible for the other information. 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 including the strategic report, corporate governance and internal controls statement and statement of the responsibilities of the board of governors 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.

The University of Chichester

Independent Auditor's report

We have nothing to report in this regard.

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, corporate governance and internal controls statement and statement of the responsibilities of the board of governors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report, corporate governance and internal controls statement and statement of the responsibilities of the board of governors have been prepared in accordance with applicable legal requirements.

Opinion on other matters required by the Office for Students ("OfS") and Research England

In our opinion, in all material respects:

- Funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

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

- The University's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The University's expenditure on access and participation activities for the financial year has been materially misstated.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the University and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report, corporate governance and internal controls statement and statement of the responsibilities of the board of governors.

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

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

Responsibilities of the board

As explained more fully in the statement of responsibilities of the Board of Governors set out on page 37, the board 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 board members 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 board are responsible for assessing the Group 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 board either intend to liquidate the Group or the University or to cease operations, or have no realistic alternative but to do so.

The University of Chichester

Independent Auditor's report

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.

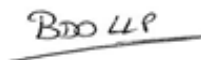
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding with the OfS and Research England.

Use of our report

This report is made solely to the 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 board those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the board members as a body, for our audit work, for this report, or for the opinions we have formed.



James Aston MBE (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick
Date: 20 November 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The University of Chichester

Consolidated and University statement of comprehensive income and expenditure for the year ended 31 July 2020

		2020		2019	
	Notes	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	39,765	39,765	39,901	39,901
Funding body grants	2	3,954	3,954	3,702	3,702
Research grants and contracts	3	1,301	103	1,307	63
Other income	4	9,796	10,125	10,576	10,724
Investment income	5	9	9	6	6
Donations	6	53	679	30	895
Total income		54,878	54,635	55,522	55,291
Expenditure					
Staff costs	7	33,294	33,294	34,498	34,498
Other operating expenses	10	16,509	16,266	17,219	16,997
Depreciation	11	4,676	4,659	5,266	5,246
Interest and other finance costs	8	2,253	2,253	2,345	2,345
Total expenditure	9a	56,732	56,472	59,328	59,086
Deficit before other gains losses		(1,854)	(1,837)	(3,806)	(3,795)
Surplus on disposal of fixed assets		619	619	421	421
Deficit for the year		(1,235)	(1,218)	(3,385)	(3,374)
Actuarial loss in respect of pension schemes	26	(6,969)	(6,969)	(1,608)	(1,608)
Total comprehensive income for the year		(8,204)	(8,187)	(4,994)	(4,982)
Represented by:					
Restricted comprehensive income for the year		(2)	(2)	(37)	(37)
Unrestricted comprehensive income for the year		(8,114)	(8,097)	(4,870)	(4,858)
Revaluation reserve comprehensive income for the year		(88)	(88)	(87)	(87)
Attributable to the University		(8,204)	(8,187)	(4,994)	(4,982)

All items of income and expenditure relate to continuing activities.

The University of Chichester

Consolidated and University statement of changes in reserves for the year ended 31 July 2020

Consolidated	Income and expenditure account		Revaluation reserve	Total
	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000
Balance at 1 August 2018	125	32,425	23,753	56,303
Deficit from the income and expenditure statement	10	(3,396)	-	(3,386)
Pension scheme actuarial loss	-	(1,608)	-	(1,608)
Transfers between revaluation and income and expenditure reserve	-	87	(87)	-
Release of restricted funds spent in year	(47)	47	-	-
Total comprehensive income for the year	(37)	(4,870)	(87)	(4,994)
Balance at 1 August 2019	88	27,555	23,666	51,309
Deficit from the income and expenditure statement	3	(1,238)	-	(1,235)
Pension scheme actuarial loss	-	(6,969)	-	(6,969)
Transfers between revaluation and income and expenditure reserve	-	88	(88)	-
Release of restricted funds spent in year	(5)	5	-	-
Total comprehensive income for the year	(2)	(8,114)	(88)	(8,204)
Balance at 31 July 2020	86	19,441	23,578	43,105

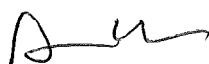
University	Income and expenditure account		Revaluation reserve	Total
	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000
Balance at 1 August 2018	125	32,421	23,753	56,299
Deficit from the income and expenditure statement	10	(3,384)	-	(3,374)
Pension scheme actuarial loss	-	(1,608)	-	(1,608)
Transfers between revaluation and income and expenditure reserve	-	87	(87)	-
Release of restricted funds spent in year	(47)	47	-	-
Total comprehensive income for the year	(37)	(4,858)	(87)	(4,982)
Balance at 1 August 2019	88	27,563	23,666	51,317
Deficit from the income and expenditure statement	3	(1,221)	-	(1,218)
Pension scheme actuarial loss	-	(6,969)	-	(6,969)
Transfers between revaluation and income and expenditure reserve	-	88	(88)	-
Release of restricted funds spent in year	(5)	5	-	-
Total comprehensive income for the year	(2)	(8,097)	(88)	(8,187)
Balance at 31 July 2020	86	19,466	23,578	43,130

The University of Chichester

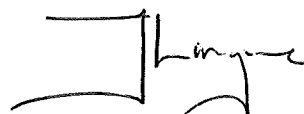
Consolidated and University balance sheet at 31 July 2020

Company number 04740553	Notes	2020		2019	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Fixed assets	11	131,247	131,242	137,332	137,310
Investments	12	-	-	-	-
		<u>131,247</u>	<u>131,242</u>	<u>137,332</u>	<u>137,310</u>
Current assets					
Stock		12	12	10	10
Trade and other receivables	13	3,888	5,104	3,995	5,099
Cash and cash equivalents	20	10,704	9,479	5,408	3,831
		<u>14,604</u>	<u>14,595</u>	<u>9,413</u>	<u>8,940</u>
Creditors: amounts falling due within one year	14	(9,525)	(9,486)	(9,577)	(9,074)
Net current assets/(liabilities)		<u>5,079</u>	<u>5,109</u>	<u>(164)</u>	<u>(134)</u>
Total assets less current liabilities		<u>136,326</u>	<u>136,351</u>	<u>137,168</u>	<u>137,176</u>
Creditors: amounts falling due after more than one year	15	(76,093)	(76,093)	(78,253)	(78,253)
Provisions					
Pension provisions	17	(16,562)	(16,562)	(7,165)	(7,165)
Other provisions	17	(566)	(566)	(441)	(441)
Total net assets		<u>43,105</u>	<u>43,130</u>	<u>51,309</u>	<u>51,317</u>
Restricted Reserves					
Income and expenditure reserve - restricted reserve	19	86	86	88	88
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		19,441	19,466	27,555	27,563
Revaluation reserve		23,578	23,578	23,666	23,666
		<u>43,019</u>	<u>43,044</u>	<u>51,221</u>	<u>51,229</u>
Total Reserves		<u>43,105</u>	<u>43,130</u>	<u>51,309</u>	<u>51,317</u>

The financial statements on pages 42 - 45 were approved by the Board of Governors and authorised for issue on 17 November 2020 and were signed on its behalf on that date by:



Ms A Small OBE
Chair of Governors



Professor J Longmore
Vice-Chancellor

The notes on pages 46 - 64 form part of these financial statements.

The University of Chichester

Consolidated statement of cash flows for the year ended 31 July 2020

	Notes	2020 £'000	2019 £'000
Cash flow from operating activities			
Deficit for the year before tax		(1,235)	(3,385)
Adjustments for: non-cash items			
Depreciation	11	4,676	5,266
(Increase) in stock		(2)	-
Decrease in debtors	13	107	186
Increase/(decrease) in creditors	14	261	(262)
Increase in pension provision	17	2,428	2,436
Increase/(decrease) in other provisions	17	125	(33)
Cash from operations		6,360	4,208
Investment income	5	(9)	(6)
Interest payable	8	2,075	2,234
Surplus on the disposal of fixed assets		(619)	(421)
Capital grant income	18	(1,061)	(1,048)
Net cash generated from operating activities		6,746	4,967
Cash flows from investing activities			
Proceeds from sale of fixed assets		2,601	2,853
Capital grants receipts		380	721
Investment income		9	6
Payments made to acquire fixed assets		(783)	(3,939)
Net cash from /(used in) investing activities		2,207	(359)
Cash flows from financing activities			
Interest paid		(896)	(1,055)
Interest element of finance lease		(1,187)	(1,195)
Repayments of bank loans		(1,069)	(1,599)
Repayments of other loans		(188)	-
Capital element of finance lease		(317)	(295)
Net cash (used in) financing activities		(3,657)	(4,144)
Increase in cash and cash equivalents in the year		5,296	464
Cash and cash equivalents at beginning of the year	20	5,408	4,944
Cash and cash equivalents at end of the year	20	10,704	5,408

The University of Chichester

Statement of accounting policies for the year ended 31 July 2020

The University of Chichester is a company limited by guarantee incorporated in England & Wales under the Companies Act 2006. Registered address: Bishop Otter Campus, College Lane, Chichester, West Sussex, PO19 6PE.

1 Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice : Accounting for Further and Higher Education 2019 (2019 FE HE SORP) and in accordance with Financial Reporting Standards (FRS) 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of certain fixed assets at transition as deemed cost).

The University has taken advantage of the exemptions provided in FRS 102 1.12 and the 2019 FE HE SORP 3.3, and has not included a separate statement of its own cash flows. These cash flows are included within the Consolidated Statement of Cash Flows, and the University balance sheet discloses cash at both the current and preceding reporting dates.

The Governors have adopted the going concern basis in preparing these accounts after assessing the principal risks and having considered the impact of a severe but plausible downside scenario for Covid-19. The major variables are the depth and duration of Covid-19. The Governors considered the impact over the next 12 months and the longer term. Whilst the situation evolves daily making scenario planning difficult, we have considered a number of impacts on income, cash and bank covenants.

Illustrative stress-testing scenarios have been prepared and by assessing the extent to which a significant downside could impact its finances, mitigation actions have been identified which will continue to be under review, for implementation in the event that any of these scenarios become a reality.

The Governors believe that the University is well placed to manage its financing and other business risks satisfactorily and have a reasonable expectation that the University will have adequate resources to continue in operation for at least 12 months from the signing date of these consolidated financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

2 Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2020.

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.

3 Income recognition

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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

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

Grant funding

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

Grants (including research grants) from non government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations

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

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

The University of Chichester

Statement of accounting policies (continued) for the year ended 31 July 2020

4 Accounting for retirement benefits

The two principle pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and until April 2016 were contracted out of the State Second Pension.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi employer scheme and the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Consolidated Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

In addition to the above schemes, staff who had previously been members of the Universities Superannuation Scheme (USS) with a previous employer, on joining the University are able to continue their membership of USS.

The USS is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

5 Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

6 Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

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

7 Operating leases

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

8 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income.

9 Fixed assets

Fixed assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2014 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

The University of Chichester

Statement of accounting policies (continued) for the year ended 31 July 2020

9 Fixed assets (continued)

Land and buildings

On adoption of FRS102, the University followed the transitional provision to revalue land to its fair value and use that fair value as its deemed cost at that date, and retain the book value of buildings, which were revalued in 1995, as deemed cost but not to adopt a policy of revaluations of land and buildings in the future.

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

Freehold land is not depreciated as it is considered to have an indefinite useful life.

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

New builds	50 years
Refurbishments	20 years

Leasehold land and buildings are depreciated over the term of the lease.

No depreciation is charged on assets in the course of construction.

Equipment

Equipment, including computers and software, costing more than £10,000 (2019 - £2,500) per individual item or collectively more than £10,000 if functionally interdependent or part of a larger asset, including set up costs in a building, is capitalised.

All other equipment is recognised as expenditure.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

Major components of a new building	up to 20 years
Furniture, computers and general equipment	4 years
Specific musical instruments	10 years
Steinway pianos	20 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

10 Investments

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

11 Stock

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.

12 Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value and are accessible within 90 days.

13 Provisions

Provisions are recognised in the financial statements when:

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

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

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

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

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes.

The University of Chichester

Statement of accounting policies (continued) for the year ended 31 July 2020

14 Financial liabilities

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost.

15 Enhanced pensions

The cost of any enhanced ongoing pension to a former member of staff is paid by the University. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged full to the University's income and expenditure account in the year that the member of staff retires. In subsequent years an additional charge is made in line with the latest estimates.

16 Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011.

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

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

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

17 Reserves

Reserves are classified as restricted or unrestricted.

Restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

18 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

Determine whether leases entered into by the University either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty:

Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Local Government Pension Scheme

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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The University of Chichester

Notes to the financial statements for the year ended 31 July 2020

	2020		2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Tuition fees and education contracts				
Full-time home and EU students	37,071	37,071	37,668	37,668
Full-time international students	1,806	1,806	1,182	1,182
Part-time students	888	888	1,051	1,051
	39,765	39,765	39,901	39,901
2 Funding body grants				
Recurrent grant				
Office for Students	1,756	1,756	1,789	1,789
Research England	963	963	820	820
Department of Education	126	126	122	122
Specific grants				
Office for Students Catalyst Fund	-	-	148	148
Department of Education	23	23	26	26
Higher Education Innovation Fund	277	277	-	-
Release of capital grants (note 18)	809	809	797	797
	3,954	3,954	3,702	3,702
3 Research grants and contracts				
Research councils	6	6	37	37
Research charities	16	5	3	3
Government (UK and overseas)	37	8	4	-
Industry and commerce	1,133	1	1,222	20
Other	109	83	41	3
	1,301	103	1,307	63
4 Other income				
Residences, catering and conferences	5,822	5,443	7,251	6,638
Release of capital grants (note 18)	252	252	251	251
Other income	3,722	4,430	3,074	3,835
	9,796	10,125	10,576	10,724
5 Investment income				
Other investment income	9	9	6	6
6 Donations				
Donations with restrictions (note 19)	33	33	10	10
Unrestricted donations	20	646	20	885
	53	679	30	895
Note The source of grant and fee income included in notes 1 to 4 is as follows:				
Grant and fee income				
Grant income from the OFS	2,555	2,555	2,733	2,733
Grant income from other bodies	1,897	1,897	1,266	1,266
Fee income for taught awards (exclusive of VAT)	39,549	39,549	39,240	39,240
Fee income for research awards (exclusive of VAT)	94	94	151	151
Fee income from non-qualifying courses (exclusive of VAT)	122	122	509	509
	44,217	44,217	43,899	43,899

The University of Chichester

Notes to the financial statements for the year ended 31 July 2020

	2020		2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
7 Staff costs				
Salaries	23,341	23,341	24,610	24,610
Social security costs	2,397	2,397	2,532	2,532
Pension costs	4,768	4,768	4,127	4,127
Compensation for loss of office	493	493	858	858
	<u>30,999</u>	<u>30,999</u>	<u>32,127</u>	<u>32,127</u>
FRS102 pension adjustments	2,295	2,295	2,371	2,371
	<u>33,294</u>	<u>33,294</u>	<u>34,498</u>	<u>34,498</u>

The University received £239,414 from the Coronavirus Job Retention Scheme towards the costs of 120 staff who were put on furlough (2019 - £nil). Compensation for loss of office related to payments to 30 people (2019 - 49).

Emoluments of the Vice-Chancellor:	2020	2019
	£	£
Professor Jane Longmore		
Basic salary	174,241	171,161
Pension contributions	40,215	28,207
	<u>214,456</u>	<u>199,368</u>

The Vice-Chancellor does not receive payment of dividends, performance-related pay, payments in lieu of pension contributions, any other taxable or non-taxable benefits or any other remuneration. No accommodation is provided to the Vice-Chancellor.

The head of the provider's basic salary is 7.8:1 (2019 - 6.4:1) times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The head of the provider's total remuneration is 8.6:1 (2019 - 6.1:1) times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the provider to its staff.

In 2019/20 the University has followed the OFS Accounts Direction for periods beginning on or after 1 August 2019 in respect of these ratios i.e. the calculation includes all employees included in real-time reporting to HMRC. In 2018/19 the ratios were calculated using only staff included in the HESA Staff Record i.e. staff on casual and other non-permanent contracts were not included in the calculation of the pay ratios. The increase in pension contributions is aligned with the increase in TPS employer contributions as stated on page 25.

Justification of Vice-Chancellor emoluments

The Governing Body has an established remuneration committee. Members of the Governors' Remuneration Committee include the Chair of the Governing Body, the Chair of the Strategy and Resources Committee and at least two other independent or co-opted members. The Committee co-opts additional members with knowledge of the salaries, terms and conditions of service of senior staff in Higher Education. Decisions on remuneration must consider matters of equality, diversity and inclusion with a view to ensuring that there are no biases pertaining to gender or other protected characteristics. The Committee will carry out an annual review of senior staff salaries and conditions ensuring that there is a fair, appropriate and justifiable level of remuneration; procedural fairness; and transparency and accountability. The University's PRDP (Performance, Review, Development, Plan) process will be utilised to ensure a robust and consistent process for setting objectives and assessing an individual's contribution.

In determining appropriate salaries for senior staff, reference will be made to data drawn from the Universities and Colleges Employers Association Senior Staff Remuneration Survey and the Committee of University Chairs' Vice-Chancellor Survey. A comparator analysis of senior salary distributions is undertaken. While the Universities and Colleges Employers Association has no role in setting senior pay in HE institutions, national pay negotiations will be taken into consideration when determining remuneration for senior post holders. The Governors' Remuneration Committee met on 30 September 2019 to determine the pay level for the Vice-Chancellor, taking into account the UCEA and CUC 2019 salary surveys, PRDP outcomes and the national pay negotiations. The Vice-Chancellor's total salary agreed from 1 August 2019 is £174,241, in line with the national pay award of 1.8 per cent. In line with the CUC Remuneration Code regarding guidance on pay multiples, the Vice-Chancellor's salary is compared with the median pay of all staff within the University.

	2020	2019
Higher paid employees (excluding Vice-Chancellor)	No.	No.
£100,000 to £104,999	1	-
£105,000 to £109,999	-	1
£110,000 to £119,999	-	1
	<u>1</u>	<u>2</u>

The University of Chichester

Notes to the financial statements for the year ended 31 July 2020

7 Staff costs continued

Average staff numbers by major category :	No.	No.
Academic	295	320
Administration, support and central services	318	337
	613	657

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University and are represented by the Vice-Chancellor's Group and staff governors. Total compensation shown below consists of salary and benefits including employer's pension and national insurance costs. These amounts are included in staff costs.

	2020	2019
	£'000	£'000
Key management personnel compensation	1,163	1,135
Average FTE of key management personnel	8.6	9.0

Governors

The total emoluments of all governors in the year comprised salary costs of £319,463 (2019 - £373,603) and employer pension costs of £72,460 (2019 - £58,861). These emoluments are in respect of in respect of FTE 3.42 governors (2019 - FTE 4), consisting of the Vice-Chancellor and the staff governors in their capacity as members of staff. No other governors received remuneration.

The total expenses paid to or on behalf of 2 governors was £2,314 (2019 - £1,095 to 2 governors). This represents travel and subsistence expenses incurred in their official capacity.

Access and participation costs included within staff costs

	2020
	£'000
Access investment	1,455
Financial support	102
Disability support (excluding expenditure included in the two categories above)	347
Research and evaluation	14
	1,918

8 Interest and other finance costs

	2020		2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Loan interest	888	888	1,039	1,039
Finance lease interest	1,187	1,187	1,195	1,195
Net charge on pension schemes (note 26)	178	178	111	111
	2,253	2,253	2,345	2,345

9a Analysis of total expenditure by activity

	2020		2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Academic and related expenditure	30,033	30,484	30,803	31,002
Administration and central services	11,807	11,837	13,290	13,273
Premises	6,571	8,575	6,689	8,979
Residences, catering and conferences	6,011	3,993	6,532	4,359
Research grants and contracts	1,213	466	884	230
Other expenses	1,097	1,117	1,130	1,242
	56,732	56,472	59,328	59,086

The University of Chichester

Notes to the financial statements for the year ended 31 July 2020

	2020		2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
9b Access and participation				
Access Investment	2,055	2,055		
Financial Support	151	151		
Disability Support	382	382		
Research and Evaluation	14	14		
	2,602	2,602		

£1.918m of these costs are included within staff costs, see note 7.

The University of Chichester has published an Access and Participation Plan (APP) with the Office for Students (OFS) that defines our commitment to widening participation and lists our progress objectives in supporting key under-represented groups in higher education. We aim to improve access, provide equal opportunities and enable progress through higher education.

Our current plan can be found by clicking on this link: <https://www.chi.ac.uk/about-us/mission-and-vision/access-agreements>

10 Other operating expenditure

Property related cost	3,444	3,436	3,475	3,463
Transport and travel	575	524	927	872
Equipment and materials	2,341	2,284	2,696	2,622
Operating lease rentals - equipment	1,022	1,022	585	585
Bursaries	797	797	1,014	964
Payments to partners	2,830	2,830	1,847	1,847
Catering contract	501	501	896	896
Agency services	390	390	525	525
Professional fees	1,228	1,137	1,982	1,958
Payments for placements	359	359	478	478
Advertising and publicity	581	581	550	549
Subscriptions	416	415	370	368
Other expenditure	2,025	1,990	1,874	1,870
	16,509	16,266	17,219	16,997

Other operating expenses include external auditors' remuneration (including irrecoverable VAT) in respect of:

Auditing these financial statements	65	60	62	57
Other audit services	11	11	-	-
Other services	-	-	12	12
Taxation services	9	7	21	18

The total consolidated statutory audit fee for the 2020 financial statements, net of VAT, was £55,495 (2019: £45,675).

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Notes to the financial statements for the year ended 31 July 2020

11 Fixed Assets

	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Consolidated					
Cost or valuation					
At 1 August 2019	126,203	30,564	13,627	1,404	171,798
Additions	174	-	361	38	573
Transfers	187	-	-	(187)	-
Disposals	(2,672)	-	(58)	(63)	(2,793)
At 31 July 2020	123,892	30,564	13,930	1,192	169,578
Depreciation					
At 1 August 2019	22,139	1,540	10,787	-	34,466
Charge for the year	2,839	972	865	-	4,676
Disposals	(753)	-	(58)	-	(811)
At 31 July 2020	24,225	2,512	11,594	-	38,331
Net book value					
At 31 July 2020	99,667	28,052	2,336	1,192	131,247
At 31 July 2019	104,064	29,024	2,840	1,404	137,332
University					
Cost and valuation					
At 1 August 2019	126,203	30,564	13,496	1,404	171,667
Additions	174	-	361	38	573
Transfers	187	-	-	(187)	-
Disposals	(2,672)	-	(58)	(63)	(2,793)
At 31 July 2020	123,892	30,564	13,799	1,192	169,447
Depreciation					
At 1 August 2019	22,139	1,540	10,678	-	34,357
Charge for the year	2,840	972	847	-	4,659
Disposals	(753)	-	(58)	-	(811)
At 31 July 2020	24,226	2,512	11,467	-	38,205
Net book value					
At 31 July 2020	99,666	28,052	2,332	1,192	131,242
At 31 July 2019	104,064	29,024	2,818	1,404	137,310

Included within land and buildings is £22,420,300 relating to land (2019 - £23,385,300).

A full valuation of land using fair value was carried out at 31 July 2014 by GL Hearn Limited.

A full valuation of buildings using the depreciated replacement cost value was carried out at 31 July 1995 by Grimley.

There were no fixed asset impairments in the year.

The University of Chichester

Notes to the financial statements for the year ended 31 July 2020

	2020		2019	
	Consolidated	University	Consolidated	University
	£	£	£	£
12 Non-Current Investments				
Investment in subsidiary companies	-	2	-	2

During the year ended 31 July 2004 the University acquired 100% of the issued ordinary £1 shares of Chichester Enterprises Limited, a company incorporated in England and Wales. The principal business activity of Chichester Enterprises Limited is the provision of conference and catering services.

The net liabilities and profit for Chichester Enterprises Limited were as follows:

	2020	2019
	£'000	£'000
Net liabilities	(27)	(10)
Profit	609	852

	2020		2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
13 Trade and other receivables				
Amounts falling due within one year:				
Trade receivables	1,102	985	1,149	1,026
Prepayments and accrued income	2,315	2,161	2,242	2,195
Other debtors	175	175	214	214
Amounts due from subsidiary companies	-	1,487	-	1,274
Amounts due from University of Chichester (Multi) Academy Trust	230	230	166	166
Net investment in finance lease	3	3	3	3
	3,825	5,041	3,774	4,878
Amounts falling after more than one year:				
Amounts due from University of Chichester (Multi) Academy Trust	63	63	221	221
	3,888	5,104	3,995	5,099

14 Creditors : amounts falling due within one year

Secured bank loans (note 16)	1,843	1,843	1,836	1,836
Obligations under finance leases (note 16)	254	254	317	317
Trade payables	1,048	1,044	1,112	1,110
Social security and other taxation payable	528	528	573	573
Accruals and deferred income	3,148	3,116	3,178	2,826
Deferred income - government capital grants	948	948	987	987
Other creditors	1,568	1,565	1,386	1,237
Amounts owed to OfS	188	188	188	188
	9,525	9,486	9,577	9,074

15 Creditors : amounts falling due after more than one year

Secured bank loans (note 16)	25,627	25,627	26,704	26,704
Obligations under finance lease (note 16)	29,175	29,175	29,429	29,429
Deferred income - government capital grants	20,916	20,916	21,557	21,557
Amounts owed to OfS	375	375	563	563
	76,093	76,093	78,253	78,253

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Notes to the financial statements for the year ended 31 July 2020

	2020		2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
16 Maturity of debt				
Secured bank loans are repayable as follows:				
Due within one year - payable by instalment	1,843	1,843	1,836	1,836
Due between one and two years	1,851	1,851	1,843	1,843
Due between two and five years	5,605	5,605	5,578	5,578
Due in five years or more	18,171	18,171	19,283	19,283
Due after more than one year	25,627	25,627	26,704	26,704
	27,470	27,470	28,540	28,540

As at 31 July 2020 the University had the following loan arrangements in place:

- 1) AIB loan - fixed rate of interest of 5.53 per cent per annum repayable by June 2031 totalling £2,052,726 (2019 - £2,185,011).
- 2) AIB loan - fixed rate of interest of 4.95 per cent repayable by September 2031 totalling £1,908,686 (2019 - £2,078,347).
- 3) AIB loan - variable rate of interest (LIBOR + 2.51%) repayable by July 2034 totalling £9,769,054 (2019 - £10,105,920).
- 4) HSBC loan - variable rate of interest (LIBOR + 2.5%) repayable by October 2023 totalling £13,740,000 (2019 - £14,170,000).
- 5) HSBC revolving credit facility - variable rate of interest (LIBOR + 3%) terminating November 2023 totalling £2,500,000. At year end £nil was drawn (2019 - £nil).
- 6) The above loans are secured against assets in both companies.

Securities held by HSBC Corporate Trustee Company (UK) Ltd. acting as trustee for the Company's banks, HSBC Bank UK plc and AIB Group (UK) plc are as follows:

- 1) charges of all the Company's right, title and interest from time to time in and to each of the following:
 - a) by way of first legal mortgage all land comprising campuses at Chichester and Bognor Regis; and
 - b) by way of first fixed charge:
 - (i) all such land (to the extent not effectively charged by (a) above);
 - (ii) all related rights in respect of the charged property; and
- 2) all its right, title and interest from time to time in and to the insurances and all benefits accruing under the insurances, subject to a provision for reassignment on redemption.

Finance leases are repayable as follows:

Due within one year	254	254	317	317
Due between one and two years	279	279	254	254
Due between two and five years	994	994	914	914
Due in five years or more	27,902	27,902	28,261	28,261
Due after more than one year	29,175	29,175	29,429	29,429
	29,429	29,429	29,746	29,746

17 Provisions for liabilities

Consolidated and University	Obligation to fund deficit on USS Pension £'000	Pension enhancement on termination £'000	Defined Benefit Obligations (Note 26) £'000	Dilapidations £'000	Total Provisions £'000
At 1 August 2019	420	733	6,012	441	7,606
Utilised during the year	-	(45)	-	(57)	(102)
Charge to income and expenditure account	(202)	87	9,557	182	9,624
At 31 July 2020	218	775	15,569	566	17,128
				2020	2019
				£'000	£'000
Increase during the year recognised in Comprehensive Income				2,553	2,403
Increase during the year recognised in Other Comprehensive Income				6,969	1,608
Increase in provisions during the year				9,522	4,011

The University of Chichester

Notes to the financial statements for the year ended 31 July 2020

17 Provisions for liabilities (continued)

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

Following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As a consequence the deficit provision has decreased significantly from the prior year of which £200,000 is due to the change in the deficit contributions contractual commitment.

The major assumptions used to calculate the obligation are:

	2020	2019
Discount rate	0.73%	1.58%
Salary growth	1.00%	1.00%

Pension enhancement

The enhanced pension provision relates to the cost of staff who have already left the University's employ. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The assumptions for calculating the provision for pension enhancements on termination under FRS 102, are as follows:

	2020	2019
Discount rate	1.30%	2.00%
Inflation	2.20%	2.20%

Dilapidations

Provisions for dilapidations are recognised on a lease by lease basis and are based on the best estimate of the likely committed cash outflow.

18 Deferred capital grants

Consolidated and University	Funding body grants £'000	Other grants £'000	Total £'000
Buildings	12,879	9,184	22,063
Equipment	482	-	482
At 1 August 2019	13,361	9,184	22,545
Cash receivable			
Buildings	223	-	223
Equipment	82	75	157
	305	75	380
Released to income and expenditure account			
Buildings	508	252	760
Equipment	301	-	301
	809	252	1,061
Buildings	12,594	8,932	21,526
Equipment	263	75	338
At 31 July 2020	12,857	9,007	21,864

The University of Chichester

Notes to the financial statements for the year ended 31 July 2020

19 Restricted Reserves

Consolidated and University

	2020 £'000	2019 £'000
Donations		
At 1 August 2019	88	125
New donations	33	10
Expenditure	(35)	(47)
Total restricted comprehensive income for the year	(2)	(37)
At 31 July 2020	86	88
Analysis of other restricted funds / donations by type of purpose:		
Prize funds	8	21
General	78	67
	86	88

20 Cash and cash equivalents

	At 1 August 2019 £'000	Cash Flows £'000	At 31 July 2020 £'000
Consolidated			
Cash and cash equivalents	5,408	5,296	10,704
	5,408	5,296	10,704
University			
Cash and cash equivalents	3,831	5,648	9,479
	3,831	5,648	9,479

21 Reconciliation of net debt

	2020 £'000	2019 £'000
Consolidated and University		
Net debt 1 August 2019	52,878	
Movement in cash and cash equivalents	(5,296)	
Other non-cash changes	(1,387)	
Net debt 31 July 2020	46,195	
Change in net debt	(6,683)	
Analysis of net debt:		
Cash and cash equivalents	10,704	5,408
Borrowings: amounts falling due within one year		
Secured loans	1,843	1,836
Obligations under finance leases	254	317
	2,097	2,153
Borrowings: amounts falling due after more than one year		
Secured loans	25,627	26,704
Obligations under finance leases	29,175	29,429
	54,802	56,133
Net debt	46,195	52,878

The University of Chichester

Notes to the financial statements for the year ended 31 July 2020

22 Financial instruments

	2020		2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Financial assets				
Financial assets measured at amortised cost	<u>12,882</u>	<u>12,881</u>	<u>7,781</u>	<u>7,315</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>61,281</u>	<u>61,259</u>	<u>63,611</u>	<u>63,430</u>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, amounts owed by associated undertakings and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, finance leases, trade creditors, other creditors and accruals.

23 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2020.

	2020		2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	242	242	147	147
Authorised but not contracted for	445	445	270	270
	<u>687</u>	<u>687</u>	<u>417</u>	<u>417</u>

24 Lease obligations

At 31 July 2020 the University had minimum lease payments under non-cancellable operating leases as follows:

	Land and £'000	2020 Other leases £'000	Total £'000	2019 £'000
Future minimum lease payments due:				
Not later than 1 year	600	1,047	1,647	1,502
Later than 1 year and not later than 5 years	2,240	2,465	4,705	5,209
Later than 5 years	7,887	81	7,968	8,052
Total lease payments due	<u>10,727</u>	<u>3,593</u>	<u>14,320</u>	<u>14,763</u>

25 Events after the reporting period

The University entered into an operating lease for land and buildings on 28 August 2020, extending an existing lease until June 2021. Additional payments under this lease are £77,000.

The University of Chichester

Notes to the financial statements for the year ended 31 July 2020

26 Pension schemes

The University's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Sussex County Council. Both are multi-employer defined-benefit plans.

In addition to the above schemes, staff who had previously been members of the Universities Superannuation Scheme (USS) with a previous employer, on joining the University are able to continue their membership of USS.

Total pension cost for the year	2020	2019
	£'000	£'000
Employer's contributions paid	4,768	4,127
FRS 102 (28) charge:		
LGPS - past and current service cost	4,526	3,930
LGPS - employer contributions	(2,023)	(1,785)
USS - closing provision movement	(199)	235
USS - employer deficit contributions	(9)	(9)
Total pension cost for year within staff costs	7,063	6,498
FRS 102 (28) charge:		
LGPS - net interest on defined liability	157	93
USS - interest cost	6	4
Enhanced pensions - interest cost	15	14
Net charge on pension schemes within other finance costs (note 8)	178	111
Total pension cost for year recognised in Comprehensive Income	7,241	6,609
FRS 102 (28) charge:		
LGPS - actuarial loss	6,897	1,529
Enhanced pensions - actuarial loss	72	79
Total pension loss for year recognised in Other Comprehensive Income	6,969	1,608

Teachers' Pension Scheme

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

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

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

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The University is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the University has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan.

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

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

The University of Chichester

Notes to the financial statements for the year ended 31 July 2020

26 Pension schemes (continued)

Teachers' Pension Scheme (continued)

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a funded defined-benefit plan, with the assets held in separate funds administered by West Sussex County Council.

The employers' contribution rate for the University's administrative and manual staff for the period 1 August 2019 to 31 March 2020 was 20.5% of pensionable salaries and from 1 April 2020 to 31 July 2020 it was 19.6%.

The major assumptions used by the actuary were:

	2020	2019
	%	%
Salary increases	2.6	3.1
Pension increases	2.1	2.4
Discount rate	1.4	2.1

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and long term rates of improvement of 1.5% p.a. for males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Male 31 July 2020	Male 31 July 2019	Female 31 July 2020	Female 31 July 2019
Current pensioners	22.2 years	21.8 years	24.2 years	23.6 years
Future pensioners	23.3 years	23.0 years	25.9 years	25.5 years

The University's share of assets in the fund were:

	Value at 31 July 2020 £'000	Proportion	Value at 31 July 2019 £'000	Proportion
Equities	38,045	52%	35,080	52%
Bonds	26,338	36%	23,611	35%
Property	5,121	7%	5,397	8%
Cash	3,658	5%	3,373	5%
Total market value of assets	73,162	100%	67,461	100%

The following amounts, at 31 July 2020, were measured in accordance with the requirements of FRS 102:

Analysis of the amount shown in the balance sheet

	2020 £'000	2019 £'000
University of Chichester – Estimated asset share	73,162	67,461
University of Chichester – Present value of funded liabilities	(88,672)	(73,412)
University of Chichester – Present value of unfunded liabilities	(59)	(61)
University of Chichester – Net pension deficit (note 17)	(15,569)	(6,012)

The University of Chichester

Notes to the financial statements for the year ended 31 July 2020

26 Pension schemes (continued)

Local Government Pension Scheme (continued)	2020 £'000	2019 £'000
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Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

Amounts included in staff costs

Current service cost	4,513	3,412
Past service cost	13	518
	<u>4,526</u>	<u>3,930</u>

Amounts included in interest and other finance costs

Net interest charge	157	93
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Costs recognised in the Statement of Comprehensive Income

	<u>4,683</u>	<u>4,023</u>
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Amounts recognised in Other Comprehensive Income

Return on pension plan assets	2,751	3,521
Experience gain/(loss) arising on defined benefit obligations	838	(23)
Changes in assumptions underlying the present value of plan liabilities	(10,486)	(5,027)

Loss recognised in Other Comprehensive Income

	<u>(6,897)</u>	<u>(1,529)</u>
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Movement in net defined benefit liability during the year

Deficit in scheme at 1 August 2019	(6,012)	(2,245)
Movement in year:		
Current service cost	(4,513)	(3,412)
Past service cost	(13)	(518)
Employer contributions	2,023	1,785
Net interest on the defined liability	(157)	(93)
Actuarial gain or loss	(6,897)	(1,529)

Net defined benefit liability at 31 July 2020

	<u>(15,569)</u>	<u>(6,012)</u>
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Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations

Defined benefit obligations at start of period	73,473	63,046
Current service cost	4,513	3,412
Past service cost	13	518
Interest cost	1,598	1,814
Contributions by Scheme participants	700	580
Experience gains and losses on defined benefit obligations	(838)	23
Changes in demographic assumptions	3,044	(7,030)
Changes in financial assumptions	7,442	12,057
Estimated benefits paid	(1,214)	(947)

Defined benefit obligations at end of period

	<u>88,731</u>	<u>73,473</u>
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Reconciliation of Assets

Fair value of plan assets at start of period	67,461	60,801
Interest on plan assets	1,441	1,721
Return on plan assets	2,751	3,521
Employer contributions	2,009	1,785
Contributions by Scheme participants	700	580
Estimated benefits paid	(1,200)	(947)

Assets at end of period

	<u>73,162</u>	<u>67,461</u>
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The University of Chichester

Notes to the financial statements for the year ended 31 July 2020

27 Related party disclosures

All governors of the University are directors of the Company.

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest.

The University is the sponsor to the University of Chichester (Multi) Academy Trust, a company limited by guarantee, which was formed in July 2013. Professor Jane Longmore, Vice Chancellor, is Chair of the Board of Directors and a member of the Trust. James Martin, Head of Primary Partnership is a director of the Trust. In the year the University paid on behalf of the Trust costs totalling £699,902 (2019 - £637,254) which were recharged to the Trust. As at 31 July 2020, the University was owed £293,892 (2019 - £387,028), consisting of an interest free loan balance of £221,418 (2019 - £314,418) and a trade debtor balance of £72,474 (2019 - £72,610).

There were no transactions directly with any member of the Board of Governors.

Transactions are disclosed below where members of the Board of Governors disclose a significant interest in a body (other than with the Trust detailed above) with whom the University undertakes transactions which are considered material to the University's financial statements and/or the other party.

Governor	Sales to related party £'000	Purchases from related party £'000	Grants to related party £'000	Amounts owed by related party as at 31 July £'000	Amounts owed to related party as at 31 July £'000
Mr MA Ekundayo as President of University of Chichester Students' Union					
Income and expenditure activities:					
2020	31	7	307	-	-
2019	46	24	381	1	29
Payroll cost recharges:					
2020	248	-	-	-	-
2019	297	-	-	-	-

28 Members

The University of Chichester is a company limited by guarantee and therefore does not have share capital. The liability of members is limited to £1 each.

29 Amounts disbursed as agent

National College for Teaching and Leadership training bursaries

	2020		2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Balance at 1 August 2019	75	75	121	121
NCTL grants received	1,179	1,179	1,179	1,179
NCTL grants refunded	(176)	(176)	(145)	(145)
Disbursed to students	(1,045)	(1,045)	(1,054)	(1,054)
Administration costs	(23)	(23)	(26)	(26)
Adjustment of understated opening balance	33	33	-	-
Balance unspent at 31 July 2020	43	43	75	75

National College for Teaching and Leadership grants are available solely for students; the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

The University of Chichester

Notes to the financial statements for the year ended 31 July 2020

30 Catering contract

	2020		2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Cash sales	637	637	916	916
Cost of sales	(357)	(357)	(508)	(508)
Income, as recognised in the University's financial statements	280	280	408	408

The University receives a guaranteed return from the operation of its catering facilities by an external company. The University declares output VAT on the standard rated element of the cash sales and includes the above figures in its VAT return.

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