

Stranmillis University College

A College of Queen's University Belfast.

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

ADVISORS

Principal and Chief Executive: Professor A Heaslett to 17th September 2021
Professor J Heggarty from 20th September 2021

External Auditor: Grant Thornton (NI) LLP
12 – 15 Donegall Square West
Belfast
BT1 6JH

Internal Auditor: Ernst & Young LLP
Bedford House
22 Bedford Street
Belfast
BT2 7DT

Solicitors: Carson McDowell
Murray House
4 Murray Street
Belfast
BT1 6DN

Bankers: Danske Bank
Donegall Square West
Belfast
BT1 6JS

Principal Address: Stranmillis University College
Stranmillis Road
Belfast
BT9 5DY

CONTENTS

	Page
Governors	4
Report of the Governing Body	5 - 14
Governance Statement	15 - 26
Statement of the Responsibilities of the Governing Body	27 - 28
Report of the Independent Auditor	29 - 32
Statement of Comprehensive Income and Expenditure	33
Statement of Changes in Reserves	33
Statement of Financial Position	34
Cash Flow Statement	35
Notes to the Accounts	36 - 52

GOVERNORS

The members of the Governing Body and its Committees during the year are set out in the table below:

Name	Appointed From Date	Term of Office	Status of Appointment	Committees Served
Professor Sir Desmond Rea OBE MSc(ECON) MBA PHD	13 May 2013	31 December 2021	Chair of the Governing Body	Member of HR and Remuneration Committee
E Jardine CB, MSc, BSc	1 August 2014	31 July 2022	Vice-Chair of the Governing Body	Member of the HR and Remuneration Committee; Member of the Education Committee
Professor A Heaslett BA MA D.Phil MSc,FRSA	1 August 2007	17 September 2021	Principal and Chief Executive	None
Professor J Heggarty MBE, BSc, PHD, PGCFHE, MCGI	20 September 2021	For period of appointment	Principal and Chief Executive	None
Mrs C Moore BA, FCA	1 August 2014	31 July 2022	Member	Chair of the Audit and Risk Assurance Committee
Mr K Nelson MBE, BA, MBA, MSC, FCMI, CMGR	29 March 2013	28 March 2023	Member	Chair of the Finance and General Purposes Committee
Mr R Thompson MA, BA, DASE CertED	29 March 2013	28 March 2023	Member	Member of the Finance and General Purposes Committee; Chair of the Education Committee
Dr E Birnie MA, PhD	1 August 2014	31 July 2022	Member	Member of the Finance and General Purposes Committee
Mr W Patterson BA, MBA, FCIPD	1 August 2014	31 July 2022	Member	Member of the Finance and General Purposes Committee; Chair of the HR and Remuneration Committee
Dr A Brown BEd, MSSc, PhD, FCIEA, FCoIT, FRSA	4 November 2014	3 November 2022	Academic Staff Representative	None
Mrs D Brown BA(Hons) MinstAM	1 April 2017	31 March 2021	Support Staff Representative	None
Mr D Feely BSc, MA	1 April 2021	31 March 2025	Support Staff Representative	None
Mr J Reid BEd (Hons)	1 June 2020	31 May 2021	Student Representative	Observer Education Committee
Miss M Magee BEd (Hons)	1 June 2021	31 May 2022	Student Representative	Observer Education Committee
Mr P Weil MA Fellow RTS	1 September 2019	31 August 2023	Member	Member of Finance and General Purposes Committee
Professor D S Jones BSc BA PhD DSc FREng FIAE FIMMM FRSC	1 September 2019	31 August 2023	Member	Member of Audit and Risk Assurance Committee
Ms M Corrigan BA MBA PGCE PGDip	1 September 2019	31 August 2023	Member	Member of Education Committee
Mrs H Miller MBA BA PGDE PG Dip Law SFHEA	1 September 2019	31 August 2023	Member	Member of Education Committee
Dr L Boyce BEM BA BSc CMCIPD MCMI MSSC PhD PMDip	1 July 2020	30 June 2024	Member	Member of HR and Remuneration Committee
Dr M Bennett PhD MEd DASE PGCE BA	1 July 2020	30 June 2024	Member	Member of Audit and Risk Assurance Committee

Since his appointment, it has been the Chair's practice to attend also, the Finance and General Purposes Committee and the Education Committee.

1 REPORT OF THE GOVERNING BODY FOR THE YEAR ENDED 31 JULY 2021

Introduction

- 1.1 The Governing Body is pleased to present its report and the accounts of the University College for the year ended 31 July 2021.
- 1.2 Stranmillis University College is a Higher Education Institution, founded in 1922, for the purpose of providing teacher education in Northern Ireland. The principal business of the University College, is the provision of courses in Initial Teacher Education leading to the award of the BEd (Honours). The University College also offers a BA (Early Childhood Studies), a BSc (Health, Physical Activity and Sport), a Postgraduate Certificate in Education (PGCE) in Early Years Education, a number of Foundation Degrees in collaboration with the Further Education sector and a range of courses at Master's level. All of the College's award bearing programmes are validated by Queen's University, Belfast (QUB).
- 1.3 In addition, the University College offers a range of short courses through its Lifelong Learning and Continuing Professional Development Programmes. It is currently implementing an Intergenerational Learning Strategy in response to the Learning Leaders Strategy – A Strategy for Teacher Professional Learning, published by the Department of Education.
- 1.4 Over the years, the University College has also developed an international strategy and currently works with a number of overseas partners. In addition, the University College has developed a vibrant culture of scholarship and research related to the field of education and is continuing to expand its research capacity. The University College achieved pleasing results in the 2014 Research Excellence Framework and, despite the current COVID-19 restrictions, has made a successful submission to the REF 2021. The College has also strengthened its research profile and, in particular, the work of the Centre for Research into Educational Underachievement (CREU).
- 1.5 The Stranmillis University College's mission is: 'transforming the lives of children, young people and communities, through excellence in teaching, scholarship and research.' Its vision is to be a high performing specialist Higher Education Institution in the field of teacher education and related professions; driving and leading innovative professional practice that will:
- shape education,
 - unlock potential, and
 - build better futures for all.
- 1.6 The following values shape the way the University College operates:
- The University College:
- is student-focused: nurturing, developing and maximising the potential of every student;
 - pursues excellence: demonstrating leadership in scholarship, teaching, research and professional practice.
 - champions collaboration by creating effective partnerships locally, nationally and internationally.
 - promotes social responsibility, thus embracing diversity and respect: listening to and working with colleagues and the wider College community; and
 - promotes entrepreneurship: delivering innovative programmes and projects, growing income generation and promoting good governance.

1.7 The University College pursues its mission by aiming:

- to deliver high-quality teaching and learning that is informed by scholarship and research, promotes critical enquiry and is recognised at regional, national and international level;
- to attract, develop, motivate and retain high calibre students, improving accessibility, including for those currently under-represented in Higher Education;
- to enable all learners, from entry to employment, to achieve their full potential through the provision of appropriate and timely support services;
- to focus scholarship and research to help inform teaching, shape policy, change practice and inform debate;
- to develop and sustain collaborative partnerships, locally, nationally and internationally which promote the concept of learning communities and sharing resources;
- to embed the concept of lifelong learning at all levels;
- to attract, retain and develop high calibre staff;
- to create a safe and attractive working environment to support the College community;
- to maximise income generation to ensure financial sustainability; and
- to improve communication to demonstrate impact to both internal and external stakeholders.

1.8 The University College was created as an incorporated institution by virtue of the Colleges of Education (NI) Order 2005 which received parliamentary approval on 19th July 2005. The Order was effective from 1 October 2005.

1.9 Based on this legislation, the Office for National Statistics reclassified the University College as part of Central Government. This has resulted in the University College, uniquely for a Higher Education Institution within the United Kingdom, being determined as a Non-Department Public Body (NDPB) with effect from 1 April 2012. As such, the Department for the Economy (DfE) has sponsorship responsibility for the University College, the terms of which are set out in a Management Statement and Financial Memorandum (October 2015), agreed with the Department and which is published on the University College's website. The Governing Body and Senior Management within the University College are committed to fulfilling the requirements within the Management Statement and Financial Memorandum.

1.10 The University College is recognised as an Established Provider. This means that, in the judgement of the Department for the Economy, the quality and standards of the academic programmes provided by the University College are of the required standard. This is the highest rating possible under the Established Provider system. This is a significant milestone in the continuing development of the University College and is a reflection of the high-quality programmes the University College provides. There can be confidence that academic standards are reliable and meet UK requirements. The University College also meets the Home Office's requirements for student route sponsorship required to enable international students to study at a UK Higher Education Institution.

Financial Results for the Year

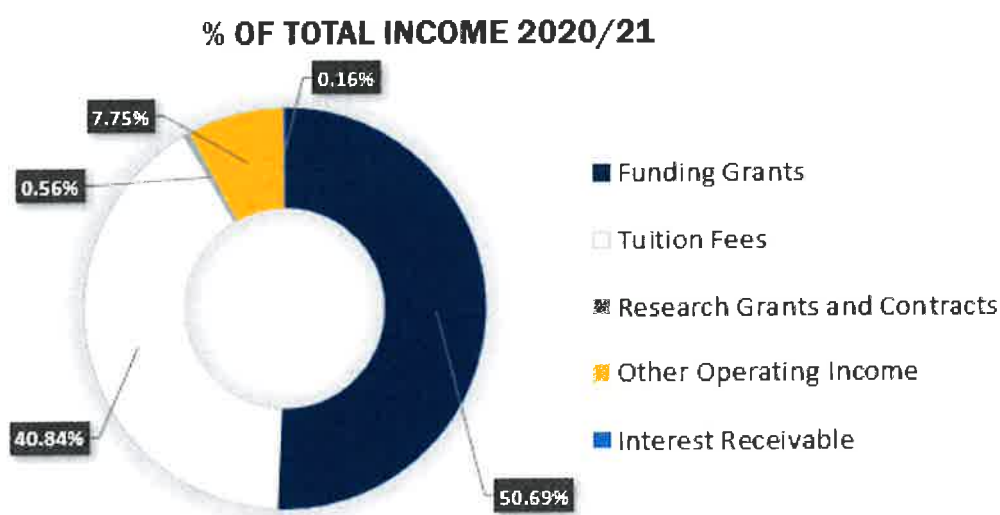
1.11 These financial statements have been prepared on a going concern basis in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019, Financial Reporting Standards (FRS102), the Management Statement and Financial Memorandum between the Sponsoring Department and the University College and also the Accounts Direction issued by the Sponsoring Department.

- 1.12 The University College's Income, Expenditure and Results for the year to 31 July 2021 are summarised below:

	2021 £'000	2020 £'000
Income	12,205	11,543
Expenditure	(12,787)	(12,244)
Operating Deficit	<u>(582)</u>	<u>(701)</u>
Actuarial Gain/(Loss) in respect of NILGOSC pension scheme	4,569	(2,414)
Total Comprehensive Income/(Expenditure)	<u>3,987</u>	<u>(3,115)</u>

Income

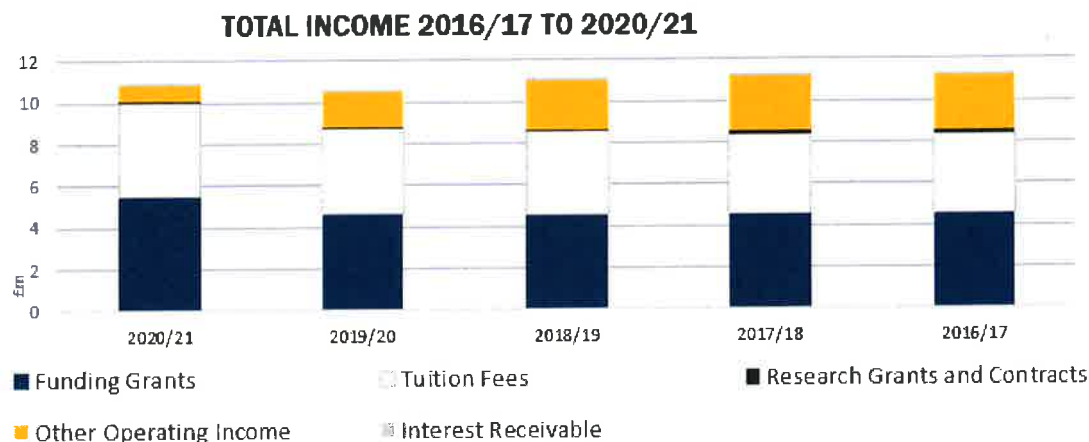
- 1.13 Total income for the year was £12.2m representing an increase of £662k (5.7%) on the prior year. The main components of this income (excluding deferred capital grant release income) are shown in the chart below.



- 1.14 In interpreting income, readers should note that Total Funding Grants includes £1,290k (2020 - £1,017k) of Deferred Capital Grants Released, which relates to the matching depreciation charge both on the assets which were inherited by the University College on incorporation in 2005 or which have been grant funded since incorporation. During the 2020-21 year a campus building which was beyond the end of its useful life, College Hall, was demolished. This building was originally inherited on incorporation and thus resulted in a larger than normal release of Deferred Capital Grant during the year on its demolition. The Deferred Capital Grants Release Income therefore does not represent revenue funding actually received in the year from the Sponsoring Department. The amounts released represents some 10.6% (2020 - 8.8%) of amounts recorded as income in the year. Recurrent Grant funding received from the Sponsor Department increased by £80k compared with the previous year. Diversity & Mutual Understanding (DMU) and International Awareness Income recognised in the year

has fallen during the year due to the ongoing pandemic negatively impacting on related activity levels. The College received a total of £750k (2020 – £nil) from the Sponsor Department to assist with the costs of Covid-19 pandemic mitigation measures and includes a contribution of £322k towards lost halls of residence income, assisting with the refurbishment of some halls of residence spaces to aid social distancing, additional funding towards student support, bursaries, and a student Digital Poverty initiative. Funding Grant Income also includes £186k (2020 – £91k) in relation to the University College availing of the Coronavirus Job Retention (Furlough) Scheme during the year.

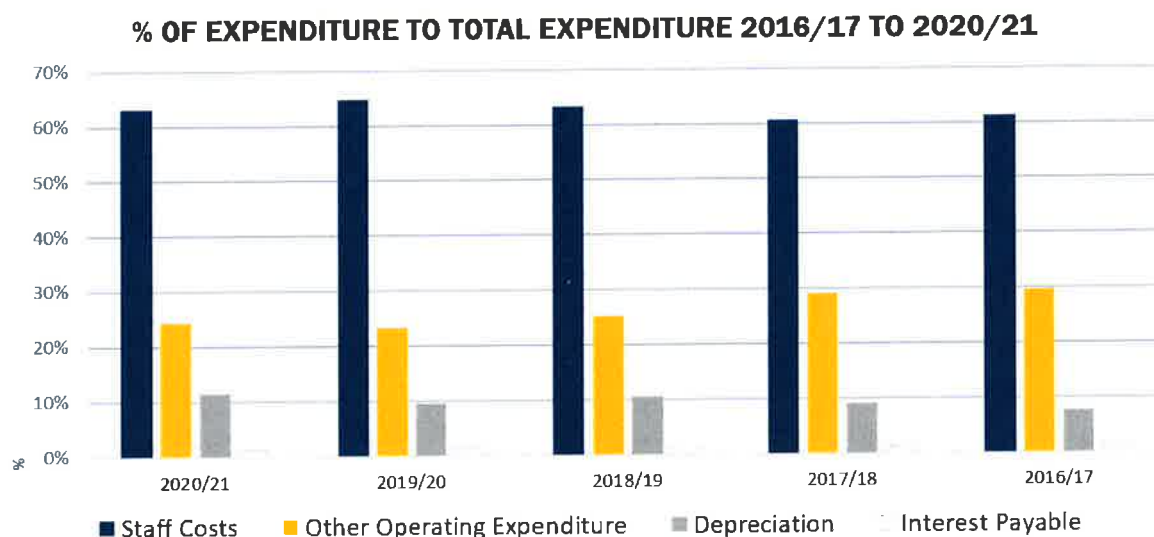
The chart below shows the trends in total income (excluding deferred capital grant release income) over the last 5 years.



- 1.15 Tuition Fee income of £4.46m increased by £326k in the year (2020 – increase of £150k) with both full-time and part-time tuition fee income increasing by 6.7% and 15.5% respectively. Total full-time equivalent student numbers have increased by 60 to 1,037 (2020 – 977). Tuition Fee income contributed 36.5% (2020 – 35.8%) of Total Income.
- 1.16 Halls of Residence, Catering, Conferencing and Facility Hire income, under the management of the Hospitality, Accommodation and Conferencing Services Department, contributed £608k or 5% of total income in the year (2020 - £1,442k or 12.5%), a decrease of £834k or 57.8%. A series of rent breaks were offered to students throughout the year in line the Higher Education sector response to the COVID-19 lockdown restrictions. The pandemic has also had a detrimental effect on conference, catering and facility hire income.
- 1.17 No Other Grant Income has been recognised in the current year (2020: £105k) as a result of pandemic imposing travel restrictions which negatively impacted the College Erasmus student exchange and International programmes. Sundry Other Income has increased by £75k (46%) to £238k in the year (2020 - £163k) largely as a result of a marked increased in the uptake of Continual Professional Development online courses.
- 1.18 Income of £924k or 7.6% (2020 – £1,781k or 15.4%) of Total Income in the year was derived from sources other than Sponsoring Department Funding Grants and Tuition Fees. Despite the reduction over the year in other income generation opportunities, which has arisen as a result of the pandemic, the University College remains committed to the income diversification strategy which has been successfully pursued over recent years. By taking this approach, the University College has been successful in reducing reliance on core government funding.

Expenditure

- 1.19 Total Expenditure for the year totalled £12.8m representing an increase of £543k (4.4%) on the prior year. The most significant element is Staff costs which equates to 63% of Total Expenditure (2020 – 65%). The chart below shows the breakdown of total expenditure over the last 5 years.



- 1.20 After adjusting for the impact of FRS102 NILGOSC pension scheme actuarial valuation, staff costs decreased by £167k or 2.3%. Due to the lack of income generation opportunities during the COVID-19 lockdown period, the University College placed most of the Hospitality, Accommodation and Catering Services staff, along with a small number of Estates staff, on furlough. Associated furlough income of £186k (2020: £91k) was recognised under Funding Grants from the Coronavirus Job Retention (Furlough) Scheme.
- 1.21 Other Operating Expenditure of £3,111k increased by £115k or 3.8% on the previous year (2020 decreased by £192k and 6%).

Higher Validation Fees (£31k) have been experienced reflecting higher student numbers and related Tuition Fee Income. Expenditure has also increased on Library Costs (£22k), Telephone (£7k), Staff Training and Development (£7k), Advertising and Recruitment (£8k) and Publications and Subscriptions (£9k). Internal Audit costs have increased (£7k) due to increased costs under the new contract and Other Professional Fees have also increased (£8k) due to higher Construction and Procurement Delivery (CPD) fees charged in relation to several procurement exercises. Occupational Health Costs have increased (£5k) with higher demand for support being experienced by services users which is thought to be largely pandemic related.

Covid-19 related expenditure of £303k (2020 - £12k) was incurred in the year in measures to mitigate the impact of the pandemic and to support staff and students whilst home working and studying. Much of this extra pandemic related expenditure was funded by the Sponsoring Department.

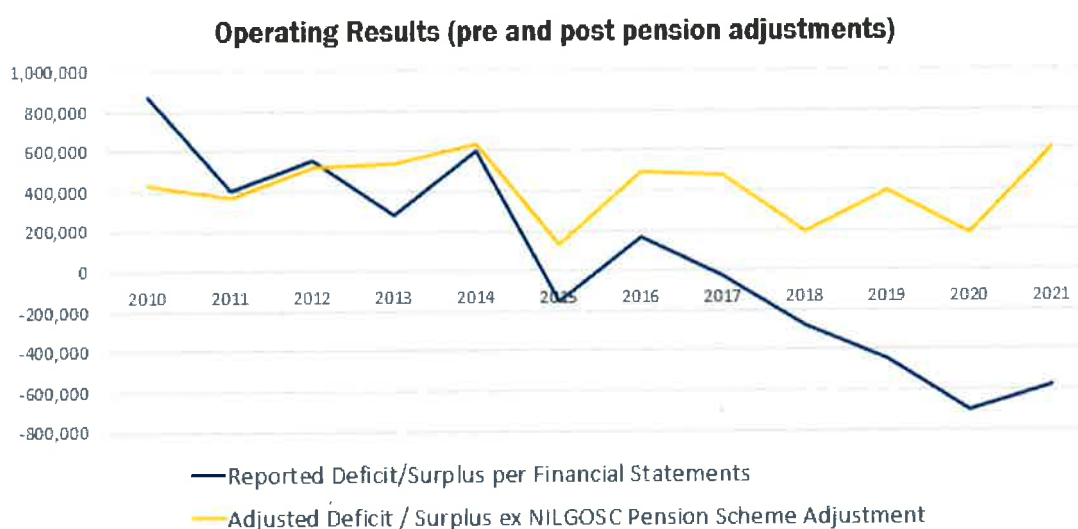
The most significant reduction in expenditure experienced in the year was a reduction in Hospitality, Accommodation and Conferencing Services Operating Expenses by £107k (21%). In addition, Refurbishment, Maintenance and Cleaning costs reduced by £132k or 35% in the year. This is due to the reduced level of activities possible as a result of the COVID-19 pandemic restrictions.

Other expenditure categories which reduced as a result of pandemic related restrictions on normal activities include Energy Costs (£43k), Sundry Course Costs (£18k), Printing Postage and Stationery (£32k), Travel (£20k) and Research and Funded Project costs (£58k).

Course Consumables, Equipment and Field Trips costs, which includes the costs of the RE Certificate offered to ITE students, have reduced by £9k. The University College can now offer the RE Certificate (which is required to teach in the Maintained Sector) in-house but validated by St Mary's University College Belfast. This has resulted in further reduced costs to external providers.

Purchase, Hire and Repair of Other Equipment has reduced by £25k due to lower spend on IT equipment compared to the prior year. The focus of IT spend in 2020-21 was on equipment purchases required to support staff and students as the undertook remote work and study with most of this being funded by additional DfE Covid-19 mitigation funding. Widening Participation and Bursary Costs reduced by £30k (24%) in the year with fewer students eligible for the College Bursary. However, additional costs of £110k (2020: £nil) were incurred in providing additional bursaries to eligible students during the Covid-19 pandemic aided by Sponsoring Department funding.

- 1.22 Depreciation costs of £1,456k (2020 - £1,161k) increased by £295k or 25.4% largely due to the demolition of the College Hall during the year. Depreciation represented 11.4% (2020 - 9.5%) of total expenditure.
- 1.23 Included within the Statement of Comprehensive Income and Expenditure is a charge of £1,186k (2020 - £886k) relating to the FRS102 accounting adjustment required as a result of annual actuarial valuation of the NILGOSC pension scheme.
- 1.24 Adjusting for the impact of the FRS102 NILGOSC pension scheme actuarial valuation charge, an operating surplus of £604k was achieved (2020 - £185k) which is reflected in the increase in Reserves, excluding Pension Reserve. This performance reflects the Governing Body's commitment to the generation of operating surpluses for reinvestment in teaching, learning and campus facilities. This financial strategy supports both investment in the campus and on-going sustainability of operations, whilst the necessity to make efficiency savings continues to be embraced. The graph below shows the operating surpluses (before NILGOSC related pension adjustments) generated over recent years compared with the reported financial deficit/surplus including the NILGOSC related pension adjustments.



Statement of Financial Position

- 1.25 Overall the Statement of Financial Position shows a Net Asset position of £18.26m (2020 – £14.28m). The increase in Net Assets is largely as a result of the reduction in the NILGOSC Pension Scheme Liability. Despite funding some further capital projects during the year, cash holdings and short-term deposits also remain strong at £5.3m (2020 - £4.4m). It is expected, however, that cash holdings will reduce over coming years with further planned investment in infrastructure improvements in line with the University College's Estates Strategy as detailed below. However, as noted above Reserves, excluding Pension Reserve, have been strengthened by £604k (2020 - £185k) in the year to £26.12m (2020 - £25.52m), an amount equivalent to the operational surplus generated excluding the impact of the £1,186k (2020 - £886k) NILGOSC pension scheme actuarial charge required under FRS102.

Cash Flow

- 1.26 The cash flow statement shows a net increase in cash of £912k (2020 – £311k).

Capital Investment

- 1.27 During the year the University College invested £1,264k in building works (2020 - £199k), £40k in equipment (2020 - £46k) and £21k in vehicle purchases (2020 - £nil). The most significant capital investments during the year related to the completion of the Refectory Health & Safety Improvements project (£222k), costs associated with the demolition of College Hall (£327k), Nendrum Hall refurbishment (£560k) and campus Health & Safety improvement works (£110k) project. The University College continues to invest its Sponsoring Department's capital allocation in schemes which enhance the teaching and learning environment and which improves health and safety for all campus users.
- 1.28 In the current year the University College received Sponsoring Department capital grants of £1,130k in relation to building works (2020 - £138k), £35k in relation to equipment purchases (2020 - £87k) and £18k in relation to vehicle purchases (2020 - £nil).

Future Developments

- 1.29 Over recent years, the University College has continued to receive more significant levels of recurring Sponsoring Department capital funding than was previously the case.
- 1.30 It is expected that, with the support of Sponsor Department provided capital grant funding, the University College will continue to invest in the upgrade of campus facilities aimed at progressing priorities identified in the most recent University College Estates Strategy. The most significant capital projects expected to progress during 2021-22 include a project to upgrade the campus Boundary Wall and Entrance Gates, the completion of the Nendrum Hall Upgrade Project and an investment in a new Library Services Platform. In addition, the University College continues to move forward its plans for the refurbishment of the campus outdoor sports facilities. Planning approval for the upgrade of the sports pitches has just recently been secured. A number of other Estates projects are also at the early stages of development and it is hoped that some of these works will be partially funded by the Sponsor Department in forthcoming years. However, at present there is uncertainty as to the availability and extent of future Sponsor Department capital funding beyond the end of March 2022.
- 1.31 The Governing Body remains committed to securing the financial solvency of the University College within the context of its long-term strategy and objectives.

Prompt Payment

- 1.32 The Late Payments of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998 requires, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by HM Treasury for payment to suppliers within 30 days is 95%.
- 1.33 During the accounting period 1 August 2020 - 31 July 2021, the University College paid 99% of its invoices within 30 days (2020: 99%). The University College incurred no interest charges in respect of late payment for this period.
- 1.34 The Northern Ireland Executive is committed to paying suppliers as quickly as possible, within 10 working days. During the accounting period 1 August 2020 - 31 July 2021, the University College paid 90% of its invoices within 10 days (2020: 90%).

Principal Risks and Uncertainties

- 1.35 Outlined in the Governance Statement in the table at paragraph 2.35, is a description of the principal risk factors identified during 2020-21 that may impact on the achievement of the corporate objectives as set out in the University College's Corporate Plan 2018-21. These embrace the principal risks and uncertainties identified in the paragraphs below. However, it should be noted, in this respect, that not all the identified factors are within the University College's control. Other factors besides those listed below may also adversely affect the University College.
- 1.36 A significant issue impacting on the achievement of Key Performance Indicator targets in 2020-21 has, and continues to be, the impact of the COVID-19 pandemic. While Business Continuity Plans for such an event are in place, no one had anticipated that, before the end of the 2019-20 academic year and beyond, the University College would be in the midst of a global pandemic situation. Nonetheless, while working under the most exceptional circumstances, the University College achieved the following results:
- Of the 28 KPIs set in 2020-21, four can be discounted because of the impact of COVID-19 (the restrictions imposed because of the global pandemic meant it was impossible to make any progress on these) and one other KPI, the average University and Colleges Admissions Service (UCAS) data, cannot be reported upon as the data is currently unavailable.
 - Of the remaining 23 KPIs, the outcomes were as follows:
 - 19 or 83% were achieved or exceeded;
 - 3 or 13% were almost achieved;
 - 1 or 4% was not achieved. This KPI relates to the achievement of Hospitality, Accommodation and Conferencing Services (HACS) income targets and the impact of COVID-19 on Halls occupancy which was disrupted by the frequent rent pauses offered to students and the inability to host conferences and hire out campus facilities. However, the related loss of HACS has been partially mitigated by additional funding provided by the Department towards the reduction of Halls of Residence Income.
- 1.37 While impacting on the performance of the University College, the pandemic has also brought unexpected benefits. The University College was granted an additional 28 ITE student places, on a temporary basis for the duration of their studies, arising from the re-grading of A-Level and BTECH results in summer 2020 which brought an extra £148k of additional DfE core grant funding. This has significantly helped to improve the College's financial position as each additional student place also generates additional tuition fee income of £4.4k p.a. per student – equivalent to an extra £123k of 2020-21 Tuition Fee income. This additional income will only be made available for this individual cohort of students during the duration of their studies.
- 1.38 A crucial aspect of the College's response to the pandemic was the need to make effective use of new technologies to deliver high quality teaching and learning, conduct online interviews and host a range

of virtual events such as International Days and Open Days. Although international mobilities suffered a negative impact because of COVID-19, the College offered modules through remote learning to international students and maintained contact with international partners. Successful virtual international events were hosted for staff in November 2020 and students in March 2021.

- 1.39 All staff and students are now making full use of Office 365 applications including OneDrive and MS Teams. Scanning and independent testing of the College IT network has been carried out and this process will continue to take place to ensure risks of Cyber-attacks are reduced and controlled as much as possible. New IT equipment including servers, a second firewall, equipment to address Student Digital Poverty and equipment to assist staff with remote learning and teaching has been funded by the Sponsoring Department and has been procured to improve the staff and student experience. The previous recent investment in the University College Virtual Learning Environment (VLE) has enabled the University College to be better able deliver the remote Teaching and Learning needed during the pandemic.
- 1.40 The University College has also made significant progress in developing and expanding its portfolio of blended learning modules and courses. This is reflected in a 60% increase in new Masters' enrolments and the substantial increase in income earned from CPD courses. This excellent performance reflects the demand for online professional development and Masters' programmes and is an opportunity for the University College to continue to grow through development of a broader professional development portfolio, especially courses that can support pull through to Masters through Recognition of Prior Learning.
- 1.41 There continues to be considerable budget constraints across NI Government Departments and consequential budget constraints in relation to Higher Education. These constraints pose further consequential challenges for the Sponsoring Department and, in particular, for Higher Education, including the University College, in relation to the delivery of its strategic vision.
- 1.42 As outlined in more detail in the Governance Statement, a Risk Register is maintained at Corporate level which is reviewed at meetings of the Governing Body and the Audit and Risk Assurance Committee. Risks are also considered by the Finance and General Purposes Committee, the Education Committee and the HR and Remuneration Committee. The Risk Register identifies the key risks to the achievement of the University College's objectives, the likelihood of those risks occurring, their potential impact on the University College, the controls that are in place to manage the identified risks, the actions being taken to further reduce and mitigate the risks and related sources of assurance. Risks are managed by an identified individual and are prioritised using a consistent scoring system. Risk Registers are also maintained by key operational areas within the University College and this risk management approach is supported by the provision of risk management coaching and awareness raising as required. All information on risks is published internally and staff are encouraged to review the Risk Registers on a regular basis in line with the University College's Risk Management Policy, which is published on the University College's website.

Stakeholder Relationships

- 1.43 In line with other Higher Education Institutions, the University College has many stakeholders. These include staff, students, the Department for the Economy, the Department of Education, other education institutions, including Queen's University, St Mary's University College Belfast, Further Education Colleges and schools, trade unions and professional bodies as well as private sector employers, the voluntary and community sector and its neighbours.
- 1.44 The University College, at all times, seeks to maintain positive relationships with all its stakeholders and engages in regular communication with them through the University College website, by meetings and via representation on various external organisations' stakeholder groups, committees etc. The University College considers good communication to be very important and has developed a Communications Strategy. Marketing and Public Relations management also ensures continuous

improvement in this area and maximises publicity of the University College's programmes. The University College also encourages staff and student involvement through a range of fora, including through membership of the Governing Body and Operational Committees.


Equal Opportunities and Employment of Disabled Persons

- 1.45 By virtue of Section 75 of the Northern Ireland Act 1998, the University College, in carrying out all its functions, powers and duties is required to have due regard to the need to promote equality of opportunity:
- between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
 - between men and women generally;
 - between persons with a disability and persons without; and
 - between persons with dependants and persons without.
- 1.46 Without prejudice to its obligations above, in carrying out its functions, the University College has had regard to the desirability of promoting good relations between persons of different religious beliefs, political opinion or racial group. The University College has included the promotion of good relations as part of the corporate planning process.
- 1.47 The University College is committed to the fulfilment of its Section 75 obligations in all parts of the organisation. The University College is committed to allocating the resources necessary to ensure that the statutory duties are complied with and that the measures within the Equality Scheme to promote equality of opportunity are implemented effectively and on time.

Diversity and Equality Statement

- 1.48 With respect to its student body and staffing, the University College is committed to developing an environment that is inclusive, fair, open and welcoming of individuals from all community backgrounds, for all ethnic groups and for people with disabilities. Diversity is embraced as a key value within the University College and equality is recognised, encouraged, promoted and valued at all levels of the organisation and in all its functions.
- 1.49 Recent years have seen significant alterations to help make the campus more accessible for persons with a disability. Improvements are on-going to further improve physical access and provide additional technologies and support students with a disability including those suffering from dyslexia. Work is also close to completion on the upgrade of the street lighting on campus. The University College will ensure that every effort is made to meet the support needs of its key stakeholders and to provide related training and information to staff and students. The University College has enhanced its reporting to the Governing Body on Equality and continues to liaise with the Equality Commission in respect of taking equality matters forward. The University College also continues to implement its Disability Action Plan and has registered as a Disability Confident Employer.
- 1.50 Despite the difficult circumstances that continue to prevail, and the risks and uncertainties that exist, overall, during 2020-21, the University College has continued to deliver on the vast majority of its core business commitments; demonstrating its ongoing commitment to good governance and to delivering a quality experience for students.

Professor Sir Desmond Rea


Chairman

30th November 2021

2 GOVERNANCE STATEMENT

- 2.1 The Governing Body of Stranmillis University College has a two-fold role: first, to support the Principal and Staff in the delivery of the core objectives of the University College and secondly to hold them constructively to account for doing so. It is the Chair's responsibility to provide leadership in both aspects of the role. Together with the Principal as Accounting Officer, Governing Body has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the Governing Body in the Instrument and Articles of Government and the Management Statement and Financial Memorandum agreed with the Sponsoring Department.
- 2.2 The system of internal control is based on the Institution's Corporate/Business Plan and is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.3 The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them effectively, efficiently and economically. This process has been in place for the period ended 31 July 2021 and up to the date of approval of the financial statements, and accords with guidance in the Orange Book, published by HM Treasury. The latter was updated in 2020 and was used to inform a review by Internal Audit of the University College's Risk Management arrangements in 2020-21. The conclusion of the review was that the overall rating was 'Satisfactory' with one recommendation that the Risk Appetite Statement should be reviewed annually. A comment for noting was also made regarding risk reporting. Taking account of the outcome of the audit, a review of the College's Risk Management Policy, including Risk Appetite and reporting arrangements was undertaken by management during 2020-21. The outcome of the latter was considered and approved by the Governing Body in September 2021.
- 2.4 The University College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University College has applied the principles set out in the 'Corporate Governance in Central Government Departments (NI): Code of Good Practice' (the Code) issued by the Department of Finance and Personnel (DFP) (now the Department of Finance (DoF)) in 2013; and the Higher Education Code of Governance, published by the Committee of University Chairs (CUC) in 2020.
- 2.5 Throughout the period ended 31 July 2021, the University College has been in compliance with the provisions of the Code insofar as they relate to the University College. The University College also substantially complies with all six of the primary elements of the Higher Education Code of Governance (CUC Code 2020), a review against which is undertaken annually. The outcome of the review in 2020-21 was considered by the Audit and Risk Assurance Committee and reported to the Governing Body. One action emerging from the review was to provide assurance on the University College's compliance with the Higher Education Senior Staff Remuneration Code (published in June 2018 by the Committee for University Chairs). Action on this has been delayed due to the pandemic. While it is planned to take this forward in 2021-22, it should be noted that the Senior Staff pay structure was reviewed by an independent expert from the Leadership Foundation (now AdvanceHE) and the recommendations from that review were approved by the HR & Remuneration Committee.

Governing Body Effectiveness

The Governing Body aims to continuously keep its effectiveness under review.

A review of academic governance arrangements in the University College was undertaken by an ad-hoc Committee of the Governing Body. The ad-hoc Committee, comprising three members appointed by the Governing Body, reported its findings to the Governing Body in June 2019. The

Report was finalised in September 2020, and an Action Plan was agreed by the Governing Body to take forward a number of recommendations identified in the Report. Substantial progress was made during 2020-21 to implement the actions identified in the Action Plan. Monitoring of further progress against the Action Plan by the Education Committee will continue during 2021-22.

There was also an Annual Review of the remit of the Governing Body and its Committees in 2020-21, as well as an Annual Review of the Governing Body and Committee Work Plan. The Audit and Risk Assurance Committee also reviews its effectiveness annually against the National Audit Office Checklist and this is independently reviewed by the Department for the Economy. Consideration has also been given to the Induction and Training/Development of Governors which will be further informed by an assessment of Governor Training Needs which is to be undertaken during 2021-22.

Furthermore, during the latter end of 2020-21, the Governing Body embarked on an independently facilitated review of its effectiveness, commencing with completion by individual Members of a recognised Governance Effectiveness Checklist developed by AdvanceHE. The results of this exercise have been analysed by the University College's Internal Auditors and the analysis will inform a discussion by the Governing Body on 'Governance in the Round', during 2021-22. This will facilitate decisions by the Governing Body on whether any further actions are necessary to improve its effectiveness.

Composition of the Governing Body

2.6 The Governing Body currently comprises 17 Members:

- 13 lay members, appointed by DfE following open competition;
- The Principal as Chief Executive of the University College;
- One student representative appointed by the Department following elections internally;
- Two staff representatives appointed by the Department following elections internally.

Governing Body Members are not remunerated for their role.

Allocation of Responsibilities

2.7 While retaining overall responsibility, the Principal and Chief Executive, as Designated Accounting Officer for the University College has allocated responsibilities amongst the four Directors in the University College, for propriety and regularity, prudent and economical administration of the University College, avoidance of waste and extravagance, ensuring value for money, effective and efficient use of available resources, organisation, staffing and management.

Governing Body Operating Framework

2.8 The Governing Body has established an Operating Framework, which sets out its role and responsibilities for the ongoing strategic direction of the University College, the monitoring of an annual Business Plan, approval of major developments and the receipt of regular reports from the Principal as Chief Executive and senior management on the day-to-day operations of its business.

2.9 The University College subscribes to the principles of public life and has adopted a Code of Conduct for members of the Governing Body. A Register of Interests is maintained and updated on a regular basis. Declaration of Conflicts of Interest is also a standing Agenda Item for all meetings of the Governing Body and its Committees and these are handled on a case-by-case basis as outlined in the Operating Framework and Terms of Reference for each Committee. A review of the Guidance for Governing Body Members on declaring Conflicts of Interest was undertaken in 2020-21, following receipt of updated guidance from the Sponsoring Department. The Governing Body guidance which was updated accordingly, was approved by the Governing Body in September 2021.

Governing Body Meetings and Attendance

- 2.10 During 2020-21, the Governing Body met on 4 occasions. Due to COVID-19 restrictions and a paucity of business for discussion, a further meeting scheduled to take place on 16 February 2021 had to be cancelled. However, papers for the meeting were considered by Members using the 'written procedure'. Attendance at meetings/numbers considering papers by the 'written procedure' was as follows:

Date	Number of Members	Number Attended / Considered Papers by the 'Written Procedure'
15 September 2020	17	17
24 November 2020	17	16
16 February 2021	17	17
27 April 2021	17	17
22 June 2021	17	15

- 2.11 A comprehensive range of business was considered by the Governing Body during 2020-21, in keeping with the Instrument and Articles of Government for the University College and the Governing Body's Operating Framework and Annual Work Plan. This included amongst other matters:

- Academic Governance and Accountability, including:
 - the Governing Body Review of Academic Governance Report and Action Plan;
 - a comprehensive Quality Assurance Report, which informed the signing of the annual Assurance Statement for the Department;
 - an Education & Training Inspectorate (ETI) Report; and
 - an update on the General Teaching Council for Northern Ireland (GTCNI) Accreditation exercise;
- The results of the University College's performance in the 2020 National Students' Survey;
- Governor Development and Training;
- Approval of the Annual Business Plan for 2020-21 and monitoring and reporting on progress against Key Performance Indicator Targets;
- Reports from the Audit and Risk Assurance Committee, Finance and General Purposes Committee, Education Committee and the HR and Remuneration Committee and reports from the Principal and Student President;
- COVID-19 Reports
- Visiting Professors' Reports;
- The University College's Annual Report for 2019-20;
- The development of a License Agreement;
- Corporate Risks;
- Corporate Finance monitoring and Budget and the Annual Financial Statements and Audit Findings;
- A formal Report from the Chair of the Audit and Risk Assurance Committee on the work of the Committee throughout 2020-21. (This was considered in November 2021 in advance of the signing of the Accounts;

- The Students' Union Financial Statements for 2019-20;
 - Updates on the Sports Pitches Refurbishment Project;
 - The establishment of an ad-hoc- Working Group to consider the strategic options for the University College in respect of the Review of Hospitality, Accommodation and Conferencing Services;
 - Human Resource matters, including Recruitment and Promotion and Senior Staffing arrangements;
 - The Updated Estates Strategy;
 - The demolition Contract for College Hall;
 - An updated Corporate Plan for the transition year 2021-22;
 - Planning for the opening up of the campus in 2021-22; and
 - A Policy on Information Retention and an updated Anti-Fraud and Bribery Policy.
- 2.12 The Governing Body also led on the recruitment of a new Principal during the latter part of 2020-21 to take over from Professor Anne Heaslett who would be retiring on 17 September 2021. Professor Jonathan Heggarty, the successful candidate took up the Post of Principal and Chief Executive of the University College, with effect from 20 September 2021.
- 2.13 The Governing Body also reviewed a Report from the Secretary on compliance with the Committee for University Chairs (CUC) HE Code of Governance 2020 as stated in Paragraph 2.5, its Register of Interests and Forward Work Plan and revised its Operating Framework, including the Terms of Reference of the following Committees during 2020-21:
- Education Committee;
 - HR and Remuneration Committee;
 - Finance and General Purposes Committee;
 - Audit and Risk Assurance Committee.
- 2.14 All Committees comprise Non-Executive members of the Governing Body and have been established to support and advise the Governing Body on matters relating to its full range of responsibilities. The Student Representative also attends the Education Committee in an Observer capacity.

Operation of Governing Body Committees

Education Committee

- 2.15 During 2020-21, the Education Committee, comprising four Members met on 4 occasions. All meetings were quorate and attendance was as follows:

Date	Number in Attendance out of 4
3 November 2020	4
9 March 2021	3
8 June 2021	3

The Committee fulfilled its core work programme, which included consideration of Reports on Teaching and Learning, Scholarship and Research, Student Support and Wellbeing and Student Recruitment and Marketing, including progress against Key Performance Indicator (KPI) targets. Key areas within these Reports included for example:

- Summary outputs in Scholarship and Research;
- Progress in the preparations for the 2021 Research Excellence Framework (REF) exercise;
- Research Funding;
- Updates on the work of the Centre for Research in Educational Underachievement;
- Consideration of the University College's proposal to introduce a Taught Doctorate in Professional Practice in consultation with Queen's University;
- Undergraduate and study abroad recruitment;
- Widening participation;
- Study abroad income;
- Updates on Professional and Intergenerational Learning, Lifelong Learning and Continuing Professional Development (CPD) short programmes;
- An update on the Graduate Outcomes Survey;
- The 2020 National Student Survey results;
- The level of academic offences reported to QUB during 2019-20 and the number of student complaints and appeals;
- The impact of COVID-19 on Teaching and Learning, Scholarship and Research and Student Support and Wellbeing;
- Student Recruitment;
- Presentations on the Virtual Learning Environment (VLE), the Widening Participation Strategy and the Centre for Research in Educational Underachievement;
- Quality assurance reports in respect of the Continuous Action for Programme Enhancement (CAPE), the Early Childhood Studies Periodic Reviews and the JISC survey on blended learning;
- Occupational health provision and counselling services; and
- The way forward in respect to competition from English Universities.

- 2.16 The Committee also routinely considered whether there were any risks emerging from discussions that would need to be reflected within operational/corporate Risk Registers.

HR and Remuneration Committee

- 2.17 The HR and Remuneration Committee met on 2 occasions during the year. The third meeting which had been scheduled to take place on 23 March 2021 had to be cancelled due to COVID-19 and the lockdown of the College. Members considered the papers for this meeting by the 'written procedure'. On all occasions the Committee was quorate. Attendance at meetings/numbers considering papers by the 'written procedure' was as follows:

Date	Number Attended / Considered Papers by 'Written Procedure' out of 4
13 October 2020	4
23 March 2021	4
22 June 2021	4

- 2.18 During the year the Committee considered:

- A range of staffing and other matters;
- Performance reports and key objectives and targets for Senior Management;
- The Staff Development End of Year Report for 2019-20;
- A Sexual Harassment and Personal Relationships Policy;
- An updated Staff Code of Conduct;
- Hospitality restructuring;
- Updates on recruitment;
- Updates on the development of a general Facilities Agreement;
- Trade Union Recognition;
- Updates on the plans to conduct a Staff Survey;
- Updates on the Job Retention Scheme;
- Governor Development; and
- A COVID-19 report.

- 2.19 At each meeting during the year a comprehensive report has also been received and considered in respect to:

- Staffing, establishment, turnover and recruitment;
- Sickness absence rates;
- Employee relations, including the number of disciplinary, tribunal and grievance cases;
- Employment arrangements; and
- Other significant issues and developments.

Furthermore, at each meeting, the Committee considered updates on progress against targets in the HR Business Plan and the HR Department's Risk Register, as well as any risks emerging from the business discussed.

Finance and General Purposes Committee

- 2.20 During 2020-21, the Finance and General Purposes Committee met on 4 occasions in line with its Terms of Reference. On all occasions the Committee was quorate. Attendance at meetings was as follows:

Date	Number Attended / Considered Papers by 'Written Procedure out of 5
13 October 2020	5
17 November 2020	5
23 March 2021	3
25 May 2021	5

- 2.21 During the year the Committee considered:
- Comprehensive Finance Reports, including Management Accounts at each meeting;
 - Draft Financial Statements and Audit Findings for 2019-20;
 - An update on the Value for Money (VfM) Action Plan;
 - The University College Annual Report 2019-20;
 - Comprehensive Estates and Procurement Reports and the updated Estates Strategy;
 - Digital and Technical Services Reports;
 - Hospitality, Accommodation and Conferencing Services Reports, including Marketing of Halls accommodation, the impact of COVID-19 on Halls accommodation and Conferencing Services and the improvements made to Nendrum Halls to create more social space; and
 - Comprehensive Health and Safety Reports.
- 2.22 The Committee also considered any risks emerging from the business discussed during the year and progress against Key Performance Indicators (KPIs).

Audit and Risk Assurance Committee

- 2.23 The Audit and Risk Assurance Committee, comprising 3 Non-Executive members held 4 meetings during the year. On all occasions the Committee was quorate. Attendance at meetings was as follows:

Date	Number Attended / Papers Considered by 'Written Procedure' out of 3
8 October 2020	3
19 November 2020	2
1 April 2021	3
8 Jul7 2021	3

College and Other Attendees

Meetings were attended by the Principal (Accounting Officer), the Head of Finance, the Head of Internal Audit, the Head of External Audit and the Department's Observer during the year as set out below. The Secretary to the Governing Body also attended all meetings to provide secretarial services. In this respect, the Chair discussed the Agenda and any relevant issues with the Secretary before each meeting.

Date/In Attendance	8 October 2020	19 November 2020	1 April 2021	8 July 2020
Principal/Accounting Officer	√	√	√	√
Head of Finance	√	√	√	√
Head of Internal Audit	√	√	√	√
Head of External Audit		√		√
Department for the Economy Representative	√	√	√	√

- 2.24 The Committee operated in accordance with the Audit and Risk Assurance Committee Handbook NI, issued by the Department of Finance and Personnel (now the Department of Finance).
- 2.25 The Committee considered detailed reports from senior management and the Internal and External Auditors on the University College's systems of internal control and governance and monitored progress on the implementation of recommendations for improvements in internal controls. Specific business included:
- The Internal Audit Annual Assurance Statement for 2019-20, follow-up reports and reports on progress against the 2020-21 Audit Plan;
 - The approval of the Internal Audit Strategy and Plan for 2020-21;
 - The Audit Recommendations Monitoring Schedule;
 - The 2019-20 Business Continuity Planning Activity Report;
 - The Corporate Risk Register;
 - The draft Primary Financial Statements and Audit Findings 2019-20;
 - The External Audit Strategy for 2019-20;
 - The Annual Fraud Report;
 - A Whistleblowing Report;
 - An updated Anti-Fraud and Bribery Policy;
 - Compliance with the updated CUC HE Code of Governance 2020;
 - Reports in relation to Direct Award Contracts;
 - The mid-year Assurance Statement to DfE;
 - Prompt payment statistics for the period 2019-20 and the statistics for 2020-21, which were considered by the Committee in September 2021;
 - A Report on Freedom of Information Requests during 2019-20 and those in respect to 2020-2021 which were considered by the Committee in September 2021;
 - A report on Lessons Learned from Post Project Evaluations during 2020-21, which was considered in November 2021 and
 - A Report on Business Continuity Planning, including lessons learned from testing and an update on Third Party Dependencies which was considered by the Committee in November 2020.

- 2.26 The Committee also reviewed Reports from Internal Audit as set out in the following Table:

Subject Area	Nature of Audit
Core Financial Controls	Assurance
IT Systems	Assurance
Risk Management	Assurance
Marketing and Communications	Assurance
Student Registry and Recruitment	Assurance
Data Quality	Follow-up
Community Engagement and Widening Participation	Follow-up
Contract Management	Follow-up

- 2.27 Based on the conclusions of this work, it is the opinion of the Internal Auditors that the University College has a framework of controls in place that provides Satisfactory Assurance to the Accounting Officer over the effective and efficient achievement of the University College's objectives and the management of key risks. Furthermore, Internal Audit did not identify any matters which the University College should include within the Governance Statement in respect of the 2020-21 academic year.
- 2.28 In the Committee's annual report to the Governing Body, the Chair of the Committee concluded that based on the assurances received from Internal and External Audit in respect of 2020-21, the Committee was satisfied that the University College's arrangements for corporate governance and internal control and risk management are basically sound.

Meetings with Internal and External Audit

- 2.29 Rather than holding annual meetings with the Auditors to discuss matters of mutual interest, the Committee met in private session with the Head of Internal Audit on four occasions during 2020-21, and External Audit on two occasions, before the start of the main meetings of the Committee.

Meeting with the Accounting Officer

- 2.30 The annual meeting between the Chair of the Committee and the Accounting Officer took place on 8 July 2021. The purpose of the meeting was to provide an opportunity for mutual reflection on the work of the Committee during 2020-21 and, for example, to seek the Accounting Officer's views on the major risks for the University College in the coming year, and how such risks should be addressed by the Committee going forward. The effectiveness of the management by the University College of the COVID-19 situation and the importance of considering lessons learned was emphasised. The latter will be considered in the context of the review of Business Continuity Planning which will be considered by the Audit and Risk Assurance Committee in November 2021.

Review of Effectiveness

- 2.31 The Committee conducted a review of its effectiveness on 10 October 2019, using the National Audit Office Checklist as a benchmarking tool for this year on year.
- 2.32 In conclusion, the Committee was satisfied that based on the National Audit Office Checklist, it continues to be compliant with the good practice therein. Apart from giving consideration to how learning from research conducted by the University College is fed back into the education system and what the University College should be specialising in in terms of research, there were no other material issues to be considered. The Committee effectively supports the Governing Body and Accounting Officer; it reviews its performance on an annual basis; is suitably independent and objective; and has the appropriate mix of skills.

Operational and Academic Governance Committees

- 2.33 The Principal as Chief Executive has established a number of operational and Academic Governance Committees to support good governance in the University College:
- **A Corporate Planning Committee** which assists the Principal as Chief Executive in developing the core corporate services and associated Business Plan to support the delivery of the University College's Mission and Vision as articulated in the Corporate Plan which has been approved by the Governing Body;
 - **A Senior Leadership Committee** which is responsible for the development of the Corporate Plan which is subject to approval by the Governing Body. This Committee is also responsible for the development, implementation and reviewing of approved strategies to support the delivery of the Corporate Plan, including financial and resource planning;
 - **An Academic Leadership Committee** to assist the Senior Leadership Committee in the planning and development of a sustainable academic portfolio to support the delivery of the College's Mission and Vision as articulated in the Corporate Plan. This Committee also considers recommendations for approval for new programmes and new partners and the suspension or discontinuation of existing programmes and partners. The Committee identifies the likely resource requirements (including potential requirements for IT, library services, time-tabling, student support, outreach and admissions) of new programmes and partnerships and promotes dialogue between academic and professional services to develop viable, market-informed programmes that are aligned with the University College's strategic plans;
 - **A Teaching & Learning Committee** which acts as a proactive and strategic body for the monitoring and enhancing of the quality and standards of learning, teaching, assessment and curricula of the University College. Its primary role is to ensure that quality assurance procedures are implemented and taking responsibility for promoting quality enhancement across the University College.
 - **A Research and Scholarship Committee** which has overall responsibility for the management and implementation of approved strategies and policies with respect to scholarship and research. The University College's aim is to extend its reputation and performance as a regional, national and international centre of scholarship and research in Education. This will involve creating a rich, vibrant and supportive scholarship and research environment which informs and underpins teaching and learning.

Quality of Data

- 2.34 The Governing Body is satisfied that comprehensive arrangements are in place within the University College to ensure that quality information is received by the Governing Body to enable it to make informed decisions. Strategic issues reserved for the Governing Body's attention are scheduled in an annual work plan and a categorised agenda is drawn up for each meeting in consultation with senior management. There are internal controls to validate accuracy and completeness of information presented to the Governing Body; detailed minutes record the business carried out and action agreed. In addition, the Audit and Risk Assurance Committee provides a challenge function which helps to ensure that emerging issues are highlighted and brought to the attention of the Governing Body. Assurance on Data Quality is also provided through the work of Internal and External Audit and validation of student data for example, is provided through the submission and review of HESA returns.

College Risk Profile and Assessment of Risks

- 2.35 The Governing Body and its Committees, considered risks facing the University College at all meetings during 2020-21. The Governing Body has received assurance that all Risks, including Fraud Risks, are being managed appropriately and controlled and that further actions to manage risks to an appropriate level were continuously being considered. The following Corporate Risks were identified for inclusion in the Corporate Risk Register during 2020-21:

Risk No. & Residual Status	Summary of Risk Statements
1	Failure, especially in the light of COVID-19, to retain full-time student quotas at least at the current level and to secure part-time enrolments will have a major negative impact on the University College's financial sustainability.
2	Failure to develop the effective use of the University College's IT systems including the VLE system, to ensure the delivery of high-quality services given the demand for remote working arising from the COVID-19 pandemic, will negatively impact the outcomes for students and service providers thus undermining the University College's reputation and negatively impacting Income Generation.
3	Failure to agree a revised MS/FM scheme with the Sponsor Department which enables the University College to generate and control its own income, including accessing its reserves and cash holdings, will negatively impact the sustainability of the University College's current business model.
4	Failure to successfully secure research monies will impact on the sustainability of the Research Office and the Centre for Research into Educational Underachievement, particularly given the challenging situation arising from COVID-19.
5	Failure to adequately manage, plan and have the available resources (staff, IT etc.) to offer alternative means of delivering teaching, learning and assessment due to the COVID-19 outbreak which could result in students failing to complete the required 2020-21 academic requirements or potential reputational damage.
6	Failure to have sufficient staff available, including due to illness etc. to provide essential campus services including to secure campus grounds and buildings, process payroll and / or essential supplier payments etc.
7	Failure to generate sufficient income to maintain the financial viability of the College, including the impact of the pandemic and the COVID-19 restrictions, which have led to a reduction in the income generating capacity of Hospitality, Accommodation and Conferencing Services and international fee paying students.
8	Failure to restore the derogation made available to the College in January 2018 which allowed it to have direct service engagement with the appointed contractor on the Building Maintenance Framework will have a negative impact on the College's ability to respond to emergency maintenance on campus or to progress routine and cyclical maintenance in a timely manner and cost efficient manner in line with its approved Estates Strategy.

Data Security

- 2.36 The University College is responsible for processing and storing personal and sensitive information and is committed to ensuring that all information assets are managed lawfully and securely. A substantial body of work commenced during 2015-16 to strengthen the University College's information asset management arrangements, including the establishment of an Information Asset Register and the development of formal policies on Records Management, Information Security, and Information Security Reporting. A Best Practice Guide and Information Asset Owner Handbook for staff have also been developed and approved by the Governing Body. An Audit of Information held within the University College and who is responsible for managing it has also been undertaken. Work has also

commenced to create a University College archive and material is being systematically documented. A number of old records are also in the process of being lodged with the Public Records office for Northern Ireland (PRONI) for safekeeping because of their historical significance. Unfortunately, the Global Pandemic has delayed the development of an overarching Security Strategy, which will facilitate implementation of comprehensive security arrangements across the University College. It should be noted that despite the pandemic and subsequent increased use of remote learning and working, data security remains a priority and where possible data security was improved, including the introduction of Multi-factor authentication, penetration testing and vulnerability scans, with subsequent remedial actions applied. The University College has also taken out Cyber Security insurance. The assurance arrangements will be monitored by the Corporate Planning Committee. There were no reports during the year of any significant data losses.

Conclusion

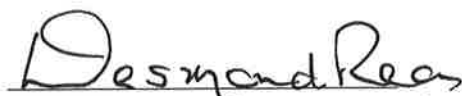
- 2.37 Our review of the effectiveness of the system of internal control is informed by Internal Audit, which operates in accordance with Northern Ireland Public Sector Internal Audit Standards. The Internal Auditors submit regular reports which include an independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement. The University College achieved an overall satisfactory level of assurance as a result of the 2020-21 programme of Internal Audit reviews.
- 2.38 Our review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the External Auditors in their Audit Findings and other reports.
- 2.39 We are satisfied that the University College has an effective governance structure and is operating to a high standard of integrity and probity. In signing this Governance Statement, we have taken assurances from the Audit and Risk Assurance Committee, which will continue to monitor Audit recommendations to ensure that all issues are addressed in a timely manner.

Professor Jonathan Heggarty



Principal and Chief Executive
30th November 2021

Professor Sir Desmond Rea



Chairman
30th November 2021

3 STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE GOVERNING BODY

- 3.1 The Governing Body of the University College is responsible for the administration and management of the affairs of the University College and is required to present audited financial statements for each financial year.
- 3.2 Within the terms and conditions of the Financial Memorandum agreed between the Sponsoring Department and the Governing Body of the University College, the Governing Body, through its Chair, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University College and the result for that year.
- 3.3 In preparing the financial statements the Governing Body is required to:
- select suitable accounting policies and then 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 the financial statements on the going concern basis unless it is inappropriate to assume that the University College will continue in operation.
- 3.4 The Governing Body is also required to prepare an Annual Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the University College.
- 3.5 The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University College and enable it to ensure that the financial statements are prepared in accordance with the relevant legislation and other relevant accounting standards. It has general responsibility for taking such steps that are reasonably open to it to safeguard assets of the University College and to prevent and detect fraud and other irregularities.
- 3.6 The maintenance and integrity of the University College website is the responsibility of the Governing Body of the University College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.
- 3.7 The Governing Body has taken reasonable steps to:
- ensure that funds from the Sponsoring Department are used only for the purposes for which they have been given and in accordance with the Financial Memorandum agreed with the Sponsoring Department and other conditions which the Sponsoring Department may from time to time prescribe;
 - ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
 - safeguard the assets of the University College and prevent and detect fraud;
 - secure the economic, efficient and effective management of the University College's resources and expenditure.

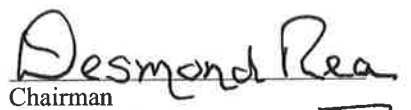

Disclosure of Information to Auditors

3.8 So far as each of the members of the Governing Body is aware at the time this report is approved:

- a) there is no relevant audit information of which the auditors are unaware and
- b) that the members of the Governing Body have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved on behalf of the Governors by:

Professor Sir Desmond Rea


Chairman
30th November 2021 



Non-statutory Independent auditor's report to the Governing Body of Stranmillis University College

Opinion

We have audited the non-statutory financial statements of Stranmillis University College (the 'College'), which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity for the financial year ended 31 July 2021, and the related notes to the non-statutory financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is accounting standards issued by the Financial Reporting Council including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, Stranmillis University College's non-statutory financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education of the assets, liabilities and financial position of the College as at 31 July 2021 and of its financial performance for the financial year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)'). Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the non-statutory financial statements' section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the non-statutory financial statements in the United Kingdom, including the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

Other information comprises the information included in the Annual Report, other than the non-statutory financial statements and our auditor's report thereon, including the Governor's report. The governors are responsible for the other information. Our opinion on the non-statutory financial statements does not cover the 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 non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the non-statutory financial statements, we are required to determine whether there is a material misstatement in the non-statutory financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by Financial Memorandum with the Sponsoring Department

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

- Income from the Sponsoring Department, grants and income, for specific purposes and from other restricted funds administered by the College during the year ended 31 July 2021 have been applied for the purpose for which they were received; and
- Income during the year ended 31 July 2021 has been applied in accordance with the College's statutes and where appropriate, with the Financial Memorandum with the Sponsoring Department.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the College and its environment we have obtained in the course of the audit, we have not identified material misstatements in the Governors' report.

We have nothing to report in respect of the following matters in relation to which the Financial Memorandum 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 non-statutory financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of senior management remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Reporting of the Governing Body and Governance Statement are consistent with our knowledge of the College.

Responsibilities of the Governing Body

As explained more fully in the Statement of responsibilities of the Governing Body, the Governing Body is responsible for the preparation of the non-statutory financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102, and for such internal control as the governors determine is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory financial statements, governors are responsible for assessing the College'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 management either intend to liquidate the College or to cease operations, or has no realistic alternative but to do so.

Those Governing Body is responsible for overseeing the College's financial reporting process.

Responsibilities of the auditor for the audit of the non-statutory financial statements

The objectives of an auditor are to obtain reasonable assurance about whether the non-statutory 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 their 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 non-statutory financial statements.

A further description of an auditor's responsibilities for the audit of the non-statutory 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the non-statutory financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Based on our understanding of the College and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Data Privacy law, Employment Law and Pensions Legislation and we considered the extent to which non-compliance might have a material effect on the non-statutory financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the non-statutory financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the non-statutory financial statements.

In response to these principal risks, our audit procedures included but were not limited to:

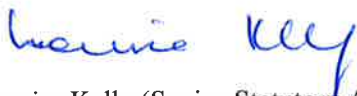
- enquiries of management on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of non-statutory financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;

- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including carrying value of fixed assets and income recognition; and
- review of the non-statutory financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

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

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



Louise Kelly (Senior Statutory Auditor)

For and on behalf of

Grant Thornton (NI) LLP

Chartered Accountants & Statutory Auditors
12 - 15 Donegall Square West
Belfast

30th November 2021

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
For the Year Ended 31 July 2021

		2021 £	2020 £
Income	NOTE		
Funding Grants	(2)	6,823,041	5,629,935
Tuition Fees	(3)	4,458,177	4,131,685
Research Grants and Contracts	(5)	60,696	35,936
Other Operating Income	(6)	846,041	1,710,279
Interest Receivable		17,584	34,798
Total Income		<u>12,205,539</u>	<u>11,542,633</u>
Expenditure			
Staff Costs	(7) & (8)	8,066,369	7,926,973
Other Operating Expenditure	(10)	3,111,253	2,996,208
Depreciation	(12)	1,455,615	1,160,909
Interest Payable		154,000	160,000
Total Expenditure		<u>12,787,237</u>	<u>12,244,090</u>
Operating Deficit Before Tax		<u>(581,698)</u>	<u>(701,457)</u>
Taxation		-	-
Operating Deficit After Tax		<u>(581,698)</u>	<u>(701,457)</u>
Actuarial gain/(loss) in respect of pension scheme	(19)	4,569,000	(2,414,000)
Total Comprehensive Income / (Expenditure) for the Year	(19)	<u>3,987,302</u>	<u>(3,115,457)</u>

All amounts above relate to the continuing operations of the University College.

STATEMENT OF CHANGES IN RESERVES

		2021 £	2020 £
Reconciliation			
Opening Reserves	(19)	14,275,002	17,390,459
Total Comprehensive Income / (Expenditure) for the year		3,987,302	(3,115,457)
Closing Reserves	(19)	<u>18,262,304</u>	<u>14,275,002</u>

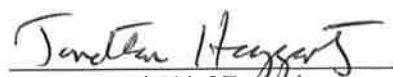
The notes on pages 36 to 52 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 July 2021

	Note	2021 £	2020 £
Fixed Assets	(12)	40,490,061	40,666,717
Total Fixed Assets		40,490,061	40,666,717
Trade and Other Receivables	(13)	309,950	231,971
Cash and Cash Equivalents	(14)	5,327,727	4,415,332
Total Current Assets		5,637,677	4,647,303
Creditors – Amounts Due Within One Year	(15)	(2,481,643)	(2,122,038)
Net Current Assets		3,156,034	2,525,265
Total Assets less Current Liabilities		43,646,095	43,191,982
Less: Creditors – Amounts Due After One Year	(16)	(17,523,791)	(17,673,980)
Less: Provisions for Liabilities and Charges	(18)	(7,860,000)	(11,243,000)
NET ASSETS		18,262,304	14,275,002
Reserves	(19)	26,122,304	25,518,002
Pension Reserve	(19)	(7,860,000)	(11,243,000)
TOTAL FUNDS		18,262,304	14,275,002

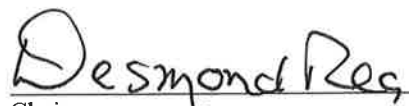
The financial statements were approved by the Governing Body on 30th November 2021 and were signed on its behalf by:

Professor Jonathan Heggarty



Principal and Chief Executive
30th November 2021

Professor Sir Desmond Rea



Chairman
30th November 2021

The notes on pages 36 to 52 form part of these financial statements.

CASH FLOW STATEMENT
For the Year Ended 31 July 2021

		2021 £	2020 £
	Note		
Comprehensive Income / (Expenditure)		3,987,302	(3,115,457)
Adjustments for Non-Cash Items			
Depreciation	(12)	1,455,615	1,160,909
(Increase)/Decrease in Debtors	(13)	(77,979)	5,988
Increase/(Decrease) in Creditors	(15)	316,159	(4,020)
(Decrease)/Increase in Pension Provision	(18)	(3,383,000)	3,300,000
Adjustments for Investing or Financing Activities			
Interest Receivable		(17,584)	(34,798)
Interest Payable		154,000	160,000
Capital Grant Income Released	(2) & (17)	(1,290,159)	(1,017,104)
Loss on Disposal of Fixed Assets		45,599	-
Net Cash Inflow from Operating Activities		1,189,953	455,518
Cash Flows from Investing Activities			
Interest Receivable		17,584	34,798
Capital Grants Received	(17)	1,183,416	225,297
Payments Made to Acquire Fixed Assets	(12)	(1,324,558)	(244,790)
Cash Flows from Financing Activities			
Interest Payable		(154,000)	(160,000)
Increase in Cash and Cash Equivalents	(14)	912,395	310,823
Net Funds at 1 August	(14)	4,415,332	4,104,509
Net Funds at 31 July	(14)	5,327,727	4,415,332

The notes on pages 36 to 52 form part of these financial statements.

NOTES TO THE ACCOUNTS
For the year to 31 July 2021

1 STATEMENT OF PRINCIPLE ACCOUNTING POLICIES

(a) Format and Basis of Accounts

These financial statements have been prepared on the going concern basis in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019, Financial Reporting Standards (FRS102), the Management Statement and Financial Memorandum between the Sponsoring Department and the University College (October 2015) and also the Accounts Direction issued by the Sponsoring Department.

The financial statements are prepared in accordance with the historical cost convention of fixed assets and in accordance with applicable United Kingdom accounting standards.

(b) Recognition of Income

Income from tuition fees is recognised in the period for which it is receivable and includes all fees chargeable to students or their sponsors. The costs of any fees waived by the University College are included as expenditure in Note 10.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All interest received from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

The recurrent grant and other revenue grants received from the Sponsoring Department are recognised in income over the periods in which the University College 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 capital grants within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Funding Grants includes amounts receivable under the Coronavirus Job Retention Scheme to reimburse the University for the wages of certain employees who were furloughed during the period but who remained on the University College's payroll. As this scheme involves a transfer of resources from government to the entity, it meets the definition of a government grant. The scheme is designed to compensate for staff costs, so amounts received are recognised in the Statement of Comprehensive Income & Expenditure Account over the same period as the costs to which they relate.

(c) Capital Grants

Non-recurrent grants from the Sponsoring Department received in respect of the acquisition of fixed assets are recognised in income over the expected useful life of the asset.

(d) Pension Schemes

The two principal pension schemes for the University College's staff are the Northern Ireland Teacher's Pension Scheme (NITPS) and the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) defined benefit schemes. Payments are made to the Northern Ireland Teachers Pension Scheme (NITPS) for academic staff and to the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) for non-academic staff. These are both independently administered schemes.

The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. The current regulations under which the scheme operates are the Teachers' Superannuation

Regulations (NI) 1998 (as amended). The NITPS is a multi-employer scheme and the University College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The NITPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

A full actuarial review of the Northern Ireland Teachers Pension Scheme was carried out during the 2018-19 year which resulted in the employer contribution rate increasing from 17.7% to 25.1% from the 1st April 2019. As far as the University College is aware this rate will continue for the 2021 - 22 financial year.

NILGOSC is a defined benefit scheme which is externally funded. The Funds are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the basis of the latest actuarial valuations of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the University College benefits from the employees' services. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals.

The difference between the fair value of the assets held in the University College's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the University College's Statement of Financial Position as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the University College is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the University College are charged to the Statement of Comprehensive Income & Expenditure.

The NILGOSC Fund is valued every three years by an independent actuary. The latest valuation was carried out on 31 March 2019 by the Committee's Actuary, Aon Hewitt. Employer's contribution rates decreased from 20% to 19.5% during the financial year (April 2020). The employer contribution rate of 19.5% is likely to continue until the fund is revalued again in March 2022.

(e) Tangible Fixed Assets

Land and Buildings

Land and buildings inherited from the Sponsoring Department on incorporation are stated in the Statement of Financial Position at valuation (less any impairment) on the basis of depreciated replacement cost, as the open market value for existing use is not readily obtainable. Freehold land is not depreciated. Freehold buildings and major adaptations to buildings are depreciated over their expected useful economic life to the University College of between 20 and 50 years unless there is any evidence that suggests that the useful life is less than 20 years in which case the building is depreciated over the shorter period. A review of building condition and useful lives is reassessed every 3 – 5 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to deferred capital grants and are released to the Statement of Comprehensive Income and Expenditure over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

Equipment & Motor Vehicles

Equipment costing less than £10,000 per individual item is written off to the Statement of Comprehensive Income and Expenditure in the period of acquisition. All other equipment is capitalised at cost. All assets are depreciated over their useful economic life as follows:

- Motor vehicles and general equipment – 3 - 10 years;
- Computer equipment – 3 - 5 years;
- Furniture and fittings – 5 years.

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

(f) Maintenance of Premises

The cost of routine corrective maintenance is charged to the Statement of Comprehensive Income and Expenditure in the period that it is incurred.

(g) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year, with all resulting exchange differences being taken to the Statement of Comprehensive Income and Expenditure in the period in which they arise.

(h) Taxation

The University College is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section Part 11 of the Income and Corporation Taxes Act 2010 (CTA 2010). Accordingly, the University College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11 of 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 College receives no similar exemption in respect of Value Added Tax. The University College is exempted from levying VAT on most of the services it provides to students. For this reason, the University College is partially exempt in respect of VAT, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

(i) Liquid Resources

Liquid resources include sums on short-term deposits with recognised banks.

(j) Provisions

Provisions are recognised when the University College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(k) Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are required when applying accounting policies. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The University College makes estimates and assumptions concerning the future, which can involve a high degree of judgement or complexity. These resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below:

i. Recovery of debtors

Estimates are made in respect of the recoverable value of trade and other debtors. When assessing the level of provisions required, factors including current trading experience, historical experience and the ageing profile of debtors are considered.

ii. Defined benefit pension scheme obligations

Pension scheme obligations are an estimate of the amount required to pay the benefits that employees have earned in exchange for current and past service, assessed and discounted to present value using the assumptions shown in Note 21. The University College relies on information received from the independent actuary to determine each assumption used which reflects historical experience and current trends.

(l) Going Concern

The Governors have considered the University College's forecasts and projections, which factor in the loss of revenue arising from the Coronavirus pandemic. Whilst the full future financial impact of the pandemic is unknown at present, based upon the projections prepared, the governors have a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. The University College therefore continues to adopt the going concern basis in preparing its financial statements.

(m) Agency Agreements

When the University College acts as an agent it is not exposed to the majority of the benefits and risks associated with the exchange transaction (including performance of the transaction, price or credit risk). Where the University college disburses funds it has received as paying agent on behalf of the Sponsor Department, and has no beneficial interest or risks related to the receipt and subsequent disbursement of the funds, these funds have been excluded from income. Any commissions/administration contributions received whilst acting as agent have been included as income.

2 FUNDING GRANTS

	2021 £	2020 £
Recurrent Grant	4,462,596	4,382,875
Widening Participation	50,634	50,634
Research Funding	71,921	61,643
Diversity and Mutual Understanding (DMU)	4,321	16,188
International Awareness	7,576	10,343
Covid-19 Related Funding	749,512	-
Release of Deferred Capital Grants	1,290,159	1,017,104
Job Retention (Furlough) Scheme	186,322	91,148
	<u>6,823,041</u>	<u>5,629,935</u>

3 TUITION FEES

Variable tuition fees were introduced with effect from 1 August 2006. The rate for 2020-21 was set at £4,395 for full-time students (2020: £4,275).

	2021 £	2020 £
Full-time Students	3,791,306	3,554,059
Part-time Students	666,871	577,626
Total Fees paid by/on behalf of Students	<u>4,458,177</u>	<u>4,131,685</u>

4 NUMBER OF STUDENTS

	2021 No.	2020 No.
BEd	574	543
PGCE	15	15
BA (ECS)	164	158
BSC (HPA&S)	108	115
TOTAL – FULL TIME	<u>861</u>	<u>831</u>

The University College continued to offer a range of courses at Master's and Certificate level attracting 161 students (2020: 120 students). In addition, 183 students (2020: 173 students) undertook part-time undergraduate courses. This equated to 176 full time equivalent students (2020: 146 students) giving a total student population for the year of 1,037 (2020: 977 students).

5 RESEARCH GRANTS AND CONTRACTS

	2021 £	2020 £
UK Based Charities	278	4,898
European Commission	-	11,476
Other Grants and Contracts	60,418	19,562
	<u>60,696</u>	<u>35,936</u>

Included within Other Grants and Contracts above is £5,368 received from the Northern Ireland Office and £4,453 received from Department of Foreign Affairs and Trade - Reconciliation Fund. This income relates to a funded research project into addressing educational underachievement in Northern Ireland.

6 OTHER OPERATING INCOME

	2021 £	2020 £
Residence and Catering Operations	524,268	1,250,468
Rents Receivable	75,741	74,772
Hire of Facilities	8,280	116,956
Other Grant Income	-	105,153
Sundry Other Income	237,752	162,930
	<u>846,041</u>	<u>1,710,279</u>

7 STAFF COSTS

	2021	2020
	£	£
Wages and Salaries	5,381,596	5,480,360
Social Security Costs	523,883	535,723
Pension Costs	1,128,890	1,184,890
Other Pension Costs	1,032,000	726,000
	<u>8,066,369</u>	<u>7,926,973</u>

Staff Numbers

	2021	2020
	No.	No.
Lecturing Staff	44	45
Support Staff	122	128
	<u>166</u>	<u>173</u>

There were no payments to members of the Governing Body during the year other than reimbursement of travel and subsistence expenses incurred in the course of their duties which can be reviewed on the Governance page of the University College website.

8 ANALYSIS OF STAFF COSTS BY ACTIVITY

	2021	2020
	£	£
Academic Departments	2,828,191	2,846,134
Academic Support Services	87,500	87,075
Other Support Services	533,055	606,986
Admin and Central Support Services	1,741,097	1,837,349
Premises	744,420	688,814
Catering and Residences	725,397	793,417
Other Income Generating Activities	374,709	341,198
Other Pension Costs	1,032,000	726,000
	<u>8,066,369</u>	<u>7,926,973</u>

9 KEY MANAGEMENT PERSONNEL

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University College and are represented by the Senior Leadership Team which comprises the Principal and Chief Executive, four Academic Directors (one of whom went to part time during the year), Heads of Finance and Human Resources with inputs from the Head of Estates and Procurement, Head of Hospitality, Accommodation and Conferencing Services, Marketing and Public Relations Manager and the Digital and Technical Services Manager.

Emoluments of Key Management Personnel (including the Principal and Chief Executive) are as follows:

	2021 FTE No.	2021 £	2020 FTE No	2020 £
Salary	10.8	726,269	11	736,662
Pension contributions		163,697		167,446
Total Emoluments		889,966		904,108

The above emoluments include amounts payable to the Principal and Chief Executive (who is the highest paid employee) of:

	2021 £	2020 £
Salary	116,691	116,691
Pension contributions	29,289	29,289
	145,980	145,980

The pension contributions in respect of the Principal and Chief Executive are in respect of employer's contributions to the Northern Ireland Teachers Pension Scheme and are paid at the same rate as other employees who are contributors to the Scheme.

The Principal and Chief Executive is the only employee with a basic salary in excess of £100,000.

The Principal's salary is determined by the University College's HR and Remuneration Committee, a subcommittee of the Governing Body. The salary, which has been benchmarked against comparators, reflects the scale and complexity of the role in providing strategic leadership and accountability.

The Principal and Chief Executive's basic salary is 4.5 times (2020: 4.5 times) the median pay of staff (2021: £26,715, 2020: £25,966), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University College to all its staff (Academic & Non-Academic). The total remuneration is 5.5 times (2020: 5.5 times) the median total remuneration of staff (2021: £26,715, 2020: £26,715) calculated on a full-time equivalent basis. Median total remuneration is calculated by including employer's pension contributions only for staff in a pension scheme. The median pay and pay ratios derived exclude agency staff (as these are not on the University College payroll system). Where some Institutions outsource lower paid positions, for example catering staff, the University College does not subcontract these roles which impacts on the pay ratios.

10 OTHER OPERATING EXPENDITURE

	2021	2020
	£	£
Hospitality Services Operating Expenses	401,021	508,119
Course Consumables, Equipment & Field Trips	25,796	34,464
Purchase, Hire and Repair of Other Equipment	10,367	35,439
IT Maintenance & Software Costs	154,025	157,961
Library Costs	120,043	97,936
Energy Costs	305,187	348,573
Rates and Insurance	467,873	460,066
Refurbishment, Maintenance & Cleaning	240,489	372,261
Telephone	24,324	17,424
Sundry Course Costs	32,498	50,651
Postage, Printing & Stationery	10,209	41,813
Advertising and Recruitment	48,357	40,424
Validation Costs to QUB	424,588	393,554
External Examiner Costs	6,244	7,379
Auditors Remuneration in respect of:		
- Internal Audit Services	22,097	15,096
- External Audit Services	6,600	6,600
- Other Audit Services	1,332	-
Other Professional Fees	46,787	38,998
Occupational Health Service	13,892	8,748
Staff Training and Development	28,738	21,414
Widening Participation & College Bursary Costs	93,315	122,857
Additional Bursary Costs	110,385	-
Research & Funded Project Costs	17,374	75,569
Publications & Subscriptions	77,653	68,178
Travel Costs including student placements	12,189	31,835
Covid-19 Related	302,767	12,230
Other	107,103	28,619
	<u>3,111,253</u>	<u>2,996,208</u>

11 TAXATION

The University College did not incur any taxation liability during the period (2020: £Nil).

12 FIXED ASSETS

	Freehold Land and Buildings £	Equipment £	Vehicles £	Total £
Cost:				
At 1 August 2020	72,906,214	3,049,111	78,488	76,033,813
Additions	1,264,463	39,524	20,571	1,324,558
Disposals	(614,304)	-	-	(614,304)
At 31 July 2021	73,556,373	3,088,635	99,059	76,744,067
Depreciation and Impairment:				
At 1 August 2020	32,720,172	2,586,504	60,420	35,367,096
Charge for the year	1,295,458	152,228	7,929	1,455,615
Disposals	(568,705)	-	-	(568,705)
At 31 July 2021	33,446,925	2,738,732	68,349	36,254,006
NBV 31 July 2021	40,109,448	349,903	30,710	40,490,061
NBV 31 July 2020	40,186,042	462,607	18,068	40,666,717
Inherited	26,226,029	-	-	26,226,029
Financed by Capital Grant	10,871,942	314,068	14,714	11,200,724
Other	3,011,477	35,835	15,996	3,063,308
NBV 31 July 2021	40,109,448	349,903	30,710	40,490,061

The book values of University College Buildings at implementation have been retained. Land and buildings inherited from the Sponsoring Department at incorporation were valued at 1 October 2005 at depreciated replacement cost by Land and Property Services.

Land and buildings with a net book value of £37,097,971 (2020: £37,163,010), equipment of net book value of £314,068 (2020: £416,086) and vehicles with a net book value of £14,714 (2020: £nil) have been financed by exchequer funds. Under the Management Statement/Financial Memorandum prior consent of the Sponsoring Department is required where the disposal of land and/or buildings is proposed. All receipts derived from the sale of land and buildings must be declared to the Sponsoring Department, which will consult with the Department of Finance on the appropriate budgeting treatment.

13 TRADE AND OTHER RECEIVABLES

	2021	2020
	£	£
Debtors	36,341	27,755
Prepayments & Accrued Income	273,609	204,216
	<u>309,950</u>	<u>231,971</u>

14 CASH AND CASH EQUIVALENTS & ANALYSIS OF CHANGES IN NET FUNDS

	2020	Cashflow	2021
	£	£	£
Cash at Bank and in Hand	1,065,332	512,395	1,577,727
Short Term Deposits	3,350,000	400,000	3,750,000
	<u>4,415,332</u>	<u>912,395</u>	<u>5,327,727</u>

15 CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	2021	2020
	£	£
Creditors and Accruals	971,368	817,831
Payments Received in Advance	43,149	7,205
Deferred Capital Grants – Land & Buildings	820,050	784,222
Deferred Capital Grants – Equipment	136,837	132,898
Deferred Capital Grants – Vehicles	3,679	-
Deferred Income	250,777	125,224
Social Security and Other Tax Payable	255,783	254,658
	<u>2,481,643</u>	<u>2,122,038</u>

16 CREDITORS: AMOUNTS DUE AFTER ONE YEAR

	2021	2020
	£	£
Deferred Capital Grants – Land & Buildings	17,335,525	17,390,792
Deferred Capital Grants – Equipment	177,231	283,188
Deferred Capital Grants – Vehicles	11,035	-
	<u>17,523,791</u>	<u>17,673,980</u>

17 DEFERRED CAPITAL GRANTS

	Land & Buildings £	Equipment £	Vehicles £	Total £
Balance as at 1 August 2020	18,175,014	416,086	-	18,591,100
Received in the year from the Sponsoring Department	1,130,204	34,819	18,393	1,183,416
Released to Statement of Comprehensive Income & Expenditure	(1,149,643)	(136,837)	(3,679)	(1,290,159)
Balance as at 31 July 2021	<u>18,155,575</u>	<u>314,068</u>	<u>14,714</u>	<u>18,484,357</u>

Disclosed as:

	2021 £	2020 £
Creditors: Amounts due within one year (Note 15)		
Deferred Capital Grants – Land & Buildings	820,050	784,222
Deferred Capital Grants – Equipment	136,837	132,898
Deferred Capital Grants – Vehicles	3,679	-

Creditors: Amounts due after one year (Note 16)

Deferred Capital Grants – Land & Buildings	17,335,525	17,390,792
Deferred Capital Grants – Equipment	177,231	283,188
Deferred Capital Grants – Vehicles	11,035	-
	<u>18,484,357</u>	<u>18,591,100</u>

18 PROVISIONS FOR LIABILITIES AND CHARGES

	2021 £	2020 £
Net Pension Liability	7,860,000	11,243,000
	<u>7,860,000</u>	<u>11,243,000</u>

19 STATEMENT OF MOVEMENT IN RESERVES

	Trust £	General £	Pension £	Total £
Balance as at 31 July 2019	2,029	25,331,430	(7,943,000)	17,390,459
Retained Deficit	-	(3,115,457)	-	(3,115,457)
Actuarial loss on Pension Liability	-	2,414,000	(2,414,000)	-
Pension Reserve Transfer	-	886,000	(886,000)	-
Balance as at 31 July 2020	2,029	25,515,973	(11,243,000)	14,275,002
Retained Surplus	-	3,987,302	-	3,987,302
Actuarial Gain on Pension Liability	-	(4,569,000)	4,569,000	-
Pension Reserve Transfer	-	1,186,000	(1,186,000)	-
Balance as at 31 July 2021	2,029	26,120,275	(7,860,000)	18,262,304

The Trust Fund represents donations, the income from which is used to provide financial support to students not eligible to access the Sponsoring Department Student Support funding. The funds are maintained in separate identifiable assets and are stated at cost.

20 POST STATEMENT OF FINANCIAL POSITION EVENTS

There were no material post Statement of Financial Position events.

21 PENSIONS

The University College's employees belong to two principal pension schemes, the Northern Ireland Teachers Pension Scheme (NITPS) and the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC). The total pension cost, excluding FRS102 entries for the period, was £1,128,890 (2020: £1,184,890). FRS102 adjustments in the year amounted to a charge of £1,032,000 (2020: £726,000).

Northern Ireland Teachers Pension Scheme (NITPS)

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purpose of determining contribution rates.

Under the definitions set out in FRS102 NITPS is a multi-employer pension scheme. The University College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University College has accounted for its contributions as if it were a defined contribution scheme.

The total contribution made for the period ended 31 July 2021 was £861,437 (2020: £867,467) of which employer's contributions totalled £608,516 (2020: £612,859) and employees' contributions totalled £252,921 (2020: £254,608). The employer contribution rate continued at 25.1% for the duration of the financial year from its implementation in April 2019. Employee contributions are in a range between 7.4% and 11.7 % dependent on employee earnings.

Northern Ireland Local Government Officers Superannuation Committee (NILGOSC)

The Northern Ireland Local Government Officers Pension Scheme is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the period ended 31 July 2021 was £695,685 (2020: £748,431) of which employer's contributions totalled £520,374 (2020: £572,031) and employees' contributions totalled £175,311 (2020: £176,400).

The latest valuation was carried out on 31 March 2019 by the Committee's Actuary, Aon Hewitt. Employer's contribution rates were set at 19.5% and continued throughout the financial year. The employer contribution rate of 19.5% is likely to continue until the fund is revalued again in March 2022.

Under the definitions set out in FRS102, NILGOSC is a multi-employer pension scheme. The University College is able to identify its share of the underlying assets and liabilities of the scheme and accordingly presents the following information required by FRS102.

Asset Returns

Asset returns over the accounting period have been higher than expected. This has led to a gain on assets over the accounting period and an improvement in the balance sheet position.

Financial Assumptions

There has been a change to the financial assumptions over the year. The discount has increased by 0.3%, the CPI inflation assumption has increased by 0.3% and the salary increase assumption has increased by 0.3%. This has resulted in a smaller or negligible change to the balance sheet position.

Principal Actuarial Assumptions

The principal actuarial assumptions used by the actuaries were as follows:

	2021	2020
Pension Increase Rate	2.6%	2.3%
Salary Increase Rate	4.1%	3.8%
Discount Rate	1.7%	1.4%
Pension Accounts revaluation rate	2.6%	2.3%
CPI Inflation	2.6%	2.3%

The mortality assumptions at the accounting date are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2019 Actuarial Valuation and allow for future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are summarised below:

	2021 Male years	2021 Female years	2020 Male years	2020 Female years
Current pensioners	21.9	25.1	21.8	25.0
Future pensioners	23.3	26.5	23.2	26.4

The fair value of the assets in the scheme were:

	Assets at 31 July 2021 £'000	Assets at 31 July 2020 £'000
Equities	12,747	10,764
Government Bonds	7,997	6,150
Corporate Bonds	3,807	3,605
Property	2,626	2,344
Cash	1,416	1,311
Other	915	1,033
Total	29,508	25,207

The above asset values are at bid value as required under FRS102.

The amounts recognised in the Statement of Financial Position are as follows:

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Fair Value of Scheme Assets	29,508	25,207
Present Value of Scheme Liabilities	(37,368)	(36,450)
Net Underfunding in Funded Plan	(7,860)	(11,243)

Disclosed as:

Liabilities	(7,860)	(11,243)
Assets	-	-
Net Pension Liability	(7,860)	(11,243)

The amounts charged to the Statement of Comprehensive Income and Expenditure are as follows:

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Current Service Cost	1,554	1,316
Net Interest Cost	154	160
Past Service Cost	-	-
Curtailements and Settlements	-	-
Closing Balance	1,708	1,476

Actual Return on Plan Assets**4,393****1,901****Reconciliation of Defined Benefit Obligation:**

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Opening Defined Benefit Obligation	36,450	31,254
Current Service Cost	1,554	1,316
Past Service Costs	-	-
Interest Expense on Defined Benefit Obligation	506	650
Actuarial (gains)/Loss on liabilities	(528)	3,825
Contributions by Members	174	177
Impact of Settlements and Curtailements	-	-
Net Benefits Paid	(788)	(772)
Closing Balance	37,368	36,450

Reconciliation of Fair Value of Employers Assets:

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Opening Fair Value of Employers Assets	25,207	23,311
Interest Income on Assets	352	490
Contributions by Members	174	177
Contributions by the Employer	522	590
Contributions in Respect of Unfunded Benefits	-	-
Actuarial Gains	4,041	1,411
Impact of Settlements and Curtailments	-	-
Estimated Unfunded Benefits Paid	-	-
Net Benefits Paid	(788)	(772)
Closing Balance	29,508	25,207

Amounts for the current and previous four periods are as follows:

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Present Value of Employers Assets	29,508	25,207	23,311	21,885	19,616
Present Value of Defined Benefit Obligation	(37,368)	(36,450)	(31,254)	(26,428)	(25,664)
Deficit on the Scheme	(7,860)	(11,243)	(7,943)	(4,543)	(6,048)

22 CAPITAL COMMITMENTS

	2021 £	2020 £
Commitments Contracted at 31 July	-	201,144
	-	201,144

23 CONTINGENT LIABILITY

There were no contingent liabilities at the Statement of Financial Position date.

24 RELATED PARTY TRANSACTIONS

Due to the nature of the University College's operations and the composition of the Governing Body (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 Governing Body may have an interest. All transactions involving organisations in which a member of the Governing Body may have an interest are conducted at arm's length and in accordance with the University College's financial regulations and normal procurement procedures.

25 OTHER FUNDS**Support Fund**

	Standard Support Funds £	COVID-19 Additional Support £	Total Year Ended 31 July 2021 £	Total Year Ended 31 July 2020 £
Opening Balance	523	2,400	2,923	273
Sponsor Department Grant - normal	36,000	-	36,000	36,000
Sponsor Department Grant – one off allocation	34,000	18,000	52,000	18,000
Transferred from College Trust	-	-	-	2,000
Disbursed to Students, Dyslexia Services and other costs	(65,800)	(20,400)	(86,200)	(53,350)
Balance unspent at 31 July	4,723	-	4,723	2,923
Amount returned to DfE	-	-	-	-
Closing Balance	4,723	-	4,723	2,923

In the 2020-21 financial year the Sponsor Department allocated £36,000 (2020: £36,000) to the University College to assist, on a discretionary basis, those students whose access to higher education might be inhibited by financial considerations or who, for whatever reason, including physical or other disabilities, face financial difficulties associated with their living costs.

An additional £52,000 (2020: £18,000) of COVID-19 additional support was made available to the University College during the financial year to support students as a consequence of financial hardship due to the COVID-19 pandemic.

Stranmillis Trust

In 1986 the University College established a charitable trust which, in 1987, was incorporated under the Charities Act (NI) 1964 and named the Stranmillis College Charity Trust. The members are empowered by the deed to apply the income and such of the capital as they think fit to assist the advancement of the education and training of persons entering the University College where such persons have need of such assistance because of economic or other circumstances.

The value of the Trust as at 31 July 2021 was £30,142 (2020: £30,142).

As the Trust is a separate legal entity it is not incorporated in the Statement of Financial Position of the University College.

26 AGENCY AGREEMENTS

During the year the University College acted as an agent for the Department for the Economy by administering £432,500 of COVID-19 Disruption payments to 865 Full Time students (2020: £nil). The funding received from the Department for the Economy was netted off against the expenditure to students in line with the Agency Agreements accounting policy.